



Request for Proposal for implementation of SAP ERP System at ISARC

RFP No. 4/2011-12

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This RFP is not an agreement and is not an offer or invitation by ISARC to any party other than the one that qualifies to submit the Bid. The purpose of this RFP is to provide information to the potential bidders to assist them in responding to this RFP. Though this RFP has been prepared with sufficient care to provide all required information to the potential bidders, they may need more information than what has been provided. In such cases, the potential bidder is solely responsible to seek the information required from ISARC. ISARC reserves the right to provide such additional information at its sole discretion.

ISARC makes no representation or warranty and shall incur no liability under any law, statute, rules or regulations on any claim the potential bidder may make in case of failure to understand the requirement and respond to the RFP. ISARC may, in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information in this RFP anytime before the final bid submission.

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2. Background and Introduction

2.1. About ISARC

India SME Asset Reconstruction Company Limited (ISARC) is the country's first ARC supported by a large number of public sector banks and undertakings. It will strive for speedier resolution of NPAs with a focus on MSME sector.

ISARC endeavors to unlock the idle NPA assets for productive purposes which would facilitate greater and easier flow of credit from the banking sector to the MSMEs.

Indian Banking Industry has been saddled with substantial NPAs on account of various historical reasons like poor credit recovery, mainly because of inadequate legal provisions governing foreclosure & bankruptcy, long pending legal recourse, uncertain weather conditions, natural calamities and priority sector lending, etc. In India, owing to the time lag involved in the recovery, banks tend to hold on to these NPAs in their books. Accumulation of large number of NPAs in the banking sector and resolution thereof has been one of the major concerns of one and all as increased NPAs severely affect the economy in several ways. Blocking of funds in NPAs not only affects the financials and earnings of Banks / FIs, it also calls for higher capital for meeting the regulatory requirements. These are required to be tackled by innovative methods. Pursuant to the intervention of GoI/RBI and introduction of debt resolution measures like Debt Recovery Tribunals, SARFAESI Act 2002, Compromise Settlement Schemes of RBI, etc., banks/Financial Institutions [FIs], in general, have been able to effectively tackle their NPAs and reduce their NPA levels.

ISARC is an initiative by SIDBI and is supported by SIDBI Venture Capital Ltd., 12 public sector banks, LIC, 3 SFCs and a TCO. ISARC is the country's first asset reconstruction company that strives for speedier resolution of the high level of NPAs in the Banks/FIs, with a focus on NPAs of SME sector. ISARC endeavors to unlock the idle NPA assets for productive purposes which would facilitate greater and easier flow of credit from the banking sector to the MSMEs.

"ISARC is registered by RBI as an Asset Reconstruction Company to commence/carry on the business of securitization/asset reconstruction as per SARFAESI Act 2002."

2.2. Need for SAP

ISARC has now been in operations since the last 2 years and is on a significant growth path. Now that the initial setup days are over ISARC is looking at streamlining the processes and enabling itself for a high rate of growth. Towards this end it has identified SAP as an effective IT tool which will serve its needs related to systems and processes.

3. Project Details

3.1. Scope of Work

This Request for Proposal (RFP) is for supply, implementation and support of the SAP ERP Solution for standardization and improvement of processes at ISARC.

The scope of work is as follows:

1. Supply, implementation and support of SAP to cover the entire gamut of processes at ISARC. The detailed processes and functional requirements are specified in Annexure C and D. This would include configuration of the SAP system and customization wherever required
2. ISARC will be procuring hardware and database licenses separately and supply of hardware is not a part of this RFP. However the ERP Implementer will provide suitable industry standard hardware, network and infrastructure recommendation to support transactions as per the business needs of ISARC. The Hardware recommendation is an important part of the evaluation of this RFP. This hardware recommendation has to be submitted as per the schedule mentioned in the section on “Project Timelines”
3. Change Management
4. Training for ISARC officials
5. Data Migration from existing systems and non-digitized resources

3.2. Deliverables

The SAP implementation shall include (but is not limited to) the following key deliverables:

1. Software

Supply, install and configure SAP system to facilitate seamless enterprise-wide integration across ISARC’s application systems and relevant external systems

2. Implementation Services

The ERP Implementer must develop a comprehensive and detailed approach and strategy for the implementation of SAP for ISARC including, but not limited to the following (ERP Implementer may propose others, based on their strategy / methodology):

1. Project Scope and Plan
2. Overall implementation plan and work plan (in phases)
3. Migration plan
4. Testing plan
5. Training plan
6. Cut-over and commissioning plan

Customization/ Development should be kept to a minimum and as far as possible industry best practices should be adhered to. Wherever absolutely required Customization / Development should be done in a manner that it gives a reasonable assurance of upward compatibility with future versions of the platform. The development / customization should be as per a defined quality assurance program throughout the project period as detailed in response to Sr. No. 16 of Table 10 in Section B.3. It should be meeting industry standards and quality control parameters.

All the development must meet the requirements for security, performance, ease of use for operations, administration and management. Typically SAP recognized or industry standard methodologies should only be used

3. Testing Services

Conduct testing for the system, application and any customised components. Testing shall include, but not limited to the following (ERP Implementer may propose others, based on their strategy / methodology):

1. Unit Testing
2. Performance / Volume Testing (OEM tools shall not be used for this testing)
3. System Integration Testing (ERP Implementer)
4. User Acceptance Testing (UAT) Facilitation

4. Training

Functional and technical training to business & IT staff in operating and using the solution including database and application software. ERP Implementer should provide training on application software and other areas to the project team from ISARC. The training duration will be suggested by the ERP Implementer at ISARC premises. The test environment required for the training has to be set up by the ERP Implementer before the training commences. The ERP Implementer should provide detailed training on the solution to officials of ISARC.

5. Data Migration

ERP Implementer will provide the data migration plan and will be responsible for all data migration. ERP Implementer will provide all the data master formats etc. to ensure proper data migration.

6. Managing go-live event

ERP Implementer will provide a detailed list of specific activities for go live event. The project plan submitted by the vendor must ensure that the activities are completed before the event.

Before the go-live event hardware procurement, purchase and deployment should be completed. All training programs must be completed before the go live event. The go-live event will be dependent on the successful UAT sign-off.

7. Post go-live support

The ERP Implementer will provide handholding and onsite support for **at least six months after go live stage** to resolve all implementation, operational and production issues and provide handholding. All the documents will also be converted to final release version during this stage.

The post go-live support will address all user level queries, fixing bugs, incorporation of new requirements owing to legal, statutory and policy changes, changes to configurations, patch updates, upgrades, database administration, security, etc. For this purpose, the bidder is expected to provide detailed processes to be followed for logging requests, assigning requests to specific individuals, recording resolution, tracking overall time taken for resolution, etc.

8. Hardware Requirements

ERP Implementer is required to provide for the detailed configuration of the proposed Development, Test and Production server environments as per the business and technical requirements.

The recommendations for the hardware should consider the following:

1. The recommended hardware should be industry standard and have high reliability, fault tolerance, redundancy and high availability
2. The recommended hardware and software should support the requirements for a minimum period of 5 years post the acceptance of the solution

9. Network Requirements

ERP Implementer should provide the details of the network requirements for the proposed solution. ISARC has a plan to have 5 offices over a period of the next 3 years across multiple locations in India. The networking plan and architecture should meet high availability requirement and high security standards.

10. Project Management

ERP Implementer should propose a suitable project manager/team with diversified expertise to meet the requirement of ISARC. The manager/team will do the overall project management throughout the life cycle of the project to ensure successful completion of the project. Project management will include the following:

1. Ensure timely delivery of all the deliverable related to ERP as mentioned in this RFP.
2. Suggest the hardware and network requirements
3. Support evaluation of hardware and networking proposals for procurement
4. Oversee delivery and installation of IT infrastructure as per detailed bill of material and specification of hardware and networking equipment.
5. Oversee network implementation
6. Co-ordinate between various stakeholders and suppliers
7. Manage the total project i.e. ERP delivery, customization and implementation, coordination for site preparation, networking and hardware delivery.
8. Participate in all meetings
9. Define and control project scope
10. Monitor risk management aspects and project delays
11. Ensure synchronization of all the activities of the project i.e. development, IT infrastructure procurement, implementation, training etc.

11. Change Management

Implementation of new or changed business processes will affect users in ISARC and require change in the functional processes followed. During implementation, the ERP Implementer will help in creating and maintaining effective communication and change management vital to the successful adoption of the new or changed processes.

The ERP Implementer shall ensure change management to ensure the successful implementation and usage of the SAP system by the officials of ISARC. Towards this end the ERP Implementer should detail out a plan to ensure change management focused on proper implementation of SAP.

12. Documentation

The first set of document is linked to functional, hardware and security specifications of the project. The consultants will study the business processes and furnish the following documents:

1. Project charter
2. AS-IS Document
3. Business Process Blueprint Document.
4. Process Mapping with ERP and Gap analysis document
5. Security & Control Specifications
6. Hardware and networking plan

The Hardware and Networking plan should be provided as per the stipulated time mentioned in section 3.4 on “Project Timelines” within this document so that timelines could be adhered to in terms of procurement of hardware

The second set of deliverables is linked to realization of the Business Blue Print. This will include installation and commissioning of the SAP modules, carrying out the customization, and achieving specific developments for ISARC. The consultants will also furnish at least the following documents (ERP Implementer may propose others, based on solution offerings)

1. Custom development functional specifications document
2. Custom development technical specification document
3. Data migration strategy document
4. All user guides
5. Unit and integration test scripts
6. User acceptance testing test scripts
7. Cutover strategy document
8. Installation procedure document
9. System administrators routine maintenance procedure document
10. Any other, as appropriate and identified during the course of the project

All documents should be handed over in three copies, legible, neatly and robustly bound on A-4 size, good-quality paper. Soft copies of the document in MS Word format will also be submitted in CDs along with the hard copies. All documents will be in plain English.

All statutory, legal requirements shall be met in terms of reporting and process coverage without any additional effort on the part of ISARC officials once the SAP system has been implemented

3.3. Project Team Structure

The project organization will comprise of a steering committee, a core project team from ISARC and the ERP Implementer's project team.

The bidders will describe the ERP Implementation project organization in the bids. It is expected to have a senior functionary heading the project team supported by separate coordinators for various modules of implementation.

Steering Committee

The purpose of the Steering Committee is to meet periodically – typically monthly to discuss the overall status of the project. Any issues that affect the project from a scope, timing, resource, cost standpoint or that cannot be resolved at the work team level should be discussed and resolved by the Steering Committee. The overall responsibility of this committee is to maintain and set policy and direction for the project.

The attendees from the ERP Implementer in the steering committee meetings must be officials of senior management (typically Project Director/ Project Manager) who will be able to take decisions on pertinent points. ISARC will subsequently define the members of the steering committee.

ISARC Project Team

ISARC will define a project team comprising of ISARC officials or Consultants to support and facilitate the ERP Implementer in defining and facilitating the business blueprinting and testing.

ERP Implementer Project Team

The ERP Implementer should propose a project team which will be addressing all the needs of the smooth implementation of the project including but not limited to the following roles:

1. Project Director
2. Project / Program Manager
3. Module Leads
4. Functional Consultants
5. ABAP Consultant
6. BASIS Consultant
7. Change Management Consultant

3.4. Project Timelines

Table 1

| Sr. No. | Milestone | Tentative Date |
|---------|--|---|
| 1 | Acceptance of the Order and signing of contract | 28 th June |
| 2 | Kickoff Meeting | 1 st July |
| 3 | Start of the project | 8 th July |
| 4 | Submission of the hardware plan | 22 nd July |
| 5 | Completion of Study / Finalization of the AS-IS process document | Timelines for these milestones would be mutually agreed between ISARC and ERP Implementer during the finalization of the project plan |
| 6 | Finalization of the Business Process Blueprint | |
| 7 | Completion of Core Team Training | |
| 8 | Completion of Integration Testing | |
| 9 | Completion of End User Training | |
| 10 | Go Live – including Data Upload | 4 months since start of project |
| 11 | Onsite support and handholding period end | For a period of 6 months from date of go-live |

3.5. Project Location

The project will be executed from ISARC’s office in Mumbai. ISARC may move to a new office during the duration of the project in Mumbai or Navi Mumbai region.

3.6. Roles and Responsibilities

The bidders will have to share a roles and responsibilities matrix identifying clearly the following:

1. Roles and responsibilities of the ERP Implementer
2. Key roles and responsibilities as expected from ISARC (and their involvement (full time, part time, etc))
3. Roles and responsibilities of various team members within the ERP Implementer Project Team

3.7. Change Request Management

The methodology to manage changes in scope and schedule during the course of the project must be described clearly in the bid. ERP Implementer will have to ensure that the change requests are adequately handled. Minor change requests should be handled by ERP Implementer within the scope of the existing project without any additional commercial implications. Major changes could be additionally charged based on the per man month rate quoted in the financial bid

Minor and major changes will be mutually agreed upon between ERP Implementer and ISARC.

3.8. Problem Resolution and Escalation Matrix

In case of any problems and issues during the course of the project there should be a detailed escalation matrix provided to ensure timely resolution of the issues. The escalation matrix should help provide a quick and orderly method of notifying ISARC and ERP Implementer that an issue is not being successfully resolved at a lower level.

Escalation should take place on an exception basis and only if successful issue resolution cannot be achieved in a reasonable time frame.

1. Either ISARC or ERP Implementer can initiate the procedure
2. Initiator should promptly notify the other party that management escalation will be initiated
3. Management escalation will be defined as shown in the contact map as shown below. The contact map will be decided mutually by ISARC and ERP Implementer
4. Escalation will be one level at a time

Escalation Matrix

Table 2

| Level of escalation | ISARC | ERP Implementer |
|---------------------|-------|-----------------|
| | | |
| | | |
| | | |

There should be a different escalation matrix for the “implementation and handholding & onsite support phase” and a separate escalation matrix during the AMC period.

4. Bidding Process

The bidding process will involve following steps along with timelines:

Table 3

| Sr. No. | Step | Deadline |
|---------|--|---|
| 1 | Issuance of RFP | 16 th May, 2011 |
| 2 | Last date for receiving clarification | 26 th May, 2011 |
| 3 | Pre-bid meeting | 11:00 AM, 31 st May, 2011 |
| 4 | Submission of Pre-qualification Bid, Technical and Financial Bids | 4:00 PM, 8 th June, 2011 |
| 5 | Presentation to the Evaluation Committee by the pre-qualified vendors only | 20 th / 21 st / 22 nd June, 2011 |
| 6 | Opening of Financial Bids | 11:00 AM, 24 th June, 2011 |
| 7 | Contract Finalization | 28 th June, 2011 |
| 8 | Project Launch and Kickoff meeting | 1 st July, 2011 |

1. To enable you to prepare the proposal, a list of attached Document formats have been provided in Annexure B.
2. Any request for clarification should be initiated in writing, by email, or fax and should be addressed to the Program Managers as indicated in Annexure A.
3. At any time before the submission of proposals, ISARC may, for any reason, whether at its own initiative or in response to a clarification requested by any bidder, modify the Documents by amendment. The clarification on bids or any amendments of the bid will be posted on ISARC website by date mentioned as above. ISARC may at its discretion extend the deadline for the submission of proposals.

5. Procedure for evaluation of bids

The bid submitted by the ERP Implementer will be evaluated as per the following procedure:

1. First level of evaluation will be for the pre-qualification bid as mentioned below. **Only for those firms who fulfill the eligibility criteria in the pre-qualification bid, will the Technical and Financial Bids be opened**
2. Second level of evaluation will be on the basis of the Technical Bid.
3. Third and final evaluation will be the techno-commercial bid based on the combined scores of the technical and Financial Bids as explained in the subsequent sections

5.1. Pre-qualification Bid

The following eligibility criteria are a must for the bidder to qualify for the opening of their technical bid. Refer to format in Annexure B.2 and please attach a separate document as per the format

Compulsory Criteria: These criteria are absolutely essential for the bidder to possess. In case the bidder does not adhere to even one of the following points the bidders bid will be rejected:

- a. Has the bidder been incorporated in India and operating for the past 3 years? (Copy of the “Letter of Incorporation” should be submitted)
- b. Is office location of bidder in Mumbai or Navi Mumbai?
- c. Has the bidder implemented SAP for at least three customers in financial services firms? (support with references)

Important Criteria: These are important parameters and bidder will have to satisfy at least 3 out of the 5 criteria

- a. Does the bidder have minimum annual turnover of Rs. 50 Crores for each of the last three (3) financial years (FY 2008, FY 2009, FY 2010)?
- b. Is the bidder profit making in 2 of the last 3 years? (Certified / Audited Balance Sheets and P&L statements for last 3 years should be submitted in support of the turnover.)
- c. Has the bidder been in business of “SAP Implementation ” for at least last 2 years upto FY 2010 (support with references including date of project go-live)
- d. Bidder should have at least 150 Consultants
- e. Bidder should have at least 25 SAP Certified Consultants

5.2. Technical Bid Evaluation

1. **Bidders successful in the pre-qualification bid only will be considered for further technical evaluation based on the parameters defined further in this section.**
2. Reference checks would be conducted by ISARC either by contacting the suggested client or by a documented proof signed by the suggested client. The decision of ISARC in this regard shall be final.
3. Technical evaluation team of ISARC and / or consultants authorized by ISARC will scrutinize the bidders responses including evaluation criteria and technical responses

The evaluation criteria for the Technical evaluation of the bids are as follows:

1. Past experience (both in items of number of contracts and the contract values) in handling the contracts covering the work similar to the scope of work mentioned in these specification
2. Adequacy of the proposal: Coverage of the functionalities and processes, Project plan and methodology. Overall work plan including but not limited to – timelines, methodology, appropriateness, compliance/ deviations, quality assurance and project management, tasks and milestones, roles and responsibilities), Change Management, Training strategy and Action Plan
3. Technical presentation before the Evaluation Committee.
4. Qualifications and competence of the Key Professionals who have been proposed by the Bidder to be a part of the implementation team

Please attach a detailed technical proposal as per the formats specified in Annexure B.3

The number of points to be given under each evaluation criteria are as follows:

Table 4

| Sr. No. | Item | Points |
|---------|---|------------|
| 1 | Specific experience of the consulting vendor for SAP implementation relevant to this assignment | 10 |
| 2 | Adequacy of the proposal include the technical presentation before the evaluation committee | 60 |
| 3 | Team Structure & Competency of SAP implementation specific to this assignment | 30 |
| | Total | 100 |

The final technical score would be calculated as follows:

1. The Technical Scores of other Technical Bids will be computed relative to the highest evaluated Technical Bid. The Technical Score for a proposal will be computed as follows:

$$\text{Technical Score } T = (\text{Company's Score} / \text{Highest Score}) * 100$$

5.3. Financial Bid Evaluation

The evaluation of the Financial Bids would be as follows:

1. The Financial Scores of the Financial Bids will be computed relative to the lowest evaluated Financial Bid. The Financial Score will be computed as follows:

$$\text{Financial Score } F = (\text{Lowest Price Quoted} / \text{Price Quoted}) * 100$$

5.4. Final Evaluation

Proposals would be ranked according to their Final Score arrived at by combining Technical and Financial Scores as follows:

1. Weightage for the Technical Proposal is 75 percent
2. Weightage for the Financial Proposal is 25 percent



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Final Score = Technical Score T * 75% + Financial Score F * 25%

The firm achieving the highest Final Score will be declared the successful bidder and will be invited for contract finalization

6. Project Terms and conditions

6.1. Payment Milestones

1. **Part A:** License fees 100% at the start of the project
2. **Part B:** Implementation fees as detailed below:

Table 5

| Sr. No. | Milestone | % of contract charges payable |
|---------|--|-------------------------------|
| 1 | Acceptance of the Order and signing of contract | 10% |
| 2 | Finalization of the Business Process Blueprint | 10% |
| 3 | Completion of Integration Testing | 20% |
| 4 | Completion of End User Training | 20% |
| 5 | User Acceptance Testing completion and Go Live | 25% |
| 6 | Completion of Post Go Live Support and Handholding | 15% |

Achievement of milestone will be certified by Program Managers after auditing the deliverables

6.2. Software supplied

ERP Implementer shall guarantee that the software and allied components used to service ISARC's requirements are licensed and legal. All software must be supplied with their original and complete printed documentation

6.3. Implementation Team

Having selected ERP Implementer, among other things, on the basis of an evaluation of proposed key professional staff, **ISARC expects the team members named in the proposal will be actually available during the entire duration of the project.** ISARC will not consider substitutions during the duration of the project except for reasons of health of key team members.

6.4. Subcontracting

The ERP Implementer should not subcontract any work as a part of this project, without prior written consent from ISARC.

6.5. Right to Alter Quantities and requirements

At any time prior to the deadline of submission of Bids ISARC may for any reason, whether at its own initiative or in response to a clarification requested by bidders, modify the RFP by amendment, which will be placed on ISARC's website for information of all bidders. All such amendments shall become part of the RFP and same will be notified on ISARC's website.

ISARC reserves the rights to alter quantities, revise / modify all or any of the specifications, delete some items specified in this offer, when finalizing its requirements.

6.6. No Commitment to Accept Lowest or Any Bid

ISARC shall be under no obligation to accept the lowest or any other offer received in response to this bid notice and shall be entitled to reject any or all tenders without assigning any reason whatsoever.

6.7. Rejection of a bid

ISARC may at its absolute discretion exclude or reject any proposal that in the reasonable opinion of ISARC contains any false or misleading claims or statements. ISARC has no liability to any person for excluding or rejecting any such proposal

6.8. RFP Ownership

The RFP and all supporting documentation are the sole property of ISARC and should NOT be redistributed without prior written consent of ISARC. Violation of this would be a breach of trust and may, inter-alia cause the ERP Implementers to be irrevocably disqualified. The aforementioned material must be returned to ISARC when submitting the proposal, or upon request. However, ERP Implementers can retain one copy for reference.

