

ASEB EMPLOYEES PENSION FUND INVESTMENT TRUST

REQUEST FOR PROPOSAL

FOR APPOINTMENT OF INVESTMENT ADVISORS

FOR

ASEB EMPLOYEES PENSION FUND INVESTMENT TRUST

Bijulee Bhawan, 1st Floor

PaltanBazar,Guwahati - 781 001

E-mail id: asebefit2014@gmail.com

Request for Proposal for Appointment of Investment Advisors for ASEB EMPLOYEES PENSION FUND INVESTMENT TRUST

A. **General Instructions for Bidding**

- (1) The bidders are requested to submit their proposals incorporating qualifying and other criteria as per Annexure-I and price bid as per Annexure-III attached herewith.
- (2) The bid proposal may be submitted to ASEB EMPLOYEES PENSION FUND INVESTMENT TRUST, latest by on at the address given below:-

**Member & Chief Executive, Pension Trust
Assam Electricity Grid Corporation Limited
Bijulee Bhawan, 1st Floor
Paltanbazar, Guwahati-781001**

- (3) The bids should be submitted in a sealed cover super scribed "NOT TO BE OPENED BEFORE **3.00 PM ON 27/03/2020**". It should contain two separate envelopes duly sealed.
First envelope (super scribing Annexure I) – containing 'Annexure I', demand draft for cost of tender & earnest money and other supporting document.
Second envelope (Super Scribing Annexure II) - containing price bid
The date of opening of technical bids contained in the first envelope shall be communicated to the bidders in due course. The envelope containing price bid of only those bidders, who satisfy the qualifying criteria and obtain a minimum score of 50 (out of maximum 100) on technical parameters, shall be opened on a date and time to be notified later.
- (4) The fees quoted should indicate Fees plus applicable Taxes
- (5) The fee quoted shall be firm for the period of the contract.
- (6) The validity of bids should be for a minimum period of 90 days from the date of opening of Bids.
- (7) The Bidder should submit the bid along with unconditional acceptance of the terms and conditions of the bid. Any conditional bid is liable for rejection of the bid.
- (8) The Trust reserves the right to accept or reject any of the proposals received at its sole discretion without assigning any reasons whatsoever.
- (9) Incomplete proposals and proposal submitted after due date and time or proposals not submitted in the prescribed formats will be summarily rejected.
- (10) The trust reserves the right to cancel the tender without assigning any reasons

B. Eligibility Criteria

The entities fulfilling the below mentioned criteria are eligible to submit their bids:

- (1) **The Bidder should be a SEBI registered Portfolio Manager or Investment Advisors. A copy of the Registration Certificate to that effect, should be enclosed.**
- (2) (i) **The bidder must have at least 3 years experience in providing investment advisory services to minimum 3 nos. of Provident Fund/Retirement Benefit trusts of Central/State Public Sector Undertakings :**

The type of Provident Fund/Retirement Benefit trusts is defined below:

- a. Exempted Provident Fund Trust (Under EPF & MP Act -1952)
 - b. Ministry of Finance governed trusts(i.e. Pension / Gratuity / Superannuation Funds that Follow Investment pattern as defined in IT Act, 1961
 - c. Retirement Trust funds of Autonomous bodies, as covered with respect to their Ministries.
- (3) **The minimum asset under advisory in Retirement Benefit Trusts managed by the bidder as on 31st March 2019 should be Rs. 3,000 Crores.**
 - (4) **Net worth of the bidder should not be less than Rs. 80 Crores as on March 31, 2019.**
 - (5) The Bidder should not have been barred and/or failed to honor any commitment related to Investment Management/Advisory services for Pension/Retirement Trust Funds by any Central PSU / State PSU in the last 5 years. (A self-declaration should be attached)
 - (6) The Directors and any other personnel of the entity should not have been found guilty of moral turpitude or convicted of any economic offence or violation of any financial sector laws during the last 5 years period. (A self-declaration should be attached)
 - (7) (A) The members of investment advisory team should be either (i) CA/CMA/CFA or (ii) MBA (Finance) or equivalent or PGDBM/PGDFM with NISM Certification or Certification accredited by NISM and photocopy of Membership Certificate/Pass Certificate and NISM Certificate has to be submitted. **Distance learning courses of MBA (Finance), PGDBM/PGDFM will not be considered for evaluation.**

In order to fulfill the requirement of NISM Certification, the member should have passed both the levels of (i) NISM-Series X-A: Investment Advisor (Level 1) Certification Examination

(ii) NISM-Series X-B: Investment Advisor (Level 2) Certification Examination

Or certificate accredited by NISM. NISM has accredited the following Certification Examination

- (i) Chartered Wealth Manager (CWM) by American Academy of Financial Management India Pvt. Ltd.
- (ii) Certified Financial Planner (CFP) by Financial Planning Standard Board India
- (iii) International certificate in Wealth and Investment Management (India) Certification by

Chartered Institute for Securities and Investment.

- (iv) Wealth Management Certification (Advance Level) by Centre for Investment Education and Learning Pvt. Ltd.

(B) There should be minimum 3 members in advisory team who satisfies eligibility criteria

- (8) Bidder must have experience of providing Investment Advisory services to the retirement trust funds of PSU/Central/State level undertaking/Corporate as follows:

- a) The mandate/agreement from these retirement trusts should be a valid contract / agreement as per Indian contract act (i.e. must have valid consideration)

- b) Bidder must submit the fee based mandates/agreements of the retirement trust funds only or the bidder should submit undertaking that the services has been provided on valid consideration. Any Zero/NIL fee based mandates/agreement will not be considered for technical evaluation criteria**

- (9) If a firm quotes NIL charges or consideration, the bid shall be treated as nonresponsive and will not be considered.

C. Services to be performed by Investment Manager

- (1) To provide Investment Advisory services to the **ASEB EMPLOYEES PENSION FUND INVESTMENT TRUST** (hereinafter severally referred as trust) with the main goal of maximizing the return without compromising on safety.
- (2) Undertaking of Asset Liability Management (ALM) study to identify range of years, as buckets, investments in which will help the Trust in aligning its maturity profile to future liabilities and thus establish steady cash flows.
- (3) To analyze the portfolio, the cash flow schedules and the investment objectives and philosophy of the Trusts and to assist the trust in formulating the investment policy based on the Trusts' risk appetite and return targets. The policy may cover the risk exposure limits for different issuers, in consonance with the investment pattern mandatory for gratuity and pension funds.
- (4) To monitor the rating of debt papers on an ongoing basis and to advise the Trusts on early warning signals of an impending default.
- (5) To advise the Trust within the framework of MoF, GoI guidelines.
- (6) Tracking the Trust's cash flow schedules and to advise on the timing of investment, taking into account the market dynamics.
- (7) To advise the Trust on better use of regulatory investment pattern.
- (8) To keep the Trust advised on changes/modifications, if any, in regulatory investment pattern.
- (9) To make available its in house capability to the trusts through daily/fortnightly newsletters.
- (10) Management of investment data in the form of MIS reports.
- (11) To designate a suitable senior level executive preferably as nodal person to make periodic interactions with the Trustees to make the investment advisory role meaningful.
- (12) Periodic reconciliation of investment data and cash inflows for the Trust (through coupons, maturities and put/call options) in generated MIS Reports with SGL and Demat statements of the Trust.
- (13) To ensure complete compliance of statutory and other regulatory requirements of the trust.
- (14) Identifying opportunities for portfolio restructuring with view towards:
 - a. Active Duration Management
 - b. Optimizing the returns obtained by the trust

D. Evaluation Methodology

The price bids of only those bidders shall be opened who obtains a minimum score of 50 (out of maximum 100) on technical evaluation parameter. For overall evaluation 80% weight age shall be given to score on technical parameters and 20% weight age to financial bid.

Financial Bid Evaluation Criteria:

1	Score assigned to Lowest Investment Advisory fee Per Annum	100
2	Score Assigned to Others	Percentile of the Highest Scorer

Combined Bid Evaluation Criterion for evaluating the Offers shall be as under:

Sr No.	Particulars	Score
1	Technical Evaluation	Points Scored
2	Financial Bid Evaluation Score	Points Scored
3	Combined Bid Evaluation score	Technical Score x 80% + Financial bid score x 20%
4	Ranking	Highest Scorer and so on.

In case of tie on combined bid evaluation score, the entity with higher technical score shall be ranked above the entity with lower technical score.

E. Other Conditions

- a. The duration of appointment shall be for a period of two years.
- b. In the event the performance of Investment Advisors is not found to be satisfactory, the trust shall be at liberty to cancel the contract by serving a one month notice.
- c. The fees shall be quoted in two parts:
 - i. Annual Maintenance Charges as a percentage of amounts invested during the year.
 - ii. Performance Based Fees
- d. Payment Terms -The payment shall be released on successful completion of assignment on annual basis. The fees would be payable within 30 days from the date of receipt of the invoice at the following address:-

Member & Chief Executive, Pension Trust

Assam Electricity Grid Corporation Limited

Bijulee Bhawan, 1st Floor

Paltanbazar, Guwahati-781001

- e. No additional out of pocket expenses will be payable.
- f. No expense other than the fees as quoted will be payable for the entire scope of work / deliverable.

- g. The members of the Investment Committee will make courtesy visit at the Registered Office/Corporate office of successful bidder to acquaint themselves of the organizational setup, after issuing appointment letter and the related expenditure during short stay of the members have to be borne by the selected establishment.
- F. Tender fees: The non refundable fees of Rs.10,000.(Rupees Ten Thousand) shall be payable by Demand Draft of any nationalised bank in favour of **ASEB Employees Pension Fund Investment Trust**.
- G. The bidder shall have to make deposit of Rs.1,00,000/- in the form of Demand Draft (from any nationalized bank) in the name of ASEB Employees Pension Fund Investment Trust, payable at Guwahati towards EMD, which shall be refundable to unsuccessful bidder within three months (without any interest) from the date of opening of Tender. In case of successful bidder, the EMD shall be treated as Security Deposit, which shall be refunded (without any interest) after the completion of the contract period.
- H. Pre Bid Meeting will be held on 19th March 2020 at 03.00 P.M in the Conference Hall, O/o Managing Director, AEGCL Guwahati

ANNEXURE –I

Sr. No.	Particulars	
1	Name of the firm	
2	Nature of firm	Registered Company/Partnership firm/ Proprietorship firm etc.
3	Year of commencement of business by the firm:	
4	Nature of business of the firm	
5	Whether Registered with NSE and/or BSE	Yes/ No
6	Whether Registered with SEBI as portfolio manager	Yes/ No
7	Organization Set Up	
8	Net worth as on 31st March 2019(Rs. In Crores)	
9	Name and address of Statutory Auditor or Internal Auditor.	
10	Whether the firm/ company has been barred and/or blacklisted and/or failed to honor any commitment related to capital market activities. If barred or blacklisted, please provide the details	Yes/ No
11	Assets under formal Investment Advisory from Provident Fund Trusts/ Retirement Benefit Fund Trusts (as defined under eligibility criteria) as on 31 st March 2019	Annexure-I(a)
12	Name of Team Leader and his stay in the organization in no. of years.	
13	Advisory team and their qualification & experience	Annexure-I(b) (The experience of maximum 10 members with higher experience will be considered)
14	No. of Provident Fund and/ Retirement Benefit Fund of Central/State Public Sector undertaking, (to which Investment Advisory Services provided) for three years.	Annexure- I(c)
15	No. of Provident Fund/Retirement Benefit Trusts (as defined under eligibility criteria), investment advisory as on 31 st December 2019.	Annexure-I(d) (The name of Trust shown in Annexure I(c) and Annexure I (d) should be mutually exclusive
16	Any other details.(Refer to Bid Documents & Bid evaluation criteria)	
17	Enclosures	All the documents in support of the above information/data and as given in the list of enclosures must be signed.

Enclosures to be submitted with the Technical Bids:

1	Current Registration Certificate as Portfolio Manager / Investment Advisors with SEBI (including the first registration certificate with SEBI)
2	Membership Certificate of any Stock Exchange
3	Incorporation Certificate of the Company with the Registrar of Companies.
4	Audited Accounts for the financial year ending 31st March, 2019 along with audit report.
5	<u>For point no. 8,</u> A certificate from the Chartered Accountant in practice in support of the net worth of the applicant as on 31st March, 2019.
6	<u>For point no. 11,</u> A certificate from the Partnership firm of Chartered Accountant in support of the Total Assets under Investment Advisory Provident Fund/ Retirement Benefit Trust (excluding assets of The applicant & its Group Companies) as on 31st March, 2019.
7	<u>For point no. 14,</u> Documentary evidence of providing investment advisory service to Provident Fund/Retirement Benefit Trusts of Central/State Public Sector Undertakings, for 3 years.(provide copy of Completion Certificate of Investment Advisory or declaration from respective PSU that services have been provided for three years.
8	<u>For point no.15,</u> Documentary evidence showing number of Retirement Benefit Trusts being offered Investment Advisory services as on 31st December,2019.(provide copy of 1 st page of agreement or certificate of engagement)
9	Power of Attorney in favour of the person submitting and signing the bid/ offer
10	Power of Attorney in favour of the person who will finally sign the contract agreement.
11	Detailed particulars of the Directors and other top management including their stay with the bidder as on 31st December 2019
12	Certificate that the bidder is not in any litigation with any of its clients
13	A self-declaration that bidder has neither been barred nor failed to honour any commitment in respect of any Central/State Public Sector undertaking during the last 5 years.
14	A self-declaration that Directors and any other personnel of the Portfolio/ Investment Advisor have been found guilty of moral turpitude or convicted of any economic offence or violation of any Financial sector laws during the last 5 years period.
15	Copy of professional qualification or other qualification certificate/ NISM certificate of members of advisory team. (self attested and countersigned by person signing the bid)

ANNEXURE-II

Performance based fee structure:-

Particular	Amount (In words & Figures)								
Performance based fee on Per Annum Basis	A) Annual Advisory charges:..../-per annum excluding taxes. (to be quoted as % of the incremental investments, should not be more than two decimals)								
	PLUS								
	B) Performance based fee structure (Pre-defined):								
	<table border="1"> <thead> <tr> <th>Performance slab</th> <th>Predefined SLAB</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>SLAB-I</td> <td>First 25 basis points above the benchmark yield (Incremental Yield above the benchmark yield on the incremental investments)</td> <td>Fee:5% of the incremental return on the incremental investments</td> </tr> <tr> <td>SLAB-II</td> <td>Return above the SLAB-I(i.e. return above the Benchmark yield+25 basis points) (Incremental Yield above the benchmark yield on the incremental investments)</td> <td>Fee: 10% of the incremental return on the incremental investments</td> </tr> </tbody> </table>	Performance slab	Predefined SLAB	Fee	SLAB-I	First 25 basis points above the benchmark yield (Incremental Yield above the benchmark yield on the incremental investments)	Fee: 5% of the incremental return on the incremental investments	SLAB-II	Return above the SLAB-I(i.e. return above the Benchmark yield+25 basis points) (Incremental Yield above the benchmark yield on the incremental investments)
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SLAB-II	Return above the SLAB-I(i.e. return above the Benchmark yield+25 basis points) (Incremental Yield above the benchmark yield on the incremental investments)	Fee: 10% of the incremental return on the incremental investments							
Total Fee Payable: A(Annual Management Charges) + B(performance based pre-defined fee structure)									

- i The benchmark yield will be linked to the market yield
- ii The Benchmark yield will be the simple average of the 10 year G-sec annualized yield for the period plus a spread of 100 basis points
- iii The taxes will be paid at actual.
- iv The fee shall be payable on the yearly basis

Authorised Signatory

ANNEXURE- III

Technical evaluation criterion for evaluating the Technical offers received from interested parties for appointment as Investment Advisors to ASEB EMPLOYEES PENSION FUND INVESTMENT TRUST.

Sr. No.	Criteria	Maximum Score
Company Parameters		
1	<p>No. of years as SEBI registered Portfolio Manager/ Investment Advisors with emphasis on Retirement Benefit trusts Investment Advisory where(Retirement Benefit trust as defined under eligibility criteria) as on December 31, 2019:</p> <p>(I) if > 10 years : 10</p> <p>(ii) if >= 3 and <= 10 years : 1 – 8 (On linear Scale)</p> <p>(iii) if < 3 years : Not Eligible</p>	10
2	<p>Net Worth of the organization as on March 31, 2019</p> <p>(I) if > 150 Crores : 5</p> <p>(ii) if >or = 80 Crores and < 150 Crores : 1-4 (On Linear Scale)</p> <p>(iii) if <80 Crores : Not eligible</p>	5
Functional Experience & Expertise		
3	<p>Total Assets under Investment Advisory services as on March 31, 2019 from various Provident Fund/Retirement Benefit trusts as defined under eligibility criteria:</p> <p>(I) if > to Rs. 25,000 Cr : 20</p> <p>(ii) if > or = Rs 11,000 Cr and <= Rs. 25,000 Cr : 6-19 (On Linear Scale)</p> <p>(iii) if > or = Rs 3,000 Cr and <= Rs. 11,000 Cr : 1—5 (On Linear Scale)</p> <p>(iv) if <3000 Cr : Not eligible</p>	20
4	<p>Number of Provident Fund/Retirement Benefit Trusts (as defined under eligibility criteria) of Central/State Public Sector Undertakings, Investment Advisory as on 31 December-2019</p> <p>(I) if > 15 : 15</p> <p>(ii)if > or = 3 and <= 15 : 1-13 (On Linear Scale)</p> <p>(iii) if < 3 : Not eligible</p>	15

5	<p>Number of Provident Fund/ Retirement Benefit Trusts, (as defined under eligibility criteria), Investment Advisory as on December 31, 2019 . The name shown against point no 4 and 5 should be mutually exclusive.</p> <p>(I) if > or = to 30 : 15</p> <p>(ii)if > or = 5 and < 30 : 1-13 (On Linear Scale)</p> <p>(iii) if <5 : Nil</p>	15
6	<p>Number of Electricity Companies, in which Advisory services have been provided to Provident Fund/Retirement Benefit Trust. (as defined under eligibility criteria) as on 31st December 2019</p> <p>I) if > or = to 10 : 5</p> <p>(ii)if > or = 3 and < 9 : 1-4 (On Linear Scale)</p> <p>(iii) if < 3 : Nil</p>	5
Investment Management Team, Qualification and Experience		
7	<p>No. of members: The members of investment advisory team should be either (i) CA/CMA/CFA or (ii) MBA (Finance) or equivalent or PGDBM/PGDFM with NISM Certification or Certificate accredited by NISM and photocopy of Membership Certificate/Pass Certificate and NISM Certificate has to be submitted. Distance learning courses of MBA (Finance) or PGDBM/PGDFM will not be considered.</p> <p>(I) if > 15 : 15</p> <p>(ii)if > or = 3 and <= 15 : 1-13 (on linear scale)</p> <p>(iii) if < 3 : Not eligible</p>	15
8	<p>Average years of work experience of Investment advisory and research team:</p> <p>(I) if > or = to 15 : 15</p> <p>(ii)if > or = 5 and < 15 : 1-14.5(on linear scale)</p> <p>(iii) if < 5 : Nil</p>	15
Total		100

