



MAHA VITARAN

Maharashtra State Electricity Distribution Co. Ltd.

**INVITATION OF OFFERS FOR
EMPANELMENT OF COST AUDITORS**

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A) Introduction:

Maharashtra State Electricity Distribution Company Limited is one of the largest public sector company engaged in the business of electricity distribution. It has come into existence w.e.f. 6th June, 2005 consequent upon the restructuring of the erstwhile Maharashtra State Electricity Board as per the Electricity Act, 2003. It is engaged in the business of electricity distribution. It is one of the largest electricity distribution Company. MSEDCL's distribution network is divided in 4 Regions, 16 Zones, 45 O&M Circles, 4 Civil Circles, 1 Training & Safety Centre, Nashik, Corporate Office, 147 O&M Divisions & 15 Civil Divisions. It caters services to around 2.55 crores consumers.

MSEDCL's sources of power include thermal, hydro, gas and non conventional sources like solar, wind, bagasse etc. Thermal power constitutes the major share which it gets from Mahagenco projects and Central Sector projects. It operates a vast network comprising of 33 KV, 22 KV and 11 KV lines, sub-stations and distribution transformers spread all over Maharashtra .

Pursuant to Section 148 of The Companies Act, 2013 and Companies (Cost Records and Audit) Rules, 2014, Company is required to include cost records in their books of accounts & get the cost records audited.

The offer complete in all aspects shall be submitted in prescribed format as given in Annexure 'A' on or before 10th June, 2019 up to 5.00 p.m. at the following address.

The General Manager (F&A-CA),
Maharashtra State Electricity Distribution Company Limited,
1st Floor, Corporate Account Section,
Plot No. G-9, Anant Kanekar Marg,
"Prakashgad", Bandra (East),
Mumbai-400051 (Maharashtra State).

B) Scope of Work:

- i) The Cost Audit of Corporate Office (including common cost allocations), 45 O&M Circles & 147 O&M Divisions will be carried out jointly by two Cost Auditors. The O&M Circles & Corporate Office will be distributed equally among the Joint Cost Auditors.
- ii) Examination and Verification of the correctness of Cost Records maintained at the O&M Circles and Divisions of MSEDCL.

- iii) Verification of the correctness of Annexure to the Cost Audit Report as prescribed by the Government.
- iv) Cost Audit work as per prescribed procedure and preparation of Cost Audit Report as per Companies (Cost Records & Audit) Rules, 2014.
- v) Reconciliation of Profit as per Costing and Financial Accounting Records.
- vi) Suggestions for improvement (requisite modifications and/or additions) to the present accounting system to facilitate proper cost analysis and cost record maintenance in future.
- vii) Preparation of Cost Audit Report in XBRL format within stipulated time as required by the Rules, Notifications / Circulars issued by MCA from time to time. One soft copy and three hard copies each shall also be submitted to the Chief General Manager (Corporate Accounts), MSEDCL.

C) Fees:

- i) The Cost Audit fee will be Rs. 9 lakh per annum inclusive of travelling and out of pocket expenses but excluding GST or any other applicable tax at the time of payment. The Cost Audit fee will be reviewed after every three years, if required.
- ii) The Cost Audit for each year will be jointly carried out by two firms of Cost Auditors and Cost Audit fee will be shared equally. The locations, of which the Cost Audit is to be carried out, are scattered though out the Maharashtra State.

D) Criteria for Submitting Offers:

The cost auditors / firm of cost auditors fulfilling the following criteria shall be eligible to submit their offers for empanelment of cost auditors. The offer shall be furnished in the Annexure 'A' attached herewith.

1. The firm of Cost Auditors / Cost Auditors must have minimum five years of continuous experience as on 1st April, 2019 in conducting the Cost Audit.
2. The firm must be registered and its principle place of business must be located in the State of Maharashtra.

E) Criteria for Selection of Cost Auditors for Empanelment:

The offers received will be evaluated as under:-

Sr. No.	Norms	Maximum Marks
1. i)	<u>Experience :-</u> Experience in conducting Cost Audit -	10

	2 marks for each year exceeding five years subject to maximum 10 marks (for example, if the firm is having 9 years experience in conducting Cost Audit, 8 marks will be awarded.)	
ii)	The Firm having experience in conducting statutory cost audit of Central / State PSU'S engaged in Distribution of Electricity - 5 marks for each year subject to maximum 20 marks.	20
iii)	The Firm having experience in conducting statutory cost audit of Central / State PSU's in Service Industry other than mentioned in 1(ii) above. 4 marks for each year subject to maximum 20 marks.	20
2.	<u>Partners and Staff :-</u>	
i)	Number of partners - 5 marks for each partner who is fellow member and 4 marks for each partner who is associate member subject to maximum 10 marks.	10
ii)	Number of qualified assistants (Cost / Chartered Accountants) in the firm. They shall be members of their respective institutes - 3 marks for each qualified assistant subject to maximum 15 marks.	15
Total Marks		75

Where a Cost Accountant is a partner / owner of more than one firm, such partner / owner will be considered for only one firm of his choice. His marks will be considered for the firm for which choice is given and the other firms will get zero mark as partner.

In case of tie in marks, a firm with longer experience in conducting cost audit of Central / State PSU's engaged in Distribution of Electricity will be preferred. If still there is a tie, a firm with longer experience in conducting cost audit of Central / State PSU's in other Service Industry will be considered. If again there is a tie, a firm with longer experience in conducting Cost Audit will be considered.

The following documents will be submitted invariably in support of above information/details.

- 1) Firm registration certificate issued by ICAI (The Institute of Cost Accountants of India).
- 2) Certificate of membership in support of fellow / associate member.

- 3) Certificate of membership (of the respective institutes) in case of qualified assistants.
- 4) The copies of appointment letters along with salary slips for the three month, i.e., January, 2019 to March, 2019 in case of each qualified assistant.
- 5) Appointment letters by Companies / acknowledgements of cost audit report uploaded / submitted with MCA / Form CRA-4 filed with MCA along with its acknowledgement in support of criteria mentioned at 1(ii) & 1 (iii) of the 'criteria for selection of cost auditor for empanelment.

F) Selection of Cost Auditors for Empanelment:

The criteria for empanelment of cost auditor for the purpose of appointment / reappointment will be as under:

The ranking of Cost Auditors for empanelment will be decided on the basis of marks obtained in selection criteria. The firm obtaining the highest marks will be assigned 1st rank and the firm obtaining the second highest marks will be assigned 2nd rank and so on. The first and second rank firms of the cost auditors will be appointed as cost auditors initially for 1 year and the 1st rank firm will be reappointed for the next 1 year provided the management is satisfied with its performance. The other joint auditor, i.e., 2nd rank firm will be replaced by the 3rd rank firm for the second year. For the next period of one year, the 1st rank firm will be replaced by the 2nd rank firm and the procedure for replacing the other joint auditor will remain same as detailed above. The procedure is illustrated as below:-

Year	First Joint Cost Auditor	Second Joint Cost Auditor
1 st Year	1 st rank Firm	2 nd rank Firm
2 nd Year	1 st rank Firm	3 rd rank Firm
3 rd Year	2 nd rank Firm	4 th rank Firm
4 th Year	3 rd rank Firm	5 th rank Firm
5 th Year	4 th rank Firm	6 th rank Firm

The appointment / reappointment will be subject to the performance of cost Auditors.

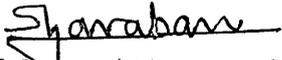
The firm of cost auditors who have conducted cost audit of the company for two financial years will stand last in the list of empanelment irrespective of its marks.

If the firm of Cost Audit selected for appointment is not willing to accept the offer of appointment because of any reason, the next rank Cost Auditor will be considered for appointment.

However, it will be the solely discretion of the management of the company to change any of the terms and conditions mentioned above and the management decision will be final and binding to all the concerned.

G) Other Terms and Conditions:

- a) The Audit Firm must not sub-contract the work;
- b) The audit team will work in strict confidence and will ensure that the information in respect of the operation of the Area/Unit is dealt in strict confidence and secrecy. A Certificate towards maintaining confidentiality to be provided by the Cost Auditor before commencement of Audit;
- c) No partner/owner of cost audit firm is related to Managing Director/whole time Director or part time Director of company within the meaning of Section 141 of the Companies Act, 2013;
- d) Neither the firm nor its partner or associates have any interest in the business of Company;
- e) The auditor will be required to issue certificate of independence;
- f) If appointed, a Cost Auditor shall have prime responsibility to ensure that he does not violate the limits specified under section 141(3)(g) of the companies Act, 2013;
- g) The auditor/ firm shall be free from any disqualification under Sub-section (3) of Section 141 of Companies Act, 2013.
- h) The partners holding certificate of practice issued by Institute of Cost Accountants of India are in whole time practice.
- i) The Cost auditor shall undertake that data given to the Auditor by company and any information generated from the data provided shall not be used by the Auditor for any other purpose.
- j) The Audit Firm will be debarred from getting, in future, the Cost audit of the company in the following cases:
 - i. If the firm obtains the appointment on the basis of false information/false statement.
 - ii. If the Firm does not take up audit in terms of appointment letter.
 - iii. If the Firm does not submit the audit report, complete in all respect in terms of appointment.
 - iv. If the Firm violates any of the stipulations under clause (a) to (i).
- k) If any of the information furnished by the cost auditor/firm of cost auditor is found to be false at the time of evaluation, the offer of such cost auditor/ firm of the cost auditor will be rejected.
- l) Disclaimer: 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 without assigning any reason.


Chief General Manager (CA)

Format of the Offer:

Annexure 'A'

1	Name of the Cost Auditor / Firm of Cost Auditor [Indicate whether Proprietary Concern or Partnership Firm or Limited Liability Partnership (LLP)]	
2	Office Address: i) Principle Place of Business ii) Permanent Address iii) Correspondence Address iv) Telephone No. v) Fax No. vi) Email Address vii) Website	
3	a) Firm Registration No. (in case of Partnership Firm/Sole proprietary Firm) b) Proprietor's Membership No.(in case of members not having Firm Name) c) GST Regn. No. d) Permanent Account No. (PAN) of Firm/Proprietor	
4	Experience, Partners & Staff: i) No. of years in conducting Cost Audit ii) Experience in years in conducting statutory cost audit of Central/State PSU's engaged in distribution of electricity. iii) Experience in years in conducting statutory cost audit of Central/State PSU's in service industries other than mentioned in (ii) above. iv) No. of Partners indicating separately fellow partners and associate partners. v) No. of qualified assistants.	
5	Whether any partner / owner is also a partner / owner of any other firm of cost accountants. If yes, then furnish the following details. i) Name of such partners along with Membership No. ii) Name of firm along with registration no. in which the said member is partner/owner. iii) Choice of the firm for which such partner be considered for assignment of marks as indicated at Sr.No. (ii) of the 'criteria of selection of cost auditors for empanelment'.	
6	Whether Cost Audit of MSEDCL has been conducted earlier. If yes, the financial years for which the cost audit has been conducted shall be given.	

All the pages of offers and documents are to be signed by the partner/owner of the firm alongwith seal of the firm.

Declaration:-

I, _____ partner / owner of the Firm _____, hereby declare that the above information furnished is true & correct to the best of my knowledge and I shall abide by the Terms & Conditions set by the company for the empanelment of Cost Auditors.

Signature and Seal of the Firm