6.9. Proposal Ownership

All proposals and materials submitted in response to this request shall become the sole and absolute property of ISARC and will not be returned. Selection or rejection of a proposal does not affect this right. The proposal and documentation may be retained, returned or destroyed as ISARC decides.

6.10. Confidentiality

This document contains information confidential and proprietary to ISARC. Additionally, the ERP Implementer will be exposed by virtue of the contracted activities to the internal business information of ISARC. Disclosures of receipt of this RFP or any part of the aforementioned information to parties not directly involved in providing the services requested could result in the disqualification of the ERP Implementers, premature termination of the contract, and / or legal action against the ERP Implementers for breach of trust.

Selected ERP Implementer will have to sign a legal non-disclosure agreement with ISARC before starting the project as per Annexure E

6.11. Language of the Bid

The language of the bid response and any communication with ISARC must be in written English only. Supporting documents provided with the RFP response can be in another language so long as it is accompanied by an attested translation in English, in which case for purposes of evaluation of the bids, the English translation will govern.

6.12. Price Freezing

The price finalized shall remain frozen / valid for a minimum period of 4 years from the date of the purchase order.

6.13. Indemnification

ERP Implementer shall indemnify, protect, and save ISARC against all claims, losses, costs, damages, expenses, actions suits, and other proceedings, resulting directly or indirectly from an act

or omission of the ERP Implementer, its employees or agents in the performance of the services provided by contract, infringement of any patent, trademarks, copyrights etc. or such other statutory infringements in respect of all components provided to fulfill the scope of this project

6.14. Contract Finalization

1. Prior to the expiration period of proposal validity (60 days as mentioned in Annexure B.1), ISARC will notify the successful Bidder who submitted the highest Final Score in writing by registered letter, email or fax and invite them to finalize the Contract.
2. Contract Finalization normally takes from one to two days. The aim is to reach agreement on all points, and finalize the contract.
3. Contract Finalization will commence with a discussion of your technical proposal, the proposed project plan, staffing and any suggestions you may have made. Agreement must then be reached on the final Project Plan, the staffing and bar charts, which will indicate milestones and tasks. Special attention will be paid to optimize the required outputs from the successful Bidder within the available budget and to define clearly the inputs required from ISARC to ensure satisfactory implementation of the Assignment.
4. Having selected the successful bidder as the ERP Implementer, among other things, on the basis of an evaluation of proposed key professional staff, ISARC expects to finalize a contract on the basis of the staff named in the proposal and, prior to contract finalization, will require assurances that this staff will be actually available throughout the project duration except for reasons of health of key professional staff
5. The Contract Finalization will be concluded with a review of the draft form of Contract as attached in Annexure F. ISARC and the Successful Bidder will finalize the contract to conclude negotiations

6.15. Award of contract

1. The Contract will be awarded after successful discussions with the successful Bidder. Upon successful completion of the bidding process, ISARC will promptly inform the other Bidders that their proposals have not been selected.
2. The selected Bidder is expected to commence the Assignment on the date specified in the section on Project Timeline.

6.16. IPR Infringement

As part of this project ERP Implementer will deliver suitable software. If the use of any such software by/ for ISARC, infringes the intellectual property rights of any third person, ERP Implementer shall be primarily liable to indemnify ISARC to the extent of direct damages against all claims, demands, costs, charges, expenses, award, compensations, etc. arising out of the proceedings initiated by third party for such infringement, subject to the conditions, the claim relates to software provided / used by ERP Implementer under this project

6.17. Force Majeure Clause

There shall be no liability or responsibility, on the part of both ISARC and the ERP Implementer for consequences arising out of interruption of the business due to acts of God, riots, civil commotion, insurrections, wars or any other causes beyond their control or by any strikes or lock outs.

Any such interruption due to Force Majeure should be informed by the ERP Implementer to ISARC or vice versa in writing within two days of such event.

6.18. Liquidated Damages and Penalty Clause:

The ERP Implementer shall complete all activities, milestones and submit all deliverables in accordance with the timelines (proposed by ERP Implementer during submission of proposal and finalized after discussion with ISARC post award of contract). Any case of delay or non-delivery of an activity or milestone as per the finalized project plan will be subjected to penalty as per the following:

- a. ISARC may recover from the ERP Implementer, a sum equivalent to 0.5 % of “the total Contract price excluding AMC / ATS charges” for delay in completion of the Service(s) for each week of delay or part thereof beyond the scheduled completion date, subject to a maximum of 10% of the total contract price excluding AMC, even though ISARC may accept delay in completion after the expiry of the scheduled completion date. For the purpose of liquidated damages scheduled completion date will be taken as date of issuance of acceptance certificate / commissioning
- b. ISARC reserves the right to recover by any other method, deduct the amount of liquidated damages from any money belonging to the ERP Implementer in its hands (which includes ISARC’s right to claim such amount against ERP Implementer's Performance Bank Guarantee) or which may become due to the ERP Implementer. Any such recovery or liquidated damages shall not in any way relieve the ERP Implementer from any of its obligations to complete the works / service(s) or from any other obligations and liabilities under the Contract/Agreement. ISARC reserves the right to condone the delay, if it is not attributable to the ERP Implementer.

6.19. Order Cancellation

ISARC reserves its right to cancel the order in the event of delay and forfeit the Performance Bank Guarantee as liquidated damages for the delay in the event of one or more of the following conditions:

1. If the maximum penalty amount is reached as per the Liquidated Damages and Penalty clause mentioned above
2. Serious discrepancy is observed in the quality of deployed manpower for both on-call and on-site services
3. Serious discrepancy is observed in the quality of service expected during the contract period

6.20. Resolution of Disputes

All disputes and differences of any kind, whatsoever, between the ERP Implementer and ISARC, arising out of or in relation to the construction, meaning, operation or effect of the Contract, shall be settled amicably by the Steering Committee. If after thirty days from the commencement of such informal negotiations, ISARC and the ERP Implementer are unable to resolve amicably a contract dispute; either party may require that the dispute be referred for resolution by formal arbitration.

All questions, disputes or differences arising under and out of, or in connection with the contract, shall be referred to two Arbitrators: one Arbitrator to be nominated by ISARC and the other to be nominated by the ERP Implementer. In the case of the said Arbitrators not agreeing, then the matter will be referred to an umpire to be appointed by the Arbitrators in writing before proceeding with the reference. The award of the Arbitrators, and in the event of their not agreeing, the award of

the Umpire appointed by them shall be final and binding on the parties. The arbitration and conciliation act 1996 shall apply to the arbitration proceedings and the venue for arbitration shall be at Mumbai, India. In case the ERP Implementer would like to exit the project, the same shall be taken up by the Arbitration process.

6.21. Governing Law and Disputes

The Bid and the subsequent Contract with the selected Bidder shall be governed in accordance with the Laws of India and will be subject to the exclusive jurisdiction of Courts in Mumbai.

6.22. Corrupt or Fraudulent practices:

1. “corrupt practice” means the offering, giving, receiving or soliciting of anything of value to influence the action of a public official in the selection process or in contract execution; and
2. “fraudulent practice” means a misrepresentation of facts in order to influence a selection process, and includes collusive practice among Bidders (prior to or after submission of proposals) designed to establish prices at artificial non-competitive levels and to deprive the Evaluation Committee of the benefits of free and open competition.
3. ISARC will reject a proposal for award if it determines that the Bidders recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question;
4. **Note:** On no account prior to the award of contract, should the Bidders contact or communicate directly with representatives of Project Managers or ISARC involved in work concerning this Request for Proposal about this Assignment, other than with the identified Contact Officer(s). Failure to comply with the above requirement may result in the disqualification of your organization from this competition.

6.23. Annual Technical Support

The supplier will provide Annual Technical Support (ATS) of SAP product for a period of three years from the date of supply, which will be further extended based on mutual agreement of terms and conditions. The support shall include new releases, upgrades, bug fixes, functionality requirements, and patches to cater to changes (including tax, legal and all statutory requirements). This shall also include technical support from SAP’s helpdesk

6.24. Annual Maintenance Contract (AMC)

1. AMC period will be for 3 years since the end of the handholding and onsite support period after which the same may be renewed on mutually agreeable terms and conditions.
2. For this purpose, the bidder is expected to provide the detailed processes to be followed for logging requests, assigning requests to specific individuals, recording resolution, tracking overall time taken for resolution, etc.
3. During the AMC the bidder will also provide a Project Manager to co-ordinate all the IT related activities including ERP, hardware, networking etc. This person will be responsible for liaising with all the stakeholders for running the ERP smoothly

4. ERP Implementer would provide on-site maintenance for a period of 3 years since the completion of the handholding and onsite support. The support will address but not be limited to the following:
 - 4.1. all user level queries
 - 4.2. bug fixes
 - 4.3. enhancements
 - 4.4. incorporations of new requirements owing to legal, statutory and policy changes
 - 4.5. configuration changes
 - 4.6. customizations
 - 4.7. patch updates
 - 4.8. upgrades
 - 4.9. database administration
 - 4.10. security
 - 4.11. periodic user trainings e.g. for new employees etc.
5. The maintenance support should be provided on all working days from 8 AM to 8 PM and should adhere to the SLA requirements. The coverage of maintenance support will be at least across the following though not limited to these only:
 - 5.1. All the modules of the ERP including customizations
 - 5.2. All functionalities as mentioned in the RFP or finalized during the business blueprinting phase
 - 5.3. Version upgradation
 - 5.4. Re-installation of base software and System restoration
 - 5.5. Report creation, modifications
 - 5.6. Workflow changes
 - 5.7. Resolution of reported errors
 - 5.8. Data backup and recovery
 - 5.9. Performance tuning and optimization
 - 5.10. Enhancements of existing configurations and functionalities
 - 5.11. Documentation of all the changes made to the system
 - 5.12. Training of any changes made
6. Annual Maintenance should include Technical support from ERP product Vendor's helpdesk.

6.25. Service Level Agreements

The SLA mentioned below will need to be included in the Contract subsequently. This SLA will be applicable to the post go-live handholding and onsite support and AMC

The service type will be defined as per the problem report generated and the metrication will be on delivery of the solution

Table 6

| Action | Threshold | | Expected Action |
|-------------------------|-----------|---------|--|
| Initial Response | Critical | 1 Hour | <ul style="list-style-type: none"> • Initial review, category identification, sufficiency of information with the problem report • Assign to individual for analysis |
| | High | 4 hour | |
| | Medium | 8 hour | |
| | Low | 16 hour | |

| | | | |
|--------------------------------------|----------|----------------|---|
| | | | <ul style="list-style-type: none"> • Respond to initiator that the problem has been assigned |
| Complete Analysis/ Resolution | Critical | 4 hour | <ul style="list-style-type: none"> • Detailed analysis of problem report, root cause analysis, potential risk/ impact • Effort estimate for resolution and closing of the problem |
| | High | 1 working day | |
| | Medium | 7 working day | |
| | Low | 10 working day | |

Definition of thresholds

Critical: Show stopper, Application breakdown/ crash. Has serious implications on running the production server, and has affected or may affect greater than 50% of users

High: Serious degradation of application performance, Has impacted majority of business processes, risk of significant data loss, affected or may affect around 10-50% of the users

Moderate: Moderate degradation in application performance, no implications on data integrity, had minimal or no impact on day-to-day operations, and has affected or may affect less than 10%of users

Low: Applications are stable and has no impact on day to day workings and has affected or might affect a single user

6.26. Earnest Money Deposit

The Earnest Money Deposit (EMD) for this project is Rs. 5 lakhs. The EMD can either be in the form of a demand draft / pay order favoring ISARC, payable in Mumbai. No interest will be payable on the EMD.

EMD furnished by all unsuccessful bidders will be returned on the completion of the bid process. EMD will be forfeited, if the bidder withdraws or amends, impairs or derogates from the bid in any respect within the period of validity of the bid. If the successful bidder fails to furnish the required performance guarantee then the EMD furnished will be forfeited. The EMD will be forfeited if the selected ERP Implementer refuses to accept assignment or having accepted the assignment, fails to carry out his obligations mentioned therein.

The EMD, if submitted in the form of demand draft / pay order, of successful bidder shall be refunded after furnishing Performance Bank Guarantee from a scheduled commercial bank valid for the implementation phase and for one year after go-live.



6.27. Performance Security:

Within 15 days of the receipt of notification of award from ISARC, the successful Bidder shall furnish the performance security in the form of performance bank guarantee for 10% of the total value of the project. The format of the Performance Bank Guarantee will be provided by ISARC to the successful bidder and needs to be executed before the start of the project.

Annexure A: Instruction to bidders for proposal preparation

You are requested to submit the following:

1. Pre-bid qualification
2. Technical Proposal
3. Financial proposal

The proposal should be prepared in line with the instructions given in the RFP document. All the requirements as per the RFP must be met under all circumstances.

Annexure B identifies the various Document Formats which describe the structure in which the various sections of the bid are to be submitted. The bidder should fill up the tables with information asked for in each column. Where a separate document is expected, the bidder may attach it in the bid. The complete bid will comprise of Pre-qualification Bid, Technical Bid and Financial Bid submitted in sealed packet. The Pre-qualification bid, Technical and Financial Bid would be processed separately. Hence, these bids are to be enclosed in separate sealed envelopes, clearly indicating their respective headings and then placed in the outer sealed packet.

The offers should be submitted as per format described further down in this section. The complete bid will comprise of a sealed outer cover containing the following:

1. Cover letter: The bid should be accompanied by a cover letter in the attached format in Annexure B.1
2. Earnest Money Draft
3. Three separate sealed covers clearly marked 'Pre-qualification Bid', 'Technical Bid' and 'Financial Bid'

The bid should be addressed to:

Deputy General Manager

India SME Asset Reconstruction Company Ltd.

1st Floor, MSME Development Centre,

Plot No. C-11, G Block, Bandra Kurla Complex (BKC),

Bandra (E), Mumbai - 400 051

Telephones: 61579600 Fax: 61579699

E-mail : ak.srivastava@isarc.in, mehul.kumar@isarc.in,

- The number of copies of the proposal to be submitted are: **Three**
- The final date and time of proposal submission are: 4:00 PM, 8th June, 2011
- **All request for clarification should be addressed to:**
 1. ak.srivastava@isarc.in
 2. mehul.kumar@isarc.in
 3. amit@amitsinhas.com

A.1 Pre-qualification bid

You are expected to submit a separate document for pre-qualification bid. This will list down the information as per the Pre-qualification bid format in Annexure B.2. This will be evaluated first and for only those firms fulfilling the minimum pre-qualification bid criteria as specified will the technical and financial bids be opened.

A.2 Technical Bid

You are expected to examine all terms and instructions included in the Documents. Failure to provide the requested information will be at your own risk and may result in rejection of the proposal.

Technical proposal must provide the following information, using, but not limited to, the formats attached in Annexure B.3:

1. A brief description of the Bidder's organization and an outline of recent experience on assignments of a similar nature. The information you will provide on each assignment should indicate, inter alia, the profiles of the staff provided, duration, contract amount and firm involvement
2. The composition of the proposed staff team, the tasks which would be assigned to each member of the team
3. Estimates of total time effort (person x months) to be provided for the services, supported by charts showing the time proposed (person x months). The total time effort should be broken down by the modules suggested to be implemented. ***This should be limited to estimation of Total time effort only and no financial information should be included here***
4. Your understanding of the processes and the proposed solution. This should include all the relevant modules of SAP that will be required to ensure coverage of the processes and requirements as mentioned in Annexures C and D. Please do highlight in a tabular format the adherence to the coverage of the requirements as per the format shared in Annexure D

TECHNICAL BID MUST NOT INCLUDE ANY FINANCIAL INFORMATION. IF FOUND SO THE BIDDER WILL BE DISQUALIFIED

A.3 Financial Bid

1. The financial proposal should list the costs associated with the Assignment using, but not limited to, the formats attached.
2. The financial proposal must take into account the tax liability and cost of insurances if any and any other statutory payouts as per the standard guidelines



Annexure B: Document Formats

B.1 Cover Letter

Bid Proposal Reference No. and Date:

Bidders Name and Address:

Person to Be Contacted:

Designation:

Telephone No(S):

Fax No.:

To:

Deputy General Manager

India SME Asset Reconstruction Company Ltd.

1st Floor, MSME Development Centre,

Plot No. C-11, G Block, Bandra Kurla Complex (BKC),

Bandra (E), Mumbai - 400 051

Telephones: 61579600 Fax: 61579699

Subject: Submission of Pre-qualification bid, Technical bid & Financial bid for SAP Implementation Project at ISARC

Sir,

We, the undersigned bidders, having read and examined in detail the specifications and the RFPs in respect of the SAP Implementation project do hereby propose to provide services as specified in the RFPs.

BID VALIDITY

1. The prices mentioned in our proposal are in accordance with the terms as specified in RFP. The prices and other terms and conditions of this proposal are valid for the period of 60 calendar days from the date of submission the bids.
2. We do hereby confirm that we are an Indian firm and that our Bid prices include all taxes such as Income tax, professional tax, sales tax, service tax etc.
3. We do hereby assure that any change in indirect or direct taxes like income tax, surcharge on Income Tax, Professional Tax or sales tax and other Corporate tax would be payable by us, as and when applicable.

UNIT RATES

1. In the case there is an increase/decrease or change in the scope of work under the contract, we have indicated in the relevant schedules, the unit rates for respective services. These should be considered at appropriate time.
2. We declare that all the services/works shall be performed strictly in accordance with processes as mentioned in the RFP.

BID PRICING

1. We further declare that the prices stated in our proposal are in accordance with your Instructions to Bidders included in RFP



2. We declare that our bid prices are for the entire scope of the work as specified in the RFP. These prices have been submitted in the Financial Bid.
3. We declare that the prices will not be subject to escalation for any reason whatsoever within the period of project. A proposal submitted with an adjustable price quotation or conditional proposal may be rejected as non-responsive.

PRE-QUALIFICATION BID

1. We confirm having submitted the Pre-qualification bid as required by you in a separate document. In case you require any additional information/documentary proof for the evaluation of our bid, we agree to furnish the same.
2. We hereby declare that our proposal is made in good faith, without collusion or fraud and the information contained in the proposal is true and correct to the best of knowledge and belief.
3. We understand that in case we do not fulfill the eligibility criteria under the pre-qualification bid our Technical and Financial Bids will not be evaluated

This is to further certify that all the information contained in the Bid is to the best of our knowledge and the bids submitted are completely unconditional

Thanking you,
Yours faithfully,

(Signature)
Name of Authority Signatory:
Designation:
Seal

Date:
Place:
Business Address:
Signature
(In the capacity duly authorized to sign bids
For and on behalf of)

(Name in block letters)

B.2 Pre-qualification bid Format

(To be submitted in a separate sealed cover marked: SAP Implementation at ISARC – Pre-qualification bid)

Table 7

| Sr. No. | Line Item | Details |
|---------|---|---------|
| 1 | General Company Information | |
| 2 | Name of the bidder | |
| 3 | Year of Incorporation | |
| 4 | Office Location in Mumbai | |
| 5 | Name of the Project Head and Designation | |
| 6 | Name of the Team leader \ project manager and designation | |
| 7 | Contact postal address, telephone, fax number and E-mail address | |
| 8 | Quality Certification (for example SEI - CMM Level, ISO 900) (Enclose proofs) | |

Table 8

| Sr. No. | Eligibility Criteria | Yes or No |
|----------------------------|--|-----------|
| Compulsory Criteria | | |
| 1. | Has the bidder been incorporated in India and operating for a minimum of past 3 years? (Copy of the “Letter of Incorporation” should be submitted) | |
| 2. | Is office location of bidder in Mumbai or Navi Mumbai? | |
| 3. | Has the bidder implemented SAP for at least three customers in financial services firms? (support with references) | |
| Important Criteria | | |
| 4. | Does the bidder have minimum annual turnover of Rs. 50 Crores for each of the last three (3) financial years (FY 2008, FY 2009 and FY 2010)? | |
| 5. | Is the bidder profit making in 2 of the last 3 years? (Certified / Audited Balance Sheets and P&L statements for last 3 years should be submitted in support of the turnover.) | |
| 6. | Has the bidder been in business of “SAP Implementation” for at least last 2 years upto FY 2010 (support with references including date of project go-live) | |
| 7. | Does the Bidder have at least 150 Consultants on its rolls? | |
| 8. | Does the Bidder have at least 25 SAP Certified Consultants | |

B.2.1 Proforma of Document Checklist

Please attach this checklist for ensuring that all the relevant documents are attached along with the Pre-qualification bid

Table 9

| Sr. No. | Category | Action taken (Identifying if attached and the document page number/ Section etc. to identify position in the document) |
|--------------------------------------|---|---|
| 1. | Cover Letter | |
| 2. | EMD | |
| Pre-qualification bid Related | | |
| 3. | Pre-qualification bid Format | |
| 4. | Incorporation Document | |
| 5. | Balance Sheets and Profit & Loss A /c for last three years | |
| 6. | Quality Certifications | |
| 7. | References of at least three customers in financial services industry | |
| Technical Bid Related | | |
| 8. | Details of company expertise / experience | |
| 9. | Bidders understanding of the Project Scope | |
| 10. | Description of the Project Details | |
| 11. | Project Plan | |
| 12. | Roles and Responsibilities Matrix | |
| 13. | Effort Estimation | |
| 14. | Resources and Responsibilities expected from ISARC | |
| 15. | Training Plans | |
| 16. | Documentation Coverage | |
| 17. | IT Infrastructure requirement | |
| 18. | Security & Controls Plan | |
| 19. | Data Migration, Cut-over and commissioning plan | |
| 20. | Testing Plan | |
| 21. | Support Plan | |
| 22. | Change Management Plan | |
| 23. | Quality Plan | |
| 24. | Problem resolution and escalation mechanism | |
| 25. | Change Request Management Plan | |
| 26. | Project Team Details | |
| Financial Bid Related | | |
| 27. | Financial Bid Document | |

B.3 Technical Bid Format

(To be submitted in a separate sealed cover marked: **SAP Implementation at ISARC – Technical Bid**)

Table 10

| Sr. No. | Line Item | Instructions for response |
|------------------------------------|--|--|
| Relevant Company Experience | | |
| 1 | Details of company expertise / experience | Please attach on separate sheets |
| Project Details | | |
| 2 | Bidders understanding of the Project Scope | Describe your understanding of the project scope –what can be done and what cannot be done. <i>Separate Document Expected. Please include a compliance sheet as per process definition and detailed requirements in Annexure C & D. This should also include all the major customizations that you think are needed for the coverage of the processes and requirements</i> |
| 3 | Description of the Project Details | Describe your methodology in details of the technology, architecture, modules and solutions that would be used. <i>Separate document expected.</i> |
| 4 | Project Plan | Share a detailed project plan including but not limited to Timelines, Important milestones, Resource plan, etc. |
| 5 | Roles and Responsibilities Matrix | List out the Roles and responsibilities of the project team members |
| 6 | Effort Estimation | Please use the effort estimation matrix as mentioned in Section B.3.1. for sharing the details on the effort estimation divided by Modules |
| 7 | Resources and Responsibilities expected from ISARC | Please include the resources and responsibilities as expected from ISARC |
| 8 | Training Plans | Describe training programs for core team and end users supported by sample training documents. |
| 9 | Documentation Coverage | Describe all the relevant system documentation that you will provide supported by sample documentation/manual. This should at least include all the documents as listed in the deliverables section |
| 10 | IT Infrastructure requirement | Describe the IT Infrastructure requirements for the project - details of the hardware, software, platform, connectivity requirements, etc. |
| 11 | Security & Controls Plan | Detailed description of security and control features that are to be built into solutions |
| 12 | Data Migration, Cut-over and commissioning plan | Please include the details of the go-live plan, master data creation plan, data migration plan, plan to digitize the non-digitized data |
| 13 | Testing Plan | Please include details of all the testing that are to be done for the successful implementation of the project |
| 14 | Support Plan | Please include the details of the support during the post go- |

| | | |
|----|---|--|
| | | live onsite handholding and support phase and AMC separately including but not limited to the time spent, kind of resources deputed etc. |
| 15 | Change Management Plan | Describe your plan to cover any change management issues being faced during the implementation of the project including workshops to be conducted for the same |
| 16 | Quality Plan | Proposed quality plan setting out for controlling quality at different stages of the project and a proposed inspection schedule should be described |
| 17 | Problem resolution and escalation mechanism | Describe the problem escalation mechanism with the name, designation and contact details as per the details mentioned in Section 2.8 above |
| 18 | Change Request Management Plan | Include the plan to handle any change requests that may be needed during the course of the project including but not limited to details of the process to approve and handle such request |
| 19 | Project Team Details | Include the details of the proposed project team. Please include the resumes of the relevant team members in the attached format provided in Section B.3.2. The identified consultants will have to be a part of the project throughout the duration of the project unless and otherwise specific permission is taken from ISARC to replace the identified resources |

B.3.1 Effort Estimation Format

Use this template to provide effort estimation details for the Implementation part of the project only. Please do not include any efforts related to AMC in this matrix

Table 11

| Module | Broad Coverage of Processes | Type of resources | No of resources required | Time Required (in days) | Total Effort required |
|--------|-----------------------------|-------------------|--------------------------|-------------------------|-----------------------|
| | | | | | |
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B.3.2 Format for resume of key project team members

| | |
|--|--|
| 1. Name | |
| 2. Proposed Position | |
| 3. Education Details | |
| 4. Experience Profile | |
| <p>Project 1:</p> <p>Industry Covered:</p> <p>Modules Covered:</p> <p>Organization:</p> <p>Project Description:</p> <p>Role:</p> | |
| <p>Project 2:</p> <p>Industry Covered:</p> <p>Modules Covered:</p> <p>Organization:</p> <p>Project Description:</p> <p>Role:</p> | |

***Every team member profile shall be certified by the Team Member and the proposed Project Director**

B.4 Financial Bid Format

(To be submitted in a separate sealed cover marked: SAP Implementation at ISARC – Financial Bid)

Name and address of the company

Name and designation of the contact person dealing with this proposal

Part A: SAP License charges including discounts and applicable taxes & surcharges

Table 12

| Line Item | Unit Rate | Quantity* | Total |
|-----------------------|-----------|-----------|-------|
| SAP Licenses | | | |
| Discount | | | |
| Applicable Taxes etc. | | | |
| | | Total | |

* Please refer to Requirement D.15 for quantity

Part B: Professional Fees & Detailed price including taxes etc. as per the schedule mentioned below

ERP Implementation charges including applicable taxes & surcharges

Table 13

| Per Unit Charges by each type of resource (Functional Consultant/ ABAP Programmer/ Project Manager etc.) | Total Effort Required for each type of resource | Total Amount |
|--|---|--------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | Total | |
| | Applicable Taxes etc. | |
| | Grand Total | |

Part C: AMC Charge (Including applicable tax and surcharges)

Annual Maintenance charges for support of the system after the ending of the period of post go-live handholding and support (i.e. 6 months after Go-live). Further ISARC reserves the right to cancel



the services of the bidder with respect to the AMC at any point of time after giving a notice of 30 days.

Table 14

| Type of Resource | Time budgeted per month | Per Unit Rate | Total Charges |
|------------------|-------------------------|---------------|---------------|
| | | | |
| | | | |
| | | | |

Total Cost of the project (including A- License Charges, B- Implementation Charges and C- AMC Charges for a period of 3 years)

(Signature)

Name of the authority Signatory

Annexure C: Business Processes

C.1 Business Process Details

ISARC is in the business of asset reconstruction of bank NPAs. The areas of operations of ISARC that need to be covered in the SAP implementation are as follows:

- Core Business Process
 - Asset Acquisition
 - Pre due-diligence
 - Due diligence
 - Bid finalization
 - Actual Asset acquisition
 - Resolution
 - Including SR redemption
- Financials
 - Including trust accounting
- Controlling – Management Accounting
- Procurement
- Asset Management

C.2 Core Business Process

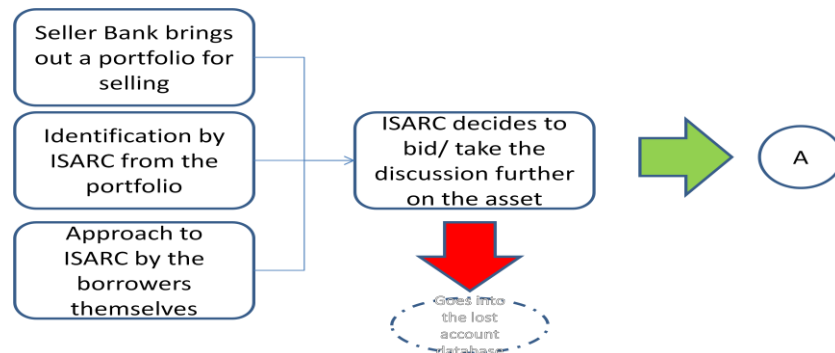
Asset Acquisition

The sales process at the bank for NPAs is usually centralized even though asset acquisition normally happens across locations. The asset acquisition phase can be divided into various sub-processes:

1. Pre due diligence
2. Due diligence
3. Bid finalization
4. Actual Asset acquisition

Pre-due diligence

This is an important aspect and starting point of the core business processes. This phase starts after the identification of a possible NPA to be sold by the seller banks. This is performed mostly in-house. The NPAs can be put on tender/ auction by various bank offices or assets can also be sold by the bank on a bilateral basis

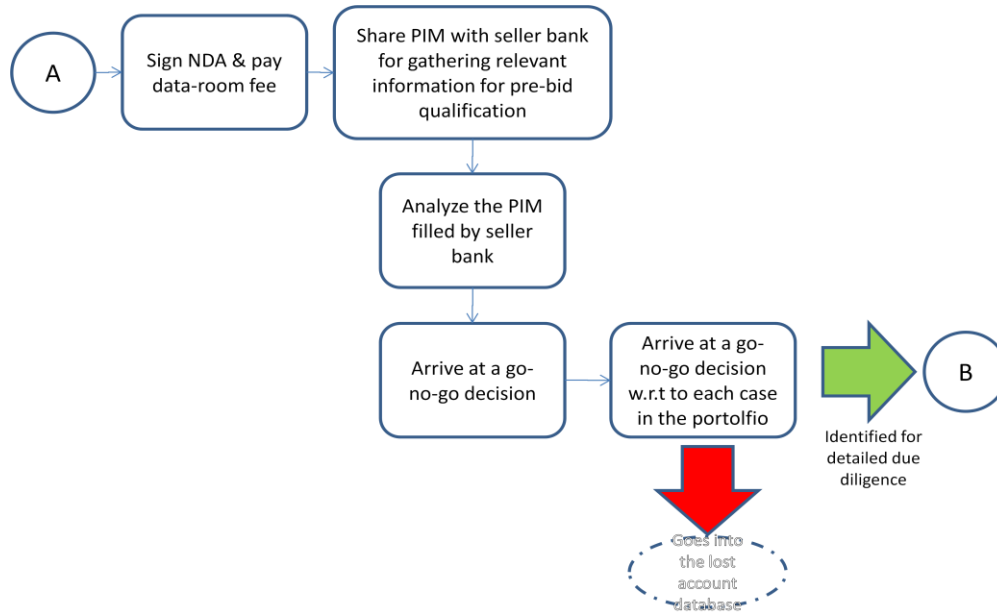


Once ISARC decides to pursue a particular case it signs an NDA with the seller bank. The information for the assets being targeted is captured using a Preliminary Information Memorandum.

PIM: Preliminary Information Memorandum – This helps in capturing the basic information on the assets around the following themes:

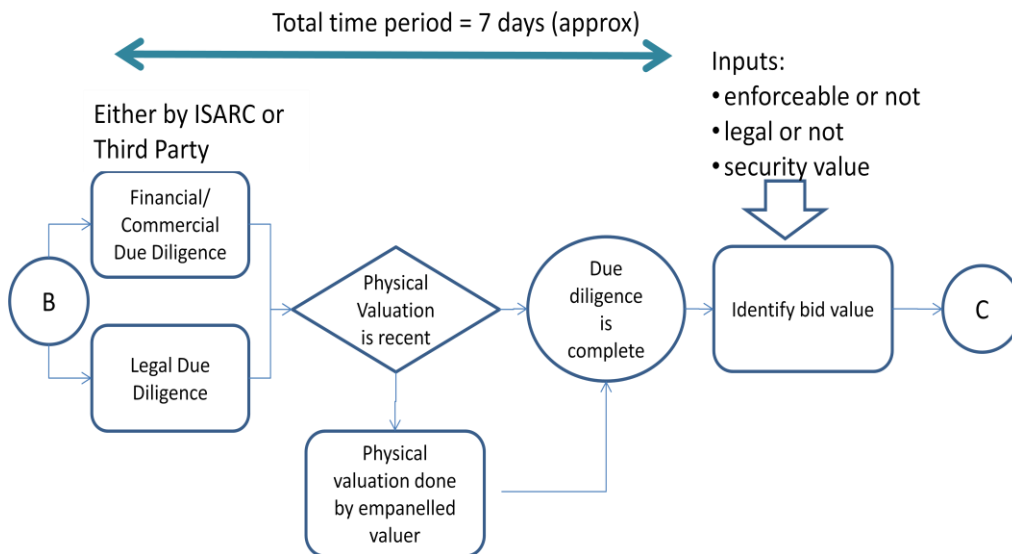
1. Borrower/ Promoter/ Shareholder details
2. Advance/ Exposure
3. Asset / Collateral Security/ Guarantees
4. Legal Recourse
5. Key financial indicators of the company in the past 3 years

Based on the analysis of the information captured by PIM ISARC arrives at a go-no-go decision.



Due Diligence

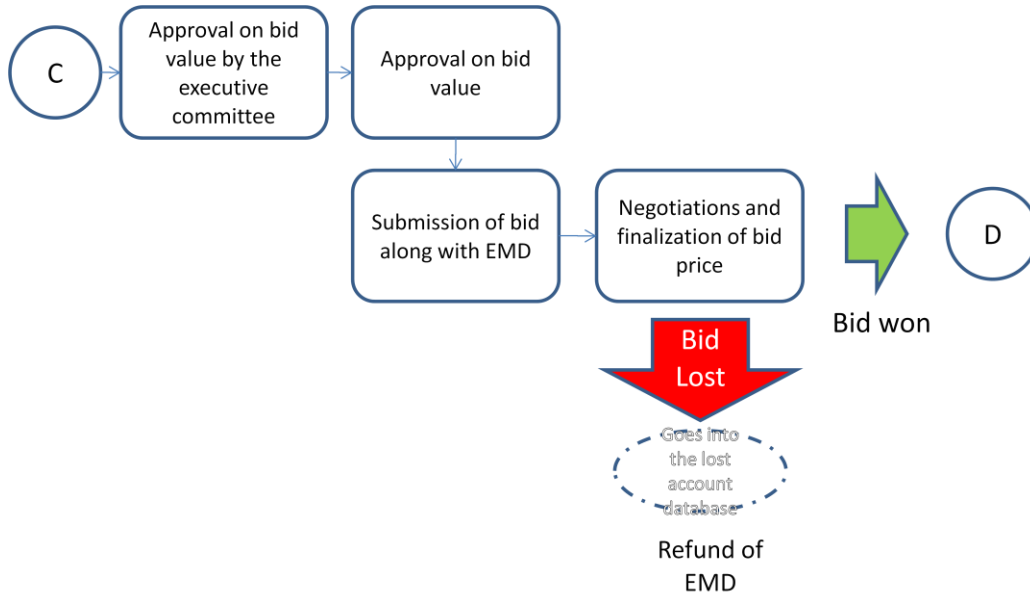
Once ISARC decides to pursue a case a detailed due diligence is conducted on the portfolio of accounts on offer. This process involves legal due diligence and financial/ commercial due diligence along with a physical valuation.



- For lost bids the cost of due diligence is absorbed on ISARC’s books as expenditure
- For bids that have been won the cost of due diligence is recovered from the trust formed for acquiring the assets prorated by the assets acquired

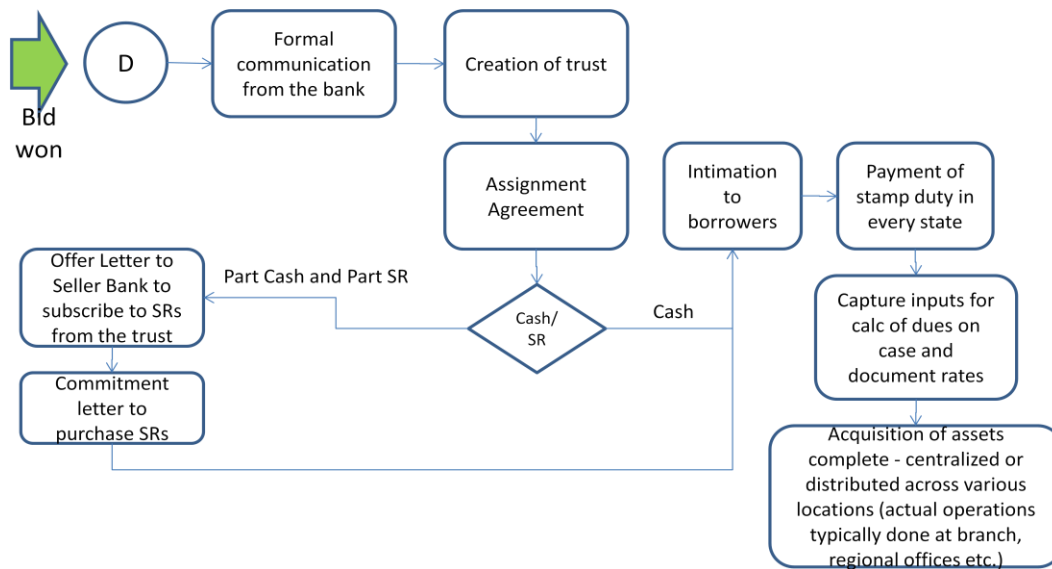
Bid Finalization

- Once the due diligence is complete and ISARC has decided to go ahead with the bid a suitable bid value is arrived at
- The bid value is then approved by the executive committee and bid submitted post approval



Asset Acquisition

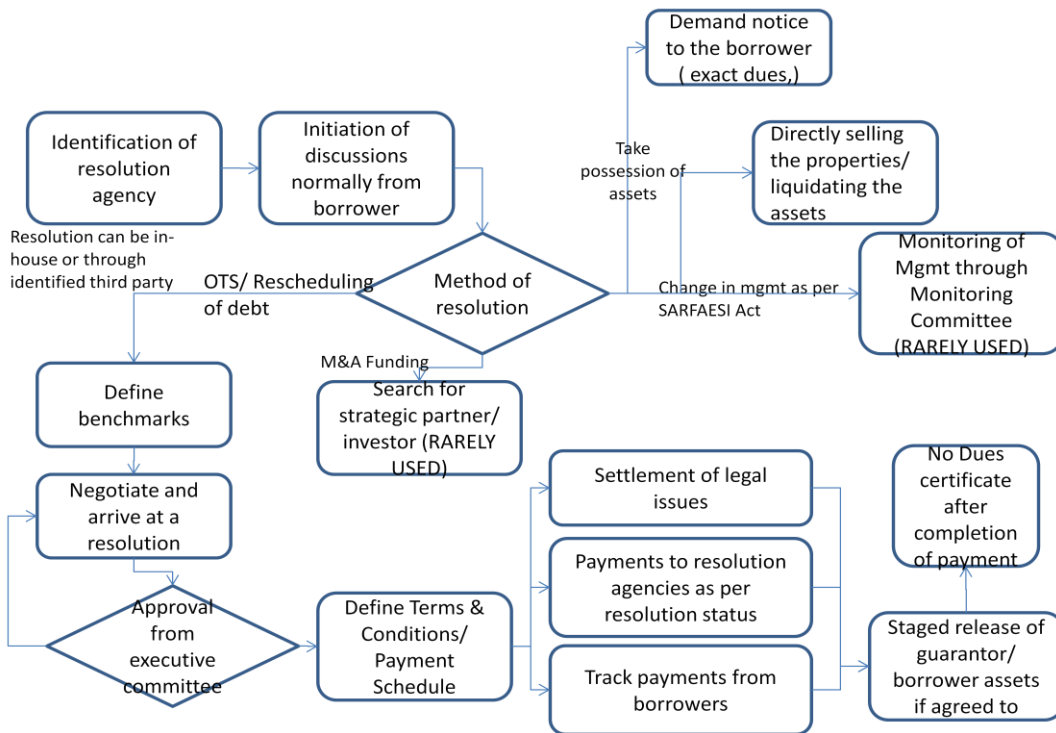
In case the bid has been won by ISARC the same is communicated formally by the bank. A trust is then formed to acquire the NPAs. There are certain immediate expenditures after buying the assets which will be chargeable to the trust. In case of redemption this will be netted off



Resolution

Resolution is the process of recovering the NPAs. The actual process of resolution can be done inhouse or it can be outsourced as the case may be. In case it is outsourced it is done by third party agencies who are empanelled as authorized vendors by ISARC. Once the assets are taken over by the trust formed for the purpose a resolution agency is identified and negotiations initiated with the borrowers (who had taken loans which are now NPAs) to identify the most effective resolution mechanism depending on the specific situation of the case.

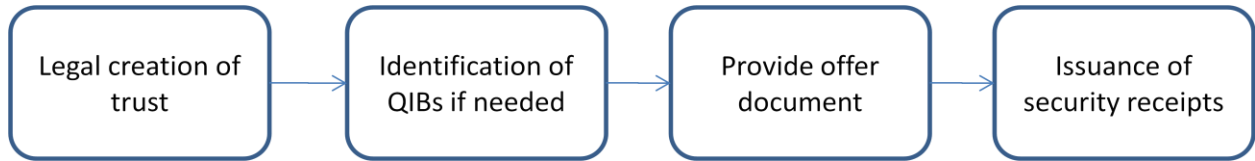
Though there are multiple options provided under the SARFAESI Act to resolve the NPAs the most common methodology currently in use is to reschedule the debt or to liquidate the underlying assets. Sometimes ISARC helps borrowers in raising investments especially in cases where NPA is still functioning



Lifecycle of trusts

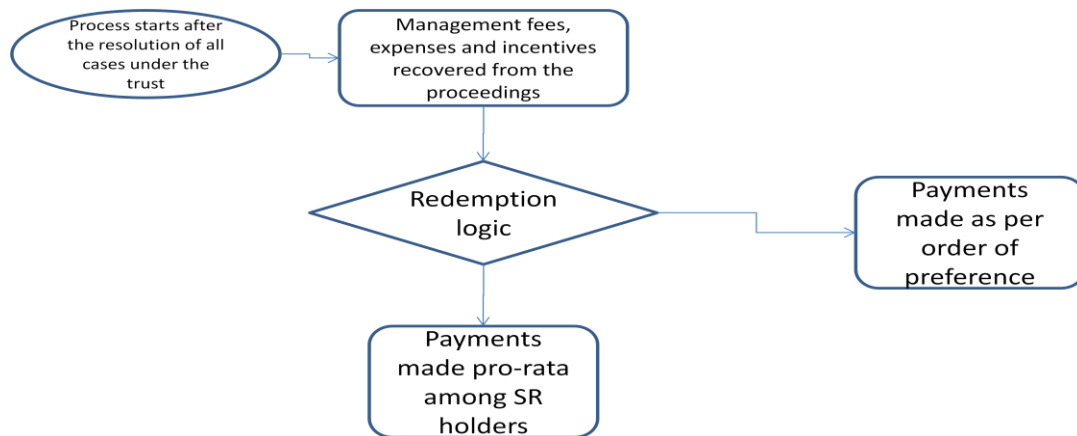
Trusts are formed with the express purpose of taking over the NPAs. The trust then issues SRs to raise the investment for the purchase of the NPAs. Trust deed is the most important document

- The life of a trust is normally 5 years mainly because SR have a period of 5 years
- Termination of the trust terms & conditions is provided in the Trust deed



Redemption of SRs

SRs are pass-through certificates and trusts cannot hold any money, SRs can be redeemed as soon as recovery money starts coming in, though it's a prerogative of the AMC.



C.3 Other Processes

- Financial accounting (including trust accounting)
 - General accounting
 - Receivables Management
 - Payables Management
 - Cash Management
 - Budgeting
 - Employee Expense Management
- Controlling – Management Accounting
 - Cost Center and Over Head Cost Accounting
 - Profit Center Accounting
 - Profitability Analysis
 - Budget Planning

- Budget Controls
- Management Dash Boards
- Procurement
 - RFQ (Request for Quotation)
 - Quotation Comparison
 - Approved Suppliers and Prices
 - Contracts
 - Schedule Agreements
 - Purchase Orders
 - Subcontract Orders
 - Services Procurement
 - Down Payments
 - Invoice verification
 - Credit/ Debit memos
- Asset Management
 - Asset Master Maintenance
 - Asset acquisition
 - Asset retirement
 - Asset transfers
 - Depreciation Posting
 - Fixed Assets accounting

C.4 Workflow and Document Management

Document Management is a very important factor in case of ISARC. The document management should be ensured in a way that there is no duplication of documents in the systems. There should be a facility to attach relevant documents throughout the process.



The complete workflow of ISARC should be mapped in the SAP system.

C.5 Reporting Requirements

There should be a provision to develop at least 50 custom reports as per the requirements frozen during the business blueprinting phase

C.6 Access to the SAP system

The typical set of users accessing the SAP system would be ISARC officials for performing all the activities related to the business processes mentioned above.

Also certain vendors/ business partners will have limited access to the system for entering certain update information and for looking at certain limited information related to the various cases.

Annexure D: Functional Area-wise requirements

The following broad-level requirements for various functional areas have been identified. The requirements mentioned are indicative only and actual requirements will be finalized and detailed as per the business blueprinting exercise.

ERP Implementer will have to detail out the way in which the requirements are to be met. To facilitate this ERP Implementer will have to identify one of the possible ways in the tables mentioned below:

- S: Standard
- C: Customization
- W: Workaround (possible to use some other tools to comply with this requirement)
- NP: Not possible

Please ensure that every requirement has been answered to. Failure to do so might lead to a rejection of the bid

D.1 Customization Requirement

Preferably, no change should be made to the ERP core modules. This is important to ensure that future upgrades, enhancements and bug fixes are not impacted. Minimal customization as may be necessary should be done only after obtaining approval from ISARC. Every custom development must be documented in detail and the script ownership should be passed on to ISARC.

It is expected that certain custom reports need to be developed if the standard reports available in the ERP Product do not meet ISARC's specific requirements. The details of such requirements have been detailed in the subsequent section on reporting requirements

The bidder should endeavor to have minimal use of third party bolt-on applications. This should be done if the functionalities covered by such applications are not available in the core ERP product.

D.2 Custom Report Requirements

There should be a provision to develop at least 50 custom reports / MIS/ Dashboards based on the business requirements identified during the business blueprinting. Any business process enhancements shall not be a part of such reports and shall not include any changes to any form/ formats/ workflow/ interfaces/ or conversion/ data migration program. These shall be the responsibility of bidder.

These reports would include those, which would extract and present information already in the database in a specified format or could require some intelligence/ calculations built into it. Some reports would be required to facilitate execution of transactions.

The specific distribution of reports to be customized amongst various modules will be finalized during the implementation stage.

1. These reports and any other desired report should be made available in English.
2. Development of custom reports must follow well-defined methodology.
3. Each request for development of custom report should be documented in a pre-defined format
4. Each custom report development must be documented in terms of the person developing the report, the reference request in response to which the report is being developed, the report script and other technical specifications.
5. Basic guidelines with respect to all custom report formats, naming convention etc. must be agreed with ISARC before commencing on any customization effort.
6. The bidder should also train ISARC Core Team members on the methodology of building custom reports, so that ISARC can take up the additional development as and when required.

Any other requirements to be included as defined during the business blueprinting phase

D.3 General System Level Requirements including

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|---|---|--------|----------|
| 1. Capability to define comprehensive workflow for all processes | | | |
| 2. Capability to support rounding (up, down, nearest) of entries based on the business requirements | | | |
| 3. Capability to throw up alerts based on the business rules defined | | | |
| 4. Capability to provide context sensitive help to guide users during the usage of the system | | | |
| 5. Capability to export and import data from MS Office products like excel, word etc. | | | |
| 6. Capability to scan external documents and attach it with the relevant entities in the system e.g. vouchers, accounts, cases etc. | | | |
| 7. Capability to allow printing documents / reports on pre-printed stationery. | | | |
| 8. Capability to print / publish reports; and | | | |

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| save them as viewable files in PDF, TXT, MS-Excel and XML formats. | | | |
| 9. Capability for all the reports to be output in various formats (excel, PDF, flat file etc.) and comply with general reporting requirements | | | |
| 10. Capability to export and extract data and graphical reports to spreadsheets / databases/ presentations for analysis and reporting. | | | |
| 11. Capability to define a schedule for generation of each report. (e.g.: daily, weekly, monthly) | | | |
| 12. Capability to define users to whom the report needs to be sent. The output format can be paper or electronic – via email / internet / intranet etc | | | |
| 13. Capability to ensure that all the tax and statutory requirements are captured in every transaction as per standard rules | | | |
| 14. All statutory and legal requirements shall be met in terms of reporting and process coverage across complete SAP system including upto the final report format generation as per the requirements | | | |
| 15. Capability to provide for the maker- checker concept for all transactions in the SAP system | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.4 Acquisition of assets related

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|---|---|--------|----------|
| 1. Capability to capture new potential asset acquisition opportunities from various sources including but not limited to Tenders from Banks, bilateral arrangements etc | | | |
| 2. Capability to tag opportunities to be taken up for further pursuing for acquisition | | | |
| 3. Capability to capture the data room fees paid as an expenditure | | | |

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| 4. Capability to capture that the NDA has been submitted | | | |
| 5. Capability to capture data from PIM (Preliminary Information Memorandum) around multiple angles including but not limited to: | | | |
| a. Borrower/ Promoter/ Shareholder details | | | |
| b. Advance/ Exposure | | | |
| c. Asset / Collateral Security/ Guarantees | | | |
| d. Legal Recourse | | | |
| e. Key financial indicators of the company in the past 3 years | | | |
| 6. Capability to provide recommendation to facilitate go-no-go decision based on the identified parameters | | | |
| 7. Capability to capture go-no-go decision with respect to every case in the portfolio included in the tender | | | |
| 8. Capability to manage the workflow around the analysis and decision for go-no-go with respect to each asset like the approval from executive committee | | | |
| 9. Capability to capture information related to detailed due diligence covering | | | |
| a. Financial Due Diligence | | | |
| b. Commercial Due Diligence | | | |
| c. Legal Due Diligence | | | |
| 10. Capability to identify the empanelled valuer to conduct physical evaluation | | | |
| 11. Capability to capture physical valuation | | | |
| 12. Capability to skip physical valuation as a step in the process in case the physical valuation is recent | | | |
| 13. Capability to capture the bid value that has been decided based on the due diligence | | | |
| 14. Capability to manage the workflow around bid value finalization including approvals by executive committees | | | |
| 15. Capability to help generate the bid document based on information captured using standard document templates | | | |
| 16. Capability to identify bids which have been won | | | |
| 17. Capability to add information to the initial information captured as per additional | | | |

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| processes ensuring that there is no duplication or loss of information | | | |
| 18. Capability to capture the payment of stamp duty in each state on behalf of the trust | | | |
| 19. Capability to create trusts capturing all the details related to the trust | | | |
| 20. Capability to generate offer documents for trusts based on standard templates | | | |
| 21. Capability to identify QIBs who might subscribe to SRs | | | |
| 22. Capability to issues SRs from the trusts | | | |
| 23. Capability to create assignment agreements and trust deed based on the information captured during the process of asset acquisition | | | |
| 24. Capability to utilize either cash only acquisition or part cash and part SR acquisition having their independent flows and processes | | | |
| 25. Capability to manage the workflow around the subscription of SRs by the seller banks | | | |
| 26. Capability to generate offer letters to banks for subscription to SRs | | | |
| 27. Capability to identify the acquisition of an asset as finally complete in the system | | | |
| 28. Capability to capture the intimation to borrowers | | | |
| 29. Capability to capture inputs for calculation of dues on case and document rates | | | |
| 30. Capability to identify various locations where assets / underlying security are actually distributed | | | t |
| 31. Capability to capture multiples locations for a single financial asset | | | |
| 32. Capability to capture and track all information related to each asset that is being acquired as a part of the portfolio in relation to each acquisition. | | | |
| 33. Capability to capture all legal information related to the assets | | | |
| 34. Capability to manage the complete workflow of the acquisition process with all the checks and balances built in | | | |
| 35. Capability to capture data only at any one step in the process ensuring that there is no duplication of data or information related to a particular asset | | | |

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| 36. Capability to capture and maintain individual assets in a trust | | | |
| 37. Capability to capture all the due diligence costs | | | |
| 38. Capability to automatically transfer the cost incurred during the bidding process to Trusts books in case the bid is actually won by ISARC and the portfolio of NPA is bought by ISARC | | | |
| 39. Capability to transfer the due diligence costs to the various trusts prorated by the number of assets that have actually been bought on behalf of the trusts | | | |
| 40. Capability to capture terms and conditions related to the asset based on the offer document | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.5 Financial Asset management including

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|---|---|--------|----------|
| 1. Capability to handle a variety of assets and securities as collateral | | | |
| 2. Capability to capture all details of the asset for collateral objects | | | |
| 3. Capability to support valuation of available collateral. | | | |
| 4. Capability to support a variety of valuation methodology for multiple kinds of collateral assets | | | |
| 5. Capability to issue No dues certificate after full recovery | | | |
| 6. Report of valuation of underlying assets should be captured after automatically linking the same with the age of default and period of last valuation done. Legal status and details related to the legal status are the most important aspect in this | | | |
| 7. Capability to support extraction of collateral data for reporting purposes | | | |
| 8. Capability to track the history of the collateral and all the actions performed on it throughout its lifecycle | | | |
| 9. Capability to track the actual liquidation/sale of collateral assets | | | |

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| 10. Capability to capture all the asset management charges as per the defined business rules | | | |
| 11. Capability to identify incentive fees for management of assets to be paid after all the asset management charges have been paid | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.6 Resolution of Assets related

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|--|---|--------|----------|
| 1. Capability to allow employment of external recovery agencies | | | |
| 2. Capability to monitor the status of recoveries and follow-up dates | | | |
| 3. Calculation of dues/interest on various outstanding amounts | | | |
| 4. Capability to capture selection of multiple methods of resolution of the NPAs including but not limited to | | | |
| a. Rescheduling of debts | | | |
| b. Search for strategic partner | | | |
| c. Monitoring of management through management committee | | | |
| d. Taking possession of assets | | | |
| e. helping borrowers in raising investments | | | |
| 5. In case of rescheduling of debts | | | |
| a. Capability to define multiple payment schedules at different points of time | | | |
| b. Capability to capture Terms & Conditions | | | |
| c. Capability to automatically track payments from borrowers with reference to the various assets from multiple portfolios | | | |
| d. Capability to incorporate the overall workflow including any approvals as required during the process | | | |
| e. Capability to capture details of settlement of legal issues | | | |
| f. Capability to ensure staged release | | | |

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| of guarantor/ borrower assets as per the identified plan | | | |
| g. Capability to attach documents and create documents using standard formats | | | |
| h. Capability to automatically track payments to resolution agencies as per the status of resolution of the assets | | | |
| i. Capability to capture certain structured data from the document formats which can then serve as a base and a common thread for the case from its acquisition to resolution | | | |
| 6. Capability to provide limited access to vendors over internet so that they can view certain basic information and update details including but not limited to status, action taken etc. | | | |
| 7. Capability to analyze acquisition price of each asset and its impact on the OTS offer at the time of resolution | | | |
| 8. Capability to issue closure certificates (NDCs) after full recovery or after the case closure whichever happens earlier and all the terms and conditions have been met | | | |
| 9. Capability to analyze the profitability in the process of resolution of each asset after incorporating the various payouts for the asset and the allocated overheads | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.7 Security Receipts Related

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|---|---|--------|----------|
| 1. Capability to create Security Receipts for the trusts | | | |
| 2. Capability to incorporate expected returns on SRs which will be basically payables on trusts | | | |
| 3. Capability to allow redemption of SRs based on the terms and conditions in the offer | | | |

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| document | | | |
| 4. Capability to define redemption logic including but not limited to: | | | |
| a. Pro-rata based on the percentage of SRs held by each Investor in the trust | OR | | |
| b. Based on a preferential order as per order of preference | | | |
| 5. Capability to redeem SRs in accordance with the offer document and based on various schedules including but not limited to: | | | |
| a. At fixed intervals e.g. quarterly | | | |
| b. As and when receipt comes in | | | |
| c. Any other logic that ISARC might decide | | | |
| 6. Capability to ensure that SRs are redeemed only after various asset management related charges have been covered | | | |
| 7. Capability to define redemption of SRs based on different business logic e.g. of Face Value first and then surplus to be distributed after incentives for Asset management | | | |

D.8 Financial Management

D.8.1 General Financial Management Requirements

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|---|---|--------|----------|
| 1. Should be a comprehensive package catering to all accounting and reporting needs of ISARC at various levels including but not limited to | | | |
| a. Departments | | | |
| b. Trusts | | | |
| 2. Capability to address all accounting needs such as receipts, payments, voucher processing etc. | | | |
| 3. Capability to generate all standard accounting reports at every accounting center e.g. Trusts for the purpose of audit and all kinds of financial analysis | | | |
| 4. Capability to generate consolidated | | | |

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| accounting reports at ISARC level | | | |
| 5. Capability to support the user definable fiscal years with following capabilities: | | | |
| a. splitting a fiscal year into multiple user-definable accounting periods | | | |
| b. restrict posting to specific accounting periods based on authorizations & allow for posting to prior periods based on authorizations | | | |
| c. not allow for posting to prior fiscal years which have been closed at ISARC level | | | |
| 6. Capability to validate all codes entered along with display of code description | | | |
| 7. Capability to provide role based access for all activities | | | |
| 8. Capability to provide checklist and reports for internal audit so as to enable computer based audit | | | |
| 9. Capability of voucher processing controls with following features: | | | |
| a. No limitation on the line items that can be entered in the vouchers | | | |
| b. provide for voucher templates with majority of the information being predefined minimizing the need of the user to enter only Journal – specific details | | | |
| c. Voucher processing both Individually and in batch mode should be allowed | | | |
| d. direct posting of any voucher to the ledger or keeping it "on-hold" should be allowed | | | |
| e. modifications of any voucher posted to the ledger should not be allowed without proper authorization | | | |
| f. modifications of details on a voucher kept "on-hold" should be allowed | | | |
| g. refer to an existing voucher with an option to copy and modify few details as required before posting. | | | |
| h. assist users in routine vouchers entry by creating predefined sample vouchers for frequent use | | | |
| i. record Dates of the event, accounting, preparation of the voucher, authorization of the voucher, changes, | | | |

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| if any, reference document, reversal, if any etc. on each voucher | | | |
| j. attach documents wherever needed in the process | | | |
| k. allow user to review the document before final posting | | | |
| l. create recurring vouchers with the recurring vouchers being posted automatically after approval from the relevant role | | | |
| m. automatically / manually reversing any voucher with complete audit trails should be allowed and a facility to capture the reason for the same should be provided | | | |
| 10. Capability to generate the desired customer correspondence, like balance confirmation, payment reminders and the automation of the correspondence | | | |
| 11. Should be able to maintain detailed information on the Bank record including: | | | |
| a. Bank code | | | |
| b. Branch name and address | | | |
| c. Type of Account | | | |
| d. Account No | | | |
| e. Signatories authorize to operate the account | | | |
| f. Relevant GL code | | | |
| g. Name and contact details of the concerned person | | | |
| h. MICR & IFSC Code (for NEFT & RTGS) | | | |
| 12. Ability to upload Bank statement directly into the system in various formats | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.8.2 General Ledger

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|--|---|--------|----------|
| 1. Capability to maintain ISARC's chart of accounts and those of all the trusts | | | |
| 2. Capability to support multiple charts of accounts e.g. for Trusts and map the | | | |

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| transactions automatically onto the different charts | | | |
| 3. Capability to create and maintain accounts and account information | | | |
| 4. Capability to allow only authorized users to create GL Master Data along with a complete audit trail covering all the changes | | | |
| 5. Capability for authorized users only to block and delete GL accounts not in use | | | |
| 6. Capability to segregate expense accounts by department and work, cost or profit center | | | |
| 7. Capability to transfer or consolidate accounts and automatically combine all details by authorized users e.g. from trust to ISARC | | | |
| 8. Capability to post batch journal entries or upload entries that are available from different documents in other formats like MS Excel, CSV, Tab Delimited etc | | | |
| 9. Capability to enter description for each detail line and for Header of a journal and these texts should be allowed to be printed if required in a report | | | |
| 10. Capability to automatically accept and post journal entries from Account Payable, Accounts Receivable, etc. | | | |
| 11. Capability to search by account number and description during entry | | | |
| 12. Capability to create warning alerts for duplicate vouchers based on same dates, same references, same accounts, same amount, same party etc. | | | |
| 13. Capability to create automatic recurring entries that allocate one account balance among several others based on ratios (and the ratios need to defined only once) | | | |
| 14. Capability to support posting of expenses identified as 'recurring' on a pre-defined logic and should get posted automatically once the program has been executed on a specified date. | | | |
| a. Should be able to delete unposted recurring journals | | | |
| b. Should be able to set starting and ending period/year for recurring entries | | | |
| 15. Capability to support fixed period accounting events | | | |

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| 16. Capability to check before a period close that all the vouchers have been authorized and posted and should give a warning if some unauthorized /unposted voucher remains in the system – typically this should be managed through a standard report before system begins batch uploads | | | |
| 17. Capability to ensure at year-end / month end close that all entries are in balance and that all periods have been closed | | | |
| 18. Capability to ensure that all pending activities are carried out before closure | | | |
| 19. Capability to post adjustment entries in closed period with proper audit trail and authorization | | | |
| 20. Capability to make provisions for expenses from the system based on open items at the time of period closing | | | |
| 21. Capability to identify and process accruals with automatic reversal in the next accounting period | | | |
| 22. Capability to automatically roll-up detail accounts to summary accounts | | | |
| 23. Capability to provide the closing balance of the financial year be carried forward as opening balance to the next financial year automatically for Balance Sheet Accounts and Automatic reset of all P& L accounts for New Year | | | |
| 24. Capability to store accounting standards, Chart of accounts, Accounting Policies for ready reference by date, title etc | | | |
| 25. Capability to support the definition and maintenance of alternative organizational structures for internal and external reporting | | | |
| 26. Capability to support online posting of all financial transactions in GL and updating of all reports | | | |
| 27. Capability of automatic transfer of P&L accounts for closing year to show the balance in the retained earnings for the books. | | | |
| 28. Capability to isolate and report on errors and exceptions. | | | |
| 29. Capabilities to maintain monthly accounting periods in the financial year followed by ISARC (April to March) | | | |
| 30. Capability to calculate and maintain current, | | | |

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| prior, and previous year comparative information | | | |
| 31. Capability to generate any reports, comparing against: | | | |
| a. Previous periods | | | |
| b. Previous year | | | |
| 32. Capability to define a number of suspense codes | | | |
| 33. Capability to post errors to different suspense codes according to the source | | | |
| 34. Capability to correct transactions posted to suspense real time | | | |
| 35. Capability to generate Monthly / Quarterly / Annually unlimited number of financial reports for Trial Balance, balance sheet, income statement, supporting schedule, cash flow and other specific account analysis at various defined level of the organisation / entities (at Trust Level and at Company Level) | | | |
| 36. Capability to create Trial Balance showing opening balance, transactions and closing balance based on the period/ date range input by the user | | | |
| 37. Capability to provide generation of statutory reports, and should generate reports as per applicable accounting standards and should cover all legal and statutory requirements | | | |
| 38. Capability to preserve historic reports for a period to be defined in each case | | | |
| 39. Capability to drilldown from GL entries to individual transactions for user defined period for current year as well as previous year. | | | |
| 40. Capability to display all outstanding, still to be cleared from the system separately in the GL report, also cleared entries can be viewed separately | | | |
| 41. Capability to have a Transaction listing including the following reporting parameters but not limited to: | | | |
| a. By Account | | | |
| b. By Date | | | |
| c. By Voucher Number | | | |
| d. By Voucher series | | | |
| e. By User | | | |
| 42. Capability to support multiple levels of approval for a journal voucher before it is | | | |

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| posted into General Ledger | | | |
| 43. Capability to facilitate online approval process at multi levels with to and fro movement allowing posting to General ledger only after final approval is received from the reviewing authority | | | |
| 44. Capability to allow authorized user for permit modification / cancellation of receipts / payment vouchers | | | |
| 45. Capability to automatically post and update general ledger control / main account whenever a sub-ledger account is posted. | | | |
| 46. Capability to detect any differences between sub-ledgers and control accounts in main general ledger | | | |
| 47. Capability to integrate G/L, accounts payable, accounts receivable with all the sub-ledgers and synchronize with the G/L in on-line, real-time manner. System should facilitate recording of transactions through sub-ledger, e.g. employee wise conveyance, LTA, etc. | | | |
| 48. Capability to define Accounts as Auto Posting (Posting thru sub ledgers) and Manual Posting (where direct postings will be made in Account) | | | |
| 49. Capability to perform the following for the inter-company or inter-unit transactions (e.g. from ISARC to Trust, Trust to Trust and vice-versa): | | | |
| a. Record and do inter-company / inter-unit accounting for the transactions. Auto generation of Offsetting entry and its posting should be user approval based | | | |
| b. Report on the inter-company / trust balances | | | |
| c. Reconciliation of the inter-company / trust accounts | | | |
| d. allow for multi dimensional capturing of expense code. E.g. expense getting captured in natural head but this transaction get tagged with Trust code | | | |
| e. Allow ISARC to offer loans to Trust | | | |
| f. Allow ISARC to make the payments on behalf of the Trust which will be subsequently recoverable from the trust | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.8.3 Receivables Management

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|--|---|--------|----------|
| 1. Capability to enable receipt through multiple payment modes including but not limited to Credit Card, Debit Card, NEFT/ ECS/ RTGS, Cash, Check, Bank Guarantee, Deposit | | | |
| 2. Capability to provide relevant fields for entry based on the mode of the payment | | | |
| 3. Capability to generate Pay-in-Slip | | | |
| 4. Capability to automatically generate accounting entries for all charges payable as a part of the receivables entry | | | |
| 5. Capability to define collection rules as per initial agreement at the time of resolution | | | |
| 6. Capability to generate a report if payment is not received as per the resolution details | | | |
| 7. Capability to generate alerts to identified users if payment is not received as per the resolution details | | | |
| 8. Capability to maintain various components of a due including: | | | |
| 1. Principal | | | |
| 2. Simple Interest | | | |
| 3. Compound | | | |
| 4. Loss of rebate | | | |
| 5. Interest penalty | | | |
| 6. Risk Charge | | | |
| 7. Interest Tax | | | |
| 9. Capability to support receipt of money from vendors (e.g. recoveries, advances etc.) | | | |
| 10. Capability to support receipt of money from borrowers | | | |
| 11. Capability to apply one receipt from a borrower to multiple accounts | | | |
| 12. Capability to support automatic accounting for the Asset Management charges against the receipts from borrowers based on the business rules defined | | | |
| 13. Typically the order of accounting for the | | | |

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| charges is as follows: <ul style="list-style-type: none"> • Cost & Expenses • Management Fees • Other charges | | | |
| 14. Capability with respect to Bank Guarantees | | | |
| 1. track BGs based on details entered: Party from whom Received, Bank and Branch issuing the BG, Amount, Date of Issue, Date of Expiry, claim periods | | | |
| 2. track of actual receipts against the BG | | | |
| 3. automatically prompt for encashment of the BGs after the expiry of period where actual receipt has not been realized | | | |
| 15. Capability to handle special cases like cancellation of a check that has been entered by mistake. | | | |
| 16. Capability to enter, view and update the details of bounced check and action to be taken for realizing payment and for initiating various proceedings or taking legal actions | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.8.4 Payables management

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|---|---|--------|----------|
| 1. Capability to fully integrate Accounts payables system with the general ledger, cash book, fixed asset and various sub ledgers | | | |
| 2. Capability to provide for multiple kinds of transactions including but not limited to: | | | |
| 1. Vendor invoices | | | |
| 2. Vendor debit / credit notes | | | |
| 3. Vendor advances | | | |
| 4. Adjustment journals | | | |
| 5. Payments (both automatic and manual) | | | |
| 6. Cash receipts (refunds) | | | |
| 7. Employee related payments as per approval policy wherein approval limit may be modified | | | |

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| 3. Capability to maintain a Payables register with at least the following: | | | |
| 1. Account Head | | | |
| 2. Nature of Payment | | | |
| 3. Statutory Classifications | | | |
| 4. Invoice Number | | | |
| 5. Date of receipt | | | |
| 6. Amount | | | |
| 7. Date sent for approval | | | |
| 8. Person sent for approval | | | |
| 9. Approval receipt date (later) | | | |
| 4. Capability to provide a number of information mentioned above automatically based on business rules without expecting the user to enter every detail | | | |
| 5. Capability to capture multiple fields while taking payments including but not limited to Cost Centre, Profit Center, Trust etc. | | | |
| 6. Capability to retrieve statutory & regulatory payment information from the database | | | |
| 7. Capability to support payments on behalf of employee / Vendors to third party | | | |
| 8. Capability to allow splitting one line item into multiple payments | | | |
| 9. Capability to produce irrespective of payment method, a remittance advice for all payments made | | | |
| 10. Capability to apply control on authority limits of signatories including temporary limits | | | |
| 11. Capability of online approval of payments by authorized users | | | |
| 12. Capability to generate alerts for payments pending approvals based on ageing | | | |
| 13. Capability to allow centralized payments | | | |
| 14. Capability of EFT (electronic funds transfer) to clients (if their bank account details are available) | | | |
| 15. Capabilities regarding check printing | | | |
| 1. dynamic incorporation of signatures based on the user ids of the persons authorizing the payment | | | |
| 2. single/ multiple check printing for single and multiple line items of Bank Payment and multiple bank payments | | | |
| 3. allow selection of bank accounts for disbursements, including reviewing multiple bank accounts to determine | | | |

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| the proper account to issue checks from | | | |
| 4. processing of manual checks | | | |
| 5. issuance of post dated checks | | | |
| 6. complete recovery should be possible in the event of a failure in the check printing process without double printing of checks during original and recovered processing | | | |
| 7. check stock reconciliation should be possible | | | |
| 8. reconciliation of voided, cancelled or returned checks | | | |
| 16. For each payment invoice, the system should support recording of following information: | | | |
| <ol style="list-style-type: none"> 1. Vendor code, 2. Transaction reference (internal) 3. Vendor transaction reference, 4. Transaction date 5. Posting period 6. Transaction value 7. Narrative (for purchase ledger entry) 8. Tax codes (Multiple) 9. Tax amounts (Multiple) 10. TDS details, if applicable etc. | | | |
| 17. Capability for Accounts Processing to receive and approve/ decline requisition to release funds for Petty Cash, Office/ Personnel Expense | | | |
| 18. Capability of payment cancellation by authorized users. This should be accompanied with appropriate narration of reasons | | | |
| 19. Capability to generate alerts / reminders based on agreed upon payment terms | | | |
| 20. Capability to provide for part payment against an invoice and balance payment process on a subsequent date | | | |
| 21. Capability to make payment on account to a vendor and later link it to vendor specific invoice or invoices received | | | |
| 22. Capability to facilitate centralized payment for all services rendered from the same vendor against various trusts and auto generation of Inter Office entries | | | |
| 23. Capability for authorized users to record deductions from invoices under various | | | |



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| accounts like cash discount, rebates, charges etc. along with a facility to capture reasons | | | |
| 24. Capability for authorized users to block invoices and vendors for payment along with a facility to capture the reasons | | | |
| 25. Capability to track different kinds of advance payments made to vendors in the vendor sub-ledger | | | |
| 26. Capability to prompt if any "advance" is outstanding against the vendor while posting the invoice. | | | |
| 27. Capability to support entering invoices for "pre-paid" expenses and apportion the amount between prepaid accounts and expense accounts | | | |
| 28. Capability to support multiple approval hierarchy for invoices as per the Delegation of Authority | | | |
| 29. Capability to generate reports on Ageing analysis for payments due | | | |
| 30. Capability to maintain and generate reports on Outstandings with reasons and action plan | | | |
| 31. Capability to generate on demand Aged creditors report along multiple dimensions including but not limited to: | | | |
| 1. All creditors | | | |
| 2. User defined range of creditors | | | |
| 3. Account balances aged over 1 month, 2 months and 3 months & over | | | |
| 4. Aged by transaction date | | | |
| 5. Aged by due date | | | |
| 32. Capability to capture payouts either on ISARCs or Trusts books based on the business rules defined | | | |
| 33. Capability to capture payables related to various debt instruments that might be utilized to generate funds for ISARC or trusts | | | |
| 34. Capability to capture payouts at an account level for each NPA that are on the books of the trusts | | | |
| 35. Capability to create payment schedule of resolution agencies based on the status of resolution and any other business rules as defined | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.8.4 Payment Processing

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|---|---|--------|----------|
| 1. Capability to provide a payments procedure which uses the transaction discounts, and due dates to generate a list of proposed payments for approved invoices | | | |
| 2. Capability to run proposed payment lists at any time for payment decisions. | | | |
| 3. Capability to calculate payment date based on terms and conditions (due date, lead time for processing the payment and working calendar) | | | |
| 4. Capability to run payment lists for specific vendor types / classifications. | | | |
| 5. Capability to run the payment lists for specific banks | | | |
| 6. Capability to select items for payment using multiple methods including but not limited to | | | |
| a. All items in a certain date range entered by the user | | | |
| b. All outstanding items on an account | | | |
| c. Individual items on an account | | | |
| d. All items up to "X" amount in total | | | |
| 7. Capability to prevent payments to vendors of more than a user specified amount without specific approvals | | | |
| 8. Capability to show in the proposed payment list for each vendor authorized items not yet due for payment and suspended items | | | |
| 9. Capability to use proposed payment list as the basis for selecting payments, but with facilities to modify or delete them as follows: | | | |
| a. Specific exclusions by Vendor, Invoice | | | |
| b. Inclusion of items not yet due or suspended | | | |
| c. Part payments | | | |
| d. Additional discounts | | | |
| 10. Capability to make payments as per scheduled payout dates automatically | | | |
| 11. Capability to monitor that payment to a vendor should not exceed the order value | | | |

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| 12. Capability to provide for upper limits and lower limits on payments for specific payment methods | | | |
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Any other requirements to be included as defined during the business blueprinting phase

D.8.5 Cash management

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|---|---|--------|----------|
| 1. Capability to generate cash flows for: | | | |
| a. Immediate future (considering vendor invoices and customer receipts) | | | |
| b. Medium-term and long-term requirements (considering planned purchases and sales) | | | |
| 2. Cash flow statements should consider the Existing balances, Inflow, Collections through Cash Management services considering collection lead times, Local check deposits, Borrowings, Deposits, Planned receipts from outstanding receivables considering payment terms, Inter-bank transfers, Miscellaneous collections, Outflow, Accounts payables from outstanding vendor invoices considering payment terms, Investments, Inter-bank transfers, Borrowings Employee related payments, Statutory payments (taxes, etc.), Dividend, Advances/ pre-payments, Purchase contracts, Miscellaneous payments | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.9 Control and Budgeting

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|--|---|--------|----------|
| 1. Budget needs to be prepared for each activity for the whole year which will end in the preparation of profitability statement and Balance sheet | | | |
| 2. Maintenance of at least the following budgets: | | | |

| | | | |
|--|--|--|--|
| a. Expense Budget | | | |
| b. Capital expenditure Budget | | | |
| 3. Capability to perform variance and comparative analysis for the budgets | | | |
| 4. Capability for monitoring of expenses / purchase orders against budgets | | | |
| 5. Capability of allocation of overheads to departments | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.10 Asset Management

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|--|---|--------|----------|
| 1. Capability to have unlimited number of assets | | | |
| 2. Capability to accommodate a user- definable asset number | | | |
| 3. Capability to enter cost center codes in the fixed assets system at the time of purchase | | | |
| 4. Capability to maintain comprehensive fixed assets register covering all relevant information related to the demographic details of the assets, depreciation details, usage details etc. | | | |
| 5. Capability to record verification details on the asset master for tracking and audit trail. | | | |
| 6. Capability to prompt for or to facilitate lodging insurance claims for lost/damaged assets | | | |
| 7. Depreciation related capabilities | | | |
| a. categorize assets to facilitate a variety of depreciation rates | | | |
| b. ability to change depreciation method both for Depreciation rate and Depreciation method both from retrospective effect and on a going-forward basis | | | |
| c. automatically generate accounting entries for change in depreciation details giving period-wise break-up | | | |
| d. allow multiple levels in grouping assets for each depreciation term | | | |
| e. provide for specific depreciation treatment for groupings of assets like | | | |

| | | | |
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| Low value assets, Leased Assets etc. as defined based on the business requirements | | | |
| f. automatically post depreciation allocations as per user defined criteria | | | |
| g. automatically post depreciation entries based on calculated depreciation | | | |
| h. provide a flexibility of allowing a specific depreciation start date, which may be different from the capitalization date or date placed in service. For example depreciation may start from the beginning of the period even if capitalization is mid-period. | | | |
| i. keep track of all changes to depreciation details for proper audit trail. | | | |
| j. automatically stop computing depreciation for assets reaching zero-value or depreciation limit; but making them available in the system for tracking and maintenance. | | | |
| k. allow for limits on depreciation. For example the leased assets cannot be depreciated below 5% of the original cost. | | | |
| 8. Capability to maintain details of written-off assets, whilst excluding these from general reporting and all current asset valuation calculations | | | |
| 9. Capability to maintain the status of an asset and related details stored when the asset is sold or discarded along with a flag to highlight 'sold /discarded' | | | |
| 10. Capability to generate necessary transactions to support asset write-on's/write-off's for both capital Asset and Depreciation reserve and for loss on disposal if any | | | |
| 11. Capability to automatically generate the entry for loss/Profit of sale of assets / on disposal | | | |
| 12. Capability to automatically generate necessary transactions to support asset transfers for both Capital Asset and Depreciation Reserve | | | |
| 13. Capability to allow for asset splits | | | |
| 14. Capability to deal with scenarios demanding conversion of booked revenue expenditure to | | | |

| | | | |
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| Capital expenditure. | | | |
| 15. Capability to generate a comparison statement across different depreciation terms / schedules along with analysis of differences in the depreciation expense. | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.11 Service Procurement

| Requirement | How is the requirement covered? (S,C,W,NP) | Module | Comments |
|--|---|--------|----------|
| 1. Capability to support procurement of services through recording details of list of service items, bill of services, estimated rates, status of assets based etc | | | |
| 2. Capability to make detailed estimates for legal services, resolution agency related work etc | | | |
| 3. Capability to revise estimates, if required, during the execution of the order | | | |
| 4. Capability to support multiple type/modes of tendering for service procurement like RFQ, direct PO etc | | | |
| 5. Capability to create a schedule of rates for various service items that would be used for all cost estimation for service procurement | | | |
| 6. Capability to create a service requisition/proposal from an existing requisition | | | |
| 7. Capability to capture terms and conditions information for each contract proposal | | | |
| 8. Capability to direct tender to the appropriate authority fund allocation/approval as per defined approval hierarchy | | | |
| 9. Capability to generate Execution orders from the tender and the services chosen | | | |
| 10. Capability to create multiple execution orders from one requisition | | | |
| 11. Capability to compare the current offer with previous offers on another Execution Order | | | |
| 12. Capability to record execution order | | | |

| | | | |
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| receipt confirmation from the vendor | | | |
| 13. Capability to generate unique execution order number | | | |
| 14. Capability to specify staggered job completion pattern | | | |
| 15. Capability to create a blanket execution order/ rate contracts with or without quantity commitment and with or without schedule | | | |
| 16. Capability to generate automatic alerts/ reminders when a contract is about to be expired or requires renewal | | | |
| 17. Capability to generate a work schedule for various activities along with service item number, description, completion date, status updation, etc. | | | |
| 18. Capability to monitor the order execution with respect to time and cost budgeted vs. the time and cost left | | | |
| 19. Capability to record acceptance/ rejection/ partial acceptance of the service provided | | | |
| 20. Capability to evaluate the service provider performance based on pre-defined parameters, record and provide feedback | | | |
| 21. Capability to calculate deviations in scope and time and levy penalties/ Liquidated damages and deduct the same from final payment to Service Provider | | | |
| 22. Capability to provide a source list of various jobs with job codes and the related list of vendors attached to it | | | |
| 23. Capability to capture details like original bid reference, value of work, date of commencement, contract period (completion date), scope of work, statutory requirements, special conditions of contract, etc. | | | |
| 24. Capability to amend proposals and get on-line approvals for amendments | | | |
| 25. Capability to amend/cancel execution orders/off loading of contracts | | | |
| 26. Capability to track execution order wise performance guarantee, Bank guarantee expiry dates | | | |
| 27. Capability to track execution order | | | |

| | | | |
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| history, search execution orders by Service Providers, nature of job, etc | | | |
| 28. Capability to record payment terms and actual payments made | | | |
| 29. Capability to track execution order status in terms of time and cost budgeted | | | |
| 30. Capability to track execution order wise material and manpower usage versus the budgeted quantity and highlight any deviations | | | |
| 31. Capability to link payment to the Service Provider with the status of the contract execution for real-time monitoring | | | |
| 32. Capability to send alerts at defined period/ status for a contract when specified parameter value is reached | | | |
| 33. Capability to generate report on status of a service execution order | | | |
| 34. Capability to generate report on service execution orders for a department | | | |
| 35. Capability to generate report to evaluate vendor performance on user defined criteria | | | |
| 36. Capability to generate report on exceptions based on delivery slippages, deviations and cost overruns | | | |
| 37. Capability to generate reports on service procurement execution order status e.g. completed, vendor acknowledged | | | |
| 38. Capability for vendors to update the status of various jobs through an internet enabled portal | | | |

Any other requirements to be included as defined during the business blueprinting phase

D.12 Audit Trail

| Requirement | How is the requirement covered? (S,C,W,NP) | Comments |
|--|---|----------|
| 1. System should audit all activities maintain logs of the same. Activities that should be mandatorily logged will include but not limited to: | | |
| a. Sessions | | |
| b. Transactions with Financial | | |

| | | |
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| Implication | | |
| c. Approvals | | |
| d. Workflow changes | | |
| e. Changes in Master Tables | | |
| f. Rate Changes | | |
| g. Manual Overrides | | |
| h. Failed Authentications | | |
| i. Generation of Duplicate documents | | |
| j. Set Off and Write Off activities | | |
| k. All mails and alerts originating from the application | | |
| l. All customer activities having a financial implication | | |
| m. Exception reports for all categories | | |
| n. Changes in Database | | |
| o. Audit trail for all the data being pushed into and pulled from any other system | | |
| 2. Following information should be available along with the log | | |
| a. User ID and User Name | | |
| b. Transaction ID/Session ID/Document ID | | |
| c. Resource ID of hardware | | |
| d. Time and Date | | |
| 3. Should have a provision to archive logs | | |
| 4. Should be able to query the activities on any of the dimensions defined above | | |

Any other requirements to be included as defined during the business blueprinting phase

D.13 Security Related Requirements

| Requirement | How is the requirement covered? (S,C,W,NP) | Comments |
|---|---|----------|
| 1. Capability to provide role-based access | | |
| 2. Capability to link security privileges to every data field in the application | | |
| 3. Capability to set the profile of each system user without hard coding | | |
| 4. Capability to enforce the limits on the wrong passwords attempts by any user; which thereby can be removed by the administrator. | | |

| | | |
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| 5. Capability to enforce the complex alphanumeric, case sensitive passwords | | |
| 6. Capability to enforce re-login in to the applications after expiry of pre-specified idle time for the application. | | |
| 7. Capability to facilitate adhoc back-ups creation, scheduling back-ups & recovery of databases and application. | | |
| 8. Capability to support the archiving of data back-ups by date | | |
| 9. Capability to support operational security to restrict access through passwords at following levels: | | |
| a. Application level | | |
| b. Function level e.g. Cash book entry, Journal entry, Fixed asset update etc | | |
| 10. Capability to store audit trail of the amendments/reversals made to each of the critical transactions like payments, receipts, adjustments etc and critical masters like customer master, vendor master, bank masters etc. | | |
| 11. Capability to provide intelligible edit error messaging to assist correction and re-entry of data. | | |
| 12. Capability to enter / store data in the customizable / additional fields based on the user needs. System should allow to define certain fields as mandatory (with specification on permissible values) some as optional and some fields that are not required can be hidden | | |

Any other requirements to be included as defined during the business blueprinting phase

D.14 Requirements of System Administration

| Requirement | How is the requirement covered? (S,C,W,NP) | Comments |
|--|---|----------|
| 1. User role maintenance | | |
| 2. Approval maintenance / delegate and bypass approval | | |
| 3. User creation | | |
| 4. System / transaction monitoring | | |
| 5. Tracking of data flow | | |
| 6. Early watch and alerts | | |



| | | |
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| 7. Data back-up and scheduling | | |
| 8. System / application upgrades | | |

Any other requirements to be included as defined during the business blueprinting phase

D.15 Requirement of number of users

- Total number of named users: 25 (For the purpose of the proposal please consider all the licenses as professional licenses. ISARC reserves the right to further define the exact types of licenses based on final discussions with the ERP Implementer)
- Total number of vendors using the system: 20



Annexure E NON-DISCLOSURE AGREEMENT

This Agreement is made at Mumbai on the ___st day of _____2011

by and between

INDIA SME ASSET RECONSTRUCTION COMPANY LTD., a company registered under the Companies Act, 1956 and having its registered office at SME Development Centre, C-11, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 (hereinafter referred to as “ISARC” which expression unless repugnant to the context or meaning thereof be deemed to include its successors and assigns) of the **ONE PART**;

and

_____, a company having its Head office at _____, (herein referred to as “_____” which expression unless repugnant to the context or meaning thereof be deemed to include its successors and assigns) of the **OTHER PART**.

ISARC & _____ are hereinafter collectively referred to as “the parties” and individually as “the party”

WHEREAS,

The parties intend to engage in discussions and negotiations concerning the establishment of a business relationship between themselves. In the course of such discussions and negotiations, it is anticipated that each party may disclose or deliver to the other certain or some of its trade secrets or confidential or proprietary information, for the purpose of enabling the other party to evaluate the feasibility of such business relationship (hereinafter referred to as “**the Purpose**”).

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. **Confidential information:** “Confidential Information” means all information disclosed/furnished by either of the Parties to another Party in connection with the business transacted/to be transacted between the Parties. Confidential information shall include any copy, abstract, sample, note or module thereof.

The party disclosing the confidential information would hereinafter referred to as “Disclosing Party” in respect of the confidential information disclosed and the party receiving the confidential information would hereinafter referred to as “Receiving Party”.

The Receiving Party shall use the Confidential Information solely for and in connection with the Purpose.

Notwithstanding the foregoing, “Confidential Information” shall not include any information which the Receiving Party can show : (a) is now or subsequently becomes legally and publicly available without breach of this Agreement by the Receiving Party, (b) was rightfully in the possession of the Receiving Party without any obligation of confidentiality prior to receiving it from the Disclosing Party, (c) was rightfully obtained by the Receiving Party from a source other than the Disclosing Party without any obligation of confidentiality, (d) was developed by or for the Receiving Party independently and without reference to any Confidential Information and such independent development can be shown by documentary evidence, or (e) is disclosed pursuant to an order of a court or governmental agency as so required by such order, provided that the Receiving Party shall, unless prohibited by law or regulation, promptly notify the Disclosing Party of such order and afforded the Disclosing Party the opportunity to seek appropriate protective order relating to such disclosure.

2. **Exchange of information at cost :**The parties to this Agreement agree that any information, documents, materials, copy, abstract, extract, sample, note, module or any other thing received or exchanged under this Agreement, whether in physical or electronic form shall be free of cost or at such costs as are mutually agreed by and between the parties.

3. **Non disclosure :** The Receiving Party shall not commercially use or disclose any Confidential Information or any materials derived therefrom to any other person or entity other

than persons in the direct employment of the Receiving Party who have a need to have access to and knowledge of the Confidential Information solely for the authorised Purpose . The Receiving Party may disclose Confidential Information to consultants only if the consultant has executed a Non-disclosure Agreement with the Receiving Party that contains terms and conditions that are no less restrictive than these. The Receiving Party shall take appropriate measures by instruction and written agreement prior to disclosure to such employees to assure against unauthorized use or disclosure. The Receiving Party agrees to notify the Disclosing Party immediately if it learns of any use of disclosure of the Disclosing Party's Confidential Information in violation of the terms of this Agreement.

4. **Publications** : Neither party shall make news releases, public announcements, give interviews, issue or publish advertisements or publicize in any other manner whatsoever in connection with this Agreement, the contents/provisions thereof, other information relating to this Agreement, the Purpose, the Confidential Information or other matter of this Agreement, without the prior written approval of the other party.

5. **Term** : This Agreement shall be effective from the date hereof and shall continue till expiration or termination of this Agreement due to cessation of the business relationship between ISARC and _____. Upon expiration or termination as contemplated herein the Receiving Party shall immediately cease any and all disclosures or uses of Confidential Information; and at the request of the Disclosing Party, the Receiving Party shall promptly return or destroy all written, graphic or other tangible forms of the Confidential information and all copies, abstracts, extracts, samples, notes or modules thereof as may be mutually agreed.

The obligations of the Receiving Party respecting disclosure and confidentiality shall continue to be binding and applicable without limit in point in time except and until such information enters the public domain.

6. **Title and Proprietary Rights**: Notwithstanding the disclosure of any Confidential Information by the Disclosing Party to the Receiving Party, the Disclosing Party shall retain title and all intellectual property and proprietary rights in the Confidential Information. No license under any trademark, patent or copyright, or application for same which are now or thereafter may be obtained by such party is either granted or implied by the conveying of Confidential Information. The Receiving Party shall not conceal, alter, obliterate, mutilate, deface or otherwise interfere with any trademark, trademark notice, copyright notice, confidentiality notice or any notice of any other proprietary right of the Disclosing Party on any copy of the Confidential Information, and shall reproduce any such mark or notice on all copies of such confidential Information. Likewise, the

Receiving Party shall not add or emboss its own or any other any mark, symbol or logo on such Confidential Information.

7. **Return of Confidential Information:** Upon written demand of the Disclosing Party, the Receiving Party shall (i) cease using the Confidential Information, (ii) return the Confidential Information and all copies, abstract, extracts, samples, notes or modules thereof to the Disclosing Party within seven (7) days after receipt of notice, and (iii) upon request of the disclosing Party, certify in writing that the Receiving Party has complied with the obligations set forth in this paragraph.

8. **Remedies:** The Receiving Party acknowledges that if the Receiving Party fails to comply with any of its obligations hereunder, the Disclosing Party may suffer immediate, irreparable harm for which monetary damages may not be adequate. The Receiving Party agrees that, in addition to all other remedies provided at law or in equity, the Disclosing Party shall be entitled to injunctive relief hereunder.

9. **Entire Agreement, Amendment, Assignment:** This Agreement constitutes the entire agreement between the parties relating to the matters discussed herein and supersedes any and all prior oral discussions and/or written correspondence or agreements between the parties. This agreement may be amended or modified only with the mutual written consent of the parties. Neither this agreement nor any right granted hereunder shall be assignable or otherwise transferable.

10. **Governing Law:** The provisions of this Agreement shall be governed by the laws of India.

11. **General:** The Receiving Party shall not reverse-engineer, decompile, disassemble or otherwise interfere with any software disclosed hereunder. All Confidential Information is provided “as is”. In no event shall the Disclosing Party be liable for the inaccuracy or incompleteness of the Confidential Information. None of the Confidential Information disclosed by the parties constitutes any representation, warranty, assurance, guarantee or inducement by either party to the other with respect to the fitness of such Confidential Information for any particular purpose or infringement of trademarks, patents, copyrights or any right of third persons.

12. **Severability:** If any provision becomes invalid, illegal or unenforceable under any law, the validity, legality and enforceability of the remaining provisions and this Agreement shall not be affected or impaired.

13. **Dispute Resolution Mechanism:** In the event of any controversy or dispute regarding the interpretation of any part of this agreement, or any matter connected with, arising out of, or incidental to the arrangement incorporated in this agreement, the matter shall be referred to an Arbitrator appointed by mutual agreement and the decision of the arbitrator shall be final and binding on all parties.

14. **Place of Jurisdiction:** The Parties to this Agreement shall submit to the jurisdiction of the Court of Mumbai and all proceedings shall be held in Mumbai.

15. **Representations and Warranties :** Each party hereby represents and warrants to the other that:-

a) it (and, if applicable, any person on whose behalf it may act as agent or in a representative capacity) has and will continue to have full capacity and authority to enter in to this Agreement and to carry out the transactions contemplated herein, and has taken and will continue to take all action (including the obtaining of all necessary corporate approvals and government consents, if any) to authorize the execution, delivery and performance of this Agreement; and

b) the terms of this Agreement to not constitute a breach of any obligations by which it is bound whether arising by its constitutional documents, any contract or operation law.

Each party further agrees to execute/deliver such documents and perform such further acts as the other party may reasonably require in relation to this Agreement.

16. **Notices:**

a) Any notice or request or permitted to be given or made under this agreements shall be in writing.

b) Except as otherwise provided in this Agreement, any notice, demand, letter or communication may be sent by the Parties by registered post, speed post, courier, facsimile, electronic mode, or by hand delivery. Such notice or request shall be deemed to have been duly given or made when it shall be taken to be sufficient service thereof. If notice is sent by fax, electronic mode, a copy of the same shall also be sent by registered post acknowledgement due / speed post acknowledgment due



/ hand delivery to the address mentioned hereunder and it shall be taken to be sufficient service thereof. If notice is sent by fax, electronic mode, a copy of the same shall also be sent by registered post acknowledgment due /speed post acknowledgement due / hand delivery.

c) Any notice, demand, letter or communication to the Parties shall be effective only when received by the relevant Party.

d) Any notice, demand, letter or communication may be sent by one Party to the other at the address and numbers set out hereunder or such address and numbers as one party may inform the other in writing.

IN WITNESS WHEREOF, the Parties hereto have executed these presents the _____ day of _____, 2011 first hereinabove written.

For and on behalf of

INDIA SME ASSET RECONSTRUCTION COMPANY LTD.,

(Authorised Signatory)

For and on behalf of

(Authorised Signatory)

7. Glossary of Terms

1. NPA: Non performing Asset
2. ARC: Asset Reconstruction Company
3. SARFAESI: SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002
4. SLA: Service Level Agreement
5. AMC: Asset Management Company
6. MSME: Micro, Small and Medium Enterprises
7. Financial Services Firms: Includes Banks/FIs, Non-banking Financial Companies, Asset Reconstruction companies, Asset Management companies, and Mutual Funds



Request for Proposal for implementation of SAP ERP System at ISARC

Annexure F: Sample Contract

This section is a separate document and has its own Annexures starting from Annexure A for the contract. Please do not confuse with Annexures as mentioned earlier in the RFP document. Also all references in the draft contract is limited to this section only.



Contract For: Supply, implementation and support of the SAP ERP Solution for standardization and improvement of processes at ISARC

Contract Number : _____

This Contract (hereinafter referred to as the Contract) dated _____, 20.. is made between:

ISARC name and address (hereinafter referred to as CLIENT)

And

_____ (hereinafter referred to as SAP Implementer)

Whereas:

- ISARC may require the SAP Implementer to supply certain services under the terms of the Contract, and as more particularly defined in the Contract Letter (hereinafter referred to as the Services) which shall be placed pursuant to the Contract (see Section 3),

AND

- the SAP Implementer, having represented to ISARC that they have the professional skills, personnel and technical resources, have agreed to supply the services when required during the period of the Contract

it is hereby agreed as follows:

1. Documents

The Contract shall comprise the following documents:

- Section 1 Form of Contract (this document)
- Section 2 Conditions of Consultancy Contracts
- Section 3 Scope of Work



- Section 4 Special Conditions
- Section 5 Schedule of Prices
- Section 6 Annexures

2. Previous Communications

This document constitutes the entire Contract between the parties and supersedes all previous communications, whether oral or written, in relation to the Services to be undertaken in accordance with the Contract.

3. Provision of Services

The SAP Implementer agrees, during the period of the Contract, to make themselves available if required, to provide the Services to be undertaken in accordance with the Contract. The SAP Implementer is required to pass to within one month of completion of a task, all documents and working papers accumulated during the course of the service.

4. Payment

In consideration of the Services performed by the SAP Implementer under the terms of this Contract, ISARC shall make to the SAP Implementer such payments and in such manner as provided in Section 5, Schedule of Prices

5. Commencement and duration of the Services

This Contract will remain in effect from _____, 20.. and expire on _____, 20.. unless terminated earlier in accordance with the provisions of the Contract.

6. Acknowledgement

The SAP Implementers shall confirm acceptance of the terms of this Contract by signing and returning to ISARC the duplicate copy enclosed herewith within a period of 30 days.

For and on behalf of _____

acting for and on behalf of the _____

Name _____



Request for Proposal for implementation of SAP ERP System at ISARC

Position: _____

Signature:

Date: _____, 20...

For and on behalf of the SAP Implementer

Name:

Position

Signature:

Dated

Section 2 Conditions of Contracts

1. Construction of Contract

- 1.1 The Contract shall be governed by and construed in accordance with the laws of India.

2. Definitions

- 2.1. "SAP Implementer" means the person, firm or company with whom the Contract is placed.
- 2.2. "ISARC" means India SME Asset Reconstruction Company Ltd.
- 2.3. "the Contract" means the contract between ISARC and the SAP Implementers consisting of the Form of Contract and the documents listed therein.
- 2.4. "the Services" means those activities more particularly defined in Section Terms of Reference/Scope of Work, as referred to in Section 3 of the Contract.
- 2.5. "the Project Manager" means the person who is responsible for issuing instructions and dealing with all correspondence in connection with the technical aspects of the Contract and is the overall incharge of the project

3. Instruction and Approvals

- 3.1. All consultancy assignments and contracts need to be approved by the delegated authority

4. Scope of Agreement

- 4.1 Scope of agreement covers work to be executed as indicated in the detailed scope of work in Section 3 and as per Annexures C to P
- 4.2 Unless otherwise expressly limited, the ERP Implementers obligations involve supply of necessary software, deployment of hardware and networking hardware and services, implementation, integration, testing, acceptance, achieving go-live, training, change management, provision of all services as tendered in this document and in accordance with the plans, procedures, specifications, and any other documents specified in the Agreement
- 4.3 ERP Implementer shall unless specifically excluded in the Agreement, perform all such work and / or supply all such items, service materials not specifically mentioned in the Agreement but that can be reasonably inferred from the Agreement as being required for attaining Go-live Acceptance Final Completion Certificate of the project as if such work and /or items were mentioned in the Agreement, at no additional cost

5. ERP Implementer Obligations

Obligations of ERP Implementers towards the project

5.1 Execution of the project

- 5.1.1. ERP Implementer has the overall responsibility of supply, implementation and support of the SAP ERP Solution for standardization and improvement of processes at ISARC
- 5.1.2. ERP Implementer shall be responsible of timely provision of all resources, information and decision making under its control that are necessary to ensure timely completion of the project according to the project plan detailed in Annexure C
- 5.1.3. ERP Implementer shall provide all project personnel as per the detailed Project Team Details in Annexure D with Roles and Responsibilities as mentioned in Annexure E
- 5.1.4. ERP Implementer shall provide training services as per details mentioned in the Training Plan in Annexure F
- 5.1.5. ERP Implementer shall provide documentation as per details mentioned in Annexure G
- 5.1.6. ERP Implementer shall provide IT Infrastructure requirements as per details mentioned in Annexure H and would also be responsible for the deployment, installation and go-live of the hardware and network
- 5.1.7. ERP Implementer shall implement security and controls for the SAP system according to the plan mentioned in Annexure I
- 5.1.8. ERP Implementer shall provide Testing services as per the Testing Plan attached in Annexure J
- 5.1.9. ERP Implementer shall provide post go-live onsite handholding and support for 6 months and Annual Maintenance for 3 years post the 6 months handholding period as per the support plan mentioned in Annexure K. Also the Service Levels have been clearly defined in the Annexure B on Service Level Agreement
- 5.1.10. ERP Implementer shall provide change management services as per Annexure L
- 5.1.11. All services provided by ERP Implementer should be of highest quality standards and industry best practices and should at least adhere to the Quality Plan as per Annexure M
- 5.1.12. ERP Implementer shall handle all change requests that may be needed during the course of the project as per the change request management plan as per Annexure N
- 5.1.13. All problems or escalations during the project shall be handled as per the Problem resolution and escalation mechanism mentioned in Annexure O

5.2 Personnel

- 5.2.1. ERP Implementer's personnel shall work closely with ISARC's representatives and abide by directives issued by ISARC that are consistent with the terms of the agreement. ERP Implementer is responsible for managing the activities of its employees
- 5.2.2. Having selected ERP Implementer, among other things, on the basis of an evaluation of proposed key professional staff, ISARC expects the team member named in the proposal will be actually available during the entire duration of the project. ISARC will not consider substitutions during the duration of the project except for reasons of health of key team members.
- 5.2.3. Neither the ERP Implementer nor its personnel shall during the term of this agreement engage in any business or professional activities which would conflict with the activities assigned to them under this agreement
- 5.2.4. The SAP Implementers shall communicate through their proposal the personnel to be engaged in providing the services. The prior approval of the Project Manager will have to be obtained by the SAP Implementers in respect of any new person engaged. Such personnel shall perform the Services with all due diligence, efficiency and economy, in accordance with appropriate professional standards.
- 5.2.5. Nothing contained in this Contract shall be construed or have effect as constituting a relationship of employer and employee or principal and agent between ISARC and the SAP Implementers or any staff of the SAP Implementers.
- 5.2.6. All SAP Implementers' personnel provided shall be suitably qualified, experienced and physically fit to carry out the work required of them. In the event that any are deemed to be unsuitable, the Project Manager may, notwithstanding any prior approval, so notify the SAP Implementers in writing, giving reasons for unsuitability. On receipt of such notification the SAP Implementers shall without charge provide a suitably qualified and acceptable replacement for any such person with minimum of disruption and delay to the Project in relation to which the Services are provided.
- 5.2.7. The SAP Implementers shall not be entitled to substitute personnel unless the Project Manager gives written consent to such substitution. Consent, to any such - substitution shall not be unreasonably withheld but be conditional upon the provision by the SAP Implementers of a suitable replacement. The Project Manager shall be entitled to withdraw such consent, and to require the reinstatement or further replacement of any substituted personnel if, in the reasonable opinion of the Project Manager, the replacement is unsuitable.
- 5.2.8. ISARC shall not be liable to meet any costs arising from the replacement of the SAP Implementers' personnel who are engaged on the Contract.

- 5.2.9. The SAP Implementers are responsible for all acts and omissions of persons engaged by the SAP Implementers whether or not in the course of performing the services and for the health, safety and security of such persons and their property and the SAP Implementer shall indemnify ISARC in respect of any claim (including legal costs incurred by ISARC in defending such claim) made against ISARC by such persons except where the loss, damage or claim arises out of the negligence of ISARC or its employees.

6. ISARC Obligations

- 6.1. ISARC shall appoint a Project Manager and notify the ERP Implementer in writing the name of the Project Manager within 14 days of signing of the Agreement. ISARC may also from time to time appoint some other person as project manager in place of the person previously so appointed and shall give a notice of the name of such other person to the ERP Implementer without delay. The Project Manager shall have the authority to represent ISARC in all day to day affairs relating to the project and arising out of the Agreement
- 6.2. All notices, instructions, orders, certificates, approvals, and all other communications under the Agreement shall be given by the Project Manager except as otherwise expressly provided in this Agreement
- 6.3. ISARC shall be responsible for the timely constitution of the core team and provision of resources, necessary access, and information for the installation, commissioning, go-live of the project as identified in the project plan in Annexure C except where provision of such items is explicitly identified in the Agreement as being the responsibility of the ERP Implementer
- 6.4. ISARC will designate its appropriate staff for the training courses to be given by the ERP Implementer and shall endeavor to make all appropriate logistical arrangements for such training as specified in the Training Plan in Annexure F
- 6.5. ISARCs shall provide updated contact listing as a one-time activity for use by help desk personnel in contacting ISARC's appropriate personnel for assistance/notification and shall provide an adequate level of system authority for all hardware, software and resources for which the ERP Implementer has problem resolution responsibility and communications access
- 6.6. ISARC shall allow access by ERP Implementer maintenance personnel to ISARC's designated locations for purposes of problem diagnosis and repair and shall provide secured storage area for ERP Implementer's spare parts inventory.
- 6.7. ISARC shall ensure the availability of all information and/or data to be supplied by ISARC to the ERP Implementer.
- 6.8. The Project Manager / ISARC's representative may at any time delegate/revoke to any person any of the powers, functions, and authorities vested in him or her of which due notice in writing will be given. Failure of the Project Manager to reject any part of the IT Solution viz., software modules, equipment, Materials, workmanship etc., or to disapprove any service or

materials shall not prejudice the ISARC to reject such software module, equipment, Materials, workmanship etc., or to disapprove such work or materials and to order re-supply of such software module, equipment & Materials or to pull down, remove or break up such disapproved service at the cost of the ERP Implementer, provided the ERP Implementer fails to comply with the direction and requirement of the ISARC there off. The decision, opinion, certificates or valuation of the ISARC in respect of any matter under this clause shall be final, binding and conclusive.

- 6.9. ISARC by notice to the ERP Implementer may object to any representative or person employed by the ERP Implementer in the execution of the Agreement who, in the reasonable opinion of ISARC, may have behaved inappropriately, be incompetent, or be negligent. Where upon the ERP Implementer shall remove such person from work on the Project. If any representative or person employed by the ERP Implementer is removed, the ERP Implementer shall, where required, promptly appoint a replacement.
- 6.10. Workplace/Facilities for ERP Implementer's Site Office: ISARC shall provide the office space and other essential work facilities within its premises for the ERP Implementer's team.
- 6.11. Suitable workspace in the respective sites/offices may be provided to the ERP Implementer subject to the availability, free of charge. However, providing such space and store is for the smooth execution of Agreement and non provision of such space does not bind ISARC and make ISARC liable to the ERP Implementer in any manner except as specifically provided in the Agreement terms. ISARC is not liable for any loss or damage to the ERP Implementer's equipment/material

7. Subcontracting

- 7.1. The ERP Implementer should not subcontract any work as a part of this project, without prior written consent from ISARC.

8. Software supplied

- 8.1. ERP Implementer shall guarantee that the software and allied components used to service ISARC's requirements are licensed and legal. All software must be supplied with their original and complete printed documentation

9. Final Acceptance of Project

- 9.1. ERP implementer shall provide a detailed test plan as per Annexure J. Necessary instruments, automated testing tools, consumables, personnel and other facilities required to test the SAP implementation shall be provided by the ERP Implementer.
- 9.2. ERP Implementer shall facilitate user acceptance testing as per the test plan. Once the user acceptance testing has been successfully completed a user acceptance certificate shall be issued by ISARC

- 9.3. After the issue of the user acceptance certificates the ERP Implementer will ensure that the Project is rolled out for production environment, hereafter referred to as “Go-live”, in accordance with the timelines specified in the Project Plan.
- 9.4. ISARC shall deploy the operating and technical personnel and all materials and information reasonably required to enable the ERP Implementer to carry out its obligations under Go-Live as specified in the Project Plan.
- 9.5. Different modules rolled out for Go-live will be operated in an integrated environment as per the Project Plan. Upon successful operation of the Project in the production environment, Go-live acceptance certificate will be issued.
- 9.6. After issue of Go-live Acceptance certificate the Project shall be operated under the supervision and guidance of the ERP Implementer till the Post go-live Handholding and Support period of 6 months and the Final Completion Certificate is issued.
- 9.7. After the issuance of the Final Completion Certificate the AMC period will start for a period of 3 years

10. Fees

- 10.1. Fees quoted for the entire project are deemed to cover the cost of salary, leave allowances, bonuses, profit, taxes, insurances, superannuation, non-working days and all other costs and expenses of whatsoever nature that may be incurred except those otherwise specifically provided for in the Contract.
- 10.2. No other costs over and above that quoted in the proposal by the ERP Implementer shall be considered either as reimbursement or any other cost
- 10.3. Fees quoted are as per the Schedule of Prices in Section 5

11. Payments

- 11.1. Invoices should be submitted by ERP Implementer as per the payment terms and as per details mentioned in Section 11.7
- 11.2. Payment shall be released on submission of the bill with supporting documents duly certified by the Project Manager / ISARC’s representative after deducting taxes at source as prescribed by the legislative authorities, penalty and other recoverable if any. If such payment release day falls on a holiday of ISARC, payment will be released on the next working day. Against deduction of statutory taxes, tax deduction certificates where ever applicable shall be issued as per the applicable provisions of the statute. The Project Manager may recover any amount wrongly paid in excess in any previous bills certified by him.

- 11.3. Subject to ISARC being satisfied that the SAP Implementers are or have been carrying out their duties, obligations and responsibilities under the Contract, sums duly approved shall be paid within 30 days of receipt of a valid invoice
- 11.4. Payment shall be made in Indian Rupees unless otherwise agreed to
- 11.5. If for any reason ISARC is dissatisfied with performance of the Contract, an appropriate sum may be withheld from any payment otherwise due. In such an event ISARC shall identify the particular Services with which it is dissatisfied together with the reasons for such dissatisfaction, and payment of the amount outstanding will be made upon remedy of any unsatisfactory work or resolution of outstanding queries.
- 11.6. Should ISARC determine after paying for a particular service that the service has not been completed satisfactorily, ISARC may recover, or withhold from further payments, an amount not exceeding that previously charged for that service until the unsatisfactory service is remedied to its satisfaction. The taxes, duties, clearing & forwarding and other charges incurred by ISARC in this regard shall be recovered from the ERP Implementer's pending bills and in case no bills are pending the same shall be made good by the ERP Implementer. The ERP Implementer shall accordingly submit the subsequent invoices.
- 11.7. ISARC shall release payments based on the Payment Milestones as mentioned below
1. **Part A:** License fees 100% at the start of the project
 2. **Part B:** Implementation fees as detailed below:

Table 1

| Sr. No. | Milestone | % of contract charges payable |
|---------|--|-------------------------------|
| 1 | Acceptance of the Order and signing of contract | 10% |
| 2 | Finalization of the Business Process Blueprint | 10% |
| 3 | Completion of Integration Testing | 20% |
| 4 | Completion of End User Training | 20% |
| 5 | User Acceptance Testing completion and Go Live | 25% |
| 6 | Completion of Post Go Live Support and Handholding | 15% |

- 11.8. All payments shall be made direct to the ERP Implementer or his authorized representative in the shape of crossed A/c payee Cheque / Demand Draft less Bank Charges on certification of the Project Manager/ISARC's representative and on compliance of contractual terms & conditions.

12. Invoicing Instructions

- 12.1. Invoices for work undertaken by SAP Implementers in respect of the Services must be presented in duplicate.
- 12.2. Invoices should bear the Contract reference, be numbered sequentially and dated, and marked "For the attention of the Project Manager" named in Section 4. The final invoice presented in connection with the contract should be endorsed "Final Invoice".
- 12.3. All invoices should contain details of expenditure actually incurred by the SAP Implementers in the previous accounting period. Expenditure should be itemised in accordance with the Schedule of Prices at Section 5 of this Contract.
- 12.4. ISARC reserves the right to request proofs of payment in respect of any reimbursable item and shall be entitled to refuse to meet a claim if this cannot be provided.
- 12.5. All invoices should be endorsed as follows: "We certify that the amounts claimed in this invoice have been wholly and necessarily incurred for the purpose of the engagement and have not been claimed before".
- 12.6. All invoices should be signed by the Partner or the accounts holder or the Project Leader
- 12.7. Any invoice not presented in accordance with the above may be rejected and in any, event shall be liable to query and delay in payment.

13. Corrupt Gifts and Payments of Commission

The SAP Implementers warrant and represent to ISARC that the SAP Implementers have not:

- 13.1. offered to give or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any act in relation to the obtaining or execution of the Contract or for showing or forbearing to show favour or disfavour to any person in relation to the Contract;
- 13.2. entered into the Contract in connection with which commission has been paid or agreed to be paid by the SAP Implementers or on their behalf, or to their knowledge, unless before the Contract was made, particulars of any such commission and of the terms and conditions of any agreement for the payment thereof were disclosed in writing to the Project Manager.

Any:

1. breach by the SAP Implementers of the warranty and representation contained in clause 13.1: or

2. commission of any offence by the SAP Implementers under the Prevention of Corruption Acts in relation to this Contract

shall entitle ISARC to terminate the Contract and recover from the SAP Implementers the amount of any loss resulting from such termination and/ or to recover from the SAP Implementers the amount or value of any such gift, consideration or commission.

- 13.3. In clause 13.2 references to the SAP Implementers includes anyone employed by them or acting on their behalf (whether with or without their knowledge).

14. Commissions and Discounts

- 14.1. The SAP Implementers shall not accept for their own benefit any trade commission, discount or similar payment or benefit, (including but not limited to air flights or other benefits obtained from travelling as passengers on particular airlines), in connection with the Contract. In addition, the SAP Implementers shall use their best endeavors to ensure that their personnel or agents of the SAP Implementers shall receive any such additional remuneration or benefit. Any such discounts, commissions, payments or benefits shall be passed on to ISARC immediately.

15. Indemnity

- 15.1. The SAP Implementers shall exercise reasonable skill, care and diligence in the performance of the Contract and indemnify and keep ISARC indemnified in respect of any loss, damage or claim howsoever arising out of or related to breach of contract, statutory duty or negligence by the SAP Implementers or the SAP Implementers' servants, agents or sub-contractors in relation to the performance or otherwise of the Services to be provided under this Contract.

16. Assigning to Others

- 16.1. The SAP Implementers shall not, without the prior written consent of ISARC, assign or transfer or cause to be assigned or transferred, whether actually or as the result of takeover, merger or other change of identity or character of the SAP Implementers, any of its rights or obligations under the Contract or any part, share or interest therein. Upon any such assignment or transfer, this engagement may forthwith be terminated by ISARC.

17. Limit of Liability

- 17.1. Except where there has been misconduct, gross negligence, dishonesty or fraud on behalf of the SAP Implementer or the SAP Implementer's Personnel the SAP Implementer's liability under this Contract shall be limited to the amount of the Financial Limit.
- 17.2. Notwithstanding anything to the Contrary in the Agreement or any other document, the aggregate liability of the ERP Implementer for actual direct damage shall be limited to the Contract Price provided that this limit shall not apply to the patent infringement, bodily injury (including death) and damage to the real property and tangible personal property caused by ERP Implementer's negligence.

- 17.3. In no event, neither party shall be liable to the other party for any indirect, special, punitive, consequential or incidental damages including without limitation, loss of revenue, profits, business, goodwill, anticipated savings or data or third party claims.
- 17.4. No Director or official or employee of ISARC or ERP Implementer shall in any way be personally bound or liable for the acts or obligations of the ISARC or ERP Implementer under the Agreement or answerable for any default or omission in the observance or performance of the acts, matters or things which are herein contained.
- 17.5. The ERP Implementer shall not be entitled to any increase on the scheduled rates or any other rights or claims whatsoever by reason of any representation, explanation, statement or alleged understanding, promise or guarantees given or to have been given to him by any person.

18. Liquidated Damages and Penalty Clause:

- 18.1. The ERP Implementer shall complete all activities, milestones and submit all deliverables in accordance with the timelines (proposed by ERP Implementer during submission of proposal and finalized after discussion with ISARC post award of contract). Any case of delay or non-delivery of an activity or milestone as per the finalized project plan will be subjected to penalty as per the following:
- 18.2. ISARC may recover from the ERP Implementer, a sum equivalent to 0.5 % of “the total Contract price excluding AMC / ATS charges” for delay in completion of the Service(s) for each week of delay or part thereof beyond the scheduled completion date, subject to a maximum of 10% of the total contract price excluding AMC, even though ISARC may accept delay in completion after the expiry of the scheduled completion date. For the purpose of liquidated damages scheduled completion date will be taken as date of issuance of acceptance certificate / commissioning
- 18.3. ISARC reserves the right to recover by any other method, deduct the amount of liquidated damages from any money belonging to the ERP Implementer in its hands (which includes ISARC’s right to claim such amount against ERP Implementer's Performance Bank Guarantee) or which may become due to the ERP Implementer. Any such recovery or liquidated damages shall not in any way relieve the ERP Implementer from any of its obligations to complete the works / service(s) or from any other obligations and liabilities under the Contract/Agreement. ISARC reserves the right to condone the delay, if it is not attributable to the ERP Implementer.

19. Termination

- 19.1. ISARC may, at its sole discretion and at any time terminate the Contract and inform the SAP Implementers of ISARC’s decision by written instruction to that effect. In the event of the Contract being so terminated, the SAP Implementers shall take such steps, as are necessary to bring the Services to an end (including terminating any sub-contracts placed by the SAP Implementers) in a cost effective, timely and orderly manner.

- 19.2. Should the Services or any portion thereof not be carried out to the satisfaction of ISARC or within the time or times specified in or under the Contract, ISARC may, without prejudice to any other remedies, by notice in writing to the SAP Implementers terminate the Contract either in respect of the Services which have not been carried out in accordance with the Contract at the time of such termination or in respect of all the Services to which the Contract relates other than those carried out in accordance with the Contract before that time. In such case the SAP Implementers shall not be entitled under the Contract to payment of any amount by way of compensation.
- 19.3. The Contract may be terminated by ISARC by notice in writing to the SAP Implementers if at any time the SAP Implementers either directly or through their servants or agents or sub-contractors commit any breach of their obligations hereunder or being an individual or, where the SAP Implementers are a firm, any partner in that firm shall at any time become bankrupt, or shall have a receiving order or administration order made against them or shall make any composition or arrangement with or for the benefit of their creditors or shall make any conveyance or assignment for the benefit of their creditors or if the SAP Implementers being a company, an order is made, or a resolution is passed, for the winding up of the SAP Implementers, otherwise than a member's voluntary winding up for the purpose of amalgamation or reconstruction (subject to the prior approval of ISARC) or a receiver or administrator is appointed of the whole or any part of the undertaking of the SAP Implementers, ISARC may forthwith terminate the Contract.
- 19.4. ISARC reserves its right to cancel the order in the event of delay and forfeit the Payment Bank Guarantee as liquidated damages for the delay in the event of one or more of the following conditions:
- 19.4. 1. If the maximum penalty amount is reached as per the Liquidated Damages and Penalty clause mentioned above
 - 19.4. 2. Serious discrepancy is observed in the quality of deployed manpower for both on-call and on-site services
 - 19.4. 3. Serious discrepancy is observed in the quality of service expected during the contract period

20. Force Majeure

- 20.1. There shall be no liability or responsibility, on the part of both ISARC and the ERP Implementer for consequences arising out of interruption of the business due to acts of God, riots, civil commotion, insurrections, wars or any other causes beyond their control or by any strikes or lock outs. Any such interruption due to Force Majeure should be informed by the ERP Implementer to ISARC or vice versa in writing within two days of such event.

21. Disclosure of Information, Intellectual Property Rights and Official Secrets Act

21.1. The SAP Implementers shall not during or after the termination of the Contract disclose to any third party any Confidential Information arising from the Contract (other than in the proper performance of their duties hereunder or as may be required by a court or arbitration panel of competent jurisdiction) except with the prior written Permission of ISARC For the purposes of this clause, "Confidential information" shall mean information relating to proprietary, technological, economic, legal, administrative business and technical matters of ISARC and/or the Recipient including but not limited to information disclosed orally, documents, drawings, diagrams, models, programs, computer data or any part or copy of such information. The SAP Implementers shall not use any information in a way, which would cause embarrassment to ISARC or to the Government of India or the Recipient.

21.2. Subject always to the provisions of Clause 21.1 above:

- a. Where the SAP Implementers are contracted by ISARC to supply Services to a Recipient, the originals of any reports should be addressed to that Recipient. Such reports and any other document or materials prepared or inventions or information produced as a result of the performance of the Services and all intellectual property rights therein, unless otherwise specifically stated in the Contract, shall be and shall remain the property of the SAP Implementers.
- b. Where the SAP Implementers are contracted to supply Services directly to ISARC all reports should be addressed directly to the Project Manager. All intellectual property rights in such reports and any other documentation or materials prepared or inventions or information produced as a result of the performance of the Services shall be and shall remain the property of the SAP Implementers.
- c. The SAP Implementers hereby grant to ISARC a worldwide non-exclusive irrevocable royalty free license to Use any documentation or materials and any intellectual property rights therein. "Use" in this clause shall mean the use, reproduction, publication and transfer of or other dealing with the reports, other documentation, materials and the intellectual property rights therein, including the production and sale of products incorporating the same for use by any person or for sale or other dealing anywhere in the World. ISARC shall be entitled to sub-license the intellectual property rights referred to in this clause to any person or entity (including, but not limited to the Recipient), on any terms which ISARC thinks fit.

21.3. When the Services are supplied to ISARC, the SAP Implementers shall take all reasonable steps to ensure that personnel engaged on the Services have notice that the provisions of the Official Secrets Acts apply to them and will continue to apply after completion or earlier termination of the Contract.

22. IPR Infringement

- 22.1. As part of this project ERP Implementer will deliver suitable software. If the use of any such software by/ for ISARC, infringes the intellectual property rights of any third person, ERP Implementer shall be primarily liable to indemnify ISARC to the extent of direct damages against all claims, demands, costs, charges, expenses, award, compensations, etc. arising out of the proceedings initiated by third party for such infringement, subject to the conditions, the claim relates to software provided / used by ERP Implementer under this project

23. Audit

- 23.1. The SAP Implementers shall keep accurate and systematic accounts and records in respect of the Services provided in such form and detail as will clearly identify all relevant time charges in respect of fees and all relevant costs in respect of reimbursable expenditure invoiced in accordance with Section 5.
- 23.2. ISARC or its representatives or auditors shall, on giving reasonable notice to the SAP Implementers, have the right at any time to visit the SAP Implementers' offices to audit the Accounts and Records and to require the SAP Implementers to produce such oral or written explanations of the Accounts and Records as it considers necessary.
- 23.3. The SAP Implementers shall make available to the persons carrying out an audit under clause 23 all Accounts and Records held by the SAP Implementers, or otherwise within the control of the SAP Implementers, whether held on computer or, in document or any other form, and, make such copies of the Accounts and Records as these persons may reasonably require and shall give them the necessary facilities for verifying the accuracy of the Accounts and Records made available.
- 23.4. In the event that the results of an audit undertaken pursuant to clause 23 demonstrate that the SAP Implementers have claimed any sums in respect of fees or reimbursable expenses in excess of their entitlement under the terms of this Contract, 'the SAP Implementers shall within 30 days of a written demand by ISARC reimburse ISARC in full in respect of any such overpayment.

24. Settlement of Disputes

- 24.1. All disputes and differences of any kind, whatsoever, between the ERP Implementer and ISARC, arising out of or in relation to the construction, meaning, operation or effect of the Contract, shall be settled amicably by the Steering Committee. If after thirty days from the commencement of such informal negotiations, ISARC and the ERP Implementer are unable to resolve amicably a contract dispute; either party may require that the dispute be referred for resolution by formal arbitration.

- 24.2. All questions, disputes or differences arising under and out of, or in connection with the contract, shall be referred to two Arbitrators: one Arbitrator to be nominated by ISARC and the other to be nominated by the ERP Implementer. In the case of the said Arbitrators not agreeing, then the matter will be referred to an umpire to be appointed by the Arbitrators in writing before proceeding with the reference. The award of the Arbitrators, and in the event of their not agreeing, the award of the Umpire appointed by them shall be final and binding on the parties. The arbitration and conciliation act 1996 shall apply to the arbitration proceedings and the venue for arbitration shall be at Mumbai, India. In case the ERP Implementer would like to exit the project, the same shall be taken up by the Arbitration process.

25. Evaluation

- 25.1. ISARC may undertake post project evaluation of the impact and cost- effectiveness of projects or programmes, which it funds. The SAP Implementers shall, if required, give ISARC or it's representatives reasonable access to records held by the SAP Implementers in connection with the Contract and shall give all reasonable co-operation to the evaluators appointed by ISARC.

26. Conflict of Interest

- 26.1. Neither the SAP Implementers, their personnel, nor any sub-contractors or their personnel shall engage in-any personal, business or professional activities, either during the course of or after the termination of this Contract, which conflict with or could potentially conflict with the Services
- 26.2. The SAP Implementer shall notify ISARC immediately of any such activities or circumstances which give rise to or could potentially give rise to a conflict with the Services and shall advise ISARC how they intend to avoid such a conflict arising.
- 26.3. In the event of a conflict as described in Sub-clause 21.1 above arising during the course of this Contract ISARC reserves the right to terminate the Contract on giving written notice to the SAP Implementers.

27. Ownership

27.1. Ownership of Documents and Copy Rights

All study documents, data and specification prepared by the ERP Implementer subject to the Scope of Agreement shall be the property of ISARC. As and when required or upon termination of the Agreement, the aforesaid documents of all versions shall be handed over to ISARC. ERP Implementer shall take all necessary steps to ensure confidentiality in handling of all the matters pertaining to business process studies, data, specifications, methods and other

information developed or acquired or furnished by ISARC by means of this Agreement or in the performance thereof.

27.2. **Transfer of Ownership**

The Project and its System(s) shall be deemed to have passed onto the ISARC when the Project is tested for its performance, validation and acceptance by ISARC. However the Licensing rights with regard to Core SAP Product and the third party software shall be governed by the End User License Agreement (EULA) of respective OEM.

28. **Security Deposit**

- 28.1. The ERP Implementer shall stand guarantee for the overall performance as per Section 3 including the supplies made and work to be done by the ERP Implementer.
- 28.2. The ERP Implementer shall furnish a Performance Bank Guarantee Bond from any scheduled bank (other than cooperative Bank) in India as per the enclosed proforma at Annexure A before the signing of the Agreement, for an amount equivalent to 10% of the Project Fees towards the Project, valid for Ninety Days beyond the performance guarantee period. The issuing bank should be advised to send a direct confirmation of issue of bank guarantee to ISARC. Performance Guarantee Bond will be released after satisfactory completion of the project. ISARC shall not be liable to the ERP Implementer for any matter or thing arising out of or in connection with the Agreement or the implementation of the Project unless the ERP Implementer shall have made a claim in writing in respect there of before issue of the Final Completion Certificate as mentioned in Clause 9.
- 28.3. The Bank Guarantee for security deposit shall be for the due and faithful performance of the Agreement and shall remain binding notwithstanding such variations, alterations or extensions of time as may be made, given, conceded or agreed to between the ERP Implementer and ISARC.
- 28.4. Should the extent or the object of the Agreement be altered during the execution of the Agreement in such a way as to effect an increase or decrease on the Contract Price by more than 10%, the amount in the Bank Guarantee shall be increased or decreased correspondingly.
- 28.5. The bank guarantee and any amendment thereto shall be executed on a non-judicial stamp paper of requisite money value as prescribed by the Statute.

Section 3: Scope of Work

1. Scope of Work

The scope of work involves supply, implementation and support of the SAP ERP Solution for standardization and improvement of processes at ISARC.

The scope of work is as follows:

- 1.1. Supply, implementation and support of SAP to cover the entire gamut of processes at ISARC.
The detailed coverage of processes and functional requirements are specified in Annexure P.
This would include configuration of the SAP system and customization wherever required
- 1.2. ISARC will be procuring hardware and database licenses separately and supply of hardware is not a part of this RFP. However the ERP Implementer will provide suitable industry standard hardware, network and infrastructure recommendation to support transactions as per the business needs of ISARC. The Hardware recommendation is an important part of the evaluation of this RFP. This hardware recommendation has to be submitted as per the schedule mentioned in the section on “Project Timelines”
- 1.3. Change Management
- 1.4. Training for ISARC officials
- 1.5. Data Migration from existing systems and non-digitized resources

2. Deliverables

The SAP implementation shall include (but is not limited to) the following key deliverables:

2.1. Software

Supply, install and configure SAP system to facilitate seamless enterprise-wide integration across ISARC’s application systems and relevant external systems

2.2. Implementation Services

2.2.1. The ERP Implementer shall develop a comprehensive and detailed approach and strategy for the implementation of SAP for ISARC including, but not limited to the following (ERP Implementer may propose others, based on their strategy / methodology):

- 2.2.1.1. Project Scope and Plan
- 2.2.1.2. Overall implementation plan and work plan (in phases)
- 2.2.1.3. Migration plan
- 2.2.1.4. Testing plan
- 2.2.1.5. Training plan
- 2.2.1.6. Cut-over and commissioning plan

2.2.2. Customization/ Development shall be kept to a minimum and as far as possible industry best practices should be adhered to. Wherever absolutely required Customization / Development shall be done in a manner that it gives a reasonable assurance of upward compatibility with future versions of the platform. The development / customization shall be as per a defined quality assurance program throughout the project period. It shall meet industry standards and quality control parameters.

2.2.3. All the development shall meet the requirements for security, performance, ease of use for operations, administration and management. Typically SAP recognized or industry standard methodologies should only be used

2.3. Testing Services

2.3.1. Conduct testing for the system, application and any customised components. Testing shall include, but is not limited to the following (ERP Implementer may propose others, based on their strategy / methodology):

2.3.1.1. Unit Testing

2.3.1.2. Performance / Volume Testing (OEM tools shall not be used for this testing)

2.3.1.3. System Integration Testing (ERP Implementer)

2.3.1.4. User Acceptance Testing (UAT) Facilitation

2.4. Training

2.4.1. Functional and technical training to business & IT staff in operating and using the solution including database and application software. ERP Implementer shall provide training on application software and other areas to the project team from ISARC. The training shall be provided at ISARC premises. The test environment required for the training shall be set up by the ERP Implementer before the training commences. The ERP Implementer shall provide detailed training on the solution to officials of ISARC.

