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अमृत महोत्सव



सत्यमेव जयते

कर्मचारी भविष्य निधि संगठन  
EMPLOYEES' PROVIDENT FUND ORGANISATION  
(श्रम एवं रोजगार मंत्रालय, भारत सरकार)  
(MINISTRY OF LABOUR & EMPLOYMENT, GOVT. OF INDIA)  
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कर्मचारी भविष्य निधि संगठन (क.भ.नि.सं.) के निधि संग्रह के प्रबंधन के लिए पोर्टफोलियो प्रबंधकों की नियुक्ति हेतु

**प्रस्ताव के लिए अनुरोध (आर.एफ.पी.)**

जारी करने की तिथि:

**10.01.2025**

प्रस्ताव प्रस्तुत करने की अंतिम तिथि:

**16.02.2025, 11:00 अपराहन तक**

**REQUEST FOR PROPOSAL (RFP)**  
**for**  
**Appointment of Portfolio Managers**  
**for managing Employees' Provident Fund Organization (EPFO)**  
**Corpus**

**Date of issue:**  
**10 January, 2025**

**Deadline for submission of Proposal:**  
**16 February, 2025 11:00 PM**

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# 1. Disclaimer

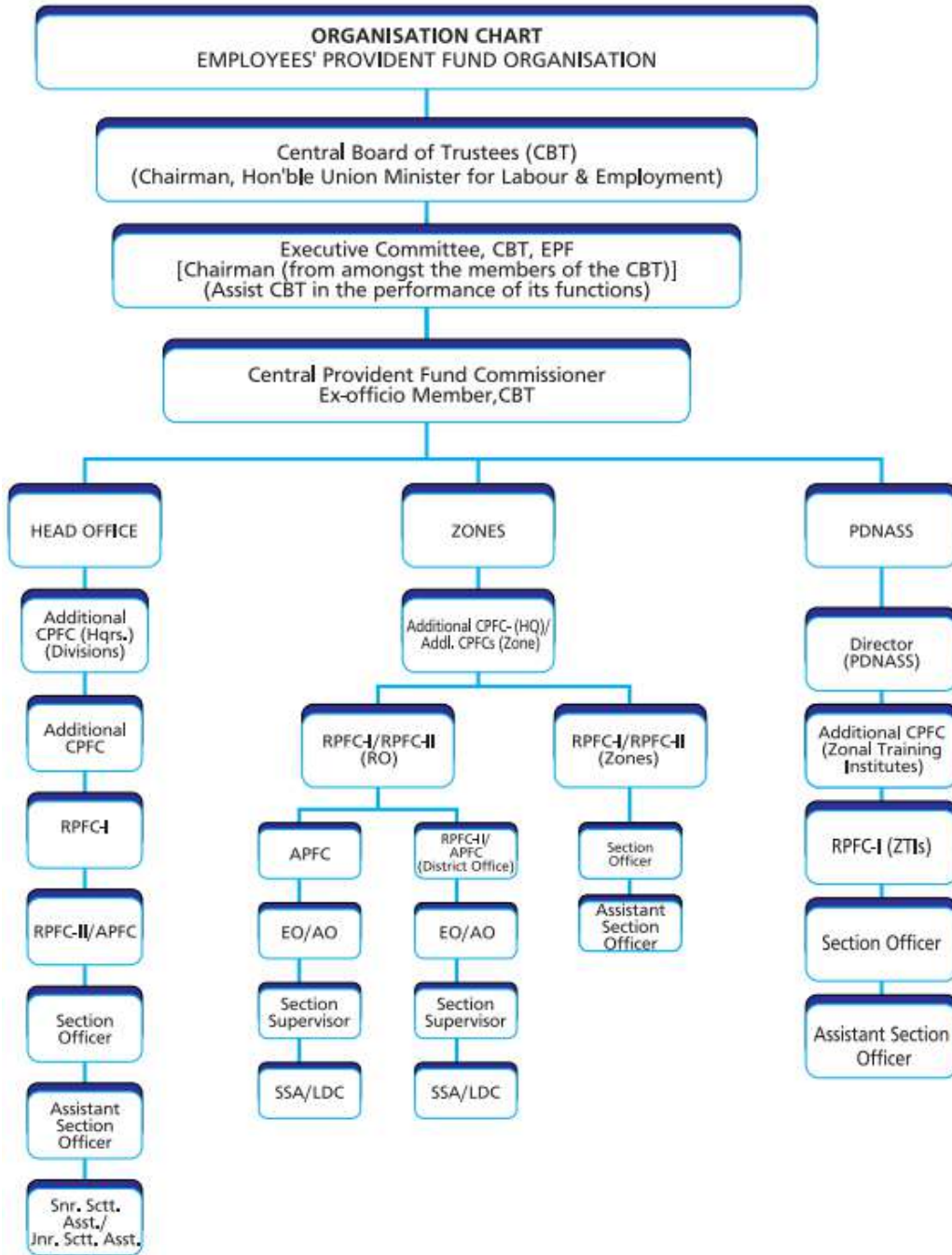
- 1.1 This document is being published in connection with the proposed appointment of Portfolio Managers by the EPFO.
- 1.2 This document does not constitute nor should it be interpreted as an offer or invitation for the appointment of Portfolio Managers described herein.
- 1.3 This document is meant 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 a Portfolio Manager of the EPFO's corpus. It does not purport to be all inclusive or contain all the information regarding the appointment of Portfolio Managers 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 Portfolio Manager 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 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 the EPFO website ([www.epfindia.gov.in](http://www.epfindia.gov.in)) and such amendments shall be binding on intending applicants.
- 1.8 The interested applicant should carry out an independent assessment and analysis of the requirements for appointment as Portfolio Manager and of the information, facts and observations contained herein.
- 1.9 This document has not been filed, registered or approved in any jurisdiction. The applicant 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 Portfolio Manager's appointment process.
- 1.11 The EPFO may 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.
- 1.12 Without prejudice to any other rights or remedies available to the EPFO, Portfolio Managers may be disqualified and their proposals rejected for any reason whatsoever including those listed below:

- 1.12.1 Material misrepresentation by the applicant in the Proposal
  - 1.12.2 Failure by the applicant to provide the information required to be provided in the proposal pursuant to relevant sections of this document.
  - 1.12.3 If information becomes known, after the applicant has been appointed, which would have entitled the EPFO to reject or disqualify the relevant Portfolio Manager, the EPFO reserves the right to reject the applicant at the time, or at any time after, such information becomes known to the EPFO.
  - 1.12.4 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 manage a fund.
- 1.13 In case of misrepresentation by the Applicant at any stage during the RFP process or during the tenure of appointment as EPFO's Portfolio Manager, the contract will be terminated, a complaint may be filed with regulator (such as SEBI) along with any other legal action which EPFO may deem fit.
  - 1.14 In case, during the process of selection or after that, EPFO becomes aware of any news or updates about the Portfolio Manager through any available sources which if it feels might adversely impact the Portfolio Manager's ability to perform the duties under the Agreement, then EPFO reserves the right to take appropriate action.
  - 1.15 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 Portfolio Manager, in the event of it being selected ultimately to act as Portfolio Manager, under the respective governing laws and regulatory regimen, and that there is no statutory or regulatory prohibition or impediment to acting as Portfolio Manager for the EPFO and it has the necessary approvals and permission to act as Portfolio Manager and further suffers no disability in law or otherwise to act as such.
  - 1.16 The Portfolio Managers failing to satisfy the eligibility and requisite qualification criteria specified herein are not eligible to have their applications considered.
  - 1.17 All proposals and accompanying documents submitted online in response to this RFP will be considered as the final submission by the applicant.
  - 1.18 Reference to any laws/regulations/guidelines in this RFP document is applicable to laws/regulations/guidelines in India.
  - 1.19 The applicant shall bear all costs associated with or relating to the preparation and submission of the proposal including but not limited to preparation, copying, postage, delivery fees, expenses associated with any demonstrations or presentations which may be required by EPFO or any other costs incurred in connection with or relating to the proposal. All such costs and expenses will remain with the applicant and EPFO shall not be liable in any manner whatsoever for the same or for any other costs or other expenses incurred by the applicant in preparation or submission of the proposal, regardless of the conduct or outcome of the process.

## 2. Introduction

- 2.1 Article 41 of 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.
- 2.2 The Employees' Provident Fund Organization (EPFO), India is a statutory body under the aegis of the Ministry of Labour and Employment (MoL&E), Government of India. It is one of the largest provident fund institutions in the world in terms of members, corpus and volume of financial transactions. The main objective of the organization is to provide old-age social security to the subscribers.
- 2.3 The Employees' Provident Funds & Miscellaneous Provisions Act, 1952 was enacted by Parliament and came into force with effect from 14th March, 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)

2.4 The organization structure of the EPFO is as follows:



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

### 3. Terms of Reference

- 3.1 Paragraph 52 of the Employees' Provident Fund Scheme, 1952 CBT, EPF provides that all money should be invested, as per the direction of Government of India and accordingly, CBT, EPF appoints Portfolio Managers for managing the EPFO corpus to be invested as per the investment pattern prescribed by the MoL&E & investment guidelines issued by CBT, EPF from time to time.
- 3.2 The appointed Portfolio Managers shall be required to make all investments in the categories I, II, III and V (a, b, c & d) of the investment pattern prescribed by the MoL&E, investment guidelines issued by the CBT, EPF from time to time and the Agreement between the Portfolio Manager and the CBT, EPF. It has to be ensured by the Portfolio Managers to take reasonable steps and exercise due diligence to ensure that the corpus is invested to get optimum returns.
- 3.3 If the Applicant for the RFP for Selection of Portfolio Manager is also the Custodian's (of Securities for EPFO's funds) Related Party then the bids submitted by such Applicant will not be considered for the Selection of portfolio manager of EPFO.
- 3.4 EPFO shall select at least four Portfolio Managers to manage the EPFO corpus with the objective of ensuring that the investment are made with the objective of optimizing return without compromising the safety and security of investments and the same time facilitating comparative monitoring of performance. The appointment of portfolio managers will be for a tenure of five years. Portfolio managers are required to deploy EPFO's fund to get optimum returns.
- 3.5 The selected Portfolio Manager(s) will be required to meet the following conditions with respect to the existing as well as subsequently selected Custodian of Securities of EPFO's fund.
- 3.5.1 "The Portfolio Manager shall not be a related party to the existing and subsequently selected Custodian of Securities of EPFO". If required, EPFO may seek additional clarifications from the Applicants in this regard.
- 3.5.2 The Applicant is required to meet the following conditions:
- a. The sponsor or associate company of the existing and subsequently selected Custodian of securities of EPFO must not hold 50% or more of the voting rights of the share capital of Applicant
  - b. 50% or more of the directors of the Applicant should not represent the interest of sponsor or associate companies of the existing and subsequently selected Custodian of securities of EPFO.
- 3.6 As on 31 March, 2024, the EPFO had a corpus of Rs. 19,88,760.73 crores at face value (excluding equity and public accounts). During the financial year 2023-24 (01 April, 2023 to 31 March, 2024), the total investments carried out by the Portfolio Managers was Rs. 3,24,633.75 crores (Column E in the table given below.)



(in Rs.crores)

Schemes of EPFO	Investment Corpus as on 31/03/2024 at Face Value (Debt)	Net Fresh Accretion on account of contribution during 2023-24	Interest Received during 2023-24	Maturity Proceeds during 2023-24	Total Investment made during 2023-24
	(A)	(B)	(C)	(D)	(E*)
EPF	13,76,322.17	1,07,961.54	92,898.46	39,717.49	2,36,854.93
EPS	5,64,781.61	40,556.99	39,329.92	15,664.24	80,440.58
EDLI	26,274.73	730.79	1,878.00	960.58	3,544.22
Staff Provident Fund	2,387.85	0.01	176.13	84.73	255.74
Staff Pension cum Gratuity Fund	18,994.37	2,047.19	1,246.56	277.98	3,538.28
Total	19,88,760.73	1,51,296.51	1,35,529.07	56,705.01	3,24,633.75

\*E can't be equal to B+C+D because there is involvement of other factors too like opening and closing cash, TREPS, Liquid Mutual Fund balances etc.

3.7 This document is a Request for Proposal (RFP) for the appointment of Portfolio Managers to manage the EPFO's corpus as per clause 3.2 above. The applicants that may wish to participate in the selection process must submit their proposals as per the process defined in the document.

3.8 For further information about the EPFO, one may visit the website [www.epfindia.gov.in](http://www.epfindia.gov.in)

## 4. Duties & Responsibilities of the Portfolio Manager

The Portfolio Manager, while executing its role of managing the EPFO corpus must among others:

- 4.1 Invest the corpus in categories I, II, III and V (a, b, c & d) in accordance with the pattern of investment as prescribed by the MoL&E, the guidelines issued by the CBT, EPF from time to time and the Agreement between the Portfolio Manager and the CBT, EPF;
- 4.2 Take all reasonable steps and exercise due diligence to ensure that the investment of the corpus is not contrary to the provisions of the specified investment pattern laid down by the MoL&E, guidelines issued by CBT, EPF and the Agreement between the Portfolio Manager and the CBT, EPF;
- 4.3 Exercise due diligence and care in all its decisions on investment management and operations which is in the best interest of the EPFO's subscribers;
- 4.4 Ensure that it acts in a professional and ethical manner at all times with independence and objectivity for the benefit of the EPFO's subscribers. It shall abide by the Code of Conduct as stated in the SEBI (Portfolio Managers) Regulations, 2020 at all times as amended from time to time.
- 4.5 Ensure that it and its appointed Fund Manager to manage EPFO's corpus renders at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement. It shall avoid any conflict of interest in investment or disinvestment decision and ensure fair treatment to EPFO. It shall disclose to EPFO possible source of conflict of interest, while providing unbiased services.
- 4.6 Ensure that the dedicated Fund Manager(s) are responsible for exclusively managing the EPFO corpus and they do not manage any other fund other than the EPFO corpus;
- 4.7 Ensure that the dedicated Fund Manager(s) appointed to manage the EPFO corpus should have been fund manager of debt portfolio for a minimum of ten (10) years, as on the date of appointment; Portfolio Manager shall submit the detailed resume of the dedicated Fund Manager along with the list of funds managed/handled in the past, before the signing of Agreement with CBT, EPF. (Refer to clause 8.5 for format of resume)
- 4.8 Ensure that there is a dedicated credit research team with an average experience of minimum five (5) years for assessing the risks before investing and constant monitoring of the investments.
- 4.9 Ensure that the dedicated fund management team (including the Fund Manager and credit research team) is headed by the Chief Investment Officer or Head – Fixed Income or any other personnel with equivalent designation.
- 4.10 Ensure, to the best possible extent, the team appointed to manage the EPFO corpus should continue in their role till the completion of the assignment. For any reason, if there is a proposed change in any member of the team appointed to manage the EPFO corpus, the same should be intimated to the EPFO immediately. The new member to be appointed to manage the EPFO corpus must meet specifications as stipulated in 4.5, 4.6, 4.7, 4.8 and 4.9
- 4.11 The Portfolio Manager shall also be responsible for monitoring and exit/sale of the investments forming part of legacy portfolio of EPFO allocated to it and incremental investments made during the tenure of appointment, as per the policy approved by EPFO. Portfolio Manager shall take such action as required under the Exit policy of EPFO.
- 4.12 Be responsible on a continuous basis for the management of the EPFO corpus allocated to it;
- 4.13 Maintain books and records about the operation and the status of the Fund, and submit reports on the performance of the Fund to the EPFO at such intervals and in such manner as may be required or called for by the EPFO. Further, the Portfolio Managers shall share the data and information on a regular frequency and as & when required with the partner agencies of EPFO such as Custodian, Consultant and ECA, which will be required by them to carry out their

roles and responsibility. Portfolio Manager should share the report / MIS as given below in the frequency as desired by EPFO. This is not an exhaustive list and EPFO depending on its requirement can modify or ask for a new set of report / MIS.

- 4.13.1 Daily transaction report, daily MIS
  - 4.13.2 Monthly report on consolidated transaction
  - 4.13.3 Monthly MIS and yield report for various time periods (monthly, quarterly, annually, and inception) in the defined format
  - 4.13.4 Monthly view book (highlighting macroeconomic indicators of Indian economy and fixed income and investment strategy)
  - 4.13.5 Monthly receipt and payment report
  - 4.13.6 Monthly holding statement
  - 4.13.7 Report/Files to ECA (such as Daily MIS, daily trade reports; monthly Bank statement; Monthly holding statement; TREPS and margin statement; bid auction details as and when portfolio manager participate in bids)
  - 4.13.8 Any other data, report, MIS or information as and when required by EPFO
- 4.14 Be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the Portfolio Manager;
- 4.15 Not purchase or sell securities -
- 4.15.1 Exceeding 5 per cent or more, through any single broker, of the aggregate purchases and sales of securities made by the Fund, unless the Portfolio Manager has recorded in writing the valid justification for exceeding the aforesaid limit and reports all such investments to the EPFO.
  - 4.15.2 The aforesaid limits of 5 per cent shall apply for a block of rolling three calendar months.
- 4.16 Ensure that it shall not purchase securities of its Related Party and the Related Party of any other Portfolio Manager appointed by CBT, EPF in the Secondary Market. Further, this clause is not applicable to dealing on CCIL which is an anonymous online trading platform
- \*Refer to section 'Glossary/definitions' for the definition of Related Party
- 4.17 The Portfolio Manager shall not invest in Primary market issuances in which its Related Party is one of the Lead Managers or Issuer of securities. The Portfolio Manager will have to submit a detailed list of its Related Party to the EPFO and intimate EPFO of any changes in that list thereon.
- 4.18 The Portfolio Manager shall not utilise the services of its Related Party or the Related Party of other Portfolio Manager appointed by CBT, EPF for the purpose of any securities transaction, distribution, sale or purchase in the Secondary Market.
- 4.19 Submit a quarterly certificate from a statutory auditor, appointed by the Portfolio Managers, for compliance of the Section 4.1, 4.15, 4.16, 4.17 and 4.18. Further, EPFO reserves the right to ask for the certificate from the statutory auditor as and when required on a case to case basis.

- 4.20 Ensure and be responsible for back office support for investment management including accounting and audit related services. The CBT, EPF will appoint custodian and multiple sub accounts (one for each Portfolio Manager) will be opened with the custodian. Subsequently, each Portfolio Manager has to submit MIS to the EPFO on periodical basis.
- 4.21 The Portfolio Manager shall get the books of accounts and portfolio accounts audited by an independent Chartered Accountant / statutory auditor on a quarterly basis. This Chartered Accountant should be recognized by ICAI, having experience of treasury/mutual fund audit operations. The Portfolio Manager shall share the findings of this audit with EPFO.
- 4.22 External Concurrent Auditor (ECA) appointed by CBT, EPF will audit the books and accounts of the Portfolio Manager, relating to its transactions and the Portfolio Manager shall co-operate with such ECA during the course of the audit.
- 4.23 The CBT, EPF shall have right to inspect all documents and accounts of Portfolio Manager relating to the EPFO's funds as and when it feels necessary to do so.
- 4.24 Ensure that the Fund Manager(s) or the key personnel of the Portfolio Manager should not invest in their personal capacity, in securities where the EPFO corpus is deployed. Portfolio Managers must report any existing securities holdings owned by the Fund Manager(s) or the key personnel which are part of the EPFO corpus. For divesting such securities prior approval of the EPFO must be obtained. The Portfolio Manager must also report to the EPFO any information pertaining to investments and divestments by the Fund Manager(s) or the key personnel as and when required by the EPFO. The Portfolio Manager must submit a certificate by an independent CA / statutory auditor to EPFO, in this regard.
- 4.25 Ensure that a firewall is maintained both in terms of staff and systems, in respect of the corpus managed for the EPFO, to segregate it from its other businesses.
- 4.26 File with the EPFO -
- 4.26.1 Bio-data of all its Directors along with their interest in other companies within fifteen days of their appointment.
- 4.26.2 Dedicated Fund Manager'(s) interest in other companies within fifteen days of their appointment.
- 4.26.3 Any change in the interest of its Directors and dedicated Fund Manager'(s) within fifteen days of such changes.
- 4.27 In case the Portfolio Manager/ its Related Party or their Directors or key personnel in office have been found guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws, the Portfolio Manager shall inform the EPFO about the same immediately in writing. CBT, EPF reserves its right to take appropriate action/decision in this regard including decision to terminate, which shall be binding on the Portfolio Manager.
- 4.28
- 4.29 CBT, EPF reserves the right to terminate the agreement with selected portfolio manager if the selected portfolio manager, its affiliates, agents, or any of their directors or personnel, act or omit to act, in any manner which is inconsistent with the purpose of the Agreement or in any manner which brings or is likely to bring EPFO into disrepute or which otherwise may compromise or adversely affect the reputation and standing of EPFO in any way; in EPFO's sole discretion.
- 4.30 The Portfolio Manager must immediately inform the EPFO in writing, in case of any change/ proposed change in its holding structure during the process of selection or during the tenure of the Agreement. The CBT, EPF reserves the right to take necessary action based on this information provided.

- 4.31 The Portfolio Manager shall not lend or pledge, hypothecate, or create any similar encumbrance on the EPFO's securities in any manner whatsoever without the prior written approval of CBT, EPF.
- 4.32 The Portfolio Manager shall provide legal assistance and take such steps as may be necessary to protect the pre-existing investments/ or investments made by predecessor Portfolio Manager prior to appointment of a new Portfolio Manager under this published RFP, becoming a non-profit/ bad investment by operation of law, order of court or otherwise in spite of prudent professional services, the Portfolio Manager shall take such steps as may be necessary to protect the investments so made. However, it is made clear that the Portfolio Manager shall be answerable to EPFO for any negligence on its part in performing the said services which is not a bonafide error of judgement.
- 4.33 Ensure that the above duties and responsibilities are adhered to at all points of time. Breach of any of the above duties and responsibilities that the Portfolio Manager becomes aware of must be intimated to the EPFO in writing immediately. The Portfolio Manager should rectify the same within 30 days from the date on which the Portfolio Manager becomes aware of the breach or from the date of any written communication by EPFO about any such breach. Failure to do the same would result in a penalty of 0.0004% of the corpus being managed by the Portfolio Manager besides immediate termination and other remedies as available to EPFO under law. For this purpose, the corpus as on the last day of the previous month, to the month in which breach has taken place would be considered.

## 5. Contract Terms

### 5.1 Tenure of appointment

The appointment of the Portfolio Managers shall be for a period of 5 (Five) years. At the end of Five years the appointment stands terminated unless it is extended by mutual consent of the CBT, EPF and the Portfolio Manager on the existing terms and conditions. Any extension shall be in writing and by way of addendum to the existing agreement. The performance of the Portfolio Managers shall be reviewed on a regular basis.

### 5.2 Duties and responsibilities of the Portfolio Managers

Please refer Section 4.

### 5.3 Performance Bank Guarantee

The successful applicant must, at its own expense, deposit with the EPFO, within thirty (30) working days of the date of notice of award of the contract or two (2) working days prior to signing of the contract, whichever is earlier, an unconditional and irrevocable Performance Bank Guarantee (PBG) from a scheduled commercial bank (rated "AA+" and above) acceptable to the EPFO in the format as provided by EPFO, payable on first demand, for the due performance and fulfilment of the contract by the applicant. The quantum of the PBG would be Rs. 12,00,00,000/- (Rs. Twelve crores only).

5.3.1 All incidental charges whatsoever such as premium, commission etc. with respect to the PBG shall be borne by the applicant. The PBG shall be valid till 180 days after the completion of the tenure of the appointment including extensions, if any.

5.3.2 In the event of the applicant is in breach of any terms of the contract or Bid Document or is unable to service the contract for whatever reason (including but not limited due to termination on account of clause 5.7), which in the opinion of the CBT, EPF is due to circumstances within the applicant's control, the CBT, EPF may invoke the PBG. Notwithstanding and without prejudice to any rights whatsoever of the CBT, EPF under the contract in the matter, the proceeds of the PBG shall be payable to the CBT, EPF as compensation for the applicant's failure to perform/comply with its obligations under the contract.

5.4 Before invoking the PBG, the EPFO will give a notice of 14 days to the applicant indicating the contractual obligation(s) for which the applicant is in default and give an opportunity to represent before the EPFO. The decision of the CBT, EPF on the representation given by the applicant will be final and binding.

### 5.5 Review of Performance

The EPFO will follow a process of periodic review of the performance of the Portfolio Managers. Such a review will be carried out on a quarterly basis. The criteria for performance review would be finalised by the EPFO in consultation with the Consultant and communicated to the selected Portfolio Managers. The allocation of funds amongst the portfolio managers will be carried out as follows:

5.5.1 The initial allocation of the funds amongst the selected portfolio managers will be done based on the aggregate score of technical bid and financial bid in the ratio of 80:20; respectively.

5.5.2 The review of allocation of funds amongst the selected portfolio managers will be carried out at an annual periodicity from the date of contract, solely based on the performance of portfolio manager.

### 5.6 Verification of information/data and documents

EPFO reserves the right to verify all statements, undertakings, information/data and documents submitted by the applicant in response to RFP and the applicant shall, when so required by EPFO, make available all such information, evidence and documents as may be felt necessary by EPFO for such verification. Any such verification, or lack of such verification, by EPFO shall not relieve the applicant of its obligations or liabilities hereunder nor will it affect any rights of EPFO thereunder. Further EPFO reserves the right to call for an auditor's certificate related to any information/data provided during the selection process. The applicant must be able to provide the above required data to EPFO within the stipulated timeline as per EPFO's requirement.

## 5.7 Conditions of termination

5.7.1 The CBT, EPF has the right to terminate the appointment of the Portfolio Manager with immediate effect under the following circumstances:

- a. The Portfolio Manager is in breach or contravenes the conditions/clauses as specified in the RFP/Agreement with the CBT, EPF;
- b. Any representation, undertaking contained, documents, report, statement relating to the RFP/Agreement or furnished by the Portfolio Manager under or pursuant to the RFP/Agreement are untrue, incomplete, inaccurate and/or incorrect in any respect and any material fact has not been disclosed;
- c. If the Portfolio Manager ceases to be eligible to render its services under the regulations including but not limited to suspension or termination of the registration granted to the Portfolio Manager by SEBI and/or any other competent authority;
- d. Commencement of corporate insolvency resolution process under the Insolvency or Bankruptcy Code, 2016 (the 'IBC') as amended from time to time or immediately after liquidation commencement date (under Section 33 or Section 59 of the IBC) or upon admission of a winding up petition under Section 272 of the Companies Act, 2013;
- e. The Portfolio Manager/ its Related Party or their Directors or key personnel in office have been found guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws;
- f. The Portfolio Manager is unable to perform the duties and responsibilities as specified in the RFP / Agreement;
- g. If in the CBT, EPF's opinion, the performance of the Portfolio Manager is not satisfactory;
- h. If any false declaration or misrepresentation of any information/data or document relating to the RFP or the selection process is found;
- i. If there is a change in the ownership, management or key personnel of the Portfolio Manager which in the opinion of the CBT, EPF, adversely affects the interest of the members of EPFO.

5.7.2 For any other reason that CBT, EPF may deem fit, by giving notice in writing to the Portfolio Manager.

5.7.3 The appointment of portfolio managers would be terminated at the end of the tenure as specified in the Letter of Appointment unless the term is extended as per clause 5.1 of this RFP.

## 5.8 Process for transfer of assets in case of termination

- a. It shall be the duty of the Portfolio Manager to ensure that it transfers all assets within 15 days from the date of communication by the CBT, EPF to transfer the assets.

- b. The Portfolio Manager shall ensure smooth transfer of all the funds and provide all necessary support thereof. It shall also ensure the transfer of all the relevant documents/records/information in accordance with the directions issued by the CBT, EPF.
- c. Any form of non-support or non-cooperation or obstructions from the Portfolio Manager shall amount to non-performance by the Portfolio Manager. The CBT, EPF reserves the right to invoke the PBG and / or take legal action against the Portfolio Manager in such cases.
- d. In case, of termination due to any reason (including any legal action) except force majeure, all the expenses incurred in the process of transferring the assets of the CBT, EPF will be borne by the Portfolio Manager..
- e. For any delay in transfer of assets/ funds consequent to termination due to any reason (including any legal action) except force majeure, interest at the rate of the highest yielding security purchased during the tenor of appointment would be payable to CBT, EPF by the Portfolio Manager for the period of delay. Delay will be counted from the next bank working day after 15 days from the date of communication from CBT, EPF to transfer the assets.
- f. The Portfolio Manager shall be subject to the term of Agreement until all transfers of assets or funds or any other actions related to such transfers are completed
- g. Portfolio Manager shall submit an auditor's certificate on completion of transfer of assets and funds to EPFO.

#### 5.9 Investment of the existing EPFO corpus

The newly appointed Portfolio Managers would have the responsibility and discretion to invest the incremental accruals to the EPFO's corpus which would be allocated to them by the EPFO. In addition, they will be allocated a portion of the corpus from the existing portfolio of the EPFO. The existing guidelines require investments to be held till maturity (unless there are call / put options or related features in the instrument). All premature redemptions (which includes decision on instruments with call / put options) would be subject to financial viability, aligned with the exit policy of EPFO. The same is subject to changes based on the notifications issued by the Government of India and/or decisions by CBT, EPF as the case may be from time to time.

#### 5.10 Payment Schedule

The Fee/charges payable to the Portfolio Manager would be paid on the fresh investments made during the quarter and settled on a quarter end basis. However, this time frame is indicative and would be finalized mutually between the EPFO and the successful applicant(s). No fees would be payable on reinvestments made out of redemptions/maturities of any investments made by the Portfolio Manager during the period of the current contract.

#### 5.11 Confidentiality

The selected applicant and its personnel shall not, either during the term or after expiration of this contract, disclose any proprietary or confidential information relating to the services, contract or operations without the prior written consent of EPFO.

#### 5.12 Indemnity

The Portfolio Manager hereby agrees to fully indemnify and keep CBT, EPF indemnified from and against any breach of Agreement, financial loss (including counsel fee) or damage caused to, or cost incurred by CBT, EPF, arising out of misrepresentation, negligence, misconduct and /or misdemeanour or any breach of applicable laws or the provision of the RFP/ Agreement on part of Portfolio Manager or any of its employees/agents/sub-agents etc.

#### 5.13 Governing law and Dispute Resolution



(i) If any dispute arises between the parties, the same shall be settled by conciliation. In case the Parties fail to resolve the dispute by conciliation, the dispute will be referred to the Arbitrator to be appointed by CBT, EPF for arbitration in consonance with the provisions of the Arbitration and Conciliation Act, 1996 (the 'Arbitration Act') as amended from time to time. The award of the arbitrator shall be final and binding on both the parties subject to the remedies provided under the Arbitration Act. Pending resolution, the Parties shall continue to perform their obligations under the Agreement. The procedure and fee of the Arbitration process shall be in accordance with the Arbitration Act. All legal proceedings shall lie to the jurisdiction of courts situated in New Delhi.

5.14 BANK GUARANTEE FORM FOR PERFORMANCE

**SECURITY**

To

---

[The bank, as requested by the successful applicant, shall fill in this form in accordance with the instructions indicated]

Date: [insert date (as day, month, and year) of Notification of Award]

And Contract No. \_\_\_\_\_

Bank's Branch or Office: [insert complete name of Guarantor]

Beneficiary: EPFO, \_\_\_\_\_

**PERFORMANCE GUARANTEE No.:** [insert Performance Guarantee number]

We have been informed that [insert complete name of firm] (hereinafter called "the Applicant") has entered into Contract No. [insert number] dated [insert day and month], [insert year] with you, for services as the Portfolio Manager (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, a Performance Guarantee is required.

At the request of the firm, we hereby irrevocably undertake to pay you any sum(s) not exceeding [insert amount(s) in figures and words] upon receipt by us of your first demand in writing declaring the Applicant to be in default under the Contract, without cavil or argument, or 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 Applicant 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 Applicant 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 the ..... day of.....20.....

[Signatures of authorized representatives of the bank and the Applicant]

## 6. Electronic RFP Process

### 6.1 Steps in electronic RFP process:

- 6.1.1 The RFP document, along with terms and conditions and other relevant documents, has been uploaded on <https://gem.gov.in/>. The bidders can log on to the website and see these documents.
- 6.1.2 Applicants are required to upload scanned copies of relevant documents and excel files for Pre-qualification, Technical and Financial bids as per the terms and formats defined in section 8 of this RFP document.

### 6.2 Registration

- 6.2.1 Applicants wishing to participate in the electronic RFP process may get themselves registered by visiting Government e-Marketplace (GeM) Website <https://gem.gov.in/>.
- 6.2.2 As part of the enrolment process, the applicants will be required to choose a unique username and assign a password for their accounts.
- 6.2.3 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 GeM Portal.

### 6.3 Searching for tender documents

- 6.3.1 There are various search options built in the GeM Portal, to facilitate bidders to search active tenders by several parameters. Bidder can search for tenders by type and nature of entity to search for a tender published on the GeM Portal.
- 6.3.2 Once the bidders have selected the tenders they are interested in, they may download the required documents / tender schedules.
- 6.3.3 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.

### 6.4 Preparation of bids

- 6.4.1 Bidders are advised to go through GeM GTC(<https://gem.gov.in/page/gtc>) and uploaded bid documents thoroughly before creation of their bids.
- 6.4.2 Bidder should take into account any corrigendum published on the tender document before submitting their bids.
- 6.4.3 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 documents that need to be submitted. Any deviations from these may lead to rejection of the bid.
- 6.4.4 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.

## 6.5 Submission of bids

- 6.5.1 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.
- 6.5.2 Bidder has to select the payment option as “offline” to pay the tender fee / EMD as applicable and enter details of the instrument.
- 6.5.3 Bidder should prepare the EMD as per the instructions specified in clause 6.8 of this document. The details of the DD/any other accepted instrument, physically sent, should tally with the details available in the scanned copy and the data entered during bid submission time. Otherwise the uploaded bid will be rejected.
- 6.5.4 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.
- 6.5.5 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.
- 6.5.6 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.
- 6.5.7 The uploaded tender documents become readable only after the tender opening by the authorized bid openers.
- 6.5.8 Upon the successful and timely submission of bids, 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.
- 6.5.9 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.

## 6.6 Assistance to bidders

- 6.6.1 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.

- 6.6.2 Any queries relating to the process of online bid submission or queries relating to GeM Portal in general may be directed to Helpdesk No. given under 'Contact Us' section of GeM portal.
- 6.7 More information useful for submitting online bids on the GeM Portal may be obtained at: <https://gem.gov.in/>.
- 6.8 The applicants shall make an Earnest Money Deposit [EMD] of Rs 5,00,000 [Rupees five lakh only] in the form of a demand draft in favour of "Central Provident Fund Commissioner" payable at "New Delhi". The same should be sent to Regional Provident Fund Commissioner (Investment) at OFFICE BLOCK 2, Plate 2A, East Kidwai Nagar, Kidwai Nagar, New Delhi, 110023 by courier or in person on or before 16 February, 2025 by 11.00 pm. The demand draft must be put in a sealed envelope clearly mentioning "**EMD pertaining to proposal for appointment of Portfolio Manager**" and the name of the applicant. Failure to provide the EMD by the stipulated time shall lead to offer being considered as unresponsive and rejected.
- a. EPFO will refund the EMD to all the unsuccessful applicants upon signing of Agreement with the successful Portfolio Managers. No interest shall be payable on the EMD amount.
  - b. CBT, EPF reserves the right to forfeit the EMD if the applicant withdraws/amends/impairs in respect during the Bid Validity Period or fails or refuses to accept the offer from EPFO for being appointed as the Portfolio Manager and/ or fails to provide performance guarantee and/or sign the Agreement within the stipulated period and/ or refuses to accept any of the terms of the Agreement. CBT, EPF may also decide to debar the said applicant from future assignments.
- 6.9 The authorized representative of the applicants may be present at the time of opening of the Pre-Qualification, Technical and Financial bids.
- 6.10 There must be a summary of list of documents against each proposal (Pre-qualification, Technical and Financial bids). For both Pre-Qualification and Technical bids, there must be an index at the beginning of the proposal detailing the summary of all information contained in the proposal.
- 6.11 Each supporting document required in the proposal should clearly indicate the serial number of the relevant section of the RFP against which the submission has been made.
- 6.12 The currency of the proposal and payments shall be in Indian rupees only.
- 6.13 The proposals must be submitted online only as detailed in this RFP. Proposals hand delivered or sent through registered post or courier or e-mail or any other means shall not be accepted. Proposals received in such manner will be treated as invalid and rejected.
- 6.14 The applicant must ensure that the softcopies of all bid documents complete in all aspects as detailed in this RFP are submitted online.
- 6.15 The applicant must ensure that they adhere to the timelines for submission of bids. Any delayed proposal will be straightaway rejected.
- 6.16 Pre-bid conference
- The applicants can seek clarification from the EPFO on the RFP, in writing, by email to Addl. CPFC (IMC) (email id: [query.imc@epfindia.gov.in](mailto:query.imc@epfindia.gov.in)) as per format given in Section 9.4 of this document. The EPFO will respond to the above queries during the pre-bid conference. All such queries received would be consolidated in a single document with responses from the EPFO and uploaded on the EPFO website ([www.epfindia.gov.in](http://www.epfindia.gov.in)).
- 6.17 The EPFO ascertains completeness of bid documents

- 6.17.1 The EPFO will open and evaluate the contents of the documents received in consultation with the consultant, to ascertain that all documents/information requirements are provided in the format and the manner specified.
- 6.17.2 If any documents are not in the specified format, EPFO reserves the right to reject the proposal.
- 6.17.3 The applicant is allowed to update his bid documents till the prescribed final date for submission of proposals. Modifications and substitutions in the bid documents will only be allowed until the stipulated time and date.
- 6.18 The EPFO evaluates Pre-qualification, Technical and Financial bid on predefined evaluation criteria
- 6.18.1 Pre-qualification bid
- The Pre-qualification bids of all the applicants will be evaluated as per the criteria specified in Section 7.1 of the RFP.
- 6.18.2 Technical bid
- The applicants who meet the Pre-qualification criteria will be eligible for evaluation of their Technical bid. The Technical bids of all the applicants will be evaluated as per the criteria specified in Section 7.2 of the RFP.
- 6.18.3 Financial bid
- All applicants, who obtain a minimum score of **65 per cent** on the Technical bid, would be short-listed for the evaluation of their Financial bid.
- 6.18.4 In determination of the best value bid, the following weight will be given for the Technical and Financial bid scores of the applicants:
- |                     |   |     |
|---------------------|---|-----|
| Technical bid score | : | 80% |
| Financial bid score | : | 20% |
- The final rankings for applicants will be on the basis of the weighted average score of the Technical and Financial bids, as per the weights given above.
- 6.18.5 All proposals will be reviewed by a Designated Committee constituted by the CBT, EPF. The designated committee may seek oral or written clarifications from the applicants. The applicants must respond/provide the information/clarifications within the stipulated time. Failure to provide the information may lead to disqualification of the applicant.
- 6.18.6 The proposals shall be valid for a period of six (6) months from the date of opening of the proposals.
- 6.19 The CBT, EPF finalises at least four Portfolio Managers and informs the applicants
- The CBT, EPF will finalise the Portfolio Managers based on the evaluation criteria as prescribed in the RFP and inform the respective Portfolio Managers. The CBT, EPF also reserves the right to call for a re-bid if, in its opinion, the bids received are not reasonable.
- 6.20 Based on the aggregate score of technical bid and financial bid, applicants will be offered appointment as Portfolio Managers of EPFO's Corpus.
- 6.21 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)	10 January, 2025 (Friday)
2.	Last date for submission of queries via e-mail ( <a href="mailto:query.imc@epfindia.gov.in">query.imc@epfindia.gov.in</a> )	19 January, 2025 (Sunday)
3.	Pre-bid Conference (10:00 AM)	23 January, 2025 (Thursday)
4.	Issuance of clarification and addendum, if any	31 January, 2025 (Friday)
5.	Last date for submitting Proposal (11.00 PM)	16 February, 2025 (Sunday)
6.	Pre-qualification bid opening (10:00 AM)	18 February, 2025 (Tuesday)
7.	Technical bid opening for the eligible applicants (06:30 PM)	18 February, 2025 (Tuesday)
8.	Financial bid opening for the eligible applicants (11:00 AM)	27 February, 2025 (Thursday)
9.	Issuance of letters to selected Portfolio Managers	After approval of CBT
10.	Selected Portfolio Managers to be ready in all respects to manage allocated funds	Within 15 days of issue of letter intimating appointment

