

**EMPLOYEES' PROVIDENT FUND ORGANISATION**

**NEW DELHI**



**117<sup>th</sup> Meeting of the**

**FINANCE INVESTMENT AND AUDIT  
COMMITTEE**

**[CENTRAL BOARD OF TRUSTEES, EMPLOYEES' PROVIDENT FUND]**

*On*

**20.01.2015 at 12:00 (Noon)**

**VENUE:**

**Conference Hall,  
3<sup>rd</sup> Floor, EPFO ( Head Office),  
Bhavishya Nidhi Bhawan,  
14, Bhikaiji Cama Place,  
NEW DELHI - 110066.**

# EMPLOYEES' PROVIDENT FUND ORGANISATION

## AGENDA BOOK

### 117<sup>th</sup> Meeting of the Finance Investment and Audit Committee, CBT, EPF

Date: 20.01.2015

### INDEX OF ITEMS

Time: 12:00 Noon

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1.	Confirmation of the Minutes of 116 <sup>th</sup> Meeting of the Finance Investment and Audit Committee held on 09.01.2015 Regarding - Opening of bids for appointment of Portfolio Managers and further action thereon.	1-6
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3.	Opening of Financial bid of bidders successful in technical stage and further action thereon for Appointment of Portfolio Managers by EPFO.	8-19
	Any other item with the permission of the Chair	

**Item No. 1: Confirmation of the Minutes of 116<sup>th</sup> Meeting of the Finance Investment and Audit Committee held on 09.01.2015 at EPFO Headquarter, New Delhi**

Minutes of 116<sup>th</sup> Finance Investment and Audit Committee meeting held on 09.01.2015 as approved by the Chairperson, FIAC was circulated vide letter No. Invest.1/(116)FIAC/2014-15/15294-15312 dated 16.01.2015. Copy of the minutes is enclosed as Annexure -1 of this item.

Minutes may be taken as confirmed.

Telephone: 26178450

स्वीड पोस्टर

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कर्मचारी भविष्य निधि संगठन  
**Employees' Provident Fund Organisation**

(श्रम एवं रोजगार मंत्रालय, भारत सरकार)

(Ministry of Labour & Employment, Govt. Of India)

मुख्यालय / Head Office

Bhavishya Nidhi Bhawan, 14-Bhikaji Cama Place, New Delhi-110066

No. Invest.I/(116<sup>th</sup> Mtg.)/FIAC/2014-15

Date: 15.01.2015

15294

To

16 JAN 2015

All Members,  
Finance Investment & Audit Committee,  
Central Board of Trustees, Employees' Provident Fund.

Sub: Forwarding minutes of the 116<sup>th</sup> meeting of the Finance Investment & Audit Committee (FIAC), CBT,EPF held on 09.01.2015 at EPFO, Head Office, New Delhi.  
-Reg.

Sir,

Minutes of 116<sup>th</sup> meeting of the Finance Investment & Audit Committee held on 09.01.2015 are duly approved by the Chairman, FIAC. The minutes of 115<sup>th</sup> meeting of the FIAC held on 11/11/2014 duly approved by the Chairman, FIAC were confirmed during the 116<sup>th</sup> FIAC meeting.

The same are enclosed herewith for your information and necessary action.

Yours faithfully,

Encs:- As above

(AMUL RAJ SINGH)

REGIONAL P.F. COMMISSIONER-II (INVEST.)

# ANNEXURE-1

## Minutes of bid opening for the selection process of Portfolio Managers for the EPFO's corpus

**Date:** January 9, 2015.

**Time:** 2:30 PM

**Venue:** EPFO Head Office, Bhikaiji Cama Place, New Delhi

### **FIAC Members:**

1. Mr. K. K. Jalan – The Central Provident Fund Commissioner
2. Mr. D. S. Negi – Director, Ministry of Labour & Employment, Government of India (on behalf of Addl. Secretary)
3. Dr. Ram S. Tarneja – Member, CBT, EPF (Employers' Representative)
4. Dr. G. Sanjeeva Reddy – Member, CBT, EPF (Employees' Representative)
5. Mr. Prabhakar J. Banasure – Member, CBT, EPF (Employees' Representative)

### **EPFO Officers Present:**

1. Mr. Sanjay Kumar – Financial Advisor and Chief Accounts Officer
2. Mr. Abhay Ranjan – Regional P F Commissioner, Grade I, IMC
3. Mr. Vishal Agarwal – Regional P F Commissioner, Grade II, IMC
4. Mr. Ajay Kumar – Regional P F Commissioner, Grade II, IMC
5. Mr. Amul Raj Singh – Regional P F Commissioner, Grade II, IMA

### **Consultant Representative:**

1. Mr. Mukesh Agarwal – President, CRISIL Research
2. Mr. Manish Jaiswal – Senior Director, CRISIL Risk Solution
3. Mr. Jiju Vidyadharan – Director, CRISIL Research
4. Mr. Piyush Gupta – Associate Director, CRISIL Research
5. Mr. Vikram Shastry – Manager, CRISIL Research

Following are the minutes of bid opening on January 9, 2015;

1. Shri Sanjay Kumar announced that EPFO had received a total of 8 bids before the deadline of 11:00 AM on January 9, 2015 in response to the Request for Proposal (RFP) for selection of portfolio managers for EPFO's corpus.
2. It was decided by FIAC members not to open bid documents of State Bank of India (SBI), as it was decided to appoint SBI on nomination basis. (Representative of SBI: Mohammad Umar, Bid received at 9:50 AM on January 09, 2015)
3. The pre-qualification bids of the following applicants were opened during the meeting.
  - i. Axis Asset Management Company (Representative name: Neeraj Acharya, Bid received at 9:30 AM on January 09, 2015)
  - ii. Birla Sun Life Asset Management Company (Representative name: Sunny Singh, Bid received at 9:35 AM on January 09, 2015)
  - iii. HSBC Asset Management Company (Representative name: Anurag Tyagi, Bid received at 9:55 AM on January 09, 2015)
  - iv. ICICI Securities Primary Dealership (Representative name: Ashutosh Garg, Bid received at 10:15 AM on January 09, 2015)
  - v. ICICI Prudential Asset Management Company (Representative name: Harish Iyer, Bid received at 10:30 AM on January 09, 2015)
  - vi. Reliance Capital Asset Management Company (Representative name: Gurbir Chopra, Bid received at 9:50 AM on January 09, 2015)
  - vii. UTI Asset Management Company (Representative name: Dilip Kumar Mohanty, Bid received at 9:45 AM on January 09, 2015)
4. Based on pre-qualification criteria defined in the RFP, the pre-qualification documents were examined and it was found that apart from bids of Birla Sun Life Asset Management Company and Reliance Capital Asset Management Company, the rest of the bidders have submitted the affidavit and undertaking as required by EPFO. Though, Birla Sun Life Asset Management Company and Reliance Capital Asset Management Company have submitted

the affidavit and undertaking, the same are not in identical format as prescribed by EPFO. The FIAC considered the same and decided to give chance to all such bidders to file the affidavit and undertaking in exact format particularly in view of the fact that the affidavit and undertaking submitted by them has same substance as asked and also the fact that the deviation is non material and taking a rigid stance will reduce the competition. The qualification/disqualification of the applicants is as follows:

- i. Axis Asset Management Company: Disqualified as Assets Under Management (AUM) under debt funds as on 31 October, 2014 was less than Rs.15, 000 Crore. The applicant had also included hybrid funds in the AUM under debt funds. After exclusion of such funds, AUM under debt funds was Rs. 12,656 Crore. The same was communicated to the representative from Axis Asset Management Company, who agreed with the revision in AUM.
- ii. Birla Sun Life Asset Management Company: Qualified subject to following,
  - Applicant was requested to re-submit the CD of bid documents without the financial bid information (the applicant had included the financial bid along with the pre-qualification and technical bids in the same CD)
  - Applicant was requested to re-submit affidavit (as required in sections 8.2.4, 8.2.5 and 8.2.6 of RFP) and undertaking (as required in sections 8.2.7, 8.2.8 and 8.2.9 of RFP) as per the required formats before 5:00 PM on January 14, 2015.
- iii. HSBC Asset Management Company: Qualified
- iv. ICICI Securities Primary Dealership: Qualified
- v. ICICI Prudential Asset Management Company: Qualified
- vi. Reliance Capital Asset Management Company: Qualified subject to following;
  - Applicant was requested to re-submit affidavit (as required in sections 8.2.4, 8.2.5 and 8.2.6 of RFP) and undertaking (as required in sections 8.2.7, 8.2.8

and 8.2.9 of RFP) as per the required formats before 5:00 PM on January 14, 2015.

vii. UTI Asset Management Company: Qualified subject to following:

- Legal opinion on pending investigations as indicated in the pre-qualification bid document.

