



**APPOINTMENT OF COST AUDITOR FOR
FINANCIAL YEAR 2022-23 TO 2024-25**

KONKAN LNG LIMITED

Invitation of Proposal Document for Shortlisting / Appointment of Cost Auditor For the Years FY 2022-23 to 2024-25



Konkan LNG Limited
(Promotor: GAIL (India) Limited)

At Post Anjanwel
Taluka Guhagar
District Ratnagiri
Maharashtra – 415634

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1. Introduction

Konkan LNG Limited (KLL) was incorporated on 4th December 2015 for taking over the R-LNG business of Ratnagiri Gas & Power Private Limited (RGPPL) u/s 230-232 of the Companies Act 2013. RGPPL was earlier promoted by NTPC Limited and GAIL (India) Limited, and had taken over the assets of the erstwhile Dabhol Power Company (DPC) project and revived the Power Generation facility (1967 MW) and LNG Facility (5 MMTPA) situated at village Anjanwel, District Ratnagiri, Maharashtra. NTPC Limited, GAIL (India) Limited, Maharashtra Government and Indian Financial Institutions were the stakeholders of RGPPL.

The demerger scheme of Ratnagiri Gas and Power Private Limited (RGPPL) has been approved by NCLAT, vide order dated 28th February, 2018, with the appointed date as 1st January, 2016; thereby transferring the LNG regasification undertaking from RGPPL to Konkan LNG Private Limited (KLPL). The scheme was effected from 26th March 2018 on filing of NCLAT order along with the approved demerger scheme with Registrar of Companies. With effect from 26th March 2018 onwards, KLPL was carrying out LNG regasification business in the premises located at Plot No. A-1, A-1 Part, Dabhol industrial Area, Anjanwel, Maharashtra 415634. Subsequently, pursuant to shareholders approval, Konkan LNG Private Limited (KLPL) was converted Konkan LNG Limited (KLL), on account of conversion as Public Limited Company w.e.f 18th February, 2020. Hence Konkan LNG Limited became a CPSE and is required to appoint Cost Auditors in terms of provisions of the Companies Act 2013.

The location details of the Company is mentioned below:

Company	Konkan LNG Limited
Promoter	GAIL India Limited
Corporate Office	At Post Anjanwel, Taluka Guhagar, District Ratnagiri, Maharashtra 415634
Sector	Regasification of Liquefied Natural Gas
Existing Business	Regasification of Liquefied Natural Gas
Connectivity	Nearest Airport: Mumbai (320 Km) Nearest Railway Station: Chiplun (55 Km) Nearest Highway: Mumbai-Goa National Highway (NH-17) (45 Km)

2. Maintenance of Cost Records and Cost Audit

Cost Records are being maintained by the Company as per the extant rules notified from time to time, and has been maintaining the same effective from the year FY 2017-18. The Company now intends to shortlist/ appoint a firm of Cost Accountants for conducting Cost Audit for the years FY 2022-23 to 2024-25 for its LNG re-gasification unit located at Post Anjanwel, District Ratnagiri in the state of Maharashtra.

3. Scope of Work

Scope of work under the said work assignment is detailed as under:

- 3.1 To conduct Cost Audit of the Company in accordance to the provisions of Section 148 of the Companies Act, 2013 and rules laid down under the Companies (Cost Records and Audit) Rules, 2014 in respect of designated location/ work centre of the Company. Cost Audit shall also be in adherence to the relevant orders/ clarifications, issued from time to time by Cost Audit Branch, Ministry of Corporate Affairs, Govt. of India and the Cost Accounting Standards issued by the Institute of Cost Accountants of India.
- 3.2 Verification and certification of cost records/ statements, proforma maintained by the Company as per Form CRA-1 of Companies (Cost Record & Audit) Rules, 2014 as amended from time to time.
- 3.3 Verification and certification of annexures to the Cost Audit report.
- 3.4 The Cost Auditor shall provide practical suggestions for effective cost control and improvement.
- 3.5 The Cost Auditor shall attend and make presentation to the Audit Committee Meeting and Board Meeting, if required, on the Cost Audit under review.
- 3.6 Cost Auditor so appointed shall commence Cost Audit and submit necessary reports as per the schedule communicated by the company, along with reservation or qualification or observations or suggestion, if any, in form CRA-3 and annexures as per notification or any other instructions issued by the Central Government from time to time or any other section of the Companies Act 2013 and also as per Companies (Cost Records and Audit) Rules.
- 3.7 The Cost Audit firm shall ensure e-filing of Cost Audit report and annexures to the Cost Audit report to Ministry of Corporate Affairs (MCA), Government of India (GoI), in XBRL form or in the manner prescribed by the Govt. from time to time, within the scheduled date prescribed by MCA – GoI for filing, after the Board of Directors of the Company approves the Cost Audit report.

