



Ref :EOI/IA_PIV/01/2022

Notice inviting Expression of Interest (EOI) by CA/ CMA Firms for conducting verification / audit of stores inventory (including obsolete / charge off stores) in GRSE LTD. for the year 2022-23 through 2024-25.

EXPRESSION OF INTEREST (EOI)

Garden Reach Shipbuilders & Engineers Ltd invites applications from partnership/limited liability partnership firms of Chartered Accountants /Cost Accountants registered with the Institute of Chartered Accountants of India / Institute of cost Accountants of India for selection and appointment as stock auditors to conduct Perpetual audit of stores inventory, **for the year 2022-23 through 2024-25.**

The format of application along with information on selection criteria, areas of coverage, reporting requirements, terms of reference, etc are enclosed herewith. The EOI document will be hosted on the GRSE website www.grse.in under the 'EOI(Current)' tab under the 'Other Links' section / menu (url : www.grse.in/index.php/EOI-current). The same will also be displayed on the Notice Board of the EIRC of The Institute of Chartered Accountants of India / Institute of cost Accountants of India. Any updates to the EOI Documents shall be hosted on website. Interested firms are requested to ensure that all updates are considered while submitting the EOI.

Interested Firms may send their applications in the prescribed format (to be dropped in lock-box kept at Corporate Finance Dept) along with annexures under sealed cover addressed to Addl.General Manager-Internal Audit, Garden Reach Shipbuilders & Engineers Ltd at 43/46, Garden Reach Road, Kolkata - 700024 **latest by 26 Sep 2022, 15.00 hours (due dt.)**.

Contact details for any queries:
S Sahoo (Manager –IA),
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DATED : 26.08.2022

Kolkata



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The Company is a Govt. of India undertaking ('Miniratna' category CPSE) under the Ministry of Defence and primarily engaged in the manufacture of warships for Indian Navy, Coast Guard and export as well. The Company also has an engineering division which manufactures ship-deck (deck-machinery) equipment and heavy-duty naval pumps (at Taratalla Unit) and portable steel bridges (Bailey Bridge) at 61 Park unit. In addition, the Company has a unit at Ranchi, engaged in the overhauling, assembly & testing of marine propulsion diesel engines and also production of Bailey Bridges. The shipbuilding production activities are carried out at Main unit, Fitting-out-jetty (FOJ) unit and Rajabagan Dockyard (RBD) unit. Inventory items are kept at various stores located in these units.

A. SCOPE OF WORK : The Company is working in a Computerized environment and maintains all its records in Computerized system viz. SAP packages .Following Points shall be covered by the appointed firm in its report in respect of Physical Verification of Store / Inventory items

1. The Scope of work of this EOI consists in respect all the Divisions / Departments / units of the Company spread across Kolkata and Ranchi. The shipbuilding division's stores are located at Main works and FoJ unit and comprise of 10 major stores with stocks of about 75,000 types of inventory (A B & C category items) consisting of raw materials like AL/steel plates, angles, joists, bars etc. and shipbuilding components like equipment & machinery, consumables & outfitting items etc. Inventory records are maintained in SAP.
2. The firm/s assigned verification exercise of relevant stores would be required to verify all A category items and for B & C category items selection would be made so as to cover 50% -60% of such items. Balance portion would be covered in subsequent year.
3. The engineering division's stores are located at 61 Park (Bailey Bridge Unit) ,Taratalla (Deck Machinery unit) and Diesel Engine Plant at Ranchi. These comprises of about 5000 types (line items) of inventory.
4. The firms would be required to verify all categories/types of items in respect of the Engineering Div (Bailey Bridge unit and DKMC unit) during the year on perpetual basis so as to cover the entire range of line items (material codes) of the inventory. For high-value fast moving items verification would be required to be repeated for assurance of inventory values . For DEP Ranchi verification will have to be done once in a year which would cover all items on selective basis as per ABC categorisation. Tentative Man-days involvement for DEP Ranchi work is estimated to be in range of 20-25 days.
5. Reconciliation of physical quantities with Inventory records maintained in SAP system and report on shortage/excess of quantities.
6. Slow moving / non-moving / surplus / unserviceable / obsolete items are identified.
7. All posting in respect of receipts, issues, adjustments etc. have been carried out in ERP system within specified time frames.



8. Individual quantities and other particulars in respect of material received but GRNs are pending for posting.
9. Adequate arrangements exist for fire protection.
10. Inflammable stores are stocked in accordance with the instructions of storage.
11. Statutory regulations regarding storage of explosives are observed.
12. Wrong classification of stores.
13. Unauthorized stock of Stores.
14. Stores not supported by records.
15. Any other activity relating to Physical verification of Store/inventory items.

The firm shall offer comments on Store and Inventory Management and whether entry in SAP has been made on real time basis in respect of Good Receipt (GRs), Material Requisition, Material Issue Note (MIN) etc. along with exceptions, if any.

Procedure:

The physical verification shall be conducted by following the procedure, as given in GRSE Store Manuals on Store accounting which is to be kept in view while conducting physical Verification of Stores/Inventory. The copy of relevant pages of manuals shall be provided on appointment.

Physical Verification Audit Team

Physical Verification Audit team should consist of adequate number (03 to 04 Semi-qualified) of semi-qualified assistants (CA/CMA) led /supervised by a qualified manager / partner of the Firm for the Physical Verification Audit work of each Unit.

B. ELIGIBILITY CRITERIA

1. The Firms should be having Office in Kolkata and should have at least Five Partners.
2. The Firms should be in existence for a minimum period of Five years and have experience of carrying out minimum Three stock audits during any of the five preceding financial years till 2021-22 (i.e 2017-18 to 2021-22) in respect of any manufacturing industry having a turnover of at least Rs. 500 Crores & being a PSU / Listed Company (Stock audit on behalf of Bank will not be considered). To this effect, firm should submit copies of respective contracts, along with documentary evidence in respect of satisfactory execution of each of those contracts.
3. Annual turnover of audit firm shall be at least Rupees Ten Lakhs (Rs 10,00,000/=). For the purpose of ascertaining parameter of Turnover of the firm, average turnover for the previous three financial years till 2020-21 (i.e. 2018-19 to 2020-21) shall be considered (copies of audited financial statements / other documentary evidence in support thereof to be enclosed).



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C. BID SUBMISSION and BASIS OF SELECTION / SCORING : Further to the above eligibility criteria, firms will be evaluated based on the scores achieved as per parameter-score matrix provided below

Parameters/Scoring Criteria		Maximum Score	Individual Firm Score (Marks)
	Years of existence of CA / CMA Firm (<u>Min. 5yrs</u>)	1 point for every year over and above 5 years [Counted from the date of constitution of the firm with one full time FCA or date of joining of the firm by the existing partner having the longest association with the firm whichever is later.] (Eg.: if Period for such experience comes 16 Years than score will be 11.)	10
	Experience as Stock Auditors of PSUs / other Companies having turnover exceeding ` 500 crores	05 points for each such audit per company irrespective of the years. for example if firm executed audit of same corporation for continuous 03 years then only 05 marks will be assigned for the same falling within five financial years immediately preceding 2021-22) (Eg.: if there are 02 company audited score will be 10 Marks.)	20
	No. of Partners (<u>at least 5</u>)	02 point each for each partner (including FCA/FCMA partners) from 5th partner onwards.(Eg.: if there are 7 partners, score will be 04)	10
	Full Time CA/CMA/CS Employees	01 point for each CA/CMA/CS Employee	10
	TOTAL SCORE		50

1. Submission of offer in Two Bid System: The offer must be submitted in two parts, Part - I (Techno-Commercial Bid) & Part – II (Price Bid)
2. From amongst the firms who have responded to the EOI ,submitted Part - I (Techno-Commercial Bid) and satisfied all pre-qualification criteria, the firms will be allotted scores as per scoring parameter specified in above table. Based on scores achieved, those having technical score of minimum 30 marks will be asked to attend meeting for technical discussion (Pre-Bid meeting) ,either through physical meeting at GRSE premises or Virtual meeting for which link will be provided to the email address provided in firm biodata whichever is feasible .
3. Only Firms shortlisted would be required to quote fees in respect of this EOI, when asked for after technical discussion. Any firm which provides / quotes fees without solicitation (along with Part - I ,Techno-Commercial Bid), would be disqualified from the EOI.
4. Applications will be shortlisted on the basis of the firm profile score /technical evaluation scores as per details provided above. Firms shortlisted in respect of this score achieved (as stated above) will be requested to submit their offers (for professional fees) in sealed cover within 07 days from date of Prebid meeting. The firms should quote fees which would remain valid till execution of the assignment for the Financial Year 2022-23 to 2024-25 .
5. If the Price quoted by a firm found to be freak low , the price bid shall not be considered.



6. Bid Evaluation Criteria:

Lowest Bidder (L1) will be determined on the basis of total quoted value (excluding Taxes) for the entire quantity of tender. The lowest bidder (L1) will be considered for further processing for placement of order. Taxes are excluded for the purpose of ranking of price bids to determine L1 Bidder.

Techno-Commercial Bid (Part-I): This part should contain the following:

Details of the Firm (as per Application Format provided) along with self-attested copies of all supporting documents and certificates.

Note:

- i) GRSE has a right to verify / cross verification of authenticity of the documents with respect to original submitted against this tender.
- ii) The bidder is requested to ensure that all the documents asked for are submitted and are clear, legible & duly signed (i.e. self-attested), as it would save considerable time without necessitating the need for furnishing Tender No. of the documents again by them. The bidder is also requested not to submit unnecessary documents not asked for.

Price Bid (Part-II): In this part, bidders are requested to fill the **Prices** strictly in the prescribed format provided in the Tender document.

D. BID INFORMATION Part I : Technical Bid

The Chartered / Cost Accountant firm is to provide the following information per pro-forma given below 'APPLICATION FORMAT'

1. Name of CA / CMA Firm (with email id):
2. Status of Firm (LLP etc) :
(Firm Composition certificate to be attached)
3. Registration No. :
4. Date of Establishment / Registration :
5. Name & Address of Principal Office & Branch Office (s) [Pls attach ICAI's certificate]

Office type (HO/Reg.Office/Branch)	Address	Year of Establishment	Contact details : In-charge Name, Tel., Fax, Email.

6. Particulars of Partners

Name	CA /CMA Member -ship no.	Membership Status (Fellow/Assoc)	Date of joining firm as partner & branch office attached to	DISA/CISA or CIA or other Qualfn.	Other qualifications job/specialisation & experience	Email ID & Mobile No.



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7. Particulars of qualified assistants (attached to Kolkata office).

Sl.	Name	CA / CMA Membership No.	Membership Status (Fellow/Assoc)	Date of joining firm .	DISA/CISA or Other qualfn.	Other qualifications job/specialisation & experience

8. Details of semi-qualified/non-qualified assistants (attached to Kolkata office).

Name of the Assistant.	Qualification (CA/CMA Inter.)	Other qualifications job/specialisation & experience

9. Income Tax PAN (attach copy of PAN Card):

10. GST Registration No. (attach copy of Registration Document):

11. PF Registration details (attach copy of Registration Document):

12. ESI registration details (if any , attach copy of Registration Document):

13. Experience as Stock Auditors of PSUs / Listed Companies having turnover exceeding ` 500 crores.

Name of Company	Co. Turnover	Period of Audit	Total Experience (Yrs)

(Attach documentary evidence in support of the above data which should be corresponding to information given under D-1/01/C)

14. Readiness for Stock Audit under SAP environment and proficiency in extracting inventory data from SAP system (**PRIOR KNOWLEDGE OF RELEVANT SAP-MM-TCODES IS COMPULSORY**).



UNDERTAKING

1. It is confirmed that all the information provided above are true and comply with requirements the EOI.
2. We confirm that we have not made any deviation from the specified terms & conditions of EOI documents. A copy of complete EOI document duly signed and sealed on all pages as a token of acceptance of all terms and conditions is attached.

Signature of Partner with Name
& Seal of Audit Firm

E. Part II : PRICE BID

**Format for Price Bid
(to be given on Firm Letterhead)**

We M/s, Chartered/Cost Accountants hereby quote our professional fees at Rs.....(Rupees.....only) per annum for the for conducting verification / audit of stores inventory (including obsolete / charge off stores) Assignment to be carried out as per plan given, in respect of the Shipbuilding Division (MW,FOJ,RBD), Engineering Division (TU,61Pk, Ranchi). The above fees are all inclusive and no out of pocket expenses will be payable to us.

Signature of Partner with Name
& Seal of Audit Firm

TERMS OF REFERENCE

1.
 - a) The activity for 2022-23 shall commence immediately after issuing of LOA / Work order (approx. Early Oct 2022) and continue through April 2023. The activity will be regular and continuous in nature during this period. Draft Report on verification with commensurate audit observation / remarks will have to be submitted on completion of verification (of selected items /sample identified) of a particular store w.r.t the given month / time frame / period. In a day 40-50 line items (material type) are required to be verified for project specific inventory whereas for general stock items 20-25 line items are required to be verified / counted.
 - b) For 2023-24 onwards the verification work would be conducted from July through March next year.
 - c) The manpower deployment would be notified / intimated in advance for conducting the verification at different stores / units on monthly basis.
 - d) Working hours for verification of inventory -9:30 AM – 5:00 PM (Monday to Friday)



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- The final verification report will be issued within 7 days of completion of the verification activity of the respective Financial Year, incorporating the contents of the draft reports along with auditor responses.
- Final Report shall contain all such significant discrepancies observed during the verification of stores inventory and observations in which, the auditor feels immediate attention of management specifying the financial implications, if any. In this part the Auditor shall bring the important areas requiring improvement and their recommendation, if any.

4. Audit Team

The firm is required to deploy suitable teams for undertaking the audit as per deployment requirement given in the table below

Sl.No	Area of Coverage	Deployment of Manpower	Qualification
01	Shipbuilding stores (Main , FOJ, RBD) Engineering Department (TU , 61 Park & Ranchi)	02 min 04 max	Semi-Qualified (CA /CMA)
		01	CA /CMA Qualified (As and when required for supervision)

- The Manpower deployment is expected to be approximately 500 mandays for the annual exercise, spread throughout the year. In case the assignment requires deployment beyond the 500 mandays indicated, the extra will be paid on pro-rated basis & vice versa.
- Tenure: The offer for carrying out assignments would initially be given for one year i.e. for the FY 2022-23. Management keeps the right to extend the tenure for further two years i.e., 2023-24 and 2024-25 depending upon the performance of the Firms. Management also keeps the right for pre-mature termination of the appointment.

F. GENERAL TERMS AND CONDITIONS

- Firms are to fill in all relevant particulars / information in appropriate places and submit documentary evidence (attested by a partner) where specifically asked for.
- This EOI is only for the purpose of short-listing/empanelment of Firms and does not carry any assurance for allotment of Audit Assignments.
- Only successful firms will be intimated about their selection.
- The Company reserves its right to accept or reject any application(s) without assigning any reasons. The decision of the Company for empanelment of the Firms will be final and binding upon the parties participating in the short-listing/ empanelment.
- The Auditor will ensure that the information obtained in respect of the Unit is maintained in strict confidence and secrecy. A certificate towards maintaining confidentiality is to be provided by the Auditor at the time of acceptance of Audit Assignment.
- If progress/ performance of audit is not found to be satisfactory, the Company reserves the right to terminate the appointment of the Firm.
- No extras / out of pocket expenses will be payable on any account whatsoever.
- The firm will be debarred in future, from getting any assignment in Garden Reach Shipbuilders' Ltd in the following cases :



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- a) The Audit Firm obtains the appointment on the basis of false information/ statement at the time of submission of application/ documents for the EOI.
- b) The Audit Firm is found to have sub-contracted the work.
- c) The firm does not complete the assignment within time
- (ix) The Company being a defence establishment, firms appointed as Auditors may be required to provide commensurate credentials / photographs /ID proof etc. for obtaining entry-passes in respect of its personnel who would be deployed to conduct the audits; frequent interchange of personnel should be avoided.
- (x) The Firm is required to provide insurance cover to its representatives deputed to GRSE for conducting the audit or else provide an undertaking that the Company shall not be liable for any incident/eventuality (within GRSE premises) causing sufferings to the personnel deputed from the audit firm which has to be provided before acceptance of offer.

END OF DOCUMENT