

Offer Document for
Appointment of Cost Auditor(s)
For
Financial Year 2014-15



Mangalore Refinery and Petrochemicals Limited
Mangalore

APPOINTMENT OF COST AUDITORS FOR FINANCIAL YEAR 2014-15

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

I. 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) and Cost Audit became applicable from financial year 2006-07 onwards.

3. Cost Auditors' proposed to be appointed:

The Company intends to appoint a firm of Cost Accountants for conducting cost audit for the financial year 2014-15 at its refinery located at Mangalore in the State of Karnataka.

4. Scope of Work:

The broad scope of work would be:

- 4.1 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.
- 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 as per Cost Accounting Records (Petroleum Industry) Rules, 2011.
- 4.4 Verification and certification of annexures to the cost audit report.
- 4.5 Submission of Performance Appraisal Report (PAR) to the Company. The performance appraisal report shall be prepared & 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.
- 4.6 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].
- 4.7 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.

5. Selection Criteria:

5.1 Firms of Cost Accountants (i) registered with the Institute of Cost Accountants of India (ICAI) preferably with its Southern Region and (ii) having its office(s) in southern region shall be considered for appointment as Cost Auditors for conducting Cost Audit of the Company.

5.2 The following will be the basis of marks for the selection and selection will be made on the basis of attainment of highest marks.

Sl. No.	Parameter	Selection Criteria	Basis of Marks	Point(s) per Criteria	Maximum marks
I	Firm's Experience	Year of establishment of Firm since date of its registration with the Institute (ICAI)	No of Years since Firm's registration	2 Marks per year	20
II	Employee Strength	Number of partners in the Firm (the partners must hold certificate of practice issued by The Institute of Cost Accountants of India and should be in whole time practice)	Each Partner (specify Fellow or Associate)	3 Marks per Partner	18
III		Number of qualified assistants (cost/ chartered accountant) in the firm. The assistants should be members of their respective Institute	Each Qualified Assistant (specify Fellow or Associate)	2 Marks per Assistant	10
IV		Number of semi-qualified assistants (cost/ chartered accountant) in the firm (such qualification to be certified by the firm)	Each Semi-Qualified Assistant	1 Mark per Semi-Qualified Assistant	5
V	Cost Audit Experience	The Firm having the experience in Conducting Cost Audit in Central / State PSUs / Private Sector Companies (Copy of appointment letter(s) issued by the Companies required to be submitted)			
V-a		For Cost Accounting Records (Petroleum Industry) Rules, 2002 / 2011 - Public Sector Company (Down-stream Oil Sector Company)	No of companies audited (name of the company, financial year audited)	3 Marks per Company	15
V-b		For Cost Accounting Records (Petroleum Industry) Rules, 2002 / 2011 - Private Sector Company whose turnover is equal to or more than 500 crores (Down-stream Oil Sector Company)	No of companies audited (name of the company, financial year audited, turnover \geq 500 crores)	2 Marks per Company	8
V-c		Other than Petroleum Industry Records Rules (Please specify)-Public Sector Company whose turnover is equal to or more than Rs 500 crores	No of companies audited (name of the company, financial year audited, turnover \geq 500 crores)	2 Marks per Company	8
V-d		Other than Petroleum Industry Records Rules (Please specify)-Private Sector Company whose turnover is equal to or more than Rs 500 crores	No of companies audited (name of the company, financial year audited, turnover \geq 500 crores)	1 Mark per Company	6

VI	Proficiency in System	Exposure in ERP Environment			
VI-a		For Cost Audit	No of companies audited (name of the company, financial year audited)	2 Marks per Company	8
VI-b		For other than Cost Audit	For each year other than cost audit (name of the company, nature of assignment, financial year)	1 Mark per Year	2
			Total		100

Clear and complete details in separate sheets, for determination of marks in support of information against item No. V-a to V-d and VI-a & VI-b above are to be furnished.

6. Pre-requisites for considering rankings:

- 6.1 Documentary evidence(s) in support of Criteria at (I) to (VI) mentioned in table to para-5.2 above is required to be submitted. Proposals without the required documentary evidence(s) shall be rejected.
- 6.2 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 and or Associate Members of the Institute of Cost Accountants as partners will be considered.
 - c) Firm with higher number of qualified assistants (cost and or chartered) will be considered.

7. Terms and Conditions:

- 7.1 The tenure of appointment shall be at the sole discretion of the Company. The tenure, similar to what is followed for appointment of statutory auditors, may be renewed every year for a maximum of four 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 therefore.
- 7.2 Firm(s) who have served in the capacity of Cost Auditor(s) of the Company in the past can apply 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 therefor.
- 7.4 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.
- 7.5 Documentary evidence(s) in respect of all the information above by the applicant firm(s) must be furnished along with the proposal.
- 7.6 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.

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

The Invitation of Proposal (IoP) can be submitted in physical form or in electronic form to following address:

Group General Manager (Finance), Mangalore Refinery and Petrochemicals Limited, Post: Kuthethoor, Via – Katipalla, Mangalore – 575030, Karnataka. The envelope must be sealed and super-scribed with "Proposal for 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 mrplmlr@mrplindia.com. The proposals received through e-mails will be followed by the originals.

Proposals received through Facsimile shall not be considered.

- 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 at its sole discretion without assigning any reason whatsoever.
- 7.9 The Firms are required to submit their Service Tax registration number in their offers.
- 7.10 The last date for receipt of the proposal is **15th April 2014**. Proposals received after this date shall not be considered.

8. Remuneration:

Audit Fees shall 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. 1.75 Lakh (plus applicable service tax) and travel & other expenses extra. The expenses shall be regulated as per Company's rules.

9. Compliances / Declarations /Certificates by firm(s) 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:

- 9.1 The Cost Audit Firm shall not sub-contract the cost audit work,
- 9.2 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,
- 9.3 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,
- 9.4 Neither the cost audit firm nor its partner(s) or associates should have any interest in the business of the Company,
- 9.5 The cost auditor(s) will be required to issue & submit certificate of Independence and arms length relationship.
- 9.6 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.

9.7 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.

10. Debarring Provisions:

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

10.1 If the Firm obtains the appointment on the basis of false information / miss-statement.

10.2 If the Firm does not take up audit in terms of appointment letter.

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

10.4 If the Firm fails to comply with any of condition laid down in clause 9 above.

Format of the 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) 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) Service Tax No of the Firm

BANK DETAILS

ANNEXURE II

Group General Manager (Finance),
Mangalore Refinery and Petrochemicals Limited,
PO: Kuthethoor,
Via: Katipalla,
Mangalore – 575030
Karnataka.

Sub: Authorization for 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	Address of the Firm as registered with ICAI	
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 Brach	
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 affected due to incorrect information, I/We will not hold Mangalore Refinery and Petrochemicals Limited responsible.

Note: Please enclose one cancelled cheque for e-payment

Authorised Signatory
Name:
Official stamp with Date

BANK CERTIFICATION

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

Authorized Signatory
Name
Official stamp with Date _____