

ARMoured VEHICLES NIGAM LIMITED

A GOVT. OF INDIA ENTERPRISE

MINISTRY OF DEFENCE

CIN-U35990TN2021GOI145504

Hiring of Services of Cost Auditing Firm for Armoured Vehicles Nigam Limited

[A] INTRODUCTION:

Armoured Vehicles Nigam Limited (AVNL) is a newly formed Government Company incorporated on 14.08.2021, having its registered office at Bhaktavatsalapuram, Avadi, Chennai- 600 054. AVNL is one of the seven new Government of India enterprises, under Ministry of Defence, formed by converting 41 Ordnance Factories which were under erstwhile Ordnance Factories Board into 7 DPSU (100 % Government Owned) corporations. The approximate annual turnover of AVNL is Rs.4000 Crores.

1. AVNL intends to hire the services of a Cost Auditing Firm for carrying out all Cost Auditing of AVNL for the period of 2 years in compliance to Companies Act 2013 and Ind AS accounting standards and providing complete support for successful completion of AGM and CAG Audit.
2. AVNL comprises the following production units, Non-production units & Corporate Office as mentioned below (here in after called as "In-scope locations"):

S.No	State	In- Scope Locations
1	TAMILNADU	a) AVNL HQ, AVADI (FORMERLY AV HQRS) b) HEAVY VEHICLES FACTORY AVADI (HVF) c) ENGINE FACTORY AVADI (EFA) d) INSTITUTE OF LEARNING (IOL), AVADI
2	TELANGANA	a) ORDNANCE FACTORY, MEDAK, YEDDUMAILARAM (OFMK) b) IOL, MEDAK YEDDUMAILARAM
3	MAHARASHTRA	a) MACHINE TOOL PROTOTYPE FACTORY (MTPF) AMBERNATH b) IOL AMBERNATH
4	MADHYA PRADESH	VEHICLE FACTORY JABALPUR (VFJ)

3. **Period of Engagement:** The Period of engagement shall be for 2 years from the date of placement of contract. The earliest date of commencement of contract shall be 05.08.2022. This contract will cover Cost Auditing of AVNL for the FY 2022-23 and FY 2023-24 as per Ind AS standards. Annual Cost Audit report is required to be submitted well within 6 months from the date of completion of the financial year or as stipulated under Companies Act, 2013 and enable AVNL to hold its AGM within 6 months after completion of Financial year.
4. The firm should study the bid related documents carefully and quote lump sum charges (along with breakup of cost) for providing the service as per the given scope of work and deliverables. The CMD, AVNL reserves the right to issue necessary amendments to the contract if deemed fit and can be extended as per the terms and conditions of the contract.

(B) Broad scope of work and deliverables.

AVNL intends to engage a Cost Auditing firm for carrying out all activities related to Cost Audit for AVNL products with the following scope of work in brief:

1. To conduct Cost audit of the Company pursuant to section 148(1) of Companies Act 2013 in accordance with the provisions of the Companies (Cost Records & Audit) Rules 2014 and amendment thereof from time to time.
2. To conduct audit of cost records prepared and maintained pertaining to the products manufactured by the company during the financial year.
3. Cost Audit shall be in adherence to the relevant orders/clarifications issued by Cost Audit Branch, Ministry of Corporate Affairs, Govt. of India and the Cost Accounting Standards issued by the Institute of Cost Accountants of India, from time to time.
4. Cost audit team should consist of adequate number of qualified Cost Auditors /Semi-qualified assistants (Cost Accountants) led by a senior partner of the Firm so as to be commensurate with cost audit work requirements.
5. Verification and certification of Annexure to Cost Audit Report (Form CRA-3), the proformas maintained by the Company as per Companies (Cost record & audit) Rules, 2014.
6. Cost Audit Firm so appointed shall commence cost audit and submit necessary reports with in stipulated time from the close of the financial year along with reservation or qualification or observations or suggestion, if any in form CRA-3 and annexure as per notification or any other instructions issued by the Central Government from time to time under Section 148 or any other section of the Companies Act 2013.
7. Cost Auditor will attend Audit Committee/ Board Meeting of the Company for matters relating to Cost Audit/ Reports.
8. The Cost Audit Firm shall ensure e-filing of cost audit report and annexure to the cost audit report to MCA, GOI, in XBRL form or in the manner prescribed by the Govt. from time to time, within the scheduled date prescribed by MCA - GoI for filing, after the Board of Directors of the Company approves the cost audit report in conjunction with Company Secretary of AVNL.
9. The firm entrusted with the work will engage professionally qualified personnel and shall function with highest standards of professional and ethical conduct. They shall sign Non-Disclosure Agreement with the AVNL and exercise strict confidentiality of AVNL data;

10. The firm shall engage required number of professionals as per the requirement of the work. The firm shall be required to deploy a minimum of **1 no. of Senior Cost auditor being a CMA with similar prior experience**. The role of **Senior Cost auditor (SCA)** will be to supervise the activities as per terms and conditions of the contract and to be a single point of contact for interaction with management of AVNL and rendering necessary financial advice to the management of AVNL. The SCA can be a partner or senior associate/employee. In addition, if other partner(s) also are required to work at AVNL premises, they may do so for efficient completion of the work. The place of work of the **Senior Cost auditor** will be at AVNL corporate office.
11. In addition to the above the firm will be required to deploy their qualified personnel for carrying out the Cost Auditing function at OF Medak (Near Hyderabad), VF Jabalpur (M.P), MTPF Ambarnath (Near Mumbai), HVF Avadi and EFAvadi and Corporate Office on as and when required basis. These Qualified Personnel will be required to interact with Management in the local units and with AVNL CO. for proper compilation of accounts. The minimum number of personnel to be deployed is as per the table given below:
12. The firm shall engage required number of professionals as per details given below.
- | Sl.No
(a) | Location
(b) | Sr. Cost Auditor (c) | Unit Cost Auditor (d) | Remarks (f) |
|--------------|-----------------|----------------------|-----------------------|---|
| 1 | HVF | --- | 01 | For sl Nos 01 to 05, the Cost Auditor will interact with Factory management as well as AVNL CO and consolidate audit will be done at AVNL CO level. |
| 2 | OFMK | --- | 01 | |
| 3 | EFA | --- | 01 | |
| 4 | VFJ | --- | 01 | |
| 5 | MTPF | --- | 01 | |
| 6 | AVNL CO | 01 | --- | |
| | Total | 01 | 05 | 06 |
13. In case of any necessity for the firm's personnel from Chennai to visit any of the units for monitoring/co-ordination activities, the cost of travel from Chennai to outstation locations of units and back will be reimbursed extra by economy class (Cheapest Fare) by air travel/AC II tier travel by train. Out station units shall make arrangements for providing local conveyance including pick up and drop from the airports/railway station and daily commuting from place of stay to our units. The units will provide suitable accommodation on request against payment of lodging and boarding charges. No other daily allowances will be paid. No daily conveyance will be provided for working in Chennai or at units.
14. Similarly when the Cost Auditor from out station unit is required to visit AVNL CO, the cost of travel will be reimbursed extra by economy class (Cheapest Fare) by air travel/AC II tier travel by train. AVNL CO shall make arrangements for providing local conveyance including pick up and drop from the airports/railway station and daily commuting from place of stay to AVNL CO. The AVNL will provide suitable accommodation on request against payment of lodging and boarding charges. No other daily allowances will be paid.
15. The firm will be required to handle & sort out any other issues to satisfy the mandatory audits and successful implementation of Cost Auditing at all units and the corporate office.

[C] Responsibility of AVNL :

1. AVNL shall provide required IT support for adapting to meet the accounting systems requirements by carrying out required changes in the existing software.
2. If required and considered necessary, AVNL shall procure and implement new software(such as Tally etc..) in case the existing applications do not support or have limitations.
3. Required IT support for MIS preparation or modification, as may be necessary will be provided by AVNL.
4. Desktop PC with Windows and MS Office and separate work space will be provided to the team members of the firm at corporate office and units of AVNL.

[D] Payment terms:

1. Payment will be made to the firm on pro-rata annual basis as per GeM Norms of payment;
2. On year end, for claiming of payment, the firm will be required to submit Invoice along with work performance certificate signed by Nominated official of AVNL;
3. Payment will be made within 10 working days of acceptance of Acknowledged Work completion certificate & CRAC (Consignee's Receipt and Acceptance Certificate);



[E] SPECIAL TERMS AND CONDITIONS:

1. The place of work is mentioned at Para2 of Introduction to the services proposed for hiring.
2. The professionals have to work on site at AVNL corporate office and its units during their period of contract.
3. ID card to be issued to individuals engaged in the work by the firm.
4. The working hours of the persons areas per the standard timing of working of factory/unit concerned. Staff deployed by the Firm will have to adhere to the timings of AVNL/Units of AVNL.
5. The Firm should not assign whole or a part of contract to any other firm other than self. Sub-letting of contract is not allowed.
6. The firm should fulfill all security conditions as applicable to AVNL and abide by security instructions for all purposes.
7. PVR and security clearance for all (Staff deployed on behalf of firm) to be ensured before commencing of work by the firms.
8. Submission of an indemnity bond by the firm to compensate for any loss to AVNL on account of any failure / negligence or lapses in discharging the duty by contractor causing loss to the AVNL.
9. It should be clearly indicated that none of the personnel engaged by the firm against the contract shall have any right / claim whatsoever for direct recruitment of permanent employment in the Factory/Unit.
10. No price escalation is allowed during the tenure of the contract.
11. Income tax / other taxes (if any) will be deducted before payment as per procedure in vogue.
12. EMD 3% applicable on estimated value in the form of Bank Guarantee issued by nationalized bank.
13. Successful bidder should submit security deposit / performance security deposit @ 3% of contract value within 30 days if the supply order value exceeds Rs 10 lakhs. The firm can submit PSD in form of Bank Guarantee/FDR in the name of The Chairman and Managing Director, Armoured Vehicles Nigam Limited, Chennai- 54.
14. Buyer reserves the right to place orders for additional quantity (period of service) up to a maximum of 25% of the originally contracted quantity (period of service) at the same rate and T&C of the contract within the original delivery period as well as extended delivery period.
15. No Client Related document, data or any kind of material shall be allowed to be taken or transmitted outside the buyer's premises without written permission from the buyer, in any manner whatsoever.
16. The firm will, however, be permitted to take the documents from the Buyer's premises only after written permission from Buyer. However, the firm must also ensure the safe keeping and confidentiality of these documents by providing an undertaking.

[F] Method of Selection for Hiring of Cost Auditing firm for AVNL

1. Evaluation will be done on total value wise through QCBS system. Based on QCBS system, contract will be concluded on H1. The proposal obtaining the highest total combined score in evaluation of quality and cost will be ranked as H-1 followed by the proposals securing lesser marks as H-2, H-3 etc. The proposal securing the highest combined marks and ranked H-1 will be invited for negotiations, if required and shall be recommended for award of contract. In the event two or more bids have the same score in final ranking, the bid with highest technical score will be H-1
2. **The ratio of quality to cost weightage in the present case for QCBS evaluation is 70:30**
3. **The price bid of vendors obtaining the qualifying marks of 70 and above in technical evaluation will be opened for further evaluation.**
4. The details and example of QCBS system of evaluation is given below:

In QCBS system of selection, minimum qualifying marks (normally 70 to 80 (Seventy – Eighty) out of maximum 100 (Hundred) marks) as benchmark for quality of the technical proposal will be prescribed and indicated (at para 2. in this case) along with a scheme for allotment of marks for various technical criteria/attributes (given in Prequalification and Selection Criteria Matrix in this case).

During evaluation of technical proposal, quality score is assigned out of the maximum 100 (Hundred) marks, to each of the responsive bids, as per the scheme laid down in the RFP. The consultants/service providers who are qualifying as per the technical evaluation criteria are considered as technically responsive and the rest would be considered technically non-responsive and would be dropped from the list.

Financial proposals are then opened for only eligible and responsive offers and other financial offers are returned unopened to bidders. The financial proposals are also given cost-score based on relative ranking of prices, with 100(Hundred) marks for the lowest and pro-rated lower marks for higher priced offers. The total score shall be obtained by weighting the quality and cost scores and adding them. The weight given to the technical score may not be confused with the minimum qualifying technical score(though they may in some case be equal).

In such a case, an Evaluated Bid Score (B) will be calculated for each responsive Bid using the following formula, which permits a comprehensive assessment of the Bid price and the technical merits of each Bid:

$$B = (C_{\text{LOW}}/C) * X + T / T_{\text{HIGH}} (1 - X)$$

Where,

C = Evaluated Bid Price

C_{low} = the lowest of all Evaluated Bid Prices among responsive Bids

T = the total Technical Score awarded to the Bid

T_{HIGH} = the Technical Score achieved by the Bid that was scored best among all responsive Bids

X = weightage for the Price as specified in the BDS (Bid Data Sheet)

The Bid with the best evaluated Bid Score (B) among responsive Bids shall be the Most Advantageous Bid

[G] An example of procedure followed in QCBS method for finalization of the bid

In a particular case of selection of consultant, it was decided to have minimum qualifying marks for technical qualifications as 75 (Seventy five) and the weightage of the technical bids and financial bids was kept as 70: 30 (Seventy: Thirty). In response to the RFP, three proposals, A, B & C were received. The technical evaluation committee awarded the following marks as under:

- A: 75 Marks
- B: 80 Marks
- C: 90 Marks

The minimum qualifying marks were 75 (Seventy five) thus, all the three proposals were found technically suitable. Using the formula $T/Thigh$, the following technical points are awarded by the evaluation committee

- A: $75/90 = 83$ points
- B: $80/90 = 89$ points
- C: $90/90 = 100$ points

The financial proposals of each qualified consultant were opened after notifying the date and time of bid opening to the successful participants. The price evaluation committee examined the financial proposals and evaluated the quoted prices as under:

- A: Rs.120.
- B: Rs.100.
- C: Rs.110.

