

**REQUEST FOR PROPOSAL (RFP)**

**FOR**

**EMPANELMENT OF FORENSIC AUDITORS**  
**IN IFCI LIMITED**

**TO BE SUBMITTED ON OR BEFORE**  
**3.00 P.M. ON JANUARY 25, 2022**

**TO**

**GENERAL MANAGER (M&R)**  
**IFCI LIMITED,**  
**13<sup>th</sup> FLOOR, IFCI TOWER,**  
**61 NEHRU PLACE, NEW DELHI – 110 019**

**IFCI LIMITED  
NEW DELHI**

IFCI Ltd. was set up in 1948 as first Development Financial Institution of the country named as The Industrial Finance Corporation of India, a Statutory Corporation to provide medium and long term finance to industry. After repeal of IFCI Act in 1993, IFCI became a Public Limited Company registered under the Companies Act, 1956 where 55% of total paid up share capital is being held by Government of India. IFCI is a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI) registered with RBI and is also a notified Public Financial Institution under Section 2(72) of the Companies Act, 2013.

**Invitation of Applications:**

IFCI Limited invites applications from interested Chartered Accountants and Chartered Accounting Firms/ Cost Accountants and Cost Accountant firms / Forensic Auditors for empanelment at IFCI for a period of 5 years subject to periodical review exercise.

## Terms and Conditions for Empanelment of Forensic Auditors

### 1. Purpose

IFCI Limited proposes to empanel Forensic Auditors for the purpose of carrying out Forensic Audit.

### 2. Minimum Eligibility Criteria & Requisite Documentary Proof

The minimum eligibility criteria for the applicant are provided at **Annexure-A**. The documentary proof acceptable against each eligibility criteria are provided at **Annexure-B**.

### 3. Application Submission Guidelines

The application shall be submitted in accordance with the following guidelines latest by 3.00 P.M. on January 25, 2022.

- i. One Applicant shall submit only a single application and cannot be a constituent to any other application.
- ii. The Application shall be complete with all technical and commercial details and necessary documents for Eligibility Criteria and Technical Evaluation as provided in **Annexure-C & D**. Non-compliance of the prescribed format may lead to rejection of the application.
- iii. The applicant shall make a payment of non-refundable application fee amounting to INR 10,000/- (Rupees ten thousand only) by way of Demand Draft in favour of IFCI Limited payable at par along with the application.
- iv. The application shall be unconditional; otherwise it would be liable for rejection.
- v. The application should be complete with all enclosures duly signed by authorized signatory. All information/ details are required to be supported by authentic documents duly certified by the authorized signatory. Proof of the Authorized Signatory having the authority to sign the documents (Board Resolution/ Power of Attorney) must be enclosed.
- vi. The Applicant shall also furnish an Undertaking as per **Annexure-F** as a part of their Proposal.
- vii. Applications shall be submitted in a sealed envelope titled 'Application for Empanelment as Forensic Auditors' to The General Manager (M&R, COD), 13 floor, IFCI Tower, 61 Nehru Place, New Delhi (the empanelment may be used across all the Offices of IFCI). The list of IFCI's Offices is enclosed at **Annexure-G**.

### 4. Empanelment Period

The Forensic Auditors shall be empaneled for a period of **5 years**. However, a review exercise may be made periodically based on performance along with necessary information. IFCI reserves its right to de-list the name of the auditors at any stage, if found unsatisfactory or does not comply with the IFCI's requirement.

#### Enclosed Annexures:

- Annexure A: Eligibility Criteria
- Annexure B: Guidelines for submission of Application
- Annexure C: Evaluation Criteria
- Annexure D: Application letter format for Empanelment as Forensic Auditor
- Annexure E: Scope of Work [Terms of Reference (ToR)]
- Annexure F: Undertaking by Applicant
- Annexure G: Offices of IFCI

## **ANNEXURE-A: ELIGIBILITY CRITERIA**

**The Applicant must satisfy the following eligibility criteria for the services they intend to provide as per Terms of Reference (ToR), before submitting their proposals:**

### **1. Criteria for empanelment**

The Applicant shall be any one of the following:

- a. Practicing Chartered Accountant / Chartered Accounting firm / Cost Accountant / Cost Accounting Firm with minimum of 10 years' experience in undertaking audits of banks or insurance companies or public sector units or other Government Agencies.
- b. Chartered Accountant / Chartered Accounting firm / Cost Accountant / Cost Accounting Firm should also have experience in undertaking forensic audit on behalf of Government Agencies / statutory bodies.

### **2. Procedure for Empanelment**

- (i) The decision of empanelment of Chartered Accountant / Chartered Accounting firm / Cost Accountant / Cost Accounting Firm shall be taken by the Competent Authority on a comparative assessment of the applications received and if necessary through an inter-action with the partner of the firm. The decision of Competent Authority shall be binding on all concerned.
- (ii) The Competent Authority reserves the right to accept or reject any or all the applications without assigning any reason.

### **3. Disqualification**

The Chartered Accountant / Chartered Accounting firm / Cost Accountant / Cost Accounting Firm is not eligible for empanelment if the firm or any partner of the firm in discharge of his / her work has been debarred by ICAI or been disqualified by any other regulatory authority / Court.

## **ANNEXURE B: GUIDELINES FOR SUBMISSION OF APPLICATION**

The application shall be submitted in accordance with the following guidelines:

- (i) One Applicant shall submit only a single application and cannot be a constituent to any other application.
- (ii) The application shall be complete with all technical and commercial details and necessary documents for Eligibility Criteria and Technical Evaluation. The Technical Proposal shall include, but not be limited to, the information as given below:
  - a. Applicant's Profile (particulars of constitution, ownership, main business activities, registration details, size, existence, and geographical presence including number of offices and infrastructure, human resources, experience etc.), Certificate of Registration of Bidder or any equivalent documents should be attached.
  - b. Financial soundness of the Applicant [turnover for the last 3 (three) years]. This should be supported by enclosing the Audited Financial Statement (AFS) for the last 3 (three) years including FY 2020-21. In case, audit for FY 2020-21 is not complete, AFS for 3 (three) years ending March 31, 2020 may be provided.
  - c. Details of experience of the Applicant in conducting forensic audit / related to assignments similar to the proposed assignment/ job as per ToR for last 5 (five) years for Indian companies should be given. The above information should be supported by providing description of assignments including client name, job title, scope of services, date of assignment award and completion, deal size and other key details. Satisfactory completion certificates from clients should be furnished as proof of completion of assignments.
  - d. In case completion certificates are not available, Engagement Letter/ Letter of Award for the particular assignment(s), along with an affidavit/ undertaking from the Applicant (signed by the authorized signatory), confirming that the total fee contracted for the assignment(s) mentioned in the affidavit/ undertaking, has been received by the Applicant, be furnished. Excerpts of public sources/ specialized websites maintaining deal records, wherein details of the Applicant having completed the assignment(s) are specified, can also be submitted.
  - e. Details of the proposed deal team/ key consulting resources rank-wise names, qualifications, experience, locations of team members, curriculum vitae (CV) and their other credentials in the work area as per ToR. Rank-wise details of the team, CVs of team leader and other team members along with number of relevant assignments completed, date-wise, by them should be enclosed.
  - f. Details of pending litigation(s) and contingent liabilities, if any, that could affect the performance of the Applicant under the mandate, as also the details of any past

conviction and pending litigation(s) against sponsors/ partners of the Applicant, and any area of possible conflict of interest.

- g. A Declaration on the Letter Head of the Applicant that the Applicant has not been debarred or blacklisted by anybody and no adverse orders have been passed against the applicant by any court of law /regulatory/ statutory authority or body.
- h. A Declaration on the Letter Head of the Applicant that the Applicant is not related to Directors/Employees of IFCI.
- i. Any other details/ information considered relevant.

(iii) The applicant shall make a payment of non-refundable application fee amounting to INR 10,000/- (Rupees ten thousand only) by way of Demand Draft in favour of IFCI Limited payable at par along with the application.

(iv) The application shall be unconditional; otherwise it would be liable for rejection.

(v) The application should be complete with all enclosures duly signed by authorized signatory. All information/ details are required to be supported by authentic documents duly certified by the authorized signatory. Proof of the Authorized Signatory having the authority to sign the documents (Board Resolution/ Power of Attorney) must be enclosed.

(vi) The Applicant shall also furnish an Undertaking as per **Annexure F** as a part of their Proposal.

### **ANNEXURE C: EVALUATION CRITERIA**

The successful applicant shall be selected on the basis of evaluation criteria, sub-criteria and points system as given below:

<b>S No</b>	<b>Evaluation Criteria</b>	<b>Maximum Score</b>	<b>Supporting Documents</b>
<b>1. Size of Consulting Business of Applicant(20)</b>			
1.1	Average Annual Turnover of the applicant from audit assignments including forensic, internal, statutory, stock, etc.  • < Rs 10 crore (10 points) • > Rs 10 Cr (20 points)	20	Audited Financial Statements for 3 years including FY 2020-21. All the technical evaluation to be certified by a practicing CA / CA firm and duly supported with documentary evidence.
<b>2. Relevant Experience of the Applicant (60)</b>			
2.1	Experience in forensic audit or similar assignments of companies of balance sheet size of Rs.300 crore or more  Rs.300 – 500 crore ( 10 per assignment) Rs.500 – 1000 crore (20 per assignment)	60	Description of assignments including client name, job title, scope of services, date of assignment award and completion, deal size and other key details.  Documentary evidence should be duly submitted.
<b>3. Experience in Forensic Audit (20)</b>			
3.1	Number of Forensic Audit assignments undertaken • 00 to 02 (02 points ) • 03 to 05 (05 points) • >05 (10 points)	10	-do-
3.2	Experience of Forensic Audit of listed companies	10	-do-
<b>Total</b>		<b>100</b>	

\* In case, audit for FY 2020-21 is not complete, average audited turnover for the last three years shall be considered on the basis of FY ending March 31, 2020.

The minimum qualification score eligible for empanelment of the applicant is minimum of **60** points under Evaluation procedure.



**ANNEXURE-D: APPLICATION LETTER FORMAT FOR EMPANELMENT  
AS FORENSIC AUDITOR**

*(To be submitted on the Applicant's Letter Head)*

**To  
The General Manager (M&R)  
IFCI Ltd.  
IFCI Tower, 13<sup>th</sup> Floor  
61 Nehru Place  
New Delhi**

**I. General Information**

<b>SNo</b>	<b>Particulars</b>	<b>Details (Enclose Supporting Documents, wherever required)</b>		
1)	Name of Applicant			
2)	Constitution of Applicant			
3)	Date of Incorporation			
4)	Office Address			
5)	Telephone			
6)	Email-id			
7)	PAN TAN (if applicable) Service Tax No.			
8)	General Profile of the Applicant			
9)	Presence by way of regional offices in how many states			
10)	List of Financial Institutions/Banks with which the Applicant is already empanelled	<b>Name of Bank/FI</b>	<b>Date of Empanelment Letter</b>	<b>Period of Empanelment</b>

**(If Required Separate Sheet May Be Used as Enclosure for providing the details for any above columns)**

**DATE:  
PLACE:**

**SIGNATURE OF THE APPLICANT**

*(To be signed by the individual/ authorized signatory of the firm/ company)*



## **ANNEXURE-E: SCOPE OF WORK (ToR)**

### **Scope: Forensic Audit**

The following Terms of Reference (ToR) / Scope of Work is only indicative and actual scope of work shall be crystallized for each assignment separately depending upon the objective of the forensic audit:-

1. Ascertaining money trail and end use of funds granted by lenders.
2. Tracing the source of contribution by promoters by analyzing equity/ debt infused by promoters/ partners.
3. Identifying instances of fund diversion/ fund siphoning.
4. Conducting Background search on its promoter individuals and selected group companies and associates and select entities.
5. Analysis of concentration of transactions - Sole customer, sole supplier, major transactions with related parties/ group companies.
6. Verifying revenue from operations including checking sale order, invoices and controls in the billing process. The focus should be on inflated Turnover/fictitious sales. Verification of sale price of product, verification of agreement for sale, material movement, comparison of sales with various returns filed with tax authorities.
7. Commenting on transactions of substantial amount, which seem not to be normal trade transactions at arm's length.
8. Commenting on adherence to Escrow/ Trust and Retention Account (TRA) arrangements made with various banks. Details of all transactions with banks outside the consortium/ other than nominated account.
9. Movements in unsecured loans during the specified period.
10. Details of substantial debts raised in sister/ associate/ group companies either through corporate guarantee of borrower or against security of promoters or promoter's family assets.
11. Thorough Analysis and Verification of Purchases and major expenses during the audit period with review of payment process.
12. Detailed review of transaction with sister concerns/group companies
13. Checking of Fixed Assets, Capital Work in Progress and Maintenance of Fixed Assets Register. Verification of process of asset acquisition and capitalization.
14. Comprehensive verification of investments including approvals and basis of value of investments made and Current market price/realizable value.
15. Audit of Stocks of the Company covering Analysis of movement of stock, their realizable values, ageing analysis, etc.
16. Review of Receivables management position including debtors ageing analysis, balance confirmations, genuineness and identification of major debtors – analyze the recoverability of the debtor balances. To check authenticity of receivables from counterparty and also to comment on inter group / related party transaction.
17. Comprehensive verification of other current assets including loans and advances, Date and amount of advance, realizable value, third party confirmation, ageing and action taken/ initiated for long outstanding.
18. Whether cash and bank balances were correctly reflected in the books of the company.
19. Review of Minutes of the Board Meeting and Internal Audit System
20. Legal Proceedings, if any initiated by the Company or against the Company
21. Statutory Compliances applicable to the Company, like TDS, Excise, VAT, Service Tax, EPF, ESI, etc.
22. Bidder to use independent mechanism for identifying money trail and not to rely solely on the financial statements of defaulter.

## **ANNEXURE-F: UNDERTAKING BY APPLICANTS**

I/we hereby apply for empanelment as Forensic Auditor for the purpose of carrying out forensic audit of the borrowers of your institution and declare that:

1. I/We declare that the particulars furnished above are true to the best of my/our knowledge and belief, and any incorrect information furnished may lead to cancellation of my/our application for empanelment with IFCI.
2. I/We understand and accept that empanelment shall be at the discretion of IFCI as per its requirement and IFCI has a right to reject our application without assigning any reasons therefore.
3. I/We shall submit the reports as per standard formats prescribed by the professional institutes/bank/IFCI with correct and full information and without negligence;
4. If my/our application for empanelment in IFCI is considered favorably, I/we shall abide by all the terms & conditions stated herein as well as other terms & conditions prescribed by IFCI from time to time;
5. I/We understand that Empanelment as such does not guarantee award of assignments by IFCI;
6. I/We understand that Entrustment of assignments is subject to periodical review by IFCI;
7. I/We understand that IFCI reserves the right to delete/cancel the empanelment/stop awarding future assignments without prior notice or assigning any reasons whatsoever;
8. The Assignment shall be completed on the basis of accepted principles as also the criteria/terms of reference specified by IFCI from time to time;
9. I/We shall maintain secrecy of the business allotted by IFCI;
10. I/We shall not enter into any financial transaction with IFCI's borrowers to the detriment of IFCI's interest;
11. Under no circumstances, I/we shall use the name or logo of IFCI in our correspondence with other banks;
12. If any wrong certification is detected, I/We hereby consent that IFCI may take steps as deemed fit;
13. I/We undertake to keep IFCI informed of any events or happenings which would make me ineligible for empanelment as a Forensic Auditor;
14. I/We have not concealed or suppressed any material information, facts and record and I have made a complete and full disclosure;
15. I/We shall strictly observe the laws against fraud and corruption in force in India namely "Prevention of Corruption Act 1988";
16. I/We am/are a citizen/incorporated/registered in India;
17. I/We have not been convicted of any offence and sentenced to a term of imprisonment;
18. I/We have not been found guilty of misconduct in professional capacity;
19. I/We am/are not an undischarged insolvent; and
20. I/We have not been convicted of an offence connected with any proceeding under the Income Tax Act 1961, Wealth Tax Act 1957 or Gift Tax Act 1958.

**DATE:**

**PLACE:**

**SIGNATURE OF THE APPLICANT**

*(To be signed by the individual/ authorized signatory of the firm/ company)*

## **ANNEXURE-G: REGIONAL OFFICES**

### **New Delhi**

#### **Head Office**

IFCI Tower

13<sup>th</sup> Floor, 61 Nehru Place - 110019

Tel: +91-11-41732571

### **Mumbai**

Earnest House

9<sup>th</sup> Floor, NCPA Marg, Nariman Point - 400021

Tel: +91-22-61293400

### **Hyderabad**

Taramandal Complex

8<sup>th</sup> Floor, 5-9-13, Saifabad - 500004

Tel: +91-40-66623642-44

### **Kolkata**

Chatterjee International Center

3<sup>rd</sup> Floor, 33-A, Jawaharlal Nehru Road - 700071

Tel: +91-33-22653344

