

# **Hindustan Aeronautics Limited**

## **TENDER DOCUMENT**

### **FOR**

#### **APPOINTMENT OF COST AUDITOR**

#### **FOR THE FINANCIAL YEAR 2019-20**

#### **FOR HINDUSTAN AERONAUTICS LIMITED**

**Tender Document Ref : HAL/CD/750/RFQ-AM160/2019**

**Tender Release Date : 23<sup>rd</sup> July 2019**

**Last date of Submission of Bid : 1500 Hrs of 5<sup>th</sup> August 2019**

**Technical Bid Opening Date : 1600 Hrs of 5<sup>th</sup> August 2019**

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**REQUEST FOR QUOTATION FOR APPOINTMENT OF COST AUDITOR FOR THE FINANCIAL YEAR 2019-20**

**1. Introduction & Brief about HAL:**

Hindustan Aeronautics Limited (HAL, hereinafter referred to as Company), is a Defence Public Sector Undertaking under the Administrative Control of Ministry of Defence.

HAL is engaged in manufacturing of Aircraft, Helicopter, Engines and its related accessories to Defence and Non-Defence Customers. In addition, HAL also meets the requirements of Repair & overhaul services to various Aircraft, Helicopter, Engines and accessories for Defence and Non-Defence customers.

HAL has 20 Production /Overhaul Division and 11 Research & Design Centers, co-located with production Divisions, across the country. Details as per Enclosure - 1. The company achieved a Turnover of the around Rs. 19000 Cr (provisional) during the FY 2018-19.

**2. Period of Audit:**

Company intends to appoint a Firm of Cost Accountants for conducting Cost Audit of the Company for the Financial Year 2019-20.

Initially, the period of appointment will be for the financial year 2019-20, which may further be extended to next three years at the same rate and same terms and conditions on the basis of satisfactory performance after review at each year with the approval of competent authority.

**3. Pre-Qualification Criteria:**

Firms satisfying the following three criteria are only be eligible for applying against the Request for proposal:

- (a) Cost Accountant Firms only and not sole proprietorship.
- (b) Head Office of the Firm should be located at Bengaluru.
- (c) The firm should satisfy the eligibility criteria as specified under Sec 141 of the Companies Act 2013 read with Rule 10 of the Companies (Audit and Auditors) Rules 2014 and Sec 148 of the Companies act 2013

**4. Scope of Work:**

The scope of work shall be as per the scope of Audit stipulated in the Companies Act 2013 and the Companies (Cost Record and Audit) Rules 2014.

Broadly the scope of work shall be as follows:

- (a) To carry out the Cost Audit of the Company in accordance with the provisions of companies Act 2013 and provisions of Companies (Cost Records and Audit) Rules 2014 as amended from time to time. The Cost Audit shall comply all the relevant orders/ clarifications issued by Ministry of Corporate Affairs, Govt. of India on the Cost Audit, from time to time.

  
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- (b) To carry out the Cost Audit in adherence to Cost Accounting Standards issued by the Institute of Cost Accountants of India.
- (c) Cost Audit Team should consist of adequate number of qualified/semi-qualified Assistants (Cost /Chartered Accountants) led by a senior partner of the Firm, being commensurate with the size of company's work.
- (d) Cost Audit Firms so appointed shall commence cost audit and submit the single Cost Audit Report for the company as a whole, within the time schedule communicated by the Company.
- (e) Submission of Cost Audit Report to MCA, Gol, in XBRL form or in the manner prescribed by the Govt., from time-to-time within the scheduled date prescribed by GOI in this regard after obtaining approval of the Board of Directors of the Company.
- (f) Compliance with any instructions issued in respect of Cost Audit under Companies Act'2013.
- (g) Attending formal meetings with the Company management, Audit committee/Board of Directors of the Company in connection with the Cost Audit work.

**5. Selection Criteria:**

- (a) Only Firms of Cost Accountants registered with the Institute of Cost Accountants of India (ICAI) shall be considered for appointment as Cost Auditors for conducting Cost Audit of the Company.
- (b) Bids of firm who do not satisfy pre-qualification criteria will be rejected.
- (c) Parties shall fill up the columns strictly in the prescribed format at Annexure -1 and 1A (i.e. Technical Bid) and Annexure - 2 (i.e. Price Bid).
- (d) Declaration as per Annexure -1A shall be submitted on the bidder's / firm's Letterhead duly co-ordinated by the authorized personnel of the firm. The declaration should be submitted as a part of Technical Bid, failing which bid will be rejected.
- (e) Technical bid of Firms meeting Pre-Qualification Criteria indicated at para 3 above will only be evaluated.
- (f) The criteria for evaluation of Technical bid is placed at Enclosure -2
- (g) A firm should meet the minimum criteria specified in each of the sub clauses specified in Qualitative Criteria.
- (h) In Addition, Minimum Cut-off percentage shall be 50 marks out of 100 marks in Technical Bid, for acceptance in Technical Bid
- (i) The Technical bid of the Firm which does not meet any of above criteria will be technically disqualified and its price bid will not be opened.
- (j) The price bid of technically qualified Firms will be opened and whose price quote is lowest will qualify as L1 bidder.

- (k) In case of tie after price comparison (i.e. as per point 5 (j) above), a firm with highest technical qualification marks as per point 5 (h) will be selected. If still there is a tie, a firm with higher number of Cost Audit assignments of PSUs shall be selected. Even if the tie still persists, HAL shall choose the firm at its discretion and decision of HAL shall be final and binding on all bidders
6. **Appointment of Cost Auditor:** The appointment of L1 firm as "Cost Auditor" is subject to approval of the Board of Directors each year.
7. **Payment Term:**
- (a) Cost Audit Fees should be quoted in lump-sum and payment against the Firm's Invoice will be made after submission of the Cost Audit Report along with enclosure and proof of compliance of filing in XBRL format to MCA.
- (b) Taxes on Audit Fees will be treated as follows:
- TDS under Income Tax Act, at applicable rates will be effected from the quoted fees invoiced.
  - GST will be paid additionally, as invoiced, at the applicable rates
  - Levy of Taxes, not existing in the legislation so far will be reimbursed / paid additionally from the date they come into effect.
- (c) The quoted fee should include all expenses like TA/DA, out of pocket expenses, Hotel charges etc. No other re-imburement of expenses apart from Audit Fees will be applicable.
8. **Secrecy Clause:** The Firm / Bidder shall at all times use its reasonable endeavour's to keep confidential the information collected from HAL during the course of audit and accordingly not disclose any such confidential information to any other person other than the performance of its obligations under the agreement. The Firm /Bidder shall indemnify and/ or undertake that the confidential information acquired by it during operation and/ or implementation of the contract, shall not be divulged to any other firm and shall continue to apply even after expiry and /or termination of appointment.
9. **Immunity to Government of India:** It is understood and agreed that the Government of India is not a party to this agreement and has no liabilities, obligations or rights hereunder. It is expressly understood and agreed that HAL is an independent legal entity with power and authority to enter into contracts solely in its own behalf under the applicable Laws of India and General Principles Contract Law. The EMA shall agree, acknowledge and understand that HAL is not an agent, representative or delegate of the Government of India. It is further understood and agreed that the Government of India is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of the contract. Accordingly, EMA expressly waives releases and foregoes any and all actions or claims against the Government of India arising out of this contract, not

to sue the Government of India as to any manner, claim, cause of action or thing whatsoever arising out of or under this agreement.

**10. Arbitration:** All disputes or differences, whatsoever, arising between the parties out of or relating to the construction, meaning and operation or effect of this Contract or the breach thereof shall be settled by Arbitration in accordance with the Rules of Arbitration of the Indian Council of Arbitration (ICA) and the award made in pursuance thereof shall be binding on the parties. The provisions of the Arbitration and conciliation Act 1996 or any statutory modifications thereof shall apply to such conciliation. The seat of Arbitration will be in Bangalore City. The language of arbitration shall be English only.

**11. Compliances / Declarations to be Submitted by the Firm upon Appointment:**

- (a) The Audit Firm shall not assign or sublet or sub-contract the whole or any portion or portions of the Cost Audit or allow any person to become interested therein in any manner whatsoever without the prior written approval of the Company.
- (b) The audit team will work in strict confidence and will ensure that the cost data, cost statement and cost information in respect of the operation/ location / work center / Company is dealt with in strict confidence and secrecy. A Certificate towards maintaining confidentiality need to be provided by the Cost Auditor on receipt of appointment letter, but before commencement of Audit;
- (c) The appointed Cost Audit Firm need to ensure and declare that no partner of the Audit Firm is related to Managing Director/whole time Director or part-time Director of company within the meaning of section 2(77) of the Companies Act, 2013; and neither the firm nor its partner or Associates have any interest in the business of Company;
- (d) The Auditor will also be required to issue a Certificate of his Independence and arms-length relationship with the Company;
- (e) The cost auditor will be required to submit a certificate that
  - i) A firm is eligible for appointment and is not disqualified for appointment under the Companies Act, the Cost and Works Accountants Act 1959 and the rules or regulations made thereunder
  - ii) The firm satisfies the criteria provided in section 141 of the Companies Act, so far as may be applicable
  - iii) The proposed appointment is within the limits laid down by or under the authority of the Companies Act
  - iv) The list of proceedings against the cost audit firm or any partner of the audit firm pending with respect to professional matters of conduct, as disclosed in the certificate, is true and correct.
- (f) Firm of Cost Accountants shall have prime responsibility to ensure that the limits specified under section 141(3)(g) of the Companies Act, 1956 are not violated. A declaration by them to this effect shall be submitted to the Company.

- (g) The auditor/firm shall be free from any disqualification under subsection (3) or subsection (4) of section 141 of the Companies Act 2013. In addition to this he must not be holding any assignment as statutory Auditor or Internal Auditor of HAL or its JV /subsidiaries .

**12. Debarring Provisions:** The Audit Firm will be debarred from getting, in future, the Cost Audit of the Company or JVs in the following cases:

- (a) If the Firm obtains the appointment on the basis of false information / mis-statement.
- (b) If the Firm does not take up audit in terms of appointment letter.
- (c) If the Firm fails to maintain / honour confidentiality and secrecy of the Company's cost data, cost statement and cost information.
- (d) If the Firm fails to comply with any of condition laid down in para 10 above.

**13. Law Applicable and Jurisdiction:**

- (a) Resulting contract and Divisional orders shall be governed in all aspects in accordance with the Laws of India.
- (b) The Court of Bangalore city only shall have jurisdiction to deal with and decide any legal matter whatsoever arising out of the resulting contract.

**14. Undertaking:**

- (a) The bidder should read and agree to abide by all terms and conditions of this RFQ.
- (b) The bidder should agree and state that nobody of his/ their organization is/ are a relative of any officer, official or employee of HAL and also further to state that no officer, official or employee is partner of his/ their company/ organization/ partnership/ proprietary concern in any way.

**15. Disclaimer:** HAL reserves the right to accept /reject any/all the Bids or cancel the Request for Proposal at its sole discretion without assigning any reason whatsoever.

**16. General Information for submission of Tender**

16.1 Bid to be submitted in two parts as detailed below:

A. Part - 1 : TECHNICAL BID

Followings are to be submitted as Technical Bid:

- i. Annexure – 1
- ii. Annexure – 1A
- iii. The RFQ document (Page No. 2 to 13) duly signed by the authorized person of the bidder as a proof of acceptance of the Terms of RFQ by the bidder.
- iv. Documentary evidences in support of criteria mentioned in Annexure – 1.

B. Part - 2 : PRICE BID

Followings are to be submitted as Technical Bid:

i. Annexure – 2

- 16.2 Bidders are inevitably required to indicate their GSTIN and the SAC.
- 16.3 Both Technical and Price bid must strictly be as per HAL prescribed bid format, as per above Annexure (i.e. Annexure – 1, 1A and 2) available as annexure to this tender document. Bids submitted in any other format will summarily be rejected.
- 16.4 Quotation should be neatly typed and free from any correction, over-writing etc. Both the parts of the offer should be sealed in separate covers duly superscribed with **Part - 1: Technical Bid** and **Part - 2: Price Bid** respectively and these covers shall in turn be kept in a sealed outer cover. This outer cover and both the inner covers should be superscribed with "**Bid for Appointment of Cost Auditor for Hindustan Aeronautics Limited, Due on 1500 Hrs of 5<sup>th</sup> August, 2019**" along with the RFQ No. as Reference No.
- 16.5 Bids submitted in fax or/and e-mail shall not be accepted against this tender.
- 16.6 All the documents, submitted as part of Bid (Technical and Price Bid), are to be signed with the seal of the firm.
- 16.7 The quote should be valid for 90 days from the date of Technical bid opening.
- 16.8 Submission of tender by Tenderer implies that the he/it has read the instructions and all other contract documents and has made himself/ itself aware of the scope of the contract.
- 16.9 The sealed offer should reach us on or before 1500 Hrs of 5<sup>th</sup> August, 2019 addressed to DGM (IMM) - Contracts, IMM Dept, Hindustan Aeronautics Ltd, Corporate Office, No. 15/1, Cubbon Road, Bangalore - 560 001.
- 16.10 Bid received with technical bid and commercial bid in open condition inside one envelope or/ and bid received indicating price/ having pricing aspects in technical bid will not be considered for evaluation and will be rejected.
- 16.11 Technical Bid will be opened on 1600 Hrs of 5<sup>th</sup> August, 2019 at HAL Corp. Office, No. 15/1, Cubbon Road, Bangalore - 560 001.
- 16.12 The date and time of opening of price bid will be notified subsequently, after evaluation of technical bid, to the technically qualified bidders only. Commercial evaluation will be conducted only for the technically accepted quotations.



- 16.13 The bidders, desirous to attend bid opening, may forward a written confirmation indicating the name of the person (strictly one person per bidder) along with the Authorization Letter.
- 16.14 Incomplete/ late tenders shall not be considered and liable for rejection. HAL will not be responsible for any transit/ postal delay/ loss.
- 16.15 HAL will not entertain / accept any supplementary samples/ documents/ letters from bidders after the due date as part quotation of this RFQ unless otherwise requested by HAL.
- 16.16 Disregard of any instructions may result in vendor's offer being ignored.
- 16.17 Canvassing in any manner, including unsolicited letters after submission of tenders, or post tender corrections shall render offers liable for rejection.
- 16.18 Please send your Regret Reply in case the subject product/ service is not covered in your range or in case you are not willing to submit a proposal.



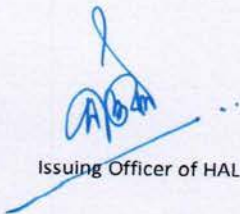
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## DIVISIONS OF HINDUSTAN AERONAUTICS LIMITED

Sl. No.	Production / ROH Divisions	Location
<b>Bangalore Complex</b>		
1	Aircraft	Bangalore, Karnataka
2	LCA-TD	Bangalore, Karnataka
3	IJT-PG	Bangalore, Karnataka
4	Engine	Bangalore, Karnataka
5	IMGT	Bangalore, Karnataka
6	Overhaul	Bangalore, Karnataka
7	Foundry & Forge	Bangalore, Karnataka
8	Aerospace	Bangalore, Karnataka
9	Facilities Management Division	Bangalore, Karnataka
10	Airport Services Center	Bangalore, Karnataka
<b>MIG Complex</b>		
11	Nasik	Nasik, Maharashtra
12	Koraput	Koraput, Odisha
<b>Accessories Complex</b>		
13	Hyderabad	Hyderabad, Telangana
14	Accessories Division, Lucknow	Lucknow, Uttar Pradesh
15	Avionics Division, Korwa	Korwa, Uttar Pradesh
16	TAD -Kanpur	Kanpur, Uttar Pradesh
<b>Helicopter Complex</b>		
17	Helicopter	Bangalore, Karnataka
18	ALH- MRO	Bangalore, Karnataka
19	Barrackpore	Barrackpore, West Bengal
20	ACD	Bangalore, Karnataka



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Sl. No.	Design Divisions	Location
<b>Design Complex</b>		
1.	ARDC	Bangalore, Karnataka
2.	RWRDC	Bangalore, Karnataka
3.	MCSRDC	Bangalore, Karnataka
4.	AERDC	Bangalore, Karnataka
5.	F&F- CMPL	Bangalore, Karnataka
6.	AURDC -NASIK	Nasik, Maharashtra
7.	SLRDC	Hyderabad, Telangana
8.	GTRDC - KORAPUT	Koraput, Odisha
9.	ASERDC - Lucknow	Lucknow, Uttar Pradesh
10.	Transport Aircraft R&D Centre	Kanpur, Uttar Pradesh
11.	ASERDC, Korwa	Korwa, Uttar Pradesh

**Corporate Office / Complex Offices**

Sl. No.	Office	Location
1.	Corporate Office	Bangalore, Karnataka
2.	Bangalore Complex	Bangalore, Karnataka
3.	MiG Complex	Nasik, Maharashtra
4.	Accessories Complex	Lucknow, Uttar Pradesh
5.	Design Complex	Bangalore, Karnataka



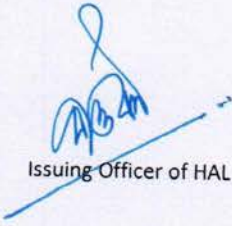
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## Criteria for evaluation of Technical Bid

Sl. No.	Selection Criteria	Minimum Criteria	Point(s) per Criteria	Maximum marks
1.	Number of years of Firm's existence as on 30-06-2019 (since date of registration with ICAI).	5 years	5 to 6 = 8 Marks 7 to 9 = 10 Marks 10 to 15 = 14 Marks Above 15 = 20 Marks	20
2.	Numbers of Cost Accountant partners associated with the firm for not less than 3 (three) years as on 30-06-2019	2 Cost Accountant partners	4 marks each for each member, who is partner with the firm for more than 3 years as on date	20
3.	Number of qualified / semi-qualified assistants (i.e. passes intermediate exam conducted by ICAI) in Cost Accountant Firm, as on 30-06-2019.	4 Assistants	3 Marks per Qualified Assistant  2 Mark per Semi-Qualified Assistant	20
4.	Turnover of the firm (Average annual of the last three proceeding years)	The average annual turnover of the firm during last three years must be atleast Rs.10 Lacs. The firm shall submit its Audited Annual Accounts of last three years	10 to 12 lacs = 4 Marks 13 to 15 lacs = 6 Marks 16 to 20 lacs = 10 Marks Above 20 lacs = 15 Marks	15
5.	Number of Cost Audit assignment of Public Sector Undertaking (Central /State) during 2015-16 to 2018-19	03 Assignments	3 to 5 = 6 Marks 6 to 7 = 10 Marks 8 to 10 = 16 Marks 11 to 12 = 20 Marks Above 12 = 25 Marks	25
<b>Total</b>				<b>100</b>



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**Qualification parameters for above listed criteria**

1. A firm has to meet the minimum criteria specified in each of the sub clauses specified above
2. A firm should obtain minimum 50 marks out of 100 marks in totality.
3. If firm does not meet any of the above two criteria, it will be technically disqualified and its price bid will not be opened.
4. Documentary proof of the Technical bid eligibility criteria should be submitted along with the Bids, failing of which the Bids will be liable for rejection.



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