



HINDUSTAN AERONAUTICS LIMITED
ENGINE DIVISION, BANGALORE
COMPLEX P.B # 9310, C.V.RAMAN
NAGAR (P.O), OLD MADRAS ROAD,
BANGALORE -560 093.
PH: 080 22326275/22326366 FAX: 22313701

INVITATION TO TENDER (2-BID)

TENDER NO. E/CM (PUR)/4570-11981/EQPT/18

DATE: **09.10.2018**

DUE DATE: **03.12.2018** UP TO 13.00 HRS

OPENING DATE: **04.12.2018** AT 9.00 HRS (**TECHNICAL BIDS ONLY**)

Dear Sirs,

PLEASE SUBMIT YOUR QUOTATION FOR THE FOLLOWING ITEMS INDICATED BELOW:

Sl. No	Description	Qty
1.	Grinding machine	1 No

(Specifications attached)

CONDITIONS OF TENDER

1. The manufacturers/ authorized dealers/ distributors/ channel partners name, address should be clearly specified. Complete details and illustrated literature must accompany the quotations. The tender received from authorized dealer/distributor/channel partner will not be accepted, if the tender is not accompanied with the authorization letter from the OEM. The participating bidder only to submit EMD/ Integrity Pact (if applicable).
2. Vendors quote should specifically state whether they have supplied similar item elsewhere, including Government organizations furnishing the details of order reference and date.
3. The bid should be uploaded/submitted online through HAL's "E-Procurement portal" at <https://eproc.hal-india.com>. The quotation should be in two parts, one Technical Bid and the other Commercial Bid. Bidder shall submit both "Technical Bid" and "Commercial Bid" through HAL's e-Procurement Portal only. The price details should be uploaded in the commercial bid/price bid document downloaded from the e-Tendering website without changing the format, content or type of file. Bids submitted in any other form, such as courier/ post/ in-person/ fax shall not be accepted against this Tender. Further prerequisite to open technical bids are submission of Earnest Money Deposit (EMD).

4. Any change in bid after the "Due Date & Time of Bid-Submission" of Tender is not allowed. The tender set is not transferable and the tender set can be downloaded free of cost from HAL website www.hal-india.com → Tenders → Engine Division, Bangalore.

5. Bidders are advised, in their own interest, to ensure that their bids are submitted well before the "Due Date & Time of Bid-Submission" of the Tender, as HAL's "e-Procurement Portal" at <https://eproc.hal-india.com> will not allow the submission of the bids, once the closing date and time of the Tender (i.e. Due Date & Time of Bid-Submission) is reached. HAL shall not be responsible, if the bidder is unable to submit the bid on account of the failure in the network / internet connection at bidder's end.

6. Prices:

a) For Indian vendors: Price quoted should be on F.O.R. Destination basis, for delivery at our HAL Stores inclusive of all charges including transit insurance. If, for any special reasons, you quote Ex-Works prices, your quotation should indicate clearly the extent of such charges to FOR, HAL stores.

b) For Foreign vendors: Please note that your quotation should be strictly net F.O.B. export packed/F.A.S. vessel with no extra charge whatsoever. If, for special reasons, you quote Ex-Works prices or F.O.B. plant, you must prepay inland transportation's, port dues and shipment charges upto F.O.B. vessel at port of shipment and claim this amount at actuals along with the price of the goods. Your quotation should indicate clearly the extent of such charges. The bidder should indicate separately cost of services rendered in India if any.

c) In case of Indian vendors, the vendors to indicate the applicability of taxes and submit the prices in line with GST structure either in percentage or in absolute terms. In the absence of this input, the offer would be considered as all inclusive. The bidder should also provide the GST registration number and HSN code of the item.

d) In respect of Foreign bidders, bidders has to bear all the taxes, duties and levies payable in their country and HAL will bear all the statutory levies, other than withholding tax (DTAA) and applicable taxes for the services rendered in India, payable in India.

i) HAL would be deducting at source applicable Income Tax as per Government of India Rules applicable at the time of making payments in respect of services rendered in India. As per the Rules, Income tax has to be borne by the recipient of the Income and relevant certificate to this effect will be issued to the bidder on deduction of such amounts, if applicable.

