

23 Jan 2024

Binu Balachandran,  
Project Specialist, K Hospitality Corp

**Re: Bengaluru T2 lounge Project, India**  
**Request for Proposal for Cost Audit Services**

**Hill International**  
**Cost Consultancy (India) Private Limited**  
Ground Floor, Fortius Block  
Olympia Technology Park  
# 1 Sidco Industrial Estate,  
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Dear Binu,

We refer to your request for proposal email dated 15 Jan 2024, our initial proposal dated 21 Jan 2024, our telephonic conversation dated 23 Jan 2024 and subsequent discussions based on which we are submitting this proposal.

Based on the requirements, we have reviewed and propose a fee as per Annexure-A which comprises of both Fixed and Variable (Incentive) Fee along with methodology for deriving the Variable Fee.

Below are the key considerations:

1. Client is seeking Cost Audit Services for their BLR T2 lounge project with approx. store built up area of 9000 Sq Ft.
2. Scope of services shall be :
  - a. Cost Audit for Bengaluru T2 Lounge.
  - b. Verification of the Measurements (using drawings) claimed by the package Contractors in the Interim/ Final bill and report the variance.
  - c. Check the specification of the items executed at site with respect to the BOQ description/ drawing and highlight the discrepancy based on visual inspection during site visit. Single site visit is considered.
  - d. Validate that the contract rates are in line with the market rates.
  - e. Check the applicability of the NT items claimed by the Contractor with respect to Contract provision. The anomalies in the rates claimed by Contractors for the NT items shall be highlighted.
  - f. Verify the Backup documents for the approved variations.
  - g. Submit the report based on the outcome of the Cost audit.
3. We have allowed the fee for one time Bill verification (interim/ Final) for all the packages if the number of bill verifications increase the fee to be mutually agreed for the same.
4. Assist client in finalization of rates for NT items as per Contract provisions.
5. We shall provide our independent assessment on Quantity/ Specification and the scope excludes any agreement with the package contractor. We shall provide the clarification to TFS team as required.
6. Measurement shall be based on drawings for direct items and as per site for the items which shall not be measured in drawing.

We are keen to continue our relationship with your esteemed group and look forward to your positive response.

Yours sincerely  
For Hill International



Janakiram VVS  
Managing Director



**ANNEXURE-A: FEE SUMMARY**

Description		Fee (INR)	Duration
<b>A</b>	Fixed Fee for Cost Audit Services	2,00,000	2 – 3 weeks
<b>(Indian Rupees Two Lakhs)</b>			

<b>B</b>	<b>Variable Fee for Cost Audit Services</b>	<b>Fee calculation</b>
<b>(i)</b>	Savings established from Contractor submission – if up to 5%	3% of established savings amount
<b>(ii)</b>	Savings established from Contractor submission – Above 5% up to 10%	2.5% of established savings amount
<b>(iii)</b>	Savings established from Contractor submission – Above 10%	2% of established savings amount

<b>Payment Terms</b>	
1	Goods and Service tax shall be charged extra and paid by client at prevailing rates
2	The Payment shall be done within 15 days from date of submission of Invoice.
3	All deliverables shall be in soft copy
4	The commercial proposal is valid for 15 days from the proposal submission date
5	Payment Schedule shall be : a. Upon appointment - 50% of the Fixed Fee portion b. Upon issuance of draft report - 40% of the Fixed Fee portion c. Upon issuance of final report - 10% of the Fixed Fee portion and 100% of the Variable Fee derived based on actual savings established
6	All other key terms and conditions are provided in next two pages

# KEY TERMS & CONDITIONS



## 1. RESPONSIBILITIES AND SCOPE OF SERVICES OF THE COST CONSULTANT

- 1.1. Responsibilities** The Cost Consultant shall exercise all reasonable skill, care and diligence in the discharge of the duties agreed to be performed.
- 1.2. Basic Services by the Cost Consultant** The scope of basic services to be provided shall be as per the scope stated in proposal. Such defined scope of services shall be hereinafter collectively referred to as the "Services".

## 2. ADDITIONAL SERVICES TO BE PROVIDED BY THE COST CONSULTANT

The following services when performed by the Cost Consultant with the prior authorization of the Client in writing shall be compensated for by the Client by way of payment of a fee in addition to the Remuneration stated here under. The Cost Consultant must notify the Client about any proposed Additional Services to be undertaken and thereafter, both Parties should agree on the quantum of additional remuneration in writing before carrying out any of the following Services:

- a). If any rework that is required to be carried out to the basic Services stated or
- b). If there is any delay either in the commencement and / or in the completion dates stated in the Agreement due to no fault of the Cost Consultant, then any additional services rendered during such extended period will be paid for as Additional Services pursuant to this Clause at remuneration to be agreed upon by mutual consent of the Parties.

The invoices raised with respect to the Additional Services shall be paid by the Client to the Cost Consultant within 15 days from the date of the invoice

## 3. REMUNERATION OF THE CONSULTANT

- 3.1. In consideration of the above Services to be performed by the Cost Consultant under this Agreement, the Client hereby agrees to pay the Cost Consultant a remuneration as mentioned in proposal plus applicable service tax / GST which is payable extra (hereinafter referred to as the "Remuneration") subject to adjustments as defined in this Agreement.
- 3.2. The Cost Consultant shall submit a claim for Remuneration accompanied by a statement describing the stage of work or progress achieved in respect of the particular type of Service rendered, and payment towards the same will be made by the Client within 15 days from the date of the invoice.
- 3.3. For the avoidance of doubt, the Remuneration shall be paid subject to the completion of that particular stage of work at each phase for that particular type of Service, all to be separate from and independent of each other. The payment of the Remuneration shall constitute full and final payment for the Services rendered.
- 3.4. All Remuneration paid to the Cost Consultant under this Clause shall be paid into the Cost Consultant's bank account (detailed hereunder), only in Indian Rupees within 15 days and shall not be subject to any subsequent adjustment.
- 3.5. Payment of the Remuneration shall be made by the Client to the Cost Consultant as per Fee summary enclosed herewith as part of this agreement. Any outstanding Remuneration shall entitle the Cost Consultant to interest at the rate 12% per annum, from the due date, until the date upon which payment is received. If payment of any invoice is delayed beyond 60 days from date of submission, then Cost Consultant is entitled to terminate agreement as provided in 8.2.
- 3.6. Payment towards Additional Services as defined shall be made within 15 days of presentation of invoices, vouchers, receipts or other relevant documents by the Cost Consultant to the Client. If any item or part of an item of an invoice rendered by the Cost Consultant is disputed or subjected to question by the Client, the Remuneration paid by the Client towards that part of the invoice which is not contested shall not be withheld on those grounds and the arbitration provisions, provided below shall apply to such remainder amount.  
In case of any delay in stage payments for reasons not attributable to the Cost Consultant, the fee pertaining to the partial work done in a particular stage shall be derived and paid by Client in instalment as appropriate

## 4. CLIENT'S RESPONSIBILITY

- 4.1. The Client shall provide the Cost Consultant with all relevant documents and information as to its requirements to enable the Cost Consultant to carry out its services in a timely manner, in order to complete the Project.

- 4.2. If the Client is unable to obtain the required information, the Cost Consultant shall, nevertheless, proceed with his work based on assumptions, which shall be agreed to with the Client
- 4.2. The Client shall promptly notify the Cost Consultant in writing, of an agent who is authorised to represent the Client in dealings with the Cost Consultant and the scope of the representative's authority.
- 4.3. The Cost Consultant shall update its work from time to time and replace assumptions made with the information made available to it subsequently. It shall be the Cost Consultant's responsibility to notify the Client immediately on any changes that will affect the Client's decisions in connection with and/or arising out of the Cost Consultant's work.
- 4.4. The Client shall reply promptly to any request from the Cost Consultant, for a decision or approval in connection with the Cost Consultant's services.
- 4.5. The Client shall promptly notify the Cost Consultant, in writing, of any instruction that varies the services.

## 5. OWNERSHIP OF DOCUMENTS

- 5.1. Subject to the timely payment by the Client of the Remuneration due to the Cost Consultant under this Agreement, the Cost Consultant grants to the Client the right and title to the documents prepared by the Cost Consultant related to the Project. All documents prepared by the Cost Consultant in connection with the Project (hereinafter referred to as the "Project Documents") shall be vested the Client at all material times notwithstanding the completion of the Project or the termination of the Cost Consultant's appointment and whether the works for which they have been prepared are executed or not. The Project Documents are for the Client and the Cost Consultant's use solely in relation to the Project. The copyright in all documents prepared by the Cost Consultant in providing the services shall remain the property of the Cost Consultant at all material times notwithstanding the completion of the Project or the termination of the Agreement and whether the works for which the Cost Consultant is appointed.  
In the event of the appointment of the Cost Consultant being determined for whatever reasons, the Cost Consultant shall hand over free-of-charge all drawings, tender documents, contract documents, detailed measurement whatsoever relating to the Project to the Client who shall have the right to use such documents for the completion of the Project.

## 6. LANGUAGE AND MEASUREMENT SYSTEM USED IN THE PROJECT

- 6.1. All reports, documents and other communications pertaining to this Agreement shall be in the English Language and all measurements shall be in the Metric (S.I.) System.

## 7. PUBLICITY RELATING TO THE WORKS AND CONFIDENTIALITY

- 7.1. In cases where notice or display board are erected on the Project site, the Cost Consultant shall be entitled to have its name, its personnel's name, designation, titles and address inscribed on such boards. Subject to the Client's approval in writing (either conditional or unconditional), the Cost Consultant may publish descriptive articles with or without illustrations relevant to the Services or the Project either on its own account or in conjunction with other parties concerned, whether in India or abroad.
- 7.2. During the Term of this Agreement, and for the duration of 1 year after the expiry/ termination of this Agreement, the Cost Consultant shall maintain as confidential, all information and documents relating to the Project as shall come into its possession and shall not divulge or disclose to any persons whatsoever the same (save only for the purpose of discharging its duties under this Agreement) without the prior written consent of the Client. Such information and documents as aforesaid shall be deemed as remaining confidential notwithstanding any subsequent release into the public domain.
- 7.3. During the Term of this Agreement, and for the duration of 1 year after the expiry/ termination of this Agreement, all sensitive official information acquired by the Cost Consultant during the Project is strictly confidential in nature and is not to be published or communicated to any person either in India or elsewhere in any form at any time, without the prior sanction in writing of the Client.

# KEY TERMS & CONDITIONS (CONTD.)



7.4. The Cost Consultant shall be entitled to have their name mentioned in the Drawings or Project Directory display board at Project site for which the Client shall facilitate and communicate to the team who is managing this process.

## **8. ASSIGNMENT AND TERMINATION OF AGREEMENT**

- 8.1. Neither the Client nor the Cost Consultant shall assign or transfer the benefit or obligations covered under this Agreement or any part thereof without the prior written consent of the other Party. Such consent shall not be unreasonably withheld.
- 8.2. This Agreement may be terminated by either Party by providing 30 days' written notice, in the event the other Party should fail to comply with the terms of this Agreement, through no fault of the other.
- 8.3. Where a Party has suspended the services and the Agreement has not been terminated, such Party may, by giving reasonable written notice to the other Party, require the Agreement to be reinstated, subject to the consent of the other Party.
- 8.4. In the event the Client breaches any terms of the Agreement, the Cost Consultant may serve on the Client a notice specifying the breach, requiring its remedy within 30 days of receipt of the notice. If the Client thereafter, fails to remedy the breach within the stipulated period, the Cost Consultant may terminate this Agreement without the requirement of the notice period stated.
- 8.5. In the event of such termination, the Cost Consultant shall be paid for the Services performed up to the date of termination, including any outstanding reimbursements. Such payment for the Services shall be made on the basis of the stages set out. Where any stage is only partially completed, the payment for that stage shall be based upon such proportion of the total payment for that stage as shall be fair and reasonable, bearing in mind the Services rendered by the Cost Consultant in respect of such stage on the date of the termination. Upon such payment, the Cost Consultant shall have no claims against the Client under this Agreement.
- 8.6. If either Party to this Agreement:
  - a) commits an act of bankruptcy or has a receiving or administrative order made against it, and/or
  - b) goes into liquidation, and/or
  - c) becomes insolvent, and/or
  - d) makes any arrangement with its creditors, the other Party may suspend performance of the Services or may terminate the appointment by giving written notice.

Termination of this Agreement for whatever reason shall not prejudice or affect the accrued rights or claims or liabilities of either Party to this Agreement, specifically those granted to the Cost Consultant

## **9. SUSPENSION OR ABANDONMENT OF THE PROJECT**

- 9.1. In the event of postponement/ suspension or abandonment of the whole or any part of the Project, the Cost Consultant shall be paid for the value of the work/ progress achieved and the Services rendered for the Project in respect of the stages of work as described up to and including the date of such postponement/ suspension or abandonment.
- 9.2. Where on the date of postponement/ suspension or abandonment, the Project remains partially complete, the Cost Consultant's Remuneration shall be determined strictly by reference to the stage of work actually completed by the Cost Consultant, with such appropriate pro-rata adjustments as may be necessary having regard to the Services rendered in respect of any incomplete stage of work on the date on which the Project was postponed/ suspended or abandoned.
- 9.3. If the Project is suspended for more than 90 days, both Parties shall be entitled to terminate the Cost Consultant's engagement without any liability to make future payments to the Cost Consultant.
- 9.4. If the Agreement has been terminated by the Client because of any reason other than a material breach on the part of the Cost Consultant, the Client shall pay the Cost Consultant within 28 days of written demand, the associated direct costs necessarily incurred as a result of the suspension or termination.
- 9.5. Any non-payment by the Client for the invoices submitted for more than 90 days, could lead to automatic suspension of services by the Cost Consultant.

## **10. LIABILITY FOR COST CONSULTANT'S SERVANTS AND AGENTS**

- 10.1. The liability of the Cost Consultant towards indemnifying the Client against all damages, claims, demands, action, loss, expenses, legal costs and all liabilities of whatever nature and description which may be sustained, incurred or payable by the Client where the same arises by reason of or in connection with any act, omission, default, negligence, breach of contract or duty by the Cost Consultant, its servants or agents in the performance and discharge of its duties and obligations under this Agreement, shall be limited to such sum as it would be just and equitable for the Cost Consultant to pay having regard to the extent of the responsibility of the Cost Consultant for the loss or damage suffered on the basis that all other consultants, the contractor and any subcontractors who have a liability shall be deemed to have provided contractual undertakings to the Client on terms no less onerous than those applying in the case of this Agreement and shall be deemed to have paid to the Client such sums as it would be just and equitable for them to pay having regard to the extent of their responsibility for such loss or damage. Under no circumstances shall the total liability of the Cost Consultant exceed the amount of fees received by the Cost Consultant at the time an act, omission, default, negligence or breach of contract or duty arises.
- 10.2. The Cost Consultant shall submit such proof to the Client's satisfaction that it has professional indemnity insurance of an amount reasonably covered as per the general practice in respect of legal liabilities and shall properly indemnify the Client in relation to this Agreement, which insurance shall remain effective until the Project has been deemed or certified completed.
- 10.3. Parties shall be discharged and released from all liability in respect of any claim under or arising out of this Agreement unless a claim in writing has been presented together with supporting documentation substantiating each and every constituent part of the claim within the period of 30 days to the other Party.

## **11. ARBITRATION**

- 11.1. If a difference or dispute arises out of this Agreement, the Client and the Cost Consultant shall attempt to resolve the matter through discussions or mediation.

If the difference or dispute is not resolved within 30 days of the dispute arising, then all claims, dispute, differences and other matters in question between the Parties hereto arising out of or relating to this Agreement or the breach thereof shall be referred to arbitration, to be conducted in the English language, in accordance with the provisions of the Arbitration and Conciliation Act 1996 and any amendments thereto. The venue of Arbitration shall be either in Chennai or in Bangalore.

## **12. GOVERNING LAW**

This Agreement shall be governed by and its terms and conditions construed in accordance with the laws of the Government of India.

## **13. RIGHT TO VARY THE CONSULTANCY SERVICES**

The Client reserves the right to change or vary the Services mentioned herein provided the revised Services are deemed to be within the scope of this project and competence of the Cost Consultant and the Cost Consultant shall be consulted for its views and advice with regard to such changes or variations. In the event that such changes or variations result in a change in the scope of work that affects pricing and completion date, such change in the price and completion date shall be agreed to in writing between the Parties.

## **14. MISCELLANEOUS**

- 14.1. The Client shall provide furnished office and sanitation facilities of good standards for our staff operating from client's offices
- 14.2. Unless specifically stated in the proposal, all our deliverable shall be in soft copy in portable document format or of similar kind.