

Scheme of Fund for Regeneration of Traditional Industries

SFURTI

(Ministry of Micro, Small and Medium Enterprises, Govt. of India Project)

M/s APITCO Ltd, Hyderabad
(Implementing Agency for Vizianagaram Coir Cluster)

ADDENDUM-1, Dated:17.04.2017

ANNEXURE-IV

(To be executed on plain paper and applicable for all tenders of value above Rs.5.00 lakhs)

INTEGRITY PACT

Between

M/s APITCO Ltd, Hyderabad **Implementing Agency (IA)** for Vizianagaram coir cluster under Revamped SFURTI Scheme, hereinafter referred to as "**The IA**",

And

.....hereinafter referred to as "**The Bidder/Contractor /Supplier**".

Preamble

The IA intends to award, under laid down organization procedures, contract/s forThe IA values full compliance with all relevant laws and regulations, and the principles of economic use of resources, and of fairness and transparency in its relations with its Bidder/s, Contractor/s and Supplier/s.

In order to achieve these goals, the IA cooperates with the renowned international Non Governmental Organisation "Transparency International" (TI). Following TI's national and international experience, the IA will appoint an Independent External Monitor who will monitor the

tender process and the execution of the contract for compliance with the principles mentioned above.

Section 1 -Commitments of the IA

(1) The IA commits itself to take all measures necessary to prevent corruption and to observe the following principles:

a) No employee of the IA, 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 himself/herself or third person, any material or immaterial benefit which he/she is not legally entitled to.

b) The IA will, during the tender process, treat all Bidders with equity and reason. The IA will, in particular, before and during the tender process, provide to all Bidders the same information and will not provide to any Bidder confidential / additional information through which the Bidder could obtain an advantage in relation to the tender process or the contract execution.

c) The IA will exclude from the process all known prejudiced persons.

(2) If the IA obtains information on the conduct of any of its employees which is a criminal offence under the relevant Anti-Corruption Laws of India, or if there be a substantive suspicion in this regard, the IA will inform its Vigilance Office and in addition can initiate disciplinary actions.

Section 2 -Commitments of the Bidder / Contractor/Supplier

(1) The Bidder / Contractor/Supplier commit itself 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 / Contractor/Supplier will not, directly or through any other person or firm, offer, promise or give to any of the IA's employees involved in the tender process or the execution of the contract or to any third person, any material or immaterial 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 / Contractor/Supplier will not enter with other Bidders into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelisation in the bidding process.

c) The Bidder / Contractor/Supplier will not commit any offence under the relevant Anticorruption Laws of India; further the Bidder / Contractor/Supplier will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the IA as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.

d) The Bidder / Contractor/Supplier will, when presenting his bid, disclose any and all payments he has made, is committed to, or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.

(2) The Bidder / Contractor/Supplier will not instigate third persons to commit offences outlined above or be an accessory to such offences.

Section 3 -Disqualification from tender process and exclusion from contracts

If the Bidder, before contract award, has committed a transgression through a violation of Section 2 or in any other form such as to put his reliability or credibility as Bidder into question, the IA is entitled to disqualify the Bidder from the tender process or to terminate the contract, if already signed, for such reason.

(1) If the Bidder/Contractor/Supplier has committed a transgression through a violation of Section 2 such as to put his reliability or credibility into question, the IA is also entitled to exclude the Bidder / Contractor/Supplier from future contract award processes. The imposition and duration of the exclusion will be determined by the severity of the transgression. The severity will be determined by the circumstances of the case, in particular the number of transgressions, the position of the transgressors within the company hierarchy of the Bidder and the amount of the damage. The exclusion will be imposed for a minimum of 6 months and maximum of 3 years.

(2) A transgression is considered to have occurred if the IA after due consideration of the available evidences, concludes that no reasonable doubt is possible.

(3) The Bidder accepts and undertakes to respect and uphold the IA's absolute right to resort to and impose such exclusion and further accepts and undertakes not to challenge or question such exclusion on any ground, including the lack of any hearing before the decision to resort to such exclusion is taken. This undertaking is given freely and after obtaining independent legal advice.

(4) If the Bidder / Contractor/Supplier can prove that he has restored / recouped the damage caused by him and has installed a suitable corruption prevention system, the IA may revoke the exclusion prematurely.

