



TENDER REF No.: MIL/CA-RFP/22

**MUNITIONS INDIA LIMITED**

(A GOVT. OF INDIA ENTERPRISE)

MINISTRY OF DEFENCE

Corporate Office Address: 2<sup>nd</sup> Floor, Nyati Unitree,  
Nagar Road, Yerwada, Pune – 411 006

CIN No. U29190PN2021GOI203505

**REQUEST FOR PROPOSAL (RFP)**

**FOR**

**APPOINTMENT OF COST AUDITOR**

**FOR THE FY: 2022-23**

Document no.: MIL/FIN/RFP/Cost Auditor/2022-23,

Date : 24/06/2022

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## **Request for Proposal (RFP) for Hiring of Cost Auditor for the FY: 2022-23**

### **1. Introduction & Brief**

Munitions India Limited (MIL) is a Defence Public Sector Enterprise (CPSE) under the Ministry of Defence, Government of India.

MIL, the India's largest manufacturer and market leader, is engaged in Production, Testing, Research & Development and Marketing of comprehensive range of ammunition & explosives for Army, Navy, Air force & Para-Military Forces.

With Corporate Office at Pune (India), MIL with its 12 state-of-the-art manufacturing units as per Annexure-1 located across the country employs skilled workforce of around 25,000. These factories have proven integrated base for production of Small, Medium & High calibre ammunition, Mortars, Rockets, Hand Grenades etc. with in-house manufacturing of Initiatory Compositions, Propellants and High Explosives for over 150 years. Our primary objective is to provide competitive edge to the Armed Forces by equipping them with modern and quality battlefield ammunition.

Our foreign customers include countries located in North America, South America, Europe, Africa and Asia. The patronage we receive from our customers both in India and abroad reflects their faith in quality of our products and services. We are the force behind the Armed Forces.

MIL with its 12 manufacturing units provide:

- A broad and versatile production base with multi-technology capabilities
- State-of-the-art manufacturing facilities
- Large pool of skilled and professionally qualified manpower and managerial personnel
- Strict adherence to quality standards (all units are ISO-9000 certified)
- Original as well as adaptive Research & Development to make need-base refinement and modifications
- A strong base for industrial training & testing

### **2. Objective**

The objectives of this RFP are to empanel and subsequently appoint a Cost Audit Firm for conducting Audit of Cost Accounts of Munitions India Limited (Headquarter and all its units) for the FY: 2022-23 as per the defined scope of work as well as statutory requirement.

### **3. Period of Audit**

Initially, the period of appointment will be for the FY: 2022-23, which may further be extended to next two 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 Board of Directors.

#### **4. Pre-Qualification Criteria**

Firm satisfying the following criteria are eligible for applying against the request proposal:

- a. Cost accountant firm only and not sole proprietorship.
- b. The firm should satisfy the eligibility criteria as specified under section 141 of the Companies Act 2013 read with Rule 10 of the Companies (Audits and Auditors) Rules 2014 and the Companies (Cost Record and Audit) Rules 2014.
- c. The applicant firm should have not been banned/ black listed/ de-barred from business by any PSUs/ Government Department during the last 5 years. Self - declaration in this regard is to be submitted.
- d. The Applicant firm should not have been penalised by the Institute of Cost Accountants of India or any other Government Authority in any disciplinary proceeding during last 5 years. Self - declaration in this regard is to be submitted.

#### **5. Scope of Work**

Scope of work of Cost Audit Firm is 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.
- (b) Cost Audit shall also be in adherence to the relevant orders / amendments /clarification, etc issued from time to time by the Cost Audit Branch, Ministry of Corporate Affairs (MCA), Government of India and the Cost Accounting Standards issued by the Institute of Cost Accountants of India and any other statutory requirement for the purpose of Cost Audit.
- (c) Commencement of the Cost Audit and submission of the Cost Audit Report for MIL within the prescribed time limit specified by MCA.
- (d) Verification and certification of annexures to the Cost Audit Report for each of the MIL Unit under Cost Audit.
- (e) Submission of Observations on the Cost Accounting System being followed at MIL and its Units under Cost Audit and suggestions for improvement to MIL.
- (f) Compilation and analysis of data of MIL units for comparison of the product-wise cost of production and performance parameters of plants under Cost Audit and suggest actions for improvement to MIL.
- (g) Specific suggestions for cost control/reduction for each MIL Unit.
- (h) Submission of 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 prescribe by GOI in this regard after obtaining approval of the Board of Directors of the Company.
- (i) Cost Audit Team should consist of adequate number of qualified/ semi qualified Assistant (Cost/ Chartered Accountants) led by a senior partner of the firm, being commensurate with the size of company's work.
- (j) Arrange and attend meetings with the Company Management, Audit Committee/ Board of Director of the Company in connection with the Cost Audit work.
- (k) Any other area for performance improvement of Plant.
- (l) Compliance with any other instruction issued in respect of cost audit under the Companies Act, 2013.

## 6. Selection Criteria

### 6.1. Eligibility Criteria:

Only firms of Cost Accountants registered with the Institute of Cost Accountants of India (ICAI) shall be eligible for empanelment and subsequent appointment as Cost Auditors for conducting Cost Audit of MIL. Further, for better coordination and smooth functioning, the Cost Audit Firms having registered/branch office at Pune or Nearby Place of Pune shall only be considered for subsequent appointment as Cost Auditors.

### 6.2. Criteria for Evaluation of Technical Bid

Selection will be made on the basis of attainment of highest aggregate marks as per the following criteria:

Sr No	Parameter	Selection Criteria	Basis of Marks	Mark(s) per criteria	Maximum Marks
1	Experience	Year(s) of establishment of Firm since last date of registration with ICAI	No. of completed years since Firm's Registration as on 30.04.2022	2 marks per completed year as on 30.04.2022	20
2	Number of partners	Number of partners in whole time practice in the Firm holding valid certificate issued by ICAI.	Each partner (Fellow or Associate to be mentioned	3 marks per fellow partner and 2 marks per Associate partner	15
3	Composition of employee	a) Number of professionally qualified assistants (Cost/Chartered Accountant etc.) in the Firm.	Each qualified assistant	2 marks per qualified assistant	10
		b) Number of semi-qualified assistants (who have passed intermediate exam of Cost/Chartered Accountant) in the Firm.	Each semi-qualified assistant.	1 mark per semi-qualified assistant	5

4	Experience of Cost Audit	Experience of the Firm in conducting statutory cost audit in Central PSUs/ Private sector Companies in last seven years			
		a) For CPSEs in Defence sector having minimum turnover of Rs. 500 crore p.a. or more.	No. of Companies Audited (name of the Company, financial year audited & turnover >= Rs. 500 Crore)	4 marks per Company	20
		b) For CPSEs in Non-Defence sector having minimum turnover of Rs. 500 crore p.a. or more.	No. of Companies Audited (name of the Company, financial year audited & turnover >= Rs. 500 Crore)	2 marks per Company	20
		c) For Private sector company having minimum turnover of Rs. 1000 Crore)	No. of Companies Audited (name of the Company, financial year audited & turnover >= Rs. 1000 Crore)	2 marks per Company	10
<b>TOTAL</b>				<b>100</b>	

***Cost Audit Firm(s) securing less than 50 marks in aggregate as per the above criteria will not be considered. The price bid of technically qualified firm/s will be opened and whose price quote is lowest will qualify as L1 Bidder. In case of tie after price comparison, a firm with highest technical qualification marks will be selected. In case of tie of marks, the following procedure will be followed for obtaining L1 bidder.***

### **6.3. Tie of marks**

In case of tie, the following sequence shall be adopted for selection:

- 6.3.1. The Cost Audit Firm having longer experience will be given preference based on the year of establishment.
- 6.3.2. The Cost Audit Firm with a longer experience of conducting Cost Audit of Companies in Defence industry will be considered.
- 6.3.3. The Cost Audit Firm with a higher number of fellow members of the Institute of Cost Accountants as partners will be considered.
- 6.3.4. The Cost Audit Firm with a higher number of Associate Members of the Institute of Cost Accountants as partners will be considered.

For the purpose of selection of the Cost Audit Firm(s) in case of tie, only clause 6.3.1 of para 6.4 above will be considered. However, in a situation where even after considering clause 6.3.1, the tie continues, the remaining clauses i.e. 6.3.2 to 6.3.4 will be considered individually until the tie is broken. Even if the tie still persists, MIL shall choose the firm at its discretion and decision of MIL shall be final and binding on all the bidders.

### **6.4. Submission of documents**

Documentary evidences in support of criteria as mentioned in Para 6.2 under 'Selection Criteria' above are required to be submitted. In case the documentary evidences are not provided for all the above parameters, the offer will be rejected.

### **7. Appointment of Cost Auditor**

The appointment of L1 firm as 'Cost Auditor' is subject to approval of the Board of Directors.

### **8. Minimum Fee & Payment Term**

- (a) The minimum fee to be quoted by the bidder firm shall be Rs. 1,50,000/- (Rs. One Lakh and Fifty Thousand Rupees) excluding Taxes and including out of pocket expenses. The bidder quoting any rate below the mentioned minimum fee shall be rejected.
- (b) 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 filling in XBRL format to MCA.
- (c) Taxes on Audit fees will be treated as follows:
  - a. TDS under income Tax Act, at applicable rates will be affected from the quoted fees invoiced.
  - b. GST will be paid additionally, as invoiced, at the applicable rates.
  - c. Levy of Taxes, not existing in the legislation so far will be reimbursed/ paid additionally from the date they came into effect.

- (d) The quoted fees should include all expenses like TA/DA, out of pocket expenses, Hotel Charges etc. No other reimbursement of expenses apart from Audit Fee will be applicable.

**9. Secrecy Clause**

The Firm shall at all times use its reasonable endeavours to keep confidential the information collected from MIL 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 contract, shall not be divulged to any other firm and shall continue to apply even after expiry and/ or termination of appointment.

**10. Immunity to Government of India**

It is understood and agreed that 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 MIL has 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 Principals Contracts Law.

**11. 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 shall be in Pune City.

**12. Compliances / Declarations by firm at the time of submission of offer and on 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 there in any manner whatsoever.
- (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 centre/ /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 MIL within the meaning of section 2(77) of the Companies Act, 2013.
- (d) Neither the firm nor its partner or associates have any interest in the business of MIL.
- (e) The Auditor will also be required to issue a certificate of his independence.



- (f) The Cost Audit Firm of Cost Accountants shall have prime responsibility to ensure that the limits specified under section 141(3)(g) of the Companies Act 2013, 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 read with subsection (5) of section 148 of the Companies Act, 2013. In addition to this, Firm must not be holding any assignment as statutory Auditor or Internal Auditor of MIL or its units.
- (h) Any other compliance / Declaration, if any, required under the Companies Act, 2013.

**13. Debarring Provisions**

The Audit Firm will be debarred from selection and empanelment as Cost Auditor of MIL, in future, in the following cases:

- (a) If the Firm obtains the appointment on the basis of the false information/ mis-statement.
- (b) If the firm does not take up audit in terms of appointment letter issued.
- (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 conditions laid down in para 12 above.

**14. 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 Pune city shall have jurisdiction to deal with and decide any legal matter whatsoever arising out of the resulting contract.

**15. Undertaking**

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

**16. Disclaimer**

Mil reserves the right to accept/ reject any/all the Bids or Cancel the RFP at its sole discretion without assigning any reason whatsoever.

**17. Terms and Conditions:**

- 17.1. The Cost Audit team should consist of adequate number of qualified/ semi-qualified assistants led by a senior partner of the Cost Audit Firm in commensurate with the size of MIL Units.
- 17.2. The audit team should work in strict confidence and ensure that cost data, cost statement and cost information in respect of the operation of the Unit/ Cost Centres/ Company is dealt with in strict confidence and secrecy. A

- certificate towards maintain confidentiality to be provided by the Cost Audit Firm on receipt of appointment letter or before commencement of Cost Audit.
- 17.3. The tenure of appointment shall be at the sole discretion of MIL which may further be extended to next two 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 Board of Directors.
  - 17.4. Overwriting/ correction/ erase and/or use of white ink should be avoided in the RFP. However, if any overwriting/ corrections/ erase is inevitable, same should be authenticated with the signature of authorized signatory.
  - 17.5. The RFP should be submitted strictly as per the terms & conditions laid down in the document.
  - 17.6. The Cost Audit Firm is required to submit their Permanent Account Number and Goods and Service Tax (GST) Registration Number along with RFP.
  - 17.7. MIL reserves the right to accept or reject any or all responses and to request additional submission or clarification from one or more Applicant(s) at any stage or to cancel the process entirely at the sole discretion of MIL without assigning any reason.
  - 17.8. Documentary evidence in support of all the information are to be furnished along with the RFP and all the pages of the terms & conditions and other documents submitted should be duly signed with the seal of the Cost Audit Firm.
  - 17.9. No proposal shall be considered / entertained through e-mail or fax.

  
(P.K.SAMAL)

**WORKS MANAGER  
FOR MUNITIONS INDIA LIMITED**

**UNITS OF MUNITIONS INDIA LIMITED**

<b>Sl. No.</b>	<b>Name of the Unit</b>	<b>Abbreviation</b>	<b>Location</b>
<b>1</b>	Ammunition Factory Khadki	AFK	Pune {Maharashtra}
<b>2</b>	Cordite Factory Aruvankadu	CFA	Nilgiris {Tamil Nadu}
<b>3</b>	High Energy Projectile Factory Tiruchirappalli	HEPF	Tiruchirappalli {Tamil Nadu}
<b>4</b>	High Explosive Factory Khadki	HEF	Pune {Maharashtra}
<b>5</b>	Ordnance Factory Bhandara	OFBA	Bhandara {Maharashtra}
<b>6</b>	Ordnance Factory Bolangir	OFBOL	Bolangir {Odisha}
<b>7</b>	Ordnance Factory Chanda	OFCH	Chandrapur {Maharashtra}
<b>8</b>	Ordnance Factory Dehu Road	OFDR	Pune {Maharashtra}
<b>9</b>	Ordnance Factory Itarsi	OFI	Itarsi {Madhya Pradesh}
<b>10</b>	Ordnance Factory Khamaria	OFK	Jabalpur {Madhya Pradesh}
<b>11</b>	Ordnance Factory Nalanda	OFN	Nalanda {Bihar}
<b>12</b>	Ordnance Factory Varangaon	OFV	Jalgaon {Maharashtra}
<b>13</b>	Ordnance Factories Institute of Learning, Khamaria	OFILKH	Jabalpur {Madhya Pradesh}
<b>14</b>	National Academy of Defence Production, Ambajhari	NADP	Nagpur {Maharashtra}
<b>15</b>	Controllerate of Safety, Pune	RCS	Pune {Maharashtra}

**Format for RFP**

- 1. Name of the Cost Audit Firm :**
- 2. Registration Number of the Cost audit Firm :  
With the Institute of Cost Accountants of India**
- 3. Particulars of the Cost Audit Firm**
  - i. Address of the Firm as registered with the ICAI :**
  - ii. Addresses of the Branch Offices of the Firm :**
  - iii. Telephone No. with STD Code :**
  - iv. Fax No. with STD Code :**
  - v. Email address of the Firm :**
  - vi. Website of the Firm :**
  - vii. PAN of the Firm :**
  - viii. GSTIN Registration No. of the Firm :**
  - ix. Bank Details :**

#### 4. Selection criteria

Sr No	Parameter	Selection Criteria	Basis of Marks	Firm to fill in this column	Documentary evidence submitted (Y/N)
1	Experience	Year(s) of establishment of Firm since last date of registration with ICAI	No. of completed years since Firm's Registration as on 30.04.2022	(i) Year of registration with the ICAI (ii) Number of years till 30.04.2022	
2	Number of partners	Number of partners in whole time practice in the Firm holding valid certificate issued by ICAI.	Each partner (Fellow or Associate to be mentioned	Partner-wise Name, Qualification & Membership No.	
3	Composition of employee	a) Number of professionally qualified assistants (Cost/ Chartered Accountant etc.) in the Firm.	Each qualified assistant	Qualified Assistant wise Name, Qualification & Membership No.	
		b) Number of semi-qualified assistants (who have passed intermediate exam of Cost/ Chartered Accountant) in the Firm.	Each semi-qualified assistant.	Semi qualified Assistant wise Name, Qualification & Membership No.	

4	Experience of Cost Audit	Experience of the Firm in conducting statutory cost audit in Central PSUs/ Private sector Companies in last seven years		Name of the Company & financial year audited	
		a) For CPSEs in Defence sector having minimum turnover of Rs. 500 crore p.a. or more.	No. of Companies Audited (name of the Company, financial year audited & turnover >= Rs. 500 Crore)	Name of the Company & financial year audited	
		b) For CPSEs in Non-Defence sector having minimum turnover of Rs. 500 crore p.a. or more.	No. of Companies Audited (name of the Company, financial year audited & turnover >= Rs. 500 Crore)	Name of the Company & financial year audited	
		c) For Private sector company having minimum turnover of Rs. 1000 Crore)	No. of Companies Audited (name of the Company, financial year audited & turnover >= Rs. 1000 Crore)	Name of the Company & financial year audited	
					<b>TOTAL</b>

**Note:**

- i. In case of insufficient space, the above information may be provided in separate sheets, duly linked with the above table heading and signed & stamped.
- ii. Documentary evidence in support of all the information provided above by the applicant must be furnished along with the application.
- iii. Copy of appointment letter / CRA 2 issued by the auditee companies in support of evaluation criteria (3) & (4) above is required to be submitted.
- iv. All the pages of the offer documents submitted are to be signed with the seal of the firm.

**Declaration**

I, \_\_\_\_\_ Partner/ Proprietor of the Firm \_\_\_\_\_, hereby declare that the above information furnished is true and correct to the best of my knowledge and I will abide by the Terms & Conditions set by the company for the appointment of Cost Auditors.

Date:

Place:

**(Authorised Signatory with Seal of the Firm)**  
(With authorization letter)

**Declaration for Eligibility**

I/ We, M/s \_\_\_\_\_ (Name of Cost Audit Firm) hereby certify that I/We have not been banned/ de-listed/ de-barred from business by any PSU/ Govt. Department.

Date:

Place:

**(Authorised Signatory with Seal of the Firm)**  
(with authorization letter)