4. Evaluation/ Selection Criteria

- 4.1 Only Partnership/ LLP Firms of practicing Cost Accountants registered with the Institute of Cost Accountants of India (ICAI) shall be considered for shortlisting /appointment as Cost Auditors for conducting Cost Audit of the Company.
- 4.2 Cost Audit team should consist of adequate number of qualified/ semi-qualified assistants led by a senior partner of the Firm, being commensurate with the size of the Company.
- 4.3 The following will be the basis of allocation of Points for the evaluation and selection criteria and the selection will be made on the basis of attainment of highest Points and agreeing to KLL terms and conditions.

Sl. No.	Parameters	Evaluation Criteria (Bidder should be Partnership Firm/ LLP)	Basis for Awarding Points	Minimum Preference Points	Point (s) Per Criteria	Maximum Preference Points
01.	Firm's Standing in Profession	Year of Establishment of the Firm Since Date of Registration with the Institute of Cost Accountants of India	The Firm of Cost Accountants must have at least five years of standing in the profession. No. of years shall be reckoned since Firm's registration in the present name and experience in practice	14	Extra 1 Point for every one completed year of the Firm's registration in the present name, for having more than 5 years of standing in the profession subject to maximum of 8 such Points	22
02.	Partners in the Firm	Fellow/ Associate Members of the Institute of Cost Accountants of India Associated with the Firm	The Firm should have at least two qualified Cost Accountants (FCMA/ ACMA)* for audit of Cost Records including partners * He/ she should be a partner/ employee of the Firm for a minimum period of one year as on the date of application	12	Extra 2 Points for each qualified Cost Accountants employed by the Firm including partners, in excess to minimum requirement of two; subject to maximum of 10 such Points	22

03.	Experience of CPSEs	Present/ Past Appointed as Cost Auditors in CPSEs	The firm should have the experience of conducting statutory Cost Audit of at least two central PSU organizations where each of the clientele should have turnover above Rs. 100 Crores. (During preceding 10 years i.e. FY 2011-12 to FY 2020-21)	12	Extra 2 Points for conducting Cost Audit in each company, which is in excess to minimum requirement of two such Cost Audit, subject to maximum of 8 such Points.	20
04.	Experience in Oil and Gas Sector Companies	Present/ Past Appointed as Cost Auditors in Oil and Gas Sector Companies	The firm should have experience of conducting statutory Cost Audit of at least one Oil and Gas sector company having turnover above Rs. 100 crores. (During preceding 10 years i.e. FY 2011-12 to FY 2020-21)	14	Extra 2 Points for conducting Cost Audit in each company, which is in excess to minimum requirement of one such Cost Audit, subject to maximum of 6 such Points.	20
05.	Turnover of the Firm	Turnover of the Cost Audit Firm	Turnover of the Cost Audit Firm during FY 2020-21 (audited/ certified accounts)	5	Turnover of the Firm equal to or above Rs. 10 Lakhs 10 Points Turnover of the Firm less than Rs. 10 Lakhs but above Rs. 5 Lakhs – 5 Points	10
06.	Experience in SAP ERP Environment	Exposure of conducting Cost Audit in SAP ERP based records	The Firm should have exposure of conducting Cost Audit in SAP ERP based accounting environment	--	2 Points per company, where Cost Audit in SAP based environment has been conducted	6
Total Points in Consideration				100 (One Hundred)		

Note

- Cost Audit Firms appointed during the last five years at Konkan LNG Limited shall not be considered for re-appointment.

5. Pre-Requisites for Considering Rankings

- 5.1 Appropriate documentary evidence(s) in support of evaluation criteria at (1), (2), (5) and (6) is/ are compulsorily required to be submitted. Documentary evidence shall include registration certificate of the Firm, membership certificate & COP of Fellow/ Associate Members/ partners respectively; and other details in complete on letter head of the Firm. Proof of turnover (Revenue from Operations) of the Auditee Company for the relevant year(s) is to be furnished in the form of extract of audited financial statements.
- 5.2 Copy of appointed letters issued by the Auditee Companies and copy of experience certificate for successful completion of Cost Audit issued by the respective Auditee Companies in support of evaluation criteria at (3) and (4) are required to be submitted.
- 5.3 Firms are required to fill in required details regarding their organisation set up based on above parameters.
- 5.4 The firms securing highest Points on above mentioned quality criteria in selection system shall be considered for appointment as Cost Auditor of the Company.

All supporting proofs/ documents in respect of evaluation criteria must be submitted along with the application. Cost Audit firms will be shortlisted strictly on the basis of documents submitted. Proposal/ Offer document without the required documentary evidence(s) shall be liable for rejection.