Section 4 -Compensation for Damages

(1) If the IA has disqualified the Bidder from the tender process prior to the award according to Section 3, the IA is entitled to demand and recover from the Bidder liquidated damages equivalent to Earnest Money Deposit/Bid Security.

(2) If the IA has terminated the contract according to Section 3, or if the IA is entitled to terminate the contract according to Section 3, the IA shall be entitled to demand and recover from the Contractor/Supplier liquidated damages equivalent to Security Deposit / Performance bank Guarantee.

(3) The Bidder agrees and undertakes to pay the said amounts without protest or demur subject only to condition that if the Bidder / Contractor/Supplier can prove and establish that the exclusion of the Bidder from the tender process or the termination of the contract after the contract award has caused no damage or less damage than the amount of the liquidated damages, the Bidder / Contractor shall compensate the IA only to the extent of the damage in the amount proved.

Section 5 -Previous Transgression

(1) The Bidder declares that no previous transgression occurred in the last 3 years with any other Company in any country conforming to the TI approach or with any other Public Sector Enterprise 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 the contract, if already awarded, can be terminated for such reason.

Section 6 -Equal treatment of all Bidders / Contractors /Suppliers/ Subcontractors

(1) The Bidder/Contractor/Supplier undertakes to demand from all subcontractors a commitment in conformity with this Integrity Pact, and to submit it to the IA before contract signing.

(2) The IA will enter into agreements with identical conditions as this one with all Bidders, Contractors/Suppliers and Subcontractors.

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

Section 7 – Punitive Action against violating Bidders / Contractors / Suppliers/Subcontractors

If the IA obtains knowledge of conduct of a Bidder, Contractor, Supplier or Subcontractor, or of an employee or a representative or an associate of a Bidder, Contractor, Supplier or Subcontractor which constitutes corruption, or if the IA has substantive suspicion in this regard, the IA will initiate appropriate action.

Section 8 -Independent External Monitor / Monitors (three in number depending on the size of the contract)

(To be decided by the Chairperson of the IA)

(1) The IA appoints competent and credible Independent external monitor for this Pact. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.

(2) The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He reports to the Chairperson of the Board of the IA.

(3) The Bidder/Contractor/Supplier accepts that the Monitor has the right to access without restriction to all Project documentation of the IA including that provided by the Bidder/Contractor/Supplier. The Bidder/Contractor/Supplier will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional

access to this project documentation. The same is applicable to Subcontractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder/Contractor/Supplier/Subcontractor with confidentiality.

(4) The IA 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 IA and the Bidder/Contractor/Supplier. The parties offer to the Monitor the option to participate in such meetings.

(5) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the IA and request the Management to discontinue or heal the violation, or to take other relevant action. The Monitor can in this regard submit non-binding recommendation. 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. However, the Independent External Monitor shall give an opportunity to the Bidder/Contractor/Supplier to present its case before making its recommendations to the IA.

(6) The Monitor will submit a written report to the Chairperson of the Board of the IA within 8 to 10 weeks from the date of reference or intimation to him by the 'IA' and, should the occasion arise, submit proposals for correcting problematic situations.

(7) Monitor shall be entitled to compensation on the same terms as being extended to / provided to Outside Expert Committee members / Chairman as prevailing with IA.

(8) If the Monitor has reported to the Chairperson of the Board a substantiated suspicion of an offence under relevant Anti-Corruption Laws of India, and the Chairperson has not, within reasonable time, taken visible action to proceed against such offence or reported it to the Vigilance Office, the Monitor may also transmit this information directly to the Central Vigilance Commissioner, Government of India.

(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/Supplier 12 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 Chairperson of the IA.

Section 10 -Other provisions

(1) This agreement is subject to Indian Law. Place of performance and jurisdiction is the Registered Office of the IA, i.e. Cochin. The Arbitration clause provided in the main tender document / contract shall not be applicable for any issue / dispute arising under Integrity Pact.

(2) Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.

(3) If the Bidder/Contractor/Supplier 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

.....
For the **Implementing Agency** (IA) For the **Bidder/ Contractor/ Supplier**

Place:

Date:

Witness 1:

Witness 2: