



Ref.No. CIL/GM (F)/2019-20/Cost Auditor/01 dated 14.08.2019

EMPANELMENT AND SELECTION FOR APPOINTMENT OF COST AUDITOR FOR:

1. COST AUDIT OF CIL STANDALONE SEGMENT
2. INTERNAL COST CONTROL SYSTEM REVIEW
3. ANALYSIS & CONSOLIDATION OF COST AUDIT REPORT OF SUBSIDAIRIES

PERIOD : 2019-20, 2020-21 & 2021-22

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EMPANELMENT AND SELECTION FOR APPOINTMENT OF COST AUDITOR FOR CIL STANDALONE SEGMENT ANALYSIS AND CONSOLIDATION OF COST AUDIT OF CONSOLIDATED CIL

1. Introduction:

- 1.1 Coal India Limited (CIL) is a 'Maharatna' Public Sector Undertaking under Ministry of Coal, Government of India with Headquarters in Kolkata, West Bengal. CIL is an apex body with 7 wholly owned coal producing subsidiaries and 1 mine planning and consultancy company spread over 8 states of India. In addition CIL has a foreign subsidiary company in Mozambique christened as 'Coal India Africana Limitada'.
 - 1.2 The present EOI is for appointment of Lead Cost Auditor for CIL Standalone segment, ICCS review as well as consolidation of cost audit of CIL as a whole. CIL Standalone segment has mining operations in North Eastern Coalfields, Margherita (Assam) and Ten Regional Sales Offices, Delhi Office.
2. **Scope of Work:** CIL is looking for engagement of eligible Cost Audit Firm (Firm includes LLP) for carrying out the following job:-

A. Statutory Requirement

- (a) Cost audit for the year 2019-20 is to be conducted in accordance with the Companies (Cost Records and Audit) Rules, 2014 as issued by Govt. of India, Ministry of Corporate Affairs and in adherence to the relevant orders/clarifications as issued from time to time 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 (ICAI).
- (b) Unit-wise consolidation of all the cost sheets of mines and service units as stated in 1.2 above are to be audited and the auditor has to certify the CIL Standalone segment.
- (c) All formats as required by statute are to be certified by auditor.

B. Internal Cost Control System Review (ICCS)

I. Periodic Review of Cost Records

The cost auditor will be required to analyse the workings of a unit/mine based on following parameters:

- (a) Mine-wise Profitability
- (b) Capacity Utilization
- (c) Input Output Ratio
- (d) HEMM Performance
- (e) Project-wise Progress Details (Ongoing Projects)
- (f) Customer Profitability
- (g) Working Capital and Loss details
- (h) Summary of all Mines Performance
- (i) Cost of Production – Product wise - Mine-wise separately showing Cost of Raw Coal, Crushed Coal and washed Coal – identifying cost at each process level and Cost which can be reduced by strategic action
- (j) Man power Utilisation- each category of employee - Mine-wise separately and Consolidated

Point No. (a) to (j) of Internal Cost Control System Review (ICCS) will be prepared at the unit on half yearly basis. These formats will be given to the Cost Auditors within 30 days of the succeeding month of the half year and the same will be validated within next 15 days.

Similarly, format of Points No. g & h of ICCS will be prepared at the Head Office on half year basis. These formats will be given to the Lead Cost Auditors within 30 days of the succeeding month of the half year and the same will be validated by them within next 15 days. The ICCS will be placed before the Audit Committee on half yearly basis by the lead cost auditor.

After implementation of ERP, ICCS Review (a to j) will be done on quarterly basis.

II. Consolidation of Cost Audit Report of subsidiaries of CIL

- (a) Consolidation and analysis of cost statements and other details of all the mines, washeries, and service units of the company and certification thereof.
- (b) Consolidation of the qualifications, observations & suggestions made by the lead cost auditor of subsidiary companies.

The Cost Auditor of the CIL shall be provided with cost audit reports of all cost auditors of the subsidiary companies to consolidate and analyze and the auditor has to submit its report to management.

3. Selection Criteria:

Part-A

The following will be the criteria for selection/empanelment of cost auditor. Selection / empanelment shall be done on attainment of highest marks by a Firm.

S.No.	Selection Criteria:	Basis of marks	Maximum Marks
1	Year of establishment of the Firm, since the date of registration.	(a) 2 marks per year for first 4 years from date of registration. (b) 1 mark per year for consecutive years	10
2	Number & experience of partners in the Firm. (The partner should be a Fellow/Associate Member of Institute of Cost Accountants of India)	(a) 5 marks per Partner in full time practice for more than 5 years (b) 3 marks per Partner in full time practice for less than 5 years	25
3	Number of qualified assistants (Cost/Chartered Accountant) in the Firm.	(a) 2 marks for each fully qualified assistant (b) 1 mark for each semi qualified assistant	10

4	Experience of the firm in Conducting Statutory Cost Audit.	(a) Maximum 20 marks - 4 marks per year per entity engaged in mining and exploration. (b) Maximum 10 marks - 3 marks per year per entity (other than (a) above)	30
5	Aggregate Revenue as per GST return/ Annual Audited Accounts of the Firm during last 3 years (to consider value on which GST is cash paid and not by input credit)	(a) Above Rs 150 Lakhs-20 marks (b) 150 Lakhs to 100 Lakhs-12 marks (c) 100 Lakhs to 50 Lakhs-10 marks (d) 50 Lakhs to 20 Lakhs-5 marks (e) Below 20 Lakhs-2 marks	20
6	Location of the Audit Firm.	If Regd. Office/Branch of the Firm is located in any of the states where CIL Standalone is operating.	5
		Total	100

Note : Partner/fully qualified assistant in the firm should be associated for a minimum period of one year as on 31.03.2019.

Part-B

After considering Part-A of selection criteria, the shortlisted firms securing a minimum qualifying marks of 60, will be evaluated in descending order of marks received. However, the number of firms to be called for making presentation before the CIL audit committee would be 3 times the number of vacancies. The number of firms to be shortlisted for CIL Standalone making presentation would be 3 (three) as only 1 (one) Cost Auditor is to be appointed for CIL Standalone.

Principal partner (or person in-charge as proposed for Cost Audit of CIL or the subsidiary) of the shortlisted firms will be required to make a presentation before the audit committee on the following criteria carrying 50 marks.

In the above context, following are the parameters for marking:

- a. Approach and methodology proposed
- b. Audit Programme
- c. MIS and reporting Formats as proposed for Part B
- d. Areas on which comments will be made including identification of important factors
- e. Any extract from actual reports submitted in past (without disclosing names of Client) to show case capability and strength

The final selection will be based on professional judgment of the appointing authority and marks obtained by the firms out of 150 marks (100 from primary criteria+50 from final criteria).

Any attempt to question the selection will be considered as solicitation of assignment and will be referred to Institute of Cost Accountants of India for Disciplinary process.

Note:

- i. The following documentary evidences duly signed by partner with seal of the firm should be uploaded in support of each of the above-mentioned criteria:
 - a. Proof of Registration of Firm clearly indicating the Registration date and firm registration number issued by Institute of Cost Accountants of India (ICAI).
 - b. Partnership Deed, communication from ICAI or other evidence clearly indicating the partners in the firm with their membership number and date from which they are associated with the firm.
 - c. Proof indicating Effective date of issue of Certificate of Practice (full time) shall be provided for experience of Member/Partner.
 - d. Proof of CA/CMA Final/Inter CMA/CA-IPCC Pass Certificates/Membership of the Institute of Cost Accountants of India for Qualified Assistants is to be provided along with date from which they are with the firm.
 - e. For companies in Part A-4 above, Copy of Appointment/Engagement letter for Cost Audit in the mining/exploration company/Other company or other evidence clearly indicating engagement of the firm as Cost Auditor in the company is to be provided.
 - f. Fraction of the year will not be considered in above selection criteria.
 - g. Copies of GST Return/Annual Audited Accounts during the last three years of the firms to be uploaded.
- ii. All documents including EOI should be duly authenticated / signed by the partner with seal of firm as a token of unconditional acceptance of all terms and conditions.
- iii. In case of tie in the marks scored, firm having seniority with respect to S.No. 4(a) of Part A of selection criteria will be preferred. If still there is a tie in the marks scored, firm having seniority with respect to S.No. 4(b) of Part A of selection criteria will be given preference.
- iv. The cut-off date will be 31.03.2019 with respect to Part-A of selection criteria.

4. Terms and Conditions:

- I. **Audit team:** The team should consist of qualified/semi-qualified assistants led by a senior partner of the firm commensurate with the size of the organization/ area of work.
- II. **Submission of Report:** Cost audit firm so appointed will start conducting the audit after adoption of accounts by CIL Board and will submit the Cost Audit Report (including Analysis and consolidation of consolidated CIL) to the General Manager (Finance), Coal India Limited, Kolkata and a copy of the report should be submitted to GM, NEC, Margherita for CIL Standalone segment. Cost Audit Report for 2019-20 should be submitted on or before 16.08.2020.
- III. The Cost Auditor shall submit ICCS Review Report and suggestions for effective cost control and improvement thereof to General Manager (Finance), CIL.
- IV. The Cost Auditor shall attend and make a presentation to the Audit Committee Meeting and Board Meeting, if required, on the Cost Audit under review.
- V. The cost audit firm shall ensure e-filing of cost audit report and annexure to the cost audit report to MCA, Gol, in XBRL form or in the manner prescribed by the Govt from time to time, within the

scheduled date prescribed by MCA - Gol for filing, after the Board of Directors of the Company approves the cost audit report.

VI. Cooling off Period: Firms who have served or appointed in the capacity of Cost Auditor/Internal Auditor in CIL Standalone for a term of 3 (three) consecutive years i.e. FY 2016-17, 2017-18 & 2018-19 will not be considered for appointment of cost auditor for next three succeeding years. (cooling period).

A firm, which has been removed from cost audit assignment from CIL or its subsidiaries during F.Y. 2012-13 to F.Y. 2018-19, or have been held guilty by the ICAI Disciplinary process in the last 10 years or who is under investigation or has been charge sheeted or punished for any legal default with imprisonment will not be considered for appointment of Cost Auditor in CIL and its subsidiaries. ICAI means "The Institute of Cost Accountants of India".

VII. Period of Audit: Initially the period of audit will be for one year i.e. for the year 2019-20 but it may further be extended to 2nd and 3rd year i.e., 2020-21 and 2021-22 at the same rate and terms and conditions subject to satisfactory performance in each year of the previous year. However, it is expressly stated here that the said tenure is not to be construed as assured and CIL reserves the right not to re-appoint at its sole discretion without assigning any reason thereof.

VIII. Audit Fees (excluding out of pocket expenses):

For Cost Audit (Statutory Requirement)-	Rs 400000/-
For ICCS Review -	Rs 200000/-
For Consolidation of Cost Audit Report subsidiary-wise	Rs 175000/-

*The above fees includes fees for submission of ICCS review report, attending meetings, filing of cost audit report & its annexures in XBRL or other format to MCA and any other work mentioned anywhere in EoI.

*The travelling and out of pocket expenses will be reimbursed at actual limited to 50% of total fees.

*Applicable tax would be paid extra

5. Instruction to Cost Auditors/bidders (Should be changed as per subsidiary name)

a) Requirements for participation in e-mode

In order to submit the online offer/documents on CIL's e-procurement portal <https://coalindiatenders.nic.in> the cost auditors/bidders should meet the following requirements:

- i. **PC connected with Internet** (For details, visit link "Cost auditors/bidders Manual Kit" on home page of CIL's e-mode portal <https://coalindiatenders.nic.in>) It will be the cost auditors/bidder's responsibility to comply with the system requirements i.e. hardware, software and internet connectivity at cost auditors/bidder's premises to access the e-mode website. Under no circumstances, CIL shall be liable to the cost auditors/bidders for any direct/indirect loss or damages incurred by them arising out of incorrect use of the e-mode system or internet connectivity failures.
- ii. **Enrolment with CIL's e-mode portal** <https://coalindiatenders.nic.in> The online enrolment of the cost auditors/bidders on the portal is free of cost and one time activity only. The registration should be in the name of cost auditors/bidder whereas DSC holder may be either cost

auditors/bidder himself or its duly authorised person having DSC indicating name of firm as that of cost auditors/bidder. It shall be the responsibility of the cost auditors/bidder to ensure that they get registered with the CIL's e-mode portal well in advance and download the documents before the last date and time for the same.

- iii. Class II or Class III Digital Signature Certificate (DSC) issued by a Certifying Authority authorised by Controller of Certifying Authority (CCA) and which can be traced upto the chain of trust to the Root Certificate of CCA.
- b) **Help for participating in e-procurement**-The detailed method for participating in the e-mode is available on links "Help for Contractor" and "Cost auditors/bidders Manual Kit" in CIL's e-mode portal. The cost auditors/bidders may also seek help from the help-desk on the numbers available on CIL's e-mode portal.
- c) **Letter of Undertaking (LOU)** : The format of Letter of Undertaking (LOU) as given at **Annexure-II** will be downloaded by the firm and will be printed on firm's letter head and duly Signed by a person competent and having the "Authority" /"Power of Attorney" to bind the firm. Scanned copy of such a "Signed & Stamped with the seal of the company" LOU along with "Authority" /"Power of Attorney" are to be uploaded during EoI submission.

The content of the "Letter of Undertaking" uploaded by the firm must be the same as per the format downloaded from website and it should not contain any other information. If there is any change in the contents of LOU uploaded by firm as compared to the format of LOU uploaded by the department with EOI document, then the EOI may be liable for rejection. These documents are to be uploaded in folder named "LOU Docs" provided in the e procurement portal.

Note: The person who has signed Letter of Undertaking physically should express interest online while submitting the document with his DSC mapped in the name of firm. In case the person who has signed LOU is not expressing interest himself and has authorized another person whose DSC is mapped in the name of firm, to express interest online on his behalf, then the further authorization on non-judicial stamp paper duly notarized by the person signing the LOU in favour of person expressing interest online is required to be uploaded. This document is to be uploaded in folder named "LOU Docs".

- d) **The complete EOI document** shall be available in the CIL's e-procurement portal <https://coalindiatenders.nic.in> for downloading and submission of offer/documents. The complete EoI document shall also be available on Coal India's website www.coalindia.in and Central Public Procurement portal (<http://eprocure.gov.in>) for downloading only.
- e) There will be no physical/manual sale of EoI document. There is no Tender Fee and the cost auditors/bidders can download tender document free of cost from any of the websites mentioned above.
- f) Time schedule of EoI:

S. No.	Critical Dates	Date	Time (India Standard Time)
1	EOI Publishing Date	16 th August'19	02:00 PM
2	EOI download start date	16 th August'19	02:00 PM
3	EOI download end date	27 th August'19	02:00 PM
4	Offer/documents Submission End Date	27 th August'19	02:00 PM
5	EOI opening date	28 th August'19	02:00 PM

g) The offers/documents have to be submitted online through the CIL's e-mode portal <https://coalindiatenders.nic.in>. The cost auditors have to get themselves enrolled on the above portal and follow the procedure laid therein for submission of offer/documents.

h) Evaluation of EOI-

- After opening of the bid, the documents submitted by cost audit firms will be downloaded and shall be put up to the evaluating Committee. The Committee will examine the uploaded documents against information/declarations furnished by firms online. If it confirms to all of the information/ declarations furnished by the firm online and does not change the eligibility status of the firm, then the firm will be considered eligible for next level.
- Any EOI which has not been submitted either with valid documents will not be considered for further evaluation.
- In case the evaluation Committee finds that there is some deficiency in uploaded documents by a firm then the same will be specified online by Evaluator clearly indicating the omissions/shortcomings in the uploaded documents and indicating start date and end date allowing 2 (2 x 24 hours) time for online re-submission by firm. The firm will get this information on their personalized dash board under "Upload confirmatory document" link. Additionally, information shall also be sent by system generated email and SMS, but it will be the firm's responsibility to check the updated status/information on their personalized dash board regularly after opening of bid. No separate communication will be made in this regard. Non- receipt of e-mail and SMS will not be accepted as a reason of non-submission of documents within prescribed time. The firm will upload the scanned copy of all those specified documents in support of the information/ declarations furnished by them online within the specified period of 2 days.
- The EOI will be evaluated on the basis of documents uploaded by firm online. The firm is not required to submit hard copy of any document through offline mode. Any document submitted offline will not be given any cognizance in the evaluation of EOI.
- In case the firm submits requisite documents online as per EOI, then the firm will be considered eligible for next level.
- In case the firm fails to submit requisite documents online as per EOI or if any of the information/declaration furnished by firm online is found to be wrong by Committee during evaluation of scanned documents uploaded by firm, which changes the eligibility status of the firm, then his bid shall be rejected.
- In case none of the firms complies the technical requirement, then necessary action as deemed fit by management will be taken.
- It is responsibility of firms to upload legible/clearly readable scanned copy of all the required documents as mentioned above.

i) There is no provision to take out the list of parties who have downloaded the EOI from the above-referred website. As such, cost auditors/bidders are requested to visit the website once again before the last date of submission of offer(documents)/due date of EOI opening to ensure that they have not missed out any corrigendum issued against the said EOI after they have downloaded the document. The responsibility of downloading the corrigendum, if any, will be of the cost auditors/bidders. No separate intimation in respect of corrigendum of the EOI (if any) will be sent to the cost auditors/bidders who have downloaded the EOI document from website.

- j) The cost auditors/bidders, in their own interest, are requested not to wait till the last moment for submission of bid to avoid last minute rush and local problems related to internet connectivity, law and order, strike, bandh etc. CIL shall not be responsible, if documents could not be uploaded due to such local problems at the cost auditors/bidder's end.
- k) The interested cost auditors/bidders may obtain further information/clarification from the office of the service recipient as per address given below:

General Manager (F)-IC
Coal India Limited, Coal Bhawan
Premises No. 04, Plot No. AF-III, Action Area 1A,
New Town, Rajarhat, Kolkata -700 156
West Bengal,
Fax: 033-23244530
Phone: 033-23244554
Email address: sidhartha.sarkar@coalindia.in

6. General Terms & Conditions (Refer Annexure-I)
7. Format for submission (Refer Annexure- II)
8. Letter of Undertaking (Refer Annexure-III)

General Terms & Conditions

Annexure-I

- a) The Audit Firm cannot outsource the work.
- b) The Audit Team should consist of qualified CMA/CA and inter CMA/ CA-IPCC semi qualified assistants.
- c) Normally the composition of audit team should not be changed. However, under certain circumstances beyond control of the audit firm, if the same needs to be changed in any manner, it may be done under intimation to GM/HOD (Cost & Budget) of the concerned company (subject to verification of credentials of the new incumbent on self-declaration basis by the senior most partner /partner in-charge/ person In-charge as quoted at the time of offer to be sent along with the intimation with photo proof of qualification, PAN card, Aadhar card and a brief profile).The audit team members should carry photo ID issued by the audit firm duly attested by the partner in-charge.
- d) The partner of the firm /person in-charge as per offer letter should visit atleast for 2 days every 3 months to guide the audit team and for discussions with the management or finalisation (keeping in view the proposed task of ICCS Review).
- e) The information provided in the application by the firm must be current, relevant and free from mis-statements on the date of application.
- f) Partner of the firm must not be related to Managing Director/whole time Director or part time Director of company to be audited within the meaning of section 2 (77) of the Companies Act, 2013.
- g) Neither the firm nor its partner or Associates should have any interest in the business of CIL.
- h) The auditor will be required to issue certificate of Independence.
- i) Firm of Cost Accountants shall have primary responsibility to ensure that the limits specified under section 141(3)(g) of the Companies Act, 2013 are not violated.
- j) The auditor/ firm must be free from any disqualification under sub-section (3) or sub-section (4) of section 141 read with sub-section (5) of section 148 of the Companies Act, 2013. In addition to this, the Auditor/Firm must not be holding any assignment as Statutory Auditor or Internal Auditor of CIL and its Subsidiaries as on the date of appointment and during the continuity of the Cost Audit.
- k) Where a cost accountant is a partner / proprietor of more than one firm, in such case, only one firm shall be allowed to take part in the selection process of CIL Standalone and consolidation. If it is found that more than one Firms having common partners makes application in the EOI initiated by CIL standalone and consolidation, then applicant with highest marks among the firms (having common partners) shall only be considered and applications of other firms (having common partners) shall stand cancelled.
- l) Under no circumstance, one firm will be allowed for Cost Audit in more than one company in CIL and its subsidiaries.
- m) Any other compliance/declaration, if any, required under Companies Act, 2013 shall be complied/furnished by the Cost Auditors.
- n) Debarring Provisions: The Audit Firm will be debarred from getting, in future, the Cost audit in CIL and its Subsidiaries 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 does not submit the audit report, complete in all respect in terms of appointment within the prescribed time limit.
- v. If the Firm violates any of the stipulations under clause 5(a) to 5(j).
- o) Dispute/difference, if any, shall be mutually settled with the General Manager/HOD of the unit/GM(Finance),CIL. If any dispute could not be settled at GM level, it will be forwarded to the Chairman, CIL for decision, which will be final and binding to all concerned.
- p) Disclaimer: CIL reserves the right to ask for any clarifications from one or more applicants. It also reserves the right to accept or reject any or all EOI or to cancel the process entirely without assigning any reason thereof.