Using the formula C_{low}/C , the committee gave them the following points for financial proposals:

- A: $100/120 = 83$ points
- B: $100/100 = 100$ points
- C: $100/110 = 91$ points

In the combined evaluation, thereafter, the evaluation committee calculated the combined technical and financial score as under:

- Proposal A: $83 \times 0.30 + 83 \times 0.70 = 83$ points.
- Proposal B: $100 \times 0.30 + 89 \times 0.70 = 92.3$ points
- Proposal C: $91 \times 0.30 + 100 \times 0.70 = 97.3$ points.

The three proposals in the combined technical and financial evaluation were ranked as under:

- Proposal A: 83 points: H-3
- Proposal B: 92.3 points: H-2
- Proposal C: 97.3 points: H-1

Proposal C at the evaluated cost of Rs.110 (Rupees One hundred and ten) was, therefore, declared as winner and recommended for negotiations/approval, to the competent authority.

[H] SPECIAL INSTRUCTIONS:

1. All above mentioned supporting documents along with bid (format of bid) will be the part of Technical Bid.
2. The Bidder will mention self-evaluated score against each parameter and will provide related documentary evidence against each parameter given above. The self-evaluated scores of the Bidder will be verified by the Evaluating Committee of AVNL based on the documentary evidence provided. The scores given by the Committee after verification with the documentary evidences as provided by the Bidder shall be considered final.
3. Only those firms who meet Pre-qualification criteria shall eligible for evaluation of qualifying score as per selection criteria. Those firms who secure **at least 70%** and above marks as per selection criteria mentioned in Method of Selection by QCBS Method shall be **considered for opening of financial bid.**
4. The firm should mandatorily sign and seal the Pre- Qualification cum Selection Criteria Matrix (PQC) as a proof of acceptance of the same and attach/upload along with all other requisite documents in Technical Bid.
5. **The ratio of quality to cost weightage in the present case for QCBS evaluation is 70:30**
6. **The price bid of vendors obtaining the qualifying marks of 70 and above in technical evaluation will be opened for further evaluation**

[I] PREQUALIFICATION CRITERIA

Sl No	Basic requirement	Particulars	Mandatory/ Maximum Points	Supporting Documents
1	Legal Entity	The bidder must be a registered proprietorship/ Partnership firm/LLP (Limited Liability partnership) with professional body of Institute of Cost& Management Accountants of India	Mandatory requirement	Copy of Registration certificate of relevant authority.
2	Past performance	The bidder should be in practice and should have relevant experience of at least 5 years to clients such as Central/State/Govt./PSU/ Bank or large Private Organization.	Mandatory Requirement	Copy of Supply order/work completion certificate of the client(s)
3	Financial Standing	Average Annual turnover of the Bidder firm during last three financial years should be INR Rs. 30 Lakhs PA or more	Mandatory Requirement	Annual audited financial statement for the past three completed financial years
4	Insolvency	The firm should not have faced Insolvency proceedings or declared Insolvent or under liquidation/ court receivership or any such similar proceedings.	Mandatory Requirement	Self-Declaration to be submitted in firm's letter head duly signed and sealed
5	Debarred/ Black listed	The firm should not have been debarred/ blacklisted by any of Govt/PSUs or any other legal entities for consultancy services. The firm should not have been convicted by a court of Law or indicted by a regulatory authority for any offence against it. The firm should also not have any Criminal/civil investigation pending against it, by enforcement or Prosecution Authorities.	Mandatory requirement	Self-Declaration to be submitted in firm's letter head duly signed and sealed.
6	Firm's Location for rendering service to AVNL Corporate Office through their Office	The firm should have registered office or branch office located in Chennai and the project shall be handled from Chennai only.	Mandatory Requirement	Documentary evidence in support of office in Chennai along with contact details.
7	Qualification & experience of Manpower	The Cost Auditor should have sufficient experience in handling Cost Audit preferably in manufacturing sector. Should have post qualification experience of 5 or more years in the firm.	Mandatory Requirement	Documentary details of the employee, indicating qualification ,experience, membership ,Post held in firm

[J] SELECTION MATRIX

The short listing of the Cost Auditing firm shall be based on the following technical evaluation for QCBS:

Sl. No.	Particulars	Allocation of Marks	Maximum Marks	Supporting Documents
1)	Number of years of experience		20	Registration Certificate of the firm issued by the Institute of Cost and Management Accountants of India. Information related to year of establishment of Head office(s) & branch offices, addresses, details of partners and membership nos. etc. as indicated in the certificate.
	5 Years –7 years	10		
	> 7 Years –10 years	15		
	> 10 Years (from the year of establishment of the Propriety firm/limited liability Partnership firm)	20		
2)	Experience of handling Central/State Govt./PSU/ Bank or large private organization during last five (5) years		20	Copy of Supply order/work completion certificate of the clients
	5 marks for each organization subject to maximum of 20 (with in a period of preceding 5 years)	5 each		
3)	No. of ICAI-CMA	2 each	10	Copies of Qualification Certificates from recognized Institute / University and copies of letter of engagement as employee.
4)	Number of Full Time staff on the roll of Establishment		10	Copy of details filed with any recognized Institute or Copies of their Letter of engagement as employee
	5- 10 Staff	0		
	>10-20 Staff	5		
	>20 Staff	10		
5)	Average Turnover of the firm for the last 3 years		20	Annual audited financial statement
	30 Lakh but ≤ 1 crore	5		
	≥ 1 crore but ≤ 2 crore	10		
	≥ 2 crore but ≤ 5 crore	15		
	>5 crore and above	20		
6)	Turnover of clients handled by the Firm/Partners Firm		20	Copies of relevant pages of audited financial for all the clients to be enclosed. The service bill & realization of such bill / work order copy & job Completion certificate to be enclosed
	100Cr. but ≤ 500 Cr. per client per year	2		
	≥ 500Cr but ≤ 1000Cr. per client per year	4		
	>1000Cr. per client per year	6		
Total Marks of Technical Evaluation			100	

[K] BREACH OF CONTRACT & PENALTIES:-

1. The performance of the firm will be monitored by a Nominated Officer of AVNL and performance lower than the requisite performance as desired in terms and conditions of contract will be amounting to penalties and subsequently termination of contract after repeated failures.
2. The buyer reserves the right to levy penalties on the firm for violation of service contract as tabulated below:-

S. No	Particulars	Penal Financial Implications
1	Non Deployment of Qualified Personnel as per the conditions of contract and non adherence to the time schedule of the deliverables.	Up to 15 days, @0.1% per day of the total value and beyond 15 days cancellation of the contract with forfeiture of PSD.
2	Discontinuity of Work/ Absence of Qualified Professionals for more than 2 working days or without taking prior approval	Substitute within 2 days failing which @0.1% per day of the total value (excluding GST, etc) of the absent resources up to 15 days. Beyond 15 days, cancellation of the contract with forfeiture of PSD.
3	If cumulative penalties reach 3 % of the contract value.	Termination of Contract.

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[L] SETTLEMENT OF DISPUTES, APPLICABLE LAWS & ARBITRATION:

1. It is incumbent upon the bidder to avoid litigation and disputes during the tenure of the contract. However, if such disputes take place between the parties, efforts shall be made to settle at the level of CMD, AVNL through mutual discussion ;
2. The Bidder shall make request in writing to the CMD, AVNL, for settlement of any dispute within 30 (thirty) days of arising of the cause of dispute failing which no disputes/claims shall be entertained by AVNL ;
3. All questions, disputes or differences arising out of or in connection with the contract, if concluded shall be subject to the exclusive jurisdiction of the Court within the local limits whose jurisdiction the place from which the acceptance of Tender/Bid is issued, is situated. This contract shall be governed by and subject to and interpreted and construed in accordance with the Laws of Republic of India, as may be in force from time to time;
4. Any dispute or difference whatsoever arising between the parties out of relating to the construction, meaning, scope, operation or effect of this contract or the validity or the breach thereof shall be settled by bilateral discussions.
5. Any dispute or difference whatsoever arising between the parties out of relating to the construction, meaning, scope, operation or effect of this contract or the validity or the breach thereof, which cannot be settled amicably within sixty (60) days or such longer period as such longer period as may be mutually agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, shall be settled by Arbitration.
6. The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 (amended time to time) and the award of such Arbitration shall be enforceable in Indian Court only. The Law applicable to arbitration shall be Indian Law.
7. The decision of the CMD, AVNL or an Arbitrator appointed by CMD, AVNL will be final and binding on the parties. The jurisdiction of arbitration will be Chennai.
8. In the event of clash of terms and conditions of GEM and AVNL, conditions set by AVNL will prevail.

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