



Dated: 08.02.2016

Sub: Clarifications on Pre-quote queries received from prospective bidders relating to EOI floated for appointment of Consultant for implementing Ind AS in BSNL and Extension of time for bid submission.

An Expression of Interest has been floated for appointment of consultant for implementation of IndAS. Following are the clarifications on various pre-quote queries received from prospective bidders and extension of time for bid submission:

1. Time limits for submission and opening of technical bid stand revised as follows:

	Existing Date	New Date
Last date for submission of EOI	10.02.2016	15.02.2016
	(up to 15.00 hrs)	(up to 15.00 hrs)
Opening of EOI	10.02.2016	15.02.2016
	(15.30 hrs)	(15.30 hrs)

2. Experience in respect of Indian clients of bidder will only be considered for evaluation.

3. The time lines for the different clauses stand revised as follows:

- a. For clause 4.1.1. revised from 30 days to 60 days of award of contract
- b. For clause 4.1.2. revised from 30 days to 60 days of award of contract
- c. For clause 4.1.3. revised from 40 days to 60 days of award of contract
- d. For clause 4.1.4. revised from 45 days to 90 days of award of contract
- e. For clause 4.1.5. revised from 60 days to 120 days of award of contract
- f. For clause 4.1.6. revised from 75 days to 120 days of award of contract
- g. For clause 4.2.1. revised from 90 days to 120 days of award of contract
- h. For clause 4.2.2. revised from 90 days to 120 days of award of contract
- i. For clause 4.2.3. revised from 120 days to 150 days of award of contract
- j. For clause 4.3.1. revised from 150 days to 180 days of award of contract

4. Accounting Structure: BSNL maintains its books of accounts in accordance with the Indian GAAP and on going concern basis under the historical cost convention and mercantile system of accounting. The scheme of accounting in BSNL is as follows:

- a. Each Circle is divided into number of Business Areas (BAs) which are the Primary Accounting units (PAU). All the Circle offices of BSNL which include the Telecom Circles, Projects Circles, Maintenance Circles, Factories, Stores depot etc. prepare their independent books of accounts.
- b. With the implementation of ERP SAP, Trial Balance is prepared at Company Code Level. The Business Areas (BAs) within the circle pass their respective accounting entries in the SAP system which gets consolidated automatically at Circle Level and Corporate Level. However, Business areas & Circles offices can see their respective trial balance after closing the same.

5. Usual Place of Work: The accounting work throughout all circle offices of BSNL is co-ordinated from Corporate Office, Delhi. Hence, the usual place of work for the consultant would be the Corporate Office, Delhi.
6. Visiting to Circle Offices: To gain the understanding of the ground level working it is necessary to visit some of the circle offices. The offices to be visited will be decided at the time of award of contract by the management. However, consultant should be ready to visit any of the circles of BSNL.
7. Accounting policies, procedures and manual: Existing Indian GAAP accounting policies may be referred from Annual Report available at BSNL's official website www.bsnl.co.in. Presently the accounting guidelines are issued in terms of accounting circulars. There are around 350 circulars issued on various aspects of accounting till date which will be made available to the consultant at the time of award of work. The consultant is expected to frame accounting policies as per Ind AS and suggest changes, deletions in the existing circulars and new guidelines which required to be issued.
8. As regards trainings following are clarified:
 - a. Around 350 accounts executives from various accounting units throughout India needs to be trained.
 - b. Training will be classroom based training and not web-based. BSNL have its own training centres at various places throughout India where the Ind AS trainings will be conducted.
 - c. Trainings will be conducted in 8 sessions of three days each at different training centres throughout India. Places for training will be decided later by the management. However, consultant should be ready to visit any of the training centres of BSNL.
 - d. Consultant is required to make its own arrangements of travel, boarding & lodging. No separate payment will be made for travel and lodging expenses to consultant as the lumpsum fee quoted against this EOI is all inclusive.
 - e. Customized training materials are required to be developed by the consultant which would be relevant to BSNL accounting. The training sessions and materials will be approved by the management. After approval the trainings will be conducted.
 - f. The consultant is expected to provide training to accounts executives about Ind ASs relevant for BSNL, major implications of Ind AS in accounting and financials of BSNL and matters which require special attention while accounting of transactions.
9. As regards IT systems following are clarified:
 - a. Accounting Software in BSNL: Earlier an in-house developed Fox Pro based accounting software was being used for accounting in BSNL. However, during the current financial year BSNL has completed the implementation of following modules of SAP:
 1. FICO – Finance & Controlling
 2. PS – Project Systems
 3. HCM – Human Capital Management
 4. REM – Real Estate Management
 5. PM – Plant Maintenance
 6. MM – Material Management
 7. SD – Sales & Distribution
 8. BASIS – Business Application Software Integrated Solution
 9. PP – Production Planning

10. QC – Quality Control
 11. EP – Enterprise Portal
- b. SAP Version is ECC 6.0 & EHP 4.0 (TAX version is CIN-TAXINN)
 - c. Although the consultant is expected mainly to identify the changes required in the IT infrastructure operating in BSNL and implementation of changes would be the responsibility of BSNL, however, the consultant may be asked to assist in implementation of changes in SAP system at some instances. For this reason requirement of technically qualified persons having knowledge of SAP has been included in clause 5.7 of eligibility criteria.
 - d. Changes in the IT systems are required to be done at Central Level from where the IT system is being operated.
10. As regards clause 4.1.7, the consultant is expected to advise on the statutory and regulatory issues arising out of or relating to implementation of Ind AS only.
 11. As regards standard templates & conversion of financial statements following may be clarified:
 - a. Standard templates are required to be prepared by the consultant to obtain information / data from circles in order to prepare Ind AS financial statements.
 - b. Circles will provide data in the standard templates that has to be relied upon for the purpose of conversion.
 - c. Conversion is required to be done in respect of financial statements of every circle and company as a whole.
 12. The consultant is expected to review the existing componentization of Fixed Assets and advise if any changes are required to be done from accounting point of view only. As Fixed Asset registers are maintained circle wise it is necessary that changes are required to be done at circle level.
 13. Conversion / preparation of financial statements to comply with Ind AS requirements would mainly be the responsibility of consultant. BSNL staff will provide all required data / information in this respect.
 14. Post implementation review: During the conduct of audit or after completion of audit if statutory auditors, government auditors or management gives some suggestions or objects on one or more issues relating to Ind AS implementation then consultant is required to assist in resolving such issues and make changes if any required.
 15. Date of fulfilment of eligibility criteria is changed from 31st October, 2015 to 31st December, 2015.
 16. A chartered accountant firm registered in Indian Partnership Act is eligible to participate in EOI subject to production of Registration Certificate of the Firm as per Annexure 1 of EOI and other eligibility conditions. Also Service Tax Registration number of the firm is required to be mentioned in technical bid.
 17. The clause 5.2 is amended as follows:

The Firm or any of its partners is not doing any work related to preparation of accounts and audit of the BSNL or any of its branches. The Firm or any of its partners should not have any kind of dealings with the company which may adversely affect the discharge of duties by the consultant firm under this contract. The firm or any of its partners should not be disqualified for

appointment under the applicable statutory laws. Bidder is required to submit a self declaration in this regard in the technical bid.

18. The declaration 2. of Technical Bid (Annexure-1) is amended as follows:

The Firm or any of its partners is not doing any work related to preparation of accounts and audit of the BSNL or any of its branches. The Firm or any of its partners is not having any kind of dealings with the BSNL which may adversely affect the discharge of duties by the Firm under this contract. The firm or any of its partners is not be disqualified for appointment under the applicable statutory laws.

19. In the EOI document for the purpose of eligibility and short-listing reference has been made to IFRS projects at various places which includes Ind AS projects also.

20. Copy of Audited Balance Sheet as on 31st March, 2015 duly attested by the bidder, only in respect of the Indian clients having net worth, in excess of Rs. 500 Crores as on 31st March, 2015 for which the firm has handled or handling IFRS / Ind AS implementation project is necessarily required to be submitted for evaluation purpose.

21. There is no specific format mentioned in the EOI for furnishing the list of branches / offices in India with complete address details. Therefore, the same may be provided in customised format.

22. A certificate from a practicing Chartered Accountant stating that average annual turnover of the bidding firm based on turnover of last three financial years i.e. FY 2012-13, 2013-14, 2014-15, is not less than rupees 100 crores may be provided instead of self attested audited Profit & Loss Statement of last three financial years for establishing the eligibility criteria.