ii) Bidder should bear the applicable withholding income tax in India. The Tax would be deducted at source by HAL as per DTAA where the bidder could claim the benefit of double taxation in their country as per the bilateral agreement between the two countries. Certificate to this effect would be issued by HAL to enable the bidder to claim the benefit under DTAA.

iii) Bidder is required to indicate the PAN No. issued by Indian Income Tax Authorities if available. The bidder is requested to obtain PAN No, in case the PO is placed on them.

e) The price quoted should not include any commission or remuneration payable directly or indirectly in any form to any third party.

f) Please confirm in the quotation that quoted price is the lowest export price and is the same as you would quote to a Government Department and other favoured customers.

g) In respect of responses from foreign and indigenous sources, the evaluation shall be based on landed cost at the Division by including freight charges, applicable taxes, and duties to the base price quoted by the vendors.

Our criteria in arriving lowest bidder will consider following aspects also as per our company procedure.

1. In case of foreign vendor, it is requested to quote basic unit price and transportation & insurance charges separately. Further, price break for the supply and services portion like installation/ commissioning/ training etc should be clearly indicated. A fair estimation of the transportation cost will be added at Delivery at Destination, if required.
2. The payment conditions quoted for domestic private suppliers, Defence PSUs, Ordnance Factories and the foreign suppliers should be similar. Or else a suitable loading of the financial cost will be loaded for leveling the prices (i.e. interest @ 12% p.a. extent of the advance payment as per quote till such time to the advance gets adjusted).
3. The TT Selling rates as on date of commercial bid opening shall be considered for Foreign currency exchange rates for evaluation of the commercial bids.

7. HAL being manufacturers, please indicate in the quotation manufacturers discount if any.

8. **Validity of Quotation:** The quotation should be valid for 180 days from the closing date of tender. i.e. last date indicated for the receipt of quotation.

9. **Earnest Money Deposit (EMD):**

a) An Earnest money of Rs. 3,00,000.00 or any freely convertible currency of amount equivalent to the above EMD value (in case of foreign bidder) remitted in full, excluding any intermediary bank charges should accompany in the form of Cash/Wire Transfer/ Demand Draft/ Bankers Cheque/ Pay order/ Bank Guarantee/ Crossed Bank Draft endorsed account payee from the scheduled Banks (or, in case of foreign suppliers, from Bank of International Repute) valid for 28 days beyond the validity of the Bid (i.e. 180+28 = 208 days). The prescribed HAL format for submission of EMD in the form of Bank Guarantee is attached (Annexure - D). The EMD shall be in favour of HINDUSTAN AERONAUTICS LIMITED, ENGINE

DIVISION. The offers not accompanied with requisite amount of EMD or EMD not submitted in the above specified form shall be summarily rejected.

b) The Bidders should indicate the reference & details of submission of EMD in their technical offer. The EMD in the form of hard copy in original has to be sent by post to reach the Office of the Addl. General Manager (IMM), HAL Engine Division, Bangalore - 560 093. EMD documents/instruments/remittance details should be scanned and attached to the technical bid of the e-tender. The EMD documents/instruments in original should reach the tender issuing authority by the time of closing of the tender. HAL will not be responsible for any transit/ postal delay in receipt of EMD.

c) Earnest Money Deposit (EMD) needs to be submitted by participating Bidder. If authorized dealers/ distributors/ channel partners are participating in this tender the EMD of participating bidder only is acceptable or else it will be rejected. However, the EMD remittance document, either in Indian currency or any other convertible currency of the specified amount, can be arranged by the Indian subsidiary/branch office in India of a foreign bidder which shall be submitted along with a certificate confirming the relationship of subsidiary/branch office in the bidder's offer. Offers not accompanied with requisite amount of EMD or EMD not submitted in the specified form shall be summarily rejected.

d) EMD by foreign bidder should be in the currency of the bidder's country or any other convertible foreign currency, quoting currency in line with the Reserve Bank of India (RBI) /FEMA Rules.

e) The Indian vendors who have been exempted from the payment of EMD as per Govt. Of India directives should submit certified copy of GOI's authority for such exemption in lieu of EMD. The relevant certifications should be scanned and uploaded along with the technical bid. The offers without the relevant certificates would be treated as unresponsive and rejected.

f) EMD will not carry any interest for the period, it is retained with the HAL and that EMD will be forfeited, if the tenderer withdraws, amends, impairs and/or derogates from tender within the validity of tender.

g) The EMD shall be refunded to the unsuccessful bidder within 15 working days in various stages of disqualification of the bid i.e., tender open stage, pre-qualification / technical evaluation stage and identification of L-1 stage. EMD furnished by the successful bidder may be appropriated for security deposit or Performance Guarantee for the warranty period

THE DOs AND DONTs WITH RESPECT TO SUBMISSION OF EMD IS AS FOLLOWS AND THE SAME ARE TO BE FOLLOWED. ANY DEVIATION NOTICED AT ANY STAGE SHALL LEAD TO DISQUALIFICATION OF THE OFFER.

(a) EMD for each tender should be submitted separately and the same would not be adjusted against any EMD/Pending Payment/ Bank Guarantees/ Credit Note Etc., given to this Division or any other Divisions of HAL. If requisite amount of EMD is not available along with Technical Bid, the offer shall be considered rejected then and

there. Hence, please ensure that the copies of EMDs are uploaded along with the technical Bid invariably. The EMD in the form of hard copy in original has to be sent by post/ courier/ personal delivery to reach the Office of the Addl.General Manager(IMM), HAL Engine Division, Bangalore – 560 093.

- (b) If any firm wants to participate in more than one tender, each of the technical Bids shall be accompanied by the original EMDs. EMD for two separate Tenders cannot be clubbed and submitted along with the technical bids against one of the tenders.
- (c) Please feel free to ask any doubts/clarifications in writing addressed to Chief Manager (IMM), Engine Division before submission of the EMD, tender bids.
Email: imm_commercial.engines@hal-india.com

10. Security Deposit:

(a) The successful vendor, will be required to submit the Security Deposit equivalent to 5% of the total value(to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) within 15 days of receipt of the purchase order, by demand draft or bank guarantee in a prescribed format of H.A.L from a scheduled bank in India / bank of international repute (for Foreign vendors), valid up to 60 days after the completion of contract period/last supply. This Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of H.A.L.

(b) Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of H.A.L. No claim will be entertained against HAL either in respect of interest, if any due on the security deposit or depreciation in value.

(c) In case the supply order/ contract is not executed to the entire satisfaction of HAL, the Security Deposit will be forfeited besides initiation of risk purchase action. In case any claims or any other contract obligations (related to supplies excluding warranty) are outstanding, the bidder shall be required to extend the Security Deposit as required till such time, the vendor settles all the claims and complete such contractual obligations.

(d) If the bidder is not agreeing for the providing the Security Deposit(SD), a Loading factor of 5% shall be considered while preparing the Price Comparative Statement for ascertainment of the lowest bidder during the commercial evaluation of the bids.

(e) On due performance and completion of the contract in all respects, the security deposit will be returned to the vendor, without any interest, on presentation of absolute “No Demand Certificate” and upon return in good condition of any specifications, drawings, samples or any other property belonging to the purchaser, which may have been issued to the vendor.

(f) If the Security Deposit in the form of Bank Guarantee is to be submitted by the vendor, the same should be sent to HAL by issuing bank through registered post with acknowledgement due.

11. **Delivery:** The bidders should give the guaranteed date by which delivery can be completed. As the items/equipment is to be manufactured specific-to-type, please quote-concrete delivery schedule taking into consideration of the period actually required based on the complexity of the equipment. In the event of an order, we reserve the right to collect a sum of 0.5% per week of delay or part thereof, subject to maximum of 10% as our claim towards liquidated damages on the undelivered part of the order. This clause will be strictly followed by HAL. Therefore your delivery schedule should be firm and definite. The vendor need to clearly indicate required time for obtaining export license, if any and the same will be added to the delivery period.

Please note that the delivery schedule should be for:

- i) Period required for the delivery / dispatch of equipment and
- ii) Period required for installation & commissioning of the subject equipment after intimation from HAL about readiness of the site and other facility.

12. **Liquidated Damages:** In the event of an order, we reserve the right to collect a sum of 0.5% per week (on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted) of delay or part thereof, subject to a maximum of 10% as our claim towards liquidated damages on the undelivered part of the order.

In case of the bidder does not agreeing for the acceptance of LD clause, the maximum amount of LD/ to the extent not agreed LD value will be loaded in the comparison of Bids during the commercial evaluation of the bids.

13. **Terms of Payment:** Payment will be made by Electronic clearing System (ECS). In accordance with our standard practice, 100% payment will be released within 30 days of receipt, acceptance and installation/commissioning of the machine /facilities /equipment at our site and on submission of Performance Bank Guarantee, as per HAL Bank Guarantee format for 10% value of order value (Annexure - C), which is to be valid for the warranty period. In the case of deviation in payment term quoted, a suitable loading of financing cost will be added to your quoted price for evaluation of the commercial offers. For advance payment, Bank Guarantee should be submitted for the extend of value received as advance payment as per HAL Bank Guarantee for advance payment (Annexure - A)

14. **Installation and Commissioning:** The installation and commissioning of the equipment should be done by the supplier at our works. The bidders should give the details of installation and commissioning charges / terms in their bid. Payment towards installation and Commissioning shall be made only after completion of Installation and Commissioning.

15. Please indicate approximate net weight of each of the item, gross weight and dimension of the package to enable us to determine the mode of dispatch.

16. Any order, resulting from the enquiry, shall be governed by the General Terms and Conditions of Contract of HAL (Annexure - F) and any party quoting against this enquiry shall be deemed to have read and understood these terms and conditions and to have quoted subject to these terms and conditions.

17. **Warranty:** Minimum 12 months from the date of acceptance of item at HAL or more as per your company rules/OEM Policy.

18. **Performance Bank Guarantee:** Vendor shall furnish a Performance Bank Guarantee as per HAL's format (Annexure - C) for 10% of the order value(to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) valid up to end of the warranty period, from a Scheduled bank in India / Bank of International repute (for foreign vendor) from the date of acceptance /commissioning or otherwise, equivalent amount shall be retained till completion of warranty period and other obligations of Purchase Order / contract. 90% uptime during warranty period to be ensured, failing which the warranty period will be extended for the period for which the system was under break down.

In case, the vendor does not agree for Performance Bank Guarantee / retention of equivalent amount, those offers shall be summarily rejected.

If the Performance Bank Guarantee in the form of Bank Guarantee is to be submitted by the vendor, the same should be sent to HAL by issuing bank through registered post with acknowledgement due.

19. The bidders are required to furnish the following information in the technical bid.

a) The number of years they have been in business dealing with the item which they now propose to offer.

b) Whether they are on approved list of GEM, Govt of India or on the approved list of any other public sector undertakings (applicable for Indian vendors).

c) The details of after sales-service in Bangalore including offices with address, phone, fax, etc are to be indicated, if available.

d) The detailed list of customers to whom similar item has been supplied to be furnished with details such as capacity/model, type of equipment, date of supply and address/location of the customer.

e) Name of bankers to be furnished with full account details.

20. HAL is not bound to accept the lowest or any quotation and reserves the right of accepting the whole or any part of the quotation or part of the quantity offered and you must supply the same at the rate quoted.

21. The bidders should indicate the PAN Number issued by Government of India. PAN No. is required for the assessment of the withholding tax (under Double Taxation Avoidance agreement). If PAN No. is not available, it is required to be obtained from the Income Tax Authorities as per Government of India norms. Additionally, foreign bidders may indicate whether they have a permanent establishment in India or not. If the bidder does not have

Permanent Establishment in India, a declaration is to be provided (in their company letterhead) as per the format at Annexure - E.

22. Canvassing by tenderers in any form including unsolicited letters on tenders submitted or post tender correction shall render their tenders liable for summarily rejection.

23. Quotations from financially sound bidders, who are manufacturers/ authorized dealers/ distributors/ channel partners of the Tendered machines, and have credit rich experience and established Quality assurance and testing facilities for the production, after sales service and supply of identical equipment, will only be considered.

24. Late/ incomplete tenders shall not be considered.

25. Conditional offers will not be accepted.

26. When counter terms and conditions of the business are offered by the bidder, HAL shall not be deemed to be governed by such terms and conditions unless written acceptance thereof has been given by HAL. No conditions and terms notice of which has not been given in tender by bidders submitting quotations will be considered by HAL, if put forward in subsequent correspondence and after placement of order. Disregard of any instructions, may result in your offer being ignored.

27. Arrangements shall be made for after sales service in Bangalore during the warranty period and for maintenance after the warranty period.

28. Please indicate if any training arrangements for item/system in India and factory acceptance test if required.

29. Two sets of operation manuals/maintenance manual should accompany the system at no extra cost.

30. You have to attend to our breakdown calls within 48 hours from the time of intimation during warranty period.

31. Please also indicate status of export license / permit based on the present rules/regulations of your country and normal time frame for obtaining such export permission if an order is placed on you in near the future and the same should be covered within the delivery schedule indicated.

32. Please also indicate the necessary onsite technical support during installation of the system at no extra cost.

33. Vendors while submitting the proposal should categorically declare that items quoted by them are their own manufactured products and are not resold (2nd sale). Offers without such declaration are likely to be ignored.

34. Vendors should ensure the availability of spares of the offered products for a minimum period of 10 years.

35. Quotation should accompany the detailed catalogues and literature.

36. **Agents/Agency commission** : “The seller confirms and declares to the buyer that the seller is the original manufacturer/licensor/distributor/stockist/channel partner of the stores referred to in this contract and has not engaged any individual or firm, whether Indian or foreign whatsoever, to intercede, facilitate or in any way to recommend to HAL or any of its functionaries, whether officially or unofficially, to the award of the contract to the Seller; nor has any amount been paid, promised or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The Seller agrees that if it is established at any time to the satisfaction of the Buyer that the present declaration is in any way incorrect or if at a later stage it is discovered by the Buyer that the Seller has engaged any such individual/firm, and paid or intended to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution, whether before or after the signing of this contract, the Seller will be liable to fund that amount to the Buyer. The Seller will also be debarred from entering into any supply Contract with HAL for a minimum period of five years. The Buyer will also have a right to consider cancellation of the Contract either wholly or in part, without any entitlement or compensation to the Seller who shall in such event be liable to refund all payments made by the Buyer in terms of the Contract along with interest at the rate of 2% per annum above LIBOR rate. The Buyer will also have the right to recover any such amount from any contracts concluded earlier with HAL or Government of India.”

HAL has not appointed / authorized any person / agent to deal with the vendors in respect of the said contract. In case, if someone claims and interacts with the vendors it shall be duty of the vendors to bring such instances to the notice of HAL Management.

37. **Export License**: Vendors should categorically confirm the availability of export license from their government for exporting the system.

38. **Settlement of disputes**: In case of any dispute arising from this agreement, the final authority to decide the matter will be Head of concerned Division or their authorized Officers. In the event of disagreement with the decision of Head of respective Division, the courts in the City of Bangalore alone shall have the jurisdiction to deal with and decide any matter or dispute whatsoever arising out of this Contract including those arising under Arbitration Act.

39. **Arbitration**: All disputes or differences whatsoever arising between the parties out of or relating to the construction, meaning and operation or effect of this Contract or the breach thereof shall be settled by Arbitration in accordance with the Rules of Arbitration of the ICA/ICADR and the award made in pursuance thereof shall be binding on the parties. The provisions of the Arbitration and conciliation Act 1996 or any statutory modifications thereof shall apply to such conciliation.

40. **Work and payment during arbitration**: Work under the contract shall if reasonably possible continue by mutual agreement during the arbitration proceedings and no payment

due to or payable by HAL will be withheld without reasonable cause and merely on account of the pendency of such proceedings.

41. **Jurisdiction:** The Court at Bangalore only shall have jurisdiction to deal with and to decide any legal matter whatsoever arising out of this contract.

42. **Immunity to Government of India:** It is expressly understood and agreed by and between supplier & purchaser that purchaser is entering into this contract solely on its own behalf and not on behalf any other person or entity. In particular, it is expressly understood and agreed that Government of India is not a party to this contract and has no liabilities, obligations or right hereunder. It is expressly understood and agreed that purchaser is an independent legal entity with power and authority to enter into contracts solely on its own behalf under the applicable laws of India and general principles contract law. Supplier expressly agreed acknowledges and understand that purchaser is not an agent, representative or delegate to the Government of India. It is further agreed and understood that Government of India is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of the contract. Accordingly, supplier hereby expressly waives releases and foregoes any and all actions, including counterclaims, impleader claims or counter claims against the Government of India arising out of this contract and covenants as to any manner, claim cause or action or this whatsoever arising out of or under this contract.

43. **Fall Clause:**

a) The price charged for the stores supplied under the contract shall be in no event exceed the lowest price at which the contractor sells the stores or offers to sell stores of identical description to any persons/organizations including the purchaser of any department of the Central Govt. or any Dept. of the State Govt. or any statutory undertaking of the Central or State Govt., as the case may be during the period till the performance of the supply order placed and during currency of the contract is completed.

b) If at any time during the said period, the contractor reduces the sales price, sells or offers to sell such stores to any person/organization including the purchaser or any department of Central Govt. or any Dept. of State Govt., or any statutory undertaking of the Central or State Govt., as the case may be at a price lower than the price chargeable under the contract, he shall forthwith notify such reduction/sale or offer to sale to the Hindustan Aeronautics Limited and the price payable under the contract for the stores supplied after the date of coming into force of such reduction or sale or offer to sale shall stand correspondingly reduced.

44. Due price preference shall be extended to Public Sector Undertakings, Ancillaries, Small Scale Industries and Indigenous manufactures as per Government directives, issued from time to time. In respect of MSME, Govt. Policy shall be applicable as amended from time to time. Please submit the relevant certificate, if your firm is registered as MSME.

45. For requirement of drawings if any, for this tender the bidders may please contact the following person:

Mr. Shashidhara Hebsoor M

Ch. Manager (Pur)

Phone: 0091 80 22326275 or 0091 80 22326366 Fax: 0091 80- 22313701

Email: imm_commercial.engines@hal-india.com

46. Please submit your compliance/comments for each technical and commercial condition indicated in our tender.

47. In case of an event of placement of Purchase order on you, please note that any demurrage charges paid by HAL on account of delayed delivery of requisite documents or error in the documents provided by the seller and attributable to seller, the same will be to the account of seller.

48. Further, in case of an event of placement of Purchase order on you, you shall notify the ultimate consignee i.e. HAL, the details of shipment of 24 hours of dispatch of items from the port of shipment in respect of sea cargo. One set of shipping documents including Bill of Lading, Invoice, packing List(s), Quality certificate, Warranty/ guarantee certificate, Certificate of Country of Origin, etc., is to be sent by air courier to reach the buyer , within seven days of Bill of Lading.

49. The Conditional discounts shall not be considered in evaluation of the tenders.

50. **Confidentiality:** The Supplier shall hold confidential technical data and information supplied by the Purchaser or on behalf of the Purchaser and shall not reproduce any such technical data or information or divulge the same to any third party without the prior written consent of the Purchaser. The Purchaser shall hold confidential technical data and information supplied by the Supplier or on behalf of the Supplier and shall not reproduce any such technical data or information or divulge the same to any third party without prior written consent of the Supplier except as far as may be necessary for either party to carry out its obligations under this Contract.

51. **Risk purchase:** The Supplier will supply quality items and also the quantity intended in full as per terms and conditions of respective orders. In case the Supplier fails to execute the order either in terms of quality or in quantity, HAL reserves the right to procure from elsewhere at the risk and cost of the Supplier and any extra expenditure incurred due to this purchase is payable by the Supplier.

52. **Packing:** The contractor will be held responsible for the stores being sufficiently and properly packed for tropical storage and for transport by rail, road, sea or air so as to ensure their being free from loss or injury on arrival at their destination. The packing to fulfil the requirements of sea-worthy packing.

Please ensure that the consignment are packed with good packing material to avoid corrosion, scratches etc. to withstand transport by rail, road, sea or air and for storage at

customer location with prolonged exposure to hostile environment for a period upto 24 months.

The packing and marking of packages shall be done by and at the expense of the Contractor. Each package shall contain a Packing Note quoting Purchase Order number and date showing its contents in detail. Each shall be properly marked with Purchase Order No., Consignee's name & address, package-handling instructions etc. The package shall have adequate provision for handling during transit.

53. Exit Criteria: In the event of an order, the contract/order may be terminated under the following circumstances.

la) In the event of unsatisfactory performance by the vendor during the contract period, or any of the information provided by the supplier is found to be untrue, or supplier is found to have attempted to influence any person involved with the contract through unethical means, the contract shall be terminated with three month's advance notice without any financial implication to HAL. Notwithstanding the foregoing, the cases where it is found that a supplier is engaged in unethical practices, the same shall be barred from participating in the future contracts for a period indicated in the Purchase Manual.

b) If there is change in the Customer requirement, contract shall be terminated with three month's advance notice. The liability of HAL in this case will be agreed mutually.

c) The supplier is declared bankrupt or becomes insolvent.

d) The delivery of material is delayed due to causes of Force Majeure by more than three months.

e) Based on the decision of the Arbitration Tribunal.

II. In the event of termination of contract by either party the supplier shall ensure the following:

a) IPRs are transferred to HAL to enable HAL to proceed on the work with other suppliers. Suppliers also will render all assistance till the other suppliers fully take over the balance work.

b) Transfer title and deliver all or any part thereof the suppliers, materials, work-in-process, finished Products, Tooling, drawings and data produced or acquired by vendor specifically for the product being terminated.

c) Supplier shall ensure supply of products and its components/spares at least for a period of ten years from the date of such termination".

54. Purchase preference policy (Preference to make in India)

In line with Public Procurement (Preference to Make in India), Order 2017 issued by Govt. of India & with a view to support the Indian industries by way of providing Purchase Preference, HAL has implemented "Purchase Preference Policy". The "Purchase Preference" is applicable for the "Local Supplier" for the items / services covered in this tender subject to the following terms & conditions:

Note: The subject item falls under indivisible category.

1. 'Local Supplier' means a supplier (manufacturer, not a trader) or service provider whose product or service offered for procurement meets the minimum "local content" requirement of 50%.
2. 'Local content' means the amount of value added in India (i.e indigenous items/services added in the offered products/services), be the total value of the item offered (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties/IGST) as a proportion of the total value (excluding net domestic indirect taxes), in percent.
3. The margin of Purchase Preference shall be upto 20%.
4. 'Margin of purchase preference' means the maximum extent to which the price quoted by the bidder above the L1 (landed cost).
5. 'L1' means the lowest technically acceptable tender/ bid/ quotation (i.e. lowest landed cost including duties, taxes and freight & Insurance).
6. Purchase Preference:
 - A. Goods are divisible in nature (required quantity greater than 1 or not a package basis or not Aircraft LRUs):
 - i. If L1 is from a local supplier, the order/contract for full quantity shall be awarded to L1 bidder.
 - ii. If L1 bid is not from a local supplier, 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the local suppliers will be invited to match the L1 price for the remaining 50% quantity subject to the local supplier's quoted price falling within the margin of purchase preference (i.e 20%) and contract for that quantity shall be awarded to such local supplier subject to matching the L1 price (inclusive of duties, taxes and freight & insurance).
 - iii. In case such lowest eligible local supplier fails to match the L1 price or accepts less than the offered quantity, the next higher local supplier within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In cases where none of the local suppliers within the margin of purchase agree to match L1 price, in such cases 100% quantity shall be ordered on original L1 bidder.
 - iv. In case no offers received from local supplier or none of the local supplier falls within the margin of purchase preference of 20%, the order shall be processed on L1 vendor.
 - v. In case L1 bidder (not a local supplier) is not accepting splitting of order on 50:50 basis, in that case the order/contract shall be awarded to such local supplier for full quantity subject to matching the L1 price.

vi. Regarding MSEs (Indian vendor) :

The following additional aspect as indicated below would be applicable for procurement which falls under divisible category (i.e., not applicable for indivisible category), in case of participation of MSEs in the tendering.

- If any Indian vendor satisfies the requirement of MSEs stipulation and also falls within the purchase preference margin as called for in MSME policy (in case of matching L1 price) will be considered for ordering 20% of tendered quantity, the balance quantity will be considered for distribution amongst all bidders (including MSEs) as per the purchase preference policy.
- In case no MSEs qualifies for purchase preference or do not match with L1 price than the total tendered quantity will be distributed amongst all bidders as per the purchase preference policy.

B. Goods are not divisible (required quantity is 1 or as a package or Aircraft LRUs, in case of goods) and services:

- i. If L1 is from a local supplier the contract will be awarded to L1 bidder.
- ii. If L1 is not from a local supplier, the lowest bidder among the local suppliers will be invited to match the L1 price subject to local supplier's quoted price falling within the margin of purchase preference (i.e 20%) and the contract shall be awarded to such local supplier subject to matching the L1 price (inclusive of duties, taxes and freight & insurance).
- iii. In case such lowest eligible local supplier fails to match the L1 price, the local supplier with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on, and order/contract shall be awarded accordingly. In case where none of the local suppliers within the margin of purchase preference agree to match the L1 price then the order/contract shall be awarded to the original L1 Bidder.

7. Aircraft LRUs are considered as "in-divisible" category of good. In line with this, the order for development of Aircraft LRUs, identification of LRUs for Aircraft will be placed on local supplier, within the margin of purchase preference, for 100% RFQ's requirement, after matching the L1 price (or) on L1 Vendor, if the local supplier not agreed to match the L1 price.

8. Technically acceptable offers only will be considered for purchase preference.

9. The local supplier should provide a "Self Certification" along with offer indicating that the item offered meets the minimum local content of 50% and provide the details of the location(s) at which the local value addition is made.

10. In cases the quoted price is in excess of Rs.10 Crores (including duties, taxes and freight & Insurance), the local supplier shall provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in case of suppliers other than companies) giving the percentage of local content.
11. A committee (with an external expert from a practicing cost accountant or practicing chartered accountant, if required) constituted for independent verification shall verify the self-declarations & auditor's / accountant's certificates on random basis, as per the requirement.
12. The ink-signed certificate shall be provided on vendor's letter head along with the offer (in case of online tender, copy of ink signed certificate can be considered subject to receipt of original certificate within 15 days of due date of tender). In case of non-submission of certificate, the purchase preference shall not apply.
13. On similar line for Rs. 10 Crs. & above, the ink-signed certificate provided by the concerned authority as brought – out above need to be enclosed.
14. in case of a complaint received from any vendor indicating a need for review / verification of local content of successful vendor / awarded vendor, for accepting a complaint from such complainant (w.r.t the false declaration given by the successful vendor on the local content), a complaint fee of Rs. 2 Lakhs or 1% of the locally manufactured items being procured (subject to a maximum Rs. 5 Lakhs), whichever was higher to be paid by demand draft by the complainant. In case, the complaint is found to be incorrect, the complaint fee shall be forfeited. In case, the complaint is upheld and found to be substantially correct, deposited fee of the complainant would be refunded without any interest.
15. False declarations will be in breach of code of the integrity for which a bidder or its successor's will not be eligible/debarred for purchase preference from further tender/ pending tenders for two years along with other actions as may be applicable.
16. Further, in case the violation/false declaration established, in such case, a penalty amount upto 2% value of the each order will be deducted on such defaulted bidders.

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