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

## 7. Bid evaluation criteria

7.1 The pre-qualification criteria for selection of Portfolio Manager is as follows:

S. No	Criteria	Supporting Document
1	The Portfolio Manager must be duly registered with SEBI to carry portfolio management service (PMS) activity and incorporated in India only. The applicant is registered as a Portfolio Manager with SEBI under the relevant provisions and undertakes to maintain the registration during the tenure of agreement with CBT, EPF.	Refer section 8.2.1
2	The Portfolio Manager must have: i. At least five (5) years of experience in debt fund management <sup>#</sup> (excluding management of own funds) as on date of RFP; and, ii.a. Assets under management (AUM) <sup>^</sup> under debt funds <sup>#</sup> as on 31st March, 2024, must not be less than Rs. 30,000 Crore; including management of Retirement Funds and excluding investment of its own funds. For the AUM purposes, funds under advisory / non-discretionary should not be included. OR ii.b. Assets under management (AUM) <sup>^</sup> of Retirement Funds as on 31 <sup>st</sup> March, 2024, must not be less than Rs. 20,000 Crore excluding investment of its own funds. For the AUM purposes, funds under advisory / non-discretionary should not be included.	Refer section 8.2.2 & 8.2.3
3	The Portfolio Manager/ its Related Party have never been barred or suspended by any financial sector regulator or government authority or court of law in India from carrying out investment management activities in capital market and / or money market.	Refer section 8.2.4
4	The Portfolio Manager/ its Related Party are not in violation of any applicable law or judgment by any court of law or violation of any direction/ order/ regulation by a government/ regulatory authority in India, which individually or in the aggregate, would affect their performance of any obligations under this assignment.	Refer section 8.2.5
5	The Portfolio Manager/ its Related Party should not have been convicted/ penalized/ or have cases that have been settled or are under settlement or pending before any court of law under Prevention of Money Laundering Act, 2002 and Foreign Exchange Management Act, 1999 or any other law of similar nature by whatever name called in India or globally	Refer section 8.2.6
6	There are no legal or arbitration proceedings or any proceedings by or before any government or regulatory authority or agency, now pending or (to the best knowledge of the Portfolio Manager) threatened against the Portfolio Manager/ its Related Party which, if adversely determined, could reasonably be expected to have a material adverse effect on the Portfolio Managers' ability to perform the obligations under this assignment. Any development with regards to this should be intimated to the EPFO immediately. CBT, EPF reserves the right to reject or disqualify the Portfolio Manager based on the information provided.	Refer section 8.2.7
7	i. The current Directors and key personnel (including but not limited to the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Investment Officer, Fund Manager(s), Compliance Officer) of the Portfolio Manager or of its Holding Company shall be persons not found guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws. ii. The Applicant should not have been barred / blacklisted / declared to have failed to honouring any commitment related to investment management activities by any Government (Central or State Government) / any other government entity iii. The Applicant should not have been declared ineligible for investment management activities by any Government (Central or State Government) / any other government entity on account of fraudulent or corrupt practices or inefficient / ineffective performance.	Refer section 8.2.8

S. No	Criteria	Supporting Document
8	The Portfolio Manager shall forthwith inform the EPFO of any material change (including financial, legal and personnel) in the information or particulars previously furnished, which would have a bearing on its appointment as Portfolio Manager of EPFO.	Refer section 8.2.9
9	The Portfolio Manager shall undertake to comply with all the extant CBT, EPF guidelines/directions as applicable from time to time.	Refer section 8.2.10
10	The Portfolio Manager shall have a minimum net worth of Rs 500 crore as on 31 <sup>st</sup> March, 2024	Refer section 8.2.11
11	<p>The Portfolio Manager must have the following policies/guidelines and their effective ongoing implementation in place that is appropriate for the scale and nature of investments managed by the Portfolio Manager:</p> <ul style="list-style-type: none"> <li>• Respective Investment policy/manual: The applicant should have an investment policy covering inter alia the following: <ul style="list-style-type: none"> <li>a. Clearly articulated roles and responsibilities of investment, dealing and research teams</li> <li>b. Defined process of forming investment strategies and limits: investment strategy for each fund, long term and short term investment limits for each issuer, sector etc</li> <li>c. Clear articulation of investment process with defined investment universe and its approval process and credit rating process</li> <li>d. Clearly defined constitution of the investment committee with their roles and responsibilities</li> <li>e. The approval process and the review frequency of investment policy/manual must be clearly defined.</li> </ul> </li> <li>• Respective Risk policy: The applicant should have a risk policy covering inter alia the following: <ul style="list-style-type: none"> <li>a. Structure, roles and responsibilities of the risk team</li> <li>b. Well-defined risk limits and metrics</li> </ul> </li> <li>• Valuation policy: The applicant should have a well-defined and documented valuation policy following the relevant regulations</li> <li>• Compliance policy: The applicant should have a well-defined compliance policy covering inter alia the following: <ul style="list-style-type: none"> <li>a. Structure, roles and responsibilities of the compliance team</li> <li>b. Well-defined employee dealing and anti-money laundering policies</li> </ul> </li> <li>• Data security policy: The applicant should have a clearly defined data security policy covering the technological platforms, systems, access controls and firewalls used for the same</li> <li>• Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) – A well-defined process covering <ul style="list-style-type: none"> <li>a. Ownership of the process</li> <li>b. Frequency of testing the process</li> <li>c. DR sites and servers for back up</li> <li>d. Replication of process between original and back-up servers</li> </ul> </li> <li>• Broker empanelment process: The applicant must have a well-documented broker empanelment process covering the following aspects <ul style="list-style-type: none"> <li>a. Criteria for selection and review of brokers</li> <li>b. Frequency and review of the approval process</li> </ul> </li> <li>• Any other relevant policies / process</li> </ul>	Refer section 8.2.12
12	The Portfolio Manager must have net profit in each of the last five financial years i.e. (FY2024, 2023, FY2022, FY2021 and FY2020)	Refer section 8.2.13



Refer to the Glossary & Definitions section for the definitions of Retirement Funds and Holding Company/ Related Party/ Subsidiary Company/ Associate Company of the Portfolio Manager

^For Asset Under Management, book value (net of any provisions or write-offs) should be used for HTM portfolios and market value should be used for MTM portfolios

# Debt funds here for pre-qualification criteria will include mutual fund categories namely; Low Duration Fund, Ultra Short Duration Fund, Liquid Fund, Overnight Fund, Short Duration Fund, Medium Duration Fund, Money Market Fund, Medium to Long Duration Fund, Long Duration Fund, Corporate Bond Fund, Dynamic Bond Fund, Banking & PSU Fund, Credit Risk Fund, Floater Fund, Gilt Fund, Gilt Fund with 10Y Constant Duration, Debt ETF/Index Fund

Kindly refer to section 8.2.14 for additional information required

## 7.2 Technical evaluation parameters

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

Parameter	Measurement Criteria	Supporting Document	Weight
Experience in managing Long Term Debt funds or Retirement Funds of non-owned funds	No. of years of past experience as on date of the RFP	Refer section 8.3.1	10 per cent
Aggregate Assets Under Management (AUM)^ of Long Term Debt Funds and Retirement Funds (non owned funds)	Average of total Long Term Debt Funds and Retirement Funds managed (non-owned funds) at each quarter ended from quarter ended June 2019 to quarter ended March 2024	Refer section 8.3.2	20 per cent
Performance of Mark to Market (MTM) and Held till Maturity (HTM) Eligible Portfolios of non-owned funds	Asset-weighted returns of MTM and HTM Eligible portfolios (non-owned funds) at each quarter end between June 2019 and March 2024 (20 quarters). (Performance of the main portfolio should be considered excluding segregated portfolio)	Refer section 8.3.3, 8.3.4 & 8.3.5	60 per cent
Ratio of Defaulted Investment^ to total quarterly average AUM	Ratio of total value of investments that defaulted to the total of quarterly average AUM at each quarter end between June 2019 and March 2024 (20 quarters). (Default in the main portfolio as well as the segregated portfolio should be considered)	Refer section 8.3.6	10 per cent
<b>Total</b>			<b>100 per cent</b>

Refer to Glossary & Definitions section for definitions of Long Term Debt Funds, Retirement Funds, Eligible Portfolios and Defaulted Investment

^For Asset Under Management, book value (net of any provisions or write-offs) should be used for HTM portfolios and market value should be used for MTM portfolios. Defaulted Investments must be considered before any provisioning or write-offs. Exposure to default rated papers needs to be shown for all the periods in which it was part of the portfolio. For showing the default amount during the quarter, bidder shall take average of the amount of exposure for the three month during the quarter as disclosed in the month-end portfolio.

For the purpose of calculation of weighted average maturity of HTM portfolio, book value should be used. For the purpose of calculation of weighted average maturity of MTM portfolio, market value should be used.

Only Eligible Portfolios must be considered for calculations of above parameters. Refer to Glossary & Definitions for definition of Eligible Portfolios.

The Applicant must have managed Eligible portfolio for a continuous period of five years as on March 2024 in order to be scored in the AUM and performance parameter of technical evaluation.

Refer to excel named "Technical bid data - Illustrations" and tab named 8.3.8.1 and 8.3.8.2 for illustrations to determine Eligible Portfolios

### 7.2.1 Evaluation and scoring process (the numbers used in this section are for illustrative purpose only)

#### a. Technical bid evaluation –

**Table 1** (Overall scoring framework)

	Experience in managing Long Term Debt Funds or Retirement Funds of non-owned funds (in years) as on date of the RFP	Aggregate AUM of Long Term Debt Funds and Retirement Funds (non-owned funds) (Rs cr)	Performance of Mark to Market (MTM) and Held till Maturity (HTM) portfolios of non-owned funds (%)	Ratio of Defaulted Investment to total quarterly average AUM
<b>Parametric Weights</b>	<b>10%</b>	<b>20%</b>	<b>60%</b>	<b>10%</b>
<b>Basis for parametric evaluation</b>	20 or more than 20 years : 100	$\geq 30,000$ cr : 100	Returns for MTM and HTM portfolios will be calculated separately. Annualized quarterly average returns on a one-year rolling basis will be calculated from June 2019 to March 2024 for HTM and MTM portfolios. These values will be normalized and asset weighted values of MTM and HTM will be used for evaluation.	Scaled to maximum default ratio of 0.05 for Eligible Portfolio . Score of the applicant = $(1 - (\text{default ratio of bidder} / 0.05)) * 100$  If the ratio of any Applicant is more than 0.05 then the Applicant will get a score of 0 in this parameter
	Score on proportionate basis for experience between 5 and 20 years : $20 + (100 - 20) * (X - 5) / 15$ where X is Applicant's years of experience	Below 30,000 cr : $(\text{AUM} / 30,000) * 100$		
	5 years: 20			

Refer to excel named "Technical bid data - Illustrations" for detailed calculations

Refer to Glossary & Definitions section for definitions of Long Term Debt Funds, Retirement Funds, Eligible Portfolios, Defaulted Investment and Non-owned funds

**Table 2**(scores of Experience in managing Long Term Debt Funds or Retirement Funds of non-owned funds as on date of RFP)

	Experience in managing Long Term Debt Funds or Retirement Funds of non- owned funds as on date of the RFP (in years)	Score for experience
		<b>A</b>
Applicant 1	22	100
Applicant 2	7	30.67
Applicant 3	18	89.33
Applicant 4	9	41.33
Applicant 5	21	100

Applicants 1 and 5 have more than 20 years of experience and hence both get the best score of 100, Applicants 2, 3 and 4 will get score on a proportionate basis between 20 and 100 based on their years of experience as per the formula given in Table 1

Refer to Glossary & Definitions section for definitions of Long Term Debt Funds, Retirement Funds, Eligible Portfolios, Defaulted Investment and Non-owned funds

**Table 3** (scores of Aggregate AUM of Long Term Debt Funds and Retirement Funds (non-owned funds))

	Aggregate AUM of Long Term Debt Funds and Retirement Funds (non-owned funds) (Rs cr)	Score for AUM
		<b>B</b>
Applicant 1	15,000	50
Applicant 2	25,000	83.33
Applicant 3	32,000	100
Applicant 4	11,000	36.67
Applicant 5	4,500	15

Applicant 3 have more than 30,000 cr and hence will get the best score of 100, Applicants 2 gets a score of  $83.33 = (25000/30,000) * 100$  Other applicants too get the score based on this formula as the AUM is below Rs 30,000 Cr.

Refer to Glossary & Definitions section for definitions of Long Term Debt Funds, Retirement Funds, Eligible Portfolios, Defaulted Investment and Non-owned funds

**Table 4** (scores of Performance of Mark to Market (MTM) and Held till Maturity (HTM) portfolios of non-owned funds): Applicants may refer to excel named “Technical bid data - Illustrations” provided along with this RFP document for the calculation of weighted average return for MTM and HTM portfolio and their respective scores.

	Assets under management of MTM portfolios	Assets under management of HTM portfolios	Score for MTM portfolios	Scaled Score for MTM portfolios	Score for HTM portfolios	Scaled Score for HTM portfolios	AUM weighted score Performance of Mark to Market (MTM) and Held till Maturity (HTM) portfolios of non-owned funds
	Rs cr	Rs cr					
							<b>C</b>
Applicant 1	5000	5500	56.32	91.52*	46.34	69.65**	80.06 <sup>@</sup>
Applicant 2	1000	0	55.05	89.45	Nil	-	89.45
Applicant 3	4500	7500	51.01	82.89	44.88	67.46	73.24
Applicant 4	11000	0	57.43	93.32	Nil	-	93.32
Applicant 5	2500	2000	61.54	100	66.53	100	100.00
<b>Maximum</b>			<b>61.54</b>		<b>66.53</b>		

\* Scaled score for MTM portfolio for Applicant 1 is arrived by scaling the score to Max. score among the Applicants i.e.  $91.52 = (56.32/61.54) * 100$

\*\* Scaled score for HTM portfolio for Applicant 1 is arrived by scaling the score to Max. score among the Applicants i.e.  $69.65 = (46.34/66.53) * 100$

<sup>@</sup> The AUM weighted scaled score (final score) for Applicant 1 is arrived by aggregating the scaled score of MTM and HTM by weighing them with their respective AUM i.e.  $80.06 = (5000 * 91.52 + 5500 * 69.65) / (5000 + 5500)$  and so on

**Table 5** (scores of Ratio of Defaulted Investment to the total quarterly average AUM): Applicants may refer to excel named “Technical bid data - Illustrations” provided along with this RFP document for the calculation of scores for MTM and HTM portfolio.

	Assets under management of MTM portfolios	Assets under management of HTM portfolios	Default Ratio for MTM portfolios	Default Ratio for HTM portfolios	AUM weighted score	Ratio of Defaulted Investment to total quarterly average AUM
	Rs cr	Rs cr				
						<b>D</b>
Applicant 1	5000	5500	0.00085	0.00095	0.0009*	98.20@
Applicant 2	1000	0	0.0025	0	0.0025	95.00
Applicant 3	4500	7500	0.0038	0.0009	0.0020	96.00
Applicant 4	11000	0	0.0015	0	0.0015	97.00
Applicant 5	2500	2000	0.0008	0.0012	0.0010	98.00
<b>Scaling cut off</b>					<b>0.05</b>	

\*  $0.0009 = (5000 \times 0.00085 + 5500 \times 0.00095) / (5000 + 5500)$

@ The final score is arrived by scaling the AUM weighted score to the cut off of 0.05 i.e. for Applicant 1,  $98.20 = (1 - (0.0009 / 0.05)) \times 100$ ;  $36 = (1 - (0.0025 / 0.05)) \times 100$  and so on.

**Table 6** (Technical bid parameters scoring)

	Experience in managing Long Term Debt Funds or Retirement Funds of non-owned funds as on date of the RFP	Aggregate AUM of Long Term Debt Funds and Retirement Funds (non-owned funds)	Performance of Mark to Market (MTM) and Held till Maturity (HTM) portfolios of non-owned funds	Ratio of Defaulted Investment to total quarterly average AUM	Total score
	A <sup>\$</sup>	B <sup>**</sup>	C <sup>*</sup>	D <sup>^</sup>	E
<b>Parametric Weights</b>	<b>10%</b>	<b>20%</b>	<b>60%</b>	<b>10%</b>	
Applicant 1	100.00	50	80.06	98.20	77.86@
Applicant 2	30.67	83.33	89.45	95.00	82.90
Applicant 3	89.33	100	73.24	96.00	82.48
Applicant 4	41.33	36.67	93.32	97.00	77.16
Applicant 5	100	15	100.00	98.00	82.80

Refer to Glossary & Definitions section for definitions of Long Term Debt Funds, Retirement Funds, Eligible Portfolios, Defaulted Investment and Non-owned funds

The parametric score for each applicant is calculated on the basis of their score on each parameter based on the criteria defined for each parameter in Table 1 above.

\$ Refer Table 2 above for calculation of column A

\*\*Refer Table 3 above for calculation of column B

\* Refer Table 4 above for calculation of column C

^ Refer Table 5 above for calculation of column D

@Working for Applicant 1(E) =  $(10\% \times 100 + 20\% \times 50 + 60\% \times 80.06 + 10\% \times 98.20) = 77.86$

Total score rounded up to two decimal will be considered for deciding on the eligibility of Technical Bid Evaluation

**b. Overall evaluation**

**Table 7**(Overall evaluation scoring)

	Final Score of Technical Bid	Eligibility for Financial Bid - applicants with score of at least 65 on Technical bid	Financial Bid	Scaled Score of Technical Bid	Scaled score of Financial Bid	Final Score = sum (parametric weight*Bid Score of each applicant)	Rank
	<b>E@</b>					<b>F</b>	
<b>Parametric Weights</b>				<b>80%</b>	<b>20%</b>	<b>100%</b>	
Applicant 1	77.86	Eligible	0.0061%	93.92	100.00	95.14	4
Applicant 2	82.90	Eligible	0.0062%	100.00	98.39	99.68	1
Applicant 3	82.48	Eligible	0.0064%	99.49	95.31	98.66^	3
Applicant 4	77.16	Eligible	0.0065%	93.08	93.85	93.23	5
Applicant 5	82.80	Eligible	0.0063%	99.88	96.83	99.27	2
<b>Maximum / Minimum</b>	<b>82.90</b>		<b>0.0061%</b>				
<b>Basis for final evaluation</b>	<b>Maximum</b>		<b>Minimum</b>				

@Value derived from table 6 of section 7.2.1.1

**Note** - Only applicants with a minimum score of 65 in technical evaluation would be considered for the final evaluation. 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 this case, the maximum score of Technical Bid is 82.90. Applicant 2 would therefore have the highest score of 100 and the scores of all other applicants would be calculated relative to the best score. Applicant 3, for instance would have a score of  $99.49 = (82.48/82.90) * 100$ . In case of the Financial Bid, the minimum bid is 0.0061%. Applicant 1 would therefore have a score of 100 and the scores of all other applicants would be calculated relative to the best score. Applicant 3, for instance would have a score of  $95.31 = (0.0061\%/0.0064\%) * 100$ .

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 80% and 20% respectively.

^Working for Applicant 3 (F) =  $(80% * 99.49 + 20% * 95.31) = 98.66$

## 8. Format of Pre-qualification, Technical and Financial bid

### 8.1 Documents comprising the proposal

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

- 8.1.1 Pre-qualification bid with all the information, as laid down in Section 8.2, duly filled in along with all attachments/schedules duly completed and with a covering letter, as per the format defined in Section 9.1, signed by the authorized representative of the applicant
- 8.1.2 Technical bid including all the information, as laid down in Section 8.3, duly filled in along with all attachments/schedules duly completed and with a covering letter, as per the format defined in Section 9.2, signed by the authorized representative of the applicant.
- 8.1.3 The applicant's Financial bid, as per the format defined in Section 8.4, along with a covering letter, as per the format defined in Section 9.3, signed by the authorized representative of the applicant.
- 8.1.4 Any deviations from the requirements of the RFP must be included as a separate statement as per the format defined in Section 9.5.
- 8.1.5 Any other information that is to be submitted during the course of the proposal process.

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.

### 8.2 Pre-qualification bid format

#### Name of applicant:

- 8.2.1 An undertaking from the Chief Executive Officer or Managing Director or equivalent official of the Portfolio Manager certifying that the applicant is registered as a Portfolio Manager with SEBI under the relevant provisions and undertakes to maintain the registration during the tenure of agreement with CBT, EPF.

Copy of the Registration Certificate (the first such certificate as well as subsequent renewals) of the Portfolio Manager with SEBI to carry portfolio management service (PMS) activity.

Copy of Incorporation Certificate

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

*Please refer to section 9.6 for the format of undertaking*

- 8.2.2 At least five (5) years of experience in debt fund management<sup>#</sup> (being management of funds which do not include management of own funds) as on date of RFP;

Sr. No.	Name of fund	Inception Date	Number of years *	Supporting document submitted	Remarks if any	Annexure No.

*Name and inception date of the earliest portfolio/fund/client, as applicable, must be mentioned.*

*\*Number of years in two decimals*

*# Debt funds here for pre-qualification criteria will include mutual fund categories namely; Low Duration Fund, Ultra Short Duration Fund, Liquid Fund, Overnight Fund, Short Duration Fund, Medium Duration Fund, Money Market Fund, Medium*

to Long Duration Fund, Long Duration Fund, Corporate Bond Fund, Dynamic Bond Fund, Banking & PSU Fund, Credit Risk Fund, Floater Fund, Gilt Fund, Gilt Fund with 10Y Constant Duration, Debt ETF/Index Fund

8.2.3 Name, inception date and Assets Under Management (AUM).

AUM<sup>^</sup> under debt funds<sup>#</sup> as on 31<sup>st</sup> March, 2024, must not be less than Rs.30,000 Crore; including management of Retirement Funds and excluding investment of its own funds. For the AUM purposes, funds under advisory / non-discretionary should not be included.

“OR “

AUM<sup>^</sup> of Retirement Funds as on 31<sup>st</sup> March, 2024, must not be less than Rs.20,000 Crore excluding investment of its own funds. For the AUM purposes, funds under advisory / non-discretionary should not be included.

Along with AUM, the details below must be provided for each of the fund/scheme considered under Debt Funds and Retirement Funds for the calculation of the AUM:

- Average value of average maturity (of the funds/scheme under debt funds and retirement funds) for the past 20 quarter end dates from June 2019 to March 2024.
- Average exposure (of the funds/scheme under debt funds and retirement funds) to securities rated AA-/A1 & below (including unrated securities) for the past 20 quarter end dates from June 2019 to March 2024
- Average exposure (of the funds/scheme under debt funds and retirement funds) to G-sec & SDLs for the past 20 quarter end dates from June 2019 to March 2024

<sup>^</sup>For Asset Under Management book value (net of any provisions or write-offs) should be used for HTM portfolios and market value should be used for MTM portfolios

<sup>#</sup> Debt funds here for pre-qualification criteria will include mutual fund categories namely; Low Duration Fund, Ultra Short Duration Fund, Liquid Fund, Overnight Fund, Short Duration Fund, Medium Duration Fund, Money Market Fund, Medium to Long Duration Fund, Long Duration Fund, Corporate Bond Fund, Dynamic Bond Fund, Banking & PSU Fund, Credit Risk Fund, Floater Fund, Gilt Fund, Gilt Fund with 10Y Constant Duration, Debt ETF/Index Fund

Refer to Glossary & Definitions for definition of Retirement Funds

Sr No.	AUM (Rs. Crore) as on March 31, 2024	
	Debt fund + Retirement Funds	Retirement Funds

Sr No.	Scheme name / Fund name / Retirement fund name	AUM (Rs. Crore) as on March 31, 2024	Provide data based on the past 20 quarter period ending June 2019 to March 2024			Eligible Portfolios as Long Term Debt Funds and Retirement Funds
			Average value of average maturity of the funds <sup>^</sup>	Average exposure of the funds to securities rated AA-/A1 & below (including unrated securities) <sup>^</sup>	Average exposure of the funds to G-sec & SDLs <sup>^</sup>	

Refer to Glossary & Definitions for definition of Retirement Funds, Long Term Debt funds, Eligible portfolios

<sup>^</sup>For illustrations of calculations refer to excel named “Pre-qualification data – Illustrations”

**Please note that there should be a certification for the above 8.2.3 by a statutory auditor.**

8.2.4 An affidavit by the Chief Executive Officer or Managing Director or equivalent of the Portfolio Manager and duly notarized by a public notary, confirming that the Portfolio Manager/ its Related Party have never been barred or suspended by any financial sector regulator or government authority or court of law in India from carrying out investment management activities in capital market and/or money market.

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

*Please refer to section 9.7 for the format of affidavit*

8.2.5 An affidavit by the Chief Executive Officer or Managing Director or equivalent of the Portfolio Manager and duly notarized by a public notary, confirming that the Portfolio Manager/ its Related Party are not in violation of any applicable law or judgment by any court of law or government authority in India which violations, individually or in the aggregate, would affect their performance of any obligations under this assignment.

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

*Please refer to section 9.7 for the format of affidavit*

8.2.6 An affidavit by the Chief Executive Officer or Managing Director or equivalent of the Portfolio Manager and duly notarized by a public notary, confirming that the Portfolio Manager/its Related Party have not been convicted/ penalized/ or have cases that have been settled or are under settlement or pending before any court of law under Prevention of Money Laundering Act, 2002 and Foreign Exchange Management Act, 1999 or any other law of similar nature by whatever name called in India or globally.

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

*Please refer to section 9.7 for the format of affidavit*

8.2.7 An affidavit by the Chief Executive Officer or Managing Director or equivalent of the Portfolio Manager and duly notarized by a public notary, confirming that there are no legal or arbitration proceedings or any proceedings by or before any government or regulatory authority or agency, now pending or (to the best knowledge of the Portfolio Manager) threatened against the Portfolio Manager/ its Related Party which, if adversely determined, could reasonably be expected to have a material adverse effect on its ability to perform the obligations under this assignment. Any development with regards to this should be intimated to the EPFO immediately. CBT, EPF reserves the right to reject or disqualify the Portfolio Manager based on the information provided.

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

*Please refer to section 9.7 for the format of affidavit*

8.2.8 An Undertaking from the Chief Executive Officer or Managing Director or equivalent official of the Portfolio Manager certifying that

- (i) the current Directors and key personnel (including but not limited to the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Investment Officer, Fund Manager(s), Compliance Officer) of the Portfolio Manager or of its Holding Company shall be persons not found guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws.



- (ii) The Applicant should not have been barred / blacklisted / declared to have failed to honouring any commitment related to investment management activities by any Government (Central or State Government) / any other government entity
- (iii) The Applicant should not have been declared ineligible for investment management activities by any Government (Central or State Government) / any other government entity on account of fraudulent or corrupt practices or inefficient/ineffective performance

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

*Please refer to section 9.6 for the format of undertaking*

- 8.2.9 An Undertaking from the Chief Executive Officer or Managing Director or equivalent official of the Portfolio Manager certifying that the Portfolio Manager shall forthwith inform the EPFO of any material change (including financial, legal and personnel) in the information or particulars previously furnished, which would have a bearing on it's appointment as Portfolio Manager.

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

*Please refer to section 9.6 for the format of undertaking*

- 8.2.10 An Undertaking from the Chief Executive Officer or Managing Director or equivalent official of the Portfolio Manager certifying that the Portfolio Manager shall comply with all the extant CBT, EPF guidelines/directions as applicable from time to time.

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

*Please refer to section 9.6 for the format of undertaking*

- 8.2.11 Net worth

Data for net worth of the Portfolio Manager should be provided in the following format. The Portfolio Manager shall have a minimum net worth of Rs 500 crore March 31, 2024

Sr. No.	Net worth (Rs cr) as on March 31, 2024	Annexure No.

***Please note that there should be a certification for the above by a statutory auditor***

- 8.2.12 An Undertaking from the Chief Executive Officer or Managing Director or equivalent official of the Portfolio Manager certifying that the Portfolio Manager has all the respective policies and guidelines and their effective ongoing implementation in place that is appropriate for the scale and nature of investments managed by the Portfolio Manager as described in the pre-qualification criteria no 11. A copy of all the investment policies as mentioned must also be enclosed.

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

*Please refer to section 9.6 for the format of undertaking*

8.2.13 Data for the net profit of the Portfolio Manager in each of the last five financial years i.e. (FY2024, 2023, FY2022, FY2021 and FY2020) should be provided in the format given below along with the supporting document.

Financial Year	Profit in Rs Cr	Supporting Document	Annexure No.
2024			
2023			
2022			
2021			
2020			

The Applicant must provide the audited copy of financial results or annual report for each of the last five years.

8.2.14 Additional Information:

Sr.No.	Particulars	Data	Supporting documents submitted	Remarks if any	Annexure No
1	Name and experience of Directors of the applicant				
2	Shareholding pattern of the promoters				
3	Name and Designation of Authorised Representative				
4	Profitability - PAT Growth (latest 3 years)				
5	Applicant details				
5a	Nature of business/ Products or services offered by the applicant(s):				
5b	Date of incorporation:				
5c	Date of commencement of business:				
5d	Full address including telephone Nos./Fax Nos.:				
5e	Registered Office Address:				
5f	Address for communication:				

**Note:** The pre-qualification bid document should be duly attested by authorised personnel.

### 8.3 Technical bid format

The following information is required to be submitted by the applicants in the below format:

#### 8.3.1 Experience in managing Long Term Debt Funds or Retirement Funds of non-owned funds:

Experience in number of years (up to two decimals) as on date of RFP.

(Provide the required data in the excel named "Technical Bid Data" and tab named 8.3.1 along with technical bid)

Number of years of experience of Long Term Debt Funds or Retirement Funds		
Sr. No.	Number of years–Long Term Debt Funds	Number of years – Retirement Funds

Values up to 2 decimals

Refer to Glossary & Definitions section for definitions of Long Term Debt Funds, Retirement Funds

### 8.3.2 AUM<sup>^</sup> of Long Term Debt Funds and Retirement Funds portfolios:

Average of total Long Term Debt Funds and Retirement Funds assets managed (non-owned funds) at each quarter end –quarterly average of daily assets under management for all Eligible Portfolios for 5 years (from quarter ended June 2019 to quarter ended March 2024).

(Provide the required data in the excel named “Technical Bid Data” and tab named 8.3.2 along with the technical bid.)

Quarter end dates	Aggregate AUM of Long Term Debt Funds and Retirement Funds portfolios (in Rs. Crore)			
	Non Owned			
	Portfolio 1	Portfolio 2	Portfolio ...n	Total
Type of portfolio (Long Term Debt Funds/Retirement Funds)	Long Term Debt Funds	Retirement Funds		
Type of portfolio (MTM/HTM)	MTM	HTM		
30-Jun-19				
30-Sep-19				
31-Dec-19				
31-Mar-20				
30-Jun-20				
30-Sep-20				
31-Dec-20				
31-Mar-21				
30-Jun-21				
30-Sep-21				
31-Dec-21				
31-Mar-22				
30-Jun-22				
30-Sep-22				
31-Dec-22				
31-Mar-23				
30-Jun-23				
30-Sep-23				
31-Dec-23				
31-Mar-24				
	<b>Average</b>			<b>Average of above all</b>

Refer to Glossary & Definitions section for definitions of Long Term Debt Funds, Retirement Funds, Non-owned Funds

<sup>^</sup>For the purpose of performance evaluation, all the Eligible Portfolios would have to be segregated based on the type of valuation practice into MTM and HTM portfolios.

For AUM, book value (net of any provisions or write-offs) should be used for HTM portfolios (excluding investments done for short term parking of funds, for e.g. money market instruments, fixed deposits (FD) of up to 1 year etc) and market value should be used for MTM portfolios

For HTM portfolio, the cumulative incremental portfolio should be considered for computing Average AUM of the fund. The legacy portfolio (investments not made during the required period) should not be considered. Only on the initial date the opening figures will be zero and thereafter on cumulative basis.

For illustrations of calculations of quarterly average AUM refer to excel named “Technical bid data - Illustrations” and tab named 8.3.8.3 for MTM and 8.3.8.5 for HTM portfolios

**Please note that there should be a certification for the above calculation by a statutory auditor. The statutory auditor must also certify that all the portfolios considered in the above calculation meet the conditions laid out for Eligible Portfolios and Non-owned funds as defined section 11 of this document i.e. Glossary & Definitions.**

8.3.3 Performance of Mark-to-Market (MTM) portfolios#:

Asset weighted point-to-point returns (for the quarter) for all MTM portfolios (non-owned funds) expressed as percentage, from quarter ended June 2019 to quarter ended March 2024. In case, there are multiple plans in a portfolio then NAVs of all growth plans (direct and regular) will need to be considered for calculating point to point returns. The point to point returns will need to be weighted by the AUM managed under each plan.

(Provide the required data in the excel named “Technical Bid Data” and tab named 8.3.3 along with the technical bid)

Quarter ended	Quarterly Average AUM^ (Rs cr)				Quarterly point to point returns (absolute)* (%)			Asset weighted point to point returns (absolute%)
	Portfolio 1	Portfolio 2	Portfolio n	Total	Portfolio 1	Portfolio 2	Portfolio n	
30-Jun-19								
30-Sep-19								
31-Dec-19								
31-Mar-20								
30-Jun-20								
30-Sep-20								
31-Dec-20								
31-Mar-21								
30-Jun-21								
30-Sep-21								
31-Dec-21								
31-Mar-22								
30-Jun-22								
30-Sep-22								
31-Dec-22								
31-Mar-23								
30-Jun-23								
30-Sep-23								
31-Dec-23								
31-Mar-24								

#For the purpose of performance evaluation, all the Eligible Portfolios would have to be segregated based on the type of valuation practice into MTM and HTM portfolios. Refer to Glossary & Definitions section for definition of Non-owned Funds

^ For calculation of quarterly average AUM refer to excel named “Technical bid data - Illustrations” and tab named 8.3.8.3 for MTM portfolios

\*For calculation of quarterly point-to-point returns refer to excel named “Technical bid data - Illustrations” and tab named 8.3.8.4

For complete illustration of calculations for above table refer to excel named "Technical bid data - Illustrations" and tab named 8.3.8.7

**Calculate returns up to 4 decimals**

**Please note that there should be a certification for the above by a statutory auditor**

8.3.4 Performance of Held till Maturity (HTM) portfolios#:

Asset weighted purchase yield for all HTM portfolios (non-owned funds), expressed in percentage for quarter ended June 2019 to quarter ended March 2024. Annualized values of purchase yield for Held till Maturity (HTM) portfolios must be used.

(Provide the required data in the excel named "Technical Bid Data" and tab named 8.3.4 along with the technical bid).

Quarter ended	Book Value of incremental investments made in the quarter (Rs cr)				Annualized purchase yield* (%)			Book value weighted purchase yield (annualized%)
	Portfolio 1	Portfolio 2	Portfolio n	Total	Portfolio 1	Portfolio 2	Portfolio n	
30-Jun-19								
30-Sep-19								
31-Dec-19								
31-Mar-20								
30-Jun-20								
30-Sep-20								
31-Dec-20								
31-Mar-21								
30-Jun-21								
30-Sep-21								
31-Dec-21								
31-Mar-22								
30-Jun-22								
30-Sep-22								
31-Dec-22								
31-Mar-23								
30-Jun-23								
30-Sep-23								
31-Dec-23								
31-Mar-24								

# For the purpose of performance evaluation all the Eligible Portfolios would have to be segregated based on the type of valuation practice into MTM and HTM portfolios. Refer to Glossary & Definitions section for definition of Non-owned Funds

\* For calculation of annualized purchase yield refer to excel named "Technical bid data - Illustrations" and tab named 8.3.8.6

For complete illustration of calculations for above table refer to excel named "Technical bid data - Illustrations" and tab named 8.3.8.8

For Asset Under management, book value (net of any provisions or write-offs) should be used for HTM portfolios (excluding investments done for short term parking of funds, for e.g. money market instruments, fixed deposits (FD) of upto 1 year etc)

Calculate purchase yield up to 4 decimals

**Please note that there should be a certification for the above by a statutory auditor**

8.3.5 Average assets under management (AUM) of MTM portfolios and HTM portfolios for aggregated performance calculation

**MTM portfolios**

Total assets managed (non-owned funds) – quarterly average of daily asset under management for all eligible MTM portfolios for 5 years (from quarter ended June 2019 to quarter ended March 2024). The AUM thus calculated will be used as weight for performance of MTM portfolios.

(Provide the required data in the excel named “Technical Bid Data” and tab named 8.3.5 along with the technical bid).

Quarter end dates	Quarterly average AUM - MTM portfolios (in Rs. Crore)			
	Non Owned			
	Portfolio 1	Portfolio 2	Portfolio ...n	Total
30-Jun-19				
30-Sep-19				
31-Dec-19				
31-Mar-20				
30-Jun-20				
30-Sep-20				
31-Dec-20				
31-Mar-21				
30-Jun-21				
30-Sep-21				
31-Dec-21				
31-Mar-22				
30-Jun-22				
30-Sep-22				
31-Dec-22				
31-Mar-23				
30-Jun-23				
30-Sep-23				
31-Dec-23				
31-Mar-24				
	<b>Average</b>			<b>Average of above all values</b>

Refer to Glossary & Definitions section for definition of Non-owned Funds

The average AUM calculated using the above table will be used as a weight for performance of MTM portfolios only

For calculation of quarterly average AUM refer to excel named “Technical bid data - Illustrations” and tab named 8.3.8.3 for MTM portfolios

The applicants must consider only Eligible Portfolios

**Please note that there should be a certification for the above by a statutory auditor**

### HTM portfolios

Average of cumulative values of investments made in a particular quarter must be considered. Investments made for short-term parking of funds including money market instruments, fixed deposits (FD) of up to 1 year etc must not be included. The AUM thus calculated will be used as weight for performance of HTM portfolios. (Provide the required data in the excel named “Technical Bid Data” and tab named 8.3.5 along with the technical bid).

Quarter end dates	Quarterly average book value of investments - HTM portfolios (in Rs. Crore)			
	Non Owned			
	Portfolio 1	Portfolio 2	Portfolio ...n	Total
30-Jun-19				
30-Sep-19				
31-Dec-19				
31-Mar-20				
30-Jun-20				
30-Sep-20				
31-Dec-20				
31-Mar-21				
30-Jun-21				
30-Sep-21				
31-Dec-21				
31-Mar-22				
30-Jun-22				
30-Sep-22				
31-Dec-22				
31-Mar-23				
30-Jun-23				
30-Sep-23				
31-Dec-23				
31-Mar-24				
	<b>Average</b>			<b>Average of all above values</b>

Refer to Glossary & Definitions section for definition of Non-owned Funds

The legacy portfolio (investments not made during the required period) should not be considered. Only on the initial date the opening figures will be zero and thereafter on cumulative basis.

The average AUM calculated using the above table will be used as a weight for performance of HTM portfolios only.

For calculation of quarterly average AUM refer to excel named “Technical bid data - Illustrations” and tab named 8.3.8.5 for HTM portfolios

The applicants must consider only Eligible Portfolios

**Please note that there should be a certification for the above by a statutory auditor**

8.3.6 Ratio of Defaulted Investment to total quarterly average AUM

### MTM portfolios

Applicant must provide the ratio of total value of Defaulted Investment in MTM portfolios during the last twenty quarters to the total quarterly average AUM in the past 20 quarters from June 2019 to March 2024. Quarterly average AUM must be calculated similarly to section 8.3.5. The applicants must consider only Eligible

Portfolios of Non-owned funds (Provide the required data in the excel named “Technical Bid Data” and tab named 8.3.6 along with the technical bid).

Quarter end dates	Total value of Defaulted Investment during the quarter (Rs cr)			Quarterly average AUM <sup>^</sup> - MTM (Rs cr)		
	Portfolio 1	Portfolio 2	Total (A)	Portfolio 1	Portfolio 2	Total (B)
30-Jun-19						
30-Sep-19						
31-Dec-19						
31-Mar-20						
30-Jun-20						
30-Sep-20						
31-Dec-20						
31-Mar-21						
30-Jun-21						
30-Sep-21						
31-Dec-21						
31-Mar-22						
30-Jun-22						
30-Sep-22						
31-Dec-22						
31-Mar-23						
30-Jun-23						
30-Sep-23						
31-Dec-23						
31-Mar-24						
			<b>Total of above all values (A)</b>			<b>Total of above all values (B)</b>

**Ratio of total investments that defaulted to average AUM = A/B**

*Refer to Glossary & Definitions section for definition of Non-owned Funds*

<sup>^</sup> For illustration of calculations of quarterly average AUM please refer to excel named “Technical bid data - Illustrations” and tab named 8.3.8.3 for MTM portfolios

*The applicants must consider only Eligible Portfolios*

*Calculate ratio up to 10 decimals*

**Please note that there should be a certification for the above by a statutory auditor**

**HTM portfolios**

Applicant must provide the ratio of total value of Defaulted Investment in HTM portfolios during the last twenty quarters to the total quarterly average AUM in the past 20 quarters from June 2019 to March 2024. Quarterly average AUM must be calculated similarly to section 8.3.5. The applicants must consider only Eligible Portfolios of Non-owned funds (Provide the required data in the excel named “Technical Bid Data” and tab named 8.3.6 along with the technical bid).

Quarter end dates	Total book value of Defaulted Investment during the quarter (Rs cr)			Quarterly average AUM <sup>^</sup> - HTM (Rs cr)		
	Portfolio 1	Portfolio 2	Total (A)	Portfolio 1	Portfolio 2	Total (B)
30-Jun-19						



30-Sep-19					
31-Dec-19					
31-Mar-20					
30-Jun-20					
30-Sep-20					
31-Dec-20					
31-Mar-21					
30-Jun-21					
30-Sep-21					
31-Dec-21					
31-Mar-22					
30-Jun-22					
30-Sep-22					
31-Dec-22					
31-Mar-23					
30-Jun-23					
30-Sep-23					
31-Dec-23					
31-Mar-24					
			<b>Total of above all values (A)</b>		<b>Total of above all values (B)</b>

**Ratio of total investments that defaulted to average AUM = A/B**

*Refer to Glossary & Definitions section for definition of Non-owned Funds*

*^For illustration of calculations of quarterly average AUM please refer to excel named "Technical bid data - Illustrations" and tab named 8.3.8.5 for HTM portfolios*

*Calculate ratio up to 10 decimals*

*The applicants must consider only Eligible Portfolios*

**Please note that there should be a certification for the above by a statutory auditor**

## 8.4 Financial bid

### 8.4.1 Format for submitting Financial bids

Provide the financial bid in the following format in the excel named “Financial Bid Data” tab named “Financial Bid”.

Charges	Percentage (%) In figures (excluding taxes)	Percentage (%) in Words
Investment Management Fee expressed as per cent of the investments (excluding reinvestment of maturity proceeds of the investment made by the Portfolio Manager during the period of their current appointment) made by the Portfolio Manager.		

**Kindly Note: If the fee quoted in figures and in words in the above table is different, lesser of the two will be considered.**

### 8.4.2 Illustration and other conditions of Financial bid

- a. For example, if a newly selected Portfolio Manager is allocated a corpus of Rs. 10,000 crore (= A) from new inflows; and allocated from the existing fund managed by the current Portfolio Manager say Rs. 30,000 crore (= B); and from this Rs 30,000 crore's of investment, the newly selected Portfolio Manager is able to get Rs. 8,000 crore (= C) through redemptions, interest flows, etc, which it would then invest appropriately; the investment management fee will be calculated on a corpus of Rs. 18,000 crore (D = A + C) and not on the corpus of Rs. 40,000 crore (E = A + B). It is to be noted that reinvestment of maturity proceeds / sale proceeds of the investments made by the Portfolio Manager during the period of their current appointment will not be eligible for fees payment.
- b. Redemption' in the above clause means proceeds from maturity and sell from the legacy portfolio (investment made by Previous Portfolio Manager) which is allocated to newly selected Portfolio Manager.

8.4.3 There will be no separate fee payable for transaction costs like brokerage etc.

8.4.4 The fee quoted should be unconditional and inclusive of the expenditure to be incurred on the work mentioned in section 5 of the RFP.

8.4.5 Any statutory charges attributable to EPFO's corpus will be borne by EPFO. CCIL charges will be reimbursed by EPFO.

8.4.6 If idle funds exceed an amount of Rs. 5,00,000/- for a period of more than two working days, the Portfolio Manager would have to a pay penalty to CBT, EPF equivalent to the latest interest rate declared by CBT, EPF. The starting date for the calculation of idle funds will be based on the following: 1. the following date on which the fund moves into the Designated Bank account 2. The date following the bank holidays. The deal date will not be counted for the calculation of idle funds.

- a. For example, if the number of working days for which funds are idle is 5 working days and 8.15% being the latest interest rate declared by CBT, EPF, then Portfolio Manager shall pay to CBT, EPF at the rate of 8.15% for a period of 3 days.

## 8.5 Format of resume

---

<b>Name</b>	
<b>Present designation</b>	Designation in the organisation
<b>Proposed Position and Role</b>	
<b>Age</b>	
<b>Academic qualification</b>	
<b>Details of overall experience highlighting the period of past and present stints</b>	Details of past experience (date-wise) along with positions held
<b>Experience in Debt fund management</b>	Details of debt fund management (date-wise) along with name and nature of portfolio managed
<b>Current Responsibilities</b>	From date, name and nature of the fund/portfolio being managed
<b>Total experience in debt fund management</b>	No. of years as on last date of submission of bid
<b>Tenure spent with the firm</b>	No. of years as on last date of submission of bid
<b>Any other relevant information</b>	-

## 9. Formats for Covering Letter, Clarifications, Deviations, Undertaking and Affidavit

### 9.1 Format for Pre-qualification Covering letter

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

Ref: \_\_\_\_\_

Date/Place: \_\_\_\_\_

Mr Sanjay Pandey,  
The Financial Advisor and Chief Accounts Officer (FA&CAO),  
Employees' Provident Fund Organization (EPFO),  
OFFICE BLOCK 2, Plate 2A,  
East Kidwai Nagar, Kidwai Nagar,  
New Delhi - 110023

Sir,

**Ref: Pre-qualification for appointment as portfolio manager**

We refer to the communication inviting Request for Proposal (RFP) for Appointment of Portfolio Managers for the EPFO's corpus. We have downloaded / obtained the documents for this RFP from the web site(s) namely: \_\_\_\_\_ as per your advertisement, given in these website(s). We hereby certify that we have read and understood the entire terms and conditions of the document from page no \_\_\_ to \_\_\_ which form part of the RFP and shall abide hereby by the terms/ conditions/clauses contained herein. We 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 Portfolio Manager. We confirm that we satisfy the Pre-qualification criteria set out in the relevant sections of the RFP. The corrigendum(s) issued from time to time by EPFO too have also been taken into consideration, while submitting the proposal.

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 (company seal)

## 9.2 Technical Proposal Covering Letter

(To be submitted on the official letterhead of the applicant submitting the proposal).

Ref: \_\_\_\_\_

Date: \_\_\_\_\_

Mr Sanjay Pandey,  
The Financial Advisor and Chief Accounts Officer (FA&CAO),  
Employees' Provident Fund Organization (EPFO),  
OFFICE BLOCK 2, Plate 2A,  
East Kidwai Nagar, Kidwai Nagar,  
New Delhi – 110023

Sir,

**Ref: Request for Proposal (RFP): Appointment of Portfolio Managers for the EPFO's corpus**

We refer to the Request for Proposal (RFP) for Appointment of Portfolio Managers for the EPFO's corpus.

We have read and understood the contents of the RFP document and pursuant to this, we hereby confirm that we are legally empowered to carry on the fund management activity and satisfy the requirements laid out in both documents.

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 Portfolio Managers for the EPFO's corpus.

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 Portfolio Manager.

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 (company seal)

### 9.3 Financial Proposal Covering Letter

(To be submitted on the official letterhead of the applicant submitting the proposal)

Ref: \_\_\_\_\_

Date: \_\_\_\_\_

The Financial Advisor and Chief Accounts Officer (FA&CAO),  
Employees' Provident Fund Organization (EPFO),  
OFFICE BLOCK 2, Plate 2A,  
East Kidwai Nagar, Kidwai Nagar,  
New Delhi - 110023

Dear Sir,

**Ref: Request for Proposal (RFP): Appointment of Portfolio Managers for the EPFO's corpus**

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 Portfolio Managers for the EPFO's corpus.

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.

If our proposal is accepted, we will obtain a Performance Bank Guarantee as mentioned in the RFP document issued by a Scheduled commercial bank (rated "AA+" and above) in India, acceptable to the EPFO, for the requisite sum.

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 (company seal)

9.4 **Request for clarifications**

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

9.5 **Format for providing explanations for deviations if any**

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

## 9.6 Format for Undertaking

### UNDERTAKING

(To be given on company letter head)

I, \_\_\_\_\_, am the Chief Executive Officer/Managing Director/ equivalent official of \_\_\_\_\_ <company name> ("Portfolio Manager") having its registered office at \_\_\_\_\_.

By the board resolution dated \_\_\_\_\_, (enclosed) I am authorized to sign and execute this undertaking on behalf of the Portfolio Manager for submitting a proposal pursuant to the request for proposal dated 10<sup>th</sup> January, 2025 ("RFP") issued by the Employees' Provident Fund Organization ("EPFO") for appointment of Portfolio Managers for managing EPFO corpus.

I, on behalf of the Portfolio Manager, solemnly affirm and declare that:

- a. The Portfolio Manager is registered as a Portfolio Manager with SEBI under the SEBI (Portfolio Manager) Regulation 2020 bearing registration no..... The Registration of Portfolio Manager is valid for a period commencing from ..... to .....The Portfolio Manager undertakes to have a valid registration with SEBI during the tenure of agreement with CBT, EPF. The Portfolio Manager is incorporated in India only.  
'OR'  
The Portfolio Manager is registered as a Portfolio Manager with SEBI under the SEBI (Portfolio Manager) Regulation 2020 bearing registration no..... The Registration of Portfolio Manager is valid for a period commencing from ..... till suspended or cancelled by the Board. The Portfolio Manager undertakes to have a valid registration with SEBI during the tenure of agreement with CBT, EPF. The Portfolio Manager is incorporated in India only.
- b. The current Directors and key personnel (including but not limited to the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Investment Officer, Fund Manager(s), Compliance Officer) of the Portfolio Manager or of its Holding Company shall be persons not found guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws.
- c. The Portfolio Manager shall forthwith inform the EPFO of any material change (including financial, legal and personnel) in the information or particulars previously furnished, which would have a bearing on it's appointment as Portfolio Manager.
- d. The Portfolio Manager shall comply with all the extant applicable CBT, EPF guidelines/directions as applicable from time to time.
- e. The Portfolio Manager has all the respective policies and guidelines and their effective ongoing implementation in place that is appropriate for the scale and nature of investments managed by the Portfolio Manager as described in the Pre-qualification criteria no 11 of the RFP.
- f. The Portfolio Manager has not been barred / blacklisted / declared to have failed to honouring any commitment related to investment management activities by any Government (Central or State Government) / any other government entity
- g. The Applicant should not have been declared ineligible for investment management activities by any Government (Central or State Government) / sector or any other government entity on account of fraudulent or corrupt practices or inefficient/ineffective performance.



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

Signature .....

Name .....

Date: .....

**(Company seal)**

Encl: (i) Certified copy of the Board Resolution dated \_\_\_\_\_.

**9.7 Format for affidavit**

**AFFIDAVIT**

I, \_\_\_\_\_ <<officer name>>, am the Chief Executive Officer/Managing Director/ equivalent official of \_\_\_\_\_ <<company name>> ("**Portfolio Manager**") having its registered office at \_\_\_\_\_ <<registered address>>. By the board of director's resolution dated \_\_\_\_\_, (enclosed) I am authorized to sign and execute this affidavit on behalf of the Portfolio Manager for submitting a proposal pursuant to the Request for Proposal dated 10<sup>th</sup> January, 2025 ("**RFP**") issued by the Employees' Provident Fund Organization ("**EPFO**") for appointment of Portfolio Managers for managing EPFO's fund. I, on behalf of the Portfolio Manager, solemnly affirm and declare that:

- a. the Portfolio Manager/ its Related Party have never been barred or suspended by any financial sector regulator or government authority or court of law in India from carrying out investment management activities in capital market and/or money market.
- b. the Portfolio Manager/ its Related Party are not in violation of any applicable law or judgment by any court of law or violation of any direction/ order/ regulation by government/ regulatory authority in India which, individually or in the aggregate, would affect their performance of any obligations under the assignment relating to the RFP.
- c. The Portfolio Manager/its Related Party have not been convicted/ penalized/ or have cases that have been settled or are under settlement or pending before any court of law under Prevention of Money Laundering Act, 2002 and Foreign Exchange Management Act, 1999 or any other law of similar nature by whatever name called in India or globally.
- d. there are no legal or arbitration proceedings or any proceedings by or before any government or regulatory authority or agency, now pending or (to the best knowledge of the Portfolio Manager) threatened against the Portfolio Manager/ its Related Party which, if adversely determined, could reasonably be expected to have a material adverse effect on its ability to perform the obligations under the RFP and any related documents that may be executed by the Portfolio Manager as may be required by EPFO. Any development with regards to this will be intimated to the EPFO immediately. CBT, EPF reserves the right to reject or disqualify the Portfolio Manager based on the information provided.

**<<Company Stamp and Signature of Deponent>>**

**VERIFICATION**

I verify that, the contents of this Affidavit are true and correct to the best of my knowledge and belief, and that nothing material has been concealed. In case of any concealment/ misstatement/ understatement of facts mentioned anywhere in the proposal, shall render the firm liable to legal action as appropriate.

Date:  
Place:

**<<Company Stamp and Signature of the Deponent>>**

**<<Name of the Deponent>>**

**<<Designation of the Deponent>>**

**<<To be notarised by a public notary>>**

Identified by me:

Before me:

## 10. Pattern Of Investment

Pattern of investment, as notified by Ministry of Labour & Employment:

### 10.1 Investment Pattern

Sr. No.	Securities	Percentage amount to be Invested
(i)	<p><b>Government Securities and Related investments</b></p> <p>(a) Government Securities,</p> <p>(b) Other Securities ('Securities' as defined in Section 2 (h) of the Securities Contract (Regulations) 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 in time and fresh investments made in them shall not exceed 5% of the fresh accretions in the year.</p>	Minimum 45% and upto 65%

Sr. No.	Securities	Percentage amount to be Invested
(ii)	<p><b>Debt Instruments and Related Investments</b></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 Institutes') 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 either listed or are proposed to be listed.</p> <p>Provided further that investment shall be made in such bonds of a scheduled bank from the secondary market or from subsequent placement only if the existing 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 and further, the aggregate value of such bonds held by the fund shall not exceed 20% of such bonds issued till that point in time 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 the Asian Development Bank.</p>	<p>Minimum 20% and upto 45%</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 the published annual report(s) for the most recent years, as required to have been published by then under the law:

- i. Have declared profit in immediately three preceding financial years;
- ii. Have maintained a minimum Capital to Risk Weighted Assets Ratio of 9%, or as mandated by prevailing RBI norms, whichever is higher;
- iii. Have net non-performing assets of not more than 4% of the net advances;
- iv. Have minimum net worth of not less than Rs.200 crores.

(e) Units of Debt mutual Funds regulated by Securities and Exchange Board of India:

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.

(f) The following infrastructure related debt instruments:

(i) Listed (or proposed to be listed in case of fresh issue) debt securities issued by body corporate 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 letter of comfort of 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.

(ii) Infrastructure and affordable housing Bonds issued by any scheduled commercial bank, which meets the conditions specified in category (ii) (d) above.

(iii) Listed (or proposed to be listed in case of fresh issue) securities or units issued by Infrastructure debt funds operating as a Non-Banking Financial Company and regulated by Reserve Bank of India.

(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.

Sr. No.	Securities	Percentage amount to be Invested
	<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>(g) Units of Debt Exchange Traded Funds (ETFs) regulated by the Securities and Exchange Board of India and managed by an asset management company appointed as per an agreement with Government of India, specifically meant to invest in the bonds of the Central Public Sector Enterprises (CPSEs), Central Public Sector Undertakings (CPSUs), Central Public Financial Institutions (CPFIs) and other Government organizations.</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 (Credit Rating Agency) Regulation, 1999. Provided further that in case of sub-category (f) (iii) the rating shall relate to the Non-Banking Financial Company and for the sub-category (f) (iv) the rating 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 investment 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>	

Sr. No.	Securities	Percentage amount to be Invested
(iii)	<p><b>Short-term Debt Instruments and Related Investments</b></p> <p>(a) Money market instruments:</p> <p>Provided that investment in commercial paper issued by body corporate shall be made only in such instruments which have minimum rating of A1+ by at least two credit rating agencies registered with Securities and Exchange Board of India.</p> <p>Provided further that if commercial paper has been rated by more than two rating agencies, the two lowest of the ratings shall be considered.</p> <p>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 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%

Sr. No.	Securities	Percentage amount to be Invested
(iv)	<p><b>Equities and Related Investments</b></p> <p>(a) Shares of body corporates listed on Bombay Stock Exchange (BSE) or National Stock Exchange (NSE), which have;</p> <p>(i) Market capitalization of not less than Rs. 5000 crore as on the date of investment; and</p> <p>(ii) Derivatives with the shares as underlying, traded in either of the two stock exchanges.</p> <p>(b) Units of mutual funds regulated by Securities and Exchange Board of India, which have minimum 65% of their investment in shares of body corporate listed on BSE or NSE.</p> <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) Exchanged Traded Funds (ETFs)/Index Funds regulated by 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 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>	Minimum 5% and upto 15%



(v)	<p><b>Asset Backed, Trust Structured and Miscellaneous Investments</b></p> <p>(a) Commercial mortgage based Securities or Residential mortgage based securities.</p> <p>(b) Units issued by the Real Estate Investment Trusts regulated by Securities and Exchange Board of India.</p> <p>(c) Asset Backed Securities regulated by Securities and Exchange Board of India.</p> <p>(d) Units of Infrastructure Investment Trusts regulated by Securities and Exchange Board of India.</p> <p>(e) Units issued by Category I and Category II Alternative Investment Funds (AIF) regulated by the Securities and Exchange Board of India</p> <p>Provided that investment in sub-categories (a) to (d) shall only be in listed instruments or fresh issues that are proposed to be listed.</p> <p>Provided further that investment in sub-categories (a) to (d) 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 Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulation, 1999. Provided further that in case of 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 rating shall be considered.</p> <p>Provided also that the investments in sub-category (e) is allowed subject to satisfaction of the following conditions, namely:—</p> <p>(i) the permitted funds under Category I are infrastructure funds, SME Funds, Venture Capital Funds and Social Venture Capital Funds as detailed in Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</p> <p>(ii) for Category II- AIF as per Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, at least 51% of the funds of such AIF shall be invested in either of the infrastructure entities or SMEs or venture capital or social welfare entities;</p> <p>(iii) Funds shall invest only in those AIFs whose corpus is equal to or more than Rs.100 crores;</p> <p>(iv) the exposure to a single AIF shall not exceed 10% of the AIF Size. However, this limit would not apply to a Government sponsored AIF;</p> <p>(v) Funds to ensure that investment should not be made directly or indirectly in securities of the companies or Funds incorporated and/or operated outside India;</p> <p>(vi) the Sponsor of Alternative Investment Fund should not be the promoter in the Fund or the promoter group of the Fund; and</p> <p>(vii) the AIFs shall not be managed by investment manager, who is directly or indirectly controlled or managed by the Fund or the promoter group of the Fund.</p>	Upto 5%
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- 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 such a 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 such successive financial year through finely 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 incidents of costs. Due caution will be exercised to ensure that the same investment 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.***

## 11. Glossary & Definitions

- AUM : Assets Under Management
  - CBT : Central Board of Trustees
  - USB : Universal Serial Bus
  - EDLI : Employees' Deposit Linked Insurance Scheme, 1976
  - EPF : Employees' Provident Fund Scheme, 1952
  - EPFO : Employees' Provident Fund Organization
  - EPS : Employees' Pension Scheme, 1995
  - FA & CAO : Financial Advisor and Chief Accounts Officer
  - GOI : Government of India
  - G-Sec : Government of India securities
  - MoL&E : Ministry of Labour and Employment
  - N.A. : Not Applicable
  - PBG : Performance Bank Guarantee
  - RBI : Reserve Bank of India
  - RFP : Request for Proposal
  - SDL : State Development Loans
  - SEBI : Securities and Exchange Board of India
  - TDR : Term Deposit Receipt
- 
- Portfolio (or fund) Management: Management of non-owned funds on discretionary basis. Management of owned funds OR advisory services OR non-discretionary management of funds would not be considered
  - Portfolio Manager: Refers to the applicant (entity) participating in the RFP process
  - Fund Manager: Refers to the individual appointed by the Portfolio Manager for fund management
  - Discretionary portfolio manager: the Portfolio Manager individually and independently manages the funds of each client in accordance with the needs of the client
  - Non-discretionary portfolio manager: the Portfolio Manager manages the funds in accordance with the directions of the client
  - Advisory services: Under advisory services, the Portfolio Manager makes investment recommendations to the client. The choice as well as the execution of the investment decisions rest solely with the client
  - Holding Company – as defined under section 2, clause (46) of Companies Act 2013 : “holding company”, in relation to one or more other companies, means a company of which such companies are subsidiary companies.
  - Subsidiary Company – as defined under section 2, clause (87) of Companies Act 2013 : “subsidiary company” or “subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company -
    - (i) controls the composition of the Board of Directors; or
    - (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

- Associate Company – as defined under section 2, clause (6) of Companies Act 2013: “associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- Related Party—as defined under section 2, clause (76) of Companies Act 2013: “related party” with reference to a company, means -
  - (i) a director or his relative;
  - (ii) a key managerial personnel or his relative;
  - (iii) a firm, in which a director, manager or his relative is a partner;
  - (iv) a private company in which a director or manager is a member or director;
  - (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
  - (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
  - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
  - (viii) any company which is—
    - (A) a holding, subsidiary or an associate company of such company; or
    - (B) a subsidiary of a holding company to which it is also a subsidiary;
  - (ix) such other person as may be prescribed;
- Primary Market – as defined in the SEBI’s Investor Education Reading Material under the document name “Beginner’s Guide to Capital Market – Primary Market” - The Primary Market is, the market that provides a channel for the issuance of new securities by issuers (Government companies or corporates) to raise capital. The securities (financial instruments) may be issued at face value, or at a discount / premium in various forms such as equity, debt etc. They may be issued in the domestic and / or international market.
- Secondary Market – as defined in the SEBI’s FAQ on Secondary Market – Secondary Market refers to a market where securities are traded after being initially offered to the public in the primary market and/or listed on the Stock Exchange. Majority of the trading is done in the secondary market. Secondary market comprises of equity markets and the debt markets.
- Long term debt funds – Actively managed debt funds managed either under discretionary portfolio management services (excluding retirement fund portfolios) or Debt Mutual Fund under SEBI (Mutual Funds) Regulations, 1996 (excluding Debt ETFs/Index Funds or any other passively managed funds) having the average value of average maturity not less than 3 years calculated over the last five years as on March 2024.
- Retirement Funds – Following funds will be considered under retirement funds for the purpose of the evaluation 1. Funds managed for exempted trusts under the discretionary Portfolio Management Services (PMS) of the applicant.  
2. Dedicated 100% debt funds, for retirement fund management having an exemption under the Income Tax Act,

1961. 3. NPS scheme C and scheme G shall be considered only if the NPS is managed by the 100% subsidiary of the bidder.

