

HINDUSTAN SHIPYARD LIMITED, VISAKHAPATNAM

(A GOVERNMENT OF INDIA UNDERTAKING)

HSL ADOPTS INTEGRITY PACT

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The Integrity Pact envisages an agreement between the prospective vendor/bidder and the buyer committing the persons/officials of both the parties not to exercise any corrupt influence on any aspect of the contract. Only those vendors/bidders, who have entered into such an Integrity Pact with the buyer HSL, would be competent to participate in bidding with HSL, wherever the value of each contract exceeds Rs.20.00 crores.

This Pact is a preliminary qualification for entering into any contract with HSL. The pact will be effective from the stage of invitation of Bids till the complete execution of the contract.

Central Vigilance Commission (CVC) has approved Shri B. Ramesh Kumar and Shri P.S.Grewal as Independent External Monitors (IEM) to oversee the implementation of Integrity Pact.

**Integrity Pact with Vendors:**

INTEGRITY PACT

Hindustan Shipyard Ltd., (HSL) hereinafter referred to as “The Principal”

And

.....hereinafter referred to as  
“The Bidder/Contractor”

**Preamble**

The Principal intends to award under laid down organizational procedures, contract / s for ----- The Principal values full compliance with all relevant laws of the land, rules, regulation, economic use of resources and of fairness / transparency in its relations with its Bidder(s) and / or contractor (s)

In order to achieve these goals, the Principal will appoint an Independent External Monitor (IEM), who will monitor the tender process and the execution of the contract for compliance with the Principles mentions above.

**Section 1 – Commitments of the Principal.**

- (1) The Principal commits itself to take all measures necessary to prevent corruption and to observe the following Principles:
  - a. No employee of the Principal, personally or through family members, will in connection with the tender for, or the execution of a contract, demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
  - b. The Principal will, during the tender process treat all Bidder(s) with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential / additional information through which the Bidder(s) could obtain an advantage in relation to the tender process or the contract execution.
  - c. The Principal will exclude from the process all known prejudiced persons.

- (2) If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the IPC / PC Act, or if there be a substantive suspicion in this regard, the Principal will inform the Chief Vigilance Officer and in addition can initiate disciplinary actions.

## **Section 2 – Commitments of the Bidder(s) / Contractor (s).**

- (1) The Bidder(s) / Contractors commit himself to take all measures necessary to prevent corruption. He commits himself to observe the following Principles during his participation in the tender process and during the contract execution
- a. The Bidder(s) / Contractor(s) will not, directly or through any other person or firm, offer, promise or give to any of the Principal's employee involved in the tender process or the execution of the contract or to any third person any material or other benefit which he / she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.
  - b. the Bidder(s) / Contractor(s) will not enter with other Bidder(s) into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certificates, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process.
  - c. The Bidder(s) / Contractor(s) will not commit any offence under the relevant IPC / PC Act, further the Bidder(s) / Contractor(s) will not use improperly, for purpose of competition or personal gain or pass on to others, any information or document provided by the Principal as part of

the business relationship regarding plans, technical proposals and business details, including information contained or transmitted electronically.

- d. The Bidder(s) / Contractor(s) foreign origin shall disclose the name and address of the Agents / representatives in India, if any. Similarly the Bidder(s) / Contractor(s) Indian Nationality shall furnish the name and address of the foreign Principals, if any. Further details as mentioned in the “Guidelines on Indian Agents of Foreign Suppliers” shall be disclosed by the Bidder(s) / Contractors. Further as mentioned in the guidelines all the payments made to the Indian agent / representative have to be in Indian Rupees only. Copy of the guidelines on Indian agents of foreign suppliers” is annexed and marked as annexure.
  - e. The Bidder(s) / Contractor(s) will, when presenting his bid, disclose any and all payments he has made, is committed to or intend(s) to make to agents, brokers or any other intermediaries in connection with the award of the contract .
- (2) The Bidder(s) / Contractor(s) will not instigate third persons to commit offences outlined above or be an accessory to such offence.

### **Section 3 – Disqualification from tender process and exclusion from future contracts.**

If the Bidder(s) / Contractor(s), before awarding or during execution has committed a transgression through a violation of Section 2 above or if any of the form such as to put his reliability or credibility in question, the Principal is entitled to disqualify the Bidder(s) / Contractor(s) from the tender process or take action as per the extant procedure of the Company.

### **Section 4 – Compensation for Damages**

- (1) If the Principal has disqualified the Bidder(s) from the tender process prior to the award according to Section 3, the Principal is entitled to demand and recover the damages equivalent to Earnest Money Deposit / Bid Security.
- (2) If the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminate the contract according to Section 3, the Principal shall be entitled to demand and recover from the Contractor liquidated damages of the contract value or the amount equivalent to Performance Bank Guarantee.

### **Section 5 – Previous Transgression.**

- (1) The Bidder declares that no previous transgressions occurred in the last 3 years with any other Company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprises in India that could justify his exclusion from the tender process.
- (2) If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or action can be taken as per the procedure mentioned in “Guidelines on Banning of business dealings”.

### **Section 6 – Equal treatment of all Bidders / Contractors / Sub-contractors.**

- (1) The Bidder(s) / Contractors undertake(s) to demand from all sub-contractors a commitment in conformity with this integrity pact, and to submit it to the Principal before contract signing.
- (2) The Principal will enter into agreements with identical conditions as this one with all Bidders, Contractors and Sub-Contractors.

- (3) The Principal will disqualify from the tender process all bidders who do not sign this pact or violate its provisions.

### **Section 7 – Criminal charges against violating Bidder(s) / Contractor(s) / Sub-Contractors**

If the Principal obtains knowledge of contract of a Bidder, Contractor or Sub-Contractor or of an employee or a representative or an associate of a Bidder, Contractor or Sub-Contractor which constitutes corruption or if the Principal has substantive suspicion in this regard, the Principal will inform the same to the Chief Vigilance Officer.

### **Section 8 – Independent External Monitor / Monitors**

- (1) The Principal has appointed the following Independent External Monitors (IEMs) for this pact in consultation with the Central Vigilance Commission
  - (i) Shri B. Ramesh Kumar
  - (ii) Shri P.S.Grewal
- (2) The IEMs would examine all complaints received by them and given their recommendations / views to the Chief Executive of the Organisation, at the earliest. They may also send their report directly to the CVO and the Commission. In case of suspicion of serious irregularities requiring legal / administrative action.....
- (3) The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He shall report to the Chairman & Managing Director, HSL.
- (4) The Bidder(s) / Contractor(s) accept that the Monitor has the right to access without restriction to all Project documentation of the Principal

including that provided by the Contractor. The Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to Sub-Contractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder(s) / Contractor(s) / Sub-Contractor (s) with confidentiality.

- (5) The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.
- (6) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the C&MD, HSL with a copy to the Chief Vigilance Officer, HSL and request the Management to discontinue or take corrective action, or to take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.
- (7) The Monitor will submit a written report to the Chairman & Managing Director, HSL within 8 to 10 weeks from the date of reference or intimation to him by the Principal and should the occasion arise, submit proposals for correcting problematic situation.
- (8) If the Monitor has reported to the Chairman & Managing Director, HSL a substantiated suspicion of an offence under relevant IPC / PC Act, and the Chairman & Managing Director, HSL has not, within the reasonable time taken visible action to proceed against such offence or reported it to the Chief Vigilance Officer, the Monitor may also transmit this information directly to the Central Vigilance Commissioner.

- (9) The word “Monitor” would include both singular and plural.

### **Section 9 – Pact duration.**

This pact begins when both parties have legally signed it. It expires for the Contractor 18 months after the last payment under the respective contract, and for all other Bidders 6 months after the contract has been awarded.

If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged / determined by C&MD of HSL.

### **Section 10 – other provision.**

- (1) This agreement is subject to Indian Law, Place of performance and jurisdiction is the Registered Office of the Principal ie., HSL Visakhapatnam
- (2) Changes and supplements as well as termination notices need to be made in writing . Side agreements have not been made.
- (3) If the Contractor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.
- (4) Should one or several provisions of this agreement turn out to be invalid, the remainder of this agreement remains valid in this case, the parties will strive to come to an agreement to their original intentions.

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(For & On Behalf of the Principal)

(Office Seal)

Place -----

Dare -----

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(For & On Behalf of the Bidder/  
Contractor\

Witness 1:

(Name & Address)

Witness 2:

(Name & Address)

## **GUIDELINES FOR INDIAN AGENTS OF FOREIGN “SUPPLIERS / CONTRACT AGENCIES”**

- 1.0. There shall be compulsory registration of Indian Agents of foreign suppliers/contract Agencies with HSL in respect of all Global (Open) Tenders and Limited Tenders. An agent who is not registered with HSL shall apply for registration in the prescribed Application Form.
- 1.1. Registered agent needs to submit before placement of order by HSL, an certificate issued by his foreign supplier /contract agency (or an authenticated Photostat copy of the above certificate duly attested by a Notary Public) confirming the agency agreement and giving the status being enjoyed by the agent along with the details of the commission / remuneration / salary / retainer being paid by them to the agent(s).
- 1.2. Whatever the Indian representative has communicated on behalf of their foreign supplier/contract Agency and/or the foreign supplier /contract agency have stated that they are not paying any commission to their Indian Agents) but paying salary or retainer, a written declaration to this effect given by the foreign supplier / contract agency should be submitted before finalizing the contract.

### **2.0. DISCLOSURE OF PARTICULARS OF AGENTS / REPRESENTATIVES IN INDIA, IF ANY:**

- 2.1. Bidders of foreign nationality shall furnish the following details in their quotation / bid
  - 2.1.1. The name and address of their agents / representatives in India, if any, and the extent of authorization and authority given to them to commit them. In case the agents / representatives is a foreign Company, it shall be

confirmed whether it is a really substantial Company and details of the Company shall be furnished.

2.1.2. The amount of commission / remuneration included in the quoted prices for such agents / representatives in India.

2.1.3. Confirmation of the Bidder that the commission / remuneration if any, payable to his agents / representatives in India, may be paid by HSL in Indian rupees only.

**3.0. DISCLOSURE BY INDIAN AGENTS OF PARTICULARS OF THEIR FOREIGN SUPPLIER /CONTRACT AGENCY AND FURNISHING OF REQUISITE INFORMATION.**

**3.1. Bidders of Indian Nationality shall furnish the following details / certificates in / along with their offers.**

3.1.1. The name and address of foreign supplier / contract agency indicating their nationality as well as their status, ie., manufacturer or agent of manufacturer holding the letter of authority.

3.1.2. Specific authorization letter by the foreign supplier / contract agency authorizing the agent to make an offer in India in response to tender either directly or through their agents / representatives.

3.1.3. The amount of commission / remuneration included for bidder in the prices quoted.

- 3.1.4. Confirmation of the foreign supplier / contract agency of the bidder. That the commission / remuneration, if any reserved for the bidder in the quoted prices, may be paid by HSL in India in equivalent Indian rupees.
- 4.0. In either case, in the event of materialization of contract, the terms of payment will provide for payment of the commission / remuneration payable, if any, to the agents / representatives in India in Indian rupees, as per terms of the contract.
- 4.1. Failure to furnish correct information in detail, as called for in para 2.0 and / or 3.0 above will render the bid concerned liable for rejection or in the event of materialization of contract, the same is liable for termination by HSL. Besides this, other actions like banning business dealings with HSL, payment of a named sum et., may also follow.