

HINDUSTAN COPPER LIMITED

E-TENDER NO.: HCL/CO/IA/2020-21

DATE: 29.05.2020

TENDER DOCUMENT

For Appointment of Internal Auditors for Financial Years

[2020-21, 2021-22 & 2022-23]



HINDUSTAN COPPER LIMITED

'TAMRA BHAWAN'

1, ASHUTOSH CHOWDHURY AVENUE

KOLKATA-700019

**INVITATION FOR BIDS (IFB)
FOR APPOINTMENT OF INTERNAL AUDITORS IN HCL FOR A PERIOD OF 3 YEARS
[2020-21, 2021-22 & 2022-23]**

1. Hindustan Copper Limited (HCL), a public sector undertaking under the administrative control of the Ministry of Mines, Government of India, having its registered office at Tamra Bhawan, 1, Ashutosh Chowdhury Avenue, Kolkata – 700 019, invites online bids through HCL's service provider, NIC under CPP Portal from practicing Chartered Accountant or a Firm / LLP of Chartered Accountants registered with the Institute of Chartered Accountants of India, meeting the pre-qualification criteria as stipulated below, for empanelment to conduct Internal Audit in respect of (i) HCL Corporate Office (CO), Kolkata (West Bengal) & Indian Copper Complex (ICC), Ghatsila (Jharkhand), (ii) Khetri Copper Complex (KCC), Khetri Nagar (Rajasthan), (iii) Malanjkhand Copper Project (MCP), Malanjkhand (Madhya Pradesh), (iv) Taloja Copper Project (TCP), Taloja (Maharashtra), and (v) Gujarat Copper Project (GCP), Jhagadia (Gujarat), from which 5 Audit Firms will be selected initially for a period of one FY (2020-21) with provision for extension of two further terms of one FY each, subject to satisfactory performance at the sole discretion of HCL at same rate, terms and conditions. The selected Auditors have to conduct half yearly audit. Scope of Audit at HCL Units/ CO is specified at **Annexure-I**.
2. Further, the Internal Auditor selected for HCL Corporate Office (Kolkata) and ICC (Ghatsila) will conduct audit of Regional Sales Office – East (RSOE) and Regional Sales Office – South (RSOS) at Kolkata and also act as **Lead Auditor**; the Internal Auditor selected for KCC (Rajasthan) will conduct audit of Regional Sales Office – North (RSON) at Delhi and the Internal Auditor selected for TCP (Maharashtra) will conduct audit of Regional Sales Office – West (RSOW) at Mumbai. Scope of RSO Audit is specified at **Annexure-II**. Terms of Reference is specified at **Annexure-III**.
3. Pre-Qualification Criteria:
 - i. Practicing Chartered Accountant or Firm / LLP of Chartered Accountants registered with the Institute of Chartered Accountants of India with minimum 10 years' experience as on 01.01.2020.
 - ii. Experience of the Firm in conducting Statutory/Internal Audit in PSU/Govt. Companies including concurrent audit in PSU Banks, Large Companies with annual turnover of at least Rs. 100 crore.
 - iii. The Audit Firm must have its Head Office (HO) or Branch Office located as under:
 - For conducting audit in CO, RSO(E), RSO(S) & ICC, must have HO or Branch office in Kolkata;

- For conducting audit in KCC & RSO(N), must have HO or Branch office in Delhi, Gurgaon, Noida, Faridabad or Ghaziabad;
 - For conducting audit in MCP, must have HO or Branch office in Raipur, Nagpur or Bilai;
 - For conducting audit in TCP & RSO(W), must have HO or Branch office in Mumbai;
 - For conducting audit in GCP, must have HO or Branch office in Ahmedabad, Vadodara, Surat or Bharuch.
4. All supporting documents regarding Application Format (Annexure-IV), such as Firm Profile, Constitution Certificate, Certificate of Practice, Membership Certificate, Mark Sheets / Certificate of IPCC / Inter Examination, Appointment letters and Statement of Accounts etc., duly signed with seal must be enclosed. In absence of documentary evidence, no marks will be accorded to a particular criterion, without assigning any reason.
 5. The bidder must submit a declaration along with the application that all the terms and condition of tender has been accepted unconditionally.
 6. Overwriting / corrections/erasing and use of white ink should be avoided. However, if any correction is inevitable, the same should be authenticated with signature and seal.
 7. The complete offers including Application Format, indicating current status as on date of submission of tender, should preferably be typed in the letter head of the firm.
 8. The complete tender document shall be available on HCL's website at www.hindustancopper.com and Central Public Procurement portal (CPPP) at <http://eprocure.gov.in> for downloading and submission of offer. The bidders have to check corrigendum, if any, uploaded against the tender from time to time on CPPP portal and resubmit their bids in case of any change in their offer due to the corrigendum before the final bid submission date/time. The responsibility of downloading the corrigendum, if any, will be of the bidder. No separate intimation in respect of corrigendum to the NIT (if any) will be sent to the bidders who have downloaded the tender document from website.
 9. There will be no physical/manual sale of tender document. There is no Tender Fee and the bidders can download tender document free of cost from any of the websites mentioned above.
 10. The offers have to be submitted online through HCL's service provider NIC under CPP Portal. The bidder has to get them registered on the above portal and follow the procedure laid therein for submission of offer. The On-line Bidder Registration is free of cost and one-time activity only.
 11. Bidder registration or Bid submission Procedure is also available in "Bidder Manual Kit" in <https://etenders.gov.in/eprocure/app>

A. Registration procedure:

- (i) Please visit the Link <https://etenders.gov.in/eprocure/app>
- (ii) Click on 'Online Bidder Enrollment'.
- (iii) Put your Login ID (Enter email address for login id. e.g.: abc@nic.com. Care may be taken to enter valid e-mail ID. This information will be kept confidential. **The login ID cannot be modified once registered.**
- (iv) Put your correspondence Id. (Correspondence Email ID can be same as your Login ID).
- (v) Put your Mobile Number (Note: As **Mobile** and **Email** are the modes of correspondence, ensure that mobile no. and email id provided are correct).
- (vi) Fill rest of the form containing firm's details like name, address, PAN etc. to register as bidder. For enrolment, the bidders will be required to register their valid Digital Signature Certificate (Class II/ Class III Certificates with signing key usage) issued by any Certifying Authority recognized by CCA India (e.g. Sify / nCode / eMudhra etc.), with their profile.

Bid Submission Procedure: (Only by bidders having valid Digital Signature Certificate –DSC)

- (i) Please visit the Link <https://etenders.gov.in/eprocure/app>
- (ii) Enter your login ID & Captcha.
- (iii) Enter password & Captcha.
- (iv) Click to DSC Login & enter PIN.
- (v) Click at 'Search Active Tenders'.
- (vi) Enter Tender ID & other search criteria & then Click 'Search' to search the Tender.
- (vii) Upon finding the desired Tender, click the checkbox to mark the Tender as 'favorite'.
- (viii) Click on 'My Tenders' on left hand side menu panel to find out the favorite Tender list.
- (ix) View the desired Tender by clicking logo under 'View' column. Tender details will appear.
- (x) Scroll down the page containing Tender details.
- (xi) Download the NIT & Bid-of-Quotation (BOQ) from 'Tender Documents' section.
- (xii) Click 'Proceed for Bid Submission' to proceed ahead.
- (xiii) Tick 'I Agree' & 'Next' to proceed further.
- (xiv) Update personal details & click 'Next' to proceed ahead.
- (xv) Select EMD Exemption status (Yes OR No) & proceed ahead by clicking 'Next'.
- (xvi) If No, Click 'Pay Offline'.
- (xvii) Click 'Confirm to Pay'.
- (xviii) Enter EMD details in 'Specify Instruments for EMD Offline Payment' & save. Click 'Next'.
- (xix) Click 'Submit OID' then click 'Submit Other Important Documents'.
- (xx) Click 'Encrypt & Upload' to upload cover documents.
- (xxi) Click folder logo in 'Fee/Pre-Qual./Technical' box to upload technical cover documents.
- (xxii) As new window opens, click 'Browse' to select & attach the documents.
- (xxiii) After selecting the documents, sign & upload them digitally by clicking "Sign & Upload".
- (xxiv) Click 'Ok' in the message pop-up box to proceed ahead.
- (xxv) As window again goes back, click folder logo in 'Finance' box to upload Financial docs.

- (xxvi) As new window opens, click 'Browse' to select & attach the documents (Bid-of-Quotation/ BOQ)
- (xxvii) After selecting the documents, sign & upload them digitally by clicking "Sign & Upload".
- (xxviii) Click 'Ok' in the message pop-up box to proceed ahead.
- (xxix) Click 'Next' in Bid Submission -> Packet Details window to proceed ahead.
- (xxx) View Bid details and scroll down to check the same.
- (xxxi) If all correct, click 'Freeze Bid' to lock/freeze your offer.
- (xxxii) Click 'Print Acknowledgement' & 'Print Bid Details' to print the same & keep it for record.

GePNIC Contact Person:

Important 1: For Registration related issues, the bidders are requested to contact: Mr. SK Imran, Mobile Number: 91 877791736

Or, Support e-mail: support-eproc@nic.in

Important 2: For Bidding related issues, please call NIC Help Desk Number: 0120-4200 462, 4001 002, 4001 005, 6277 787

12. Details of Tender:

| | | |
|---|---|---|
| 1 | Tender No. | HCL/CO/IA/2020-21 dated 29.05.2020 |
| 2 | Subject of Tender | Appointment of Internal Auditors for a period of 3 years [2020-21, 2021-22 & 2022-23] |
| 3 | Type of Tender: | Open E-Tender |
| 4 | Estimated Value of Tender (For all locations) | Rs. 18,56,400/- (For 3 Years) |
| 5 | Tender Fee | NIL |
| 6 | EMD | Not Applicable |
| 7 | Security Deposit | Not Applicable |
| 7 | e-Publishing date of Tender | 29.05.2020 |
| 8 | Downloading of Tender Document | |
| | (i) Starts on | 30.05.2020 from 09:00 Hours |
| | (ii) Closes on | 22.06.2020 up to 15:00 Hours |

| | | |
|----|--------------------------------|------------------------------|
| 9 | Seeking Clarification | |
| | (i) Starts on | 30.05.2020 from 09:00 Hours |
| | (ii) Closes on | 12.06.2020 up to 15:00 Hours |
| 10 | On-line submission of offers | |
| | (i) Start Date & Time | 30.05.2020 from 09:00 Hours |
| | (ii) Last Date & Time | 22.06.2020 up to 15:00 Hours |
| 11 | Due Date of Opening of Tenders | 23.06.2020 at 15:00 Hours |

13. The bidders, in their own interest, are requested not to wait till last moment for submission of bid to avoid last minute rush and local problems related to internet connectivity, strike, bandh etc. The Company shall not be responsible, if bids could not be uploaded due to such local problems at the bidder's end.

14. The interested bidders may obtain further information, if any, from the office as under:

Dy. General Manager (Commercial)
Hindustan Copper Limited
1, Ashutosh Chowdhury Avenue
Kolkata-700 019
West Bengal
Phone No.: (033) 2290-0397
Fax No.: (033) 2287-8884
E-mail address: sunil_p@hindustancopper.com



Dy. General Manager (Commercial)

For and on behalf of Hindustan Copper Limited

INSTRUCTIONS TO BIDDERS

1. **Communication:**

All communication sent by the Company as well as the e-procurement portal by post/fax/e-mail/SMS shall be deemed as valid communication. The bidder must provide complete address, fax number, corporate e-mail id and mobile number.

2. **Cost of Bidding:**

The bidder shall bear all costs associated with the preparation and online submission of bid and the Company will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.

3. **Clarification of Bid Documents and Last date for submission of Bid:**

A prospective bidder may seek clarification after e-Publication of the NIT. The Company will respond to such requests for clarification of the Bid Documents, which are received not later than 10 (Ten) days prior to the deadline for the online submission of bid. Company's response shall also be put on HCL's website as well as in CPP Portal. Bids must be submitted along with all supporting documents in the e-procurement portal online before or up to the scheduled time and date as mentioned above table.

4. **Due date of opening of Bid:**

Bids will be opened online at the scheduled time on the due date of opening as mentioned in IFB (Invitation for Bids). In the event of the scheduled due date of opening of bids being declared as a closed holiday for HCL's office or due to Force Majeure reasons, the due date for opening of bids will be the next working day at the scheduled time.

5. **Extension of due date of Tender:**

HCL reserves the right to extend the due date of tender as deemed fit by issue of corrigendum through HCL website and CPP Portal.

6. **Language:**

The language of the bid shall be English. All documents enclosed should also be in English language. In case the original document is in a different language, self-attested English translation with signature and stamp of the authorized signatory of the bidder shall have to be furnished.

7. **Letter of Bid (LOB):**

The format of Letter of Bid (LOB) as given at Annexure-V will be downloaded by the bidder and will be printed on Bidder's letter head and duly Signed by a person competent and having the

"Authority"/ "Power of Attorney" to bind the bidder. Scanned copy of such a "Signed & Stamped with the seal of the company" LOB along with "Authority"/ "Power of Attorney" is to be uploaded during bid submission. This will be the covering letter of bidder for the submitted bid.

The content of the "Letter of Bid" uploaded by the bidder 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 Letter of Bid uploaded by bidder as compared to the format of Letter of Bid uploaded by HCL with NIT document, then the bid may be liable for rejection.

8. Methodology for on-line submission of Bids:

The offers are to be submitted online through HCL's service provider, NIC under CPP Portal in 1 (one) cover (Cover - I 'Technical Bid'). Authenticated and Scanned copies of documents shall be uploaded in folders named as "TECHNICAL DOCUMENTS".

The Cover -I 'Technical Bid' is to be uploaded in e-procurement portal before the last date and time for submission of online bid. No offline bid shall be accepted. Offer received through Post, Courier, Fax or E-mail will not be considered.

9. Evaluation of Bids:

(i) After opening of the bid, the documents submitted by 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 do not change the eligibility status of the firm, then the firm will be considered eligible for next level.

(ii) Bids which have not been submitted with valid documents will not be considered for further evaluation.

(iii) After evaluation of the uploaded documents, shortfall documents, if required, shall be sought from the bidders by the evaluation Committee. For this purpose, only one chance shall be given to bidders to upload the shortfall documents. The time period for the same will be considered for 5 days. The Firm will get this information through its e-mail id/fax/SMS.

It will be the Firm's responsibility to check the updated status/information in their e-mail/fax/SMS after opening of bid. No separate communication will be made in this regard. Non-receipt of e-mail/fax/SMS will not be accepted as a reason of non-submission of documents within the 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.

(iv) The offers will be evaluated in accordance with the criteria mentioned in **Annexure-VI** 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 offer.

- (v) In case the Firm fails to submit requisite documents online as per tender document 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.
 - (vi) It is responsibility of Firms to upload legible/clearly readable scanned copy of all the required documents as mentioned above.
10. HCL reserves the right to verify the documents uploaded by the firm with the original, if necessary. Bidder has to submit the originals to HCL on demand.
 11. The offer should be submitted strictly as per the terms & conditions laid down in the tender document, failing which the offer will be liable for rejection. No deviation of the terms and conditions of the tender document is acceptable. Terms and conditions which are in deviations of the tender terms are liable for rejection.
 12. HCL reserves the right to reject or accept or withdraw the tender in full or part, as the case may be, without assigning any reasons thereof. No conditional offer will be accepted.
 13. HCL also reserves the right to short close the contract in case of breach of terms and conditions of the contract by the bidder.
 14. All notices to the bidders shall be sent by e-mail only during the process of finalization of tender by HCL. Hence the bidders are required to ensure that their corporate e-mail id is provided / updated during the registration of vendor with e-procurement portal. Bidders are also requested to indicate their valid corporate e-mail id and mobile no. of authorized representative for communications through e-mails / SMS alerts (if any).
 15. Modification of the submitted bid shall be allowed online only before the deadline of submission of tender and the bidder may modify and resubmit the bid online as many times as he may wish. Bidders may withdraw their bids online within the last date and time of bid submission.
 16. No modification of the bid or any form of communication with HCL or submission of any additional documents, not specifically asked for by HCL, will be allowed and even if submitted, they will not be considered by HCL.
 17. In case of any technical mistake in online offer and NIC confirming that there is no fault from

their side then HCL will not be held responsible for the consequences and no correspondence in this regard will be given any cognizance by HCL.

18. The detailed method for participating in the e-procurement is available on link "Bidders Manual Kit" in <http://etenders.gov.in/eprocure/app>



Dy. General Manager (Commercial)

For and on behalf of Hindustan Copper Limited

Encl.: Annexure

Scope of Audit at HCL Units & Corporate Office [KCC, ICC, MCP, TCP, GCP & CO]

1. Purchase:

- i. To check whether Purchase Orders placed are as per purchase manual and approval is taken from competent authority as per DoP and necessary formalities as per manual are complied with. Deviation, if any, to be reported.
- ii. To report whether Repeat Orders placed are based on orders placed earlier with proper tendering process and other conditions governing the placement of Repeat Orders are complied.
- iii. To check that no attempt has been made to split the tenders, to keep the value of the contract within the delegated powers of the approving authority, if any report thereof.
- iv. To check non-availability certificate and consumption pattern of last 3years has been obtained from Central Stores before raising indent for any material.
- v. To report on delay in placement of supply orders from the date of approval of indent beyond prescribed time specified in the purchase manual.
- vi. To check that the material is received within the stipulated time; if not, whether liquidated damages have been imposed, if not report thereof.
- vii. To check whether receipt of materials is recorded through Material Receipt Note (MRN) against all POs.
- viii. To check that the local purchases are made within the powers delegated to the approving authority. In case of local purchase, whether the materials purchased have been consumed immediately, if not report thereof.
- ix. To check if any advance payment made to suppliers is as per the NIT/Order and has been adjusted as per the terms of advance payment. Any outstanding for a long time; list of such advances with age and reason for non- adjustment is to be reported.
- x. To check that the e-tenders are floated and NIT uploaded in CPP Portal & HCL Website including mode of procuring material.
- xi. Review of contracts (Mining development/other contracts).

- xii. To report list of materials procured but not consumed within 6 months after receipt.
- xiii. To report items purchased on emergency basis but not consumed.
- xiv. To check whether the approved suppliers' list is periodically reviewed / updated.
- xv. To check whether Quantity and Rates match with the PO.
- xvi. To check whether the bills are passed after adequate inspection.
- xvii. To report on periodic monitoring of inventories of non-moving stores & spares carried out by senior level management.
- xviii. To check that for capital purchases, powers have been adequately delegated and such delegations have been properly applied.

2. Stores:

- i. To check & verify proper maintenance of records such as Day Book, Stores Receipts, Issue Voucher, ERP posting, Store Return Voucher, etc., and to check that the entries are made on daily basis in computer system.
- ii. Physical verification of certain items of stores at random and basis of sample size and report the exception, if any.
- iii. To check whether claims are lodged for receipt of short material and damaged material and whether settled or pending; such cases to be reported.
- iv.
 - a) To check non-moving and slow-moving store items and to check the details thereof has been circulated to other units for gainful use at their end.
 - b) Material purchased on local purchase basis, and not consumed within one month is to be reported and also to check that the items purchased frequently through "Local Purchase" are covered in Material Budget.
- v. To check records maintained for scrap & disposal thereof.
- vi. To check reconciliation between Price Stores Ledger and Financial Ledger is done timely and accounted for quarterly/yearly.
- vii. To check that the obsolete and non-moving stores & spares have been identified and accounted for.

- viii. To point out the list of obsolete, non-moving stores & spares which are not in use for last 5 years and to report on the steps taken by the company to dispose-off such obsolete and non-moving stores and spares.
- ix. Inventory at shop level is to be identified.
- x. Reliability and effectiveness of ERP system on stores & spares management to be reviewed and suggestion for improvement, if required.
- xi. To report time gap for materials received but GRN/RV not prepared for more than 15 days.
- xii. List of materials inspected after 15 days from receipt and the reason for the delay in inspection.
- xiii. To check that all material received in stores is having material code.

3. Finance:

- i. To check that annual capital and revenue budget for all locations are in place and having budgetary control for indenting, release and utilization of funds under major heads.
- ii. Checking of the funds utilization on receipt for the purpose indented for, any deviation to report.
- iii. Checking of physical inventory with what has been recorded in the books of accounts.
- iv. Checking of Asset Register and to report its period update.
- v. Checking of cash receipts and payments and reasons as to why in cash and not through digital mode/bank.
- vi. Checking of unsettled amount returned by bank on failure of RTGS/NEFT.
- vii. Checking of payment made through account payee cheque or demand draft, whether approval from competent authority is taken.
- viii. Checking of bank reconciliation statement and report if any un-reconciled amount lying unadjusted for more than one month.
- ix. Payments to contractors and suppliers are made in serial/chronological order, any deviation

report thereof.

- x. Bank and cash book is signed by the authorized signatory on daily basis, if not report thereof.
- xi. Checking of balances of subsidiary ledgers with General ledger and any variance report thereof.
- xii. To report on the age-wise break-up of all advances & receivables appearing in balance-sheet on half yearly basis. Also to report on the balances lying for more than 5 years and the possibilities of their being written back/written off.
- xiii. Checking of bills as per Supply/Work Order/Agreement/Manual on test check basis and if any deviation report thereof.
- xiv. To report on overdue payments to MSME. To report whether payment is made to MSME suppliers/contractors within 45 days of acceptance of their bills, such outstanding amounts and in case of delay the reasons thereof.
- xv. Checking of Bank draft/Bankers Cheque, received towards EMD and Security Deposits from contractors/ suppliers are accounted for and deposited timely in the bank, if not report thereof. Also to report whether BGs against EMD and Security deposits are returned to the suppliers/ contractors as provision of the contract.
- xvi. Bank Guarantee: Checking for -
 - a. To check the procedure regarding acceptance, custody and disposal of bank guarantee etc. in accordance to the provision laid down in the manuals and time to time guidelines issued by the management.
 - b. Whether Bank Guarantee submitted against security deposit and performance guarantee has sufficient coverage for period of work.
 - c. Whether Bank Guarantee has been properly recorded and realized in case of default.
 - d. Whether genuineness of Bank Guarantee has been confirmed as per prevailing rules by the issuing bank and verified on SFMS platform.
- xvii. Checking of legal bills whether paid as per schedule of legal fee to the empanelled advocates.
- xviii. Report on Trade Payables outstanding more than 3 months
- xix. To check whether all capitalizations have been done on regular basis as per Co.'s policy.

- xx. To check whether all major proposals for capital expenditure were initiated on the basis of cost benefit studies and duly approved by the competent authority.
- xxi. To check whether the rate of depreciation of various categories of fixed assets considered is as per Companies Act, 2013.
- xxii. To ensure that depreciation for the purpose of annual accounts as well as of Income Tax has been correctly calculated.
- xxiii. To check whether all expenses made on account of CSR activities have been accounted for in ERP, to report differences if any & reasons thereof.
- xxiv. To monitor Sundry Creditors/Debtors and advances paid to suppliers and advances received from Customers with ageing and documentary evidences in support with the recording for that particular half.

4. GST:

- i. Whether registration is obtained in every state from where supply is made.
- ii. Whether additional places of business within a state are added in the registration certificate.

4.1 Invoice verification:

- i) Whether invoice has all the prescribed particulars as required under the rules made there under.
- ii) Whether bill of supply is issued as per requirement of GST Law.
- iii) Whether the time limit for issue of invoice has been adhered to.
- iv) Whether "Self Invoice" is raised in case of Reverse Charge Mechanism (RCM) transactions.
- v) Whether Credit note/ Debit notes are issued and incorporated in GSTR as per the provisions of the GST law.
- vi) Whether document as per books of accounts match with Returns.

4.2 GST Return & Payment:

- i) Whether returns as applicable have been filed within the due dates.
- ii) In case of late filing whether late fees have been paid.

- iii) Whether supply as per books of account matches with supply as per GSTR.
- iv) Whether change in tax rates has been dealt with correctly.
- v) Whether tax has been paid within the prescribed due dates.
- vi) In case of late payments whether interest has been paid.