- Eligible Portfolios – All the Long-Term Debt Funds and Retirement Funds which have less than 25% exposure to securities rated AA-/A1 & below (including unrated securities) and have at least 25% exposure combined exposure to G-sec & SDLs on average as on the past 20 quarter end dates from June 2019 to March 2024 will be termed as Eligible Portfolios.
- Non-owned funds – Eligible Portfolios where money from multiple investor is pooled together will be considered as non-owned funds. Those portfolios which are managed for treasuries of Portfolio Manager or Sponsors or Holding company or Associate company or Subsidiary should not be considered as part of non-owned funds. In case the Portfolio Manager is managing funds for the employees of the above entities, that can be included as part of non-owned funds (for e.g. provident fund, super annuation fund etc). The investment by any of the above entities in any of the mutual fund schemes of the Portfolio Manager need not be segregated while submitting the data for such Eligible Portfolios of mutual funds.
- Debt Mutual fund: Will include mutual fund categories namely; Low Duration Fund, Ultra Short Duration Fund, Liquid Fund, Overnight Fund, Short Duration Fund, Medium Duration Fund, Money Market Fund, Medium to Long Duration Fund, Long Duration Fund, Corporate Bond Fund, Dynamic Bond Fund, Banking & PSU Fund, Credit Risk Fund, Floater Fund, Gilt Fund, Gilt Fund with 10Y Constant Duration, Debt ETF/Index Fund
- Defaulted Investment –Default Investment is defined as gross outstanding principal amount (i.e. before any provisions or write-offs) plus any accrued and unpaid interest at the time of default. Default for this purpose is defined as securities/instruments/assets where:
  1. Rating has been downgraded to D rating by any credit rating agency or
  2. There has been a delay in payment of principal or interest. For the purpose of this calculation any defaulted security/ instrument/ asset that has been subsequently upgraded or has been repaid (partly or fully) must still be considered.
- The terms 'Applicant' and 'Bidder' have been interchangeably used across this document and carry the same meaning.
- Definitions not covered above will have a general meaning

## 12. Model Agreement

### Model PORTFOLIO MANAGEMENT AGREEMENT

THIS AGREEMENT IS MADE AND EXECUTED AT NEW DELHI ON THIS \_\_\_DAY OF \_\_\_\_\_ TWO THOUSAND AND \_\_\_\_\_ (“this Agreement”)

BETWEEN

**The Central Board of Trustees, Employees’ Provident Fund Organization (CBT, EPF)**, constituted under Section 5 of the Employees’ Provident Funds and Miscellaneous Provisions Act (Act 19 of 1952), represented by the Central Provident Fund Commissioner, having his Office at OFFICE BLOCK 2, Plate 2A, East Kidwai Nagar, Kidwai Nagar, New Delhi, 110023 and the Financial Advisor and Chief Accounts Officer of the CBT, EPF having his Office at OFFICE BLOCK 2, Plate 2A, East Kidwai Nagar, Kidwai Nagar, New Delhi, 110023 (hereinafter referred to as “CBT, EPF”),

AND

\_\_\_\_\_, a body corporate/company registered under the provisions of the Companies Act, 1956/2013 / constituted under \_\_\_\_\_ and having its Registered Office at \_\_\_\_\_, (hereinafter referred to as the “Portfolio Manager”, which expression shall unless excluded by or repugnant to the subject or context be deemed to include its successors and assigns), for management of the Trust Assets.

#### RECITALS:

1. The Portfolio Manager is registered as a Portfolio Manager with SEBI under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 bearing Registration No.\_\_\_\_\_. The registration of the Portfolio Manager is valid for a period commencing from \_\_\_\_\_ to \_\_\_\_\_. It shall be the responsibility of the Portfolio Manager to have a valid and subsisting registration as Portfolio Manager with SEBI during 5 year tenor from the date of signing this agreement. ( Copy of registration to be attached)
2. The Portfolio Manager has offered to provide Discretionary Portfolio Management Services and pursuant to the warranties and representations by the Portfolio Manager, the CBT, EPF is desirous of appointing and retaining the Portfolio Manager for Discretionary Portfolio Management Services subject to applicable laws and the Act, the Rules and the Regulations as may be amended from time to time and conditions hereinafter provided.
3. The Parties hereto are entering into this Agreement to set out the terms and conditions on which the Portfolio Manager has agreed to render, and the CBT, EPF/Trust/Trustees have agreed to avail of, the aforesaid services.

NOW, THEREFORE, THE PARTIES HERETO HAVE AGREED AS UNDER:

#### 1. DEFINITIONS:

Unless the context or meaning thereof otherwise requires, the following expressions shall have the meaning assigned to them hereunder respectively:

- (i) “**Agreement**” shall mean this agreement and shall include all schedules and annexures attached hereto and any/or alteration made by executing an addendum.
- (ii) “**Assets**”/ “**Portfolio**” shall mean the Securities and other investments and funds entrusted by the CBT, EPF to the Portfolio Manager, as have been described in the Schedule 1 forming part of the Agreement, relating to the securities/investments/funds handed over from time to time and held by the Portfolio Manager for and on behalf of the CBT, EPF .
- (iii) “**Credit Research Team**” means individuals appointed to assess the risks before investing and to monitor the investments constantly.
- (iv) “**Custodian**” shall mean custodian of securities, duly holding a Certificate of Registration under the SEBI (Custodian of Securities) Regulations, 1996, and appointed by EPFO for the custody of its investments.

- (v) **“Custodial services”** in relation to securities means safekeeping of securities of CBT, EPF and providing services incidental thereto, and includes:-
- a. Maintaining accounts of securities of CBT,EPF;
  - b. Collecting the benefits or rights accruing to CBT,EPF in respect of securities;
  - c. Keeping Employees’ Provident Fund Organisation (EPFO) informed of the actions taken or to be taken by the issuer of securities, having a bearing on the benefits or rights accruing to CBT,EPF; and
  - d. Maintaining and reconciling records of the services referred to in sub-clauses a, b and c.
- (vi) **“Designated Bank Accounts”** shall mean the accounts maintained in the branch (es) of the Bank as set out in Schedule 3 hereto
- (vii) **“Disclosure Document”** shall mean the disclosure document issued by the Portfolio Manager and as specified in Regulations 14 (2) (b) and Schedule V of SEBI (Portfolio Managers) Regulations, 2020 and made available to the Trustees/CBT,EPF in accordance with the Regulations.
- (viii) **“Discretionary Portfolio Management Services” / “Services”** shall mean the management, including investment or sale/purchase of the portfolio of the Assets, as the case may be, by the Portfolio Manager at its discretion subject to pattern of investment issued by the Ministry of Labour & Employment (MoL&E) and investment guidelines issued by CBT, EPF and any specific restrictions mentioned in the Schedule 2 forming part of the Agreement Services shall include any additional services as may be assigned by CBT, from time to time and in terms of the provisions of this agreement.
- (ix) **“Effective Date”** shall mean .....
- (x) **“EPFO”** shall mean the Employees’ Provident Fund Organisation
- (xi) **“Exempted establishment”** means an establishment in respect of which an exemption has been granted under section 17 of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, from the operation of all or any of the provisions of any Scheme or the Insurance Scheme, as the case may be, whether such exemption has been granted to the establishment as such or to any person or class of persons employed therein.
- (xii) **“Fund Manager”** means individual appointed by the Portfolio Manager for fund management
- (xiii) **“Investible fund”** means fresh accretions, periodical income, redemption and sale proceeds and other surplus funds received therefrom and transferred to CBT,EPF’s Trustee’s Investment Account at a Designated Branch of the Bank with which the investment account of the Trustees is specifically earmarked for investment purposes. The Portfolio Managers will have the responsibility and discretion to invest the fund Incremental accruals to the CBT, EPF’s corpus subject to the pattern of investment issued by the Ministry of Labour & Employment (MoL&E) and investment guidelines issued by CBT, EPF. Any premature redemptions would be subject to financial viability, aligned with the exit policy of EPFO. The existing guidelines require investments to be held till maturity (unless there are call/put options or related features in the instrument) but the same is subject to changes based on the notifications issued by the MoL&E and investment guidelines framed thereon by the CBT, EPF from time to time.
- (xiv) **“Invested Fund”** means Funds including past and present investments. The newly appointed Portfolio Managers would be allocated a specified portion of the corpus from the existing portfolio of the CBT, EPF as is managed by the current Portfolio Managers.
- (xv) **“Investment Monitoring Cell” / “Cell” / “Investment Division” / “Risk Management Cell”** shall mean sections at the EPFO, which would engage in performance evaluation of the Portfolio Manager on the basis of prescribed Management Information System (MIS) reports and/or other reports, which may undergo changes from time to time, submitted by the Portfolio Manager and the Custodian. This section may also engage consultant(s) at its sole discretion to assist it, for effective monitoring of performance of the Portfolio Manager.
- (xvi) **“Portfolio Manager”** shall mean ....., which has obtained certificate of registration from SEBI to act as a Portfolio Manager under Securities and Exchange Board of India (Portfolio Manager) Regulations, 2020, vide Registration no. .... dated ....., ..... valid from ....., ... up to ....., .....



- (xvii) “Regulations”** shall mean Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 as amended from time to time and any regulation / schemes / guidelines issued by RBI and any regulation / schemes / guidelines / notification / Circular passed or framed under the Employees’ Provident Fund & Miscellaneous Provisions Act, 1952, including but not limited to: (a) Employees’ Provident Fund Scheme, 1952 (EPF); (b) Employees’ Deposit Linked Insurance Scheme, 1976 (EDLI); (c) Employees’ Pension Scheme, 1995 and (d) “Scheme Investment Objectives” and “Investment Pattern” prescribed by the Ministry of Labour and Employment.
- (xviii) “Related Party”**—as defined under section 2, clause (76) of Companies Act 2013: “related party” with reference to a company, means -
- (i) a director or his relative;
  - (ii) a key managerial personnel or his relative;
  - (iii) a firm, in which a director, manager or his relative is a partner;
  - (iv) a private company in which a director or manager is a member or director;
  - (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
  - (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
  - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
  - (viii) any company which is—
    - (A) a holding, subsidiary or an associate company of such company; or
    - (B) a subsidiary of a holding company to which it is also a subsidiary;
  - (ix) such other person as may be prescribed;
- (xix) “Rules”** shall mean the rules governing the Portfolio Managers as laid down by Securities and Exchange Board of India, as amended from time to time.
- (xx) “SEBI”** shall mean the Securities and Exchange Board of India.
- (xxi) “Trustees” or “Trust”** shall mean the Central Board of Trustees, EPF, in whom the administration of Employees’ Provident Fund, under the EPF Scheme 1952; Employees’ Pension Fund, under the EPS 1995, and Employees’ Deposit Linked Insurance Fund under the EDLI Scheme 1976, any other monies vests.

## 2. INTERPRETATION

Unless otherwise provided or unless the subject or context otherwise requires, in this Agreement.

- (i) Clause and paragraph headings are inserted for ease of reference only and shall not affect the interpretation of this Agreement. References to clauses and recitals shall be construed as references to clauses or recitals of this Agreement, unless specified otherwise.
- (ii) Words denoting one gender include all genders; words denoting company include body corporate, corporation and trusts and vice versa; words denoting the singular include the plural; and words denoting the whole include a reference to any part thereof.
- (iii) Reference in this Agreement to any document, security or agreement includes reference to such documents, security of agreement as amended, novated, supplemented, varied or replaced from time to time
- (iv) The words “including”, “include” and “in particular” shall be construed as being by way of illustration only and shall not be construed as limiting the generality of the preceding words

- (v) Heading. Sub-heading and bold typeface are only for convenience and shall be ignored for the purposes of interpretation.
  - (vi) Capitalized terms used herein but not specifically defined shall have the respective meanings assigned to them in the relevant disclosure document.
  - (vii) Reference to any legislation or law or to any provision thereof shall include references to any such law as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.
  - (viii) Any term or expression used but not defined herein shall have the same meaning attributable to it under applicable laws, Regulations, Request for Proposal (RFP), response to pre-bid queries or any other documents shared by EPFO in connection to the RFP.
3. The RFP, the documents shared by EPFO in connection to the RFP and the response to pre-bid queries shall also form as governing documents to this Agreement. In case of conflict between this Agreement, RFP, the documents shared by EPFO in connection to the RFP and the response to pre-bid queries, this Agreement will supersede all other documents.

#### **4. APPOINTMENT OF THE PORTFOLIO MANAGER**

Pursuant to valid and proper authority and in accordance with applicable law, the CBT, EPF hereby appoints, the Portfolio Manager to provide Services for and in respect of the Assets in accordance with the provisions of this Agreement and the Regulations (as any be applicable and in force from time to time). The Portfolio Manager shall have absolute discretion and authority, to manage, invest and reinvest the investible Fund, subject to pattern of investment issued by the Ministry of Labour & Employment (MoL&E) and investment guidelines issued by CBT, EPF and any specific restrictions mentioned in the Schedule 2 forming part of the Agreement or any other terms hereof.

#### **5. SCOPE OF SERVICES**

- (i) The Portfolio Manager shall provide the Services which shall include investment management, buying and managing the Assets, renewing, reshuffling and selling the Assets, and monitoring book closures, bonus, etc. and other corporate actions so as to ensure that all benefits arising out of the management of the Assets accrue to the Trust, as also to take day-to-day decisions in respect of the Assets in accordance with this Agreement and may include consultancy services. The Portfolio Manager will take prior approval of the CBT, EPF for renewing, reshuffling, selling the Assets and exercising put options. All premature redemptions (which includes decision to exercise put options) would be subject to financial viability, aligned with the exit policy of EPFO. The Portfolio Manager shall provide a rationale on its decision to exercise or to not exercise any put options embedded within any security to the EPFO at least 30 days before the put date.
- (ii) The Portfolio Manager shall individually, independently and at its sole, entire and absolute discretion manage the Assets, subject to the terms of this Agreement.
- (iii) The Portfolio Manager shall, in discharging its duties as such, act as an agent of the CBT, EPF/Trustees and in a fiduciary capacity with regard to the Assets consisting of Securities, investments, accruals, benefits, returns privileges, entitlements, substitution and /or replacements or any other beneficial interest including interest, bonus as well as residual cash balance, if any, represented both by quantity and in monetary value.
- (iv) Invest the Assets in category I, II, III and V (a, b, c & d) in accordance with the pattern of investment as prescribed by the MoL&E, the guidelines issued by the EPFO from time to time and the terms of agreement stated herein and take all reasonable steps and exercise due diligence to ensure that the investment of the Assets is not contrary to the provisions of the specified investment pattern laid down by the MoL&E, guidelines issued by the EPFO and terms of agreement stated herein.
- (v) All actions undertaken by the Portfolio Manager, under this Agreement, shall be in accordance with the stated Regulations and restrictions, as stipulated hereunder and further detailed in the relevant Schedules forming part of the Agreement and any modifications to the same from time to time. All transactions in securities shall be subject to the constitutions, by – laws, rules, regulations, customs, usages, rulings and interpretations of the relevant exchange or other markets where the transactions are executed, to the codes

and to all other applicable laws, including the regulations of any governmental or quasi-governmental agency (“Provisions”) so that:

- (a) In the event of any conflict between the terms and conditions of this Agreement and any Provisions, the applicable Provisions shall prevail;
  - (b) The Portfolio Manager shall be entitled to take such action or steps or omit to take any action or steps as it shall in its absolute discretion considered necessary to ensure compliance with the Regulations/Provisions, including taking of any action to avoid or mitigate any loss arising as a result of change in the Provisions;
- (vi) The Portfolio Manager must ensure that the dedicated Fund Manager appointed to manage the Assets should have been managing debt portfolio for a minimum of ten years or as approved by the CBT,EPF/Trust in writing as on the date of appointment. The Portfolio Manager must ensure that the Fund Manager appointed is responsible for exclusively managing the EPFO corpus and does not manage any other fund other than the EPFO corpus. The Portfolio Manager shall be liable and responsible for any act, omission, commission of the individuals appointed by the Portfolio Manager. The Portfolio Manager must ensure that there is a dedicated credit research team with an average experience of minimum five (5) years for assessing the risks before investing and constant monitoring of the investments.
  - (vii) The Portfolio Manager must ensure, to the best possible extent, the team appointed to manage EPFO’s corpus, should continue in their role till the term of this Agreement. For any reason, if there is a proposed change in any member of the team appointed to manage EPFO’s corpus, the same should be intimated to EPFO immediately for approval. The new individual to be appointed as a replacement must meet the specifications as stipulated in (vi) of this clause and The Portfolio Manager must submit the resume of the individual in the format prescribed in the RFP document.
  - (viii) The Portfolio Manager must ensure that the dedicated Fund Manager do not manage or advise or work on any other fund/portfolio other than the said Assets.
  - (ix) The Portfolio Manager shall ensure that the dedicated Fund Management Team (including the Fund Manager and credit research team) is headed by the Chief Investment Officer or Head – Fixed Income or any other personnel with equivalent designation.
  - (x) The Portfolio Manager shall be responsible for monitoring and exit/sale of the investments forming part of legacy portfolio of EPFO allocated to it and incremental investments made during the tenure of appointment, as per the policy approved by EPFO. Portfolio Manager shall take such action as required under the Exit policy of EPFO. Portfolio Manager shall be responsible on a continuous basis for the management of the EPFO corpus allocated to it.
  - (xi) The Portfolio Manager should adopt the latest tools, databases and any other systems, which are necessary to support the Fund Management Team for its investment decisions. The Portfolio Manager must ensure and be responsible for back office support for investment management including accounting and audit. The Portfolio Manager must provide all necessary support to the Custodian for effective discharge of its functions.
  - (xii) The Portfolio Manager shall ensure, at all times, separation between its personnel responsible for investments and those responsible for settlement and bookkeeping. The Portfolio Manager shall further ensure, at all times, appropriate fire-walling between the personnel responsible for investments of the Investible Fund of the trust and other investments that the Portfolio Manager may make. The Portfolio Manager shall ensure that a firewall is maintained both in terms of staff and systems, in respect of the corpus managed for the EPFO, to segregate it from its other businesses.
  - (xiii) The Portfolio Manager shall ensure that the Fund Management Team or the key personnel (including CEO, CIO or any other personnel involved in managing the Assets) of the Portfolio Manager should not invest in their personal capacity, in securities where the EPFO corpus is deployed. Portfolio Manager must report any existing securities holdings owned by the individual(s) appointed to manage the Assets or the key personnel which are part of the EPFO corpus. For divesting such securities prior approval of the EPFO must be obtained. The Portfolio Manager must also report to the EPFO any information pertaining to investments and divestments by the individual(s) appointed to manage the Assets or the key personnel as and when required by the EPFO. The Portfolio Manager must submit a certificate by an independent CA / statutory auditor to EPFO, in this regard.

