

आर्मर्ड व्हीकल्स निगम लिमिटेड
ARMoured VEHICLES NIGAM LIMITED

भारत सरकार का उद्यम
 A GOVT. OF INDIA ENTERPRISE
 रक्षा मंत्रालय, MINISTRY OF DEFENCE
 CIN-U35990TN2021GOI145504

**Hiring of services of Cost Accountants Consultancy firm for Armoured Vehicles
 Nigam Limited, Avadi, Chennai**

[A] INTRODUCTION

1. Armoured Vehicles Nigam Limited (AVNL) is engaged in the field of Manufacturing of Battle Tanks, Armoured & General Troop Mobility Vehicles, Mine Protected Vehicles, Bullet Proof Vehicles and Engineering Systems for Land/Naval/Air Platforms etc. The Corporate Office of AVNL is situated at Bhaktavatsalapuram, HVF Avadi Road, Avadi, Chennai- 600 054. The approximate annual turnover of AVNL is Rs. 3600/- Crores.

2. AVNL has its Manufacturing units & Non-Production units at the following locations:-

S.No	State	In- Scope Locations
1	TAMILNADU	a) AVNL CORPORATE OFFICE, AVADI 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. AVNL intends to engage a Cost Accounting Consultancy firm for carrying out all activities related to Costing and Costing Accounting of all products of AVNL at Corporate office level and at Units level with the following scope of work in brief:

- Setting up standard cost per unit for each product manufactured
- Capturing all elements of cost of all products.
- Allocation of cost object to each cost element.
- Preparation of variance analysis by comparing standard vs. actual cost
- Establishing and improvement of Break Even point.
- Analyze overall cost per product manufactured during the month
- Analyze profit margins of each product manufactured
- Fixation of Budget for variable & fixed overheads.
- Control of Variable & Fixed cost by comparing budget Vs actual

- Period of engagement will be for 2 years from the date of placement of supply order and extendable as per the terms and conditions of the contract.
- The firm shall engage required number of professionals as per details given below.

Sl.No (a)	Location (b)	Senior Cost Accountant (c)	Cost Accountant (d)	Supporting Staff with knowledge of Tally/SAP(e)	Remarks (f)
1	HVF	---	01	---	For Sl Nos 01 to 05, the Cost Accountant will interact with Fy management (Finance, Planning, IT) for automating the data entry in Tally suitably.
2	OFMK	---	01	---	
3	EFA	---	01	---	
4	VFJ	---	01	---	
5	MTPF	---	01	---	
6	AVNL CO	01	---	01	
	Total	01	05	01	07

Note : 1. The manpower shall be deployed by the contracted firm in all location (1 to 6) as above on full time basis (5 working days per week) and will report to the Chief Finance Officer of the Unit.

2.The manpower in all 3 categories namely Senior Cost Accountant, Cost Accountant and Supporting staff should preferably have experience of working in or having worked for PSU.

6. The firm shall be required to deploy a minimum of 1 no. of Senior Cost Accountant on full time basis at AVNL Corporate Office along with one supporting staff with knowledge in Tally/SAP. A person having the experience of working in any of the Public Sector Companies is preferable. The role of Senior Cost Accountant will be to supervise the activities as per the terms and conditions of the contract and will be the single point of contact for interaction with management of AVNL and rendering necessary advice to the management of AVNL.
7. At present some AVNL units have hired Cost Accountants individually in their respective Units. The appointed Cost Accountancy firm will work from AVNL Corporate Office as the nodal agency for monitoring the Costing and Cost Accountancy activities performed by Units.
8. The firm will deploy their own qualified personnel for carrying out activities related to Costing and Cost Accounting at each of our Units ie. OF Medak (Near Hyderabad), VFJabalpur (M.P), MTPF Ambarnath (Near Mumbai), HVF Avadi and EFAvadi in addition to the personnel deployed at Corporate Office. These Qualified Personnel will be required to interact with Management in the local units and also with locally hired Cost Accountants & take over the activities.
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 will be required to handle and sort out any other issues to satisfy the mandatory audits and successful implementation of uniform costing records at all units and the corporate office.
11. The method of selection is combined Quality and Cost Based Selection (QCBS). The bids will be screened as per Pre-Qualification criteria and the qualifying score is 70 marks. The weights given to the Technical Bid and Commercial Bids are: 70%: 30%.

12. The firm should study the bid related documents carefully and quote lump sum charges(along with break up cost) for providing the service as per given scope of work and deliverables. The lump sum fee should not include GST which should be quoted extra.
13. The price basis shall be firm and fixed, with no escalation provision whatsoever.
14. The lump sum fee and the scope of work shall also include any services, which are required for completion of the assignment but are not specifically mentioned in the Terms of Reference, in order to ensure completeness of deliverables.

[B] BROAD SCOPE OF WORK&EXPECTED DELIVERABLES:

1. To undertake comprehensive study of the existing costing system, methodologies and practices followed by AVNL.
2. Developing cost standards for material, labour and over heads for Components, Sub assemblies and end products.
3. To study and identify AVNL's common expenses (cost), joint costs and indirect expenses (overheads) and suggest most appropriate methodology, allocation process and cost drivers / ratios used to allocate/apportion common, joint or indirect costs.
4. Suggesting and constructing data accumulation system for all cost components
5. Development and maintenance of cost accounting system, documents and records of the organization
6. Analyzing cost of production for all AVNL units and recommend for changes if any
7. Assist and prepare monthly profit and loss for all AVNL units and submit to management for discussion
8. Review and analyze the classification of cost as per the cost accounting standards prescribed by ICAI / CMA
9. Review and analyze manufacturing cost and prepare monthly reports of standard vs actual production cost unit wise for every quarter
10. Analyze and report profit margins across AVNL units
11. Review and maintenance of cost accounting records as per cost accounting standards across AVNL units for every financial year.
12. Identify and recommend cost effective solutions wherever necessary
13. Preparation and consolidation of cost audit reports/records and returns.
14. Quarterly reconciliation of costing vs financial accounting
15. Preparing cost sheet as per the standards prescribed by ICAI CMA
16. Preparation of Periodical reports on compliance of Costing and Cost Accounting activities Monthly/Quarterly/Half-yearly/Annual
17. GAP analysis report of existing process of Costing.

18. Development of suitable MIS for full compliance with Costing laws/rules/notifications
19. Preparation of Costing and Cost Accounting policies for units individually and AVNL as a whole.
20. To design various parameters / features of activity-wise costing framework which will provide necessary interface with IT/ERP system of AVNL.
21. To suggest Key Performance Indicators (KPIs) to enable AVNL to evaluate product/activity-wise performance.
22. To suggest dynamic MIS system to enable AVNL to generate MIS reports on monthly, quarterly, half yearly and yearly for decision making.

[C]SPECIAL INSTRUCTIONS:

1. All supporting documents along with bid (format of bid) will be the part of Technical Bid.
2. 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 70% and above marks as per selection matrix mentioned shall be considered for opening of financial bid. Method of selection shall be based on QCBS as mentioned in Para [A] 11 above and as illustrated in [F].
4. **The firm should mandatorily sign and seal the documents uploaded by AVNL under "Additional Qualification/Data Required" in GeM**
5. **as a proof of acceptance of the same and attach/upload along with all other requisite documents in Technical Bid.**

[D]PREQUALIFICATION CRITERIA

Sl No	Basic requirement	Particulars	Mandatory/ Maximum Points	Supporting Documents
1	Legal Entity	The bidder must be a registered Proprietorship/ Partnership / LLP (Limited Liability partnership) firm with professional body of Institute of Cost & Management Accountants of India or an institutional body recognized by ICAI.	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 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 Consultancy provider should have sufficient experience in handling costing, Pricing, Costing techniques 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

[E] SELECTION MATRIX

The short listing of the Cost Accountant Services 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 firm, Partnership firm)	20		
2)	Experience of handling Central/State Govt./PSU/ Bank or large private organization during last five (5) years	5 each	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)			
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	5		
	Total Marks of Technical Evaluation		100	

[F] Method of Selection for Hiring of Cost Accountants consultancy 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

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.

[G] 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.

[H] Payment terms:

1. Payment will be made to the firm on pro-rata monthly basis as per GeM Norms of payment;
2. On Month 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);

[I] 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 the form of Bank Guarantee/FDR in the name of Armoured Vehicles Nigam Limited.
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.
17. Conditional Offers will not be accepted.
18. The awarded firm should sign non-disclosure and confidentiality agreement with AVNL.

[J] 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.