4.3 Input Tax Credit:

- i) Whether input tax credit is taken based on eligible documents having all the prescribed particulars as per the Rules made in this regard.
- ii) Whether the goods / services on which ITC is claimed has been received by the entity before taking ITC.
- iii) Any Reversal of input tax credit for the goods sent for job work.
- iv) Whether Input tax credit is reversed against the receipt of Credit Note.
- v) Whether wrong ITC availed has been reversed along with interest.

4.4 TDS on GST:

- i) Whether TDS on GST deducted as per GST Law and timely payment of TDS.
- ii) Whether TDS certificates issued timely.

5. Creditors review:

Scrutinize debit balances in creditor's ledger to determine the following:

- i. Excess payment.
- ii. Bill not booked.
- iii. Advance made but material not received.
- iv. Whether new advance given to the same party from which earlier supplies are pending since a long time.

6. Cash Management:

- i. Identify all the Bank CC Accounts, Current Accounts of the Co.
- ii. Analyze the Daily Bank Balances at the end of the day to find out monthly unutilized balance.
- iii. Prepare a frequency distribution table of daily balances.
- iv. Check whether the balances at banks are lying idle over a period of time.
- v. Find out if there are any loans taken by the Co.
- vi. Analyze the need for taking loans, if surplus bank balances are in existence.
- vii. Check other investments of the Co. e.g. FDs, TDs and analyze the cost benefit of interest paid

on loans vis-à-vis interest received on FDs/TDs.

viii. Advances lying unutilized to be reviewed and reported.

7. Payroll:

i. To ensure that gross pay paid is in accordance with contract of employment.

ii. To ensure that payments are made on the basis of attendance and all leaves are accounted for.

iii. Payroll calculations are correct.

iv. Statutory deductions and other deductions are properly made and paid over to the concerned authorities.

v. Payments to contractors are verified in respect of actual attendance in Co. premises.

8. Advances to Employees:

i. To check that the advances are adjusted and in case of recovery, the same is regularly done and there is no second advance unless the first one is adjusted.

ii. To check that the debit memo for the transfer TA and other advances for the transferred employees have been issued timely to the place of transfer.

iii. To check the schedules of advances under various heads duly tallied with the balances of General Ledger.

9. Other Payments:

i) Checking of other expenditures like TA, Transfer TA, Medical reimbursement etc. have been made as per the relevant circulars of the Co. and irregularities, if any, to be reported.

ii) To check the Performance Related Pay (PRP) and production incentive etc. are calculated correctly.

10. Price Escalation:

i. To ensure that price escalations are paid in all eligible purchased components and are paid correctly.

ii. Check ceiling on price escalation claimable in respect of various project price components and total payments made during the review period.

iii. Examine whether the formula provided in the contract has been applied correctly.

iv. Check whether the base and current indices for various types of raw materials have been derived from the sources specified in contract and used in the formula correctly.

v. Check arithmetical accuracy of calculation of value billed, adjusted price payable to suppliers and net adjustment amount (escalation amount).

11. Works contracts:

- i. Ensure that the estimates are administratively approved considering essentiality, reasonableness and the same are covered by the provision made in the budget.
- ii. Examine whether estimates have been concurred by Finance. Also examine the difference between departmental estimates and the quotations received.
- iii. Check that the prescribed procedure for initiation of tenders, opening the tenders, preparation and checking up of comparative statements has been followed, whether the comparative statement has been correctly drawn taking into account all relevant items.
- iv. Ascertain whether the work is allotted to the lowest tenderer in compliance of CVC guidelines.
- v. Check whether the tender documents contain complete description of work to be done and also detailed specification etc. without any ambiguity.
- vi. Scrutinize from the final contract and see that it covers all the essential conditions required for the execution of work.
- vii. Verify the quantum of work done, either from the measurement book or from the other certificates attached to the bill.
- viii. Check the accuracy of measurement book. Verify the rate from the works contract.

12. Labour Contractors:

- i. Read all provisions of the contract agreement in respect of maximum no. of labourers required, payment terms etc.
- ii. Check attendance record maintained by the contractor with that of time office.
- iii. Check whether wages/other allowances are paid as per agreement.
- iv. Check whether statutory deductions like PF, ESI etc. are properly made as per provisions of the contract.
- v. Check whether other reimbursements like service tax/PF/ESI are paid after producing sufficient documentary evidence.

13. Production & Maintenance:

- i. Capacity Utilization: To ensure the optimum utilization of the machine involved with special emphasis to Gross Input, Normal Loss, Normal Output, Actual Output, Abnormal Loss / Gain, Normal Loss Realization.
- ii. Metal Balancing: To confirm the ratio of the metal input and output are matching with the norms specified by the management.
- iii. To verify that the Specific Consumption Norms in mining, smelting, refining etc. are complying with the specified norms set by the company.
- iv. To substantiate the consumption of power involved in production and to compare the consumption with the standard fixed by the management.

- v. Whether the system of recording of production and inter process transfer has been checked on regular basis.
- vi. Bottlenecks / hindrances for under-utilization of production resources and action taken to avoid the same in future.
- vii. Non-standard production (if any), cost involved, reasons for such production, cost incurred for producing accepted product, action taken to avoid reoccurrence in future.
- viii. Monitoring of the statutory compliances made by the contractors supplying the contract labours.
- ix. Verification of material/machines issued on returnable basis and material issued to outside contractors for Job work.
- x. Verifications of calculations made for paying Incentive Bonus to the employees of the units.
- xi. Checking of revert generation (% of loss, production report).
- xii. Check the recovery percentage with norms and reasons thereof.
- xiii. Verification for overhauling / maintenance of machines.
- xiv. Utilization of major equipments
- xv. Check idle assets and condemned equipment and action taken for Utilization/disposal.
- xvi. Check the system of preventive maintenance and adherence.

14. Personnel & Administration:

- i. Recovery from Outside Agencies (Electricity; Water, Rent & Other recoveries).
- ii. Proceedings of Legal Cases.
- iii. Whether proper record of medicines are kept in a systematically way in Hospital.
- iv. Whether medicines are purchased through proper tender.
- v. Audits of Guest House.
- vi. Check the internal control system for payment of LTC for non-executives, claims, leave encashment, festival advance etc.

15. Vehicle:

- i. Whether hiring of vehicle is done as per terms & Conditions of the Contract.
- ii. Whether bill of service provider is passed as per terms & Conditions of the contracts.
- iii. Whether insurance covered of the company owned vehicle is renewed in time.

16. Leased Properties:

- i. To check that the lease rent is recovered as per the agreement.

- ii. To check that the revision of rent is done on due dates and in time as per the terms of the agreement, if not to report.

17. Review of MIS and internal controls:

- i. Study the manuals of the company and reporting of deviations.
- ii. Check if these controls are followed by all departments.
- iii. If not then identify the reasons.
- iv. Identify loopholes and risks, if any, in the system.
- v. Recommend ways to eliminate the loopholes and mitigate the risks.
- vi. Draw Flow Charts of the Business process flow.
- vii. Draw a Flow Chart of the inter department document flow.
- viii. Study the flow and recommend improvements.
- ix. Specifically look for delays in the document flow in any particular department and find ways to pace up the flow.
- x. Identify bottlenecks in the business process flow and categorize in the order of importance and recommend ways

18. Cost Accounting Records:

Review of Primary allocation and statistical data relating to cost accounting records.

19. Systems:

- i) To check that AMCs exists to protect the hardware and software installed.
- ii) To check that all software installed is fully utilized, if not to report.
- iii) To check that the company is having approved IT strategy/plan.
- iv) To check the existing software in the operation is fully utilized e.g. financial accounting, sales accounting, personal information, pay roll, material/inventory management etc.
- v) To check the areas, where the inbuilt check exists in the computer environment and needs to be reviewed.
- vi) To check the document retention policy to eliminate the problem of extracting information from computer file due to lack of back up of past records, exists or not.

- vii) To check that a system of proper documentation of software program exists.
- viii) To check that corrections made in master data are done by authorized person and complete record centrally in computer department is being kept and having the approval of head of System department.
- ix) To check that the backup of data is being taken regularly and kept as per the policy of the company and carried out by the designated and authorized employees.
- x) Whether there is a system of identifying and disposal of e-waste?
- xi) To check the verification of creation of master records of employees transferred in/newly joined during the month & elimination of master records of employees, who have left the organization during the month on account of transfer, retirement, resignation, death, dismissal, removal, etc., if not to report.
- xii) To check the anti-virus software is installed and working effectively.
- xiii) To check the existence of disaster recovery and business continuity plan along with periodic testing and review of the procedure.
- xiv) To check the existence of software base control to block the access immediately after cessation of service like superannuation/ dismissal/ death/ termination etc.

Note: The list is only illustrative. Any other matter, considered significant, may be inserted in the scope of audit from time to time by HCL Management.

Scope of Audit in HCL's RSOs [RSO-E; RSO-W; RSO-N & RSO-S]

1. Marketing Procedures:

- i) Compliance of Corporate Office circulars issued from time to time (100% compliance to be verified):
 - Invoice Register
 - Billing & Utilization
 - Correctness about the applicable rates & value
- ii) Discounts: Debit/Credit Notes (100% verification).
- iii) LME/CSP Register: To verify the correctness of the applicable rates and value quantity booked whether as per the empowered committee decisions.
- iv) LC Register: To verify;
 - Challan date vis-à-vis date of submission
 - Submission date vis-à-vis date of realization
- v) Reviewing customer's ledger and anomaly observed, if any to be highlighted.
- vi) Cash/Bank/Journal vouchers.
- vii) Physical verification of cash/stock.
- viii) Advances to employees, suppliers/contractors.
- ix) Compliance of statutory matters (TDS-Income Tax, GST).
- x) Report on periodic monitoring of debit and credit balance of debtors through the ERP system to be submitted along with IA report on a regular basis.

2. Sales:

- i) Scrutiny of contract with the client and ensure that all supplies are properly billed.
- ii) Provision of Guarantees/Advances.
- iii) Collection/Receivables/Retention
- iv) Taxes & Duties reimbursement from the client.

- v) Taxes & Duties in case of Direct dispatches.
- vi) All materials dispatched are billed.
- vii) Sales Returns.
- viii) Compare budget profit with actual profit.
- ix) Checking of transactions (1st Provisional/2nd Provisional/Final) against sale of concentrate/reverts/anode slime etc., as per the terms & conditions of the Work Order.

3. Debtors Review:

- i) Check age-wise listing of the debtors.
- ii) Filter out debtors aging more than the credit period.
- iii) Investigate into the reasons of delay in payments.
- iv) Ensure the adequacy of the debt recovery measures and recommend way to eliminate the inefficiency.
- v) Reconcile the debtors as per the branch/site and as per the corporate office.
- vi) Accentuate on frequent visits by CO officials/auditors to site/branch in order to sort out the differences in the amount of debtors and keep a track on the debt recovery controls.
- vii) Confirmation of Balances.

Note: The list is only illustrative. Any other matter, considered significant, may be inserted in the scope of audit from time to time by HCL Management.

EXTENT OF COVERAGE OF AUDIT

| Sl. No. | Particulars | In each HY Phase |
|---------|--|-------------------------------|
| 1. | Purchase (pre-award & execution) (a) PO with value up to Rs. 100 Lakh (b) PO with value above Rs. 100 Lakh | 10% 100% |
| 2. | Works contracts (pre-award & execution) (a) Contracts with value up to Rs. 100 Lakh (b) Contracts with value above Rs. 100 Lakh | 10% 100% |
| 3. | Works contract/PO awarded on STE/nomination basis (pre-award & execution) (a) Contracts with value up to Rs. 10 Lakh (b) Contracts with value above Rs. 10 Lakh | 10% 100% |
| 4. | Verification of metal balancing report on monthly basis | 100% |
| 5. | Checking of Security Deposit as per contract/PO terms | 50% |
| 6. | Stores: Documentation and record keeping, random physical stock verification, reporting of non-moving materials and disposal of obsolete materials, scrap management as ABC analysis | A – 50% B – 20% C – 10% |
| 7. | Payment released from Finance against PO/Contracts | 10% |
| 8. | Attendance, payment to contract labours incl. statutory deductions | 20% |
| 9. | All statutory payments in time viz. GST, Service Tax, Income Tax, other applicable Taxes & duties | 100% |
| 10. | Verification of Bank Reconciliation Statements of all Banks for audit period | 100% |
| 11. | Investment of surplus fund as per Company policy | 100% |
| 12. | Compliance of Revenue Budget and Capital Budget | 100% |
| 13. | Checking of Imprest accounts: (a) Accounts up to Rs. 5,000/- each (b) Accounts more than Rs. 5,000/- & up to Rs. 25,000/- © Accounts more than Rs. 25,000/- | 10% 50% 100% |
| 14. | HR Establishment covering Leave records, LTC records and payment of all types of advances to employees, pay fixation, training and other cases | 20% |
| 15. | Verification of CSR expenditure | |

| | | |
|-----|--|--------------------|
| | (i) For projects costing up to Rs. 10 Lakh (ii) For projects costing above Rs. 10 Lakh | 20% 100% |
| 16. | Administration department covering maintenance of quarters, lease rentals of quarters/shops, vehicles movement (company owned & hired vehicle incl. heavy vehicles, ambulance etc.), Guest House, Hospitals, Purchase of medicines by tendering and its record keeping and misc. office expenses | 20% |
| 17. | Marketing: Compliance of office orders, manuals, rates, discounts, credit/debit notes, LC register verification | 100% |
| 18. | Debtors Review: Age-wise analysis, reason for delay in payment, adequacy of debt recovery measures (i) Debtors balance up to Rs. 1 Lakh (ii) Debtors balance more than Rs. 1 lakh and up to Rs. 5 Lakh (iii) Debtors balance above Rs. 5 Lakh | 20% 50% 100% |
| 19. | Verification of: (a) Reconciliation of Debtors balance and Creditors balance (b) Sales (Product-wise) on monthly basis | 100% |
| 20. | Creditors and Advance Review: Age-wise analysis, plan of payment (i) Creditors balance up to Rs. Rs. 5 Lakh (ii) Creditors balance above Rs. 5 Lakh | 20% 50% |

Note: 1. The above list of extent of coverage of audit is not exhaustive. Other areas of the scope of work detailed in Annexure are also to be covered in the internal audit report.

2. Management keeps the right to modify the extent of coverage of audit based on risk analysis of Company's transactions during the period of audit.

TERMS OF REFERENCE OF INTERNAL AUDIT FOR HCL AND ITS UNITS & OFFICES

The Institute of Chartered Accountants of India (ICAI) has issued Standards on Internal Audit (SIA). The Internal Auditors shall follow these Standards to the extent applicable in the matter of Planning, Audit Procedures (Sampling, Analytical Procedures etc.), Documentation and Reporting. The Internal Auditor is expected to apply his judgment to decide the applicability of these standards w.r.t. scope of work and reporting requirements.

A) AUDIT TEAM:

- 1) A practicing Chartered Accountant or a Firm/LLP of Chartered Accountants registered with the Institute of Chartered Accountants of India, appointed to conduct Internal Audit should depute audit team in HCL's Corporate Office/HCL's Units/HCL's RSOs as per terms of work order.
- 2) The location-wise Audit Team appointed should consist of one qualified CA and two Inter CA (IPCC) semi qualified assistants.
- 3) 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 the respective Unit Heads/Corporate Finance Head/RSO Heads of the Company, as applicable, subject to verification of credentials of the new incumbent to be sent along with the intimation with photo proof of qualification, PAN card, Aadhaar card and a brief profile. The audit team members should carry Photo ID issued by the Audit Firm, duly attested by the respective Unit Heads/Corporate Finance Head/RSO Heads, as applicable.
- 4) The Internal Audit Team should visit place of Audit every six months (i.e. each half yearly period of the FY) and conduct Audit during the number of days as specified in the work order and Partner/Qualified Chartered Accountant of at least 5 years post qualification experience is required to be present for guiding the team, discussion and finalization of report with the respective Unit Heads/Unit Finance Heads/Corporate Finance Head/RSO Heads, as applicable. The attendance of the audit team members will be maintained by the respective Finance Heads of the Unit/CO/RSO, as applicable, in the specified format duly countersigned by the audit team members on conclusion of the half yearly audit.

- 5) The Audit team will conduct the audit as per Compendium of Standards on Internal Audit issued by The Institute of Chartered Accountants of India and in consultation with the concerned officials of CO, Units & RSOs. It is important also to ensure that all aspects are reviewed from proprietary angle and all expenses, cost and revenue need to be examined from this angle. The policy decisions of the company and procedures adopted should be reviewed and commented upon including changes suggested. The internal controls, delegation of powers are to be regularly monitored for compliance as well as appropriateness. The various management decisions adversely impacting profitability or wastages of resources are to be brought in the report.

B) AUDIT LOCATION, AUDIT FREQUENCY, AUDIT TEAM AND AUDIT MAN DAYS:

| Auditor | Audit Locations | Freq. of Audit/FY | Period of Audit/Freq. (Days) | Audit Team | | Man days /Audit Freq. | Report submission |
|------------------------------------|--------------------|-------------------|------------------------------|------------|--------|-----------------------|---|
| | | | | CA/Partner | Asstt. | | |
| I (To act also as Lead Auditor) | CO;RSO(E) & RSO(S) | HY | 8 | 1 | 2 | 24 | By 31 st Oct (For Phase-I Audit)& By 30 th Apr (For Phase-II Audit) |
| | ICC | HY | 12 | 1 | 2 | 36 | |
| II | MCP | HY | 14 | 1 | 2 | 42 | -Do- |
| III | KCC | HY | 12 | 1 | 2 | 36 | -Do- |
| | RSO(N) | HY | 02 | 1 | 2 | 06 | |
| IV | TCP | HY | 10 | 1 | 2 | 30 | -Do- |
| | RSO(W) | HY | 02 | 1 | 2 | 06 | |
| V | GCP | HY | 04 | 1 | 2 | 12 | -Do- |

Note: The Lead Auditor shall be given an additional responsibility to collect the final audit reports from other 4 Auditors at the end of each half yearly audit (within the stipulated period), compile the audit reports of all HCL Units, CO & RSOs and give a power point presentation before HCL's Audit Committee, the date for which shall be intimated to the

Lead Auditor in advance. An **additional 10 man days** shall be provided to the Lead Auditor per audit phase for the same.

C) REGISTERED OFFICE/BRANCH OFFICE OF AUDIT FIRMS:

| Sl. No. | For Location-wise Audit in HCL | Audit Firm must have its Registered Office / Branch Office located in: |
|---------|--------------------------------|--|
| 1. | CO; RSO(E); RSO(S) & ICC | Kolkata |
| 2. | MCP | Raipur, Nagpur or Bhalal |
| 3. | KCC & RSO(N) | Delhi, Gurgaon, NOIDA, Faridabad or Ghaziabad |
| 4. | TCP & RSO(W) | Mumbai |
| 5. | GCP | Ahmedabad, Vadodara, Surat or Bharuch |

D) SCOPE OF WORK:

- 1) The audit team will conduct audit concurrently on half yearly basis [April-September (Phase-I) & October-March (Phase-II)] throughout the year, as per the Scope of work.
- 2) The Auditor should inter alia comment in respect of the following points:
 - (i) Systems & Transactions.
 - (ii) Compliance of applicable Laws by Units / CO/ RSOs and instances of non-compliance if any, to be brought to the notice of Audit Committee by way of submission of certificate by the respective Audit Firms .
 - (iii) Observations of the Audit Committee from time to time. This however does not limit the scope of Audit and will be undertaken to ensure efficiency, efficacy, effective internal control, risk management, plug leakage of revenue, check excessive expenditure, matters and actions beyond powers or against the interest of the company
 - (iv) Matters contained herein and as may be advised by the company from time to time.
 - (v) Action Taken Report (ATR) on previous Audit Reports. In case any material issue is not getting addressed, the internal Auditors shall interact with the CMD and/or relevant Functional Directors and General Manager in charge of the respective matter and to prepare the reports and ATR accordingly. Comment and recommendations for improvement in the systems.
 - (vi) Any other matter, which may be required during the course of audit besides as prescribed in

terms of internal Audit standards of ICAI and under Companies Act, 2013, with respect to Internal Audit.

E) Lead Auditor:

The Company will appoint one of the Firms (as indicated at Para B above), working as Internal Auditor in HCL, as the Lead Firm who will be also performing the job of consolidating all audit reports including executive summary (excluding confidential report and special report) for the company as a whole and will be paid an additional amount equivalent to deployment of **additional 10 Man days per Phase of 6 months audit**. A half yearly as well as annual consolidation is to be made by the lead auditor for presentation before the Audit Committee.

F) AUDIT REPORT:

- 1) **Half Yearly Report (Corporate Office, all Units & RSOs):** The respective Audit teams shall discuss their observation and findings with the Unit Head as well as Unit Finance Head at each Unit, and in case of CO with Finance Head as well as GM (Internal Audit) & CS after completion of audit for the half yearly period before submission of their report. Current half yearly period as well as unresolved observations of the previous half yearly period shall also be brought before the management. The audit team shall discuss, finalize and submit their half yearly audit reports to the respective Unit Heads through the concerned Unit Finance Heads. In case of CO, the half yearly audit report shall be discussed, finalized and submitted to Corporate Finance Head and in case of RSOs, the half yearly audit reports shall be finalized and submitted to the Corporate Head of Commercial department through the respective RSO Finance Heads. Reports shall be submitted in two sets. Half yearly report is to be submitted by last day of the month following the end of each half yearly period. A soft copy of all reports except confidential report shall always be provided.
- 2) **Half Yearly Consolidated Report (Covering CO, Units & RSOs):** The Lead Audit Firm shall be required to collect and consolidate all location-wise half yearly reports and submit a comprehensive report along with an executive summary for each phase of audit period of six months to GM (IA) & CS, CO.
- 3) **Special Report:** In case of persistent non-compliance with standard Operating Procedures by the management or serious lapses coming to the knowledge of Internal Auditor, the Firm should submit a special Report to CMD, HCL.

- 4) **Confidential Report:** The Internal Auditors are also advised to report all cases of revenue leakage, excessive or unreasonable expenses, misuse of powers, favours or disfavours having financial impact, fraud on the company or by the company, improper awarding of contracts, theft, unlawful or unprofessional activity or activity beyond the ethical boundaries or any other aspects without any limitation of any kind where interest of the company or any stake holder is getting adversely affected. Such report will be dealt with in a confidential manner and actions will be initiated without any reference to the source. The secrecy in terms of Official Secret Act will be followed by all concerned about such report and will be shared only on need to know basis. Confidential Report to be submitted to CMD, HCL.
- 5) **Report on Fraud:** Internal auditor is to be entrusted with the task and responsibility of ensuring identification of all material or minor frauds as well as large material errors. The audit programme should be so designed so that a clear focus on these aspects and proprietary aspects is given as per best of the ability of the Audit team. All such aspects are to be included in the confidential report to be submitted to CMD, HCL in a close cover marked as secret. The management will ensure the secrecy of such report and source identification and will fully protect the reporting Auditors. This is as a sequel to the current scenario in the matter of reporting on frauds under The Companies Act 2013 to strengthen the governance process.
- 6) Each page of the Internal Audit Report should be duly numbered and signed by the partner of the Firm under its seal, mentioning Name of the Partner, Membership No., and Firm Registration No.
- G) AUDIT FEE:**
1. **Location-wise Half Yearly Fee to Audit Firms:**

| Audit Firm | Audit Locations | Half Yearly Audit Fee (Rs.) |
|----------------------------|---------------------|-----------------------------|
| I (Lead Audit Firm) | CO, RSO(E) & RSO(S) | 36,800/- |
| | ICC | 55,200/- |
| II | MCP | 64,400/- |
| III | KCC | 55,200/- |
| | RSO (N) | 9,200/- |

| | | |
|----|---------|----------|
| IV | TCP | 46,000/- |
| | RSO (W) | 9,200/- |
| V | GCP | 18,400/- |

Lead Audit Firm will be paid an additional fee of Rs. 15,000/- per half yearly audit period of six (6) months for consolidation of all location-wise audit reports along with preparation of an executive summary for giving power point presentation before HCL Board Audit Committee. All Applicable GST will be paid extra as per laws.

2. Travelling Allowance:

Partner/Qualified CA of the Audit Firm shall be entitled for rail fare by AC II Tier/AC Chair Car (wherever applicable from the nearest railway station), and Semi-qualified assistant by AC III Tier/AC Chair Car (wherever applicable from the nearest railway station) on submission of proof of journey. For this purpose, journey will be considered from the Firms' nearest office as per Para C of Annexure-III to the place of audit. In case of journey by mode other than rail, TA will be limited to entitled class or actual fare, whichever is lower, subject to production of documentary evidence.

The Partner of the Lead Auditor shall be entitled for economy air fare/1st AC rail fare for attending & giving power point presentation before the Audit Committee meeting at the end each half yearly audit period (date of which shall be intimated by HCL) on submission of proof of journey.

3. Boarding, Lodging & Local Transport:

The Audit team will be provided with free boarding, lodging at Company Guest House at all locations where such facility is available. The Audit team will be provided local transport facility at HCL Units.

4. Payment of Internal Audit Fee:

Payment of Audit Fees and travelling expenses will be released phase-wise after submission of the reports for that phase and conclusion of Audit Committee meetings for accounts ending 30th September and 31st March of respective FY. The respective Audit Firms shall submit their bills in original along with all supporting documents, certified copies of attendance sheet of audit teams and stay certificate issued by the Units/CO/RSOs of HCL, as the case may be, to the respective Units/Offices who will in turn verify the bills and submit the same to GM (Internal Audit), CO for release of payment.

H) FORCE MAJEURE CLAUSE:

If at any time during the continuance of this contract, the performance in whole or in part by either party of any obligation under this contract shall be prevented or delayed by reason of war, act of hostility of public enemy, civil disruption or sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lock-outs or acts of God (here-in-after referred to as events), provided notice of the happening of any such eventuality is given by the either party to the other within 21 days from the date of occurrence thereof, neither party shall by reasons of such event be entitled to terminate this contract nor shall either party have any claim for damages against the other in respect of such non – performance or delay in performance/execution under the contract. Provided also that such performance/execution under the contract should commence as soon as practicable, after such event has come to an end or ceased to exist, and the decision of HCL as to whether the performance has been so resumed or not shall be final and conclusive. Provided further that if the performance in whole or in part or any execution under this contract is prevented or delayed by reasons of any such event for a period exceeding 60 days, either party may opt to terminate the contract. If the contract is terminated under this clause, HCL shall have liberty to take over from the contractor at a reasonable price, all unused, undamaged and acceptable materials, machinery, equipments, etc. at the site, being used for the performance of the contract and in the possession of the contractor at the time of such termination of such portion thereof as HCL may deem it fit, except such materials, equipments, etc that the contractor may with the concurrence of HCL elect to retain. It is also understood in addition that this force Majeure clause will cover parties' inability to perform on account of change in law or imposition of rules or restrictions by the Government.

I) ARBITRATION:

Any dispute(s) of difference(s) of any kind whatsoever arising between the parties out of, or relating to the construction, meaning, scope operation or effect of the contract or its validity or its breach thereof, if not settled mutually, shall be referred by the parties to this contract for Arbitration under the Arbitration and Conciliation Act, 2015 and the provisions there under, and the award made in pursuance thereof shall be binding on the parties.

The Arbitrator will be appointed within 30 days of reference to arbitration. A Sole Arbitrator will be nominated by the Chairman-cum-Managing Director of Hindustan Copper Limited (HCL), who, according to the 2015 Act, will not stand in conflict of interest with any to the organizations. A declaration to the effect shall be submitted by the Arbitrator, to guarantee impartially in the proceedings. In case of a dispute of very high value, the dispute may be referred to an arbitral tribunal, consisting of an Arbitrator nominated by both parties each and one arbitrator appointed by both the above arbitrators.

In the event of such an arbitrator to whom the matter is originally referred, being transferred or has vacated his office because of retirement, or resignation or otherwise or refuses to act or is incapable of acting for any reason whatsoever, the Chairman-cum-Managing Director of

HCL shall appoint another person to act as arbitrator in his place, who again would not stand in any conflict of interest with both the parties. Such person(s) shall be entitled to proceed from the stage at which his predecessor left it.

The duration of proceedings and the fee structure will be governed by the 2015 Act. The venue of the arbitration shall be Kolkata only. The award of the arbitrator shall be final and binding on the parties. Any dispute, which arises at any point of time out of arbitration, shall have the jurisdiction of the court of Kolkata, West Bengal.

Subject to the above, the provision of Arbitration and Conciliation Act, 1996 and the rules there under and the statutory modifications thereof shall govern such arbitration proceedings and shall be deemed to apply and be incorporated in this contract.

J) JURISDICTION OF THE COURT:

Only the Court of Kolkata, West Bengal having original jurisdiction to entertain suit shall have jurisdiction to receive and decide any application/applications under the Arbitration and Conciliation Act, 1996 and no other court shall have any jurisdiction whatsoever.

K) APPLICABLE LAWS:

The Indian Acts will be applicable in all matters.

L) GENERAL TERMS & CONDITIONS:

- i) The Audit Firm must not sub-contract the work. Only partners of the firm or employees or qualified associates whose bio data is provided at least 7 days in advance can take up the audit. The firms will have to declare that they are not related with any existing Director and Key Managerial Personnel of the Company.
- ii) The audit team will work in strict confidence and will ensure that the information in respect of the operation of the Area/Unit is dealt in strict confidence and secrecy. A Certificate towards maintaining confidentiality is to be provided by each Internal Audit Firm in respect of its Audit Team members before commencement of Audit.
- iii) If progress/performance of the audit team is not satisfactory, the management reserves the right to terminate the appointment of the Firm with prior notice of one month.
- iv) The appointment of Internal Audit Firms shall initially be for one FY (2020-21) with provision for extension of two further terms of one FY each subject to satisfactory performance at the sole discretion of HCL at same rate, terms & conditions.
- v) The complete tender document shall be available in the HCL's website (www.hindustancopper.com) as well as in Central Public Procurement Portal (<https://etenders.gov.in/eprocure/app>) for downloading and submission of offer.

vi) The Internal Audit Assignment will be terminated and the audit firm will also not be considered for renewal of appointment for Internal Audit in HCL and its units, in the following cases:

- a. If the Firm obtains the appointment on the basis of false information/false statement.
- b. If the Firm does not take up audit in terms of appointment letter within one month.
- c. If the Firm does not submit the Audit Report, complete in all respects, as per terms of appointment within the stipulated time.
- d. If performance of the Firm is not found satisfactory.
- e. If any fraud / embezzlement is detected subsequently and not reported by Internal Auditor.
- f. If a Firm is appointed as an Internal Auditor in HCL or any of its units/offices, neither the firm nor any other firm or partners related in any manner will be appointed as Internal Auditor in any other units/offices in HCL.
- g. The Firm has to maintain the confidentiality requirement in terms of professional code of conduct and they shall not appoint/utilize the services of those who are not employee/partner/director of the Firm.
- h. Mere submission of bid shall not confer any legal right/claim for empanelment as Internal Auditor in Hindustan Copper Limited. HCL reserves the right to cancel/restrict/modify the number of Internal Auditor in this empanelment process, if required without issuing any further notice or assigning any reason thereof.

Note 1: The evaluation criteria for short listing will be confidential as these are more of professional judgement based on several parameters as may be decided by HCL Management and cannot be questioned by any person.

Note 2: HCL reserves the right to check the details and to ask for supporting evidence at any time.

Note 3: Disqualification of Auditor as per section 141(3) of the Companies Act 2013 will be applicable.

APPLICATION FORMAT

| Sl. No. | Particulars | Details |
|---------|--|---------|
| 1. | Name of the Firm with Registration No. | |
| | Date of Registration of the Firm | |
| 2. | Registered Office Address & Date of Establishment | |
| 3. | Branch Office Address and Date of Establishment | |
| 4. | Contact No. of the Partner | |
| 5. | Fax No. | |
| 6. | E-mail address and Website | |
| 7. | Name, Membership No. and Date of joining of existing Partner with the Firm having the longest association with the Firm (minimum experience is 10 years for a Firm to be eligible to participate) Ref.: Selection criteria: Sl. No. 1 | |
| 8. | Name and Membership No. of the full time Partners and full time Qualified Persons having more than 5 years' experience in practice in the Firm/Limited Liability Partnership who is in the Firm as on 01.01.2020 and continuing thereafter Ref.: Selection criteria: Sl. No. 2(A)(i) | |
| 9. | Name and Membership No. of the full time Partners and full time Qualified Persons with more than 5 years' experience in practice in the Firm/Limited Liability Partnership having Diploma in Information System Audit (DISA)/Certified Information System Auditor (CISA) who is in the Firm as on 01.01.2020 and continuing thereafter Ref.: Selection criteria: Sl. No. 2(A)(ii) | |
| 10. | Name, Membership No. and joining date of the full time Partners/full time Qualified Persons with more than 5 years' experience in practice with the same Firm as on 01.01.2020 and continuing thereafter Ref.: Selection criteria: Sl. No. 2(B) | |
| 11. | Name, Membership No. and joining date of full time Qualified Assistants who is an ACA having experience of 5 years or less and is working with the Firm as on 01.01.2020 and continuing thereafter Ref.: Selection criteria: Sl. No. 3 | |
| 12. | Name and date of joining of semi-qualified assistants (Inter Chartered – IPCC – both groups) & is working full time with the Firm as on 01.01.2020 and continuing thereafter Ref.: Selection criteria: Sl. No. 4 | |

| | | |
|-----|--|--|
| 13. | Year-wise experience of the Firm in conducting Statutory/Internal Audit in last 10 years: -Name of PSU/Govt. Companies including concurrent audit in PSU Banks - Other large companies with turnover of at least Rs. 100 crores Ref.: Selection criteria: Sl. No. 5 | |
|-----|--|--|

Further, the following documents are required to be submitted online:

1. Self-attested copy of membership certificate of Partners and full time qualified persons issued by Institute of Chartered Accountants of India.
2. Self-attested copy of Certificate of Practice of Partners and full time qualified persons issued by Institute of Chartered Accountants of India.
3. Self-attested copy of Registration Certificate of PCA/Firm/LLP issued by Institute of Chartered Accountants of India.
4. Self-attested copy of PAN Card of PCA/Firm/LLP.
5. Self-attested copy of GST Registration Certificate (if applicable).
6. Self-attested copy of work order issued of Statutory/Internal Audit issued by PSU/Govt. Companies including concurrent audit in PSU Banks. Large Companies with turnover of at least Rs. 100 crore.
7. Self-attested copy of document showing location of Headquarters/Branch offices.

In absence of the above documents the offer will be rejected. The documents uploaded online to the offer must be serially numbered and duly signed by the bidder with official seal.

Date:

Signature with Seal

Place:

Name of the Partner:

Membership No.:

Name of the Firm:

Firm Registration No.:

Letter of Bid

To,
Dy. General Manager (Commercial)
Hindustan Copper Limited
1, Ashutosh Chowdhury Avenue
Kolkata – 700 019

Dear Sirs,

Sub: Tender No.:

1. Having examined the Tender Document including Addenda/Corrigenda, if any (insert numbers), we, M/s. (..... Name of the Bidder Firm) represented by the undersigned, Mr./Ms..... Partner /Legal Attorney / Proprietor /Accredited Representative, submit our offer against the subject tender (description of work.....) vide our offer No.....dated in conformity with the said Tender Document.
2. We confirm to accept all terms and conditions contained in the tender document unconditionally.
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 any bid 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

tender are genuine, authentic, true and valid.

8. We confirm that if any information or document submitted is found to be false / incorrect forged/tampered in any way, the said offer shall be considered absolutely null & void and action as deemed fit may be taken against us including termination of the contract, forfeiture of all dues and banning of our firm along with all partners of the firm as per provisions of tender document/Purchase Manual of HCL/Provisions of law in force.
9. We have never been banned or delisted by any Government or Quasi-Government Agency or any Public Sector Undertaking in India.

OR

We were banned by the organization named "-----" for a period of ----- year(s) effective from ----- to -----for ----- (the reasons to be mentioned).

Dated this day of _____ 2020

Signature _____

Name _____ Designation _____

Seal _____

Duly authorized to sign bid for and on behalf of _____

NOTE:

1. This letter should be on the letterhead of the Bidder and should be signed by a person competent and having the authority to bind the Bidder. The said document conferring authority upon the person should be submitted by the Bidder along with the LOB. If the said document conferring the authority is Article of Association of Company, Partnership Deed of a Registered Firm or any resolution of the company, then the notarized copy of the same should be uploaded. In other cases, the letter of authority should be a Power of Attorney sufficient to bind the bidder.
2. Power of Attorney should be on non-judicial stamp paper and sufficiently stamped.

Bid Evaluation Criteria for engaging Internal Auditors for HCL Units & Offices:

| Sl. No. | Criteria | Basis of Marks | Max. Marks |
|---------|--|--|------------|
| 1 | Experience of the Firm: The minimum experience is 10 years for a Firm to be eligible to participate and for having additional experience; they would get marks as shown in the adjoining column. The experience shall be reckoned from the date of joining of an existing partner with the Firm and having the longest association with the Firm. | Above 10 years to 15 years = 5 marks Above 15 years to 20 years = 10 marks Above 20 years = 15 marks (fraction of the year to be ignored) | 15 |
| 2A (i) | Number of full time partners in practice in the firm/Limited Liability Partnership who is in the firm as on 01.01.2020 and continuing thereafter. | 2 marks for each partner who is ACA. 3 marks for each partner who is FCA. | 25 |
| 2A (ii) | Number of full time partners in practice in the firm / Limited Liability Partnership having Diploma in Information System Audit (DISA)/Certified Information System Auditor (CISA) who is in the firm as on 01.01.2020 and continuing thereafter. | 2 marks for each partner having DISA/CISA | 5 |
| 2B | Length of association of the full time Partner with more than 5 years' experience in practice with the same firm (who is in the firm as on 01.01.2020 and continuing thereafter) | <ul style="list-style-type: none"> • 4 marks for each partner above 20 years. • 3 marks for each partner above 15 years. • 2 marks for each partner above 10 years. • 1 mark for each partner below 10 Years but above 5 Years. (fraction of the year to be ignored) | 20 |
| 3 | Number of full time qualified assistants who is an ACA having experience of 5 years or less and is working with the firm as on 01.01.2020 and continuing thereafter. | 2 marks for every qualified assistant | 10 |
| 4 | Number of full time semi-qualified assistants (Inter Chartered - IPCC - both groups) & is | 1 mark per semi-qualified assistant | 5 |

| | | | |
|---|--|--------------------------------------|-----|
| | working full time with the firm as on 01.01.2020 and continuing thereafter. | | |
| 5 | Experience of the firm in conducting Statutory/Internal Audit in PSU/Govt. Companies including concurrent audit in PSU Banks, large companies with turnover of at least Rs. 100 crores each year during the last 10 financial years. | 2 marks per financial year of audit. | 20 |
| | Total Marks | | 100 |

Note:

- i) In case of tie in the marks scored, firm having seniority w.r.t. "Experience of the Firm" (As per Sl. No. 1 of Selection criteria.), will be preferred.
- ii) A firm which had been appointed as Internal Auditor in HCL or any of its Units or Offices and served a term of three years (i.e. F.Y. 2017-18 to 2019-20) would not be considered for appointment of Internal Auditor for next three succeeding years (cooling period).
- iii) A firm, which has been removed from internal audit assignment from HCL or any of its Units or Offices during F.Y. 2014-15 to F.Y. 2019-20, 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 Internal Auditor in HCL and its Units/Offices.
- iv) The final selection will be based on professional judgement of the appointing authority. The short listed Firms will be asked to make a 15 minutes' presentation before HCL Selection Committee for consideration which will carry 50 marks based on various professional parameters as may be considered appropriate by the selection authority including infrastructure of office, approach towards audit, usage of specialized audit tools and methodology, professional approach of the main partner and commitment to excellence based on interaction as may be judged and cannot be questioned in any manner and will be strictly confidential. Any attempt to question the selection will be considered as solicitation of assignment and will be referred to ICAI for Disciplinary process. The number of shortlisted Firms to be called for making presentation before the Selection Committee would be 3 times of number of vacancies in the descending order of marks with **minimum qualifying marks of 70.**

Signature Not Verified

Digitally signed by AKASH DAS
Date: 2020.05.29 11:59:10 IST
Location: eProcurement System for
Central PSUs