

NOTICE INVITING FINANCIAL BIDS FOR ENGAGEMENT OF IBA EMPANELLED AUDIT FIRMS FOR THE PURPOSE OF CONDUCTING FORENSIC AUDIT OF BORROWAL ACCOUNTS HAVING EXPOSURE OF Rs.4.80 CRORES (Approx.) AND HAVING REGISTERED OFFICE AT 702, Ackruti Solaris, N.S Phadke Road, Opp. Teli Galli, Andheri East, Mumbai-400069.

J&K bank
S, C & Audit Department Corporate Headquarters M A Road Sgr

Financial Bids are invited from IBA empanelled Forensic Audit Firms for the purpose of conducting Forensic Audit of M/s Hanjer Biotech Vadodra Pvt. Ltd having a total group exposure of Rs 4.80 Crores (approx) from our bank. The company is having its operations at Mumbai and registered office at 702, Ackruti Solaris, N.S Phadke Road, Opp. Teli Galli, Andheri East, Mumbai-400069. The Forensic audit shall cover a period from 20/02/2013 to 30/09/2015 in working capital account and from 20/07/2013 to 31/12/2013 in Current account.

The firms desirous of bidding should fulfill the following criteria.

- (I) It should be IBA approved Audit firm for forensic audit of loan assets having exposure below Rs.50 Cr.
- (II) The firm should have undertaken forensic audit of an entity engaged in "Bus/Cab Operator services, Cold Storage, Restaurants, Threads and Cotton, Silk trading etc. Industry or related activities.
- (III) The firm should be in continuous Practice.
- (IV) The firm having experience in forensic audit of the borrowal accounts particularly in PSBs will be given preference.

Scope of Work under Forensic Audit

The scope of Forensic audit will extend to following aspects relating to a borrower:

- 3.1 Capacity to pay:** Examine as to whether the borrower has defaulted in meeting its payment/repayment obligations to the bank even when it has the capacity to honor the same.
- 3.2 Money trail & End use of funds** financed by the Bank.
- 3.3 Diversion of funds:** Diversion of funds on the part of borrower would be construed in any of the undernoted occurrences:
 - Utilization of short term working capital funds for long term purposes not in conformity with the terms of sanction.
 - Deploying borrowed funds for purposes / activities or creation of assets other than those for which the loan was sanctioned.
 - Transferring borrowed funds to the subsidiaries / group companies or other Corporate by whatever modalities.

- Routing of funds through any bank other than the lender bank or members of consortium without prior permission of the bank/lenders.
- Investment in other companies by way of acquiring equities / debt instruments without approval of bank/lenders.
- Shortfall in deployment of funds vis-à-vis the amounts disbursed / drawn and the difference not being accounted for.

- 3.4 Siphoning off funds:** Siphoning off funds on the part of borrower would be construed to occur if any funds borrowed from bank are utilized for purposes other than the one for which the credit facility was sanctioned.
- 3.5 Capital Structure:** Tracing the source of contribution by promoters, partners, proprietors, etc. as the case may be by analyzing equity/debt infused into the entity.
- 3.6 Abnormal trade transactions:** Commenting on transactions of substantial amount, which seem not to be normal trade transactions.
- 3.7 Sales:** Verifying revenue from operations including checking sale order, invoices and controls in billing process. The focus should be on 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. The sustainability of sales in future years should be co- related with Technical and Viability (TEV) study.
- 3.8 Escrow / Trust & retention Account (TRA):** Commenting on adherence to escrow / Trust & Retention Account (TRA) arrangements made with various banks. Also commenting on details of all transactions with banks outside the consortium.
- 3.9 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,
- 3.10** Movements in unsecured loans during specified period.
- 3.11** Details of substantial debts raised in sister / associate / group companies either through corporate guarantee of borrower or against security of promoters or promoters' family assets.
- 3.12** Verifying receivables thoroughly as there have been cases where the units have shown reciprocal receivables against each other, especially in case of related parties.
- 3.13** Finding details of assets of unit / its promoter (s) / partners to ensure recovery of loans granted by banks as there would be cases where some assets are not reported in financials of the unit / promoters / partners.

- 3.14 Examining chain of transactions pertaining to unit / promoters / partners to ensure genuineness of the dealings as there could be cases of bogus family/other transactions.
- 3.15 Examining stocks / inventory & purchase transactions in particular with related parties / sister concerns.
- 3.16 Identifying the type of fraud that has been operating, how long it has been operating for, and how the fraud has been concealed.
- 3.17 Identifying the fraudster(s) involved.
- 3.18 Quantifying the financial loss suffered by the bank.
- 3.19 Gathering evidence to be used in court proceedings.
- 3.20 Providing advice to prevent the reoccurrence of the fraud.

The list is indicative only and a Forensic Auditor may carry out other tasks also within the ambit of Forensic Audit.

Any other information considered relevant by you in the best interest of the Lender's / banks.

The above scope of work is illustrative and not exhaustive in nature and the bank shall be free to add to the above list/ discontinuation of above forensic audit depending on the evolving situation.

The Forensic audit should inter alia cover full gamut of financial and non financial area of the borrowal account including related events / transactions / direct or indirect and provide clear inference / conclusion in the report.

The investigation has to be conducted from fraud angle or otherwise and should be a conclusive report preferably without disclaimers.

The report must be free from any ambiguity/conjectures and conclusion should be adequately supported by evidences/proof and the firm should stand by comments and conclusion made in the report.

The Forensic Audit report must be submitted within a maximum period of 45 days from the date of assignment.

Interested firms have to submit directly the bid to Vice President S, C & Audit, Corporate Headquarters M A Road Srinagar (between 10.00 a.m. to 4.00 p.m. from Monday to Saturday, except 2nd and 4th Saturday and public holidays) up to 26.09.2019.

The duly filled in offer complete in all respect along with relevant documents in sealed cover superscribing **“Offer for Forensic Audit”** on top and name, address & contact no. of the firm at bottom left corner should be addressed to :

**(Vice President,
Corporate Headquarters,
M A Road Srinagar, J&K-190001)**

The price quote in financial bid shall be inclusive of all charges and expenses. The report will cover a period from 20/02/2013 to 30/09/2015 in working capital account and from 20/07/2013 to 31/12/2013 in Current account. Also, a period maximum 45 days for presentation of report is solicited from the date of assignment.

The last date of submission of complete application form in sealed cover is **26.09.2019 up to 4.00 PM**. The offer shall be mailed or send by speed posted in the following address

The Vice President S, C & Audit Department Corporate Headquarters M A Road Srinagar, J&K-190001)

E Mail : anokh.singh@jkbmail.com

The bid of offer shall be opened on **27.09.2019 at 11:00 AM** and accordingly, the appointed firm shall be informed.

The bank reserves the right to cancel any or all tenders / bids and stop the process at any point of time without assigning any reason or notice whatsoever.

Vice President , S, C & Audit Department CHQ Srinagar-190001