

REQUEST FOR PROPOSAL (RFP)
For
Appointment as External Concurrent Auditor (ECA)
For the audit of Investments of
Employees' Provident Fund Organization

Date of issue:
04 June, 2022,

Deadline for submission
of Proposal:
29 June 2022, by 12:00 PM

GENERAL INFORMATION

The RFP document can be downloaded from the website www.epfindia.gov.in & <https://eprocure.gov.in/eprocure/app>. However, it is mandatory to download official copy of tender document from Central Public Procurement Portal (<https://eprocure.gov.in/eprocure/app>) for bidding. Please refer to 'Special Instructions for Online Bid Submission' in this document for details.

Any information for the bidders on this tender/ invitation to bid/ invitation for expression of interest or any other information will be uploaded on Central Public Procurement Portal only.

Similarly, any corrigendum(s) or extension of dates or change in specifications or any other information will be uploaded for the information of the public on Central Public Procurement Portal only. No individual letters / emails will be sent regarding this.

Table of Contents

1.	Disclaimer	3
2.	Introduction	5
3.	Terms of Reference	7
4.	Duties & Responsibilities of the External Concurrent Auditor (ECA)	9
5.	RFP Process	12
6.	Bid Evaluation Criteria	21
7.	Format of Pre-Qualification, Technical and Financial bid	26
8.	Formats for Covering Letter and Clarifications, Deviations and Undertaking	34
9.	Terms and Conditions for Remuneration & Tenure	42
10.	Investment Guidelines for Investments by Portfolio Managers	43

1. Disclaimer

- 1.1 This document is being published in connection with the proposed appointment of External Concurrent Auditor by the EPFO.
- 1.2 This document does not constitute nor should it be interpreted as an offer or invitation for the appointment of External Concurrent Auditor described herein.
- 1.3 This document is meant to provide information only and upon the express understanding that recipients will use it only for the purpose of furnishing a Proposal for being appointed as an External Concurrent Auditor for the audit of the investments done by EPFO's portfolio managers and held by EPFO's Custodian. It does not purport to be all inclusive or contain all the information regarding the appointment of External Concurrent Auditor or be the basis of any contract. No representation or warranty, expressed or implied, will be made as to the reliability, accuracy or the completeness of any of the information contained herein.
- 1.4 While this document has been prepared in good faith, neither the EPFO, nor any of its officers make any representation or warranty or shall have any responsibility or liability whatsoever in respect of any statements or omissions here from. Any liability is accordingly and expressly disclaimed by the EPFO and any of its officers, even if any loss or damage is caused by any act or omission on the part of the EPFO or any of its officers, or employee or consultant, whether negligent or otherwise.
- 1.5 By acceptance of this document, the recipient agrees that any information herewith will be superseded by any subsequent written information on the same subject made available to the recipient by or on behalf of the EPFO. The EPFO or any of its respective officers undertake no obligation, among others, to provide the recipient with access to any additional information or to update this document or to correct any inaccuracies therein which may become apparent.
- 1.6 EPFO reserves the right, at any time and without advance notice, to change the procedure for the selection of External Concurrent Auditor or any part of the interest or terminate negotiations or the due diligence process prior to the signing of any binding agreement.
- 1.7 The EPFO reserves the right to reject any or all proposals or cancel/withdraw the Request for Proposal (RFP) without assigning any reason whatsoever and in such case no intending Applicant shall have any claim arising out of such action. At any time prior to the deadline for submission of proposals, the EPFO may modify, for any reason deemed necessary, the RFP by amendment notified on EPFO's website and such amendment shall be binding on intending Applicants.
- 1.8 The recipients of the RFP should carry out an independent assessment and analysis of the requirements for appointment as External Concurrent Auditor and of the information, facts and observations contained herein.
- 1.9 This document has not been filed, registered or approved in any jurisdiction. Recipients of this document should inform themselves of any applicable legal requirements and conform to the same.
- 1.10 This document constitutes no form of commitment on the part of the EPFO. Furthermore, this document confers neither the right nor an expectation on any party to participate in the proposed External Concurrent Auditor's appointment process.

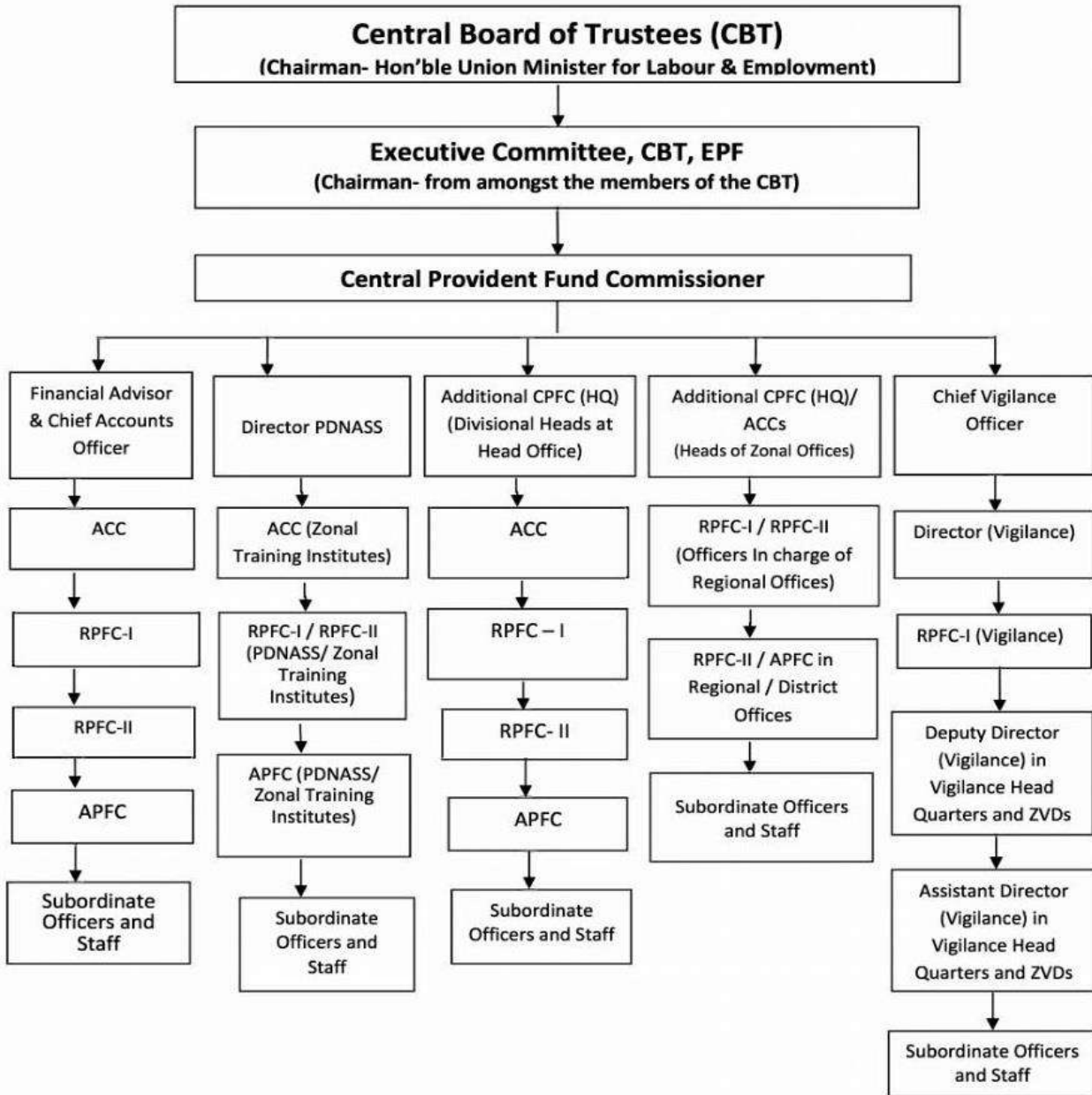
- 1.11 This document confers neither a right nor an expectation on any party to offer for appointment as External Concurrent Auditor.
- 1.12 The EPFO reserves the right to, not consider for the purpose of qualification, a proposal which is found to be incomplete in content and/or attachments and/or authentication etc. or which is received after the specified date and time, or not delivered as per the specified procedure.
- 1.13 When any proposal is submitted pursuant to this RFP, it shall be presumed by the EPFO that the Applicant has fully ascertained and ensured about its eligibility to act as External Concurrent Auditor, in the event of it being selected ultimately to act as External Concurrent Auditor, under the respective governing laws and regulatory regimen, and that there is no statutory or regulatory prohibition or impediment to acting as External Concurrent Auditor for the audit of the investments done by EPFO's portfolio managers and held by EPFO's Custodian and it has the necessary approvals and permission to act as External Concurrent Auditor and further suffers no disability in law or otherwise to act as such.
- 1.14 Without prejudice to any other rights or remedies available to the EPFO, External Concurrent Auditor may be disqualified and their proposals rejected for any reason whatsoever including those listed below:
 - 1.14.1 Material misrepresentation by the Applicant in the Proposal.
 - 1.14.2 Failure by the Applicant to provide the information required to be provided in the proposal pursuant to relevant sections of this document.
 - 1.14.3 If information becomes known, after the Applicant has been appointed, which would have entitled the EPFO to reject or disqualify the relevant External Concurrent Auditor, the EPFO reserves the right to reject the applicant at the time, or at any time after, such information becomes known to the EPFO and no compensation, whatsoever, shall be payable to the ECA so rejected.
 - 1.14.4 Any conviction by a Court of Law or indictment/adverse order by a regulatory authority that casts a doubt on the ability of the applicant to conduct audit.
- 1.15 All proposals and accompanying documents received within the stipulated time will become the property of the EPFO and will not be returned.
- 1.16 Reference to any laws/regulations/guidelines in this RFP document is applicable to laws/regulations/guidelines in India.

2. Introduction

- 2.1 The Employees' Provident Fund Organization (EPFO), India is an autonomous body under the aegis of the Ministry of Labour and Employment (MoL&E), Government of India. The main objective of the organization is to provide old age social security to the subscribers.
- 2.2 The Constitution of India under "Directive Principles of State Policy" provides that the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want. The EPFO is one of the largest provident fund institutions in the world in terms of members and volume of financial transactions that it has been carrying on.
- 2.3 The Employees' Provident Funds & Miscellaneous Provisions Act, 1952 was enacted by Parliament and came into force with effect from 14th March, 1952. A series of legislative interventions were made in this direction, including the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. Presently, the following three schemes are in operation under the Act:
 - 2.3.1 Employees' Provident Fund Scheme, 1952 (EPF)
 - 2.3.2 Employees' Deposit Linked Insurance Scheme, 1976 (EDLI)
 - 2.3.3 Employees' Pension Scheme, 1995 (EPS) (replacing the Employees' Family Pension Scheme, 1971)

The organization structure of the EPFO is as follows:

EMPLOYEES' PROVIDENT FUND ORGANISATION ORGANISATION CHART



The organization functions under the overall superintendence of the Central Board of Trustees (CBT), EPF, a tripartite body, headed by the Union Minister for Labour and Employment as Chairman.

3. Terms of Reference

3.1 Paragraph 52 of the Employees' Provident Fund Scheme, 1952 provides that all monies pertaining to the corpus are to be deposited in the Reserve Bank of India (RBI) or State Bank of India or in such other Scheduled Banks as may be approved by the Central Government and shall be invested subject to such directions as the Central Government may give from time to time.

3.2 CBT, EPF appoints Portfolio Managers for EPFO corpus who are required to make all investments as per the investment pattern prescribed by the MoL&E, investment guidelines issued by the EPFO from time to time and the agreement between the Portfolio Manager and the EPFO.

The investment pattern has gradually evolved to provide greater flexibility in investment options like investments in Public/Private Sector Bonds, Central and State Government Securities, State Development Loans, Equities, TREPS, LMF and Term Deposit Receipts etc. The EPFO appointed four Portfolio Managers to manage its corpus for two separate tenures (2008-2011 and 2011-2014) each, five portfolio managers for the tenure 2015-2018 and two portfolio managers for the current tenure with the objective of enhancing the performance on its portfolio and at the same time, facilitating comparative monitoring of performance. The EPFO has decided to continue with multiple Portfolio Managers to manage the EPFO corpus.

3.3 CBT, EPF intends to appoint an External Concurrent Auditor (ECA) for audit of investments done by EPFO's portfolio managers and held by EPFO's Custodian. The ECA is required to examine, verify and report whether the portfolio managers have followed the investment pattern, investment guidelines and the terms of agreement entered into between EPFO and the portfolio managers and such other audit of investments as may be required by EPFO from time to time.

3.4 As on 31st March, 2021, the EPFO had a corpus of Rs. 15,69,307.08 crore at face value. During the financial year 2020-21 (01st April, 2020 to 31st March, 2021), the total investments carried out by the Portfolio Managers was Rs. 1,81,624.06 crore.

(in Rs. crore)

Fund	Fund Size as on 31/03/2021 at Face Value (A)	Net Fresh Accretion on account of contribution during 2020-21 (B)	Interest Received during 2020-21 (C)	Maturity Proceeds during 2020-21 (D)	Total Investment made during 2020-21 (E)
EPF	9,41,340.82	36,397.21	72,811.61	36,566.19	1,21,071.94
EPS	5,79,472.22	25,016.59	29,089.35	12,756.99	55,322.86
EDLI	34045.72	1394.82	1539.88	594.74	2986.50
Staff Provident Fund	2007.14	3.21	150.87	77.39	208.32
Staff Pension cum Gratuity Fund	12441.18	1436.23	796.03	162.37	2034.43
Total	15,69,307.08	64,248.07	1,04,387.73	50,157.67	1,81,624.06

- 3.5 Total number of transactions during 2020-21 for G-sec and Non G-sec securities was approximately 671. Apart from this the number of transactions in TREPS was approximately 3300.
- 3.6 This document is a Request for Proposal (RFP) for appointment of Auditor for Investments of Employees' Provident Fund Organization. The Applicants that may wish to participate in the selection process must submit their proposals as per the process defined in the document.
- 3.7 For further information about the EPFO, visit the website www.epfindia.gov.in .

4. Duties & Responsibilities of the External Concurrent Auditor (ECA)

- 4.1 The ECA, while conducting audit of the fund of EPFO managed by the portfolio managers, must:
- 4.1.1 Ensure that the audit is to be conducted by a team consisting of one leader and at least two staff personnel (who are qualified chartered accounts with at least one year of work experience). The leader of the team should be a qualified chartered accountant with at least five years of experience in the field of Audit and at least three years of experience in the field of Portfolio Audit. The audit should be carried out under direct supervision of a Partner of the chartered accountant firm if the leader of the Team is not a Partner of the Chartered Accountant firm.
 - 4.1.2 Ensure that they are not engaged for audit of the same portfolio manager(s) of EPFO for any purpose other than the terms of reference contained in this RFP.
 - 4.1.3 Ensure, to the best possible extent, that the team leader appointed to conduct the audit should continue in his role till the completion of the assignment. For any reason, if there is a change in the team leader appointed to conduct the audit, the same should be intimated to EPFO immediately.
- 4.2 Scope of work
- 4.2.1 Reconcile the Funds flow and Bank Accounts of EPFO with the Portfolio Manager(s) on a monthly basis.
 - 4.2.2 Check the MIS from custodians of securities and report exceptions, if any, on an immediate basis.
 - 4.2.3 Check the receipt of data and MIS from Portfolio Managers and report any exceptions to EPFO.
 - 4.2.4 Check the daily transactions with the market data and report deviations.
 - 4.2.5 Check the Credit ratings of the Investments on a daily basis and report any downgrades or negative watch/outlook immediately.
 - 4.2.6 To examine and verify whether the portfolio managers have followed the investment pattern, investment guidelines and the terms of agreement entered into between EPFO and the portfolio managers.
 - 4.2.7 To scrutinize the investment transactions made by the portfolio managers on day-to-day basis to ensure that the same are as per the pattern as well as the guidelines issued by the CBT, EPF. Also to point out wherever any deviations have been made.
 - 4.2.8 To highlight any potential conflict of interest issues such as investment of CBT, EPF funds by Portfolio managers in TDRs of the banks under same management group.
 - 4.2.9 To verify whether the interest and maturity proceeds are collected promptly and re-invested as per the provisions made in the Pattern of Investment. Also to point out delays, if any, and the cause for such delay.
 - 4.2.10 To verify whether the incentives, wherever receivable from the institutions, are collected promptly and invested as per the prescribed pattern/guidelines.
 - 4.2.11 To bring out cases of undue delay in the receipt of incentives.

- 4.2.12 To verify, from the daily transaction details, whether the charges are levied correctly by the Portfolio Manager as per the terms and conditions and to report any excess charges levied by Portfolio Manager on account of splitting up of investment deals.
- 4.2.13 To verify whether the funds were invested promptly by Portfolio Managers. If the funds remained uninvested for a significant period, then to assess opportunity cost/benefit due to delayed investments for uninvested period.
- 4.2.14 To verify whether proper records have been maintained in respect of all transactions and contracts and to ascertain whether the records are updated correctly and on timely basis.
- 4.2.15 To verify whether all shares, securities, debentures and other investments have been held in the name of Central Board of Trustees, Employees' Provident Fund (CBT, EPF).
- 4.2.16 To verify whether there is a reasonable system of authorization at proper levels and there are adequate system of internal controls commensurate with quantum and value of investment transactions.
- 4.2.17 To verify whether adequate records are kept in support of each investment decision.
- 4.2.18 To ascertain and report whether the Investments have always been made at the optimal market rate. The ECA will look into the price on the date of investment and check the proportion of investment closer to lowest, medium and highest rates.
- 4.2.19 To verify whether investments are made at the highest available yield for the particular period of maturity.
- 4.2.20 To comment on internal control mechanism, whether the systems are adequate to avoid any internal frauds. If not, suggest a suitable mechanism after discussing the matter with the Portfolio Manager concerned.
- 4.2.21 To examine whether the Portfolio Manager has taken steps to address issues highlighted during the performance review of Portfolio Managers or otherwise.
- 4.2.22 To bring out any other point which comes to notice of ECA during the course of audit.
- 4.2.23 To carry out detailed analysis of instances of downgrades and defaults in the holdings of EPFO shall be reported for every quarter.
- 4.2.24 The ECA shall provide expert opinion on regulatory/procedural issues faced in the process of investment.
- 4.2.25 The ECA shall provide regular inputs and advisory on emerging regulatory/policy issues in India and around the world, which may help provide better and higher return and identify the risk associated with EPFO's investment and portfolio.
- 4.2.26 Special care shall be taken to examine the cases of tax deducted at source and the receipt of refund for the same or the receipt of TDS certificates in Form 16-As for those cases. The details may be worked out for the cases in respect of which no refunds or TDS Certificates are received.
- 4.2.27 The auditors have to ensure that all the guidelines/circulars issued by the Government/CBT, EPF from time to time are followed and the various points mentioned in the scope of audit mentioned above are looked into.

- 4.2.28 The Audit Report shall also identify shortcomings in the existing set up, which are to be taken care of by issuing suitable guidelines.
- 4.2.29 The concurrent audit needs to be carried out and Report submitted to the EPFO on a monthly basis. The audit report for a given month needs to be submitted to EPFO by 15th day of the subsequent month.
- 4.2.30 In Audit Reports, audit observations regarding Pension Fund, Provident Fund, EDLI Fund, EPF Staff Provident Fund, EPF Staff Pension and Gratuity Fund, etc., should be categorized separately as separate accounts are maintained by EPFO. Concurrent Audit report on Pension fund shall be bound separately and a consolidated report on all other funds shall be bound separately for submission to EPFO.
- 4.2.31 The ECA should carry out the physical verification of holdings with the custodian as well as other holdings in EPFO as at the end of financial year i.e. 31st March of the financial year and submit certificates to the balance sheet section of EPFO head office.
- 4.2.32 Other than those mentioned above, the External Concurrent Auditor may be required to perform any other audit related activity as required by EPFO from time to time.
- 4.2.33 If appointed as ECA for the audit of investments made by EPFO's portfolio managers and held by EPFO's Custodian, EPFO may verify the records of audit through an external agency, for which the ECA is required to provide necessary support.
- 4.3 Confidentiality of the matters:
- 4.3.1 The ECA shall keep confidential and shall not, without the written consent of EPFO make any use of or divulge to any third party any document, data or other information furnished, received or generated directly or indirectly in connection with the assignment, whether such information has been furnished, received or generated prior to, during or following termination of the Contract.
- 4.3.2 The ECA shall take necessary steps to ensure confidential handling of all matters pertaining but not limited to documents, reports, plans, methods and any other information developed or acquired by him from EPFO under the terms of the contract or in performance thereof.

5. RFP Process

5.1 Steps in RFP Process:

- 5.1.1 Submission of Pre-Qualification, Technical and Financial bids by Applicants.
- 5.1.2 The Applicants may respond to the RFP by submitting the required Pre-Qualification, Technical and Financial bids to the EPFO as detailed in Section 7 of this document.
- 5.1.3 There must be an index at the beginning of the proposal detailing the summary of all information contained in the proposal.
- 5.1.4 All pages of the proposal must be serially numbered. The currency of the proposal and payments shall be in Indian National Rupees only.
- 5.1.5 Proposals, in its complete form in all respects as specified in the Tender Document, must be submitted electronically through e-Procurement Portal only.
- 5.1.6 The authorized signatory under whose signature the bid documents are submitted should be duly authorized by the Managing Director/CEO/CMD or equally competent authority of the bidding firm.
- 5.1.7 Bids uploaded after the due date and the specified time (including the extended period if any) for any reason whatsoever, shall not be entertained. Any bids submitted by telex/telegram/ fax/e-mail etc. shall not be considered. No correspondence will be entertained on this matter.
- 5.1.8 The bidder shall be responsible for all costs incurred in connection with participation in the Tender process, including, but not limited to, costs incurred in conduct of informative and other diligence activities, participation in meetings/discussions/presentations, preparation of proposal, in providing any additional information required by EPFO to facilitate the evaluation process, and in negotiating a definitive contract for all such activities related to the bid process. EPFO shall in no case be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.
- 5.1.9 EPFO reserves the right to modify and amend any of the above-stipulated condition/criterion depending upon work priorities vis-à-vis urgent commitments.
- 5.1.10 The authorized/competent representative of the Applicants may be present at the time of opening of the Pre-Qualification, Technical and Financial bids.
- 5.1.11 EPFO at any point of time may not award any task and no payment shall be made for the same. The decision to go forward or cancel rests entirely with EPFO.

5.2 Special Instructions for Online Bid Submission:

- 5.2.1 The bidders are required to submit soft copies of their bids electronically on the CPP Portal, using valid Digital Signature Certificates. The instructions given below are meant to assist the bidders in registering on the CPP Portal, prepare their bids in accordance with the requirements and submitting their bids online on the CPP Portal.
- 5.2.2 More information useful for submitting online bids on the CPP Portal may be obtained at: <https://eprocure.gov.in/eprocure/app>.

