

Ref No. 2-1/Accounts/CO/Cost Audit/2017-18

Dated: 22.05.2017

**Request for Proposal for Appointment of Cost Audit Firms for conducting cost audit of MTNL
the Financial Year 2017-18**

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SECTION-I EOI INFORMATION

Name of the assignment: Request of Proposal for Appointment of Cost Audit Firms for conducting Cost Audit of MAHANAGAR TELEPHONE NIGAM LIMITED for the Financial Year 2017-18.

Important information

Sl.No.	Event	Information to the agencies
1	Date of Release	07.06.2017
2	Last date of submission	22.06.2017 up to 15:00 hrs.
3	Date of Opening	22.06.2017 at 15:30 hrs.
4	EOI document	EOI document can be obtained from the office of CAO(Accounts)CO, Room No.4502, 4th Floor, MDS Sadan, 9 CGO Complex, Lodhi Road, Delhi-03 or can be downloaded from www.mtnl.net.in . The fee for EOI is Rs.105/- (hundred only) Incl. VAT . In case, the EOI is downloaded, Cash/DD in favour of AO CASH MTNL may be submitted along with the Eoi.
5	Address for communication	Mahanagar Telephone Nigam Ltd. Room No. 4502 4th Floor Mahanagar Doorsanchar Sadan 9, CGO Complex, Lodhi Road New Delhi-110 003 Tele No. 24324118 Mobile: 9868131913
6	Contact Person	Sh. A.K. Chandok, Sr. Manager (Accounts) Fax No. 011-24325681 Tele No. 24324118 Email: dgmacnt.mtnl@gmail.com

SECTION-II PREFACE

Mahanagar Telephone Nigam Limited (MTNL) was incorporated in New Delhi, India on 28 February 1986 as a limited company under the Indian Companies Act, 1956. The company is principally listed on the National Stock Exchange & Bombay Stock Exchange in India and on OCTQX in USA. MTNL is principal provider of basic or fixed line telecommunication services in Delhi & Mumbai. MTNL also provides internet and cellular services in both Delhi & Mumbai. MTNL's license for fixed line services which covers the state of Delhi and municipalities of Mumbai, Navi Mumbai & Thane which are in the state of Maharashtra. Mahanagar Telephone Nigam Limited (MTNL) intends to appoint an **Cost Audit Firm for conducting cost audit of MTNL for the Financial Year 2017-18**. You are therefore requested to send your Proposal as per the Terms of Reference described below:

SECTION-III SCOPE OF WORK:-

- (1) To conduct Cost audit of the Company in accordance with the provisions of the Companies (Cost Audit Report) Amendment Rules 2016. Cost audit shall be in adherence to the relevant orders/clarification issued 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, from time to time.
- (2) Verification and certification of cost proformas maintained by the Company as per Companies (Cost Records and Audit) Rules, 2014 as amended by (Cost Records and Audit) Amendment Rules, 2016.
- (3) Checking of Consolidation of cost accounting records of all centres of MTNL respective work centers to cost accounting records for Company as a whole.
- (4) The cost statements, including other statements to be annexed to the cost audit report, shall be approved by the Board of Directors before they are signed on behalf of the Board by any of the director authorized by the Board, for submission to the cost auditor to report thereon.
- (5) Every cost auditor shall forward his duly signed report to the Board of Directors of the company within a period of one hundred and eighty days from the closure of the financial year to which the report relates and the Board of Directors shall consider and examine such report, particularly any reservation or qualification contained therein.
- (6) Verification and certification of cost proformas maintained by the Company as per Companies(Cost Records and Audit) Rules, 2014 as amended by (Cost Records and Audit) Amendment Rules, 2016.
- (7) Verification and certification of annexures to cost audit report.
- (8) Submission of Performance Appraisal Report (PAR) to the Company.
- (9) Any other work as may be necessary in regards to above work scope and to ensure Cost Audit compliance in future.

- (10) Analysing the prevalent system and advising on plugging the loopholes in the existing costing mechanism and helping in devising a system for costing methodology to derive the maximum benefits for the company
- (11) Assisting in Filing Cost audit report and annexures to the cost audit report with MCA, GoI, in XBRL form or in the manner prescribed by the Govt from time to time by cost auditors in coordination with CS Deptt of MTNL as required which will be basically filing report on behalf of Board of Directors of MTNL.
- (12) The cost audit firm shall ensure submission of cost audit report and annexures to the cost audit report along with their reservation(s) or qualification(s) or observation(s) or suggestion(s), if any, in form CRA-3.
- (13) To enable MTNL filing of cost audit report and annexures to MCA, GoI within the schedules date prescribed by MCA, GoI after obtaining approval of the Board of Directors of the company.

All the above activities are to be based on the extent applicable rules & regulations and also the relevant sections of new act of 2013 and the Companies (cost records and audit) Amendment Rules, 2016.

SECTION-IV INSTRUCTIONS TO AUDIT FIRM

(A) Eligibility conditions for appointment

Applications for appointment of Cost Auditor of MTNL in form of “Expression of Interest(EOI)” , for the financial **year 2017-18** , are hereby invited from cost auditors who meet the following criteria :

- (1) The Cost auditor to be appointed shall be a practicing cost accountant or accounting firm having a minimum of 10 years of working experience with such listed Indian Companies having cost audit and also should have requisite experience of 3 years of audit of cost Accounting records and compliance of cost audit rules of any Telecom Company. Cost auditor refers to a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959) and who holds a valid certificate of practice under sub-section (1) of section 6 of that Act and includes a firm of cost accountants.
- (2) The firm/Auditor should be based at New Delhi preferably so as to ensure timely liaison with MTNL and to carry out audit work at both branches of MTNL i.e Delhi & Mumbai smoothly.

- (3) Auditor/Cost accounting firm which has been appointed by MTNL as cost consultant shall not be qualified for appointment as cost auditor of the relevant financial year.
- (4) The bidding firm /Auditors shall certify that the individual /firm is eligible for appointment as Cost Auditor and is not disqualified under the Companies Act, 2013, CWA Act,1959 & rules thereon and satisfied the criterion provided in section 141 of companies act, 2013 and also certify that there is no proceedings pending against him/her and if pending the list of such proceedings provided is correct and the proposed appointment is within limits laid down under the authority of the above act.

(B) Terms & Conditions for appointment

- (1) The tenure of appointment is for initially **for one(1)** financial year i.e FY-2017-18 and will be at the sole discretion of the Company. The tenure may be renewed every year for a maximum of **two(2) Years** based on satisfactory work and at the sole discretion of the Company. 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 reappointment at its sole discretion without assigning any reason therefor.
- (2) The Company reserves the right to terminate the appointment by a written notice of one month at its sole discretion without assigning any reason.
- (3) MTNL reserves the right to accept or reject the proposal at any time prior to award of Contract, without thereby incurring any liability to the Audit Firm concerned or any obligation to inform the Audit Firm concerned of the grounds for the Owner's action. The Company also 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 at its sole discretion without assigning any reason whatsoever. Further, MTNL reserves its right to award the work order to any audit firm to whom it considers fit for the work and eligible at its own discretion and no further correspondence, whatever shall be, entertained from anyone in this regard.
- (4) 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 authorized person of applicant firm
- (5) Documentary evidence(s) where ever required in respect of all the information above by the applicant firm(s) must be furnished along with the proposal. No further opportunity will be given for submission of any document, subsequent to submission of tender document.

- (6) The selected firm/bidder has to furnish security deposit @5% of the value of the contract as Demand Draft/Bankers Cheque from a schedule bank in favour of “ MTNL” payable at New Delhi within 5 days of the letter of intent issued by this office on selection. The Security deposited will be returned to the firm/bidder on successful completion of his entire obligation under the contract.
- (7) A notional amount of Rs. 2500/- in the form of DD/Pay order has to be submitted in the shape of earnest money deposit in the name of MTNL. EMD deposited by the unsuccessful tenders will be refunded by way of handing over the original Demand Draft/ Bankers Cheque duly endorsed by the Competent Authority. The Earnest Money of the Successful Tenderer will be adjusted against from the running account bills. Under any circumstances, MTNL will not be liable to pay any interest on the EMD. Tenders without Earnest Money or inadequate earnest money shall be summarily rejected and no interest would be paid on the amount of earnest money.
- (8) 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 authorized signatory of the applicant firm(s) with the firm’s seal.
- (9) The proposal should be submitted strictly as per the terms & conditions laid down in the document. The offer in the Prescribed Format at Annexure – I & II, can be submitted in physical form only.
- (10) The sealed offer containing expression of interest should be submitted separately for Technical and Financial bid up to 15:00 hours on 22.06.2017. The Technical bid envelope must be sealed and super – scribed with “Offer for Appointment of Cost Auditor of MTNL – **Technical Bid**” and the **Financial Bid** envelope must be sealed and super – scribed with “Offer for Appointment of Cost Auditor of MTNL – **Financial Bid**”. The Name & Address of the Applicant firm must also be mentioned on the body of both envelopes. The Financial bid will be opened only for those firms who qualify in the Technical bid. Offers submitted in any other form shall not be considered.
- (11) The Firms are required to submit their Service Tax registration number if applicable in their offers.
- (12) The last date for receipt of the proposal is up to 15:00 hours on 22.06.2017 at
The Sr. Manager (Accounts), Mahanagar Telephone Nigam Ltd.
Room No. 4502 4th Floor, Mahanagar Doorsanchar Sadan
9, CGO Complex, Lodhi Road, New Delhi-110 003
- (13) Remuneration: An estimated Cost Audit fee for all units is Rs. 95,000/- apprx. including out of pocket expenses but excluding service tax/GST.

(14) **Compliances / Declarations to be submitted by firms in EOI to adhere to on appointment in case of selection.**

The cost audit firm(s) shall have to comply with and furnish declarations and certificates as required under Statutory/Company rules, upon appointment as cost auditor(s), as under:

1. Audit firm to whom work is awarded is not allowed to sub contract the work to any other parties either in part or full.
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. The Audit firm shall during the tenure of the contract and at any time thereafter keep all information relating to the work in full confidence and shall not, unless so authorized in writing by MTNL, divulge or grant access to any information about the work or its result and shall prevent anyone becoming acquainted with either through the firm or its personnel or agents also best professional diligence and ethics. The Audit Firm shall not disclose the documented management systems to any third party including your internal department.
3. No partner of the cost audit firm should be related to either Managing Director or Director of the Company within the meaning of the Companies Act, 2013.
4. Neither the cost audit firm nor its partner(s) or associates should have any interest in the business of the Company.
5. The cost auditor(s) will be required to issue & submit certificate of Independence and arm's length relationship.
6. Cost audit firm(s) shall have prime responsibility to ensure that the maximum number of audit limits specified under Companies Act, 2013 are not violated.
7. The cost audit firm(s) shall be free from any disqualification under The Companies Act, 2013.

(15) **Debarring provisions:**

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

(i) If the Firm obtains the appointment on the basis of false information / mis-Statement.

(ii) If the Firm does not take up audit in terms of appointment letter.

(iii) If the Firm fails to maintain/honour confidentiality and secrecy of the Company's cost data, cost statement and cost information.

(iv) If the Firm fails to comply with any of conditions laid in EOI/appointment letter either explicitly or implicitly.

- (16) **Penalties:** If default is made by the cost auditor in complying with the provisions of the rule or regulations notified and prescribed by MCA or by applicable sections of companies acts 1956 or 2013, appropriate notice to MCA will be given.

TENDERING PROCESS: The tender documents will consist of two envelopes which should be superscribed as Appointment of Audit Firm for conducting Cost Audit of MTNL for the Financial Year 2017-18.

Envelop-1 consists:

(i)Form-1 (Technical Proposal)

(ii)All the requisite documents to substantiate the eligibility.

(iii) You are required to submit documentary evidence regarding experience and the existence of the firm along with the proposal. The financial proposal should be put in a separate envelope but to be submitted along with the technical proposal at the same time. Clarifications, if any, required regarding the above scope of work or any related issue are to be asked for five days in advance prior to the date of opening of EOI i.e. by 22.06.2017 i.e. latest by 17.06.2017 and will be clarified immediately through E-mail at least two days prior to the date of opening i.e. by 20.06.2017 through e-mail. You are requested to furnish the E-mail, Fax No and Telephone no of the person authorized by you to receive the clarification while asking for clarification. E-mail of the undersigned declared as the nodal officer for this purpose is also mentioned below.

(iv) Since the Company is expected to undertake this task on an immediate basis after closing of accounts for the year 2017-18 by 30.05.2017. We would like to invite your proposal in duplicate with two separate envelopes marked as original and duplicate. In both the original & duplicate the financial bid shall be kept separately sealed in an envelope in the format prescribed and technical bid containing the envelop with EMD and all other technical and other related documents showing/fulfilling the eligibility criterion and clause by clause compliance etc. shall be kept. Both technical and financial bids sealed and stamped shall be kept in separate envelopes marked as original & duplicate as the case may be and the same shall be sent to reach on or before 22.06.2017 by 15.00 Hrs. containing all the requisite details and documents relating to firm, partners and experience etc. in technical bid and also indicating the total fees and the out of pocket expenses, in defined terms for the above assignment and quoting in financial bid all such figures adding up with an all inclusive price including applicable taxes as a single lump sum figure as well as in words is to be quoted in the financial bid of the proposal in (Annexure I & II). The EOI/Bids will be evaluated based on such all exclusive price only of the technically qualified bidders and the lowest bidder shall be selected for award of work.

(v) The bids will be opened immediately after closure of the time of submission of bids at the same address in the presence of the participants who wish to attend. Only one

representative may be sent for participation in the opening bid process and financial bids of the technically responsive bids shall only be opened after the technical responsiveness of the bids is finalised after checking of responsiveness of the technical bids by MTNL tender evaluation team so that the financial bids of technically qualified bids only can be opened in the presence of the bidders concerned , for which separate intimation shall be sent to those short listed bidders separately.

Envelop-2 consists:

(i)Form-2 (Financial Proposal) duly sealed.

Note: - All the attested copies of required documents to substantiate the eligibility must be submitted along with the Form- 1. No further opportunity will be given for submission of any document, subsequent to submission of tender document.

Interested Audit firm may send the bids latest by 15:00 hours on 22.06.2017.

SECTION- V EOI FORMATS

Annexure-I

FORM-1

EXPRESSION OF INTEREST FOR APPOINTMENT AS COST AUDITOR.

CERTIFICATE

I, -----, working as -----in this firm and authorized to issue this certificate certify that:

- a) We have gone through the contents of advertisement and related documents for this EOI and fulfill all the eligibility criteria as per EOI.
- b) All relevant documents are enclosed with our EOI.
- c) We have understood that if it is found that our firm is not fulfilling any of the laid down criteria, or relevant details/supporting documents are not found to be enclosed, we will not be given any opportunity for any clarifications and our EOI will be evaluated based on available documents in EOI.
- d) We also submit hereby our clause –by-clause compliance by declaring that all clauses and terms and conditions are agreeable and shall be complied.

Signature of Authorized signatory

Name:.....

Designation:.....

(Please affix Rubber Stamp)

Date:

On Audit Firm Letter Head
Financial Proposal

To,
The Sr. Manager (Accounts)
Mahanagar Telephone Nigam Ltd.
Room No. 4502 4th Floor
Mahanagar Doorsanchar Sadan
9, CGO Complex, Lodhi Road
New Delhi-110 003

Sub: Appointment of Audit Firms for conducting Cost Audit of MTNL Limited for the Financial Year 2017-18

Table for Quoting Fee for the Assignment in terms of the Tender

(To be kept in a separate Envelope sealed properly while sending the proposal)

Financial Bid for Appointment of Cost Auditor for the year 2017-18

S. No.	Particulars	Fee in INR (Rs.) Price bid shall be quoted	
		In Figure	In words
1.	All-inclusive Lump sum fee (including travel and other out of pocket expenses, etc.)for the entire scope of work covered under the Terms of Reference on a FIRM price basis (with no escalation provision for whatever reason) valid till the complete execution of the assignment		

Please Note: Service Tax/GST, if any, will be paid extra at the applicable rates and is not to be quoted above. In case of any discrepancy in Fee between figures and the amount mentioned in Words, the Fee mentioned in Words shall be taken into cognizance.

Date:

Signature.....

Place:

Full name.....

Address.....

.....

Stamp.....