5. The results of the technical bid evaluation will be shared with the FIAC on January 20, 2015. The financial bids shall be opened after this discussion.



**Item No 2: Action Taken Statement in respect of 116<sup>th</sup> meeting of Finance Investment and Committee held on 09.1.2015.**

Item No.	Decisions/Directions of FIAC	Action Taken
3.	<p><b>Opening of bids for the selection of Portfolio Managers for the EPFO's Corpus.</b></p> <p>The bids of 7 Companies (Out of 8 bids received from interested companies) except the one from SBI were opened in 116<sup>th</sup> Meeting of FIAC. After evaluation of Pre-Qualification bid 6 companies except Axis AMC were found eligible for opening of Technical bids. The technical bids of 6 companies were opened in the said Meeting. It was decided that the result of technical bids will be shared with FIAC on 20<sup>th</sup> January , 2015 and the financial bids shall be opened after discussion.</p>	<p>AS directed, technical bids of 6 companies who successfully qualified in Pre-qualification stage have been evaluated by the Consultant, M/s. CRISIL Ltd and the result /observations of technical bids evaluation are being placed in this Meeting.</p>

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**Item: Opening of Financial bids of bidders successful in technical stage and further action thereon for Appointment of Portfolio Managers by EPFO.**

1. In response to advertisement and RFP uploaded on the EPFO website for appointment of Portfolio Managers of EPFO, total 8 bids were received from following companies within the cutoff time i.e. 11:00 am on 09.01.2015 as detailed below that were placed before the 116<sup>th</sup> Meeting of the FIAC held on 09<sup>th</sup> January, 2015 called for the purpose:

Sr. no.	Name of Company	Bid received on 09.01.2015 at
1.	Axis Asset Management Company	9.30 am
2.	Birla Sun Life Asset Management Company	9.35 am
3.	UTI Asset Management Company	9.45 am
4.	State Bank of India	9.50 am
5.	Reliance Capital Asset Management Company	9.50 am
6.	HSBC Asset Management Company	9.55 am
7.	ICICI Securities Primary Dealership Limited	10.15 am
8.	ICICI Prudential Asset Management Company	10:30 am

2. The minutes of the said Meeting duly approved by the Chairman circulated vide letter dated 16.01.2015 are placed as **Annexure 'A'** for ready reference and perusal. As per the approved minutes of the said FIAC Meeting, the Committee decided not to open the bids document of State Bank of India (SBI), as the Board in its 205<sup>th</sup> Meeting decided to appoint SBI on nomination basis. Accordingly, the bid documents submitted by SBI were not opened. Thereafter, the bid documents of remaining 7 bidders were opened for evaluation.
3. After evaluation of Pre-Qualification (PQ) bids, out of the 7 bidders, one namely Axis Asset Management Ltd. was disqualified for the reasons recorded in the minutes. As per the RFP for the purpose, the technical bids of only those bidders were to be opened that qualified in the PQ stage. Accordingly, the technical bids of remaining 6 bidders (out of 8, one namely State Bank of India was appointed on nomination basis, and two namely Axis Asset Management Ltd. was disqualified in PQ stage) were opened by the Committee for

evaluation of the same by the Consultant, Ms/ CRISIL. It was directed by FIAC that they may be evaluated by the Consultant latest by 19<sup>th</sup> January, 2015 so that financial bids of all those bidders that qualify on technical parameters are opened by the FIAC on 20<sup>th</sup> January, 2015 i.e. the day scheduled for opening of financial bids.

4. The Consultant, M/s. CRISIL evaluated the technical bids of 6 entities who qualified in pre-qualification stage. After evaluation of technical bids, list of the successful bidders for opening of financial bids shall be placed by the Consultant before the FIAC on 20<sup>th</sup> January, 2015.
5. It is highlighted that on the last occasion in 2011, while deliberating the recommendation of Sub-Committee constituted for the purpose (Minutes of Committee placed as **Annexure 'B'**), apart from recommending the names of successful bidders for appointment as Portfolio Managers of EPFO, FIAC also recommended the allocation of funds amongst the selected Portfolio Managers of EPFO to the Central Board of Trustees (CBT), EPF (Minutes of 105<sup>th</sup> FIC held on 27.07.2011 placed as **Annexure 'C'**).
6. **Accordingly, the item is placed before the Committee for:**
  - (i). Opening of financial bids of bidders successful in technical stage and evaluation thereof.
  - (ii). Recommending to the CBT the number and names of Portfolio Managers to be appointed to manage EPFO corpus.
  - (ii). Also recommending to the CBT, allocation of funds amongst the selected Portfolio Managers of EPFO.

**Proposals contained in Para 6 (i), (ii) and (iii) above are placed before the Committee for consideration.**

Annexure - A

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कर्मचारी भविष्य निधि संगठन  
**Employees' Provident Fund Organisation**

(श्रम एवं रोजगार मंत्रालय, भारत सरकार)  
(Ministry of Labour & Employment, Govt. Of India)  
मुख्यालय / Head Office

Bhavishya Nidhi Bhawan, 14-Bhikaji Cama Place, New Delhi-110066

No. Invest.1/(116<sup>th</sup> Mtg.)/FIAC/2014-15

Date: 15.01.2015

15294

To

16 JAN 2015

All Members,  
Finance Investment & Audit Committee,  
Central Board of Trustees, Employees' Provident Fund.

Sub: Forwarding minutes of the 116<sup>th</sup> meeting of the Finance Investment & Audit Committee (FIAC), CBT,EPF held on 09.01.2015 at EPFO, Head Office, New Delhi. -Reg.

Sir,

Minutes of 116<sup>th</sup> meeting of the Finance Investment & Audit Committee held on 09.01.2015 are duly approved by the Chairman, FIAC. The minutes of 115<sup>th</sup> meeting of the FIAC held on 11/11/2014 duly approved by the Chairman, FIAC were confirmed during the 116<sup>th</sup> FIAC meeting.

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Yours faithfully,

Encls:- As above

(AMUL RAJ SINGH)

REGIONAL P.F. COMMISSIONER-II (INVEST.)

10  
16/1/15

**Minutes of bid opening for the selection process of Portfolio Managers for the EPFO's corpus**

**Date:** January 9, 2015

**Time:** 2:30 PM

**Venue:** EPFO Head Office, Bhikaiji Cama Place, New Delhi

**FIAC Members:**

1. Mr. K. K. Jalan – The Central Provident Fund Commissioner
2. Mr. D. S. Negi – Director, Ministry of Labour & Employment, Government of India (on behalf of Addl. Secretary)
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  - vii. UTI Asset Management Company (Representative name: Dilip Kumar Mohanty, Bid received at 9:45 AM on January 09, 2015)
4. Based on pre-qualification criteria defined in the RFP, the pre-qualification documents were examined and it was found that apart from bids of Birla Sun Life Asset Management Company and Reliance Capital Asset Management Company, the rest of the bidders have submitted the affidavit and undertaking as required by EPFO. Though, Birla Sun Life Asset Management Company and Reliance Capital Asset Management Company have submitted

the affidavit and undertaking, the same are not in identical format as prescribed by EPFO. The FIAC considered the same and decided to give chance to all such bidders to file the affidavit and undertaking in exact format particularly in view of the fact that the affidavit and undertaking submitted by them has same substance as asked and also the fact that the deviation is non material and taking a rigid stance will reduce the competition. The qualification/disqualification of the applicants is as follows:

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- ii. **Birla Sun Life Asset Management Company: Qualified subject to following;**
  - Applicant was requested to re-submit the CD of bid documents without the financial bid information (the applicant had included the financial bid along with the pre-qualification and technical bids in the same CD)
  - Applicant was requested to re-submit affidavit (as required in sections 8.2.4, 8.2.5 and 8.2.6 of RFP) and undertaking (as required in sections 8.2.7, 8.2.8 and 8.2.9 of RFP) as per the required formats before 5:00 PM on January 14, 2015.
- iii. **HSBC Asset Management Company: Qualified**
- iv. **ICICI Securities Primary Dealership: Qualified**
- v. **ICICI Prudential Asset Management Company: Qualified**
- vi. **Reliance Capital Asset Management Company: Qualified subject to following;**
  - Applicant was requested to re-submit affidavit (as required in sections 8.2.4, 8.2.5 and 8.2.6 of RFP) and undertaking (as required in sections 8.2.7, 8.2.8

and 8.2.9 of RFP) as per the required formats before 5:00 PM on January 14, 2015.

vii. UTI Asset Management Company: Qualified subject to following;

- Legal opinion on pending investigations as indicated in the pre-qualification bid document.

5. The results of the technical bid evaluation will be shared with the FIAC on January 20, 2015.

The financial bids shall be opened after this discussion.



**Minutes of Meeting of the Committee for Selection of Fund Managers****Meeting No.: 010****Date: 13 July, 2011.****Time: 05:00 PM****Held at: EPFO Central Office****Members Present:**

- I. Mr. Samirendra Chatterjee – Central P F Commissioner, EPFO (Chairman)
- II. Mr. Rajesh Bansal - FA & CO, EPFO (Member)
- III. Mr. K.L.Goyal – Regional P F Commissioner, Grade I, IMC, EPFO ( Member)

**Consultant Representative:**

- IV. Mr. Tarun Bhatia –Director, CRISIL Research

**Key discussion points**

1. CRISIL submitted the final report on the "Assessment of proposals for appointment of Fund Managers" after evaluating financial bids of the applicants.
  - i. The financial bids of the 5 qualified bidders were discussed. The technical bids of the applicants had been evaluated previously and discussed at the committee held on 7 July, 2011.
  - ii. The overall score and the ranking of the 5 qualified bidders is as follows:

Applicant	Financial Bid	Technical Bid	Overall Score	Rank
ICICI Securities Primary Dealership Ltd.	0.7693	1.0000	0.8155	1
State Bank of India	1.0000	0.0300	0.8060	2
Reliance Capital Asset Management Ltd.	0.8128	0.7500	0.8002	3
HSBC Asset Management (India) Private Ltd.	0.7637	0.0833	0.6276	4
ICICI Prudential Asset Management Company Ltd.	0.7566	0.0625	0.6178	5

- iii. The final report was accepted by the committee.

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- 2. In line with RFP, the committee identified the 4 fund managers who will manage EPFO cor. The same will be tabled to FIC and CBT on 14 July, 2011, for their consideration.

<b>ICICI Securities Primary Dealership Limited</b>
<b>State Bank of India</b>
<b>Reliance Capital Asset Management Limited</b>
<b>HSBC Asset Management (India) Private limited</b>

- 3. In addition, the presentation for CBT and FAQs were also discussed.

*[Signature]*  
 18/07/2011  
 (Rajesh Bansal)  
 FA & CAO - Member

*[Signature]*  
 (K L Goyal)  
 R P F C - I (IMC) - Memt

*[Signature]* 13/7/11  
 (Samirendra Chatterjee)  
 Central P F Commissioner (Chairman)

*[Signature]*  
 (Tarun Bhatia)  
 Director - CRISIL Research  
 Consultant Representative

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Annexure C

106<sup>TH</sup> FIC Meeting (27.07.2011)

Annexure-A of Item No. 1

**Minutes of the 105<sup>TH</sup> meeting of Finance & Investment Committee held on 14.07.2011**

The 105<sup>TH</sup> meeting of the Finance and Investment Committee, Central Board of Trustees, Employees' Provident Fund was held at 12.00 Nbn on 14.07.2011, in the Conference Room, 3<sup>rd</sup> floor EPFO Head Office, New Delhi.

(a) The following were present in the meeting:

1.	Shri S. Chatterjee	Chairman, Finance and Investment Committee, CBT, EPF and Central Provident Fund Commissioner, Employees' Provident Fund Organisation, Head Office.
2.	Shri Chaman Kumar	Vice Chairman, Finance and Investment Committee, CBT, EPF and Addl. Secretary, Financial Advisor, Ministry of Labour & Employment, Government of India
3.	Dr. G. Sanjeeva Reddy	Member, CBT, EPF (Employees' Representative)
4.	Shri A. D. Nagpal	Member, CBT, EPF (Employees' Representative)
5.	Dr. Ram S. Tameja	Member, CBT, EPF (Employers' Representative)
6.	Shri Sharad Patil	Member, CBT, EPF (Employers' Representative)
7.	Shri S K Verma	Director Social Security, Ministry of Labour and Employment, Government of India
9.	Shri Rajesh Bansal	Convener and FA & CAO, EPFO

Shri B N Rai and Sh Santosh Saraf could not attend the meeting and sought leave of absence.

(b) The following officers attended:

1. Shri K. L. Goyal, RPFC-I(IMC)
2. Shri Rajiv Bisht, RPFC-II.(IMC)
3. Shri. Sanjay Bisht, RPFC-II (Conference)
4. Shri Rakesh Kumar, RPFC-II (IMC)
5. Shri Manoranjan Kumar, RPFC-II (Investment)

The Chairman welcomed all the members and officers present in the meeting.

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106<sup>th</sup> FIC Meeting (27.07.2011)

**Item 1: Confirmation of the Minutes of the 103<sup>rd</sup> & 104<sup>th</sup> meeting of the Finance & Investment Committee held on 28.01.2011 & 03.02.2011 at EPFO, HQs, New Delhi**

The minutes were approved by all the members.

**Item No. 2: Statement showing the actions taken on the recommendations of the 103<sup>rd</sup> Finance & Investment Committee meeting held on 28.01.2011.**

The Committee took note of the Action Taken Report.

**Item No.3: Appointment of new fund managers for managing the EPFO corpus for a period of 3 years.**

- a) CPFC informed the members that the chronological sequence of events in the selection of fund managers was given in the agenda item. The addendum placed on the table included the final recommendation of the three-member Committee regarding the selection of the multiple fund managers. As per the evaluation of the technical and financial bids, following four fund managers were recommended for appointment as fund managers of EPFO for a period of 3 years:

1.	ICICI Securities Primary Dealership Ltd.
2.	State Bank of India
3.	Reliance Capital Asset Management Ltd
4.	HSBC Asset Management (India) Private Ltd.

The copy of the minutes of the selection Committee on 13.07.2011, in which the selection was finalised, was also placed before the FIC.

- b) CRISIL, the consultant, made a presentation to FIC on the process and criteria followed for the selection of Fund Managers.
- c) The committee was informed that 11 Expression of Interest (EOI) were received after the advertisement, and 10 of them were found eligible for issuing the Request for Proposal document. All 10 entities submitted the completed RFP document including technical and financial bids. The technical evaluation consisted of a detailed set of quantitative and qualitative parameters and whightage of each such parameters as decided beforehand. It was also decided to keep 65% as minimum qualifying score in technical bid for

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*106<sup>TH</sup> FIC Meeting (27.07.2011)*

consideration for opening of financial bid. The complete set of scoring was made available in the addendum.

- d) Out of 10 technical bids only 5 applicants qualified by scoring more than minimum 65% criteria and their financial bids were opened on 08.07.2011.
- e) The final report on the basis of combined score of technical and financial bids was submitted by the consultant, CRISIL on 13.07.2011, which was placed and discussed by the selection Committee on the same day.
- f) The FIC after examining the Agenda note, the Addendum to agenda note and the recommendations of the selection committee decided to recommend the above mentioned 4 fund managers (Para (a) of Item No. 3) to the CBT for appointment of fund managers from 01.09.2011 for a period of 3 years.
- g) Further, based on the deliberations at FIC, it was observed that there was a wide variation among the fund managers with respect to the financial bids. On an average accretion of Rs. 20,000 crore per annum to each bidder, the fee payable to the lowest bidder (ICICI Securities Primary Dealer) would be Rs.6 lacs, Rs.8 lacs to the next lowest bidder (Reliance Capital AMC), Rs.72 lacs to the next lowest bidder (HSBC AMC) and Rs.2 crore to the highest bidder (State Bank of India). The members of FIC were not comfortable with this wide variation and therefore recommended that the fund allocation should be done in relation to the financial bids. Accordingly, FIC recommended that the funds be allocated in the following proportion:
  - ICICI Securities Primary Dealership – 35%
  - Reliance Capital AMC – 35%
  - HSBC AMC – 20%
  - State Bank of India – 10%

*The meeting ended with vote of thanks to the Chair.*

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