



# THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

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No. ICAI/PD/ 2016-17/

29<sup>th</sup> November, 2016

Shri Somya Kant  
Chief Financial Officer  
REC Power Distribution Company Limited  
1016-1023, 10th Floor, Devika Tower,  
Nehru Place, New Delhi- 110019.

**Sub: Corrigendum of the Tender Notice No.: RECPDCL/Fin/2016-17/2747 dated 24<sup>th</sup> November, 2016**

Dear Sir,

We would like to draw your kind attention to the anomaly noticed in the scope of work of Tender Notice No. RECPDCL/Fin/2016-17/2747 dated 24<sup>th</sup> November, 2016, wherein both activities viz. Cost Audit and Preparation of Cost Records, designing of Cost records, analysing the Cost System have been combined. But, in terms of Section 144 of the Companies Act 2013 these activities cannot be assigned to Cost Auditor so appointed.

Section 144 of the Companies Act, 2013 specifically prohibits cost auditor appointed under section 148 of Companies Act, 2013 not to undertake services like "the maintenance/preparation of cost accounting records, designing of Cost records, analysing the Cost System". The relevant extract of section 144 of the Companies Act, 2013 is provided below for your ready reference:

**Section 144** "An auditor appointed under this Act shall provide to the company only such other services as are approved by the Board of Directors or the audit committee, as the case may be, but which shall not include any of the following services (whether such services are rendered directly or indirectly to the company or its holding company or subsidiary company, namely:—

- (a) *accounting and book keeping services;*
- (b) *internal audit;*
- (c) *design and implementation of any financial information system;*
- (d) *actuarial services;*
- (e) *investment advisory services;*
- (f) *investment banking services;*
- (g) *rendering of outsourced financial services;*
- (h) *management services; and*
- (i) *any other kind of services as may be prescribed:*

In view of above, we would request REC Power Distribution Company Limited to kindly issue Corrigendum in respect of the above mentioned Tender Notice and separate proposals may be invited from the Cost Accountants for Cost Audit and Preparation of Cost Records, designing of Cost records, analysing the Cost System, so that it is not ultra-vires to the provisions of Companies Act, 2013.

Thanking you,

Yours faithfully,

  
(CMA S C Gupta)

Director

Professional Development Directorate

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