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REQUEST FOR PROPOSAL (RFP)

for

Appointment as External Concurrent Auditor (ECA)

For the audit of Employees' State Insurance Corporation's (ESIC) Investments

Date of issue:
24 July, 2023

Deadline for submission of Proposal:
21 August, 2023 by 02:00 p.m.

To be submitted online and addressed to:

Financial Commissioner,
Employees' State Insurance Corporation (ESIC),
Panchdeep Bhawan,
Comrade Inderjeet Gupta (CIG) Marg,
New Delhi - 110002

Table of Contents

1. Disclaimer	4
2. Introduction	6
3. Terms of Reference.....	7
4. Duties & Responsibilities of the External Concurrent Auditor (ECA)	9
5. Proposed contract terms.....	12
6. Electronic RFP Process.....	13
7. Bid Evaluation Criteria.....	19
8. Format of Pre-Qualification, Technical and Financial bid.....	23
9. Formats for Covering Letter and Clarifications, Deviations, Undertaking and Affidavit.....	32
10. INDEMNITY.....	39
11. Integrity Pact.....	41
12. Model Agreement for ECA.....	47

Glossary

Applicant: Partnership Firms registered with the ICAI which are interested to participate in the RFP process for appointment of External Concurrent Auditor for audit of ESIC's Investments

AUM: Assets Under Management

Custodian: custodian of securities, duly holding a Certificate of Registration under the SEBI (Custodian of Securities) Regulations, 1996 and appointed by ESIC for the custody of its investments.

Concurrent Audit: Concurrent audit of investments made by Portfolio Manager(s), ETF Manager(s) and Custodian

ECA: External Concurrent Auditor

ESIC/ Corporation: Employees' State Insurance Corporation as defined in The Employees' State Insurance Act, 1948

ETF Manager: Asset Management Companies/ Mutual Funds selected by ESIC for investments into equity ETFs or index funds.

Fellow Chartered Accountant (FCA): A Chartered accountant registered as Fellow Chartered Accountant with ICAI.

Fund: Employees' State Insurance Fund as defined in The Employees' State Insurance Act, 1948

ICAI: Institute of Chartered Accountants of India

MIS: Management Information System Reports, in the format as mutually agreed between ESIC and ECA

MoLE: Ministry of Labour and Employment

N.A.: Not Applicable

Portfolio Manager: The portfolio manager with whom ESIC has entered into an agreement for management of debt investments and any other Portfolio Manager appointed in future.

Relevant experience: The experience in the field of Concurrent Audit of Portfolio Managers (considering investment portfolios managed by mutual funds, life insurance companies, pension funds, retirement/provident funds, superannuation funds).

RFP: Request for Proposal

1. Disclaimer

- 1.1. This document is being published in connection with the proposed appointment of External Concurrent Auditor by the ESIC for the audit of ESIC's investments.
- 1.2. This document does not constitute nor should it be interpreted as an offer or invitation for the appointment of External Concurrent Auditor described herein.
- 1.3. This document is meant to provide information only and upon the express understanding that recipients will use it only for the purpose of furnishing a proposal for being appointed as an External Concurrent Auditor for the audit of ESIC's investments. It does not purport to be all inclusive or contain all the information regarding the appointment of External Concurrent Auditor or be the basis of any contract. No representation or warranty, expressed or implied, will be made as to the reliability, accuracy or the completeness of any of the information contained herein.
- 1.4. While this document has been prepared in good faith, neither the ESIC, 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 ESIC and any of its officers, even if any loss or damage is caused by any act or omission on the part of the ESIC 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 ESIC. The ESIC 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. ESIC reserves the right, at any time and without advance notice, to change the procedure for the selection of External Concurrent Auditor or any part of the interest or terminate negotiations or the due diligence process prior to the signing of any binding agreement.
- 1.7. The ESIC reserves the right to reject any or all proposals or cancel/withdraw the Request for Proposal (RFP) without assigning any reason whatsoever and in such case no intending Applicant shall have any claim arising out of such action. At any time prior to the deadline for submission of proposals, the ESIC may modify, for any reason deemed necessary, the RFP by amendment notified on ESIC's website (www.esic.ni.in) and such amendment shall be binding on intending Applicants.
- 1.8. The recipients of the RFP should carry out an independent assessment and analysis of the requirements for appointment as External Concurrent Auditor and of the information, facts and observations contained herein.
- 1.9. This document has not been filed, registered or approved in any jurisdiction. Recipients of this document should inform themselves of any applicable legal requirements and conform to the same.
- 1.10. This document constitutes no form of commitment on the part of the ESIC. Furthermore, this document confers neither the right nor an expectation on any party to participate in the proposed External Concurrent Auditor's appointment process.

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

2. Introduction

2.1 The Employees' State Insurance Corporation (ESIC), India is a statutory body constituted under Section 3 of ESI Act, 1948. It works under the aegis of the Ministry of Labour and Employment (MoLE), Government of India. Its main objective is to administer the ESI Scheme in order to provide benefits to beneficiaries defined under the ESI Act, 1948 in cases of sickness, maternity and employment injury and to make provision for certain other matters in relation thereto.

3. Terms of Reference

3.1 Rule 27 of The Employees' State Insurance (Central) Rule, 1950 deals with investment of ESIC Surplus Fund. As per this rule, ESIC has approved the Investment Policy in the 175th Meeting of ESI Corporation held on 18th September, 2018 (last amended on 22nd February, 2021). The guidelines of investment as per new investment policy, approved by Ministry of Labour & Employment, Govt. of India is as under:

SN	Security / Instrument	Prescribed Range
(i)	<p>Government Securities and related instruments (Govt Bonds).</p> <ol style="list-style-type: none"> 1. Government securities including Treasury Deposit Receipts <ol style="list-style-type: none"> a. Govt Bonds (G-Sec): minimum 5% of this category. b. State Development Loan (SDL): minimum 10% 2. Other 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 	45% to 75%
(ii)	<p>Debt instruments (Fixed Deposit of scheduled commercial banks for more than 1 year, as described below and AAA rated PSU Bonds -</p> <ol style="list-style-type: none"> a. Bank Fixed Deposit: Term Deposit Receipts of not less than one-year duration issued by <i>any of the following –</i> <p style="text-align: center;"><i>State Bank of India or 'Public Sector Banks' and 'Scheduled Commercial Banks declared as D-SIB', which satisfy the following criterion on the basis of the published annual report(s) for the most recent years, as required to have been published by them under the law :-</i></p> <p style="text-align: center;"><i>Declared profit in immediately three preceding financial years; Maintained a minimum Capital to Risk Weighted Assets Ratio of 9% or as mandated by prevailing RBI norms, whichever is higher; Net non-performing assets of not more than 4% of the net advances; Minimum net worth of not less than Rs.200 crore.</i></p> b. <i>Listed or proposed to be listed AAA rated</i> <p style="text-align: center;"><i>Central PSU Bonds or Bonds issued by notified Public Financial Institutions established by the GoI as defined under Section 2 of the Companies Act, 2013 or Bonds issued by body corporates set up by an Act of the Parliament</i></p> <p>Provided that the investment under sub category (b) of this category no II shall be made only in such securities which have minimum AAA rating or equivalent in the applicable rating scale from at least two credit rating agencies registered under SEBI (Credit Rating Agency) Regulations 1999. Maximum investment limit in a single particular issuer would be upto 20 % of 20% of the fund (4% of the investible fund of ESIC) or upto 20% of net worth of the particular issuer, whichever is less.</p> c. <i>Government of India serviced bonds</i> 	20% to 45%

(iii)	<p>Short term Debt instruments and related instruments</p> <ol style="list-style-type: none"> 1. Bank fixed deposit up to 1-year subject to the same criteria as (ii) above, and 2. Money market instruments) as under - <ul style="list-style-type: none"> • TREPS – Minimum 5% of the fund • T bills 	5% to 10%
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NB: The Investment Pattern is to be adhered to/met by the Portfolio Managers by the end of the financial year

- 3.2 The investments in ESIC's funds are based on the investment policy of ESIC as amended from time to time, per Rule 27 of The Employees' State Insurance (Central) Rule, 1950.
- 3.3 This document is a Request for Proposal (RFP) for the appointment of External Concurrent Auditor for the audit of ESIC's investments. The Applicants that may wish to participate in the selection process must submit their proposals as per the process defined in this RFP.
- 3.4 ESIC has two Portfolio Managers for managing ESIC's fund namely, UTI Asset Management Company Limited and SBI Funds Management Limited.
- 3.5 ESIC's Custodian of Securities provides custodial services for the securities allowed in ESIC's investment pattern (as given in clause 3.1 of this RFP) and as amended by ESIC from time to time.
- 3.6 ESIC intends to appoint an External Concurrent Auditor for audit of ESIC's investments. The External Concurrent Auditor is required to examine, verify and report whether the Portfolio Managers have followed the investment pattern, investment guidelines and the terms of agreement entered into between ESIC and the Portfolio Managers and such other audit of investments as may be required by ESIC from time to time.
- 3.7 The total investment of ESIC as on 31st March, 2023 stands to Rs. 1,35,997.97 Crores, out of which investment in Special Deposit Account is Rs. 20,855.65 Crores, Government Securities is Rs. 73,226.55 Crores, Corporate Bonds is Rs. 35,894.17 Crores and Equity is NIL. Investment is done in accordance with provision of section 29(2) of the ESI Act, 1948, read with Rule 27 of ESI (Central Rules), 1950. For further information about the ESIC, one may visit the website www.esic.nic.in.

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

- 4.1 The ECA, while conducting audit of the ESIC's investments, must:
 - 4.1.1 Ensure that the audit is to be conducted by a team consisting of one leader and at least two staff personnel (who are qualified chartered accountants with at least one year of work experience). The leader of the team should be a qualified chartered accountant with at least five years of experience in the field of Audit and at least three years of experience in the field of concurrent audit of Portfolio Managers (considering investment portfolios managed by mutual funds, life insurance companies, pension funds, retirement/provident funds, superannuation funds). The audit should be carried out under direct supervision of a Partner of the Applicant if the leader of the Team is not a Partner of the Applicant then there should be atleast one FCA in the team. There is no requirement for having separate teams for each Portfolio Manager of ESIC.
 - 4.1.2 Ensure that they are not engaged with the same Portfolio Manager(s) and ETF manager(s) of ESIC being audited for any purpose other than the terms of reference contained in this RFP. This restriction would be only for the period during which the Applicant is appointed as ECA for audit of investments done by ESIC's Portfolio Managers and ETF managers. No additional mandate can be taken up by ECA with any of the Portfolio Managers, ETF managers, Custodian of securities appointed to manage ESIC's fund.
 - 4.1.3 Ensure, to the best possible extent, that the team leader appointed to conduct the audit should continue in his role till the completion of the assignment. For any reason, if there is a change in the team leader appointed to conduct the audit, the same should be intimated to ESIC immediately.
- 4.2 Scope of work
 - 4.2.1 Create formats/templates for the MIS to enable monitoring of the investments by Portfolio Manager(s) and ETF Managers
 - 4.2.2 Reconcile the Fund flow and Bank Accounts of ESIC of the investments done by the ETF manager(s) and with the Portfolio Manager(s) on a monthly basis.
 - 4.2.3 Check the MIS from Custodian of securities of ESIC and report exceptions, if any, on an immediate basis.
 - 4.2.4 Check the receipt of data and MIS from Portfolio Managers and report any exceptions to ESIC.
 - 4.2.5 Check the daily transactions with the market data and report deviations.
 - 4.2.6 Check the Credit ratings of the Investments on a daily basis and report any credit rating downgrades or credit rating outlook of 'negative' / 'watch negative' immediately.
 - 4.2.7 To examine and verify whether the Portfolio Managers have followed the investment pattern, investment guidelines and the terms of agreement entered into between ESIC and the Portfolio Managers.
 - 4.2.8 To scrutinize the investment transactions made by the Portfolio Managers in debt and transactions into equities, on day-to-day basis to ensure that the same are as per the SOP, investment pattern as well as the investment guidelines issued by the ESIC. Also, to point out wherever deviations have been made.
 - 4.2.9 To highlight any potential conflict of interest issues such as investment of ESIC's funds by Portfolio Managers in TDRs of the banks under same management group.

- 4.2.10 To verify whether the interest received and proceeds from maturity or sale of investments are received within the due date and re-invested as per the provisions made in the investment pattern and investment guidelines issued by the ESIC. Also, to point out delays, if any, and the causes for such delay.
- 4.2.11 To verify whether the benefits or rights accruing to the ESIC, wherever receivable from the institutions, are received within the due date and invested as per the prescribed investment pattern and investment guidelines of ESIC.
- 4.2.12 To bring out cases of delay in the receipt of benefits or rights accruing to the ESIC.
- 4.2.13 To verify, from the daily transaction details, whether the charges are levied correctly by the Portfolio Manager and ETF Managers as per the terms and conditions and to report any excess charges levied by Portfolio Manager on account of splitting up of investment deals.
- 4.2.14 To verify whether the funds were invested by Portfolio Managers as per the timelines defined in the Agreement signed between ESIC and Portfolio Manager(s).
- 4.2.15 To verify whether proper records have been maintained in respect of all transactions and contracts and to ascertain whether the records are updated correctly and on timely basis.
- 4.2.16 To verify whether all shares, securities, debentures and other investments have been held in the name of ESIC.
- 4.2.17 To verify whether there is a reasonable system of authorization at proper levels and there are adequate system of internal controls commensurate with quantum and value of investment transactions.
- 4.2.18 To verify whether adequate records are kept in support of each investment decision.
- 4.2.19 To ascertain and report whether the Investments have always been made at the optimal market rate with respect to investments into debt securities. The ECA will look into the price on the date of investment and check the proportion of investment closer to lowest, medium and highest rates.
- 4.2.20 To comment on internal control mechanism, whether the systems are adequate to avoid any internal frauds. If not, suggest a suitable mechanism after discussing the matter with the Portfolio Manager concerned.
- 4.2.21 To examine whether the Portfolio Manager has taken steps to address issues highlighted during the performance review of Portfolio Managers or otherwise.
- 4.2.22 To bring out any other point which comes to notice of ECA during the course of audit.
- 4.2.23 To examine the cases of tax deducted at source and the receipt of refund for the same or the receipt of TDS certificates in Form 16-A for those cases. The details may be worked out for the cases in respect of which no refunds or TDS Certificates are received.
- 4.2.24 The ECA have to ensure that all the guidelines/circulars issued by the Government/ ESIC from time to time are followed and the various points mentioned in the scope of audit mentioned above are looked into.

- 4.2.25 The Audit Report shall also identify shortcomings in the existing set up, which are to be taken care of by issuing suitable guidelines.
- 4.2.26 The concurrent audit needs to be carried out and Report submitted to the ESIC on a monthly basis along with desirable certificates. The audit report for a given month and compliance for previous observations need to be submitted to ESIC by 15th day of the subsequent month.
- 4.2.27 In Audit Reports, audit observations regarding separate accounts of funds as may be maintained by ESIC, should be categorized separately.
- 4.2.28 The ECA should carry out the physical verification of holdings with the Custodian as well as other holdings with ESIC as at the end of financial year and submit verification certificate to ESIC. The ECA shall verify and issue certificate for the successful transfer of ESIC's investments and funds in case of change of custodian.
- 4.2.29 Other than those mentioned above, the ECA may be required to perform any other audit related activity as required by ESIC from time to time. However, no additional fee would be chargeable to ESIC.
- 4.2.30 The concurrent audit would be executed at the ECA's office itself. All the data required for audit of ESIC's investments would be electronically shared with the ECA on a daily basis. However, the ECA will be required to review internal systems and processes at the offices of Portfolio Managers. ECA will also be required to visit ESIC's offices/ Custodian for verification of physical securities, data or any other related information.
- 4.2.31 If appointed as ECA for the audit of ESIC's investments, ESIC may verify the records of audit through an external agency, for which the ECA is required to provide necessary support.
- 4.2.32 The ECA shall have the necessary infrastructure, data security, flexibility to provide new MIS/ reports required by ESIC from time to time.
- 4.2.33 To verify whether investments are made at the highest available yield in the respective category on the day of investment for the same period of maturity.
- 4.2.34 The ECA shall provide expert opinion on regulatory/procedural issues faced in the process of investment.
- 4.2.35 The ECA shall provide regular inputs and advisory on emerging regulatory/policy issues in India and around the world, which may help provide better and higher return and identify the risk associated with ESIC's investment and portfolio.
- 4.2.36 Reconcile the security balances and funds of ESIC as per the MIS from Custodian with the Portfolio Manager(s) and ETF Manager(s) on a monthly basis.
- 4.2.37 The ECA shall examine and verify whether the investments made by the Portfolio Manager(s) and ETF Manager(s) are as per the Agreement signed by ESIC with Portfolio Manager(s) and ETF Manager(s).
- 4.2.38 The ECA will report any deviation by Portfolio Manager, ETF Managers and Custodian from agreement entered into with them.

5. Proposed contract terms

- 5.1 The concurrent audit needs to be carried out and its report be submitted to the ESIC on the monthly basis. The remuneration for carrying out the above assignments shall be paid on quarterly basis, subject to receipt of all monthly audit reports for the quarter. The financial bid shall be inclusive of all expenses including out of pocket expenses such as local conveyance, out of station travelling, boarding and lodging etc and exclusive of taxes on services rendered.
- 5.2 THE APPLICANT MAY QUOTE THEIR FINANCIAL BID IN LUMP SUM PER MONTH IRRESPECTIVE OF THE NUMBER OF FUND MANAGERS ENGAGED BY ESIC.
- 5.3 Taxes applicable on the services rendered by ECA would be reimbursed separately by ESIC on producing the supporting documents.
- 5.4 The tenure of ECA will be for three (3) years from date of appointment. This may be extended by one year (1 year) with mutual consent of the ESIC and the ECA on the same terms and conditions, depending on the performance of the latter..
- 5.5 Conditions of termination

The appointment of the ECA will be terminated after giving 30 days' notice if:-

- 5.5.1 The ECA contravenes the conditions/ clauses as specified in the agreement with the ESIC;
- 5.5.2 The ECA is unable to perform the duties and responsibilities as specified in the agreement;
- 5.5.3 If in the ESIC's opinion, the services rendered by the ECA is unsatisfactory;
- 5.5.4 Without assigning any reasons due to unforeseen situation or on administrative ground; and

The appointment of ECA would stand terminated without notice at the end of the tenure as specified in the Letter of Appointment, subject to provisions of clause 5.4.

- 5.6 Arbitration

Any claim, dispute or difference relating to or arising out of this Agreement shall be referred to the arbitration, of a sole arbitrator. The arbitration shall be subject to the Arbitration and Conciliation Act, 1996 as may be amended from time to time. The Delhi International Arbitration Centre, will appoint the Sole Arbitrator and will conduct the Arbitration in accordance with its rules for conduct of Arbitration proceedings then in force and applicable to the proceeding. The seat and venue of arbitration shall be New Delhi. The proceedings shall be undertaken in English. The arbitration award shall be final and binding on the parties.

6. Electronic RFP Process

6.1 Steps in electronic RFP process:

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

6.1.2 Registration:

6.1.2.1 Applicants are required to enroll on the e-Procurement module of the Central Public Procurement Portal (URL: <https://eprocure.gov.in/eprocure/app>) by clicking on the link “Online Applicant Enrollment” on the CPP Portal which is free of charge.

6.1.2.2 As part of the enrollment process, the Applicants will be required to choose a unique username and assign a password for their accounts.

6.1.2.3 Applicants are advised to register their valid email address and mobile numbers as part of the registration process. These would be used for any communication from the CPP Portal.

6.1.2.4 Upon enrolment, the Applicants will be required to register their valid Digital Signature Certificate (Class III Certificates with signing key usage) issued by any Certifying Authority recognized by CCA India (e.g. Sify / TCS / nCode / eMudra etc.), with their profile.

6.1.2.5 Only one valid DSC should be registered by a Applicant. Please note that the Applicants are responsible to ensure that they do not lend their DSC's to others which may lead to misuse.

6.1.2.6 Applicant then logs in to the site through the secured log-in by entering their user ID / password and the password of the DSC / e-Token.

6.1.3 SEARCHING FOR TENDER DOCUMENTS

6.1.3.1 There are various search options built in the CPP Portal, to facilitate Applicants to search active tenders by several parameters. These parameters could include Tender ID, Organization Name, Location, Date, Value, etc. There is also an option of advanced search for tenders, wherein the Applicants may combine a number of search parameters such as Organization Name, Form of Contract, Location, Date, Other keywords etc. to search for a tender published on the CPP Portal.

6.1.3.2 Once the Applicants have selected the tenders they are interested in, they may download the required documents / tender schedules. These tenders can be moved to the respective 'My Tenders' folder. This would enable the CPP Portal to intimate the Applicants through SMS / e-mail in case there is any corrigendum issued to the tender document.

6.1.3.3 The Applicant 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.

6.1.4 PREPARATION OF BIDS

- 6.1.4.1 Applicant should take into account any corrigendum published on the tender document before submitting their bids.
- 6.1.4.2 Please go through the tender advertisement and the tender document carefully to understand the documents required to be submitted as part of the bid. Please note the number of covers in which the bid documents have to be submitted, the number of documents - including the names and content of each of the document that need to be submitted. Any deviations from these may lead to rejection of the bid.
- 6.1.4.3 Applicant, 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.
- 6.1.4.4 To avoid the time and effort required in uploading the same set of standard documents which are required to be submitted as a part of every bid, a provision of uploading such standard documents (e.g. PAN card copy, annual reports, auditor certificates etc.) has been provided to the Applicants. Applicants can use "My Space" or "Other Important Documents" area available to them to upload such documents. These documents may be directly submitted from the "My Space" area while submitting a bid, and need not be uploaded again and again. This will lead to a reduction in the time required for bid submission process.

6.1.5 SUBMISSION OF BIDS

- 6.1.5.1 Applicant 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. Applicant will be responsible for any delay due to other issues.
- 6.1.5.2 The Applicant has to digitally sign and upload the required bid documents one by one as indicated in the tender document.
- 6.1.5.3 Applicant has to select the payment option as "offline" to pay the tender fee / EMD as applicable and enter details of the instrument.
- 6.1.5.4 Applicant should prepare the EMD as per the instructions specified in the tender document. The original should be posted/couriered/given in person to the concerned official, latest by the last date of bid submission or as specified in the tender documents. 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.
- 6.1.5.5 Applicants 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 Applicants. Applicants 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 Applicant). No other

cells should be changed. Once the details have been completed, the Applicant should save it and submit it online, without changing the filename. If the BoQ file is found to be modified by the Applicant, the bid will be rejected.

- 6.1.5.6 The server time (which is displayed on the Applicants' dashboard) will be considered as the standard time for referencing the deadlines for submission of the bids by the Applicants, opening of bids etc. The Applicants should follow this time during bid submission.
- 6.1.5.7 All the documents being submitted by the Applicants 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 openers public keys. Overall, the uploaded tender documents become readable only after the tender opening by the authorized bid openers.
- 6.1.5.8 The uploaded tender documents become readable only after the tender opening by the authorized bid openers.
- 6.1.5.9 Upon the successful and timely submission of bids (i.e. after Clicking "Freeze Bid Submission" in the portal), the portal will give a successful bid submission message & a bid summary will be displayed with the bid no. and the date & time of submission of the bid with all other relevant details.
- 6.1.5.10 The bid summary has to be printed and kept as an acknowledgment of the submission of the bid. This acknowledgment may be used as an entry pass for any bid opening meetings.

6.1.6 Assistance to Applicants

- 6.1.6.1 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.
- 6.1.6.2 Any queries relating to the process of online bid submission or queries relating to CPP Portal in general may be directed to the 24x7 CPP Portal Helpdesk. The contact number for the helpdesk is 1800 233 7315. Foreign Applicant can get help at +91-79-40007451 to 460.
- 6.1.6.3 Pre-bid Conference: - The applicants can seek clarification from the ESIC on the RFP, inwriting, by e-mail to Dy. Director (Finance) at jd-f2@esic.nic.in. The ESIC will respond to the above queries during the pre-bid conference on 07 August, 2023 at 02.30 PM to be held at ESIC Headquarters, New Delhi. All such queries received would be consolidated in a single document with responses from the ESIC and uploaded on the ESIC website (www.esic.nic.in) & CPP Portal.
- 6.1.7 The Applicants should fill up the online detail, complete in all respect, and submit the required documents as per the terms of this RFP on or before 21 August, 2023, by 02.00 PM.

6.1.8 The Applicants shall deposit Earnest Money Deposit [EMD] of Rs.1,00,000/- (Rs. One lakh only) through NEFT/ ECS/ RTGS/ CBS in Canara Bank, Indraprastha Estate Branch, New Delhi-110002, A/c No.- 90172010131946, IFSC Code- CNRB0019017, MICR 110015371. Account Name- Employees' State Insurance Corporation, payable on or before 21 August, 2023, by 02:00 p.m.

6.1.8.1 After making the payment, Applicant must send an E-mail at id-f2@esic.nic.in mentioning about the payment details such as UTR No., Company Name, User ID, Payment towards ESIC EMD, Tender ID and Tender Title. Failure to send remittance detail to the email ids on or before 21 August, 2023, by 02.00 PM may lead to non-consideration of tender.

6.1.8.2 ESIC will refund the EMD to all the unsuccessful Applicants upon signing of Agreement with the successful External Concurrent Auditor. No interest shall be payable on the EMD amount.

6.1.8.3 ESIC reserves the right to forfeit the EMD if the selected Applicant fails or refuses to accept the offer from ESIC for being appointed as the External Concurrent Auditor and/ or fails to sign the Agreement within the stipulated period and/ or refuses to accept any of the terms of the Agreement or Agreement not finalized in stipulated period due to any terms & conditions proposed to the agreement in addition to the terms & conditions laid down in this RFP by the selected Applicant which is not acceptable to ESIC. ESIC may also decide to debar the said Applicant from future assignments. (Model agreement attached in Section 11 of this RFP document).

6.1.9 Applicants are required to do online submission of pre-qualification, technical and financial bids (as detailed in section 8 of this document) at e-tendering portal <https://esictenders.eproc.in>.

6.1.10 The authorised representative of the Applicants may be present at the time of opening of the pre-qualification, technical and financial bids.

6.1.11 There must be a summary of list of documents against each proposal (pre-qualification, technical and financial bids).

6.1.12 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.

6.1.13 The currency of the proposal and payments shall be in Indian rupees only.

6.1.14 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.

6.1.15 THE APPLICANT MUST ENSURE THAT THE SOFTCOPIES OF ALL BID DOCUMENTS COMPLETE IN ALL ASPECTS AS DETAILED IN THIS RFP ARE SUBMITTED ONLINE.

6.2 Completeness of bid documents

6.2.1 The ESIC along with the consultant appointed by it, will open and evaluate the contents of the documents received to ascertain that all documents/ information requirements are provided in the format and the manner specified.

6.2.2 The ESIC may, where desired necessary, seek further clarifications from any/ all Applicants in respect of any information provided in the RFP.

6.2.3 The Applicant must furnish clarifications within the stipulated time frame failing which the bids submitted by the Applicant concerned will be treated as incomplete.

6.3 Evaluation of technical and financial bids

6.3.1 All Applicants, who qualify on the pre-qualifications bid criteria as laid down in section 7.1 of this RFP would only be further evaluated on technical bids.

6.3.2 The technical bids of eligible Applicants will be evaluated as per the criteria specified in section 7.2 of this RFP.

6.3.3 Applicants, who score at least 75% (3.75 out of a max score of 5) in the technical bid, would only be short-listed for the evaluation of the financial bid.

6.3.4 Of the Applicants qualifying in technical bid, the Applicant with lowest financial bid (L1) will be offered appointment as External Concurrent Auditor. ESIC reserves the right to negotiate terms with the L1 Applicant, if required.

6.3.5 ESIC will offer the appointment to L2 Applicant if the L1 Applicant fails or refuses to accept the offer from ESIC for being appointed as the External Concurrent Auditor and/ or fails to sign the Agreement within the stipulated period and/ or refuses to accept any of the terms of the Agreement or Agreement not finalized in stipulated period due to any terms & condition proposed to the agreement by L1 Applicant which is not acceptable to ESIC (Model agreement attached in Section 11 of this RFP document). The Agreement, signed between ESIC and the appointed External Concurrent Auditor, will cover terms and conditions given in this RFP document for Appointment of External Concurrent Auditor for ESIC's Funds.

6.3.6 The proposals shall be valid for a period of six (6) months from the date of application.

6.4 Finalisation of External Concurrent Auditor

6.4.1 External Concurrent Auditor will be finalised based on the evaluation process as prescribed above and the successful External Concurrent Auditor will be informed.

6.4.2 ESIC reserves the right to cancel the appointment process and call for a re-bid without assigning any reason thereof.

6.5 Applicants are required to sign Integrity Pact as per format in Section 10 of this RFP and has to be abided by the conditions of this Integrity Pact and specific directions, if any, of the Committee to be nominated by the ESIC at a later stage. Bidders will upload the Integrity Pact signed by them only as 2nd party and ESIC will sign the Integrity Pact as service receiver & 1st party after opening the bids at later stage.

6.6 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 RFP	24 July, 2023
2.	Last date for submission of queries on RFP via e-mail (queries to be sent to on the e-mail ID: jd-f2@esic.nic.in)	01 August, 2023 by 05:00 pm
3	Pre-bid Conference	07 August, 2023, 02:30 pm
4.	Response to above queries to be uploaded on the ESIC website and CPP portal	On or before 11 August, 2023
5.	Last date for submitting Proposal	21 August, 2023, 02:00 pm
6.	Pre-qualification bid opening	22 August, 2023, 02:30 pm
7.	Technical bid opening for the eligible Applicants	Date will be notified to qualified Applicants
8.	Financial bid opening for the eligible Applicants	Date will be notified to qualified Applicants
9.	Issuance of letters to selected External Concurrent Auditor	After the approval from Competent Authority
10.	Signing of Agreement	To be intimated to the selected External Concurrent Auditor
11.	Selected External Concurrent Auditor to be ready in all respects	To be intimated to the selected External Concurrent Auditor

* The ESIC 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 ECA for the ESIC's investments is as follows:

S. No	Criteria	Supporting Document
1	The Applicant should be a Partnership Firm registered with the ICAI. The Applicant must be registered with the ICAI for at least 10 years as on last date of application. The Applicant should not have turnover (on receipt/cash basis) from professional services of less than Rupees One Crores (Rs. 1,00,00,000/-) for each of the last three financial years.	Section 8.2.1
2	The Applicant should have valid Income tax Permanent Account Number (PAN) and GST number as on last date of application.	Section 8.2.2
3	The Applicant should have atleast 25 employees on its roll excluding articled clerks as on the date of RFP. There must be at least FIVE (5) Chartered Accountants (CA) working as fulltime Partners of which at least TWO (2) should be Fellow Chartered Accountant (FCA), as on the date of RFP.	Section 8.2.3 & Section 8.2.4
4	The Applicant must have experience in each of the last FIVE (5) Financial Years ending 31 March, 2023 in concurrent audit of at least one account of portfolio manager* with annual turnover# of at least Rs. 5,000^ crore.	Section 8.2.5
5	The Applicant / any partner should not have been convicted by a court of law or indictment / adverse order passed against the Applicant / any partner till the date of application.	Section 8.2.6
6	The Applicant / any partner should not have been barred or suspended by any regulator or ICAI or government authority or court of law in India from carrying out audit related activities in the last five years as on the date of RFP.	Section 8.2.7
7	The Applicant / any partner 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 and have not been black-listed.	Section 8.2.8
8	There are no legal or arbitration proceedings or any proceedings by or before any government or regulatory authority or agency, now pending or threatened against the Applicant / any partner which, if adversely determined, could reasonably be expected to have a material adverse effect on its ability to perform the obligations under this assignment.	Section 8.2.9
9	The Applicant shall forthwith inform the ESIC of any material change in the information or particulars previously furnished, which have a bearing on the appointment if granted.	Section 8.2.10
10	The Applicant shall undertake to comply with all the extant ESIC guidelines/ directions.	Section 8.2.11
11	The Applicant shall have the necessary infrastructure, data security, flexibility to provide new MIS/ reports required by ESIC from time to time.	Section 8.2.12
12	The Applicant should have functional office in Mumbai	Section 8.2.13

*Includes investment portfolios managed by mutual funds, life insurance companies, pension funds, retirement/provident funds, superannuation funds

#Annual turnover as on a given date must be calculated as the sum of buy and sell transaction amounts during last one year. The annual turnover must be calculated on the following dates; 31 March, 2023, 31 March, 2022, 31 March, 2021, 31 March, 2020, and 31 March, 2019.

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

7.2 Technical evaluation parameters

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

7.2.1 Quantitative criteria

S. No	Measure	Measurement Criteria	Supporting Document	Weight
1	Aggregate of Average Assets Under Management (AAUM) – Rs. Crores	Aggregate AAUM across all accounts of portfolio managers* (whose concurrent audit was carried out by the Applicant) - sum of aggregate AAUM as of 31 March, 2023, 31 March, 2022, 31 March, 2021, 31 March, 2020, and 31 March, 2019. Please refer to illustration 8.5.1 for the calculation	Section 8.3.1	10%
2	Relevant experience of the Applicant – Years	Experience of the Applicant in terms number of financial years during the period 01, April 2013 to 31 March, 2023 in concurrent audit of accounts of portfolio managers*. Further, experience in a financial year can only be considered if the total turnover # (considering sum of turnover across all accounts of portfolio managers* whose concurrent audit was carried out by the Applicant in the respective financial year) was at least Rs. 500 Crores. Please refer to illustration 8.5.2 for the calculation	Section 8.3.2	20%
3	Number of clients – Number	Number of accounts of portfolio managers* (whose concurrent audit was carried out by the Applicant) - average number of clients as of 31 March, 2023, 31 March, 2022, 31 March, 2021, 31 March, 2020, and 31 March, 2019. Please refer to illustration 8.5.3 for the calculation	Section 8.3.3	20%
4	Relevant experience of the partner assigned – Years	Experience (in years) of the assigned partner for the said assignment in concurrent audit of portfolio managers* as on the date of RFP.	Section 8.3.4	20%
5	Number of members in the proposed execution team – Number	Number of members who are chartered accountants in the proposed execution team for the said assignment.	Section 8.3.4	10%
6	Relevant experience of proposed execution team – Years	Aggregate experience (in years) of the proposed execution team for the said assignment in concurrent audit of portfolio managers* as on the date of RFP.	Section 8.3.4	10%
7	Number of Fulltime Partners who are FCA – Number	Number of Fulltime Partners who are FCA as the date of RFP.	Section 8.3.5	5%
8	Number of staff members – Number	Number of staff members (excluding fulltime Partners), who are chartered accountants as the date of RFP.	Section 8.3.6	5%
Total				100%

*Includes investment portfolios managed by mutual funds, life insurance companies, pension funds, retirement/provident funds, superannuation funds. If an account of the client is managed in more than one financial years then it should be treated as a separate account for counting the number of accounts in each of the financial years in which it was managed.

#Annual turnover as on a given date must be calculated as the sum of buy and sell transaction amounts during last one year. The annual turnover must be calculated on the following dates; 31 March, 2023, 31 March, 2022, 31 March, 2021, 31 March, 2020, and 31 March, 2019 and so on.

7.2.2 Scoring process for quantitative parameters

Score (higher the better) - >	1	2	3	4	5
Aggregate of Average Assets Under Management (AAUM) – Rs. Crores (S. No 1 of Section 7.2.1)	< = 50,000	> 50,000 to 1,00,000	> 1,00,000 to 2,50,000	> 2,50,000 to 5,00,000	> 5,00,000
Relevant experience of the Applicant – Years (S. No 2 of Section 7.2.1)	1, 2	3, 4	5, 6	7, 8	9, 10
Number of clients – Number (S. No 3 of Section 7.2.1)	< = 2	> 2 to 3	> 3 to 4	> 4 to 5	> 5
Relevant experience of the partner assigned – Years (S. No 4 of Section 7.2.1)	< = 4	> 4 to 6	> 6 to 8	> 8 to 10	> 10
Number of members in the proposed execution team – Number (S. No 5 of Section 7.2.1)	NA	NA	3	4	> = 5
Relevant experience of proposed execution team – Years (S. No 6 of Section 7.2.1)	NA	NA	> = 7 to 10	> 10 to 13	> = 13
Number of Fulltime Partners who are FCA – Number (S. No 7 of Section 7.2.1)	NA	NA	2	3, 4	> = 5
Number of staff members – Number (S. No 8 of Section 7.2.1)	< = 5	> 5 to 10	> 10 to 15	> 15 to 20	> 20

Illustration

Table 1 (Evaluation of parameters)

	Aggregate of Average Assets Under Management (AAUM)	Relevant experience of the Applicant	Number of clients	Relevant experience of the partner assigned	Number of members in the proposed execution team	Relevant experience of proposed execution team	Number of Fulltime Partners who are FCA	Number of staff members

Parametric Weights	10%	20%	20%	20%	10%	10%	5%	5%
Applicant 1	150000	6	2	6	4	8	3	10
Applicant 2	200000	9	7	9	4	12	4	20
Applicant 3	180000	7	4	6	5	9	2	15
Applicant 4	100000	1	1	9	3	7	5	25
Applicant 5	290000	5	6	12	6	10	8	15

Table 2 (Scoring of parameters)

	Aggregate of Average Assets Under Management (AAUM)	Relevant experience of the Applicant	Number of clients	Relevant experience of the partner assigned	Number of members in the proposed execution team	Relevant experience of proposed execution team	Number of Fulltime Partners who are FCA	Number of staff members	Technical bid score
Parametric Weights	10%	20%	20%	20%	10%	10%	5%	5%	100%
Applicant 1	3	3	1	2	4	3	4	2	2.50
Applicant 2	3	5	5	4	4	4	4	4	4.30^
Applicant 3	3	4	3	2	5	3	3	3	3.20
Applicant 4	2	1	1	4	3	3	5	5	2.50
Applicant 5	4	3	5	5	5	3	5	3	4.20

[^]Working for Applicant 2 = (10%*3 + 20%*5 + 20%*5 + 20%*4 + 10%*4 + 10%*4 + 5%*4 + 5%*4 + 15%*2) = 4.30

7.3 Overall evaluation scoring

	Technical bid score	Qualified for financial bid (Yes/ No) considering technical cut-off of 3.75	Financial Bid	Rank
Applicant 1	2.50	No	NA	NA
Applicant 2	4.30	Yes	200000	L1
Applicant 3	3.20	No	NA	NA
Applicant 4	2.50	No	NA	NA
Applicant 5	4.20	Yes	300000	L2

Note - Applicants, who score at least 75% (3.75) in the Technical bid would only be short-listed for the evaluation of Financial bid.

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

8.1 Documents comprising the proposal

- 8.1.1 The proposal submitted by the Applicant shall comprise the following documents:
- 8.1.2 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.
- 8.1.3 Technical bid with all the technical 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.
- 8.1.4 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.
- 8.1.5 Any deviations from the requirements of the RFP must be included as a separate statement, as per the format defined in Section 9.5.
- 8.1.6 Any other information that is to be submitted during the course of the proposal process.

8.2 Pre-qualification bid format

Name of the Applicant (full name of the Partnership Firm):

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

- 8.2.1 The Applicant should be a Partnership Firm registered with the ICAI. The Applicant must be registered with the ICAI for at least 10 years as on last date of application. The Applicant should not have turnover (on receipt/cash basis) from professional services of less than Rupees One Crores (Rs. 1,00,00,000/-) for each of the last three financial years. – Enclose copy of Registration and Undertaking from the Managing Partner or equivalent official of the applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Sr. No	Particulars	Supporting document submitted	Remarks if any	Annexure No. of supporting document
1	Date and Registration No. of the Applicant with ICAI			
2	Number of completed years as on last date of application			

- 8.2.2 The Applicant should have valid Income tax Permanent Account Number (PAN) and GST number as on last date of application. – Enclose copy of PAN card and GST certificate.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document
1.	Copy of PAN card		
2	Copy of GST certificate		

8.2.3 The Applicant should have atleast 25 employees on its roll excluding articled clerks as on the date of RFP. There must be at least FIVE (5) Chartered Accountants (CA) working as fulltime Partners of which at least TWO (2) should be Fellow Chartered Accountant (FCA), as on the date of RFP. – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Sr. No.	Name of the employee	Membership No.	Qualification (CA / FCA etc)	Remarks in any	Annexure No. of supporting document

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

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

Format for profile of partners:

Name of the Partner	
Membership no.	
Age	
Qualification	
Details of experience in concurrent audit of portfolio managers	Details of each work done along with the time period
Experience in concurrent audit of portfolio managers (No. of years up to two decimals as on the date of RFP)	
Current Responsibilities	
Total experience (No. of years up to two decimals as on the date of RFP)	
Tenure spent with the Partnership Firm (No. of years up to two decimals as on the date of RFP)	
No. of client served for concurrent audit of portfolio manager	
Any other point	

8.2.5 The Applicant must have experience in each of the last FIVE (5) Financial Years ending 31 March, 2023 in concurrent audit of at least one account of portfolio manager with annual turnover of at least Rs. 5,000 crore. – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

8.2.6 The Applicant / any partner should not have been convicted by a court of law or indictment / adverse order passed against the Applicant / any partner till the date of application. – An affidavit to this extent shall be furnished duly signed by the Managing Partner or equivalent official of the Applicant. The affidavit should be notarized by a Notary Public. Refer section 9.7 for the format of Affidavit.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

8.2.7 The Applicant / any partner should not have been barred or suspended by any regulator or ICAI or government authority or court of law in India from carrying out audit related activities in the last five years as on the date of RFP. – An affidavit to this extent shall be furnished duly signed by the Managing Partner or equivalent official of the Applicant. The affidavit should be notarized by a Notary Public. Refer section 9.7 for the format of Affidavit.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

8.2.8 The Applicant / any partner 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, and have not been black listed. – An affidavit to this extent shall be furnished duly signed by the Managing Partner or equivalent official of the Applicant. The affidavit should be notarized by a Notary Public. Refer section 9.7 for the format of Affidavit.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

8.2.9 There are no legal or arbitration proceedings or any proceedings by or before any government or regulatory authority or agency, now pending or threatened against the Applicant / any partner which, if adversely determined, could reasonably be expected to have a material adverse effect on its ability to perform the obligations under this assignment.

In case any investigation is pending against the Applicant / any partner, full details of such investigation including the name of the investigating agency, the charge/ offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the ESIC.

The ESIC reserves the right to reject or disqualify the relevant Applicant based on the information provided above.

– An affidavit to this extent shall be furnished duly signed by the Managing Partner or equivalent official of the Applicant. The affidavit should be notarized by a Notary Public. Refer section 9.7 for the format of Affidavit.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

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8.2.10 The Applicant shall forthwith inform the ESIC of any material change in the information or particulars previously furnished, which have a bearing on the appointment if granted. – Undertaking from the Managing Partner or equivalent official of the Audit Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

8.2.11 The Applicant shall undertake to comply with all the extant ESIC guidelines/ directions. – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

8.2.12 The Applicant shall undertake to have the necessary infrastructure, data security, flexibility to provide new MIS/ reports required by ESIC from time to time – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

8.2.13 The Applicant should have functional office in Mumbai – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Sr. No.	Supporting Documents submitted	Remarks in any	Annexure No. of supporting document

8.3 Technical Proposal Format

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

8.3.1 Aggregate AAUM across all accounts of portfolio managers (whose concurrent audit was carried out by the Applicant) - sum of aggregate AAUM as of 31 March, 2023, 31 March, 2022, 31 March, 2021, 31 March, 2020, and 31 March, 2019. Please refer to illustration 8.5.1 for the calculation. – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Sum of Aggregate AAUM (in Rs Crores)	Annexure No. of supporting document

Sr. No.	As on Date	AAUM (in Rs Crores)	Name of clients considered for AAUM
1	31 March, 2019		
2	31 March, 2020		
3	31 March, 2021		
4	31 March, 2022		
5	31 March, 2023		
Total			

8.3.2 Experience of the Applicant in terms of financial years during the period 01, April 2013 to 31 March, 2023 in concurrent audit of accounts of portfolio managers. Further, experience in a financial year can only be considered if the total turnover (considering sum of turnover across all accounts of portfolio managers whose concurrent audit was carried out by the Applicant in the respective financial year) was at least Rs. 500 Crores. Please refer to illustration 8.5.2 for the calculation – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Experience (in years)	Annexure No of supporting document

Sr. No.	Name of client	Financial year	Total turnover during the financial year

8.3.3 Number of accounts of portfolio managers (whose concurrent audit was carried out by the Applicant) - average number of clients as of 31 March, 2023, 31 March, 2022, 31 March, 2021, 31 March, 2020, and 31 March, 2019. Please refer to illustration 8.5.3 for the calculation. – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Sum of number of clients	Annexure No of supporting document

Sr. No.	Name of client	Financial year

8.3.4 Profile of the proposed execution team

Detail required	Detail required in appropriate units	Supporting document

Experience of the assigned partner for the said assignment in concurrent audit of portfolio managers	Required experience to be quoted in years up to two decimals as on the date of RFP	Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking
Number of members who are chartered accountants in the proposed execution team for the said assignment	No. of chartered accountants in the proposed execution team to be quoted	Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking
Aggregate experience of the proposed execution team for the said assignment in concurrent audit of portfolio managers	Required experience to be quoted in years up to two decimals as on the date of RFP	Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking

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

Format for profile of proposed execution team:

Name of the Partner/ team leader/ team members	
Proposed Position and Role	Partner / team leader/ team members
Age	
Qualification	
Details of experience in concurrent audit of portfolio managers	Details of each work done along with the time period
Experience in concurrent audit of portfolio managers (No. of years up to two decimals as on the date of RFP)	
Current Responsibilities	
Total experience (No. of years up to two decimals as on the date of RFP)	
Tenure spent with the Applicant (No. of years up to two decimals as on the date of RFP)	
No. of client served for concurrent audit of portfolio manager	
Any other point	

8.3.5 Number of Fulltime Partners who are FCA as on the date of RFP. – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Number of full time Partners	Annexure No of supporting document

Sr. No.	Name of the employee	Membership Number	Qualification (CA / FCA etc)	Remarks in any	Annexure No. of supporting document

8.3.6 Number of staff members (excluding fulltime Partners), who are chartered accountants as on the date of RFP.
 – Undertaking from the Managing Partner or equivalent official of the Applicant certifying the same. Refer section 9.6 for the format of Undertaking.

Number of staff members (excluding fulltime Partners)	Annexure No of supporting document

8.3.7 Organization chart – with names and responsibility(ies)

8.3.8 Write up on any other information that the Applicant thinks would be worth mentioning in the proposal (not more than 1500 words).

8.4 Financial bid Format

8.4.1 The Financial bid shall be submitted in the following format

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

8.4.2 The financial bid shall be inclusive of all expenses including out of pocket expenses such as local conveyance, out of station travelling, boarding and lodging etc and exclusive of taxes on services rendered.

8.4.3 Taxes applicable on the services rendered by ECA would be reimbursed separately by ESIC on producing the supporting documents.

8.5 Illustrations for calculations

8.5.1 Illustration for calculation of Aggregate AAUM

Step 1: Calculation of aggregate AAUM for a year ended date (assuming that the Applicant is doing audit of portfolio manager 1 and portfolio manager 2)

AAUM (Rs Crores) for the year ended 31 March, 2023		
Days	Portfolio manager 1 - Daily AUM (Rs Crores)	Portfolio manager 2 - Daily AUM (Rs Crores)
1- Apr -22	100000	150000
2- Apr -22	102000	250000
3- Apr -22	103000	150000
-	-	-
-	-	-
-	-	-
30-Mar-23	104000	120000
31-Mar-23	108000	100000
AAUM	=AVERAGE of all the above (A)	=AVERAGE of all the above (B)
Aggregate AAUM as of 31 March, 2023	= A+B	

A similar calculation to be done for the dates - 31 December, 2022; 31 December, 2021; 31 December, 2020 and 31 December, 2019

Step 2: Sum the Aggregate AAUM as shown below

Sum of Aggregate AAUM (Rs Crores)	
Year ended date	Aggregate AAUM
31 March, 2023	100000
31 March, 2022	102000
31 March, 2021	123000
31 March, 2020	120000
31 March, 2019	110000
Sum of Aggregate AAUM	=SUM of all the above (555000)

8.5.2 Illustration for calculation of relevant experience of the Applicant

Financial year	Sum of turnover across all accounts of Portfolio Managers during respective financial years (Rs. Crores)	Financial year counted for experience (Yes/No)
FY 2014	500	Yes

FY 2015	400	No
FY 2016	900	Yes
FY 2017	1200	Yes
FY 2018	1100	Yes
FY 2019	1000	Yes
FY 2020	200	No
FY 2021	800	Yes
FY 2022	400	No
FY 2023	600	Yes
Experience in terms of financial years		7

8.5.3 Illustration for calculation of number of clients

Year ended date	Number of accounts of portfolio managers
31 March, 2023	10
31 March, 2022	12
31 March, 2021	10
31 March, 2020	12
31 March, 2019	9
Average number of clients	=AVERAGE of all the above (10.6)

Note: In the above table, if an account of the client is managed in more than one financial years then it should be treated as a separate account for counting the number of accounts in each of the financial years in which it was managed.

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

9.1 Format for Pre-qualification Covering letter

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

Ref : _____

Date and Place : _____

Financial Commissioner,
Employees' State Insurance Corporation (ESIC),
Panchdeep Bhawan,
C.I.G. Marg,
New Delhi – 110002

Dear Madam,

Ref: Request for Proposal (RFP): Appointment of External Concurrent Auditor (ECA) for audit of ESIC's investments

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

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

We confirm that the information contained in this proposal or any part thereof, including its exhibits, schedules, and other documents delivered to the ESIC 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 ESIC 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
(Name of Authorised Signatory along with signature along with company seal)

9.2 Technical Proposal Covering Letter

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

Ref: _____

Date and Place: _____

Financial Commissioner,
Employees' State Insurance Corporation (ESIC),
Panchdeep Bhawan,
C.I.G. Marg,
New Delhi – 110002

Dear Madam,

Ref: Request for Proposal (RFP): Appointment of External Concurrent Auditor (ECA) for audit of ESIC's investments

We refer to the Request for Proposal (RFP) for Appointment of External Concurrent Auditor for audit of ESIC's investments.

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

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

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

We undertake, if our proposal is accepted, to adhere to the stipulations put forward in the RFP or such adjusted plan as may subsequently be mutually agreed between us and the ESIC 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 ESIC 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 ESIC 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
(Name of Authorised Signatory along with signature along with company seal)

9.3 Financial Proposal Covering Letter

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

Ref: _____

Date and Place: _____

Financial Commissioner,
Employees' State Insurance Corporation (ESIC),
Panchdeep Bhawan,
C.I.G. Marg,
New Delhi – 110002

Dear Madam,

Ref: Request for Proposal (RFP): Appointment of External Concurrent Auditor (ECA) for audit of ESIC's investments

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

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 ESIC or its appointed representatives.

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

We confirm that the information contained in this proposal or any part thereof, including its schedules, and other documents delivered to the ESIC 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 ESIC 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

(Name of Authorised Signatory along with signature along with company seal)

9.4 Request for clarifications

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

9.5 Format for providing explanations for deviations if any

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

9.6 Format for undertaking

UNDERTAKING (To be given on company letter head)

I, _____ <>officer name>>, am the Managing Partner / equivalent official of _____ <>name of the Applicant>> ("External Concurrent Auditor") having its registered office at _____ <>registered address>>.

I am authorized to sign and execute this undertaking on behalf of the External Concurrent Auditor for submitting a proposal pursuant to the request for proposal dated 24th July, 2023 (RFP) issued by the Employees' State Insurance Corporation (ESIC) for appointment of External Concurrent Auditor for audit of ESIC's investments.

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

- a. The External Concurrent Auditor is a Partnership Firm registered with the ICAI. The External Concurrent Auditor is registered with the ICAI for <Mention no. of years> years as on last date of application. The External Concurrent Auditor has turnover (on receipt/cash basis) from professional services of more than Rupees One Crores (Rs. 1,00,00,000/-) for each of the last three financial years.
- b. The External Concurrent Auditor has <number of employees> employees on its roll excluding articled clerks as on the date of RFP. The External Concurrent Auditor has <Mention no. of CA> Chartered Accountants (CA) working as fulltime Partners AND <Number> Fellow Chartered Accountants (FCA) working as fulltime Partners.
- c. The External Concurrent Auditor has experience in each of the last FIVE (5) Financial Years ending 31 March, 2023 in concurrent audit of at least one account of portfolio manager with annual turnover of at least Rs. 5,000 crore.
- d. The aggregate of average asset under management is <in Rs crores> across all accounts of portfolio managers where concurrent audit was carried out as on 31 March, 2023, 31 March, 2022, 31 March, 2021, 31 March, 2020 and 31 March, 2019.
- e. The External Concurrent Auditor has experience in <Number> financial years during the period 01, April 2013 to 31 March, 2023 in concurrent audit of accounts of portfolio managers. Further, experience in a financial year was considered only if the total turnover (considering sum of turnover across all accounts of portfolio managers whose concurrent audit was carried out by the External Concurrent Auditor in the respective financial year) was at least Rs. 500 Crores.
- f. The average number of accounts of portfolio managers where concurrent audit was carried out as on 31 March, 2023, 31 March, 2022, 31 March, 2021, 31 March, 2020 and 31 March, 2019 is <mention no. of accounts>.
- g. The total experience of assigned partner of the External Concurrent Auditor in the concurrent audit of portfolio managers is <mention no. of years> years as on the date of RFP.
- h. The External Concurrent Auditor would assign <Number> chartered accountants in the proposed execution team for the said assignment.
- i. The aggregate experience of the proposed execution team in providing concurrent audit of portfolio managers is <mention no. of years of experience> years as on the date of RFP.
- j. The External Concurrent Auditor has <mention no. of staffs> staff members excluding fulltime Partners, who are chartered accountants.
- k. The External Concurrent Auditor shall forthwith inform the ESIC of any material change in the information or particulars previously furnished, which have a bearing on the appointment if granted.
- l. The External Concurrent Auditor shall comply with all the extant ESIC guidelines/ directions.
- m. The External Concurrent Auditor shall have the necessary infrastructure, data security, flexibility to provide new MIS/ reports required by ESIC from time to time
- n. The External Concurrent Auditor has functional office in Mumbai.

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

Signature
Name
Date

9.7 Format for affidavit

AFFIDAVIT

I, _____ <>officer name>>, am the Managing Partner / equivalent official of _____ <>name of the Applicant>> ("External Concurrent Auditor") having its registered office at _____ <>registered address>>. I am authorized to sign and execute this affidavit on behalf of the External Concurrent Auditor for submitting a proposal pursuant to the Request for Proposal dated 24th July, 2023 ("RFP") issued by the Employees' State Insurance Corporation ("ESIC") for appointment of External Concurrent Auditor for audit of ESIC's investments. I, on behalf of the External Concurrent Auditor, solemnly affirm and declare that:

- a. The External Concurrent Auditor / any partner have not been convicted by a court of law or indictment / adverse order passed against the External Concurrent Auditor / any partner till the date of application.
- b. The External Concurrent Auditor / any partner have not been barred or suspended by any regulator or ICAI or government authority or court of law in India from carrying out audit related activities in the last five years as on the date of RFP
- c. The External Concurrent Auditor / any partner 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, and have not been black listed.
- d. There are no legal or arbitration proceedings or any proceedings by or before any government or regulatory authority or agency, now pending or threatened against the External Concurrent Auditor / any partner which, if adversely determined, could reasonably be expected to have a material adverse effect on its ability to perform the obligations under this assignment.

<>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, ESIC may at its sole discretion hold the External Concurrent Auditor 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. INDEMNITY

ESIC shall indemnify the ECA and keep it indemnified from and against any charges and any applicable taxes or duties levied or leviable on the ESIC, directly attributed to this Agreement, but recovered from the ECA.

ECA hereby agrees to indemnify and keep the ESIC indemnified from and against any financial loss (including reasonable counsel fee) or damages caused to the ESIC arising out of misrepresentation, negligence, misconduct and/or misdemeanor or any breach of applicable laws or of the provisions of this Agreement on the part of the ECA or any of its employees/agents/sub-agents etc.

Contact Details:

Financial Commissioner,
Employees' State Insurance Corporation (ESIC),
Panchdeep Bhawan,
C.I.G. Marg,
New Delhi – 110002
Email id: fin-comm@esic.nic.in

11. Integrity Pact

(INTEGRITY PACT DOCUMENT)

(To be executed on plain paper and signed by the Applicants as 2nd part before uploading as bid document. ESIC as 1st part will sign this IP at later stage after opening of bids)

PRE-CONTRACT INTEGRITY PACT

General

1. This pre-bid contract agreement (hereinafter called the Integrity Pact) is made on _____ the day of the month of _____ year 2023, between ESIC (hereinafter called as **Buyer/Tenderer**), under the administrative control of Ministry of Labour and Employment, Govt. of India (hereinafter called the "Applicant" which expression shall mean and include, unless the context otherwise requires his successors in office and assigns) of the First Part and M/s (Name of the organization), represented by, (Name with designation), Chief Executive Officer (hereinafter called the "Applicant" which expression shall mean and include, unless the context otherwise requires his successors in office and assigns) of the Second Part.

WHEREAS the BUYER proposes to hire an External Concurrent Auditor for performing duties and responsibilities as per the scope of work mentioned in this RFP.

2. Whereas the Applicant is a private company/public company/partnership/ firm / credit rating agency, constituted in accordance with the relevant law in the matter and the Buyer is under the administrative control of Ministry of Labour and Employment, Govt. of India performing its functions on behalf of the President of India.

Objectives

3. Now, therefore, the Buyer and the Applicant agree to enter into this pre-contract agreement, hereinafter referred to as Integrity Pact, to avoid all forms of corruption by following a system that is fair, transparent and free from any influence/unprejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into with a view to: -

3.1 Enabling the Buyer to obtain the desired said services at a competitive price in conformity with the defined specifications of the Services by avoiding the high cost and the distortionary impact of corruption on public procurement, and

3.2 Enabling Applicants to abstain from bribing or any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also refrain from bribing and other corrupt practices and the Buyer will commit to prevent corruption, in any form, by their officials by following transparent procedures.

Commitments of the Buyer

4. The Buyer Commits itself to the following: -

4.1 The Buyer undertakes that no official of the Buyer, connected directly or indirectly with the contract, will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the Applicant, either for themselves or for any

person, organization or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the Contract.

4.2 The Buyer will, during the pre-contract stage, treat all Applicants alike, and will provide to all Applicants the same information and will not provide any such information to any particular Applicant which could afford an advantage to that particular Applicant in comparison to other Applicants.

4.3 All the officials of the Buyer will report to the appropriate Government office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.

5. In case of any such preceding misconduct on the part of such official(s) is reported by the Applicant to the Buyer with full and verifiable facts and the same is *prima facie* found to be correct by the Buyer, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the Buyer and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the Buyer the proceedings under the contract would not be stalled.

Commitments of Applicants

6. The Applicant commits himself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of his bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commits himself to the following: -

6.1 The Applicant will not offer, directly or through intermediaries, any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer, connected directly or indirectly with the bidding process, or to any person, organization or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the Contract.

6.2 The Applicant further undertakes that he has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or disfavor to any person in relation to the Contract or any other Contract with the Government.

6.3 The Applicant will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.

6.4 The Applicant will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.

6.5 The Applicant further confirms and declares to the Buyer that the Applicant is the original manufacturer/service provider/integrator/owner of the property/authorized agent and has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the Buyer or any of its functionaries, whether officially or unofficially to the award of the contract to the Applicant, nor has any amount been paid, promised or intended to be paid to any such individual, firm or company in respect of any such intercession, facilitation or recommendation.

6.6 The Applicant, either while presenting the bid or during pre-contract negotiations or before signing the contract, shall disclose any payments he has made, is committed to or intends to make to officials of the Buyer or their family members, agents, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments.

6.7 The Applicant shall not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the Buyer as part of the business relationship, regarding plans, technical proposals and

business details, including information contained in any electronic data carrier. The Applicant also undertakes to exercise due and adequate care lest any such information is divulged.

6.8 The Applicant commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts.

6.9 The Applicant shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.

7. Previous Transgression

7.1 The Applicant declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged here under or with any Public-Sector Enterprise in India or any Government Department in India, that could justify Applicant's exclusion from the tender process.

7.2 If the Applicant makes incorrect statement on this subject, Applicant can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

8. Earnest Money/Security Deposit

- 8.1. Every Applicant, while submitting commercial bid, shall deposit an amount* as specified in the tender document as Earnest Money/Security Deposit, with the buyer through NEFT/ ECS/ RTGS/ CBS in Canara Bank, Indraprastha Estate Branch, New Delhi-110002, **A/c No.- 90172010131946**, IFSC Code- CNRB0019017, MICR 110015371. Account Name- Employees' State Insurance Corporation.
- 8.2. The Earnest Money/Security Deposit shall be valid till the complete conclusion of contractual obligations to complete satisfaction of both the Applicant and the buyer, whichever is later.
- 8.3 In the case of successful Applicant a clause would also be incorporated in the Article pertaining to Performance Bond in the Purchase Contract that the provisions of Sanctions for Violation shall be applicable for forfeiture of Performance Bond in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of this pact.
- 8.4 The provisions regarding Sanctions for Violation in Integrity Pact include forfeiture of Performance Bond in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of Integrity Pact.
- 8.5 No interest shall be payable by the Buyer to the Applicant(s) on Earnest Money/Security Deposit for the period of its currency.

9. Company Code of Conduct

- 9.1 Applicants are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.

10. Sanctions for Violation

- 10.1 Any breach of the aforesaid provisions by the Applicant or any one employed by him or acting on his behalf (whether with or without the knowledge of the Applicant) or the commission of any offense by the Applicant or any one employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act 1988 or any other act enacted for the prevention of corruption shall entitle the Buyer to take all or any one of the following actions, wherever required:-
 - i. To immediately call off the pre-contract negotiations without assigning any reason or giving any compensation to the Applicant. However, the proceedings with the other Applicant(s) would continue.
 - ii. The Earnest Money/Security Deposit/Performance Bond shall stand forfeited either fully or partially, as decided by the Buyer and the Buyer shall not be required to assign any reason therefore.
 - iii. To immediately cancel the contract, if already signed, without giving any compensation to the Applicant.
 - iv. To recover all sums already paid by the Buyer, and in case of an Indian Applicant with interest thereon at 2% higher than the prevailing Prime Lending Rate, while in case of a Applicant from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due to the Buyer from the Applicant in connection with any other contract for any other stores, such outstanding payment could also be utilized to recover the aforesaid sum and interest.
 - v. To encash the advance bank guarantee and performance bond/warranty bond, if furnished by the Applicant, in order to recover the payments, already made by the Buyer, along with interest.
 - vi. To cancel all or any other Contracts with the Applicant.
 - vii. To debar the Applicant from entering into any bid from the Government of India for a minimum period of five years, which may be further extended at the discretion of the Buyer.
 - viii. To recover all sums paid in violation of this Pact by Applicant(s) to any middleman or agent or broker with a view to securing the contract.
 - ix. If the Applicant or any employee of the Applicant or any person acting on behalf of the Applicant, either directly or indirectly, is closely related to any of the officers of the Buyer, or alternatively, if any close relative of an officer of the Buyer has financial interest/stake in the Applicant's firm, the same shall be disclosed by the

Applicant at the time of filing of tender. Any failure to disclose the interest involved shall entitle the Buyer to rescind the contract without payment of any compensation to the Applicant.

- x. The term 'close relative' for this purpose would mean spouse whether residing with the Government servant or not, but not include a spouse separated from the Government servant by a decree or order of a competent court; son or daughter or step son or step daughter and wholly dependent upon Government servant, but does not include a child or step child who is no longer in any way dependent upon the Government servant or of whose custody the Government servant has been deprived of by or under any law; any other person related, whether by blood or marriage, to the Government servant or to the Government servant's wife or husband and wholly dependent upon Government servant.
- xi. The Applicant shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any employee of the Buyer, and if he does so, the Buyer shall be entitled forthwith to rescind the contract and all other contracts with the Applicant. The Applicant shall be liable to pay compensation for any loss or damage to the Buyer resulting from such rescission and the Buyer shall be entitled to deduct the amount so payable from the money(s) due to the Applicant.
- xii. In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the Buyer with the Applicant, the same shall not be opened.

10.2 The decision of the Buyer to the effect that a breach of the provisions of this Integrity Pact has been committed by the Applicant shall be final and binding on the Applicant, however, the Applicant can approach the monitor(s) appointed for the purposes of this Pact.

11. Fall Clause

11.1 The Applicant undertakes that he has not supplied/is not supplying the similar services at a price lower than that offered in the present bid in respect of any other Ministry/Department of the Government of India/ institution and if it is found at any stage that the service was supplied by the Applicant to any other Ministry/Department of the Government of India/institution at a lower price, then that very price will be applicable to the present case and the difference in the cost would be refunded by the Applicant to the Buyer, if the contract has already been concluded.

12. Examination of Books of Accounts

In case of any allegation of violation of any provisions of this Integrity Pact or payment of commission, the Buyer or its agencies shall be entitled to examine the Books of Accounts of the Applicant and the Applicant shall provide necessary information of the relevant financial documents in English and shall extend all possible help for the purpose of such examination.

13. Law and Place of Jurisdiction

This Pact is subject to Indian Law. The place of performance and jurisdiction is the seat of the Buyer i.e. New Delhi or as decided by the BUYER.

14. Other Legal Actions

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

15. Validity

15.1 The validity of this Integrity Pact shall be from date of its signing and extend up to 3 years or the complete execution of the contract to the satisfaction of both the Buyer and the Applicant/Seller, whichever is later.

15.2 Should one or several provisions of this Pact turn out to be invalid, the remainder of this Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

16. Both the parties signing this integrity pact shall be abided by the provisions of this pact and will follow the guidelines of Independent External Monitors or any other monitoring committee nominated by the competent authority for the purpose at any stage.
17. The Parties hereby sign this Integrity Pact on ___/___/2023.

Director (Finance) ESIC Hqrs Office, New Delhi (1st part)

Applicant (2nd part)

Witness

Witness

1. _____

1. _____

2. _____

2. _____

12. Model Agreement for ECA

**AGREEMENT FOR EXTERNAL CONCURRENT AUDITOR SERVICES
BETWEEN
ECA
And
EMPLOYEES' STATE INSURANCE CORPORATION**

AGREEMENT FOR EXTERNAL CONCURRENT AUDITOR SERVICES

This Agreement made at New Delhi, this _____.

BETWEEN

1. **<Name of External Concurrent Auditor (ECA)>** is registered firm under the Chartered Accountants Acts, 1949 and the Chartered Accountants Regulations, 1988 , having its registered office at <Address>, having registration number- XX dated DD.MM.YYYY (hereinafter referred to as "ECA" which term shall mean and include, unless repugnant to the context or meaning thereof, its successors and assigns) of the FIRST PART;

AND

2. The EMPLOYEES' STATE INSURANCE CORPORATION (ESIC) constituted under Employees' State Insurance Act 1948, represented by the Director General, having its Headquarter at Panchdeep Bhavan, C.I.G. Marg, New Delhi 110002 (hereinafter referred to as "ESIC") ("ECA and "ESIC" are hereinafter collectively referred to as "Parties" and individually as "Party").

WHEREAS

1. ESIC floated request for proposal vide tender ID no. XXXX dated 24th July, 2023 and ECA submitted bid in response to e-bid tender. ESIC has approved appointment of ECA as the External Concurrent Auditor for the audit of ESIC Investments and decided to enter into an Agreement with ECA for availing **Concurrent Audit** services.
2. ECA has agreed to act as **External Concurrent Auditor** for the audit of ESIC Investments made under in accordance with the terms and conditions thereof.
3. The parties hereto are desirous of recording the terms and conditions of such arrangements and have entered into this agreement as hereinafter appearing.

DEFINITIONS

Terms used in this Agreement shall have the meaning as defined hereinafter:

- A. “Agreement” shall mean this agreement and shall include all schedules and annexures attached hereto and any/or alteration made by executing an addendum.
- B. “Custodian” shall mean custodian of securities, duly holding a Certificate of Registration under the SEBI (Custodian of Securities) Regulations, 1996 and appointed by ESIC for the custody of its investments.
- C. “Custodial services” in relation to securities means safekeeping of securities of ESIC and providing services incidental thereto, and includes: -
 - a. Maintaining accounts of securities of ESIC;
 - b. Collecting the benefits or rights accruing to ESIC in respect of securities;
 - c. Keeping ESIC informed of the actions taken or to be taken by the issuer of securities, having a bearing on the benefits or rights accruing to ESIC; and
 - d. Maintaining and reconciling records of the services referred to in sub-clauses a, b and c.
- D. “**Concurrent Audit**” shall mean concurrent audit of investments made by Portfolio Manager(s), ETF Manager(s) and Custodian
- E. “**Disclosure Document**” shall mean the disclosure document issued by the ECA and as required under relevant regulations of Institute of Chartered Accountants of India, Ministry of Corporate Affairs, Comptroller & Auditor General of India and National Financial Reporting Authority and made available to the ESIC in accordance with the regulations.
- F. “**ETF Manager**” shall mean Asset Management Companies/ Mutual Funds selected by ESIC for investments into equity ETFs or index funds.
- G. Force Majeure Event: -

Any event in the nature of natural disasters, technological failures, social disturbance, or requirement of any government in India or any authority or representative of any such Government, or any other Indian act whatsoever, whether similar or dissimilar to those enumerated, beyond the reasonable control of the parties hereto, which affects the performance of a party of its obligations under this Agreement.

- H. **MIS:** Management Information System Reports, in the format as mutually agreed between ESIC and ECA
- I. “Portfolio Manager” shall mean the Portfolio Manager with whom ESIC has entered into an agreement for management of debt investments and any other Portfolio Manager appointed in future.

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

- 1.1 The ECA, while conducting audit of the ESIC's investments, must (also submit reports to ESIC wherever mentioned or applicable):
 - 1.1.1 All Duties & Responsibilities of the External Concurrent Auditor in RFP (Tender ID No. XXXX dated 24th July, 2023).
 - 1.1.2 ECA shall deploy a team consisting of one leader and at least two staff personnel (who are qualified chartered accountants with at least one year of work experience). The leader of the team shall be a qualified chartered accountant with at least five years of experience in the field of audit and at least three years of experience in the field of concurrent audit of Portfolio Managers (considering investment portfolios managed by mutual funds, life insurance companies, pension funds, retirement/provident funds, superannuation funds). The audit shall be carried out under direct supervision of a partner of the ECA if the leader of the team is not a partner of the ECA.
 - 1.1.3 ECA shall not engage with the Portfolio Manager(s), ETF managers and Custodian of ESIC other than the terms contained in this Agreement during the term of this Agreement. ECA shall not take any additional mandate with any of the ESIC's Portfolio Manager, ETF managers and Custodian s.
 - 1.1.4 The team leader appointed to conduct the audit shall continue in his role till the completion of the assignment. For any reason, if there is a change in the team leader appointed to conduct the audit, the same should be intimated to ESIC immediately.
- 1.2 The ECA shall create formats/templates for the MIS to enable monitoring of the investments by ESIC's Portfolio Manager(s) and ETF Manager(s).
- 1.3 The ECA shall reconcile the fund flow and bank accounts of ESIC of the investments done by the ETF manager(s) and with the Portfolio Manager(s) on a monthly basis.
- 1.4 The ECA shall reconcile the security balances and funds of ESIC as per the MIS from Custodian with the Portfolio Manager(s) and ETF Manager(s) on a monthly basis.
- 1.5 The ECA shall check the MIS from Custodian of ESIC and report exceptions, if any, on an immediate basis.
- 1.6 The ECA shall check the receipt of data and MIS from Portfolio Managers and report any exceptions to ESIC.
- 1.7 The ECA shall check the daily transactions with the market data and report deviations to ESIC in terms of highlighting investments done by Portfolio Managers at (1) lowest level for the security during the day (2) lower than the weighted average levels for the security during the day.
- 1.8 The ECA shall check the credit ratings of ESIC's investments on a daily basis and report to ESIC any credit rating downgrades or securities with credit rating outlook of 'negative' / 'watch negative' immediately.
- 1.9 The ECA shall examine and verify whether the Portfolio Managers have followed the investment pattern, investment guidelines and the terms of agreement entered into between ESIC and the Portfolio Managers.
- 1.10 The ECA shall examine and verify whether the investments made by the Portfolio Manager(s) and ETF Manager(s) are as per the Agreement signed by ESIC with Portfolio Manager(s) and ETF Manager(s).
- 1.11 The ECA shall examine and verify whether the Portfolio Manager has not purchased or sold securities exceeding 5% or more, through any broker, of the aggregate purchases and sales of securities made by the Portfolio Manager,

unless the Portfolio Manager has recorded in writing the justification for exceeding the aforesaid limit and reports all such investments to the ESIC on a quarterly basis.

The aforesaid limits of 5% 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 Tri-Party Repo System (TREPS).

- 1.12 The ECA shall examine and verify that the Portfolio Manager shall not invest in primary market issuances in which it's Holding Company/ Subsidiary Company/ Associate Company or Associate Company/Subsidiary Company of its Holding Company and its Subsidiary Company is one of the lead managers or issuer of securities.
- 1.13 The ECA shall examine and verify that the Portfolio Manager shall not purchase securities of its Holding Company/ Subsidiary Company/ Associate Company or Associate Company/Subsidiary Company of its Holding Company and its Subsidiary Company in the secondary market.
- 1.14 The ECA shall examine and verify that the Portfolio Manager has not utilized the services of:
 - 1.14.1 It's Holding Company/ Subsidiary Company/ Associate Company or Associate Company/Subsidiary Company of its Holding Company and its Subsidiary Company for the purpose of any securities transaction, distribution, and sale of securities in the secondary market.
 - 1.14.2 Its Associates or its associate brokers, employees or their relatives for the purpose of any securities transaction, distribution, and sale of securities in secondary market.
- 1.15 The ECA shall scrutinize the investment transactions made by the Portfolio Managers on day-to-day basis to ensure that the same are as per the investment pattern as well as the investment guidelines issued by the ESIC and shall point out wherever deviations have been made.
- 1.16 The ECA shall highlight any potential conflict of interest issues such as investment of ESIC's funds by Portfolio Managers in TDRs and Corporate Bonds under same management group.
- 1.17 The ECA shall verify whether the interest and maturity proceeds are received within due date and re-invested as per the provisions made in the investment pattern and investment guidelines issued by the ESIC. The ECA shall also point out delays, if any, and the causes for such delay.
- 1.18 The ECA shall verify whether the benefits or rights accruing to the ESIC, wherever receivable from the institutions, are received within due date and invested as per the prescribed investment pattern and investment guidelines of ESIC.
- 1.19 The ECA shall coordinate with the Custodian of securities of ESIC and bring out cases of delay in the receipt of benefits or rights accruing to the ESIC.
- 1.20 The ECA shall verify, from the daily transaction details, whether the charges are levied correctly by the Portfolio Manager(s) and ETF Manager(s) as per the Agreements and to report any excess charges levied by Portfolio Manager and ETF Manager(s).
- 1.21 The ECA shall verify whether the funds were invested by Portfolio Managers as per the timelines defined in the Agreement signed between ESIC and Portfolio Manager(s).
- 1.22 The ECA shall verify whether proper records have been maintained by Portfolio Managers and Custodian of ESIC in respect of all transactions and contracts and to ascertain whether the records are updated correctly and on timely basis.

- 1.23 The ECA shall verify whether all shares, securities, debentures and other investments have been held in the name of ESIC.
- 1.24 The ECA shall verify whether there is a reasonable system of authorization at proper levels and there are adequate system of internal controls commensurate with quantum and value of investment transactions undertaken by the Portfolio Manager.
- 1.25 The ECA shall verify whether adequate records are kept in support of each investment decision taken by the Portfolio Manager.
- 1.26 The ECA shall comment on internal control mechanism, whether the systems are adequate to avoid any internal frauds. If not, suggest a suitable mechanism after discussing the matter with ESIC's Portfolio Manager concerned.
- 1.27 The ECA shall examine whether the Portfolio Manager has taken steps to address issues highlighted during the performance review of Portfolio Managers or otherwise.
- 1.28 The ECA shall bring out any other point which comes to notice of ECA during the course of audit.
- 1.29 The ECA shall examine the cases of tax deducted at source and the receipt of refund for the same or the receipt of TDS certificates in Form 16-A for those cases. The details may be worked out for the cases in respect of which no refunds or TDS Certificates are received.
- 1.30 The ECA shall ensure that all the guidelines/circulars issued by the Government/ ESIC from time to time are followed and the various points mentioned in the scope of audit mentioned above are looked into.
- 1.31 The ECA shall include in the audit report the shortcomings in the existing set up, which are to be taken care of by issuing suitable guidelines.
- 1.32 The ECA shall carry out concurrent audit as per the scope of work in this Agreement and submit audit report to the ESIC on a monthly basis along with desirable certificates. The audit report for a given month and compliance for previous observations need to be submitted to ESIC by 15th day of the subsequent month.
- 1.33 The ECA shall ensure that in audit reports, audit observations regarding separate accounts of funds (if any) as may be maintained by ESIC, should be categorized separately.
- 1.34 The ECA shall carry out the physical verification of holdings with the Custodian as well as other holdings with ESIC as at the end of financial year and submit verification certificate to ESIC. The ECA shall verify and issue certificate for the successful transfer of ESIC's investments and funds in case of change of custodian. The ECA shall first verify and issue certificate for the successful transition in case of change of Portfolio Manager(s) and ETF Manager(s).
- 1.35 Other than those mentioned above, the ECA may be required to perform any other audit related activity as required by ESIC from time to time. However, no additional fee would be chargeable to ESIC.
- 1.36 The concurrent audit would be executed at the ECA's office itself. All the data required for audit of ESIC's investments would be electronically shared with the ECA on a daily basis. However, the ECA will be required to review internal systems and processes at the offices of ESIC's Portfolio Managers. ECA will also be required to visit ESIC's offices/ Custodian for verification of physical securities, data or any other related information.
- 1.37 The ECA shall provide necessary support in case ESIC may want to verify the records of audit of ESIC's investments through an external agency.
- 1.38 The ECA will report any deviation by Portfolio Manager, ETF Managers and Custodian from agreement entered into with them.

