

REQUEST FOR PROPOSAL (RFP)

for

**Appointment of Portfolio Managers
for managing**

**Indian Council of Agricultural Research (ICAR)
General Provident Funds Corpus**

Date of issue: 12.06.2017

Deadline for submission of Proposal: 17.07.2017

**Director (Finance)
Indian Council of Agricultural Research (ICAR)
Krishi Bhavan, New Delhi: 110 001**

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1. DISCLAIMER

- 1.1 This document is being published in connection with the proposed appointment of Portfolio Managers by the ICAR.
- 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 ICAR'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 ICAR, 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 ICAR and any of its officers, even if any loss or damage is caused by any act or omission on the part of the ICAR 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- 1.5 By acceptance of this document the recipient agrees that any information herewith will be superseded by any subsequent written information on the same subject made available to the recipient by or on behalf of the ICAR. The ICAR 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 ICAR 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. ICAR 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 ICAR may modify, for any reason deemed necessary, the RFP by amendment notified on the ICAR website (www.icar.org.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 ICAR. 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 ICAR 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 ICAR, 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 ICAR to reject or disqualify the relevant Portfolio Manager, the ICAR reserves the right to reject the Applicant at the time, or at any time after, such information becomes known to the ICAR.
- 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 When any proposal is submitted pursuant to this RFP, it shall be presumed by the ICAR 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 ICAR 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.
- 1.14 The Portfolio Managers failing to satisfy the eligibility and requisite qualification criteria specified herein are not eligible to have their applications considered. All proposals and accompanying documents received within the stipulated time will become the property of the ICAR and will not be returned. The hardcopy version will be considered as the official proposal.
- 1.15 Reference to any laws/regulations/guidelines in this RFP document is applicable to laws/regulations/guidelines in India.

2. INTRODUCTION

- 2.1. The Indian Council of Agricultural Research (ICAR), India is an autonomous body under the aegis of the Department of Agricultural Research & Education (DARE) under Ministry of Agriculture & Farmer's Welfare, Government of India.
- 2.2 The Constitution of India under "Directive Principles of State Policy" provides that the State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want. The General Provident Funds of the ICAR is based *mutatis mutandis* on the rules of the Government of India.
- 2.3 Indian Council of Agricultural Research (ICAR) is a Central Autonomous body under the Ministry of Agriculture and Farmer's Welfare in the Department of Agricultural Research & Education (DARE) and it is a society under the Society's Registration Act 1861.
- 2.4 Bye-Law 14(a) of the book on ICAR Rules and Bye Laws mandates that the funds of the society (ICAR) may be invested in such manner as may be prescribed by the Government of India. All investment of the funds of the Society (ICAR) shall be made in the name of the Society (ICAR).
- 2.5 The appointed Portfolio Managers will be required to make all investments as per the investment pattern prescribed by the Ministry of Finance, investment guidelines issued by the ICAR from time to time and the Agreement between the Portfolio Manager and the ICAR. It has to be ensured by the Portfolio Managers that the corpus is invested to get optimum returns. The investment pattern has gradually evolved to provide greater flexibility in investment options like investments in Term Deposit Receipts, Public/Private Sector Bonds apart from Central and State Government Securities.
- 2.6 As on 31 March, 2017, the ICAR had a corpus of Rs. 1500.00 Crores (aprox) at face value.
- 2.7 For further information about the ICAR, one may visit the website www.icar.org.in

3. DUTIES AND RESPONSIBILITIES OF THE PORTFOLIO MANAGER

The Portfolio Manager, while executing its role of managing the ICAR corpus must:

- 3.1 Ensure that the dedicated Fund Manager(s) appointed to manage the ICAR corpus should have been managing debt portfolio on a continuous basis during the preceding five (5) years, as on the date of appointment.
- 3.2 Ensure, to the best possible extent, the Fund Manager(s) appointed to manage the ICAR corpus should continue in their role till the completion of the assignment. For any reason, if there is a proposed change in the Fund Manager(s) appointed to manage the ICAR corpus, the same should be intimated to the ICAR immediately. The new Fund Manager(s) to be appointed to manage the ICAR corpus should have relevant experience as stipulated in 3.1.
- 3.3 Invest the corpus in accordance with the pattern of investment as prescribed by the Ministry of Finance, the guidelines issued by the ICAR from time to time and the Agreement between the Portfolio Manager and the ICAR;
- 3.4 Maximize the return on the ICAR corpus and to ensure that minimum return to be paid to subscribers without breaching any of the restrictions mentioned in Section 3.3 and to ensure return equal to or above than payable to subscribers of GPF as announced by the GoI from time to time;
- 3.5 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 Ministry of Finance, guidelines issued by the ICAR and the Agreement between the Portfolio Manager and the ICAR;
- 3.6 Exercise due diligence and care in all its decisions on investment management and operations which is in the best interest of the ICAR's subscribers;

- 3.7 Be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the Portfolio Manager;
- 3.8 Ensure and be responsible for back office support for investment management including accounting and audit related services.
- 3.9 File with the ICAR- (i) Bio-data of all its Directors along with their interest in other companies within fifteen days of their appointment; and (ii) Any change in the interest of its Directors every six months.
- 3.10 Ensure that the above duties and responsibilities are adhered to at all points of time. If there is a breach in any duties and responsibilities, the Portfolio Manager should rectify the same within 30 days of the ICAR communicating it to the Portfolio Manager in writing. Failure to do the same, would result in a penalty of 0.0001% of the corpus being managed by the Portfolio Manager. 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. Further, ICAR also reserves the right to terminate the Agreement in case of breach of any of the above duties and responsibilities, after giving notice of thirty calendar days to the Portfolio Manager.

4. PROPOSED CONTRACT TERMS

4.1 Tenure of appointment

The appointment of the Portfolio Managers shall be for a minimum period of 2 (Two) years. This may be extended by mutual consent of the ICAR and the Portfolio Manager concerned, depending on the performance of the latter. The performance of the Portfolio Managers shall be reviewed on a regular basis.

4.2 Performance Bank Guarantee

The successful Applicant must, at its own expense, deposit with the ICAR, within fifteen (15) 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 ICAR, payable on demand, for the due performance and fulfilment of the contract by the Applicant. The quantum of the PBG would be Rs. 10, 00,000/- (Rs. Ten Lakhs only).

4.2.1 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.

4.2.2 In the event of the Applicant being unable to service the contract for whatever reason, which in the opinion of the ICAR is due to circumstances within the Applicant's control, the ICAR may invoke the PBG. Notwithstanding and without prejudice to any rights whatsoever of the ICAR under the contract in the matter, the proceeds of the PBG shall be payable to the ICAR as compensation for the Applicants failure to perform/comply with its obligations under the contract.

4.2.3 Before invoking the PBG, the ICAR 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 ICAR. The decision of the ICAR on the representation given, by the Applicant will be final and binding.

4.3 Review of Performance

The ICAR will follow a process of periodic review of the performance of the Portfolio Managers. Such review will be carried out on a monthly, quarterly and annual basis. The criteria for performance review would primarily be based on the returns on investment made as advised by the selected Portfolio Managers.

4.4 Conditions of termination

The appointment of the Portfolio Manager will be terminated if:-

4.4.1 The Portfolio Manager contravenes the conditions/clauses including inability to perform the duties and responsibilities as specified in the contract Agreement;

4.4.2 At the end of the tenure as specified in the Letter of Appointment;

4.5 Payment Schedule

The Fee/charges payable to the Portfolio Manager would be paid on the fresh investments made during the quarter and settled on quarter end basis. However, this time frame is indicative and would be finalized mutually between the ICAR and the successful Applicant(s). No fees would be payable on reinvestments of existing portfolio.

5. RFP PROCESS

The Portfolio Managers selection process will include the following steps:

- 5.1 Applicants are required to submit a Demand Draft for Rs.10, 000/- (Rupees Ten Thousand only) in favour of "Secretary, ICAR" payable at "New Delhi" as non-refundable application processing fee, along with the RFP proposal.
- 5.2 Pre-bid enquiries
The Applicants can seek clarification from the ICAR on the RFP, in writing, by email or courier to Section Officer (email id auditthree@gmail.com).
- 5.3 Submission of Pre-qualification, Technical and Financial bids by the Applicants
The Applicants may respond to the RFP by uploading Pre-qualification, bid in CPP portal along with required documents.
- 5.4 The ICAR ascertains completeness of bid documents
The ICAR will evaluate the contents of the documents to ascertain that all documents/information requirements are provided in the format and the manner specified. If any document is not in the specified format, ICAR will reject the application.
- 5.5 The ICAR evaluates Pre-qualification, Technical and Financial bid on predefined evaluation criteria:
 - 5.5.1 Pre-qualification bid
The Pre-qualification bids of all the Applicants will be evaluated as per the criteria specified in Para **6.1** of the RFP.
 - 5.5.2 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 Para **6.2** of the RFP.

5.5.3 Financial bid

All Applicants, who obtain a minimum score of 75 per cent on the Technical bid, would be short-listed for the evaluation of their financial bid.

5.5.4 All proposals will be reviewed by a Designated Committee constituted by the ICAR. The ICARs' designated committee may seek oral or written clarifications from the Applicants. The Applicants must respond/provide the information/clarifications within the stipulated time failing which will lead to disqualification of the Applicant.

5.6 Key Activities and Dates The expected schedule of key activities for the purpose of this RFP is outlined below:

| S. No. | Key Activities | Due Date |
|--------|---|--|
| 1. | Issuance of Request For Proposal (RFP) | 12 th June 2017 (Monday) |
| 2. | Last date for uploading of bid documents | 17 th July 2017 (Monday) |
| 3. | Technical bid evaluation | 24 th July 2017 (Monday) |
| 4. | Financial bid opening for the eligible Applicants | 31 st July 2017 (Monday) |
| 5. | Issuance of letters to selected Portfolio Managers | 7 th August 2017 (Monday) |
| 6. | Selected Portfolio Managers to be ready in all respects to manage allocated funds | Within 15 days of issue funds of letter intimating appointment |

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

6. BID EVALUATION CRITERIA

6.1 The pre-qualification criteria for selection of portfolio manager is as follows:

| S. No. | Criteria | Supporting Documents |
|--------|---|--|
| 1. | The Portfolio Manager must be incorporated as a Company or Financial Institution | Copy of the relevant Registration Certificate |
| 2. | The Portfolio Manager must have at least five (5) years of experience in fixed income fund management as on date of RFP; and Assets under management (AUM) under debt funds as on 31 March, 2017, must not be less than Rs.1000 Crore. | Copy of the Registration Certificate (the first such certificate as well as the most recent renewal certificate) of the Portfolio Manager with RBI or SEBI, and with SEBI to carry portfolio management service (PMS) activity. Name, inception date and list of Assets under management (AUM) under debt funds as on 31st March 2017 |
| 3. | The Portfolio Manager/its subsidiaries/its holding company/its associate companies should not have been barred or suspended by any regulator or government authority or court of law in India from carrying out capital market related activities. | 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 subsidiaries/its holding company/its associate companies have not been barred or suspended by any regulator or government authority or court of law in India from carrying out capital market related activities. |
| 4. | The Portfolio Manager/its subsidiaries/its holding company/its associate companies 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. | 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 subsidiaries/its holding company/its associate companies 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. |

| | | |
|----|--|--|
| 5. | 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 subsidiaries/its holding company/its associate companies 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. | 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 subsidiaries/its holding company/its associate companies which, if adversely determined, could reasonably be expected to have a material adverse effect on its ability to perform the obligations under this assignment. |
| 6. | The Directors and key personnel of the Portfolio Manager shall be persons with adequate professional experience in the financial services industry and not found guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws. | An Undertaking from the Chief Executive Officer or Managing Director or equivalent official of the Portfolio Manager certifying that the Directors and key personnel of the Portfolio Manager are persons with adequate professional experience in the financial services industry and not guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws. |
| 7. | The Portfolio Manager shall forthwith inform the ICAR of any material change in the information or particulars previously furnished, which have a bearing on the appointment if granted. | 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 ICAR of any material change in the information or particulars previously furnished, which have a bearing on the appointment if granted. |
| 8 | The Portfolio Manager shall undertake to comply with all the extant ICAR guidelines/directions | 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 ICAR guidelines/directions. |

6.2 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 ICAR:

| S No. | Parameter | Supporting Documents | Max Marks | Criteria | |
|-------|--|---|-----------|---|-------|
| | | | | Years | Marks |
| 1 | Experience in managing retirement fund (in years) | Copy of the Registration Certificate (the first such certificate as well as the most recent renewal certificate) of the Portfolio Manager with RBI or SEBI, and with SEBI to carry portfolio management service (PMS) activity. | 20 | 5-6 | 4 |
| | | | | 6-8 | 8 |
| | | | | 8-10 | 12 |
| | | | | 10-12 | 16 |
| | | | | > 12 | 20 |
| | | | | | |
| 2 | Assets Under Management (Rs crore) | Certificate by Practicing Chartered Accountant of Total Assets under Management. | 20 | Amount | Marks |
| | | | | 1000 | 5 |
| | | | | 1000-2000 | 10 |
| | | | | 2000-3000 | 15 |
| | | | | >3000 | 20 |
| 3 | Net worth of the organization (Rs crore) | Certificate by Practicing Chartered Accountant of Net worth along with financial statement of last three years. | 15 | Amount | Marks |
| | | | | 50 | 3 |
| | | | | 50-100 | 6 |
| | | | | 100-200 | 9 |
| | | | | 200-500 | 12 |
| | >500 | 15 | | | |
| 4 | No. of retirement trust of Central PSU/Autonomous Bodies/State PSU for which investment advisory services are provided | Copy of mandate letters from different trust | 20 | For each such trust 2 marks will be provided. | |
| 5 | Assets under investment Advisory services from Retirement Benefit PSU/Autonomous | Certificate by Practicing Chartered Accountant of assets under management of retirement benefit trust | 20 | (Rs crore) | |
| | | | | <250 | 4 |
| | | | | 250-500 | 8 |
| | | | | 500-1000 | 12 |
| | | | | 1000-1500 | 16 |
| | >1500 | 20 | | | |

| | | | | |
|---|--|-----------------------|---|---|
| | Bodies/State PSU as mentioned in point 4 | | | |
| 6 | Head office /Branch Office in Delhi or NCR | Address of the Office | 5 | Office in Delhi/NCR Head Office-5 marks Branch office-3 marks |

6.3 Financial bid: Format for submitting financial bids

| Charges | Percentage (%) In figures (excluding service tax) | 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. | | |

7. Additional Information:

- 1. Names of Directors of the Applicant:*
- 2. Shareholding pattern of the promoters:*
- 3 Name and Designation of Authorized Representative:*
- 4. Profitability - PAT Growth (latest 3 years)*
- 5. Applicant details:*
 - i. Nature of business/ Products or services offered by the Applicant(s):*
 - ii. Date of incorporation:*
 - iii. Date of commencement of business:*
 - iv. Full address including telephone Nos./Fax Nos.:*
 - v. Registered Office Address:*
 - vi. Address for communication:*