- (xiv) The Portfolio Manager shall assume day-to-day investment management of the Investible fund allocated to it and act as the investment manager with full discretionary authority and, in that capacity, make investment decisions and manage the investible fund in accordance with the Regulations and Restrictions stated herein and as amended from time to time.
- (xv) The Portfolio Manager shall ensure that it acts in a professional and ethical manner at all times with independence and objectivity for the benefit of the EPFO's subscribers. It shall abide by the Code of Conduct as stated in the SEBI (Portfolio Managers) Regulations, 2020 at all times as amended from time to time. The Portfolio Manager shall provide the services in the best professional manner without breaching any of the Regulations, Restrictions and the provisions stated herein. However, all direct or indirect benefits derived from managing EPFO funds shall have to be passed on to the CBT,EPF/ Trust.
- (xvi) The Portfolio Manager shall exercise due diligence in carrying out its duties and in protection of the interests of the CBT,EPF/ Trust. The investment management process that will be followed by the Portfolio Manager while managing the Assets shall be shared by it with the CBT, EPF/ Trust/Trustees within one month from the date of the Agreement. Any exceptions to the investment process shall be recorded in writing and shared with the CBT,EPF/ Trust. The Portfolio Manager shall be responsible for the acts of omissions or commissions by the individual/s whose services have been undertaken by the Portfolio Manager.
- (xvii) The Portfolio Manager shall manage the Assets independently of its other activities and take adequate steps to ensure that the interest of the beneficiaries of the CBT,EPF/ Trust is not compromised or jeopardised in any manner.
- (xviii) The Portfolio Manager shall maintain books and records about the operations and the status of the Assets in the manner required by the Trust and also comply with the Disclosure Requirements specified by the Trust from time to time and as detailed in Schedule 4 of this Agreement and as specified under the Regulation. The valuation of the Assets shall be done by the Portfolio Manager in accordance with the directions of the CBT,EPF/ Trust.
- (xix) The Portfolio Manager shall provide all records, data or any other relevant material to the CBT,EPF/ Trust to enable the CBT,EPF/ Trust to supervise. The records/data/reports required by the CBT,EPF/ Trust pertaining to the Assets managed by the Portfolio Manager shall be sent to the CBT,EPF/ Trust directly by the Portfolio Manager on demand and regularly on daily and monthly basis. The monthly reports should reach the CBT,EPF/Trust before the 5<sup>th</sup> working day of the following month. Below is the list of data, records, MIS / reports (this is not an exhaustive list) and EPFO depending upon its requirement can modify or ask for new set of report / MIS.
  - a. Daily transaction report, daily MIS
  - b. Monthly report on consolidated transaction
  - c. Monthly MIS and yield reports for various time periods (monthly, quarterly, annually, and inception) in the defined format
  - d. Monthly view book (highlighting macroeconomic indicators of Indian economy and fixed income and investment strategy)
  - e. Monthly receipt and payment report
  - f. Monthly holding statement
  - g. Report/Files to ECA (such as Daily MIS, daily trade reports; monthly Bank statement; Monthly holding statement; TREPS and margin statement; bid auction details as and when portfolio manager participate in bids)
  - h. Any other data, report, MIS or information as and when required by EPFO
- (xx) The Portfolio Manager shall provide electronic interconnectivity to the CBT,EPF/ Trust (and other service providers like banks and custodians, among others) for providing timely information on its investment decisions as well as necessary information sought by the CBT,EPF/ Trust from it from time to time.
- (xxi) The Portfolio Manager shall adapt to further changes including changes on account of technological advancements, changes in system specifications, Services and functional obligations prescribed by the CBT, EPF/Trust from time to time.

- (xxii) The Portfolio Manager shall provide all necessary support to the Custodian for follow up for non-performing assets and recoveries of funds managed on behalf of CBT,EPF , including legacy assets (assets which have been transferred to the Portfolio Manager but are not being actively managed by the Portfolio Manager), allocated to it. The details and supporting documents required for follow-up will be provided by CBT,EPF where necessary.
- (xxiii) The Portfolio Manager shall submit a quarterly certificate from its statutory auditor for compliance on the investment portfolio of the Assets, clause 5 (iv) and clause 11 (v, vi, vii, viii and ix). The certificate of the statutory auditors should reach the CBT,EPF/Trust before the 30<sup>th</sup> calendar day from the end of the quarter for which the certificate pertains. Either the statutory auditor for the PMS account, or that for the Portfolio Manager should provide the certification. The Portfolio Manager shall provide certificate from its statutory auditor on any other issue at any point of time as required by the CBT,EPF.
- (xxiv) For investments in Statutory General Ledger (SGL) account, the Portfolio Manager is responsible to collect interest on maturity, redemption and sale proceeds relating to the investments, on due dates and credit them to the Designated Bank Accounts. For all other investments, the Portfolio Manager will provide all the necessary support to the Custodian to collect interest on maturity, redemption and sale proceeds relating to the investments, on due dates and credit them to the designated Bank Accounts. The Portfolio Manager shall also be responsible for transfer and acceptance of Securities on behalf of the CBT, EPF /Trust to and from trusts of the Exempted establishments as per instructions issued by the Trust in this regard from time to time. While doing so, it shall be the duty of the Portfolio Manager to inform the relevant institutions and authorities that the interest received by the CBT,EPF /Trust is not liable for deduction of tax at source under the Income Tax Act.
- (xxv) In the event of exercise of voting rights for the investments of the Assets, the Portfolio Manager shall notify the CBT,EPF /Trust of the same. Voting rights shall not be exercised by the Portfolio Manager unless instructions in writing to that effect are given by the Trust.
- (xxvi) The investible fund shall be credited to a separate investment account in the name of the CBT,EPF /Trust with the Designated Bank Accounts. All receipts, payments, income, expenses and cost of transactions of investment shall be debited/credited to this designated bank Account.
- (xxvii) All expenses incurred directly in connection with any inquiry, proceeding, audit, inspection by Reserve Bank of India, and any other external agencies, regulatory bodies, etc shall be borne by the Portfolio Manager. In case of expenses relating to the aforesaid audit or contingencies relating to proceedings, which are directed/initiated by the trust or the audit is related to the trust activities, the expenses so incurred shall be paid directly by the CBT,EPF /Trust.
- (xxviii) It will be the responsibility of the CBT,EPF /Trust to keep the Portfolio Manager informed about any changes in the prescribed investment Pattern as well as the investment Guidelines. The CBT,EPF shall have the authority to appoint independent auditors to carry out the audit, which may be concurrent and/or regular, on the portfolio management services provided by the Portfolio Manager and the Portfolio Manager shall co-operate with such Chartered Accountant/concurrent auditor during the course of the audit
- (xxix) The Portfolio Manager and it's appointed Fund Manager to manage EPFO's corpus, must ensure, at all times that it renders high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement. It shall avoid any conflict of interest in investment or disinvestment decision and ensure fair treatment to EPFO. It shall disclose to EPFO possible source of conflict of interest, while providing unbiased services.
- (xxx) The Portfolio Manager shall get the books of accounts and portfolio accounts audited by an independent Chartered Accountant on a quarterly basis. This Chartered Accountant should be recognized by ICAI, having experience of treasury/mutual fund audit operations. The Portfolio Manager shall share the findings of this audit with EPFO.
- (xxxi) The Portfolio Manager must immediately inform the EPFO in writing, in case of any change/ proposed change in its holding structure during the tenure of the Agreement. The CBT, EPF reserves the right to take necessary action based on this information provided.
- (xxxii) The Portfolio Manager shall provide legal assistance and take such steps as may be necessary to protect the pre-existing investments/ or investments made by predecessor Portfolio Manager prior to appointment of the Portfolio Manager, becoming a non-profit/ bad investment by operation of law, order of court or otherwise in spite of prudent professional services, the Portfolio Manager shall take such steps as may be necessary to protect the investments so made. However, it is made clear that the Portfolio Manager shall

be answerable to EPFO for any negligence on its part in performing the said services which is not a bonafide error of judgement.

## 6. TERM AND TERMINATION

- (i) The appointment as Portfolio Manager is valid for a period of 5 (five) years unless terminated in accordance with the provisions of this Agreement. At the end of five years the appointment stands terminated unless it is extended by mutual consent of the Portfolio Manager and CBT, EPF, depending on the performance of the former. Any extension shall be in writing by way of addendum to the existing agreement. The performance of the Portfolio Manager shall be reviewed on a regular basis and the CBT, EPF reserves the right to terminate the appointment of the Portfolio Manager at any point of time if its performance is not up to the satisfaction of CBT, EPF and/or if the conditions specified in this Agreement are not complied with the Portfolio Manager.
- (ii) The EPFO shall review the performance of the Portfolio Managers on a quarterly basis. The criteria for performance review shall be finalised by the EPFO in consultation with the Consultant and communicated to the selected Portfolio Managers. The allocation of funds amongst the portfolio managers will be carried out as follows:
  - a. The initial allocation of the fund amongst the selected portfolio managers will be done based on the aggregate score of technical bid and financial bid in the ratio of 80:20; respectively.
  - b. The review of allocation of funds amongst the selected portfolio managers will be carried out at an annual periodicity from the date of contract, solely based on the performance of portfolio manager.
- (iii) CBT, EPF reserves its right to terminate the agreement immediately in the following events;
  - (a) If the Portfolio Manager is in breach or contravenes the conditions/clauses as specified in the RFP or this Agreement;
  - (b) Any Representations and Warranties, contained herein and any information, disclosures, reports, documents or statements relating to the Agreement or furnished by the Portfolio Manager under or pursuant to this Agreement are untrue, incomplete, inaccurate and incorrect in any respects and any material fact has not been disclosed;
  - (c) If the Portfolio Manager ceases to be eligible to render its Services under the Regulations; including but not limited to, suspension or termination of the registration granted to the Portfolio Manager by SEBI and/or any other competent authority
  - (d) Commencement of corporate insolvency resolution process under the Insolvency or Bankruptcy Code, 2016 (the 'IBC') as amended from time to time or immediately after liquidation commencement date (under Section 33 or Section 59 of the IBC) or upon admission of a winding up petition under Section 272 of the Companies Act, 2013;
  - (e) If the Portfolio Manager or its Related Party or their Directors or key personnel in office have been found guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws;
  - (f) If the Portfolio Manager is unable to perform the duties and responsibilities as specified in the RFP or this Agreement;
  - (g) If the Portfolio Manager is adjudicate insolvent;
  - (h) Any litigation/s initiated before any judicial/quasi-judicial body against the Portfolio Manager, which may adversely affect the interests of the Trust.
  - (i) If any false declaration or misrepresentation of any information/data or document relating to the RFP or the selection process is found; Further, a complaint may be filed with regulator (such as SEBI) along with any other legal action which EPFO may deem fit.
  - (j) For any other reason that EPFO may deem fit, by giving a notice in writing to the Portfolio Manager.
  - (k) If in the EPFOs opinion, the performance of the Portfolio Manager is not satisfactory.

- (l) If there is a change in the ownership, management or key personnel of the Portfolio Manager which in the opinion of the CBT, EPF, adversely affects the interest of the members of EPFO.
- (m) The termination of the Agreement, in any manner whatsoever, shall not, affect or preclude the consummation of any transaction initiated by the Portfolio Manager at the discretion of CBT, EPF/Trust.
- (n) EPFO becomes aware of any news or updates about the Portfolio Manager through any available sources which if it feels might adversely impact the Portfolio Manager's ability to perform the duties under the Agreement, then CBT, EPF/Trust reserves the right to take appropriate action
- (o) If the Portfolio Manager, its affiliates, its agents, or any of their directors or personnel, act or omit to act, in any manner which is inconsistent with the purpose of the Agreement or in any manner which brings or is likely to bring EPFO into disrepute or which otherwise may compromise or adversely affect the reputation and standing of EPFO in any way; in EPFO's sole discretion.
- (iv) It shall be the duty of the Portfolio Manager to ensure that it transfers all assets within 15 days from the date of communication by CBT, EPF to transfer the assets.
- (v) The Portfolio Manager shall ensure smooth transfer of all the funds and provide all necessary support thereof. It shall also ensure the transfer of all the relevant documents/records/information in accordance with the directions issued by the CBT, EPF.
- (vi) Any form of non-support or non-cooperation or obstructions from the Portfolio Manager shall amount to non-performance by the Portfolio Manager. The CBT,EPF reserves the right to invoke the PBG and / or take legal action against the Portfolio Manager in such cases.
- (vii) In case, of termination due to any reason (including any legal action) except force majeure, all the expenses incurred in the process of transferring the assets of the CBT,EPF will be borne by the Portfolio Manager. For any delay in transfer of assets/ funds consequent to termination due to any reason (including any legal action) except force majeure, interest at the rate of the highest yielding security purchased during the tenor of appointment would be payable to CBT,EPF by the Portfolio Manager for the period of delay. Delay will be counted from the next bank working day after 15 days from the date of communication from CBT, EPF to transfer the assets.
- (viii) The Portfolio Manager shall be subject to the term of Agreement until all transfers of assets or funds or any other actions related to such transfers are completed.
- (ix) Portfolio Manager shall submit an auditor's certificate on completion of transfer of assets and funds to EPFO.

## **7. REMUNERATION/FEES AND PERFORMANCE BANK GARRANTEE**

- (i) The Portfolio Manager shall be entitled to the remuneration/fees as set out in Schedule 5 herein, these Remuneration/Fees shall remain the same throughout the Term of this Agreement.
- 12.1.1 For proper and due performance of its obligations under this Agreement, the Portfolio Manager shall give to the Trust, within 30 working days of the date of notice of award of the contract or 2 workings days prior to signing of the contract, whichever is earlier, an unconditional and irrevocable Performance Bank Guarantee for Rs. 12 crs. (Rupees twelve Crores) in a form and of the scheduled commercial bank (rated AA+ and above and acceptable to the CBT,EPF/Trust) to the EPFO in the format as provided by EPFO, payable on first demand, for the due performance and fulfilment of the contract by the Portfolio Manager. CBT,EPF shall be entitled to invoke the Performance Bank Guarantee in the event of any breach of obligations by the Portfolio Manager. All incidental charges whatsoever such as premium, commission etc. with respect to the Performance Bank Guarantee shall be borne by the applicant. The Performance Bank Guarantee shall be valid till 180 days after the completion of the tenure of the appointment including extensions, if any.

## 8. AUTHORISATION/OBLIGATIONS

- (i) CBT,EPF/Trust shall certify to the Portfolio Manager the names and signatures and scope of authority of all persons authorised to give proper instructions or any other notice, request, direction, instruction, certificate or instrument on behalf of the CBT,EPF/Trust. Such certificate/s may be accepted and relied upon by the Portfolio Manager as conclusive evidence of the facts set forth therein and may be considered in full force and effect until receipt of similar certificate to the contrary.
- (ii) The Portfolio Manager shall certify to the CBT,EPF/Trust in writing the names and signatures and scope of authority of all individual/s authorised to receive proper instructions or any other notice, request, direction, instruction, certificate or instrument from the Trust, on behalf of the Portfolio Manager. The service of any notice, request, direction, instruction, certificate or instrument on such authorised individual/s shall be deemed to be effective notice/service to the Portfolio Manager
- (iii) The CBT,EPF/Trust and the Portfolio Manager shall obtain necessary permission, approval, sanction, authorization etc. as may be required under the applicable laws/Regulations from the concerned authorities for performing its obligations stated herein.
- (iv) Upon request by the Portfolio Manager, the CBT,EPF/Trust shall deliver to it suitable power/s of attorney or other instruments as may be necessary in connection with the performance of the obligation by the Portfolio Manager or its authorized representative under this Agreement or for the operation of the Designated Bank Accounts.
- (v) Upon receipt of instructions from the CBT,EPF/Trust for transfer of the Assets or any part thereof, whether on termination or otherwise, the Portfolio Manager shall ensure smooth transfer of all such assets and also ensure that the transfer of all the relevant documents/records/information within 15 days from the date of directions issued by the CBT,EPF/Trust.
- (vi) The CBT,EPF/Trust has appointed Custodian to hold Assets on behalf of the Trust. Nothing contained herein shall confer upon the Portfolio Manager any right, title, interest or share in one or more Assets/investments made pursuant to this Agreement. It is further agreed by the Portfolio Manager that there shall be no co-mingling of Assets with any other assets/securities by the Portfolio Manager at any point of time.
- (vii) The CBT, EPF/Trust shall have right to inspect all documents and accounts of Portfolio Manager relating to the EPFO's funds as and when it feels necessary to do so.

## 9. REPRESENTATIONS & WARRANTIES

- (i) The Portfolio Manager has been duly incorporated and organised and validly exists, under the applicable laws. The Portfolio Manager has the corporate power and authority to own and operate the assets, to carry on its business and has taken all necessary actions to authorise the performance of this Agreement and to carry out the transactions contemplated thereby.
- (ii) The Portfolio Manager/ its Related Party have not been barred or suspended by any regulator or government authority or court of law in India from carrying out investment management activities in capital market and / or money market.
- (iii) The Portfolio Manager/ its Related Party are not in violation of any applicable law or judgment by any court of law or violation of any direction/ order/ regulation by a government/ regulatory authority in India, which individually or in the aggregate, would affect their performance of any obligations under this assignment.
- (iv) The Portfolio Manager/ its Related Party have not been convicted/ penalized/ or have cases that have been settled or are under settlement or pending before any court of law under Prevention of Money Laundering Act, 2002 and Foreign Exchange Management Act, 1999 or any other law of similar nature by whatever name called in India or globally.
- (v) There are no legal or arbitration proceedings or any proceedings by or before any government or regulatory authority or agency, now pending (to the best knowledge of the Portfolio Manager) threatened against the Portfolio Manager / its Related Party which, if adversely determined, could reasonably be expected to have a material adverse effect on the Portfolio Managers' ability to perform the obligations under this assignment. Any development with regards to this should be intimated to the EPFO immediately. CBT, EPF reserves the right to reject or disqualify the Portfolio Manager based on the information provided.



- (vi) The current Directors and key personnel (including but not limited to the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Investment Officer, Fund Manager(s), Compliance Officer) of the Portfolio Manager or of its Holding Company are persons not found guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws. the Portfolio Manager shall inform EPFO about the same immediately in writing. CBT, EPFO reserves its right to take appropriate action/decision in this regard including decision to terminate, which shall be binding on the Portfolio Manager.
- (vii) The Portfolio Manager have not been barred / blacklisted / declared to have failed to honouring any commitment related to investment management activities by any Government (Central or State Government) / any other government entity.
- (viii) The Portfolio Manager have not been declared or under a declaration of ineligible for investment management activities by any Government (Central or State Government) / any other government entity on account of fraudulent or corrupt practices or inefficient / ineffective performance.
- (ix) If there is any change in the status as mentioned in (ii), (iii), (iv), (v), (vi), (vii) and (viii) of this clause, the same shall be brought to the notice of CBT, EPF immediately. CBT, EPF reserves the right to terminate the Portfolio Manager based on this information provided.
- (x) The copies of the Disclosure Documents of the Portfolio Manager filed with the CBT, EPF are true and complete, and the Portfolio Manager has complied with all the provisions of such documents and, in particular, has not entered into any ultra-vires transaction.
- (xi) The execution, delivery and the performance by the Portfolio Manager of this Agreement and its obligations in relation to the Agreement, do not and will not:
  - (a) Breach or constitute a default under the Disclosure Documents and/or any other documents or agreement/s to which the Portfolio Manager is a party;
  - (b) Result in a violation or breach of or default under any applicable law.
- (xii) All representations and warranties, contained herein and all information disclosures, reports, documents or statements relating to the Agreement or furnished by the Portfolio Manager under or pursuant to this Agreement are true, complete, accurate and correct in all respects and do not contain any untrue statement of any material fact or omit to state any material fact which may make the statements therein misleading, which may result in termination of this Agreement by the Trust.
- (xiii) The Portfolio Manager shall not undertake any corporate action, including but not limited to, mergers, amalgamations, takeover, acquisitions, divestment, etc. without prior intimation and consultation with the CBT, EPF if such corporate action shall have an adverse effect on the ability of the Portfolio Manager to discharge its duties as specified in the Agreement or has conflict of interest with the obligations of the Portfolio Manager or with the interest of the Trust or is likely to adversely affect the portfolio management license granted to the Portfolio Manager by the Securities and Exchange Board of India or results in change in the ownership structure of the Portfolio Manager.
- (xiv) The Portfolio Manager shall not be a related party to the Custodian of Securities of EPFO's funds.
- (xv) The Portfolio Manager shall meet the following conditions at all points of time during the period of appointment:
  - a. The sponsor or associate company of the Custodian of securities of EPFO must not hold 50% or more of the voting rights of the share capital of the Portfolio Manager
  - b. 50% or more of the directors of the Portfolio Manager should not represent the interest of sponsor or associate companies of the Custodian of securities of EPFO.

## 10. CONFIDENTIALITY

- (i) All proprietary information, correspondence and documentation etc. exchanged between the CBT, EPF and Portfolio Manager in relation to the performance of services by the Portfolio Manager shall be treated as confidential and privileged by the Parties and disclosed only to their respective authorised officers, directors, employees, agents, representatives, professional advisors on a need to know basis. The Portfolio Manager

and any of its personnel shall not, either during the term or after expiration of this contract, disclose any proprietary or confidential information relating to the services, contract or operations without the prior written consent of EPFO.

- (ii) The Portfolio Manager shall treat all information provided to it or obtained otherwise in connection with the execution of its Services as confidential and shall not use the same by themselves or through any authorised officers, directors, employees, agents, representatives, professional advisors whether in part or wholly for any purpose other than that of the Agreement.
- (iii) Confidential information shall not include information that:
  - (a) is part of the public domain at the time of its disclosure or at any time thereafter;
  - (b) is subsequently learnt from a third party without a duty of confidentiality;
  - (c) at the time of disclosure of such information, it can be proved that such information was already in the possession of the receiving party; or
  - (d) is required to be disclosed pursuant to a court order or government authority, whereupon the receiving party shall, at its earliest opportunity, provide written notice to the other party prior to such disclosure and where feasible giving the other party a reasonable opportunity to secure an appropriate protective order.

## 11. RESTRICTIONS & PENALTY

- (i) The performance of the obligations of the Portfolio Manager be subject to the restrictions as stated herein and more particularly in Schedule 2.
- (ii) The Assets under the management of the Portfolio Manager are restricted to the extent of allocation made to the Portfolio Manager. Further, the CBT, EPF/ Trust has the prerogative of making and/or revising the asset allocation to the Portfolio Manager during the course of this Agreement.
- (iii) The Portfolio Manager shall not indulge in any kind of speculative transactions.
- (iv) The Portfolio Manager shall charge the agreed fee from the CBT, EPF /Trust for rendering portfolio management services as per Schedule- 5. The Portfolio Manager shall be responsible for the acts of omissions or commissions by its personnel.
- (v) The Portfolio Manager shall not purchase or sell Securities exceeding 5 per cent or more through any single broker (including the broker's related party (as defined under section 2, clause (76) of the Companies Act 2013)), of the aggregate purchases and sales of Securities made by the Portfolio Manager, unless the Portfolio Manager has recorded in writing the valid justification for exceeding the aforesaid limit and reports all such investments to the EPFO on a quarterly basis.

The aforesaid limits of 5 per cent shall apply for a block of three calendar months on a monthly rolling basis.

For the calculation of broker limit, all the security transactions in primary as well as secondary market are to be included except investments in bank fixed deposits and Triparty Repo (TREPS).
- (vi) The Portfolio Manager shall not purchase securities of its related party (as defined under section 2, clause (76) of the Companies Act 2013) and the related party (as defined under section 2, clause (76) of the Companies Act 2013) of any other Portfolio Manager appointed by CBT, EPF in the secondary market. Further, this clause is not applicable to dealing on CCIL which is an anonymous online trading platform
- (vii) The Portfolio Manager shall not invest in primary market issuances in which its related party (as defined under section 2, clause (76) of the Companies Act 2013) is one of the Lead Managers or Issuer of securities. The Portfolio Manager will have to submit a detailed list of its related party (as defined under section 2, clause (76) of the Companies Act 2013) to the EPFO and intimate EPFO of any changes in that list thereon.
- (viii) The Portfolio Manager shall not utilise the services of its related party (as defined under section 2, clause (76) of the Companies Act 2013) or the related party (as defined under section 2, clause (76) of the Companies Act 2013) of other Portfolio Manager appointed by CBT, EPF for the purpose of any securities transaction, distribution, sale or purchase in the secondary market.

- (ix) At no point of time shall investible fund exceeding Rs. 5 (five) lakh be kept idle beyond two (2) working days. Idle Investible Fund will mean Investible Fund that are invested in savings bank accounts.

The aforesaid period of two (2) working days shall exclude one working day for transfer of Investible Fund to the Designated Bank Accounts and bank holidays. If idle Investible Fund exceeds an amount of Rs. 5 (five) lakh for a period of more than two working days, the Portfolio Manager shall pay penalty to the CBT, EPF equivalent to latest interest rate declared by CBT, EPF. The penalty for idle funds will not be applicable for situations as mentioned in clause 14 (ii). The deal date will not be counted for the calculation of idle funds.

For example, if the number of working days for which Investible Fund are idle is 5 working days and 8.15% being the latest interest rate declared by CBT, EPF then Portfolio Manager shall pay to CBT, EPF at a rate of 8.15% for a period of 3 days.

- (x) In case the Portfolio Manager becomes aware of breach of any obligations stated herein, it must intimate to the CBT, EPF in writing immediately. In case of any breach coming to the notice of the CBT, EPF, the same will be intimated to the Portfolio Manager in writing. The Portfolio Manager should rectify the same within 30 days from the date on which the Portfolio Manager becomes aware of the breach or from the date of any written communication from the EPFO about any such breach. Failure to do the same would result in a penalty of 0.0004% of the corpus being managed by the Portfolio Manager besides immediate termination and other legal remedies as available to CBT,EPF under law. For this purpose, the corpus as on the last day of the previous month to the month in which breach has taken place would be considered.

- (xi) In the event of the Portfolio Manager being unable to fulfil its obligations stated herein, which in the opinion of the CBT, EPF/Trust is due to circumstances within the Portfolio Manager's control, the CBT, EPF shall be entitled invoke the Performance Bank Guarantee without any protest or demur from the Portfolio Manager. Notwithstanding and without prejudice to any rights whatsoever of the CBT, EPF/Trust under the applicable laws and the provisions hereof, the proceeds of the performance Bank Guarantee shall be payable to the CBT,EPF/Trust as compensation for the Portfolio Managers failure to perform/comply with its obligations under this Agreement Invocation of Bank Guarantee under this clause shall be in addition to the above referred penalty.

However, before invoking the Performance Bank Guarantee, the CBT, EPF /Trust shall give 14 days notice to the Portfolio Manager indicating the default / deficiency in the performance of the obligation(s) under the Agreement and give an opportunity to represent before the CBT, EPF/ Trust. The decision of the CBT, EPF/ Trust on the representation given by the Portfolio Manager shall be final and binding. If circumstances so warrant, the matter may be referred to an arbitrator in terms of clause 15 hereunder.

The Portfolio Manager shall not assign, sub-contract or enter into a consortium under this Agreement.

- (xii) The Portfolio Manager shall not lend or pledge, hypothecate, or create any similar encumbrance on the CBT,EPF Trust's securities in any manner whatsoever without the prior written approval of CBT,EPF.

## 12. Verification of information/data and documents

EPFO reserves the right to verify all statements, undertakings, information/data and documents submitted by the Portfolio Manager in response to the RFP and the Portfolio Manager shall, when so required by EPFO, make available all such information, evidence and documents as may be felt necessary by EPFO for such verification. Any such verification, or lack of such verification, by EPFO shall not relieve the Portfolio Manager of its obligations or liabilities hereunder nor will it affect any rights of EPFO thereunder. Further EPFO reserves the right to call for an auditor's certificate related to any information/data provided during the selection process. The Portfolio Manager must be able to provide the above required data to EPFO within the stipulated timeline as per EPFO's requirement.

## 13. INDEMNITY

The Portfolio Manager hereby agrees to fully indemnify and keep the CBT,EPF/Trust indemnified from and against any breach of agreement, financial loss (including reasonable counsel fees) or damages caused to, or cost incurred by CBT, EPF, arising out of misrepresentation, negligence, misconduct and /or misdemeanour or any breach of applicable laws or of the provision of this Agreement on the part of the Portfolio Manager or any of its employees/agents/sub-agents etc.

## 14. NOTICES

All notices made or required to be given under this Agreement shall be in writing and shall be deemed given upon receipt when sent by (1) Registered A.D Post or (2) Speed Post / courier Service/Hand Delivery at the address as set out in the beginning of this Agreement or at the address subsequently notified in writing by one party to the other.

## 15. MISCELLANEOUS

- (i) Neither party shall be liable to the other for failure or delay in the performance of a required obligation, excluding payment obligations, if such failure or delay is caused by strike, riot, fire, flood, natural disaster, or other similar cause beyond such party's control, provided that such party gives to the other party prompt written notice of such condition and resumes its performance as soon as possible, and provided further that the other party may terminate this Agreement if such condition continues for a period of 30 calendar days.
- (ii) Any modifications to this Agreement shall be in writing and signed by both the parties. The failure of the party to claim a breach of any term of this Agreement shall not constitute a waiver of such breach or the right of such party to enforce any subsequent breach of such term. If any provision of this Agreement is held to be unenforceable or illegal, such decision shall not affect the validity or enforceability or such provision under other circumstances or the remaining provisions shall be reformed only to the extent to make them enforceable under such circumstances.
- (iii) The Portfolio Manager and its Group Companies (in India and outside India) are required to, and take any action, to meet Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime and act in accordance with the laws, regulations and requests of regulatory authorities operating in various jurisdictions which relate to Financial Crime. The Portfolio Manager shall take, and shall instruct (or be instructed by) its Group Companies to take, all actions which are necessary and appropriate to be taken in accordance with all such laws, regulations and requests. The Portfolio Manager shall inform CBT, EPF/ before any such action. It shall also share with CBT, EPF/ the details of all such information to be shared. Such action may include (a) combining Customer Information in the possession of the Portfolio Managers in consultation with CBT, EPF/ and /or (b) making further enquiries as to the status of as person or entity, whether they are subject to a sanction regime, or confirming your identity and status (c) share information on a confidential basis with such Group offices whether located in India or overseas in relation to prevention of Financial Crime.

### **For the purpose of the present clause;**

'Compliance Obligation' means obligations of the Portfolio Manager to comply with (a) laws or international guidance and internal policies or procedures (b) demands or requests from authorities, disclosure or other obligations under law, and (c) laws requiring the Portfolio Manager to verify the identity of its customers.

'Financial Crime' includes money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or violate any laws relating to these matters.

'Group Company' would mean a subsidiary company (as defined under section 2, clause (87) of the Companies Act 2013) or holding company (as defined under section 2, clause (46) of the Companies Act 2013) or associate company (as defined under section 2, clause (6) of the Companies Act 2013).

## 16. GOVERNING LAW & DISPUTE RESOLUTION

- (i) If any dispute arises between the parties, the same shall be settled by conciliation. In case the Parties fail to resolve the dispute by conciliation, the dispute will be referred to the Arbitrator to be appointed by CBT, EPF for arbitration in consonance with the provisions of the Arbitration and Conciliation Act, 1996 (the 'Arbitration Act') as amended from time to time. The award of the arbitrator shall be final and binding on both the parties subject to the remedies provided under the Arbitration Act. Pending resolution, the Parties shall continue to perform their obligations under the Agreement. The procedure and fee of the Arbitration process shall be in accordance with the Arbitration Act. All legal proceedings shall lie to the jurisdiction of courts situated in New Delhi.
- (ii) Subject to the foregoing, the Parties agree to submit to the exclusive jurisdiction of the courts at New Delhi.
- (iii) The Agreement shall be governed and construed in accordance with the laws of India.

IN WITNESS WHEREOF, each of the parties hereto have signed this Agreement at New Delhi on the  
.....

For and on behalf of the Board of CBT, EPF, for and behalf of the Portfolio Manager

(Signature and Seal)  
Name: -  
Designation:

(Signature and Seal)  
Name: -  
Designation:

(Signature and Seal)  
Name: -  
Designation:

**Witness**

**Witness**

Name:  
Designation:  
Address:

Name:  
Designation:  
Address:

## SCHEDULE 1

### DETAILS OF PORTFOLIO ALLOCATED TO THE PORTFOLIO MANAGER

<b>Sr No.</b>	<b>Account Name</b>	<b>Code</b>	<b>Category</b>	<b>Coupon (%)</b>	<b>Particular</b>	<b>Maturity Date</b>	<b>Face Value (in Rs.)</b>

## SCHEDULE 2

### INVESTMENT GUIDELINES FOR INVESTMENTS BY PORTFOLIO MANAGER

(A) Pattern of investment, as notified by Ministry of Labour & Employment:

#### 1. Investment Pattern

Sr. No.	Securities	Percentage amount to be Invested
(i)	<p><b>Government Securities and Related investments</b></p> <p>(a) Government Securities,</p> <p>(b) Other Securities ('Securities' as defined in Section 2 (h) of the Securities Contract (Regulations) 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 in time and fresh investments made in them shall not exceed 5% of the fresh accretions in the year.</p>	Minimum 45% and upto 65%

Sr. No.	Securities	Percentage amount to be Invested
(ii)	<p><b>Debt Instruments and Related Investments</b></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 Institutes') 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 either listed or are proposed to be listed.</p> <p>Provided further that investment shall be made in such bonds of a scheduled bank from the secondary market or from subsequent placement only if the existing 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 and further, the aggregate value of such bonds held by the fund shall not exceed 20% of such bonds issued till that point in time 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 the Asian Development Bank.</p>	<p>Minimum 20% and upto 45%</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 the published annual report(s) for the most recent years, as required to have been published by then under the law:

- i. Have declared profit in immediately three preceding financial years;
- ii. Have maintained a minimum Capital to Risk Weighted Assets Ratio of 9%, or as mandated by prevailing RBI norms, whichever is higher;
- iii. Have net non-performing assets of not more than 4% of the net advances;
- iv. Have minimum net worth of not less than Rs.200 crores.

(e) Units of Debt mutual Funds regulated by Securities and Exchange Board of India:

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.

(f) The following infrastructure related debt instruments:

(i) Listed (or proposed to be listed in case of fresh issue) debt securities issued by body corporate engaged mainly in the business of development or operation and maintenance of infrastructure, or development, construction or finance of low coast 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 letter of comfort of 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.

(ii) Infrastructure and affordable housing Bonds issued by any scheduled commercial bank, which meets the conditions specified in category (ii) (d) above.

(iii) Listed (or proposed to be listed in case of fresh issue) securities or units issued by Infrastructure debt funds operating as a Non-Banking Financial Company and regulated by Reserve Bank of India.

Sr. No.	Securities	Percentage amount to be Invested
	(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>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>(g) Units of Debt Exchange Traded Funds (ETFs) regulated by the Securities and Exchange Board of India and managed by an asset management company appointed as per an agreement with Government of India, specifically meant to invest in the bonds of the Central Public Sector Enterprises (CPSEs), Central Public Sector Undertakings (CPSUs), Central Public Financial Institutions (CPFIs) and other Government organizations.</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 (Credit Rating Agency) Regulation, 1999. Provided further that in case of sub-category (f) (iii) the rating shall relate to the Non-Banking Financial Company and for the sub-category (f) (iv) the rating 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 investment 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>	

Sr. No.	Securities	Percentage amount to be Invested
(iii)	<p><b>Short-term Debt Instruments and Related Investments</b></p> <p>(a) Money market instruments:</p> <p>Provided that investment in commercial paper issued by body corporate shall be made only in such instruments which have minimum rating of A1+ by at least two credit rating agencies registered with Securities and Exchange Board of India.</p> <p>Provided further that if commercial paper has been rated by more than two rating agencies, the two lowest of the ratings shall be considered.</p> <p>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 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%

Sr. No.	Securities	Percentage amount to be Invested
(iv)	<p><b>Equities and Related Investments</b></p> <p>(a) Shares of body corporates listed on Bombay Stock Exchange (BSE) or National Stock Exchange (NSE), which have;</p> <p>(i) Market capitalization of not less than Rs. 5000 crore as on the date of investment; and</p> <p>(ii) Derivatives with the shares as underlying, traded in either of the two stock exchanges.</p> <p>(b) Units of mutual funds regulated by Securities and Exchange Board of India, which have minimum 65% of their investment in shares of body corporate listed on BSE or NSE.</p> <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) Exchanged Traded Funds (ETFs)/Index Funds regulated by 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 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>	Minimum 5% and upto 15%

<p>(v)</p>	<p><b>Asset Backed, Trust Structured and Miscellaneous Investments</b></p> <p>(a) Commercial mortgage based Securities or Residential mortgage based securities.</p> <p>(b) Units issued by the Real Estate Investment Trusts regulated by Securities and Exchange Board of India.</p> <p>(c) Asset Backed Securities regulated by Securities and Exchange Board of India.</p> <p>(d) Units of Infrastructure Investment Trusts regulated by Securities and Exchange Board of India.</p> <p>(e) Units issued by Category I and Category II Alternative Investment Funds (AIF) regulated by the Securities and Exchange Board of India</p> <p>Provided that investment in sub-categories (a) to (d) shall only be in listed instruments or fresh issues that are proposed to be listed.</p> <p>Provided further that investment in sub-categories (a) to (d) 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 Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agency) Regulation, 1999. Provided further that in case of 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 rating shall be considered.</p> <p>Provided also that the investments in sub-category (e) is allowed subject to satisfaction of the following conditions, namely:—</p> <p>(i) the permitted funds under Category I are infrastructure funds, SME Funds, Venture Capital Funds and Social Venture Capital Funds as detailed in Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;</p> <p>(ii) for Category II- AIF as per Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, at least 51% of the funds of such AIF shall be invested in either of the infrastructure entities or SMEs or venture capital or social welfare entities;</p> <p>(iii) Funds shall invest only in those AIFs whose corpus is equal to or more than Rs.100 crores;</p> <p>(iv) the exposure to a single AIF shall not exceed 10% of the AIF Size. However, this limit would not apply to a Government sponsored AIF;</p> <p>(v) Funds to ensure that investment should not be made directly or indirectly in securities of the companies or Funds incorporated and/or operated outside India;</p> <p>(vi) the Sponsor of Alternative Investment Fund should not be the promoter in the Fund or the promoter group of the Fund; and</p> <p>(vii) the AIFs shall not be managed by investment manager, who is directly or indirectly controlled or managed by the Fund or the promoter group of the Fund.</p>	<p>Upto 5%</p>
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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.
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.
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 such a 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.
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.
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.
7. On these guidelines coming into effect, the above prescribed investment pattern shall be achieved separately for such successive financial year through finely and appropriate planning.
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.
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. 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 incidents of costs. Due caution will be exercised to ensure that the same investment 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.**

(B) Investment Manual: Investment Manual as finalized by EPFO; including guidelines as stipulated in the Investment Manual.

## **SCHEDULE 3**

### **DETAILS OF DESIGNATED BANK ACCOUNTS AND BRANCHES**

## **SCHEDULE 4**

### **DISCLOSURE REQUIREMENTS**

1. The Portfolio Manager shall be expected to comply with the disclosure requirements specified by the Trust from time to time. The Portfolio Manager shall furnish periodic reports as well as such information and documents as may be required by the Trust, from time to time. The Portfolio Manager shall furnish the information/data to the custodian/ auditor/consultant in the format as per the frequency and timelines stipulated by the Trust from time to time.
2. The Portfolio Manager shall file with the Trust-
  - a. Bio-data of all its Directors along with their interest in other companies within 15 days of their appointment; and
  - b. Any change in the interests of Directors every six months.
  - c. A quarterly report to the Trust giving details and adequate justification about the purchase and sale of the securities, from the investible fund, of the subsidiaries of the Portfolio Manager (as defined under section 2, clause (87) of the Companies Act 2013) or the holding company of the Portfolio Manager (as defined under section 2, clause (46) of the Companies Act 2013) or the associate companies of the Portfolio Manager (as defined under section 2, clause (6) of the Companies Act 2013), by the Portfolio Manager during the said period where the Securities are common with the Assets managed on behalf of the Trust. The details to be provided are ISIN No. Security Name, Book Value, Purchase Price, Purchase Yield, Rating and Maturity Date.
  - d. The Portfolio Manager shall file with the trust the details or transactions in Securities by the key personnel of the Portfolio Manager in their own name where the Securities are common with the Assets managed on behalf of the Trust. The Portfolio Manager shall also file with the trust the details any existing securities holdings owned by the Fund Management Team or the key personnel (including CEO, CIO or any other personnel involved in managing the Assets) which are part of the EPFO corpus. The Portfolio Manager will ensure that the key personnel, systems, back office, bank and securities accounts for the Assets managed for Trust are segregated from any other funds managed by the Portfolio Manager. The Portfolio Manager shall also ensure that there exist systems to prohibit access to inside information about the Assets managed for the Trust. The Portfolio Manager will have to disclose to EPFO the details of the transactions in securities while participation in the primary market auction specifying the details of proposed investment.
  - e. At the end of each financial year, during the Term of this Agreement, the Portfolio Manager shall furnish a statement of the investments, receipt and payment account, and amortization report as per the EPFO's amortization policy reflecting the position of the invested Assets with a statement showing the amount of interest accrued but not realized as on the closing date of the financial year.
  - f. Any other information/report as required by the Trust.
3. The Portfolio Manager shall interface and provide such reports as may be required by the Trust and other entities of the Trust architecture as may be prescribed by Trust from time to time.
4. The ownership rights and all other rights relating to ownership of all the record, data, statistical returns and information whether in electronic form, or physical form or in any other form obtained collected and /or required to be maintained by the Portfolio Manager shall vest in the Trust. No person other than the Trust shall have any ownership rights or any other rights over any data or information in the possession of the Portfolio Manager. The Portfolio Manager will not, without the prior permission of Trust, produce/share such data or information as evidence or for any other purpose except as required by the due process of law. It shall be the responsibility and duty of the Portfolio Manager to maintain absolute confidentiality of such records/data/information and to produce these as and when called for by the Trust.
5. The Portfolio Manager shall maintain books and records about the operation of various applicable schemes to ensure compliance with the Income tax act, the Companies Act and in such manner as may be required or called for by the Trust. These books and records shall be open for inspection by duly authorised officers, employees or agents of the ministry of Labour and employment, Reserve Bank of India, Trust, any statutory body, and their respective auditors.
6. The Portfolio Manager shall maintain a detailed investment rationale for every investment made by it and shall provide the same as and when asked by the EPFO.



## SCHEDULE 5

### REMUNERATION/FEES

#### SCHEDULE OF FEES

1. Investment Management Fee ..... %  
expressed as per cent of the (in words)  
investments (excluding reinvestment of  
maturity proceeds of the investment  
made by the Portfolio Manager during  
the period of their current appointment)  
made by the Portfolio Manager.

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