- 5.5 In case of a tie in the total Points considered for evaluation, the following sequence shall be adopted for selection:
 - a. Firm of Cost Accountants with longer experience shall be given preference based on the year of registration.
 - b. Firm with a higher number of Fellow and/ or Associate Members of the Institute of Cost Accountants as partners/ employee shall be given preference.

6. Cost Audit Fees

Audit Fees shall be commensurate with the Cost Audit work and shall be decided by the Company from time to time. The Cost Audit fees as decided by the Company for the years FY 2022-23 to FY 2024-25 is as follows:

Cost Audit Fees (Exclusive of GST)		
FY 2022-23	FY 2023-24	FY 2024-25
Rs. 1,45,200.00	Rs. 1,48,900.00	Rs. 1,52,700.00

GST shall be paid as extra as applicable. In addition, out of pocket expenses limited to 10% of the Audit Fees as mentioned above will be payable extra excluding travelling, boarding, lodging at KLL Dabhol. Travelling, boarding and lodging at KLL Dabhol shall be arranged by KLL, or reimbursed on actual basis based on documentary evidence.

7. Terms and Conditions

- 7.1 The tenure of appointment of the Cost Audit Firm will be initially for one year i.e. for FY 2022-23. The tenure of appointment shall be at sole discretion of the Company. The tenure may be renewed for 2nd year & 3rd year i.e. for FY 2023-24 & FY 2024-25, subject to satisfactory performance during the 1st & 2nd year as the case may be, with the Cost Audit fees for the respective years as per details in Para No. 6 mentioned above. However, it is expressly stated here that the said tenure is not to be construed as assured and the Company reserves the right not to reappoint at its sole discretion without assigning any reason thereof.
- 7.2 The assigned Cost Audit work to the Firm shall be completed within time frame specified by the Company.
- 7.3 The Audit team will ensure that the information in respect of operation of the Company is dealt in strict confidence and secrecy.
- 7.4 Overwriting/ correction/ erasing and/ or use of white ink should be avoided in the Proposal/ Offer document. However, if any overwriting/ correction/ erasing is inevitable, the same should be authenticated with the signature & seal of authorised person of applicant Firm.
- 7.5 Documentary evidence(s) in respect of all the information provided above by the applicant Firm(s) must be furnished along with the Proposal/ Offer document, in line with Para Nos. 4 and 5 mentioned above.
- 7.6 All the pages of the Proposal/ Offer document submitted shall have to be signed by the applicant Firm(s) with the Firm's seal and documents submitted along-with the Proposal/ Offer document shall also have to be authenticated by the authorised signatory of the applicant Firm(s) with the Firm's seal.
- 7.7 The Proposal/ Offer document should be submitted strictly as per the terms & conditions laid down in the document.
- 7.8 The Proposal/ Offer document in the prescribed format has been attached separately as Annexure I, which shall be submitted in physical form to the following address, and in the mentioned manner by the respective Firms:

General Manager (Finance) & CFO
Konkan LNG Limited
At Post Anjanwel,
Taluka Guhagar,
District Ratnagiri.
Maharashtra 415634

The envelope must be sealed and super-scribed with the words "Invitation of Proposal Document for Shortlisting/ Appointment of Cost Auditor". The name and address of the applicant Firm must also be mentioned on the body of the envelope.

Proposal/ Offer documents submitted in any other form shall not be considered. No documents shall be considered/ entertained by the Company through e-mail, facsimile or via any other mode.

- 7.9 The Company reserves the right to accept or reject any or all responses and to request additional submissions or clarification from one or more applicant(s) at any stage or to cancel the process entirely solely at its discretion without assigning any reason thereof.
- 7.10 The Firms are required to compulsorily submit copy of GST registration certificate and PAN along with the Proposal/ Offer documents.
- 7.11 The cut-off date for evaluation of the documentary evidence(s) against each evaluation criteria mentioned above is 1st August, 2022.
- 7.12 Last date of receipt of Proposal/ Offer document at Konkan LNG Limited is 16th August, 2022 5:30 PM. No Proposal/ Offer document shall be entertained after this due date.

8. Compliances/ Declarations/ Certificates by Audit Firm on Appointment

The Cost Audit firm(s) shall have to comply with and furnish declarations and certificates as required under Statutory/ Company rules, upon appointment as Cost Auditor(s), as under:

- 8.1 The Cost Audit Firm shall not sub-contract the Audit work.
- 8.2 The cost audit team will work in strict confidence and will ensure that the cost data, cost statement and cost information and any other information in respect of the operation of the location/ Company is dealt with in strict confidence and secrecy. A certificate towards maintaining confidentiality shall have to be provided by the Cost Audit Firm on receipt of appointment letter from the Company or before commencement of Cost Audit.
- 8.3 No partner of the Cost Audit firm shall be related to either Managing Director or any Whole Time Directors or Part Time Directors of the Company within the meaning of Section 2 (77) of the Companies Act, 2013.
- 8.4 Neither the Cost Audit Firm, nor its partner(s) or associates should have any interest in the business of the Company.
- 8.5 The Cost Auditor will be required to issue & submit certificate of independence and arm's length relationship.
- 8.6 The Cost Auditor will be required to submit a certificate that
 - a) The Firm is eligible for appointment and is not disqualified for appointment under the Companies Act, the Cost and Works Accountants Act, 1959 (23 of 1959) and the rules or regulations made thereunder;
 - b) The Auditor/ Firm is free from any disqualification under sub-section (3) or sub-section (4) of section 141, read with sub-section (5) of section 148 of the Companies Act, 2013. In addition to this, the Cost Audit Firm must not be holding any assignment as Statutory Auditor(s) or Internal Auditor(s) of the Company.
 - c) The proposed appointment is within the limits laid down by or under the authority of the Companies Act 2013; and
 - d) The list of proceedings against the Cost Audit Firm or any partner of the Audit Firm pending with respect to professional matters of conduct, if any, as disclosed in the certificate, is true and correct.
- 8.7 If appointed, Cost Audit Firm shall have primary responsibility to ensure that appointment is within limits of maximum number of audit as specified under section 141(3) (g) of the Companies Act, 2013.
- 8.8 The Cost auditor shall ensure that data given to the Auditor by company and any information generated from the data provided shall not be used by the Auditor for any other purpose.
- 8.9 Any other compliance/declaration, if any, required under Companies Act, 2013.

9. Debarring Provisions

The Audit Firm will be debarred from getting, in future, the Cost Audit of Konkan LNG Limited in following cases:

- a) If the Firm obtains the appointment on the basis of false information/ mis-statement.
- b) If the Firm does not take up audit assignment in terms of appointment letter.
- c) If the Firm fails to maintain/ honor confidentiality and secrecy of the Company's cost data, cost statement and cost information.
- d) If the Firm fails to comply with any of conditions laid down in Para No. 8 above.

Format for Submission of Proposal/ Offer

(To be Given on the Audit Firm's Letter Head)

1. Name of the Cost Audit Firm:

2. Registration Number of the Cost Audit Firm with Institute of Cost Accountants of India:

3. Particulars of Cost Audit Firm:
 - i) Year of Establishment:
 - ii) Experience in Practice (No. of Years):
 - iii) Address of the Firm as Registered with ICAI:

 - iv) (a) Telephone Number with STD Code:
(b) Mobile No. of the Senior Partner (for Contact Purpose):

 - v) Fax Number with STD Code:
 - vi) e-Mail address of the Firm:
 - vii) Website of the Firm, if any:
 - viii) PAN No. of the Firm:
 - ix) GST Registration No of the Firm:

4. Details of Partners/ Employees (Fellow/ Associate) in the Firm:

Sl. No.	Name of the Partners/ Employees (Fellow/ Associate)	Practicing Membership No. With Status (FCMA/ ACMA)	Full Time (Yes/ No)	Date of Joining the Firm	Page No. of the Supporting Documents in Application

5. Details of Experience in Statutory Cost Audit in CPSEs:

Sl. No.	Name of the Company	Turnover of the Company	Year of Cost Audit Conducted	Page No. of the Supporting Documents in Application

6. Details of Experience in Statutory Cost Audit in Oil and Gas Sector Companies:

Sl. No.	Name of the Company	Turnover of the Company	Year of Cost Audit Conducted	Page No. of the Supporting Documents in Application

7. Turnover of the Firm:

{Mention turnover of the Firm during FY 2020-21 (audited/ certified accounts)}

8. Details of Statutory Cost Audit Where Cost Records are Maintained in SAP based Environment

Sl. No.	Name of the Company	Year of Cost Audit Conducted	Page No. of the Supporting Documents in Application

Note:

- Appropriate documentary evidence(s) in support of all the information provided above by the applicant Firm must be furnished along with the application.
- All the pages of the Proposal/ Offer document submitted are to be signed with the seal of the Firm.
- Details in extra sheet(s) in respect of any of the above mentioned particulars, if required, can be furnished with signature & seal of the applicant Firm.

Place:

Authorized Signatory
Seal of the Firm

Date:

Self-Declaration Form

(To be Given on the Audit Firm's Letter Head)

Declaration by the Applicant/ Firm

1. We hereby confirm the acceptance of all provisions and the terms & conditions of the Invitation without any deviation.
2. We hereby confirm that we are eligible for appointment as Cost Auditor of M/s Konkan LNG Limited in terms of Companies Act, 2013 and other relevant rules and procedures in this regard.
3. We have not been banned/ de-listed/ de-barred from business by any PSU/ Govt. department.

Place:

Authorized Signatory
Seal of the Firm

Date: