

Invitation Document for
Shortlisting / Appointment of Cost Auditor(s)
For Financial Year 2014-15



Heavy Power Equipment Plant (HPEP)
Bharat Heavy Electricals Limited
Ramachandrapuram, Hyderabad

SHORTLISTING / APPOINTMENT OF COST AUDITORS FOR FINANCIAL YEAR 2014-15

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Last Date for Submission of Offers

03-04-2014 by 13.00 Hrs

At BHEL, HPEP, Hyderabad.

**INVITATION OF PROPOSAL FOR SHORTLISTING / APPOINTMENT
OF COST AUDITOR(S) FOR FINANCIAL YEAR 2014-15**

I. Introduction :

Bharat Heavy Electricals Limited (BHEL, hereinafter referred to as Company) is a Maharatna PSU under the Ministry of Heavy Industries, Government of India. Heavy Power Equipment Plant(HPEP) is a Unit of the Company located at Ramachandrapuram, Hyderabad – 32. HPEP Unit is involved in the Design, Manufacture and Supply of a wide range of Capital Equipment to the Power, Industry and other vital sectors of the Economy.

2. Maintenance of Cost Records and Cost Audit:

Cost Records are being maintained by the Company as per the extant rules and Cost Audit became applicable from financial year 2012-13 onwards.

The Company intends to shortlist / appoint a firm of Cost Accountants for conducting Cost Audit for the Financial Year 2014-15 for its HPEP Unit located at Ramachandrapuram, Hyderabad – 32.

3. Scope of Work:

The broad scope of work would be:

- 3.1 To conduct Cost audit of the Company in accordance with the provisions of the Companies (Cost Audit Report) Rules 2011. 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.
 - 3.2 Cost audit team should consist of adequate number of qualified/semi-qualified assistants (Cost Accountants) led by a senior partner of the Firm so as to be commensurate with cost audit work requirements.
 - 3.3 Verification and certification of cost proformas maintained by the Company as per Companies (Cost Accounting Records) Rules, 2011.
 - 3.4 Verification and certification of annexures to the cost audit report.
 - 3.5 Submission of Performance Appraisal Report (PAR) to the Company. The performance appraisal report shall be prepared and submitted after prior discussions with the management as per provisions of guidance note issued by the Institute of Cost Accountants of India on the subject.
 - 3.6 Cost audit firm so appointed shall commence cost audit and submit report to the Company as per general circular No. 68/2011 dated 30.11.2011 of MCA.
 - 3.7 The cost audit firm shall ensure 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, within the scheduled date prescribed by MCA - GoI for filing, after the Board of Directors of the Company approves the cost audit report.
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4. Selection Criteria:

4.1 Firms of Practicing Cost Accountants registered with the Institute of Cost Accountants of India (ICAI) having its office(s) in Hyderabad region shall be considered for Shortlisting /Appointment as Cost Auditors for conducting Cost Audit of HPEP Unit of the Company.

4.2 The following will be the basis of Points for the selection and selection will be made on the basis of attainment of highest Points.

Sl. No.	Selection Criteria	Basis for awarding of Points	Maximum Points
1	Proximity to Unit	5 Points for firms located Within 40 Km. radius from HPEP Unit. Reduction of 1 Point for each interval of 40 Km. increase in distance thereafter.	5
2	Experience in practice (No: of years)	1 Point for every 2 years of Firm's Registration.	5
3	Experience of PSU Audit (Cost)	1 Point for each completed Cost Audit of a PSU Unit/ Company.	5
4	Experience related to Infrastructure Industry	1 Point for a completed Cost Audit of Infrastructure Industry.	1
5	No. of Partners / Members	1 Point for each Partner.	3
6	Majors clients (i.e., Companies with Annual Turnover > Rs. 100 Crores)	1 Point for each such Client.	2
7	Additional Qualification of Cost Auditor	1 Point for any Additional Professional Qualification.	1
8	Profile of the Partners	1 Point for work experience of the Partners.	1
9	Any special achievement	1 Point for Academic/Professional Excellence of the Partners.	1
10	Any office held in ICAI or any such Institute	1 Point for any office held in elected / nominated post for the ICAI or any such Institute.	1
		TOTAL	25

Clear and complete details in separate sheets, for determination of Points in support of information against Item Sl. No. 1 to 10 above are to be furnished.

5. Pre-requisites for considering rankings:

- 5.1 Documentary evidence(s) in support of Criteria at (1) to (10) mentioned in table to para-4.2 above is required to be submitted. Proposals without the required documentary evidence(s) shall be ignored for evaluation.
- 5.2 In case of a tie, the following sequence shall be adopted for selection:
- Firm with longer experience will be preferred based on the year of establishment.
 - Firm with a higher number of Fellow and or Associate Members of the Institute of Cost Accountants as partners will be considered.

6. Terms and Conditions:

- 6.1 The tenure of appointment shall be at the sole discretion of the Company. The tenure may be renewed every year for a maximum of Five Years 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.
- 6.2 Firm(s) who have served in the capacity of Cost Auditor(s) of the Company in the past can apply only if 5 (Five) years have elapsed from the last year of assignment held in the Company.
- 6.3 The Company reserves the right to accept / reject any or all the offers without assigning any reason whatsoever therefor.
- 6.4 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 authorised person of applicant firm.
- 6.5 Documentary evidence(s) in respect of all the information above by the applicant firm(s) must be furnished along with the proposal.
- 6.6 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.
- 6.7 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, can be submitted in physical form or in electronic form to following address:

**Dy. General Manager (Finance),
Books, Budget & Costing Section,
Bharat Heavy Electricals Limited,
Heavy Power Equipment Plant,
Ramachandrapuram, Hyderabad – 502 032.
Ph. No. 040-23183268 / +91-9490167451**

The envelope must be sealed and super-scribed with "Offer for Shortlisting/Appointment of Cost Auditor". The name and address of the applicant firm must also be mentioned on the body of the envelope.

If submitted through electronic form all the documents should be signed and scanned sequentially into one PDF file and e-mailed to books@bhelhyd.co.in. The proposals received through e-mails should be followed by the originals.

Offers submitted in any other form shall not be considered.

- 6.8 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 at its sole discretion without assigning any reason whatsoever.
- 6.9 The Firms are required to submit their Service Tax registration number in their offers.
- 6.10 The last date for receipt of the proposal is **03rd April 2014 by 13.00 Hrs at BHEL, HPEP, Hyderabad.** Proposals received after this date and time shall not be considered.

7. Cost Audit Fees:

Audit Fees shall be commensurate with the cost audit work and shall be decided by the Company from time to time. The cost audit fee for the year 2013-14 is Rs. 1.50 Lakh (plus applicable service tax) and travel & other expenses extra. The expenses shall be regulated as per Company's rules.

8. Compliances / Declarations /Certificates by firm(s) on appointment:

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:

- 8.1 The Cost Audit Firm shall not sub-contract the cost audit work,
- 8.2 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.
- 8.3 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 6 of the Companies Act, 1956,
- 8.4 Neither the cost audit firm nor its partner(s) or associates should have any interest in the business of the Company,
- 8.5 The cost auditor(s) will be required to issue & submit certificate of Independence and arms length relationship.
- 8.6 Cost audit firm(s) shall have prime responsibility to ensure that the limits specified under section 224(I-B) of the Companies Act, 1956 are not violated.
- 8.7 The cost audit firm(s) shall be free from any disqualification under Sec. 233-B (5) or sub section (3) or sub section (4) of section 226 of The Companies Act, 1956. In addition to this, the cost audit firm(s) must not be holding any assignment as Statutory Auditor(s) or Internal Auditor(s) of the Company.
- 8.8 Payments shall only be made through EFT, hence Bank Details as per Annexure – II need to be submitted at the time of acceptance of the appointment.

9. Debarring Provisions:

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

- 9.1 If the Firm obtains the appointment on the basis of false information / miss-statement.
- 9.2 If the Firm does not take up audit in terms of appointment letter.
- 9.3 If the Firm fails to maintain/honour confidentiality and secrecy of the Company's cost data, cost statement and cost information.
- 9.4 If the Firm fails to comply with any of condition laid down in clause 8 above.

(Preferably to be given on the Audit Firm's Letter Head)

Annexure - I

Format for submission of Offer

- I. 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) (a) Address of the Firm as registered with ICAI:

(b) Address of the Firm at Hyderabad
(if different from 'a')

(c) Distance (approx.) from BHEL, RC Puram.
 - ii) (a) Telephone Number with STD Code:
(b) Mobile No. of the Senior Partner (for Contact Purpose)
 - iii) Fax Number with STD Code:
 - iv) Email address of the Firm:
 - v) Website of the Firm, if any:
 - vi) PAN No. of the Firm:
 - vii) Service Tax No of the Firm

4. Technical Details

1	Experience in practice (No: of years) (Details to be submitted in Annexure)	
2	Experience of PSU Audit (Details to be submitted in Annexure)	
3	Experience related to Infrastructure Industry (Details to be submitted in Annexure)	
4	No. of Partners / Members Names & Addresses of the Partners along with their Membership Nos. to be given (Details to be submitted in Annexure)	
5	Majors clients, if any (i.e., Companies with annual turnover > Rs. 100 Crores) (Details to be submitted in Annexure)	
6	Additional Qualification of Cost Auditor (Details to be submitted in Annexure)	
7	Profile of the Partners (Details to be submitted in Annexure)	
8	Any special achievement (Details to be submitted in Annexure)	
9	Any office held in ICAI or any such Institute (Details to be submitted in Annexure)	

5. We hereby confirm the acceptance of all provisions and the terms & conditions of the Invitation without any deviation.

Place :

Authorized Signatory
With Official Stamp

Date :

Annexure - II

(Format for NEFT – To be submitted in Firm's Letter Head, along with acceptance of Appointment)

To
Dy. Manager/Finance-CM
Bharat Heavy Electricals Limited
Ramachandrapuram
Hyderabad 502 032

Ref No:

Date:

Dear Sir,

Sub: Details for National Electronic Fund Transfer

We request and authorize you to effect payment through NEFT to our Bank account, subject to RBI Guidelines, as per the details given below

- A. Sup code (As per PO/SCO) / Staffno :
B. (Name as per PO/SCO) :
(Retd Employee to indicate address here)
C. PAN of Beneficiary :
D. TIN of Beneficiary :
E. e-mail address of Beneficiary :
F. City (of Beneficiary) :
G. Bank Name :
H. Branch (of Bank) :
I. A/c Number :
J. A/c type (Savings or Current) :
K. MICR Code of the branch (9 digit) :
L. IFSC for NEFT (11 char) :
M. IFSC for RTGS (If different from L) :

Thanking you,

(Signature with Seal)
Authorised Signatory
Name
Designation

Certified that the particulars furnished above are correct as per our records

Date

(Signature of authorized official of bank)
Bank Stamp