23. A self declaration in the technical bid that the firm is not been black-listed by central / state governments / any PSU has already been included in the Technical Bid (Annexure – 1).

24. There is no maximum limit on marks that will be allotted.

25. As per clause 7.1.3 of EOI Financial Bids of top scoring six firms were required to be opened earlier. However, this clause has been amended and now the Financial Bids of top scoring three firms will only be opened for final selection.

26. As regards End User certificate or completion certificate following may be clarified:

- a. End user certificate or completion certificate should be on letter head of client and should depict brief details of the services given or being given by the bidding firm in respect of implementation of Ind AS or IFRS.
- b. The details (including End-User Certificate / Completion Certificate) in the specified format are mandatorily required to be submitted for evaluation purposes in respect of following categories of clients only where the consultant has implemented or providing consultancy in implementing IFRS or Ind AS:
 - i. Indian clients having net worth, in excess of Rs. 500 Crores as on 31st March, 2015.
 - ii. Indian clients who are public sector undertakings
 - iii. Indian companies operating in telecommunication sector.

Details of clients other than above three categories are required to be given only if the total no. of clients under above three categories is less than three as details of at-least three clients are required to be submitted in order to fulfill the specified eligibility criteria.

- c. The format for submitting particulars of IFRS / Ind AS projects implemented or under implementation has been revised as follows:

Sr. No.	Name of Organization	Whether PSU or not	Whether operating in Telecommunication sector or not	Whether Net Worth as on 31 st March, 2015 is in excess of 500 Crores or not (if yes, attach copy of audited Balance Sheet as on 31 st March, 2015)	End User Certificate / Certificate of Completion (Attach Copy)

27. All out of pocket expenses to be included in Price Bid. Service tax and other applicable taxes will be paid separately.
28. It has already been mentioned in the Annexure – 3 that confidentiality clause shall survive the termination or expiry of the assignment as Consultant for Ind AS of BSNL.
29. As regards Audit Qualifications, it is clarified that only the qualifications relating to Accounting Policies are required to be dealt by the consultant.
30. Evaluation of tax implications arising out of implementation of Ind AS adjustments will form part of the scope of work.
31. As regards communications or interaction with the statutory auditors, it is clarified that only if the need arises, then consultant is required to have communications with the Auditors.
32. There will be a core team of BSNL which will co-ordinate with the consultant for the implementation of Ind AS.
33. A Firm can apply independently or through its parents, subsidiary, associates or entity who are working under the same trademark or brand name. For the purpose of experience also the projects handled or being handled by firms working under the same trademark or brand name may be included.
34. New clauses inserted under Terms & Conditions are as follows:
- a. Clause 10.10 on Limitation of Liability: Except as provided in this Agreement, herein, neither party shall be liable to other party by virtue of termination / cancellation / expiry of this Agreement for any indirect, incidental, special or consequential damages whatsoever of for any loss or damages due to loss of goodwill or loss of revenue or profits howsoever arising, and the liability under this agreement shall be limited to the amount of any fees paid / payable / receivable for the works set out in this Agreement. However, this limitation shall apply to any and all liability or cause of action however alleged or arising, unless otherwise prohibited by law i.e. the liability shall not be excluded for (a) fraudulent misrepresentations, and / or (b) death or personal injury caused by the negligence of either party.
 - b. Clause 10.11 on Report: Any information, advice, recommendations or other content of any reports, presentations or other communications Consultant provide under this Agreement (“Reports”), other than Client Information, are for Client's internal use only (consistent with the purpose of the particular Services) including Client's board of

directors, its audit committee, or its statutory auditors and disclosure may be limited for the purposes of achieving the desired goal as set out in the scope of work in EOI.

- c. Clause 10.12 on Termination: Either Party may terminate this Agreement by serving prior written notice to the other party if services are not possible to be rendered due to force majeure events viz. war or hostility, acts of the public enemy, civic commotion, sabotage, Act of State or direction from Statutory Authority, explosion, epidemic, quarantine restriction, strikes and lockouts (as are not limited to the establishments and facilities of Consultant), fire, floods, natural calamities or any act of God.”

The above clarifications will form part of the Tender Document / EOI.

For Bharat Sanchar Nigam Limited

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DGM (CA)