



Bidding Notice

Invitation of Technical & Financial bids for conducting Forensic Audit

IBA vide their letter No. OR.CIB-III/08-03/2023-24/0446 dated 22.08.2023 has issued list of Forensic Auditors which is valid from 28.08.2023 to 27.08.2025.

Punjab National Bank invites applications only from those Forensic Auditors who belong to “Delhi” as per said IBA approved list.

Further, Forensic Auditor who is already having 2 ongoing assignments from PNB (except group accounts) at present and Forensic Auditor who is de-paneled by IBA is not eligible for submitting bids in these accounts. Interested Forensic Auditors are requested to submit Technical & Financial bids along with undertaking / self-declaration on the certain compliances as mentioned in this letter. The details of the accounts and other parameters are mentioned as under:

Name of the Account	M/s SVIL Mines Ltd
Address / Locations of the borrower's units / office	Unit 1 at village Nimas, Bahoriband, Post Nimas, Kanti (MP) Unit 2 Guest House at Anand Vihar Colony, Kanti (MP) Unit 3 at NH 7, village Piprodh, Murwara, Nowar, Kanti (MP) Unit 4 at 16 KM stone, Village Gudri, Bahoriband, Kanti (MP)
Name of Branch / Contact Centre	Zonal Sastra Centre, 1 st Floor, 7, Bhikaji kama Place, New Delhi-110066
Banking Arrangement	Consortium arrangement Lead Bank: PNB
Date of Sanction of Loan & Facilities availed	Year 2005
Date of NPA	30.06.2012
Outstanding Balance as on 31.12.2024	PNB: Rs.53.02 Cr (Lead Bank)
Period of Audit	01.04.2005 to 31.03.2013 or such extended period as may be decided by the authority/ Consortium members.
Line of Activity	Mining & Trading of Marble

Time limit for completion of Forensic Audit along with Penalty Clause	Forensic Audit must be completed within a maximum period of 75 days from the date of authorizing for the audit. Penalty may be imposed in terms of some percentage of total fees if there is delay in submission of conclusive Forensic audit report or Bank has right to cancel the job of Forensic Audit allotted to shortlisted Forensic Auditor, if Forensic Auditor is unable to submit report within the maximum specified period of 75 days.
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✓ **The Scope of Forensic Audit will extend to following aspects relating to the borrower:**

- 1) Capacity to pay: Examination as to if the borrower has defaulted in meeting its payment / repayment obligations to our bank even when the borrower/borrowing entity has the capacity to honor the same.
- 2) Ascertaining money trail and end use of funds disbursed by our bank and instance of diversion of funds.
- 3) Diversion of funds: Diversion of funds on the part of borrower/borrowing entity under any of the (but not limited to) undernoted occurrences:
 - (i) Utilization of short-term working capital funds for long term purposes not in conformity with the terms of sanction.
 - (ii) Deploying borrowed funds for purposes/ activities or creation of assets other than those for which the loan was sanctioned i.e., disbursement vs. asset creation and equity infusion.
 - (iii) Transferring borrowed funds to the subsidiaries/ group companies or other Corporate/ Individuals by whatever modalities not in conformity with the terms of sanction.
 - (iv) Routing of funds through any bank other than our bank or members of consortium/ multiple banking without prior permission of our bank as the case may be.**
 - (v) Investment in other companies by way of acquiring equities / debt instruments without approval of our bank.
 - (vi) Shortfall in deployment of funds vis-à-vis the amounts disbursed / drawn and the difference not being accounted for.
- 4) Siphoning off funds: Siphoning off funds on the part of borrower would be construed to occur if any funds borrowed from our bank are utilized for purposes un-related to the operations of the borrower, detrimental to the financial health of the entity and/or our bank.
- 5) Capital Structure: Tracing the source, genuineness and end use of contribution made by promoters by analyzing equity/debt/ infused by promoters / partners.
- 6) Abnormal trade transactions: Commenting on transactions of substantial amount, which seem not to be normal trade transactions at arm's length. Transactions entered as against the terms of sanction of credit facilities.

- 7) Verifying revenue from operations including checking sale order, invoices and controls in the billing process. The focus should be on unearthing inflated turnover / fictitious sales and / or Sales on Return (SOR) basis where profit has been booked and sales returned in the subsequent accounting period leading to writing off of stocks/debtors and reversal of booked profits.
- 8) Escrow/ Trust & Retention Account/ any other Account mentioned for special purpose: 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) Concentrating transactions: sole customer, sole supplier, major transactions with related parties' / group companies. Analysis of relationship in two-way deals with the same party or indirect payments made by customers of the borrower to the vendors of borrower.
- 10) Movements in unsecured loans during the specified period.
- 11) 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.
- 12) Verifying receivables/ Payables — Receivables and payables should be verified thoroughly with a view to unearth:
 - a. Reciprocal receivables/ payables against each other in case of related parties
 - b. fictitious debtors & creditors
 - c. inflated debts
 - d. already realized debts
 - e. disputed debts
 - f. unacknowledged debts
- 13) Finding details of assets of unit/ its promoter/ partners to ensure recovery of loans and advances granted by our bank as there would be cases where some assets are not reported in financials of the unit/ promoters/ partners.
- 14) Examining, discreetly chain of transactions pertaining to unit/ promoters/ partners to ensure genuineness of the dealings as there could be cases of bogus/ family/ other settlement transactions.
- 15) Examining stocks / inventory & purchase transactions particularly with related parties / sister concerns.
- 16) Identifying the type of fraud (if any) that has been operating, how long it has been operating for, and how the fraud has been concealed.
- 17) Identifying the Modus Operandi / Methodology of the fraud & fraudster(s) involved if any.
- 18) Quantifying the financial loss suffered by our bank.
- 19) Providing Conclusive Report as to the existence or otherwise of the fraud in a borrowal account.
- 20) Gathering evidence of the Modus Operandi, to be used in court proceedings.
- 21) Providing advice to prevent the reoccurrence of the fraud.
- 22) Commenting on transactions of substantial amount, which seem not to be normal trade transactions at arms' length.

- 23) To differentiate fraudulent transactions from genuine transactions and identify Extortionate credit transactions and undervalued transactions as defined in Insolvency and Bankruptcy Code 2016.
- 24) To look into specifically whether any cash theft, fraudulent disbursement, inventory fraud, misuse of assets, material misstatement in financial statements, deliberate falsification of accounting records, omission of transactions, balances, disclosures, misappropriation of financial reporting standards etc have taken place. Instances of fake invoices, inflated receivables, fake balance certificates etc would need to be probed during the audit.
- 25) Excessive provisioning / write offs / losses which are not in the ordinary course of business and are unusual in nature.
- 26) Non-moving creditors & debtors
- 27) Alienation/ disposal of securities without required permission from our Bank.
- 28) Since the accounts under multiple banking/ consortium arrangement, the forensic audit should be carried for entire transactions of the company not limited to the transaction of bank for which the Forensic Audit is contemplated.**
- 29) Any other happening / feature in the utilization / management of funds given by our bank, that suggests an unethical act / abatement/collusion by / on part of the company/ promoters, that qualifies for a fraudulent transaction.
- 30) To comment or decipher diversion and misappropriation of funds by the promoter/ director, if any. The auditor should specifically find out whether or not the company has deviated and carried out activities outside the scope of "object clause" in their Memorandum of Association (MOA) with the intention of diversion of funds.
- 31) To conclude and comprehensively report by the auditor, taking into account all the facts and figures with reference to the company, its subsidiaries and related parties and other relevant information, whether fraudulent activities have taken place. In the process of such detection, the auditor is required to identify the fraudulent activities, quantify the amount diverted to purposes other than those for which the facilities have been sanctioned, and, the persons responsible for it.
- 32) Comment on instances if any of non-maintenance of books of accounts and statutory records as required by various laws.
- 33) Analysis of the GST returns to find out the real sales figure and to check whether there is any deviation from the amount reported in the P&L a/c.
- 34) Extent of Non-Cooperative behavior shown by the borrower.
- 35) Analysis of all Non-Fund based limits availed by the company from banks, analysis of beneficiary of the payments made through the LC/LOU/LUT route.
- 36) Scrutinize and analyze cash flow and investments including loans and advances/investments given/taken to/from Associates & Subsidiaries, Related Parties and Unconnected Party.
- 37) Stock and inventory analysis — physical verification, tracing inventory movement etc.
- 38) Fixed assets disposal/acquisition analysis.
- 39) Critical analysis / verification of major suppliers and creditors of the Company.
- 40) Detailed Review of contingent liabilities and status thereof.
- 41) Complicity of statutory auditors, especially their role in mis-reporting of Related Party transactions, Wrong certification of Capital Infusion, instances if any relating to Investment in non-related activities without our bank's approval, instances if any in

the nature of manipulations in financial statements, Audit related Qualifications of serious nature, etc.

Forensic Auditor has to specifically give concurrence over sharing the report to the Statutory authorities/ Judiciary/ Resolution Professional appointed under IBC 2016 or any such other forum as needed for the process.

The list is indicative only and a Forensic Auditor may be assigned other jobs also within the ambit of Forensic Audit. If the auditor finds any transaction pertaining to period not covered under the period mentioned in the scope but has evidence/probability of fraudulent transactions, the same period may also be covered and be the part of the report. If not covered, specific exclusion be mentioned in the report.

Submission of inconclusive Forensic Audit Report / inordinate delay in submission of reports by Forensic Auditors, defeats the very purpose of Forensic Audit. As such, inconclusive report will not be accepted.

In terms of Supreme Court Judgment dated 27.03.2023, bank has to give hearing to the borrower through reasoned order, before declaring their account as Fraud. As such, if Forensic Auditor concludes Fraud angle in the account, Forensic Auditor has to give specific reasons / transactions with amount (if any) in separate column under head “Basis for concluding Fraud Angle in the account”.

Further on the basis of forensic audit report, if Show cause notice (SCN) is issued to the borrower/promotor/guarantors, the forensic auditor shall give his comment/opinion on the reply of SCN submitted by the borrower/guarantor/promotor to substantiate/negate the submission.

✓ **Other Terms & Conditions:**

- (i) **Invitations are invited only from those Forensic Auditors who belong to “Delhi” as per said IBA approved list.**
- (ii) Reputation beyond reproach. Unblemished track record, with no unsatisfactory conduct in the past and should not have been blacklisted by any financial institution/other organizations/any government department. The firm/company should furnish self-attested affidavit on stamp paper in this regard.
- (iii) The name of the Firm/Company or its promoter/partner etc. should not be in the defaulters / barred / de-paneled / caution list published / displayed at websites of public bodies such as by RBI / IBA / ECGC / SEBI / CICs etc.
- (iv) Forensic auditor not working as auditor of the borrower company for last three years to avoid any conflict of interest.
- (v) The Forensic Auditors who were associated with any NPA account as auditor / concurrent auditor in the past will not be allocated Forensic Audit in that NPA account.
- (vi) In the event of gross negligence/malpractices noticed by the Bank in Forensic Auditor’s conduct/scope of work, apart from de-paneling the firm/company, the Bank reserves

the right to include their names in the caution list for circulation to all the Banks through IBA.

- (vii) The firm/company should have a fixed office premises with reasonable space and adequate infrastructure.
- (viii) Forensic Auditor will be evaluated on the basis of their performance and usefulness to the Bank during review of empanelment at annual interval or as convenient to the bank.
- (ix) The selection of Forensic Auditor will be done through the Committee and only the successful Forensic Auditor will be intimated for execution of further documents / agreement.
- (x) Before submitting bids, it is prerequisite to confirm that your firm is not conducting Forensic Audit in more than 1 a/c of PNB at present.
- (xi) **Bank reserves the right to reject any or all applications and also cancel the entire process for empanelment of Forensic Auditor without assigning any reasons thereof.**
- (xii) When shortlisted as FA by the bank for conducting Forensic Audit in this account, usual KYC norms like identity, address proof of Firm / Company, PAN Number and Registration Number with Institute of Chartered Accountant of India is mandatory for applicant and its CA Partners / Directors. The same is to be submitted at PNB, Zonal Sastra Centre, 1st Floor, 7, Bhikaji kama Place, New Delhi-110066
- (xiii) Upon shortlisting, the Forensic Auditor will be required to execute Undertaking & Non-Disclosure Agreement at PNB, Zonal Sastra Centre, 1st Floor, 7, Bhikaji kama Place, New Delhi-110066

A. Evaluation Parameters for submission of Technical bid by the Forensic Auditor:

Forensic Auditor must have to provide following details along with relevant supporting documents (**MANDATORY**):

Parameters	Input to be given by the Forensic Auditor
Number of Forensic Audits (Conclusive) conducted during last 5 years in all banks / FIs / CBI / SEBI / SFIO / EOW of State Police	
Age of the firm / entity in IBA empaneled Forensic Auditor list having overall experience in Forensic Investigation OR have been Statutory Central Auditors of Banks / PSUs OR Concurrent Auditors of Banks / PSUs	
Number of Partners / Directors	
Number of auditors available for engagement as forensic auditors	
Number of Partners / Directors with minimum 10 years of experience (preferably exposure in banking sector law & practice) OR have been Statutory Central Auditors of Banks / PSUs OR Concurrent Auditors of Banks / PSUs	

Number of Partners / Directors / Auditors of the firm / entity are Certified Fraud Examiner OR Qualified person in Forensic Science and Cyber Security OR have done Forensic Audit and Fraud Prevention	
Time taken in conducting and submitting Conclusive Forensic Audit Reports during the last 3 years with PNB (if conducted)	
Quality of Report of existing assignments during the last 3 years with PNB (if conducted): No. of reports where: (i) Allotted Scope of Work has been covered (ii) All observations indicating fraudulent / non-fraudulent angle highlighted in the report (iii) Conclusive Forensic Audit Report submitted	

B. Financial bid:

- (i) The financial bid includes the fee to be quoted by Forensic Auditor.
- (ii) Applicable GST / Taxes shall be paid over & above the fee payable to Forensic Auditor. TDS as applicable will be deducted.

C. Shortlisted Forensic Auditor firm / company for conducting Forensic Audit in M/s SVIL Mines Ltd has to submit self-attested affidavit on stamp paper to PNB, Zonal Sastra Centre, 1st Floor, 7, Bhikaji kama Place, New Delhi-110066 on the following parameters:

- (i) Forensic Auditor is having a valid UDIN.
- (ii) Forensic Auditor is having less than 2 ongoing assignments from PNB (except group accounts) at present.
- (iii) Forensic Auditor is not de-paneled by IBA.
- (iv) FA Firm / Company's reputation is beyond reproach, unblemished track record, no unsatisfactory conduct in the past and not blacklisted by any financial institution/other organizations/any government department.
- (v) The name of the Firm/Company or its promoter/partner etc. is not in the defaulters / barred / de-paneled / caution list published / displayed at websites of public bodies such as by RBI / IBA / ECGC / SEBI / CICs etc.
- (vi) Forensic auditor is not working as auditor of the borrower company for last three years to avoid any conflict of interest.
- (vii) Forensic Auditor's firm / company is not associated with M/s SVIL Mines Ltd. as auditor / concurrent auditor in the past.

- (viii) The FA firm / company is having a fixed office premises with reasonable space and adequate infrastructure.
- (ix) FA firm / company is aware that Forensic Audit job, if assigned by the bank, is to be completed within a maximum period of 75 days, penalty will be imposed by the bank in terms of some percentage of total fees, in case of delay in submission of Conclusive Forensic Audit Report to the bank or **Bank has right to cancel the job of Forensic Audit allotted to shortlisted Forensic Auditor, if Forensic Auditor is unable to submit report within the maximum specified period of 75 days.**
- (x) FA firm / company is aware that in the event of gross negligence / malpractices noticed by the Bank in FA firm / company's conduct / scope of work, apart from de-paneling the firm / company, the Bank reserves the right to include their names in the caution list for circulation to all the Banks through IBA.

The Technical bid along with Undertaking (as mentioned under Para C) and Financial bid in the account is to be submitted in 2 separate sealed envelopes clearly indicating at the Top of the Envelop that "Expression of Interest to act as Forensic Auditor in "M/s SVIL Mines Ltd – Technical Bid along with Undertaking" AND "Expression of Interest to act as Forensic Auditor in " M/s SVIL Mines Ltd – Financial Bid".

Both the Envelops should be sent through Registered Post / Courier only at the following address so as to be delivered latest by 14.02.2025.

Envelops submitted other than the following address will not be entertained.

To,

The General Manager,
Punjab National Bank,
Sastra Division, Corporate Office, East Wing, 3rd Floor,
Plot No.4, Sector – 10, Dwarka, New Delhi – 110075.