2.4.2. At the time of commissioning ERP Implementer shall provide onsite support and handholding for a period of 6 months

2.5. Data Migration

2.5.1. ERP Implementer shall provide the data migration plan and shall be responsible for all data migration. ERP Implementer shall provide all the data master formats etc. to ensure proper data migration.

2.6. Managing go-live event

2.6.1. ERP Implementer shall provide a detailed list of specific activities for go live event. The project plan submitted by the ERP Implementer must ensure that the activities are completed before the event.

2.6.2. All training programs shall be completed before the go live event. The go-live event will be dependent on the successful UAT sign-off.

2.6.3. Before the go-live event hardware procurement, purchase and deployment shall be completed

2.7. Post go-live support

2.7.1. The ERP Implementer shall provide handholding and onsite support for at least six months after go live stage to resolve all implementation, operational and production issues and provide handholding. All the documents will also be converted to final release version during this stage.

2.7.2. The post go-live support will address all user level queries, fixing bugs, incorporation of new requirements owing to legal, statutory and policy changes, changes to configurations, patch updates, upgrades, database administration, security, etc. For this purpose, the ERP Implementer shall provide detailed processes to be followed for logging requests, assigning requests to specific individuals, recording resolution, tracking overall time taken for resolution, etc.

2.8. Hardware Requirements

2.8.1. ERP Implementer is required to provide for the detailed configuration of the proposed Development, Test and Production server environments as per the business and technical requirements.

2.8.2. The recommendations for the hardware should consider the following:

2.8.2.1. The recommended hardware should be industry standard and have high reliability, fault tolerance, redundancy and high availability

2.8.2.2. The recommended hardware and software should support the requirements for a minimum period of 5 years post the acceptance of the solution

2.9. Network Requirements

2.9.1. ERP Implementer should provide the details of the network requirements for the proposed solution. ISARC has a plan to have 5 offices over a period of the next 3 years across multiple locations in India. The networking plan and architecture should meet high availability requirement and high security standards.

2.10. Project Management

2.10.1. ERP Implementer should propose a suitable project manager/team with diversified expertise to meet the requirement of ISARC. The manager/team will do the overall project management throughout the life cycle of the project to ensure successful completion of the project. Project management will include the following:

2.10.1.1. Ensure timely delivery of all the deliverable related to ERP as mentioned in this RFP.

- 2.10.1.2. Suggest the hardware and network requirements
- 2.10.1.3. Oversee delivery and installation of IT infrastructure as per detailed bill of material and specification of hardware and networking equipment.
- 2.10.1.4. Oversee network implementation
- 2.10.1.5. Co-ordinate between various stakeholders and suppliers
- 2.10.1.6. Manage the total project i.e. ERP delivery, customization and implementation, coordination for site preparation, networking and hardware delivery.
- 2.10.1.7. Support evaluation of hardware and networking proposals for procurement.
- 2.10.1.8. Participate in all meetings
- 2.10.1.9. Define and control project scope
- 2.10.1.10. Monitor risk management aspects and project delays
- 2.10.1.11. Ensure synchronization of all the activities of the project i.e. development, IT infrastructure procurement, implementation, training etc.

2.11. Change Management

2.11.1. Implementation of new or changed business processes will affect users in ISARC and require change in the functional processes followed. During implementation, the ERP Implementer will help in creating and maintaining effective communication and change management vital to the successful adoption of the new or changed processes.

2.11.2. The ERP Implementer shall ensure change management to ensure the successful implementation and usage of the SAP system by the officials of ISARC. Towards this end the ERP Implementer should detail out a plan to ensure proper implementation of SAP.

2.12. Documentation

2.12.1. The first set of document is linked to functional, hardware and security specifications of the project. The consultants will study the business processes and furnish the following documents:

- 2.12.1.1. Project charter
- 2.12.1.2. AS-IS Document
- 2.12.1.3. Business Process Blueprint Document.
- 2.12.1.4. Process Mapping with ERP and Gap analysis document
- 2.12.1.5. Security & Control Specifications
- 2.12.1.6. Hardware and networking plan

2.12.2. The Hardware and Networking plan should be provided as per the stipulated time mentioned in section on “Project Timelines” within this document so that timelines could be adhered to in terms of procurement of hardware

2.12.3. The second set of deliverables is linked to realization of the Business Blue Print. This will include installation and commissioning of the SAP modules, carrying out the customization, and achieving specific developments for ISARC. The consultants will also furnish the following documents (ERP Implementer may propose others, based on solution offerings)

- 2.12.3.1. Custom development functional specifications document
- 2.12.3.2. Custom development technical specification document
- 2.12.3.3. Data migration strategy document
- 2.12.3.4. All user guides
- 2.12.3.5. Unit and integration test scripts
- 2.12.3.6. User acceptance testing test scripts
- 2.12.3.7. Cutover strategy document
- 2.12.3.8. Interface strategy document
- 2.12.3.9. System landscape document
- 2.12.3.10. Authorization strategy document
- 2.12.3.11. Installation procedure document
- 2.12.3.12. System administrators routine maintenance procedure document
- 2.12.3.13. Any other, as appropriate and identified during the course of the project

2.12.4. All documents should be handed over in three copies, legible, neatly and robustly bound on A-4 size, good-quality paper. Soft copies of the document in MS Word format will also be submitted in CDs along with the hard copies. All documents will be in plain English.

2.12.5. All statutory, legal requirements shall be met in terms of reporting and process coverage without any additional effort on the part of ISARC officials once the SAP system has been implemented

2.12.6. Further detailed requirements coverage have been specified in Annexure P

Section 4 Special Conditions

(If any should be specified here)

Section 5 Schedule of Prices

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Section 6: Annexures

Annexure A: Performance Bank Guarantee

FORMAT OF CONTRACT PERFORMANCE BANK GUARANTEE

Note:-

1. This guarantee has to be furnished by a Nationalised Bank / Scheduled Bank Authorised by RBI to issue a Bank Guarantee. ISARC reserves its rights to reject the Bank Guarantee if the same is not in the specified format.
2. The Bank Guarantee should be furnished on Stamp paper of value of not less than Rs.200.00.
3. The stamp papers should be purchased in the name of Bank executing the guarantee.
4. In the case of foreign bidder the B.G may be furnished by an international reputed Bank acceptable to the PURCHASER /RBI.
5. The Bank Guarantee shall be valid till 6 (six) months after the completion of support and handholding period.
6. Any deviation in this format will not be acceptable.

DATE:

Bank Guarantee No.

To

ISARC,

Dear Sirs,

- 1 In consideration of the ISARC, Mumbai hereinafter referred to as the PURCHASER, which expression shall, unless repugnant to the context or meaning, thereof include its successors, representatives and assignees, having awarded in favour of. having registered office at hereinafter referred to as the CONTRACTOR, which expression shall unless repugnant to the context or meaning thereof include its successors, administrators, representatives and assignees, a Contract, hereinafter "referred as the CONTRACT" for the on terms and conditions set out interalia, in the PURCHASER's Contract /Letter of Award No..... dated as well as "CONTRACT" documents, valued at (In words) and the same having been unequivocally accepted by the CONTRACTOR and the CONTRACTOR having agreed to provide a Contract

Performance Guarantee for the faithful performance of the entire "Contract" including the support and handholding obligations /liabilities under the contract Equivalent to 10% of the said value of the Contract if any, to the PURCHASER amounting to (In words) as Contract Security in the form of a Bank Guarantee.

- 2 We,(Name).....(Address) hereinafter referred to as the "Bank which expression shall, unless repugnant to the context or meaning thereof, include its successors, administrators, representatives and assignees do hereby irrevocably guarantee and undertake to pay the PURCHASER merely on demand without any previous notice and without any demur and without referring to any other source, any and all monies payable by the CONTRACTOR by reason of any breach by the said CONTRACTOR of any of the terms and conditions of the said CONTRACT including non-execution of the "CONTRACT AGREEMENT" to the extent of 10% of the Contract price at any time upto (day /month/ year). Any such demand made by the PURCHASER on the bank shall be conclusive and binding, absolute and unequivocal not withstanding any disputes raised/pending before any court, tribunal, arbitration or any other authority. The Bank agrees that the guarantee herein contained shall continue to be enforceable till this sum due to the PURCHASER is fully paid and claims satisfied or till the PURCHASER discharges this Guarantee.
- 3 The Bank further irrevocably guarantees and undertakes to pay any and all monies due and payable by the CONTRACTOR by reasons of non-fulfilment of any of the following obligations.
 1. Supply, implementation and support of SAP to cover the entire gamut of processes at ISARC. This would include configuration of the SAP system and customization wherever required
 2. ISARC will be procuring hardware and database licenses separately and supply of hardware is not a part of this RFP. However the ERP Implementer will provide suitable industry standard hardware, network and infrastructure recommendation to support transactions as per the business needs of ISARC. The Hardware recommendation is an important part of the evaluation of this RFP. This hardware recommendation has to be submitted as per the schedule mentioned in the section on "Project Timelines"
 3. Change Management
 4. Training for ISARC officials
 5. Data Migration from existing systems and non-digitized resources
- 4 The PURCHASER shall have the fullest liberty without affecting in any way the liability of the Bank under this guarantee, from time to time, to extend the time of performance by the CONTRACTOR. The Bank shall not be released from its liabilities under these presents by any exercise of the PURCHASER of the liberty with reference to the matter aforesaid.
- 5 The PURCHASER shall have the fullest liberty, without affecting this guarantee to postpone from time to time the exercise of any powers vested in them or of any right which they might have against the CONTRACTOR and to exercise the same at any time in any manner, and either to enforce or to forbear to enforce any covenants, contained or implied in the CONTRACT between the PURCHASER and the CONTRACTOR or any other course or remedy or security



available to the PURCHASER and the BANK shall not be released of its obligations/ liabilities under these presents by any exercise by the PURCHASER of his liberty with reference to the matters aforesaid or any of them or by reasons of any other act or forbearance or other acts of omission or commission on part of the PURCHASER or any other indulgence shown by the PURCHASER or by any other matter or thing whatsoever which under law would, but for this provision, have the effect of relieving the Bank Guarantee. The Bank further undertakes not to revoke this guarantee during its currency without the previous consent of the PURCHASER.

- 6 The Bank further agrees that the decision of the PURCHASER as to the failure on the part of the CONTRACTOR to fulfil their obligations as aforesaid and/or as to the amount payable by the BANK to the PURCHASER hereunder shall be final, conclusive and binding on the BANK.
- 7 The Bank also agrees that the PURCHASER shall be entitled at his option to enforce this guarantee against the BANK as a principal debtor, in the first instance notwithstanding any other Security or guarantee that it may have in relation to the CONTRACTOR`'s liabilities.
- 8 This guarantee will not be discharged due to the change in the constitution of the BANK or the CONTRACTOR(S).
- 9 Notwithstanding anything contained herein:
 - b. our liability under this bank guarantee shall not exceed (in words)
 - c. this bank guarantee shall be valid upto; and
 - d. we are liable to pay the guaranteed amount or any part thereof under this bank guarantee only and only if you serve upon us a written claim or demand on or before

Return of this document to us by any person before the aforesaid date will, however, extinguish our liability as on the date of return.

WITNESSES :

| | |
|---|--|
| <p>1.</p> <p>(Signature with name in Block letters and with designation)</p> | <p>Signature</p> <p>(Printed Name)</p> <p>Designation</p> <p>Staff Code No.</p> <p>Bank's seal</p> |
| <p>2.</p> | <p>Attorney as per power of</p> <p>Attorney No.</p> <p>Dated</p> |



Request for Proposal for implementation of SAP ERP System at ISARC

| | |
|--|--|
| <p>(Signature with name in Block letters and with designation)</p> | |
|--|--|

Annexure B: Service Level Agreement

1. Scope of SLA

The following equipment and services are provided in response to the proposal submitted by the Vendor to ISARC in accordance with the Request for Proposal for supply, implementation and support of the SAP ERP Solution for standardization and improvement of processes at ISARC.

The SLA will be applicable to the implementation and go-live, post go-live handholding and onsite support and AMC. The service type will be defined as per the problem report generated and the metrication will be on delivery of the solution

1.1. Deployment

1.1.1. Supply, installation and commissioning of all required hardware for steady functioning of the SAP

1.1.2. This will include but not limited to timely deployment. In case of delays in agreed upon timelines ISARC can introduce penalty as mentioned in Clause 18 of this document

1.2. Post Go-live Handholding and Support

1.2.1. The ERP Implementer will provide handholding and onsite support for at least six months after go live stage to resolve all implementation, operational and production issues and provide handholding. All the documents will also be converted to final release version during this stage.

1.2.2. The post go-live support will address all user level queries, fixing bugs, incorporation of new requirements owing to legal, statutory and policy changes, changes to configurations, patch updates, upgrades, database administration, security, etc. For this purpose, the ERP Implementer is expected to provide detailed processes to be followed for logging requests, assigning requests to specific individuals, recording resolution, tracking overall time taken for resolution, etc.

1.3. Annual Technical Support

1.3.1. The supplier will provide Annual Technical Support (ATS) of SAP product for a period of three years from the date of supply, which will be further extended based on mutual agreement of terms and conditions. The support shall include new releases (including next general release) upgrades, bug fixes, functionality requirements, and patches to cater to changes

(including tax, legal and all statutory requirements). This shall also include technical support from SAP's helpdesk

1.4. Annual Maintenance Contract (AMC)

1. 4.1. AMC period will be for 3 years since the end of the handholding and onsite support period.
1. 4.2. The detailed processes to be followed for logging requests, assigning requests to specific individuals, recording resolution, tracking overall time taken for resolution, etc. are captured and shown as per Support Plan in Annexure K
1. 4.3. During the AMC the ERP Implementer will also provide a Project Manager to co-ordinate all the IT related activities including ERP, hardware, networking etc. This person will be responsible for liaising with all the stakeholders for running the ERP smoothly.
1. 4.4. ERP Implementer would provide on-site maintenance for a period of 3 years since the completion of the handholding and onsite support. The support will address but not be limited to the following:
 - 1.4.4.1. all user level queries
 - 1.4.4.2. bug fixes
 - 1.4.4.3. enhancements
 - 1.4.4.4. incorporations of new requirements owing to legal, statutory and policy changes
 - 1.4.4.5. configuration changes
 - 1.4.4.6. customizations
 - 1.4.4.7. patch updates
 - 1.4.4.8. upgrades
 - 1.4.4.9. database administration
 - 1.4.4.10. security
 - 1.4.4.11. periodic user trainings e.g. for new employees etc.
1. 4.5. The maintenance support should be provided on all working days from 8 AM to 8 PM and should adhere to the SLA requirements. The coverage of maintenance support will be at least across the following though not limited to these only:
 - 1.4.5.1. All the modules of the ERP including customizations
 - 1.4.5.2. All functionalities as mentioned in the RFP or finalized during the business blueprinting phase
 - 1.4.5.3. Version upgradation
 - 1.4.5.4. Re-installation of base software and System restoration
 - 1.4.5.5. Report creation, modifications
 - 1.4.5.6. Workflow changes
 - 1.4.5.7. Resolution of reported errors
 - 1.4.5.8. Data backup and recovery
 - 1.4.5.9. Performance tuning and optimization
 - 1.4.5.10. Enhancements of existing configurations and functionalities

- 1.4.5.11. Documentation of all the changes made to the system
- 1.4.5.12. Training of any changes made

1. 4.6. Training on changed system: On-site training shall be provided for all those changes which require re-training of users. This would be part of the maintenance contract.

1. 4.7. The response times and actions to various problems will be defined as per the criticality of the problem as defined in Table 1 below

1. 4.8. Annual Maintenance should include Technical support from ERP product Vendor’s helpdesk.

Table 1

| Action | Threshold | | Expected Action |
|-------------------------------|-----------|----------------|---|
| Initial Response | Critical | 1 Hour | <ul style="list-style-type: none"> • Initial review, category identification, sufficiency of information with the problem report • Assign to individual for analysis • Respond to initiator that the problem has been assigned |
| | High | 4 hour | |
| | Medium | 8 hour | |
| | Low | 16 hour | |
| Complete Analysis/ Resolution | Critical | 4 hour | <ul style="list-style-type: none"> • Detailed analysis of problem report, root cause analysis, potential risk/ impact • Effort estimate for resolution and closing of the problem |
| | High | 1 working day | |
| | Medium | 7 working day | |
| | Low | 10 working day | |

Definition of thresholds

Critical: Show stopper, Application breakdown/ crash. Has serious implications on running the production server, and has affected or may affect greater than 50% of users

High: Serious degradation of application performance, Has impacted majority of business processes, risk of significant data loss, affected or may affect around 10-50% of the users



Moderate: Moderate degradation in application performance, no implications on data integrity, had minimal or no impact on day-to-day operations, and has affected or may affect less than 10% of users

Low: Applications are stable and has no impact on day to day workings and has affected or might affect a single user

2. Problem Resolution and Escalation Matrix

In case of any problems and issues during the course of the implementation and during the AMC there should be a detailed escalation matrix provided to ensure timely resolution of the issues. The escalation matrix should help provide a quick and orderly method of notifying ISARC and ERP Implementer that an issue is not being successfully resolved at a lower level.

Escalation should take place on an exception basis and only if successful issue resolution cannot be achieved in a reasonable time frame.

- 2.1. Either ISARC or ERP Implementer can initiate the procedure
- 2.2. Initiator should promptly notify the other party that management escalation will be initiated
- 2.3. Management escalation will be defined as shown in the contact map as shown below. The contact map will be decided mutually by ISARC and ERP Implementer
- 2.4. Escalation will be one level at a time

Escalation Matrix

Table 2

| Level of escalation | ISARC | ERP Implementer |
|---------------------|-------|-----------------|
| | | |
| | | |
| | | |

There should be a different escalation matrix for the “implementation and handholding & onsite support phase” and a separate escalation matrix during the AMC period.

3. Termination of Agreement

ISARC may terminate this agreement without penalty if the Vendor repeatedly violates the terms of this agreement. In such an event ISARC shall give the Vendor 30 days written notice of intent to terminate, delivered to the Vendor.

4. Changes to Service Level Agreement (SLA)

Any amendment to the Terms and Conditions of this agreement would require the approval of the Vendor and ISARC. The amendment of the agreement would take place through an addendum to this agreement and the recording of that addendum in an *Appendix* of this agreement.

There will be an opportunity on a yearly basis to make adjustments to this SLA. The Vendor and ISARC should work together to make changes at that time if needed.

5. New Versions

New versions implemented during the term of this agreement will move into the Vendor's support model through the Vendor's process. The Vendor will be responsible for initiating and ensuring completion of the appropriate process.

6. Processes and Procedures Related to This Agreement

6.1. Call Management Process

The Vendor's problem-ticket system will be used by all support team levels (where approval and technical access has been granted) to record and track all problem reports, inquiries, or other types of calls received by support. This provides the Vendor with the ability to provide metrics with regard to this SLA. The call management process has been defined in Annexure K.

6.2. Dependence on Other Organizations

The Vendor will manage the interface to all suppliers and SAP support as it relates to the provision of services under this agreement.

7. Metrics

Regular reporting will be provided on a monthly basis by the Vendor to ISARC on available metrics as related to target performance. These reports are expected to be produced by the Vendor's problem-ticket system, which will detail ticket management performance against SLA targets in the Vendor's case management process.

The metrication that the vendor will report to ISARC will be as per the details mentioned in Annexure K.

8. Roles and Responsibilities related to SLA

8.1. The Vendor

The Vendor has the following general responsibilities under this agreement:



8. 1.1. The Vendor will conduct business in a courteous and professional manner with ISARC
8. 1.2. The Vendor will use its own appropriate help desk to provide support, including creating problem tickets and work orders including interaction with the product vendor help desk.
8. 1.3. The Vendor will use its own appropriate internal group to provide server, network, and infrastructure support services.
8. 1.4. The Vendor will obtain the ISARC's approval before ticket closure.
8. 1.5. Once a support request has been submitted, the Vendor will make itself available to work with the ISARC support resource assigned to the support request.
8. 1.6. The Vendor will attempt to resolve problems over the phone on first call.
8. 1.7. The ISARC's end-users will not contact the Vendor's support resources directly to report a problem. All problem calls must be logged through the appropriate help desk.
8. 1.8. The Vendor will provide all necessary and requested documentation, information, and knowledge capital to the ISARC prior to the start of support of a new device or functionality.

8.2. ISARC

ISARC has the following general responsibilities under this agreement:

8. 2.1. ISARC will conduct business in a courteous and professional manner with the Vendor.
8. 2.2. ISARC will provide all information required to open a support request.
8. 2.3. ISARC will log all information from the Vendor required to establish contact information, document the nature of the problem and the Vendor's hardware/network environment (as applicable).
8. 2.4. IT SPOC (IT Single Point of Contact): ISARC will provide designated resources to act as Single point of contact for all interactions with the ERP Implementer. Responsibilities will include:
 8. 2.4.1. Liaising with the users on service requests
 8. 2.4.2. Acting as a point of contact for all issues related to SAP
 8. 2.4.3. Assisting with Vendor support staff in problem resolution
 8. 2.4.4. Generating service requests
 8. 2.4.5. Transferring training and knowledge to users as needed



Request for Proposal for implementation of SAP ERP System at ISARC



Annexure C: Project Plan

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Annexure D: Project Team Details

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Annexure E: Project Team Roles and Responsibilities

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Annexure F: Training Plan

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Annexure G: List of Documentation

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Annexure H: IT Infrastructure Requirement

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Annexure I: Security and Controls Plan

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Annexure J: Testing Plan

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Annexure K: Support Plan

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Annexure L: Change Management Plan

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Annexure M: Quality Plan

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Annexure N: Change Request Management Plan

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Annexure O: Problem Resolution and Escalation Mechanism

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Annexure P: Coverage of Requirements

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