- 1.39 To verify whether investments are made at the highest available yield in the respective category on the day of investment for the same period of maturity.
- 1.40 The ECA shall provide expert opinion on regulatory/procedural issues faced in the process of investment.
- 1.41 The ECA shall provide regular inputs and advisory on emerging regulatory/policy issues in India and around the world, which may help provide better and higher return and identify the risk associated with ESIC's investment and portfolio.

2. Proposed contract terms

- 2.1 The ECA shall carry out concurrent audit of ESIC's investments and submit audit report to the ESIC on monthly basis. The remuneration for carrying out the above assignments shall be paid on quarterly basis. The audit fee shall be inclusive of all expenses including out of pocket expenses such as local conveyance, out of station travelling, boarding and lodging etc.
- 2.2 Payment of audit fee to the ECA shall be made on quarterly basis subjected to receipt of all monthly audit reports for the quarter. Taxes applicable on the services rendered by ECA will be borne by ESIC.
- 2.3 Tenure:

The tenure of the **ECA** to provide services to ESIC will be of three years starting from _____. This may be extended by one year (1 year) with mutual consent of the ESIC and the ECA on the same terms and conditions, depending on the performance of the latter. ESIC may remove the ECA in case its services are not found satisfactory.
- 2.4 Termination:
 - i. This Agreement shall become effective from _____ and shall continue in effect until terminated or three years, whichever is earlier.
 - ii. Either party may terminate this Agreement upon breach by the other party of any terms and conditions of this agreement, and in case the breach is not rectified/remedied within a period of 30 days from the date of the written notice served upon the party committing such breach by the other party.
 - iii. Either party may terminate this Agreement, upon the happening of any of the following events:
 - A. **ECA** being declared bankrupt or being subject to a similar procedure of compulsory liquidation; or
 - B. If any proceedings analogues to those set out in clause (a) and (b) above are commenced in any other jurisdiction.
- 2.5 Any such termination shall not affect the rights and liabilities of either parties herein accruing prior to such termination
- 2.6 Conditions of termination by ESIC

The appointment of the ECA will be terminated after giving 30 days' notice if:-

 - 2.6.1 The ECA contravenes the conditions/ clauses as specified in this Agreement;
 - 2.6.2 The ECA is unable to perform the duties and responsibilities as specified in this Agreement;
 - 2.6.3 If in the ESIC's opinion, the services rendered by the ECA is unsatisfactory;
 - 2.6.4 Without assigning any reasons due to unforeseen situation or on administrative ground; and.

The appointment of ECA would stand terminated without notice at the end of the tenure as specified in this Agreement.

2.7 REPRESENTATIONS AND WARRANTIES

By ESIC :

ESIC on the date of this Agreement and throughout the continuity of this Agreement represents and warrants to the **ECA** that it is duly incorporate, establishment or constituted (as the case may be) and validly existing under the laws of India, and that its resolutions authorizing the execution delivery and performance of this Agreement are and will continue to remain in full force and effect.

By ECA :

- i. ECA shall perform the services and carry out its obligations under the Agreement with due diligence, efficiency and economy, in accordance with generally accepted techniques and practices used in the industry and with professional standards recognized and shall observe sound management practices. ECA has necessary infrastructure, data security, flexibility to provide services under this Agreement.
- ii. ECA has the power and authority to conduct concurrent audit and has taken all necessary actions to authorize the performance of this Agreement.
- iii. ECA / any its partner have not been convicted by a court of law or indictment / adverse order passed against the ECA / any of its partner.
- iv. ECA / any of its partners are not barred or suspended by any regulator or ICAI or government authority or court of law in India from carrying out audit related activities on or after 25th July 2018.
- v. ECA / any of its partners 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, and have not been blacklisted.
- vi. There are no legal or arbitration proceedings or any proceedings by or before any government or regulatory authority or agency, now pending or threatened against the ECA / any of its partner which, if adversely determined, could reasonably be expected to have a material adverse effect on its ability to perform the obligations under this Agreement.
- vii. If there is any change in the status as mentioned in (i), (ii), (iii), (iv) and (v) above, which have a bearing on the appointment or the ability to perform duties and responsibilities as laid down in this Agreement, ECA will immediately inform ESIC.
- viii. The copies of the Disclosure Documents of the ECA filed with the ESIC are true and complete, and the ECA has complied with all the provisions of such documents and, in particular, has not entered into any ultra-vires transaction.
- ix. The execution, delivery and the performance by the ECA 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 to this Agreement/s to which the ECA is a party
 - (b) Result in a violation or breach of or default under any applicable law
- x. All representations and warranties, contained herein and all information disclosures, reports, documents or statements relating to the Agreement or furnished by the ECA 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 ESIC.
- xi. ECA shall not take any additional mandate with any of the ESIC's Portfolio Managers, ETF managers and Custodian
- xii. ECA undertakes to comply with all the extant ESIC guidelines/ directions as applicable from time to time.

3. Fees and Expenses:

- A. The **ECA** shall be entitled to receive by way of fee for the services rendered hereunder, a fee of Rs. XX/- per month excluding taxes, payable quarterly. Taxes will be paid as applicable.
- B. The **ECA** shall raise the bill once for a period of three months.
- C. TDS as per rule will be deducted by ESIC.
- D. As of now ESIC has appointed two Portfolio Managers for managing ESIC's fund namely, UTI Asset Management Company Limited and SBI Funds Management Limited. The appointed Portfolio Managers manages ESIC's fund on a discretionary basis. ESIC may appoint new / additional Portfolio Managers in future. The ECA will perform duties & responsibilities in the agreement for Portfolio Managers at present as well as another to be appointed, without any extra remuneration.

4. Confidentiality:

The parties hereto shall not (except in exercise of its duties hereunder or except as otherwise required under the law) either before or after the termination of this Agreement disclose to any person not authorized by the relevant party to receive the same, any confidential information relating to the relevant party or to the affairs of such party of which the party disclosing the same shall have become possessed during the period of this Agreement and each party shall use all reasonable endeavors to prevent any such disclosures as aforesaid. However, **ECA** is bound not to divulge any information relating to the dealings of the ESIC unless expressly authorized by the ESIC to do so. No Party to this Agreement shall knowingly do or suffer any act or matter or thing which would or might reasonably be expected to prejudice materially or bring into disrepute the business or reputation or any other party. The provision of this Clause shall survive notwithstanding the termination of this agreement. However, ESIC hereby consents to ECA, its officers and directors/employees disclosing this Agreement and the contents hereof to the office and/or the holding company of ECA

5. Assignment:

This Agreement shall not be assigned by either party save with the written prior consent of the parties hereto.

6. Notices:

Any notice or communication to be given by a party to the other party may be given by registered post, telex, fax or personal delivery and such notice or communication shall be sent to the address of the party to whom it is to be given at its address hereinbefore mentioned or such other office address that may be communicated by the party concerned to the other party from time to time and it shall be deemed to have been received when given by registered post, upon expiration of Seven working days after the same has been sent by registered post, if given by telex or fax, upon transmission thereof (subsequently confirmed in writing), if given by personal delivery, when so delivered. Failure to receive any confirmation of any notice duly given by telex or fax shall not invalidate such notice. Evidence that the notice was properly addressed and posted shall be conclusive evidence of posting.

9. Amendment

No provision of this agreement shall be altered, waived, amended, discharged or discontinued, except by an instrument in writing signed by or on behalf of all the parties hereto. Further, on case of any material amendment to the agreement, prior approval of the regulatory authority may be obtained, if required.

10. Governing law

This agreement shall be governed by and construed in accordance with the applicable laws of India.

10. Force majeure

If the performance of this agreement or of any obligation of either party hereunder is prevented, restricted or interfered with by any reason of any force majeure event, to party so affected, upon giving prompt notice to other party shall be excused from such performance to the extent of such prevention, restriction or interference for the period it persists provided that the party so affected shall use its best efforts to avoid or remove such causes of non-performance, if possible, and shall continue

performance hereunder with the utmost diligence whenever such causes are removed. If the force majeure persists for a continuous period of three months or more, the parties shall meet and decide about the future course of action.

12. Resolution of disputes

Any claim, dispute or difference relating to or arising out of this Agreement shall be referred to the arbitration, of a sole arbitrator. The arbitration shall be subject to the Arbitration and Conciliation Act, 1996 as may be amended from time to time. The Delhi International Arbitration Centre, will appoint the Sole Arbitrator and will conduct the Arbitration in accordance with its rules for conduct of Arbitration proceedings then in force and applicable to the proceeding. The seat and venue of arbitration shall be New Delhi. The proceedings shall be undertaken in English. The arbitration award shall be final and binding on the parties.

13. Jurisdiction:

In relation to any legal or proceedings arising out of or in connection with this Agreement, the parties hereto submit to the exclusive jurisdiction of the Courts of Delhi.

14. WAIVER

A waiver by the Parties shall not be valid unless it is in writing and is signed by the authorized signatories of the Parties. No waiver by either Party of a breach of any one or more of the provisions of this Agreement shall operate or be construed as a waiver of a previous or a subsequent breach whether of the same or of a different provision/s. Failure or delay by the Parties in exercising any power or right hereunder shall not operate as a waiver thereof nor shall any single or partial exercise of such power or right preclude any other further exercise thereof.

15. Severability:

The provision of this Agreement is severable and distinct from one another and if at any time one or more of such provision become invalid, void and/or illegal the enforceability of the remaining provision hereof shall not in any way be affected or impaired thereby.

16. Counterparts:

This Agreement may be entered into in any number of counterparts, each of which when so executed and delivered, shall be an original, but all the counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as on the day, month and year first here in above written, in duplicate one each to be retained by the ESIC and ECA

17. INDEMNITY

ESIC shall indemnify the ECA and keep it indemnified from and against any charges and any applicable taxes or duties levied or leviable on the ESIC, directly attributed to this Agreement, but recovered from the ECA.

ECA hereby agrees to indemnify and keep the ESIC indemnified from and against any financial loss (including reasonable counsel fee) or damages caused to the ESIC arising out of misrepresentation, negligence, misconduct and/or misdemeanor or any breach of applicable laws or of the provisions of this Agreement on the part of the ECA or any of its employees/agents/sub-agents etc.

SIGNED AND DELIVERD by the

Within named and **ECA** through its Authorized Signatory,

1.

2.

In the presence of

1.

2.

SIGNED AND DELIVERED by the

Within named Employees' State Insurance Corporation through its Authorized Signatory

1.

2.

In the presence of

1.

2.