Place:

Date:

Signature of Partner-Incharge with seal of the firm

Membership No of the Partner

Annexure-II

FORMAT FOR SUBMISSION OF APPLICATION

1. **Name of the Audit Firm** :

2. **Firm Registration Number** :

3. **Address** :

i) Permanent Address :

ii) Correspondence Address :

iii) Contact no. of Partner :

iv) Telephone Number :

v) Fax Number :

vi) Email Address :

vii) Website :

4. **Particulars with respect to Selection Criteria**

S.No.	Selection Criteria:	
1	Year of establishment of the Firm, since the date of registration.	
2	Number & experience of partners in the Firm*. (The partner should be a Fellow/Associate Member of ICAI)	
3	Number of fully qualified assistants (Cost/ Chartered Accountant) in the Firm.	
4	Experience of the firm in Conducting Statutory Cost Audit	
5	Aggregate Revenue as per GST return*/ Annual Audited Accounts of the Firm during last 3 years (* to consider value on which GST is cash paid and not by input credit)	
6	Location of the Audit Firm.	

Signature of Partner with seal of the firm

Membership No of the Partner

Letter of Undertaking

To
Coal India Limited,
Action Area-1A, New Town,
Kolkata – 700 156,
India

Dear Sirs,

Sub: Tender No.

1. Having examined the Bid Documents including Addenda/Corrigenda, if any (insert numbers), we, the undersigned,.....Partner/Legal Attorney/ Proprietor/Accredited Representative of M/s offer to supply and deliver (description of Goods & services) vide our offer No.....datedin conformity with the said Bid Documents.
2. We confirm to accept all terms and conditions contained in the EoI document unconditionally. We also confirm that there is no deviation in our submission.
3. We agree to abide by this bid for a period of 180 days from the date of bid opening and it shall remain binding upon us and may be accepted at any time before the expiration of that period.
4. We confirm that until a formal appointment order is issued, this bid together with your written acceptance thereof and your notification of award, shall constitute a binding Contract between us.
5. We understand that you are not bound to accept the any of the EoI you may receive.
6. We confirm that the contents of the offer are given after fully understanding and all information furnished by us are correct and true and complete in every respect.
7. We confirm that all information/ documents / credentials submitted along with the offer are genuine, authentic, true, valid and complete in every respect.
8. We confirm that if any information or document submitted is found to be false / incorrect, the said offer shall be considered absolutely null & void and action as deemed fit may be taken against us including termination of the contract and Banning of our firm and all partners of the firm as per provisions of law.
9. We have never been banned or delisted by any Government or Quasi-Government Agency or any Public Sector Undertaking.

OR

We were banned by the organization named “-----” for a period of ----- year/s, effective from ----- to -----.

Dated this _____ day of _____ 201_

Signature of Partner-Incharge with seal of the firm

Membership No of the Partner