5.2.3 REGISTRATION

- 5.2.3.1 Bidders are required to enroll on the e-Procurement module of the Central Public Procurement Portal (URL: <https://eprocure.gov.in/eprocure/app>) by clicking on the link "Online bidder Enrollment" on the CPP Portal which is free of charge.
- 5.2.3.2 As part of the enrolment process, the bidders will be required to choose a unique username and assign a password for their accounts.
- 5.2.3.3 Bidders are advised to register their valid email address and mobile numbers as part of the registration process. These would be used for any communication from the CPP Portal.
- 5.2.3.4 Upon enrolment, the bidders will be required to register their valid Digital Signature Certificate (Class III Certificates with signing key usage) issued by any Certifying Authority recognized by CCA India (e.g. Sify / nCode / eMudhra etc.), with their profile.
- 5.2.3.5 Only one valid DSC should be registered by a bidder. Please note that the bidders are responsible to ensure that they do not lend their DSC's to others which may lead to misuse.
- 5.2.3.6 Bidder then logs in to the site through the secured log-in by entering their user ID / password and the password of the DSC / e-Token.

5.2.4 SEARCHING FOR TENDER DOCUMENTS

- 5.2.4.1 There are various search options built in the CPP Portal, to facilitate bidders to search active tenders by several parameters. These parameters could include Tender ID, Organization Name, Location, Date, Value, etc. There is also an option of advanced search for tenders, wherein the bidders may combine a number of search parameters such as Organization Name, Form of Contract, Location, Date, Other keywords etc. to search for a tender published on the CPP Portal.
- 5.2.4.2 Once the bidders have selected the tenders they are interested in, they may download the required documents / tender schedules. These tenders can be moved to the respective 'My Tenders' folder. This would enable the CPP Portal to intimate the bidders through SMS / e-mail in case there is any corrigendum issued to the tender document.
- 5.2.4.3 The bidder should make a note of the unique Tender ID assigned to each tender, in case they want to obtain any clarification / help from the Helpdesk.

5.2.5 PREPARATION OF BIDS

- 5.2.5.1 Bidder should take into account any corrigendum published on the tender document before submitting their bids.
- 5.2.5.2 Please go through the tender advertisement and the tender document carefully to understand the documents required to be submitted as part of the bid. Please note the number of covers in which the bid documents have to be submitted, the number of documents - including the names and content of each of the document that need to be submitted. Any deviations from these may lead to rejection of the bid.

- 5.2.5.3 Bidder, in advance, should get ready the bid documents to be submitted as indicated in the tender document / schedule and generally, they can be in PDF / XLS / RAR / DWF/JPG formats. Bid documents may be scanned with 100 dpi with black and white option which helps in reducing size of the scanned document.
- 5.2.5.4 To avoid the time and effort required in uploading the same set of standard documents which are required to be submitted as a part of every bid, a provision of uploading such standard documents (e.g. PAN card copy, annual reports, auditor certificates etc.) has been provided to the bidders. Bidders can use “My Space” or “Other Important Documents” area available to them to upload such documents. These documents may be directly submitted from the “My Space” area while submitting a bid, and need not be uploaded again and again. This will lead to a reduction in the time required for bid submission process.

Note: My Documents space is only a repository given to the Bidders to ease the uploading process. If Bidder has uploaded his Documents in My Documents space, this does not automatically ensure these Documents being part of Technical Bid.

5.2.6 SUBMISSION OF BIDS

- 5.2.6.1 Bidder should log into the site well in advance for bid submission so that they can upload the bid in time i.e. on or before the bid submission time. Bidder will be responsible for any delay due to other issues.
- 5.2.6.2 The bidder has to digitally sign and upload the required bid documents one by one as indicated in the tender document.
- 5.2.6.3 Bidders are requested to note that they should necessarily submit their financial bids in the format provided and no other format is acceptable. If the price bid has been given as a standard BoQ format with the tender document, then the same is to be downloaded and to be filled by all the bidders. Bidders are required to download the BoQ file, open it and complete the white coloured (unprotected) cells with their respective financial quotes and other details (such as name of the bidder). No other cells should be changed. Once the details have been completed, the bidder should save it and submit it online, without changing the filename. If the BoQ file is found to be modified by the bidder, the bid will be rejected.
- 5.2.6.4 The server time (which is displayed on the bidders’ dashboard) will be considered as the standard time for referencing the deadlines for submission of the bids by the bidders, opening of bids etc. The bidders should follow this time during bid submission.
- 5.2.6.5 All the documents being submitted by the bidders would be encrypted using PKI encryption techniques to ensure the secrecy of the data. The data entered cannot be viewed by unauthorized persons until the time of bid opening. The confidentiality of the bids is maintained using the secured Socket Layer 128-bit encryption technology. Data storage encryption of sensitive fields is done. Any bid document that is uploaded to the server is subjected to symmetric encryption using a system generated symmetric key. Further this key is subjected to asymmetric encryption

using buyers/bid opener's public keys. Overall, the uploaded tender documents become readable only after the tender opening by the authorized bid openers.

5.2.6.6 The uploaded tender documents become readable only after the tender opening by the authorized bid openers.

5.2.6.7 Upon the successful and timely submission of bids (i.e. after Clicking "Freeze Bid Submission" in the portal), the portal will give a successful bid submission message & a bid summary will be displayed with the bid no. and the date & time of submission of the bid with all other relevant details.

5.2.6.8 The bid summary has to be printed and kept as an acknowledgement of the submission of the bid. This acknowledgement may be used as an entry pass for any bid opening meetings.

5.2.7 ASSISTANCE TO BIDDERS

5.2.7.1 Any queries relating to the tender document and the terms and conditions contained therein should be addressed to the Tender Inviting Authority for a tender or the relevant contact person indicated in the tender.

5.2.7.2 Any queries relating to the process of online bid submission or queries relating to CPP Portal in general may be directed to the 24x7 CPP Portal Helpdesk.

5.3 Bid Security Declaration (BSD)

5.3.1 The Bidders shall furnish, as part of its bid, a bid security declaration accepting that if they withdraw or modify their bids during period of validity etc., they will be debarred for a period of 5 years from participating in any of the bidding process of EPFO.

5.3.2 The bid will be disqualified if the BSD is not submitted along with the pre-qualification proposal in the format as specified in the clause 8.7.

5.3.3 The Bidder shall be debarred for a period of 5 years in following cases:

5.3.3.1 If a bidder withdraws his bid or increases his quoted prices during the period of bid validity or its extended period, if any; or

5.3.3.2 If any misrepresentation on part of a bidder is discovered before, during or after completion of RFP process; or

5.3.3.3 In the case of a successful bidder, if it fails within the specified time limit to:

5.3.3.3.1 Sign the Agreement or,

5.3.3.3.2 Furnish the required Performance Bank Guarantee (PBG) as per clause 5.7.

5.4 Completeness of bid documents

5.4.1 EPFO will evaluate the contents of the documents received to ascertain that all documents/information requirements are provided in the format and the manner specified.

5.4.2 EPFO may, where desired necessary, seek further clarifications from any/ all bidders in respect of any information provided in the RFP.

5.4.3 The Applicant must furnish clarifications within the stipulated time frame failing which the bid submitted by the Applicant concerned will be treated as incomplete and the same will be rejected.

5.5 Evaluation of Technical and Financial bids

5.5.1 All Applicants, who qualify on the Pre-Qualifications bid criteria as laid down in this RFP would only, be further evaluated on technical and financial bids.

5.5.2 In determination of the best bid, the following weight will be given for technical and financial bid scores of the applicants:

Technical bid score : 70%

Financial bid score : 30%

The final rankings for applicants will be on the basis of the weighted average score of technical and financial bids, as per the weights given above.

5.5.3 The Technical bids of all the Applicants will be evaluated as per the criteria specified in this RFP as per the rating system.

5.5.4 The Corpus/Assets of EPFO audited by the present/previous ECA(s) shall not be counted for the purpose of pre-bid and technical evaluation.

5.5.5 Applicant eligible for technical bid evaluation will be required to give a write-up on Methodology to be followed for execution of assignment. The applicants may be required to give a presentation on the same, if asked by EPFO. High quality of work and suggestions will be appreciated.

5.5.6 The final evaluation would be based on both technical and financial bids as explained in this RFP.

5.5.7 All proposals will be reviewed by a designated committee constituted by the EPFO. EPFOs' designated committee may seek oral or written clarifications from applicants. The applicants must respond/provide the information/clarifications within the stipulated time. Failure to provide information may lead to disqualification of an applicant.

5.5.8 The proposals shall be valid for a period of Six (6) months from the date of opening of the Financial Bid.

5.6 Finalization of the ECA.

5.6.1 The successful ECA will be finalized based on the evaluation criteria and the decision of the EPFO shall be final and the same will be informed accordingly.

5.6.2 EPFO reserves the right to cancel the appointment process and may decide further course of action without assigning any reason thereof at any point of time.

5.7 Performance Bank Guarantee

5.7.1 Performance Bank Guarantee (PBG) shall be of an amount equal to Rs. 10,00,000/- (Rupees Ten Lakhs Only).

5.7.2 The selected ECA will furnish a Performance Bank Guarantee (PBG) by nationalized scheduled Banks as performance security towards this contract in the specified format as specified in clause 8.8.

5.7.3 The selected ECA shall at his own expense, deposit with EPFO, within Fifteen (15) working days of the date of notice of award of the contract or prior to signing of the contract, whichever is earlier, an unconditional and

irrevocable Performance Bank Guarantee (PBG) from a Nationalized Scheduled Bank acceptable to EPFO, payable on demand, for the due performance and fulfilment of the contract by the selected ECA.

- 5.7.4 All charges whatsoever such as premium, commission, etc. with respect to the Performance Bank Guarantee shall be borne by the selected ECA.
- 5.7.5 The performance bank guarantee shall be valid till the Expiration of Contract plus Three months, subject to annual renewals.
- 5.7.6 The Performance Bank Guarantee may be discharged/ returned by EPFO upon being satisfied that there has been due performance of the obligations of the selected ECA under the contract. However, no interest shall be payable on the Performance Bank Guarantee.
- 5.7.7 In the event of the selected ECA being unable to service the contract for whatever reason, or any misrepresentation is discovered, EPFO would evoke the PBG. Notwithstanding and without prejudice to any rights whatsoever of EPFO under the Contract in the matter, the proceeds of the PBG shall be payable to EPFO as compensation for any loss resulting from the selected ECA's failure to complete its obligations under the Contract. EPFO shall notify the selected ECA in writing of the exercise of its right to receive such compensation within 15 days, indicating the contractual obligation(s) for which the selected ECA is in default.
- 5.7.8 EPFO shall also be entitled to make recoveries from the selected ECA's bills, performance bank guarantee, or from any other amount due to him, the equivalent value of any payment made to him due to inadvertence, error, collusion, misconstruction or misstatement.

5.8 Settlement of Disputes

5.8.1 Force Majeure

- 5.8.1.1 Force majeure shall not include any events caused due to acts/omissions of such party or result from a breach/contravention of any of the terms of the contract, bid and/or the tender. It shall also not include any default on the part of a party due to its negligence or failure to implement the stipulated/proposed precautions, as were required to be taken under the contract.
- 5.8.1.2 The failure or occurrence of a delay in performance of any of the obligations of either party shall constitute a force majeure event only where such failure or delay could not have reasonably been foreseen or where despite the presence of adequate and stipulated safeguards the failure to perform obligations has occurred. In such an event, the affected party shall inform the other party in writing within five days of the occurrence of such event. EPFO will make the payments due for services rendered till the occurrence of force majeure. However, any failure or lapse on the part of the bidder in performing any obligation as is necessary and proper to negate the damage due to projected force majeure events or to mitigate the damage that may be caused due to the abovementioned events or the failure to provide adequate disaster management/recovery or any failure in setting up a contingency mechanism would not constitute force majeure, as set out above.
- 5.8.1.3 In case of a force majeure all parties will endeavor to agree on an alternate mode of performance in order to ensure the continuity of service and implementation of the obligations of a party under the Contract and to minimize any adverse consequences of force majeure.

- 5.8.1.4 Force majeure clause shall mean and be limited to the following in the execution of the work:-
- 5.8.1.4.1 War / hostilities
 - 5.8.1.4.2 Riot or Civil commotion
 - 5.8.1.4.3 Earth quake, flood, tempest, lightning or other natural physical disaster
 - 5.8.1.4.4 Restriction imposed by the Government or other statutory bodies, which is beyond the control of the selected ECA, which prevent or delay the execution of the order by the selected ECA.
- 5.8.1.5 The selected ECA shall inform EPFO in writing, the beginning and the end of the above causes of delay, within seven days of the occurrence and cessation of the force majeure conditions. In the event of a delay lasting for more than one month, if arising out of clauses of force majeure, EPFO reserve the right to cancel the conditions of empanelment without any obligation to compensate the selected Consultant in any manner for what so ever reason, subject to the provision of clause mentioned.
- 5.8.1.6 Applicable Law - The conditions shall be governed by the laws and procedures established by Govt. of India, within the framework of applicable legislation and enactment made from time to time concerning such commercial dealings/processing.
- 5.8.1.7 Notwithstanding above, decision of EPFO shall be final and binding on the bidders.

5.8.2 Termination for insolvency

- 5.8.2.1 EPFO may at any time terminate the Contract by giving written notice to the Successful Bidder, if the successful bidder becomes bankrupt or otherwise insolvent. In this event termination will be without compensation to the Successful Bidder, provided that such termination will not prejudice or affect any right of action or remedy, which has accrued or will accrue thereafter to EPFO.

5.8.3 Termination for convenience

- 5.8.3.1 EPFO, by written notice sent to the Successful Bidder may terminate the Contract, in whole or in part, at any time for its convenience. The notice of termination shall specify that termination is for EPFO's convenience, the extent to which performance of the Successful Bidder under the Contract is terminated, and the date upon which such termination becomes effective. However any undisputed payment to the invoices of the task accomplished by successful bidder would be paid by EPFO. The bidder shall not be entitled to claim any damages for such termination on any ground whatsoever.

5.8.4 Dispute Resolution

- 5.8.4.1 Any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Agreement (including its interpretation) between the Parties, and so notified in writing by either Party to the other Party (the "Dispute") shall, in the first in- stance, be attempted to be resolved amicably in accordance with the conciliation procedure.

- 5.8.4.2 The Parties agree to use their best efforts for resolving all Disputes arising under or in respect of this Agreement promptly, equitably and in good faith, and further agree to provide each other with reasonable access during normal business hours to all non-privileged records, information and data pertaining to any Dispute.
- 5.8.4.3 In case the disputes are not resolved amicably, the same shall be resolved through the process of arbitration. EPFO shall have the right to appoint a sole arbitrator. The arbitration proceedings shall be held in English language only in Delhi, India.
- 5.8.4.4 Any arbitration or dispute w.r.t. agreement will be treated under Arbitration and Reconciliation Act 1996 as amended in 2015.

5.9 Key Activities and Dates

The expected schedule of key activities for the purpose of this RFP is outlined below:

Sr.No.	Key Activities	Due Date*
1.	Issuance of Request For Proposal (RFP)	04 June, 2022 (Saturday)
2.	Last date for submission of queries on RFP via e-mail only (imc.epfo@epfindia.gov.in)	10 June, 2022 (Friday)
3.	Pre-bid Conference	4:30 P.M. on 14 June 2022(Tuesday)
4.	Issuance of revised RFP (If required) on website of EPFO	15 June, 2022 (Wednesday)
5.	Last date for receipt of bid (Proposal Due Date)	29 June, 2022 (Wednesday), 12:00 PM
6.	Opening of Pre-Qualification bids	30 June, 2022 (Thursday)
7.	Opening of Technical bids for eligible Applicants	04 July, 2022 (Monday)
8.	Presentation on technical bid by eligible bidders, if required	06 July, 2022 (Wednesday)
9.	Opening of Financial bids for the eligible Applicants	08 July, 2022 (Friday)
10	Issuance of letter to selected ECA	After approval of Competent Authority
11	Selected ECA to be ready in all respects	Within 15 days of issue of letter intimating appointment

* The EPFO reserves the right to change any date/time mentioned in the schedule above.

5.10 Pre-Bid Queries, Conference and Clarifications

5.10.1 Bidders Queries

- 5.10.1.1 The Bidders will have to ensure that their queries if any, shall reach EPFO by e-mail only at email id: imc.epfo@epfindia.gov.in on or before **10th June, 2022 (Friday)**. There may be a pre-Bid Conference on **14 June, 2022 at 04:30 PM**.
- 5.10.1.2 The Pre-Bid Conference may be conducted through video conferencing keeping in view of the COVID-19 pandemic. The meeting links and credentials would be emailed to the bidders sending queries at the given email address.
- 5.10.1.3 The queries should necessarily be submitted via email in the format as provided in section 8.4.
- 5.10.1.4 EPFO shall not be responsible for ensuring that the bidders' queries have been received by EPFO. Any requests for clarifications after the indicated date and time may not be entertained by EPFO. E-Mail queries shall carry "Appointment of ECA - Tender Query Request" in the subject line.

5.10.2 Responses to Pre-Bid Queries and Issue of Corrigendum

- 5.10.2.1 EPFO will endeavor to provide timely response to all queries. However, EPFO makes no representation or warranty as to the completeness or accuracy of any response made in good faith, nor does EPFO undertake to answer all the queries that may have been posed by the bidders.
- 5.10.2.2 At any time prior to the last date for receipt of bids, EPFO may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective Bidder, modify the Tender Document by a corrigendum.
- 5.10.2.3 The Corrigendum (if any) will be posted on the website, www.epfindia.gov.in and on the Central Public Procurement Portal viz. <https://eprocure.gov.in> .
- 5.10.2.4 Any such corrigendum shall be deemed to be incorporated into this Tender Document.
- 5.10.2.5 In order to provide prospective Bidders reasonable time for taking the corrigendum into account, EPFO may, at its discretion, extend the last date for the receipt of Proposals.

6. Bid Evaluation Criteria

The evaluation of the eligible bidders will be a three-step process

1. Evaluation of pre-qualification bids of all applicants.
2. Evaluation of technical and financial bids of applicants satisfying the eligibility criteria in the pre-qualification bid.
3. Combined scores assigned to applicants on the basis of technical and financial bids aggregated using 70% and 30% weight, respectively.

6.1 The Pre-Qualification criteria for eligibility:

S. No	Criteria	Supporting Document
1	The bidder should have been registered with the ICAI as a Partnership Firm on or before 01st April, 2011.	Section 7.2.1
2	The bidder should have valid Income tax Permanent Account Number (PAN), GST and other Statutory registration as on date of application.	Section 7.2.2
3	The bidder should have a minimum of ten (10) partners out of which, (i) Any five partners must have an audit experience of at least five years and must have been with the applicant firm for a continuous period of at least three years, (ii) Any three partners must have been in practice in a firm (not necessarily the applicant firm) for at least seven years, (iii) Any one partner of the entity or the designated partner (LLP) must be a Fellow member of 'The Institute of Chartered Accountants of India' (ICAI) and should have been in continuous practice for at least five years after enrolment as Fellow Chartered Accountant (FCA). (iv) At least one partner or paid Chartered Accountant of the applicant firm should have CISA/DISA or any other equivalent qualification.	Section 7.2.3 & Section 7.2.4
4	The bidding firm should not have turnover (on receipt/cash basis) from professional services of less than Rupees One Crores (Rs. 1,00,00,000/-) for each of the last 3 financial years.	Section 7.2.5
5	The bidding firm must have experience in each of the last FIVE (5) Financial Years ending 31 st March, 2021 in concurrent audit of at least one Portfolio Manager* with annual turnover [#] of at least Rs. 5,000 [^] crore.	Section 7.2.6
6	The bidding firm or any of its partner should not have been convicted by a court of law or indictment / adverse order passed against the firm / any partner by any Regulatory Authority disqualifying or de-barring the firm during last five years from the date of application.	Section 7.2.7
7	The bidding firm should have functional office in Mumbai & a responsible contact person at Delhi (National Capital Region).	Section 7.2.8
8	The bidding firm must be empanelled with Comptroller and Auditor General of India (CAG) and with either RBI or SEBI as on the date of RFP.	Section 7.2.9
9	The bidding firm should not have less than 50 employees as on 31.03.2021	Section 7.2.10

*Includes investment portfolios managed by mutual funds, life insurance companies, pension funds, retirement/provident funds, superannuation funds and treasury department of scheduled commercial banks.

[#]Annual turnover as on a given date must be calculated as the sum of buy and sell transaction amounts during last one year. The annual turnover must be calculated on the following dates; 31st March, 2021; 31st March, 2020; 31st March, 2019; 31st March, 2018 and 31st March, 2017.

[^]The Corpus/Assets of EPFO audited by the present/previous ECA(s) shall not be counted for this purpose.

6.2 Technical evaluation parameters (70% weight)

The following tables outline the broad parameters based on which evaluation of technical proposals of the applicants shall be carried out by the EPFO:

6.2.1 Quantitative criteria (80% weight)

Measure	Measurement Criteria	Supporting Document	Weight
Aggregate of Average Assets Under Management (AAUM)	Aggregate AAUM [^] across all accounts of Portfolio Managers* (whose concurrent audit was carried out by the firm) - sum of aggregate AAUM as of 31 st March, 2021; 31 st March, 2020; 31 st March, 2019; 31 st March, 2018 and 31 st March, 2017.	Section 7.3.1	20%
Average Turnover for last 3 financial years.	Average turnover (on receipt/cash basis) from professional services for each of the last 3 financial years.	Section 7.3.2	10%
Relevant experience of the firm	Experience of the firm in terms of financial years as of 31 st March, 2021 in concurrent audit of Portfolio Managers* having turnover [#] of not less than Rs. 5,000 [^] crore.	Section 7.3.3	15%
Number of clients	Number of Portfolio Managers* (whose concurrent audit was carried out by the firm) having turnover [#] of at least Rs.5,000 [^] crore - sum of number of clients as of 31 st March, 2021; 31 st March, 2020; 31 st March, 2019; 31 st March, 2018 and 31 st March, 2017.	Section 7.3.4	15%
Experience of partners	Cumulative experience of partners of firm as of 31 st March, 2021	Section 7.3.5	5%
Relevant experience of the partner assigned	Experience (in years) of the assigned partner for the said assignment in concurrent audit of portfolio managers* as on 31 st March, 2021	Section 7.3.6	5%
Number of members in the proposed execution team	Number of members who are chartered accountants in the proposed execution team for the said assignment	Section 7.3.6	5%
Relevant experience of proposed execution team	Aggregate experience (in years) of the proposed execution team for the said assignment in concurrent audit of portfolio managers* as on 31 st March, 2021	Section 7.3.6	5%
Total			80%

*Includes investment portfolios managed by mutual funds, life insurance companies, pension funds, retirement/provident funds, superannuation funds and treasury department of scheduled commercial banks.

#Annual turnover as on a given date must be calculated as the sum of buy and sell transaction amounts during last one year. The annual turnover must be calculated on the following dates; 31st March, 2021; 31st March, 2020; 31st March, 2019; 31st March, 2018 and 31st March, 2017 and so on.

[^]The Corpus/Assets of EPFO audited by the present/previous ECA(s) shall not be counted for this purpose.

6.2.2 Qualitative criteria (20% weight)

Measure	Measurement criteria	Supporting documents	Weight
Proposed project plan and capability for execution of the assignment	Evaluation would be on the write-up and response on project plan & processes covering the following points: (a) Proposed technology platform & system, MIS formats, Business Continuity Plan & Disaster Recovery Plan. (b) Proficiency in Accounting and Reporting standards. (c) Additional Capability and experience in Investment Advisory Services. (d) Capability and experience in forensic auditing	Section 7.3.7	20%
Total			20%

Evaluation: Scores on a scale of 0 to 10 would be assigned on the basis of the write ups and data submitted.

6.2.3 Evaluation and scoring process (Please note that the numbers used in this section are for illustrative purpose only)

Table 1 (Evaluation of parameters)

	Aggregate of Average Assets Under Management	Average Turnover of last 3 financial years (in Rs Crores)	Relevant experience of the firm	Number of clients	Experience of Partners	Relevant experience of the partner assigned	Number of members in the proposed execution team	Relevant experience of the proposed execution team
Parametric Weights	20%	10%	15%	15%	5%	5%	5%	5%
Applicant 1	150000	20	6	50	400	6	4	5
Applicant 2	200000	30	9	30	200	9	4	4.5
Applicant 3	180000	80	7	60	300	6	5	5.5
Applicant 4	100000	15	12	40	100	9	10	7
Applicant 5	290000	120	15	80	120	12	6	10
Maximum	290000	120	15	80	400	12	10	10
Basis for parametric evaluation	Maximum	Maximum	Maximum	Maximum	Maximum	Maximum	Maximum	Maximum

Table 2 (Scoring of parameters)

	Aggregate of Average Assets Under Management	Average Turnover of last 3 financial years	Relevant experience of the firm	Number of clients	Experience of Partners	Relevant experience of the partner assigned	Number of members in the proposed execution team	Relevant experience of the proposed execution team	Total Score based on quantitative parameters
Parametric Weights	20%	10%	15%	15%	5%	5%	5%	5%	80%
Applicant 1	0.52	0.17	0.40	0.63	1.00	0.50	0.40	0.50	0.3426
Applicant 2	0.69	0.25	0.60	0.38	0.50	0.75	0.40	0.45	0.3654 [^]
Applicant 3	0.62	0.67	0.47	0.75	0.75	0.50	0.50	0.55	0.4275
Applicant 4	0.34	0.13	0.80	0.50	0.25	0.75	1.00	0.70	0.3465
Applicant 5	1.00	1.00	1.00	1.00	0.30	1.00	0.60	1.00	0.6450

[^]Working for Applicant 2 = (20%*0.69+10%*0.25+10%*0.60+ 10%*0.38+ 5%*0.50+ 5%*0.75+ 5%*0.40+5%*0.45) = 0.3654

Table 3 (Qualitative parameters evaluation)

	Proposed project plan for execution of the assignment
Parametric Weights	20%
Applicant 1	7
Applicant 2	6
Applicant 3	8
Applicant 4	9
Applicant 5	9
Maximum	9
Basis for parametric evaluation	Maximum

Table 4 (Qualitative parameters scoring)

	Proposed project plan for execution of the assignment	Total Score based on Qualitative parameters
Parametric Weights	20%	20%
Applicant 1	0.78	0.2333
Applicant 2	0.67	0.2000 [^]
Applicant 3	0.89	0.2667
Applicant 4	1.00	0.3000
Applicant 5	1.00	0.3000

Note -The parametric score for each applicant is calculated on the basis of their score on each parameter relative to the best score for that parameter. The best score would be the maximum score, as assessed during the evaluation for that parameter. E.g. In case of proposed project plan for execution of the assignment, the maximum score is 9. Applicant 4 would therefore have a score of 1 and the scores of all other Applicants would be calculated relative to the best score. Applicant 2, for instance would have a score of 0.67 (6/9).

[^]Working for Applicant 2 = (30%*0.67) = 0.2000

6.3 Overall evaluation scoring

	Final Score of Technical Bid = Quantitative score + Qualitative score	Scaled score - Technical Bid	Financial Bid	Scaled score - Financial Bid	Final score = weighted average of scaled scores of technical and financial bids	Rank
Parametric Weights		70%		30%	100%	
Applicant 1	0.5759	0.6095	100000	1.0000	0.7266	3
Applicant 2	0.5654	0.5983	200000	0.5000	0.5688	5
Applicant 3	0.6941	0.7345	500000	0.2000	0.5742	4 [^]
Applicant 4	0.6465	0.6841	100000	1.0000	0.7789	1
Applicant 5	0.9450	1.0000	750000	0.1333	0.7400	2
Maximum / Minimum	0.95		100000			
Basis for final evaluation	Maximum		Minimum			

Note - In arriving at the final score, the scores for each Applicant on the Technical and Financial Bids are calculated separately. The scores for each Applicant are scaled relative to the best score on Technical and Financial Bids. The best scores for the Technical and Financial Bids are the maximum score and minimum bid respectively. E.g. In case of

Technical Bid, the maximum score is 0.95. Applicant 5 would therefore have a score of 1 and the scores of all other Applicants would be calculated relative to the best score. Applicant 3, for instance would have a score of 0.73 (0.69/0.95). In case of the Financial Bid, the minimum bid is 100000. Applicant 1 and Applicant 4 would therefore have a score of 1 and the scores of all other Applicants would be calculated relative to the best score. Applicant 2, for instance would have a score of 0.50 (100000/200000). The final evaluation of each Applicant would be done on the basis of their weighted average score on Technical and Financial Bids. The Technical and Financial Bids would have a weight of 70% and 30% respectively.

*^Working for Applicant 3 = (70%*0.7345+ 30%*0.2000) = 0.5742*

7. Format of Pre-Qualification, Technical and Financial bid

7.1 Documents comprising the proposal

The proposal submitted by the Applicant shall comprise the following documents:

- 7.1.1 Pre-qualification bid with all the information, as laid down in Section 7.2, duly filled in along with all attachments/schedules duly completed and with a covering letter, as per the format defined in Section 8.1, signed by the authorized representative of the Applicant.
- 7.1.2 Technical bid with all the technical information, as laid down in Section 7.3, duly filled in along with all attachments/schedules duly completed and with a covering letter, as per the format defined in Section 8.2, signed by the authorized representative of the Applicant.
- 7.1.3 The Applicant's Financial bid, as per the format defined in Section 7.4, along with a covering letter, as per the format defined in Section 8.3, signed by the authorized representative of the Applicant.
- 7.1.4 Any deviations from the requirements of the RFP must be included as a separate statement, as per the format defined in Section 8.5.
- 7.1.5 Any other information that is to be submitted during the course of the proposal process.
- 7.1.6 There must be an index at the beginning of the proposal detailing the summary of all information contained in the proposal. All pages in the proposal must be serially numbered.

7.2 Pre-qualification bid format

Name of the Audit Firm (full name of the firm):

Address with telephone No., Fax No., E-Mail ID, etc.

- 7.2.1 The bidder should have been registered with the ICAI as a Partnership Firm or an LLP on or before 01st of April, 2011. The name of the Partnership Firm/LLP should be registered with the ICAI. The Firm must have been registered with the ICAI on or before 01st April, 2011 – Enclose copy of Registration.

Sr. No	Particulars	Supporting document submitted	Remarks if any	Annexure No.
1	Date and Registration No. of the firm with ICAI			
2	Number of completed years of practice as of 31 st March, 2021.			

- 7.2.2 The bidder should have valid income tax PAN Permanent Account Number (PAN), GST and other statutory registration as on date of application – enclose copy.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No.

- 7.2.3 The bidder should have a minimum of ten (10) partners out of which,
 - i. Any five partners must have an audit experience of at least five years and must have been with the applicant firm for a continuous period of at least three years,

- ii. Any three partners must have been in practice in a firm (not necessarily the applicant firm) for at least seven years,
- iii. Any one partner of the entity or the designated partner (LLP) must be a fellow member of “The Institute of Chartered Accountants of India(ICAI) and should have been in continuous practice for at least five years after enrolment as Fellow Chartered Accountant(FCA),
- iv. At least one partner or paid Chartered Accountant of the applicant firm should have CISA/DISA or any other equivalent qualification.

Sr.No.	Particulars	Details
1	Name of the CA Firm	
2	Address of Head Office	
3	Number of Branch Offices	
4	Date of Establishment	
5	Registration Number of the firm with ICAI	
6	Manpower (Nos)	
	A) Qualified Professionals:	
	(i) Partners _____	
	(ii) Others _____	
	B) Articles:_____	
	C) Partner/ Staff with DISA/ CISA qualification	

7.2.4 Number of Partners and detail profile of each partner with membership no. as on date of application to be stated.

Format for profile of partners:

Sr. No.	Name/Qualification	ICAI Membership /Date of Certificate of Practice	Number of years of experience in concurrent audit of Portfolio Managers	Whether DISA/ CISA	Name of entity wherein Partner has experience of at least 10 Years	Date of joining in the applicant firm	Whether FCA or ACA	Date of Acquiring FCA

7.2.5 The bidding firm should not have turnover (on receipt/cash basis) from professional services of less than Rupees One Crores (Rs. 1,00,00,000/-) for each of the last 3 financial years.- Certificate from an independent Chartered Accountant certifying the turnover for F.Y.2018-19, F.Y. 2019-20 and F.Y. 2020-21.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No.

- 7.2.6 The Firm must have experience in each of last FIVE (5) Financial Years ending 31st March, 2021 in concurrent audit of at least one Portfolio Manager* with annual turnover# of at least Rs. 5,000^ crore. - State details of concurrent audit of Portfolio Managers during the last 5 years i.e., from 01st April, 2016. List of major clients with the nature of activity handled to be enclosed.

Financial Year	Name of client (s)	Name of process for which concurrent audit was conducted	Start date of audit	End date of audit	Average AUM of the fund/funds for which concurrent audit was conducted	Turnover for the period of concurrent audit

- 7.2.7 The bidding firm or any of its partners should not have been convicted by a court of law or indictment / adverse order passed against the firm / any partner during last five years from the date of application – An affidavit to this extent shall be furnished duly signed by the Managing Partner of the Firm. The affidavit should be notarized by a Notary Public.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No.

- 7.2.8 The firm should have functional office in Mumbai & a responsible contact person at Delhi (National Capital Region) as on date of application. – Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No.

- 7.2.9 The firm must be empanelled with Comptroller and Auditor General of India (CAG) and with either RBI or SEBI as on the date of RFP. - Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No.

- 7.2.10 The firm should not have less than 50 employees as on 31.03.2021. - Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No.

7.3 Technical Proposal Format

The following quantitative and qualitative information is required to be submitted by the Applicants:

- 7.3.1 Aggregate AAUM across all accounts of Portfolio Managers (whose concurrent audit was carried out by the firm) - sum of aggregate AAUM as of 31st March, 2021; 31st March, 2020; 31st March, 2019; 31st March, 2018 and 31st March, 2017. Refer Illustration given in section 7.5.1 for calculation of Aggregate AAUM. – Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking.

Sum of Aggregate AAUM (in Rs Crore)

Financial Year	Name of client	Name of process for which concurrent audit was conducted	Start date of audit	End date of audit	Average AUM of the fund/funds for which concurrent audit was conducted

- 7.3.2 Average turnover (on receipt/cash basis) from professional services for each of the last 3 financial years. The average of turnovers F.Y.2018-19, F.Y. 2019-20 and F.Y. 2020-21 to be provided along with the Certificates from an independent Chartered Accountant.

Average turnover (on receipt/cash basis) from professional services for last 3 financial years

S.No.	F.Y.	Turnover (on receipt/cash basis) from professional services
1	2020-21	
2	2019-20	
3	2018-19	

- 7.3.3 Experience of the firm in terms of financial years as of 31st March, 2021 in concurrent audit of Portfolio Managers having turnover of not less than Rs. 5,000 crore. – Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking.

Experience (in years)

Financial Year	Name of client	Name of process for which concurrent audit was conducted	Start date of audit	End date of audit	Average AUM of the fund/funds for which concurrent audit was conducted	Turnover for the period of concurrent audit

7.3.4 Number of Portfolio Managers (whose concurrent audit was carried out by the firm) having turnover of at least Rs.5,000 crore - sum of number of clients as of 31st March, 2021; 31st March, 2020; 31st March, 2019; 31st March, 2018 and 31st March, 2017. Refer Illustration given in section 7.5.2 for calculation of number of clients. – Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking.

Sum of number of clients

Financial Year	Name of client	Name of process for which concurrent audit was conducted	Start date of audit	End date of audit	Average AUM of the fund/funds for which concurrent audit was conducted	Turnover for the period of concurrent audit

7.3.5 Cumulative experience of partners of the firm as of 31st March, 2021 - Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking.

No. of partners	Cumulative experience of the partners (in years)	Remarks if any

Number of partners and detailed profile of each partner as mentioned in section 7.2.4.

7.3.6 Profile of the proposed execution team

Detail required	Detail required in appropriate units	Supporting document
Experience of the assigned partner for the said assignment in concurrent audit of portfolio managers	Required experience to be quoted in years up to two decimals as on 31 st March, 2021	Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking
Number of members who are chartered accountants in the proposed execution team for the said assignment	No. of chartered accountants in the proposed execution team to be quoted	Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking

Aggregate experience of the proposed execution team for the said assignment in concurrent audit of portfolio managers	Required experience to be quoted in years up to two decimals as on 31 st March, 2021	Undertaking from the Managing Partner or equivalent official of the Audit firm certifying the same. Refer section 8.6 for the format of Undertaking
---	---	---

Further, the CVs of the assigned partner(s) and proposed execution team members to be provided in the following format:

Format for profile of proposed execution team:

Name of the Partner/ team leader/ team members	
Proposed Position and Role	Partner / Team Leader/ Team Members
Age	
Qualification	
Details of experience in concurrent audit of Portfolio Managers	Details of each work done along with the time period
Experience in concurrent audit of Portfolio Managers (No. of years up to two decimals as of 31st March, 2021)	
Current Responsibilities	
Total experience (No. of years up to two decimals as of 31st March, 2021)	
Tenure spent with the firm (No. of years up to two decimals as of 31st March, 2021)	
Any other point	

7.3.7 Response to 'Project plan & Processes' under section 6.2.2 of this RFP should be provided as per below format;

Please provide write-up covering point no. (a) to (c) below indicating the response against each point (The write-up on point (a) to (c) should not aggregate more than two A4 size sheets (each sheet containing not more than 500 words)

- (a) Details of Proposed technology platform & system, MIS formats, Business Continuity Plan & Disaster Recovery Plan.
- (b) Proficiency in Accounting and Reporting standards: Applicants should have adequate competency in Ind Accounting standards (Ind AS), Generally Accepted Accounting Principles (GAAP) and International Financial Reporting standards (IFRS) and any other relevant accounting norms prevalent.
- (c) Details about additional Capability: The experience and capability of Investment Advisory services will be of additional advantage. A write up about the same may be provided.

(d) Details about capability and experience of forensic auditing undertaken for clients in the field of investment and portfolio management.

7.3.8 Organization chart – with names and responsibility(ies).

7.3.9 Write up on any other information that the Applicant thinks would be worth mentioning in the proposal (not more than 500 words).

7.4 Financial bid Format

The Financial bid shall be submitted in the following format

Charges	In figures (Rs.)	In words
Concurrent Audit Fee per month		

7.5 Illustrations for calculations

7.5.1 Illustration for calculation of Aggregate AAUM

Step 1: Calculation of aggregate AAUM for a year ended date (assuming that the audit firm is doing audit of Portfolio Manager 1 and Portfolio Manager 2)

AAUM (Rs in Crore) for the year ended 31 st March, 2021		
Days	Portfolio Manager 1 - Daily AUM (Rs Crore)	Portfolio Manager 2 - Daily AUM (Rs Crore)
1- Apr -20	100000	150000
2- Apr -20	102000	250000
3- Apr -20	103000	150000
-	-	-
-	-	-
30-Mar-21	104000	120000
31-Mar-21	108000	100000
AAUM	=AVERAGE of all the above (A)	=AVERAGE of all the above (B)
Aggregate AAUM as of 31st March,2021	= A+B	

A similar calculation to be done for the dates – 31st March, 2020; 31st March, 2019; 31st March, 2018 and 31st March, 2017.

Step 2: Sum the Aggregate AAUM as shown below

Sum of Aggregate AAUM (Rs. in Crore)	
Year ended date	Aggregate AAUM
31 st March, 2021	100000
31 st March, 2020	102000

31 st March, 2019	123000
31 st March, 2018	120000
31 st March, 2017	110000
Sum of Aggregate AAUM	=SUM of all the above

7.5.2 Illustration for calculation of number of clients

Year ended date	Number of accounts of Portfolio Managers having turnover of at least Rs.5,000 Crore
31 st March, 2021	10
31 st March, 2020	12
31 st March, 2019	10
31 st March, 2018	12
31 st March, 2017	9
Sum of number of clients	=SUM of all the above

8. Formats for Covering Letter and Clarifications, Deviations and Undertaking

8.1 Format for Pre-qualification Covering letter

(To be submitted on the official letterhead of the interested party submitting the RFP)

Ref.: _____

Date/ Place: _____

Shri Hemant Jain,

Financial Advisor and Chief Accounts Officer (FA & CAO),

Employees' Provident Fund Organization (EPFO),

Bhavishya Nidhi Bhavan,

14, Bhikaiji Cama Place,

New Delhi - 110066

Sir,

Ref: Pre-qualification for appointment as External Concurrent Auditor for the EPFO's portfolio managers

We refer to the communication inviting Request for Proposal (RFP) for Appointment as External Concurrent Auditor for the EPFO's Portfolio Managers. We have read and understood the contents of the document and wish to participate in the appointment process. We are pleased to submit our Pre-qualification bid along with all the necessary documents, as mentioned in the RFP, for appointment as External Concurrent Auditor for the EPFO's portfolio managers. We confirm that we satisfy the Pre-qualification criteria set out in the relevant sections of the RFP.

We agree to unconditional acceptance of all the terms and conditions set out in the RFP documents.

We confirm that the information contained in this proposal or any part thereof, including its exhibits, schedules, and other documents delivered to the EPFO is true, accurate, and complete. This proposal includes all information necessary to ensure that the statements therein do not, in whole or in part, mislead the EPFO as to any material fact.

We have agreed that (*insert individual authorised representative's name*) will act as our representative on our behalf and has been duly authorized to submit the proposal.

Further, the authorized signatory is vested with requisite powers to furnish such letter and authenticate the same.

Yours faithfully,

For and on behalf of _____(Insert company name)

Authorised Signatory

8.2 Technical Proposal Covering Letter

(To be forwarded on the letterhead of the Applicant submitting the proposal).

Ref.: _____

Date: _____

Shri Hemant Jain,

Financial Advisor and Chief Accounts Officer (FA & CAO),

Employees' Provident Fund Organization (EPFO),

Bhavishya Nidhi Bhavan,

14, Bhikaiji Cama Place,

New Delhi - 110066

Sir,

Ref: Request for Proposal (RFP): Appointment of External Concurrent Auditor (ECA) for the EPFO's portfolio managers

We refer to the Request for Proposal (RFP) for Appointment of External Concurrent Auditor for the EPFO's portfolio managers.

We have read and understood the contents of the RFP document and pursuant to this, we hereby confirm that we are legally empowered to act as ECA and satisfy the requirements laid out in the RFP document.

Having examined the RFP document, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to provide the services as required and outlined in the RFP for Appointment of External Concurrent Auditor (ECA) for the EPFO's Portfolio Managers.

To meet such requirements and provide such services as set out in the RFP documents, we attach hereto our response to the RFP document, which constitutes our proposal for being considered for selection as ECA.

We undertake, if our proposal is accepted, to adhere to the stipulations put forward in the RFP or such adjusted plan as may subsequently be mutually agreed between us and the EPFO or its appointed representatives.

We agree to unconditional acceptance of all the terms and conditions set out in the RFP documents.

We confirm that the information contained in this proposal or any part thereof, including its exhibits, schedules, and other documents delivered to the EPFO is true, accurate, and complete. This proposal includes all information necessary to ensure that the statements therein do not, in whole or in part, mislead the EPFO as to any material fact.

We have agreed that (*insert individual authorised representative's name*) will act as our representative on our behalf and has been duly authorized to submit the proposal.

Further, the authorized signatory is vested with requisite powers to furnish such letter and authenticate the same.

Yours faithfully,

For and on behalf of _____ (Insert company name)

Authorised Signatory

8.3 Financial Proposal Covering Letter

(To be forwarded on the letterhead of the Applicant submitting the proposal)

Ref.: _____

Date: _____

Shri Hemant Jain,

Financial Advisor and Chief Accounts Officer (FA & CAO),

Employees' Provident Fund Organization (EPFO),

Bhavishya Nidhi Bhavan,

14, Bhikaiji Cama Place,

New Delhi - 110066

Dear Sir,

Ref: Request for Proposal (RFP): Appointment of External Concurrent Auditor (ECA) for the EPFO's portfolio managers

Having examined the RFP document, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to provide the services as required and outlined in the Request for Proposal (RFP) for Appointment of ECA for the EPFO's Portfolio managers.

To meet such requirements and to provide services as set out in the RFP document we attach hereto our response as required by the RFP document, which constitutes our proposal.

We undertake, if our proposal is accepted, to adhere to the stipulations put forward in the RFP or such adjusted plan as may subsequently be mutually agreed between us and the EPFO or its appointed representatives.

We unconditionally accept all the terms and conditions set out in the RFP document.

We confirm that the information contained in this proposal or any part thereof, including its schedules, and other documents delivered to the EPFO is true, accurate, and complete. This proposal includes all information necessary to ensure that the statements therein do not, in whole or in part, mislead the EPFO as to any material fact.

We have agreed that *(insert individual authorised representative's name)* will act as our representative on our behalf and has been duly authorized to submit the proposal.

Further, the authorized signatory is vested with the requisite powers to furnish such letter and authenticate the same.

Yours faithfully,

For and on behalf of _____ (Insert company name)

Authorised Signatory

8.4 Request for clarifications

Applicant's Request For Clarification			
Name of Organization submitting request		Name & position of person submitting request	Address of organization including phone, fax, email, points of contact
			Tel: Fax: E-mail:
Sr. No.	Reference (Clause No. /Page No.)	Content of RFP requiring clarification	Points of Clarification required
1			
2			
3			

8.5 Format for providing explanations for deviations if any

Applicant's explanation for deviations			
Name of Organization submitting explanation		Name & position of person submitting explanation	Address of organization including phone, fax, email, points of contact
			Tel: Fax: E-mail:
Sr. No.	Reference (Clause No. & Page No.)	Deviation in proposal	Reason
1			
2			
3			

8.6 Format for undertaking

UNDERTAKING
(To be given on company letter head)

I, _____, am the Managing Partner / equivalent official of
_____ <company name> (“External Concurrent Auditor”) having its registered office at
_____.

I am authorized to sign and execute this undertaking on behalf of the External Concurrent Auditor for submitting a proposal pursuant to the request for proposal issued by the Employees’ Provident Fund Organization (“**EPFO**”) for appointment of External Concurrent Auditor for audit of investment done by EFPO’s portfolio managers.

I, on behalf of the External Concurrent Auditor, solemnly affirm and declare that as on the date of application:

- a. The aggregate of average asset under management is <in Rs crore> across all accounts of portfolio managers where concurrent audit was carried out as on 31st March, 2021, 31st March, 2020; 31st March, 2019; 31st March, 2018 and 31st March, 2017.
- b. The External Concurrent Auditor has experience in each of the last <Number> financial years ending 31st March, 2021 in concurrent audit of at least one Portfolio Manager with annual turnover at least Rs. 5,000 crore.
- c. There are aggregate <No. of accounts> accounts of portfolio managers having turnover of at least Rs 5,000 crore where concurrent audit was carried out as on 31st March, 2021, 31st March, 2020; 31st March, 2019; 31st March, 2018 and 31st March, 2017.
- d. The total experience of assigned partner of the External Concurrent Auditor in the concurrent audit of portfolio managers is <Number> years as on 31st March, 2021.
- e. The External Concurrent Auditor would assign <Number> chartered accountants in the proposed execution team for the said assignment.
- f. The aggregate experience of the proposed execution team in providing concurrent audit of portfolio managers is <Number> years as on 31st March, 2021.
- g. The External Concurrent Auditor has <Number> qualified Chartered Accountants working as fulltime Partners.
- h. The External Concurrent Auditor has <Number> accounting staff members excluding fulltime Partners, who are chartered accountants.
- i. The cumulative experience of the partners of the External Concurrent Auditor is <Number> years as on 31st March, 2021.
- j. The External Concurrent Auditor is empanelled with Comptroller and Auditor General of India (CAG) as on the date of RFP.
- k. The External Concurrent Auditor is empanelled with <RBI/SEBI> as on the date of RFP.
- l. The External Concurrent Auditor has functional office in Mumbai & a responsible contact person at Delhi (National Capital Region).
- m. The External Concurrent Auditor had <No. of employees> as on 31st March 2021.

Solemnly affirmed and undertaken on the day and year herein below written, by:

Signature _____
Name _____
Date _____

8.7 Format for Bid-Security Declaration

(To be forwarded on the letterhead of the Applicant submitting the proposal)

Ref: _____

Date: _____

Shri Hemant Jain,
The Financial Advisor and Chief Accounts Officer (FA & CAO),
Employees' Provident Fund Organization (EPFO),
Bhavishya Nidhi Bhavan,
14, Bhikaiji Cama Place,
New Delhi - 110066

Dear Sir,

I/We, irrevocably declare as under:

I/We understand that, as per Clause 5.3 of RFP, bids must be supported by a Bid Security Declaration.

I/We hereby accept that I/We may be disqualified from bidding for any contract with you for a period of Five years from the date of disqualification as may be notified by you (without prejudice to EPFO's rights to claim damages or any other legal recourse) if,

1. I am /We are in a breach of any of the obligations under the bid conditions,
2. I/We have withdrawn or unilaterally modified/amended/revised, my/our Bid during the bid validity period specified in the form of Bid or extended period, if any.
3. On acceptance of our bid by EPFO, I/we failed to deposit the prescribed Performance Bank Guarantee (PBG) or fail to execute the agreement or fail to commence the execution of the work in accordance with the terms and conditions and within the specified time.

Signature:

Name & designation of the authorized person signing the Bid-Securing Declaration Form:

Duly authorized to sign the bid for and on behalf of:
(complete name of Bidder)

Dated on day of month, year.

(Note: In case of a Joint Venture, the Bid Security Declaration must be in the name of all partners to the Joint Venture that submits the bid).

8.8 Format for Performance Bank Guarantee

To,

Shri Hemant Jain,
The Financial Advisor and Chief Accounts Officer (FA & CAO),
Employees' Provident Fund Organization (EPFO),
Bhavishya Nidhi Bhavan,
14, Bhikaiji Cama Place,
New Delhi - 110066

Whereas, <<name of the Service Provider and address>> (hereinafter called "the Bidder") has undertaken, in pursuance of contract no. <Insert Contract Ref No.> dated. <Date> to provide Custodial Services to EPFO (hereinafter called "the purchaser")

And whereas it has been stipulated by in the said contract that the Bidder shall furnish you with a bank guarantee by a recognized bank for the sum specified therein as security for compliance with its obligations in accordance with the contract;

And whereas we, <Name of Bank>, a banking company incorporated and having its head /registered office at <Address of Registered Office> and having one of its office at <Address of Local Office> have agreed to give the supplier such a bank guarantee.

Now, therefore, we hereby affirm that we are guarantors and responsible to you, on behalf of the supplier, a total of Rs 10,00,000/-and we undertake to pay you, upon your first written demand declaring the supplier to be in default under the contract and without cavil or argument, any sum or sums of Rs 10,00,000/- as aforesaid, without your needing to prove or to show grounds or reasons for your demand or the sum specified therein.

We hereby waive the necessity of your demanding the said debt from the Bidder before presenting us with the demand.

We further agree that no change or addition to or other modification of the terms of the contract to be performed there under or of any of the contract documents which may be made between you and the Bidder shall in any way release us from any liability under this guarantee and we hereby waive notice of any such change, addition or modification.

This Guarantee shall be valid until <<Insert Date>>

Notwithstanding anything contained herein:

Our liability under this bank guarantee shall be Rs 10,00,000/- (Rupees Ten Lakh Only)

This bank guarantee shall be valid up to <<Insert Expiry Date>>

It is condition of our liability for payment of the guaranteed amount or any part thereof arising under this bank guarantee that we receive a valid written claim or demand for payment under this bank guarantee on or before <<Insert Expiry Date>> failing which our liability under the guarantee will automatically cease.

(Authorized Signatory of the Bank)
Seal:

Date:

9. Terms and Conditions for Remuneration & Tenure

- 9.1 The concurrent audit needs to be carried out and its report be submitted to EPFO on monthly basis. The remuneration for carrying out the above assignments shall be paid on quarterly basis. However, if auditors are required to travel outside Mumbai as required by EPFO, TA/ DA will be paid at the rates applicable to Central Government officers drawing a Grade Pay of s.6600/- PM in respect of the Team Leader and at the rates applicable to Central Government officers drawing a Grade Pay of s.5400/- PM in respect of other members of the team.
- 9.2 Payment of audit fee and TA / DA applicable, if any, will be made on quarterly basis subjected to receipt of all monthly audit reports for the quarter.
- 9.3 THE APPLICANT ECA MAY QUOTE THEIR FINANCIAL BID IN LUMP SUM PER MONTH IRRESPECTIVE OF THE NUMBER OF FUND MANAGERS ENGAGED BY EPFO.
- 9.4 Taxes applicable on the services rendered by ECA will be borne by EPFO.
- 9.5 The tenure of ECA will be for three years from the date of appointment which will be extendable further on mutually agreed terms subject to approval from competent authority. EPFO may remove the ECA in case its services are not found satisfactory.

10. Investment Guidelines for Investments by Portfolio Managers

Pattern of investment, as notified by Ministry of Labour & Employment vide notification No. S.O. 1071 (E). dated 23rd April, 2015:

10.1 Investment Pattern

Sr. No.	Securities	Percentage amount to be Invested
(i)	<p>Government Securities and Related Investments</p> <p>(a) Government Securities,</p> <p>(b) Other Securities {'Securities' as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956} the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government or any State Government.</p> <p>The portfolio invested under this sub-category of securities shall not be in excess of 10% of the total portfolio of the fund.</p> <p>(c) Units of Mutual Funds set up as dedicated funds for investment in Govt. securities and regulated by the Securities and Exchange Board of India:</p> <p>Provided that the portfolio invested in such mutual funds shall not be more than 5% of the total portfolio at any point of time and fresh investments made in them shall not exceed 5% of the fresh accretions in the year.</p>	<p>Minimum 45% and upto 65%*</p> <p><i>* modified vide notification dated 22.09.2016</i></p>
(ii)	<p>Debt Instruments and Related Investments</p> <p>(a) Listed (or proposed to be listed in case of fresh issue) debt securities issued by bodies corporate, including banks and public financial institutions ('Public Financial Institutions' as defined under Section 2 of the Companies Act, 2013), which have a minimum residual maturity period of three years from the date of investment.</p> <p>(b) Basel III Tier-I bonds issued by scheduled commercial banks under RBI Guidelines:</p> <p>Provided that in case of initial offering of the bonds the investment shall be made only in such Tier-I bonds which are proposed to be listed.</p> <p>Provided further that investment shall be made in such bonds of a scheduled commercial bank from the secondary market only if such Tier I bonds are listed and regularly traded.</p> <p>Total portfolio invested in this sub-category, at any time, shall not be more than 2% of the total portfolio of the fund.</p> <p>No investment in this sub-category in initial offerings shall exceed 20% of the initial offering. Further, at any point of time, the aggregate value of Tier I bonds of any particular bank held by the fund shall not exceed 20% of such bonds issued by that Bank.</p> <p>(c) Rupee Bonds having an outstanding maturity of at least 3 years issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and Asian Development Bank.</p> <p>(d) Term Deposit receipts of not less than one year duration issued by scheduled commercial banks, which satisfy the following conditions on the basis of published annual report(s) for the most recent years, as required to have been published by them under law:</p> <p>(i) having declared profit in the immediately preceding three financial years;</p> <p>(ii) maintaining a minimum Capital to Risk Weighted Assets Ratio of 9%, or mandated by prevailing RBI norms, whichever is higher;</p> <p>(iii) having net non-performing assets of not more than 4% of the net advances;</p> <p>(iv) having a minimum net worth of not less than Rs.200 crores.</p> <p>(e) Units of Debt Mutual Funds as regulated by Securities and Exchange Board of India:</p> <p>Provided that fresh investment in Debt Mutual Funds shall not be more than 5% of the fresh accretions invested in the year and the portfolio invested in them shall not exceed 5% of the total portfolio of the fund at any point in time.</p> <p>(f) The following infrastructure related debt instruments:</p>	<p>Minimum 20% and upto 45%*</p> <p><i>*modified vide notification dated 20.04.2018</i></p>

Sr. No.	Securities	Percentage amount to be Invested
	<p>(i) Listed (or proposed to be listed in case of fresh issue) debt securities issued by body corporates engaged mainly in the business of development or operation and maintenance of infrastructure, or development, construction or finance of low cost housing. Further, this category shall also include securities issued by Indian Railways or any of the body corporates in which it has majority shareholding. This category shall also include securities issued by any Authority of the Government which is not a body corporate and has been formed mainly with the purpose of promoting development of infrastructure. It is further clarified that any structural obligation undertaken or letter of comfort issued by the Central Government, Indian Railways or any Authority of the Central Government, for any security issued by a body corporate engaged in the business of infrastructure, which notwithstanding the terms in the letter of comfort or the obligation undertaken, fails to enable its inclusion as security covered under category (i) (b) above, shall be treated as an eligible security under this sub-category.</p> <p>(ii) Infrastructure and affordable housing Bonds issued by any scheduled commercial bank, which meets the conditions specified in (ii)(d) above.</p> <p>(iii) Listed (or proposed to be listed in case of fresh issue) securities issued by Infrastructure debt funds operating as a Non-Banking Financial Company and regulated by Reserve Bank of India.</p> <p>(iv) Listed (or proposed to be listed in case of fresh issue) units issued by Infrastructure Debt Funds operating as a Mutual Fund and regulated by Securities and Exchange Board of India.</p> <p>It is clarified that, barring exceptions mentioned above, for the purpose of this sub-category (f), a sector shall be treated as part of infrastructure as per Government of India's harmonized master-list of infrastructure sub-sectors.</p> <p>Provided that the investment under sub-categories (a), (b) and (f) (i) to (iv) of this category No. (ii) shall be made only in such securities which have minimum AA rating or equivalent in the applicable rating scale from at least two credit rating agencies registered with Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulation, 1999. Provided further that in case of the sub-category (f) (iii) the ratings shall relate to the Non-Banking Financial Company and for the sub-category (f) (iv) the ratings shall relate to the investment in eligible securities rated above investment grade of the scheme of the fund.</p> <p>Provided further that if the securities / entities have been rated by more than two rating agencies, the two lowest of all the ratings shall be considered.</p> <p>Provided further that investments under this category requiring a minimum AA rating, as specified above, shall be permissible in securities having investment grade rating below AA in case the risk of default for such securities is fully covered with Credit Default Swaps (CDSs) issued under Guidelines of the Reserve Bank of India and purchased along with the underlying securities. Purchase amount of such Swaps shall be considered to be investment made under this category.</p> <p>For sub-category (c), a single rating of AA or above by a domestic or international rating agency will be acceptable.</p> <p>It is clarified that debt securities covered under category (i) (b) above are excluded from this category (ii).</p>	
(iii)	<p>Short-term Debt Instruments and Related Investments</p> <p>Money market instruments: Provided that investment in commercial paper issued by body corporates shall be made only in such instruments which have minimum rating of A1+ by at least two credit rating agencies registered with the Securities and Exchange Board of India. Provided further that if commercial paper has been rated by more than two rating agencies, the two lowest of the ratings shall be considered. Provided further that investment in this sub-category in Certificates of Deposit of up to one year duration issued by scheduled commercial banks, will require the bank to satisfy all conditions mentioned in category (ii) (d) above.</p> <p>(b) Units of liquid mutual funds regulated by the Securities and Exchange Board of India.</p> <p>(c) Term Deposit Receipts of up to one year duration issued by such scheduled commercial banks which satisfy all conditions mentioned in category (ii) (d) above.</p>	Upto 5%
(iv)	<p>Equities and Related Investments</p> <p>Shares of body corporates listed on Bombay Stock Exchange (BSE) or National Stock Exchange (NSE), which have: Market capitalization of not less than Rs. 5000 crore as on the date of investment; and Derivatives with the shares as underlying, traded in either of the two stock exchanges.</p> <p>(b) Units of mutual funds regulated by the Securities and Exchange Board of India, which have minimum 65% of their investment in shares of body corporates listed on BSE or NSE.</p>	Minimum 5% and upto 15%

Sr. No.	Securities	Percentage amount to be Invested
	<p>Provided that the aggregate portfolio invested in such mutual funds shall not be in excess of 5% of the total portfolio of the fund at any point in time and the fresh investment in such mutual funds shall not be in excess of 5% of the fresh accretions invested in the year.</p> <p>(c) Exchange Traded Funds (ETFs) / Index Funds regulated by the Securities and Exchange Board of India that replicate the portfolio of either BSE Sensex Index or NSE Nifty 50 Index.</p> <p>(d) ETFs issued by SEBI regulated Mutual Funds constructed specifically for disinvestment of shareholding of the Government of India in body corporates.</p> <p>(e) Exchange traded derivatives regulated by the Securities and Exchange Board of India having the underlying of any permissible listed stock or any of the permissible indices, with the sole purpose of hedging.</p> <p>Provided that the portfolio invested in derivatives in terms of contract value shall not be in excess of 5% of the total portfolio invested in sub-categories (a) to (d) above.</p>	
(iv)	<p>Asset Backed, Trust Structured and Miscellaneous Investments</p> <p>(a) Commercial mortgage based Securities or Residential mortgage based securities.</p> <p>(b) Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India.</p> <p>(c) Asset Backed Securities regulated by the Securities and Exchange Board of India.</p> <p>(d) Units of Infrastructure Investment Trusts regulated by the Securities and Exchange Board of India.</p> <p>Provided that investment under this category No. (v) shall only be in listed instruments or fresh issues that are proposed to be listed.</p> <p>Provided further that investment under this category shall be made only in such securities which have minimum AA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered by the Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulations, 1999.</p> <p>Provided further that in case of the sub-categories (b) and (d) the ratings shall relate to the rating of the sponsor entity floating the trust.</p> <p>Provided further that if the securities / entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.</p>	Upto 5%

- 10.2 Fresh accretions to the fund will be invested in the permissible categories specified in this investment pattern in a manner consistent with the above specified maximum permissible percentage amounts to be invested in each such investment category, while also complying with such other restrictions as made applicable for various sub-categories of the permissible investments.
- 10.3 Fresh accretions to the funds shall be the sum of un-invested funds from the past and receipts like contributions to the funds, dividend / interest / commission, maturity amounts of earlier investments etc., as reduced by obligatory outgo during the financial year.
- 10.4 Proceeds arising out of exercise of put option, tenure or asset switch or trade of any asset before maturity can be invested in any of the permissible categories described above in the manner that at any given point of time the percentage of assets under that category should not exceed the maximum limit prescribed for that category and also should not exceed the maximum limit prescribed for the sub-categories, if any. However, asset switch because of any RBI mandated Government debt switch would not be covered under this restriction.
- 10.5 Turnover ratio (the value of securities traded in the year / average value of the portfolio at the beginning of the year and at the end of the year) should not exceed two.
- 10.6 If for any of the instruments mentioned above the rating falls below the minimum permissible investment grade prescribed for investment in that instrument when it was purchased, as confirmed by one credit rating agency, the option of exit shall be considered and exercised, as appropriate, in a manner that is in the best interest of the subscribers.
- 10.7 On these guidelines coming into effect, the above prescribed investment pattern shall be achieved separately for each successive financial year through timely and appropriate planning.
- 10.8 The investment of funds should be at arms length, keeping solely the benefit of the beneficiaries in mind. For instance, investment (aggregated across such companies / organizations described herein) beyond 5% of the fresh

accretions in a financial year will not be made in the securities of a company / organization or in the securities of a company / organization in which such a company / organization holds over 10% of the securities issued, by a fund created for the benefit of the employees of the first company / organization, and the total volume of such investments will not exceed 5% of the total portfolio of the fund at any time. The prescribed process of due diligence must be strictly followed in such cases and the securities in question must be permissible investments under these guidelines.

- 10.9
- i. The prudent investment of the Funds of a trust / fund within the prescribed pattern is the fiduciary responsibility of the Trustees and needs to be exercised with appropriate due diligence. The Trustees would accordingly be responsible for investment decisions taken to invest the funds.
 - ii. The trustees will take suitable steps to control and optimize the cost of management of the fund.
 - iii. The trust will ensure that the process of investment is accountable and transparent.
 - iv. It will be ensured that due diligence is carried out to assess risks associated with any particular asset before investment is made by the fund in that particular asset and also during the period over which it is held by the fund. The requirement of ratings as mandated in this notification merely intends to limit the risk associated with investments at a broad and general level. Accordingly, it should not be construed in any manner as an endorsement for investment in any asset satisfying the minimum prescribed rating or a substitute for the due diligence prescribed for being carried out by the fund / trust.
 - v. The trust / fund should adopt and implement prudent guidelines to prevent concentration of investment in any one company, corporate group or sector.
- 10.10 If the fund has engaged services of professional fund / asset managers for management of its assets, payment to whom is being made on the basis of the value of each transaction, the value of funds invested by them in any mutual funds mentioned in any of the categories or ETFs or Index Funds shall be reduced before computing the payment due to them in order to avoid double incidence of costs. Due caution will be exercised to ensure that the same investments are not churned with a view to enhancing the fee payable. In this regard, commissions for investments in Category III instruments will be carefully regulated, in particular.

Note: The existing investment pattern as above is subject to change based on the notifications issued by the Government of India from time to time.

10.11 Investment Restrictions

- 10.11.1 Investment decisions should be taken by Portfolio Manager with maximum emphasis on safety, prudence, optimum return, sound commercial judgment and avoiding funds to remain idle.
- 10.11.2 The Portfolio Manager shall avoid any kind of speculative transactions. Investment decisions should be taken by the Portfolio Manager with maximum emphasis on safety and optimum returns.
- 10.11.3 It will be endeavoured by the portfolio manager to make investment through exchanges, or directly with other counterparties in respect of government securities and other debt instruments at the best possible rate available on the day of transactions. The portfolio manager shall not purchase or sell securities through any broker (other than an associate broker) by more than 5% of the aggregate purchases and sale of securities, unless the portfolio manager has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the Central Board, EPF on a quarterly basis. Provided that

the aforesaid limit of 5% shall apply as per the SEBI guidelines as stipulated for mutual funds which specifies monitoring these limits on a combined scheme basis and on a rolling quarter basis.

- 10.11.4 The portfolio manager shall not utilise the services of the immediate parent companies (and subsidiaries thereof) of the other Portfolio Managers of Central Board, EPF (SBI PMS in case of SBI), and their employees or relatives for the purpose of any securities transaction and distribution and sale of securities.
- 10.11.5 The portfolio manager shall buy and sell securities on the basis of deliveries and shall in all cases of purchase, take delivery of securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sales or carry forward transactions.
- 10.11.6 The portfolio manager shall enter into transactions relating to securities only in dematerialised form. The portfolio manager shall, for securities purchased in the non-depository mode get the securities transferred in the name of the Central Board, EPF on account of the scheme.
- 10.11.7 The portfolio manager will not give any undue or unfair advantage to any of its associates or deal with any of its associates (or the associates of any other Portfolio Manager of Central Board, EPF) in any manner detrimental to the interest of the fund.

Contact Details:

Shri Hemant Jain

The Financial Advisor and Chief Accounts Officer (FA & CAO),
Employees' Provident Fund Organization (EPFO),

Bhavishya Nidhi Bhavan,

14, Bhikaiji Cama Place,

New Delhi - 110066

Phone: 011-2617 2660

Email id – fa.cao@epfindia.gov.in

Shri Abhay Ranjan

The Additional Central PF Commissioner (IMC/Investment),
Employees' Provident Fund Organization (EPFO),

Bhavishya Nidhi Bhavan,

14, Bhikaiji Cama Place,

New Delhi - 110066

Phone: 011- 2618 5580

Email id – acc.imc@epfindia.gov.in