

**Offer Document for
Appointment of Cost Auditor
For
Financial Year 2018-19**



**Mangalore Refinery and Petrochemicals Limited
Mangalore**

APPOINTMENT OF COST AUDITORS FOR FINANCIAL YEAR 2018-19

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INVITATION OF PROPOSAL FOR APPOINTMENT OF COST AUDITOR FOR FINANCIAL YEAR 2018-19

1. Introduction :

Mangalore Refinery and Petrochemicals Limited (MRPL, hereinafter referred to as Company) is a Schedule–A 'Miniratna' Public Sector Undertaking and a subsidiary of Oil and Natural Gas Corporation Ltd (ONGC) under Ministry of Petroleum and Natural Gas, Government of India. MRPL is located at Mangalore in Karnataka State. MRPL is one of the major petroleum refineries in India. It contributes around 7% of country's refining capacity.

2. Maintenance of Cost Records and Cost Audit:

Maintenance of cost records became mandatory in petroleum industry from financial year 2003-04 onwards with issuance of notification of Cost Accounting Records (Petroleum Industry) Rules, 2002 by Ministry of Corporate Affairs (Cost Audit Branch). This had been superseded by the Cost Accounting Records (Petroleum Industry) Rules, 2011 which became applicable from the financial year 2012-13. The **Companies (Cost Records and Audit) Rules, 2014** was notified by the MCA on 30th June, 2014 in supersession of the earlier Companies (Cost Accounting Records) Rules, 2011 and Companies (Cost Audit Report) Rules, 2011. These rules have been further amended by the Companies (Cost Records and Audit) Amendment Rules, 2014 vide Notifications dated 31st December, 2014 , 14th July, 2016 and by the Companies (Cost Record and Audit) Amendment Rules, 2017 vide notification dated 07th Dec 2017 , and Cost Audit has been introduced in MRPL from financial year 2006-07.

3. Cost Auditor proposed to be appointed:

The Company intends to appoint a firm of Cost Accountants for conducting cost audit for the financial year 2018-19 at its refinery located at Mangalore in the State of Karnataka.

4. Scope of Work:

The broad scope of work would be:

- 4.1 Cost audit in accordance to the provisions of Section **148** of the **Companies Act, 2013** and rules laid down under the **Companies (Cost Records and Audit) Rules, 2014** and as amended from time to time in respect of designated locations/ work

centers of the Company. Cost audit shall also be in adherence to the relevant orders/clarification, issued from time to time by Cost Audit Branch, Ministry of Corporate Affairs, Govt. of India and the Cost Accounting Standards issued by the Institute of Cost Accountants of India.

- 4.2 Cost audit team should consist of adequate number of qualified/semi qualified assistants (cost/chartered accountants) led by a senior partner of the Firm so as to commensurate with cost audit work requirements.
- 4.3 Verification and certification of cost proformas maintained by the Company in accordance with Form CRA-1 of Companies (Cost Records and Audit) Rules, 2014 as amended from time to time.
- 4.4 Verification and certification of annexures to the cost audit report.
- 4.5 Cost audit firm so appointed shall commence cost audit and submit report to the Company within the time schedule communicated by the Company.
- 4.6 The cost audit firm shall also e-file the of Cost Audit Report and annexures to the Cost Audit Report to MCA, Gol, in XBRL form or in the manner prescribed by the Govt from time to time, within the scheduled date prescribed by MCA - Gol for filing, after the Board of Directors of the Company approves the cost audit report.
- 4.7 Compliance with any other instruction issued in respect of cost audit under Companies Act, 2013.

5. Selection Criteria:

- 5.1 **Firms of Cost Accountants** registered with the Institute of Cost Accountants of India (ICAI) preferably with its Southern Region and having its office(s) in southern region shall be considered for appointment as Cost Auditors for conducting Cost Audit of the Company.
- 5.2 Cost Accountant firm(s) securing 80 marks & above based on the technical offer (format-A), only shall technically qualify for consideration. The price offer of only such technically qualifying firms shall be opened for consideration.

Sl.	Parameter	Selection Criteria	Basis of Marks	Marks per Criteria	Maximum Marks
1	Evaluation Category-I: Size of the Firm				
1(a)	Firm's Experience	Year of establishment of Firms since date of registration with the Institute of Cost Accountants of India (ICAI).	No of Years since Firm's Registration in the present name.	2 Marks per calendar year	18
1(b)	Fellow/ Associate Membership of Partners	Numbers of partners in the Firm (<i>The partners must be holding certificate of practice issued by Institute of Cost Accountants of India and should be in whole time practice</i>).	Name, Qualification and membership number of each Partner specifying Fellow or Associate.		19
		-Fellow Partners	Full-time Fellow Partner means having association with one firm only and other than full time means FCMA having association in more than one firm.	3 Marks for each full-time FCMA and 1.5 marks for each other than full-time FCMA.	
		-Associate Partners	Full-time Associate Partner means having association with one firm only and other than full time means ACMA having association in more than one firm.	2 Marks for each full-time ACMA and 1 mark for each other than full-time ACMA.	
1(c)	Turnover of the Firm	Turnover of the Firm in FY 2016-17 (audited/ certified accounts)	Turnover equal to or above ₹50 Lakh.	5 Marks	5
			Turnover less than ₹ 50 Lakh.	3 Marks	
2	Evaluation Category-II: Manpower Strength of the Firm				
2(a)	Qualified Assistants/ Managers/ Employee	Number of qualified assistants (Cost/ Chartered accountant) in the Firm. He should be a member of his respective Institute.	Name & Qualification of each Qualified Assistant/ Manager/ Employee specifying Fellow or Associate of respective Institutes.	2 Marks per Qualified Assistant	12
3	Evaluation Category-III: Exposure/ Experience of the Firm				
	Cost Audit Experience	The Firm having the experience in conducting statutory Cost Audit in Central /State PSUs / Private sector Companies (Copy of appointment letter issued by the Companies is required to be submitted).			

3(a)	In Public Sector Companies	<u>Petroleum Industry Downstream:</u> For Cost Accounting Records (Petroleum Industry) Rules, 2002 / 2011) & Companies (Cost Records and Audit) Rules), 2014 for Companies covered under Table (A) Sl. No. 3 of Rule 3.	No. of Companies Audited during the preceding 10 financial years i.e., 2007-08 to 2016-17.(Mention name of the company & financial year audited)	3 Marks per Company	15
3(b)	In Private Sector Companies having turnover equal to or more than ₹ 500 Crore.	<u>Petroleum Industry Downstream:</u> For Cost Accounting Records (Petroleum Industry) Rules, 2002 / 2011) & Companies (Cost Records and Audit) Rules), 2014 for Companies covered under Table (A) Sl. No. 3 of Rule 3.	No. of Companies Audited during the preceding 10 financial years i.e., 2007-08 to 2016-17. (Mention name of the company & financial year audited).	3 Marks per Company	12
3(c)	In Central Public Sector Companies/ Enterprises (CPSEs) having turnover equal to or more than ₹ 500 Crore.	Other than Petroleum Industry Records Rules & Companies other than those covered under Sl. No. 3 of Table (A) Rule 3 of Companies (Cost Records and Audit Rules), 2014.	No. of Companies Audited during the preceding 10 financial years i.e., 2007-08 to 2016-17. (Mention name of the company, financial year audited & applicable CARR)	2 Marks per Company	10
3(d)	In Private Sector Companies having turnover equal to or more than ₹500 Crore.	Other than Petroleum Industry Records Rules & Companies other than those covered under Sl. No. 3 of Table (A) Rule 3 of Companies (Cost Records and Audit Rules), 2014	No. of Companies Audited during the preceding 10 financial years i.e., 2007-08 to 2016-17.(Mention name of the company, financial year audited & applicable CARR)	1 Mark per Company	3
4	Evaluation Category-IV: Exposure to Cost Auditing under System based/ ERP environment				
4(a)	Proficiency in System	Exposure in SAP/ ERP Environment – For Cost Audit	No. of Companies Audited.(Mention Name of the company & financial year audited and submit Confirmation about Cost Audit in SAP-based Accounting/ERP environment).	2 Marks per Company	6
			Total		100

6. Pre-requisites for considering rankings:

6.1 Documentary evidence in support of criteria at **(1), (2) & (4)** mentioned above is required to be submitted.

6.2 Copy of appointment letter issued by the auditee Companies in support of criteria at **(3)** above is required to be submitted.

In case, documentary evidence, as specified above, is not provided, the offer shall be liable for rejection.

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

a) Firm with longer experience will be preferred based on the year of establishment;

b) Firm with a higher number of Fellow Members of the Institute of Cost Accountants as partners will be considered;

c) Firm with higher number of Associate Members of the Institute of Cost Accountants as partners will be considered.

7. Terms and Conditions:

7.1 The tenure of appointment shall be at the sole discretion of the Company. At present maximum tenure of appointment is for a continuous period of four (4) years. However, it is expressly stated here that the said tenure is not to be construed as assured and the Company reserves the right not to re-appoint at its sole discretion without assigning any reason thereof.

7.2 Firms who have served in the capacity of Cost Facilitator and/or Cost Auditor of the Company in the past can apply for financial year 2017-18 only if 4 (four) years have elapsed from the last year of assignment held in the Company.

7.3 The Company reserves the right to accept / reject any or all the offers without assigning any reason what so ever.

7.4 Travel & other expenditure shall be extra and shall be regulated as per Company's policies / Rule.

7.5 Overwriting/correction/erase and/or use of white ink should be avoided in the Offer. However, if any overwriting/correction/erase is inevitable, the same should be authenticated with the signature & seal of authorised person of applicant firm.

7.6 Documentary evidence(s) in respect of all the information above by the applicant firm(s) must be furnished along with the proposal.

7.7 All the pages of the proposal document shall have to be signed by the applicant firm(s) with the firm's seal and documents submitted along-with the offer shall also

have to be authenticated by the authorised signatory of the applicant firm(s) with the firm's seal.

- 7.8 The company reserves the right to accept or reject any or all responses and to request additional submissions or clarification from one or more Applicant(s) at any stage or to cancel the process entirely solely at its discretion without assigning any reason.
- 7.9 The Firms are required to submit their GST registration number in their offers.
- 7.10 The last date for receipt of the proposal is 15th Jun, 2018. Proposals received after this date shall not be considered.

8. Remuneration:

Cost Audit Fees shall be decided by the Company from time to time. For Cost Audit of FY 2017-18, the Cost audit fees is ₹ 1,95,000/- (Rupees One Lakh Ninety Five Thousand). Out-of-pocket expenses shall be regulated as per Company's rules and shall be at actuals. GST shall be paid extra, as applicable.

9. Submission of Offers

The proposal should be submitted strictly as per the terms & conditions laid down in the document.

Technical Offer: Technical offer is to be submitted in format-A forming part of this proposal document with clear and complete details and duly supported by documentary evidence(s). Annexure-I and II forming part of this proposal document shall also be submitted as part of the technical offer.

Price Offer: Price offer is to be submitted in format-II forming part of this proposal document, in clear terms.

Both the technical and price offer should be kept in two separate sealed envelopes clearly super scribing as "Technical offer for appointment of cost auditor for FY 2018-19" and "Price offer for appointment of cost auditor for FY 2018-19" respectively and both these sealed envelopes should be put in third envelope which should be sealed and super scribed as "Offer for appointment of cost auditor for FY 2018-19" and submitted to the following address. The envelopes containing offer(s) should also bear the applicant firm's name and address.

Office of Group General Manager (Finance)
Mangalore Refinery and Petrochemicals Limited
Post - Kuthethoor, Via - Katipalla,
Mangalore – 575 030
Dist – Dakshina Kannada (Karnataka)

The last date for receipt of the offers at MRPL premises is 15th Jun, 2018. Offers received after this date shall not be considered.

10. Compliances / Declarations /Certificates by firm on appointment:

The cost audit firm(s) shall have to comply, give declarations and submit certificates as the case may be, upon appointment as cost auditor(s), as under:

- 10.1 The Cost Audit Firm shall not sub-contract the cost audit work,
- 10.2 The cost audit team will work in strict confidence and will ensure that the cost data, cost statement and cost information and any other information in respect of the operation of the location / work centre / Company is dealt with in strict confidence and secrecy. A certificate towards maintaining confidentiality shall have to be provided by the Cost Auditor(s) on receipt of appointment letter from the Company or before commencement of cost audit,
- 10.3 No partner of the cost audit firm should be related to either Managing Director or any Whole Time Directors or Part Time Directors of the Company within the meaning of section 2(77) of the Companies Act, 2013,
- 10.4 Neither the cost audit firm nor its partner(s) or associates should have any interest in the business of the Company,
- 10.5 The cost auditor will be required to issue & submit certificate of Independence and arms length relationship.
- 10.6 The cost auditor will be required to submit a certificate that :
 - a) the firm is eligible for appointment and is not disqualified for appointment under the Companies Act, the Cost and Works Accountants Act, 1959 (23 of 1959) and the rules or regulations made there under;
 - b) the firm satisfies the criteria provided in section 141 of the Companies Act, so far as may be applicable;
 - c) the proposed appointment is within the limits laid down by or under the authority of the Companies Act; and
 - d) the list of proceedings against the cost auditor or audit firm or any partner of the audit firm pending with respect to professional matters of conduct, as disclosed in the certificate, is true and correct.

- 10.7 Firm of Cost Accountants shall have primary responsibility to ensure that the limits specified under section 141(3) (g) of the Companies Act, 2013 are not violated.
- 10.8 The auditor/ firm shall be free from any disqualification under sub-section (3) or sub-section (4) of section 141 of the Companies Act, 2013. In addition to this, the auditor/ firm must not be holding any assignment as Statutory Auditor or Internal Auditor of MRPL or its subsidiaries;
- 10.9 Any other compliance/declaration, if any, required under Companies Act, 2013.

11. Debarring Provisions:

The Audit Firm will be debarred from getting, in future, the Cost audit of MRPL:

- 11.1 If the Firm obtains the appointment on the basis of false information / miss-statement.
- 11.2 If the Firm does not take up audit in terms of appointment letter.
- 11.3 If the Firm fails to maintain/honour confidentiality and secrecy of the Company's cost data, cost statement and cost information.
- 11.4 If the Firm fails to comply with any of condition laid down in clause 9 above.

Format-A Technical Offer

For appointment of cost auditor for FY 2018-19

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3	Evaluation Category-III: Exposure/ Experience of the Firm				
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4	Evaluation Category-IV: Exposure to Cost Auditing under System based/ ERP environment				
4(a)	Proficiency in System	Exposure in SAP/ ERP Environment – For Cost Audit	No. of Companies Audited.(Mention Name of the company & financial year audited and submit Confirmation about Cost Audit in SAP-based Accounting/ERP environment).	2 Marks per Company	6
			Total		100

Details of Applicant firm

1. Name of the Cost Audit Firm:

**2. Registration Number of the Cost Audit Firm with
Institute of Cost Accountants of India:**

3. Particulars of Cost Audit Firm:

i) Address of the Firm as registered with ICAI:

ii) Telephone Number with STD Code:

iii) Fax Number with STD Code:

iv) Email address of the Firm:

v) Website of the Firm:

vi) PAN No. of the Firm:

vii) GST Registration No. of the Firm:

Authorized Signature with seal of the firm

Date:

Place:

BANK DETAILS (OPTIONAL)

ANNEXURE II

To,

Group General Manager (Finance),
Mangalore Refinery and Petrochemicals Limited,
PO: Kuthethoor,
Via: Katipalla,
Mangalore – 575 030
Karnataka.

Sub: Authorization of all payments through Electronic Fund Transfer system/RTGS/NEFT.

We hereby authorize Mangalore Refinery and Petrochemicals Limited (MRPL) to disburse all our payments through electronic fund transfer system/RTGS/NEFT. The details for facilitating the payments are given below:-

Sl	Particulars	
1	Name of the Beneficiary (Firm Name in Full)	
2	Permanent Address of the Firm	
3	Address for communication of the Firm	
4	Telephone No (with STD Code)	
5	Fax No (with STD Code)	
6	Email Id	
7	Name of the Bank	
8	Name of the Bank's Branch	
9	Full Address of the Branch	
10	Branch Code	
11	Bank Account Number with style of account (savings/current)	
12	Style of the Bank Account (savings/current)	
13	IFSC Code of the Bank	
14	PAN no. of the Beneficiary	

I/We hereby, declare that particulars given above are correct and complete and if the transaction is delayed or credit is not effected due to incorrect information, I/We will not hold MRPL responsible.

Note: Please enclose one cancelled cheque for e-payment

Authorized Signatory

Name:

Official stamp with Date

BANK CERTIFICATION

It is certified that the above mentioned beneficiary holds a Bank Account No. _____ with our branch and the bank particulars mentioned above are correct.

Authorized Signatory

(Name)

Official stamp with Date

Format-B Price Offer

For appointment of cost auditor for FY 2018-19

Sr No	Particulars	Fee in Rupees
1	Professional fees for conducting cost audit of MRPL for financial year 2018-19 in accordance with the scope of work defined in para-4 and other terms & conditions of proposal document.	
2	Professional Fee for e-filing of Cost Audit Report and Annexures to the Cost Audit Report to MCA, GOI, in XBRL Form or in the manner prescribed by the Govt. from time to time.	
3	Fees to MCA for e-filing & other related expenses	At actuals
2	Travel, Lodging & Boarding and other expenses shall be extra at actuals and shall be regulated as per Company's policies.	At actuals
3	GST shall be extra as applicable	Extra as applicable

Total Professional Fees (Sl. No 1 & 2) in words: Rs

_____ only

Signature with seal of the applicant firm

Place:

Date:
