



MSTC LIMITED

(A Government of India Undertaking)

225C, AJC Bose Road (2nd Floor), Kolkata-700 020

Phone: 2289-2842/43,22812878

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TENDER DOCUMENT

For

HIRING OF INTERNAL AUDITORS FOR MSTC LIMITED FOR THE F.YEAR 2015-16

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LAST DATE FOR BID SUBMISSION 23.04.2015

TIME: 1430 HRS



NO.MSTC/INT.AUD/EMP/2015

Dtd: 10.03.2015

To

Dear Sirs

**SUBJECT: NOTICE INVITING TENDER FOR ALLOTMENT
OF INTERNAL AUDIT FOR THE YEAR 2015-16**

1. MSTC Limited, a Government of India Undertaking invites application from reputed Audit Firms (Proprietary Concern and Partnership Firms) for empanelment as Internal Auditor of MSTC for the financial year 2015-16 with an option to extend the contract by one more year on the same rate, terms & conditions by mutual consent.
 - (i) Date of Issue of Tender Document 10.03.2015
(The same can also be downloaded from the website)
 - (ii) Last date of Submission of Tender Document 23.04.2015 at 1430 hrs.
 - (iii) Date of opening of Technical Bid 23.04.2015 at 1500 hrs
2. SCOPE OF WORK: Internal Audit of MSTC Limited for the Financial year 2015-16 as per Annexure “ III ”, with a option to extend the contract by one more year on the same rate, terms & conditions by mutual consent.
3. FEES: Fees quoted should be on lump sum basis per year, Out of Pocket Expenses at actual as subject to MSTC Travelling rules and exclusive of Service Tax as per Annexure “ IV ”.
4. PAYMENT TERMS: Payment will be made on quarterly basis on submission of bill as per Annexure “ VI ”.

2. ELIGIBILITY CRITERIA (certified copy of testimonial to be enclosed) :

- a) The Audit Firms shall be in existence for a minimum period of five years and have Annual Turnover of audit firm shall be at least Rupees One Crore (` 1,00,00,000/-).
For the purpose of ascertaining parameter of Turnover of the bidder, average turnover of the bidder for the previous three financial years shall be considered.

In the techno commercial bid, the bidder shall submit a ‘certificate of compliance’ to the effect of



the above.

Those Audit Firms, who will secure 70% marks and above, after due process of giving a power point presentation how the Firm proposes to conduct the Audit through a Flow Chart, shall be considered for empanelment as per Annexure-II.

- b) This empanelment is for the purpose of short listing of Firms only and would not carry any assurance of allotment of Internal Audit assignments from the MSTC.
- c) Should have Headquarters/Branch Office in Kolkata and other cities.
- d) Firms need to quote for the entire audit work or as per individual Offices/Units of MSTC. The work can be allocated on the basis of individual Offices/Units of MSTC.
- e) The Company reserves its right to accept or reject any application/s without assigning any reasons thereof. The decision of the Company for empanelment of the Firms will be final and binding upon the parties participating in the short- listing.

3. TERMS AND CONDITIONS:

- a. Validity of Empanelment: The validity of empanelment will be initially for a period of one year (Financial years from 2015-16 onwards for conducting Internal Audit.) and there after depending upon the performance extendable for one more year.
- b. Completion of Job: Time being the essence of the contract all the Internal Audit shall be completed within scheduled dates as defined in the Companies Act. It is also expected that the Internal Audit has to commence w.e.f. the award of the work.
- c. Payment Terms: Payment shall be released within 15 working days from the date of submission of bill by the Firms/Proprietorships/Individual after issuance of Internal Audit Report to the satisfaction of MSTC. No advance payment shall be made.
- d. Acceptance/Rejection of Bids: The Management of MSTC reserves the right to reject all or any bids without assigning any reason whatsoever.
- e. Dispute: In case of any dispute arising during execution of contract, an amicable solution may be arrived at with discussion and reconciliation. However, in case of any dispute remaining unresolved, decision of Management of MSTC will be final and binding on both the parties to the Contract.
- f. Firms/Proprietorships/Individuals who fulfill the above minimum criteria may download the Tender Document from www.mstcindia.co.in.
- g. Offer submitted without Integrity Pact will be summarily rejected without assigning any reason.



h. Reports are to be submitted to Director (Finance), MSTC Ltd as per Annexure “ III ”.

4. TENDER SUBMISSION:

Tender will be submitted in 'TWO' separate sealed envelopes as below: All the two (2) envelopes should be numbered clearly and super scribed with our Tender ref. number, date, Title, Bid opening Date and bidder's name and address. All two (2) envelopes may be enclosed within a single envelope; however bidder should mention the related details on this envelope.

Envelope-I shall consist of Qualifying Requirements/Eligibility criteria(Annexure-I&II) documents, Technical offer, Name of firms where such services have been provided, PAN, Service Tax registrations may be enclosed along with.

Envelope-II shall consist of Commercial/Price Bid (as per Annexure -IV) including commercial deviation, if any.

Above two envelopes enclosed in the one envelop clearly super scribing Tender details and contents inside the envelope (Envelope-I & Envelope-II) details shall be submitted by the bidder on schedule date and time as indicated in Tender.

5. TENDER OPENING:

- a) Complete Schedule/Submission Schedule
- (i) Date of Issue of Tender Document 10.03.2015
(The same can also be downloaded from the website)
 - (ii) Last date of Submission of Tender Document 23.04.2015 at 1430 hrs.
 - (iii) Date of opening of Technical Bid 23.04.2015 at 1500 hrs.
 - (iv) Date of opening commercial bid (will be intimated separately)

Two part bidding system shall be followed for the subject Tender.

First Part of Opening:

- b) Envelope-I : QR documents / Technical offer will be opened at 1500 hours on 23.04.2015

Note:

- (i) All the supporting documents should be certified / attested by the bidder.
- (iii) In case any bidder fails to submit the documents in support of qualifying requirements (QR), the offer of the bidder shall be rejected and his commercial bid shall not be opened.

Second Part of Opening :



Envelope-II:-The commercial bids(Annexure-IV) of only those bidders who meet Qualifying Requirements shall be opened. Opening date will be published on MSTC website or informed separately.

Tenders shall be opened in presence of bidder/s, who may wish to be present.

d) **Submission of Bid:** The Interested Firms may send their applications with all applicable attachments in sealed envelope marked with 'APPLICATION OF FIRMS FOR EMPANELMENT OF INTERNAL AUDITORS FOR FY 2015-16 ' alongwith documentary evidences in support of their details furnished above to reach this office must reach latest by 1430 hrs. on or before 23.04.2015. The application should be addressed to:

GM (Finance & Accounts) MSTC Limited,
225C, AJC Bose Road
Kolkata-700 020

Note: Application received after the above mentioned date will not be considered for empanelment.

Bidders are requested to visit our website regularly for any amendment/addendum/corrigendum/extension until last date.

6. Commercial Rejection Criteria:

1. Bid should be submitted in Two Bid system in two separate envelopes. The offers of the bidders indicating/disclosing prices in techno-commercial(un-priced bid) or at any stage before opening of price-bid shall be straightaway rejected.
2. Telex/Telegraphic/Fax/e-Mail/Xerox/ offers and bids with scanned signature. Original bids which are not signed manually.
3. Offers which do not confirm unconditional validity of the bid for 120 days from the date of opening of bid.
4. Offers where prices are not firm during the entire duration of the contract and/or with any qualifications.
5. Non-submission of Integrity Pact, duly signed by the same signatory who signs the bids as required.



ANNEXURE -I

(On letter head of Firm/Proprietorship/Individual)

Format of Covering letter -

Date:

To.

..... (Designation)

.....(address)

Sub: Quotation for

Dear Sir,

We enclose herewith the Particulars and Details of the Firm, Technical Proposal and Financial Proposal in connection with the above assignment.

We also state as follows:

- a. We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.
- b. The prices quoted by us in the Financial Proposal are valid till six months from the date of opening of bid. We confirm that this proposal will remain binding upon us.
- c. Prices have been arrived independently without consultation, communication, agreement or understanding (for the purpose of restricting competition) with any competitor.
- d. We agree to bear all costs incurred by us in connection with the preparation and submission of the proposal and to bear any further pre-contract costs.
- e. We understand that is not bound to accept the lowest or any proposal or to give any reason for award, or for the rejection of any proposal.
- f. I confirm that I have authority of (name of the firm) to submit the proposal and to negotiate on its behalf.

Thank You,

(Name of Authorised Signatory)

Name of Firm



ANNEXURE –II

(On letter head of firm/Proprietorship/Individual)

PROFORMA FOR TECHNICAL BID (For conducting Internal Audit of MSTC for the Financial Year 2015-16) containing the following details:

Sl. No.	PARTICULARS	DETAILS (Supporting Documents where applicable are required to be submitted along with this form)
1.	Compulsory Conditions: i) Existence for a minimum period of five years ii) Annual Turnover at least ` 1 Crore For the purpose of ascertaining parameter of Turnover of the bidder average turnover for the previous three financial years shall be considered.	
2.	Year of establishment of the Firm	
3.	Partners (details) as per ICAI Certificates as on 01.01.2015	
4.	DISA/CISA qualified partner	
5.	Branch Office 1,2,3..... at our respective branches (Particulars of each branch to be given)	
6.	Names of the Chartered Accountants/Cost Accountants employed with the firm	
7.	Number of semi-qualified employees attached with the Firm (CA-Intermediate and/ or Cost-Intermediate)	
8.	Exposure of the Firm in Trading industry preferably under Central/State Government as Statutory/Internal Auditors (Name of the PSU, Year of audit and nature of audit undertaken)	
9.	Exposure of the Firm in industries other than Trading under Central/State Government as Statutory/Internal Auditors (Name of the PSU, Year of audit and nature of audit undertaken)	



10.	The applicant Firm of Chartered Accountants must have carried out in addition to Routine Audit, Internal/special Audits in the following areas : i) Direct Taxes ii) State related Taxes / VAT Audit iii) Central Excise/Service Tax iv) Physical verification of Fixed Assets The above are only illustrative and not comprehensive	
11.	Resume of the Firm	
12.	Registration Certificate issued by ICAI.	

The above technical proposal also includes

1. Proposed Overall In charge for the assignment (Partner):
2. Proposed Completion Time (from the date of receipt of engagement letter):
3. Proposed Team for the assignment (keeping in view the scope of work, coverage etc):

Level	Educational Qualification	Key Responsibilities or Task Assigned	Number of Man-days estimated for task completion
In-Charge	FCA	Finalisation	
Team Leader	FCA/ACA	Pre-Finalisation, Checking	
Team Member	Semi Qualified	Collation, Compilation, Consolidation	
Team Member	Support Staff /Articled Clerk	Routine Checking	

4. Description of Approach & Work Plan
 - a. Technical Approach
 - i) Note on Firm's Understanding of the assignment
 - ii) Books of Accounts / Registers / Records to be checked
 - iii) Statements and Reports to be prepared
 - b. Work Plan
5. Letter of Reference



ANNEXURE -III

SCOPE OF WORK FOR INTERNAL AUDITORS

The Internal Audit will be carried out of the following offices/units of the Company as per agreed audit plan :

Offices/Units	No.s	Locations	Frequency of audit/visit	Submission of report
Head Office	1	Kolkata	Half Yearly	30/11/2015 15/05/2016
Regional Offices	4	Kolkata, Mumbai, Chennai & Delhi	Half Yearly	30/11/2015 15/05/2016
Branch Offices	4	Bangalore, Vizag, Vadodra & Hyderabad	Annually	15/05/2016

The illustrative (but not exhaustive) list of tasks to be performed for Internal Audit by Practicing Chartered Accountants (CA) Firm Partnership/Proprietorship/Individual is given as under:-

A. Following would be the scope covered for Head Office.

FUNCTIONS	AREAS	REVIEW OF SUB-PROCESSES
E-COMMERCE (**)	E-AUCTIONS- PROCUREMENT & SALES- (INCLUDING COAL CELL)	-Bidders-Registration -Work Order/Agreements with Principals -E-auctions -Invoicing & Collections
MARKETING (**)	IMPORT OF MATERIALS	-Selection of Principals/Customer and fixation of exposure limit - Memorandum of Agreements - Import Shipments -Domestic Purchases & Sales -Insurance -Lifting status of materials -Service Charge & Collection - Settlement of accounts with Customers - Compliance review of procedures mentioned in Corporate risk -Risk Management Policy (RMP) and Foreign Trade (FI) manual



		-Review of Stock Verification Reports
OPERATIONAL	FIXED ASSETS (*)	<ul style="list-style-type: none"> -Procurement of Assets -Capitalisation of Assets - Updating and Maintaining Fixed Assets Register - Calculation and Accounting of Depreciation - Sale/Disposal/Transfer/Write-off of Assets - Obtaining and Monitoring Asset Insurance - Physical verification process - Repairs & Maintenance of Assets - Process of Identification of idle assets, if any
	HR & PAYROLL (**)	<ul style="list-style-type: none"> -Updation and maintenance of Employee personnel Files & Master - Recruitment & Selection - Separation/Transfers - Attendance & Leave Records -Preparation and adhering to Training activities - Performance Related Pay (PRP) - Deduction & Deposit of Provident Fund - Approving and Recovery of Employee Loans & Advances - Payroll Processing Process - Process of Fixation and calculation of arrears as per revision of pay scale, if any
	CASH & BANK (**)	<ul style="list-style-type: none"> -Cash Payments & Receipts - Bank Payments & Receipt - Custody of Physical cash & Cheque books - Physical Verification Process - Obtaining and Monitoring Cash Insurance & Security - Preparation of Bank Reconciliation Statement - Defining and adhering to Cash Levels & Holding - Short Term Deposits and related interest review - Short Term Bank Loan and related interest



	ADMINISTRATION (**)	<p>repayment adherence</p> <p>Review of following expenses :</p> <ul style="list-style-type: none"> -Car Hire - Repair & Maintenance -Guest House - Travel & Tours - Office Rent - Security Service - Printing & Stationery - Courier Service - Communication Charges
REGULATORY (**)	<p>LAW DEPARTMENT</p> <p>EDP DEPARTMENT</p> <p>HINDI DEPARTMENT</p> <p>CORPORATE SOCIAL RESPONSIBILITY (CSR) DEPARTMENT</p> <p>STATUTORY COMPLIANCES</p> <p>SECRETARIAL DEPARTMENT</p>	<p>-Review of status of legal pending cases</p> <p>-Empanelment of Lawyers and their payments</p> <p>Review of IT General Controls around data access, data and physical security, back up, help desk</p> <p>Compliance to Regulatory requirements of Annual program for transacting the official work of the union in Hindi issued by the Department of Official Language</p> <p>Review of CSR activities as per CSR committee guidelines</p> <p>Timely deposit of dues and returns, i.e. TDS, TCS, Corporate Tax, Service Tax, Sales Tax/VAT</p> <p>Review of the following</p> <ul style="list-style-type: none"> -Systems and procedures to comply with the provisions of the Companies Act, 1956 and DPE Guidelines on Corporate Governance -System for maintaining statutory registers, agenda and minutes -Transfer of Dividend amount to a separate bank account and dispatch of dividend warrants within the specified period



		<ul style="list-style-type: none"> -System of dividend payment and reconciliation between dividend amount payable and actual dividend paid -Transfer of unpaid dividend to IE & PF within the specified period -Despatch of Annual Reports within the specified period
OTHERS (**)	CORPORATE COMMUNICATIONS	Corporate Advertisement release process and their payments

Notes:

* consists of Yearly submission

** consists of Half-Yearly submission

B. Following would be the scope covered for Regional and Branch Offices.

FUNCTIONS	AREAS	REVIEW OF SUB-PROCESSES
E-COMMERCE	E-AUCTIONS TENDER/SALES	<ul style="list-style-type: none"> -Selling Agency Agreements with Principals -Bidders-Registration -E-auctions and tenders -Invoicing & Collections -Compliance review of procedures mentioned in Domestic Trade Manual -Internet Payment Gateway
MARKETING OPERATIONAL	IMPORT OF MATERIALS FIXED ASSETS HR & PAYROLL	<ul style="list-style-type: none"> -Domestic Purchase & Sales of materials -Procurement of Assets -Capitalization of Assets - Updating and Maintaining Fixed Assets Register - Sale/Disposal/Transfer/Write-off of Assets - Obtaining and Monitoring Asset Insurance - Physical verification process - Repairs & Maintenance of Assets - Process of Identification of idle assets, if any - Recruitment & Selection - Separation/Transfers - Attendance & Leave Records



	<p>CASH & BANK</p> <p>ADMINISTRATION</p>	<ul style="list-style-type: none"> - Deduction & Deposit of Provident Fund - Payroll records and revision of Pay Scale - Deduction and Deposit of Provident Fund - Approving and Recovery of Employee Loans -Cash Payments & Receipts - Bank Payments & Receipt - Custody of Physical cash & Cheque books - Physical Verification Process- Obtaining and Monitoring Cash Insurance & Security - Preparation of Bank Reconciliation Statement - Defining and adhering to Cash Levels & Holding - Short Term Deposits and related interest review <p>Review of following expenses :</p> <ul style="list-style-type: none"> -Car Hire - Repair & Maintenance -Guest House - Travel & Tours - Office Rent - Security Service - Printing & Stationery - Courier Service - Communication Charges
REGULATORY	<p>LAW DEPARTMENT</p> <p>STATUTORY COMPLIANCES</p>	<ul style="list-style-type: none"> -Review of status of legal pending cases -Empanelment of Lawyers and their payments Timely deposit of dues and returns, i.e. TDS,TCS,Corporate Tax, Service Tax, Sales Tax/VAT



ANNEXURE -IV

PRICE-BID

(On letter head of Firm/Proprietorship/Individual)

PROFORMA FOR COMMERCIAL/PRICE BID (For conducting Internal Audit of MSTC Ltd for the Financial Year 2015-16).

Sl. No.	Particulars	Rate (Rs)	Amount in words
1	Fees for Audit work for the period..... a. Head Office – i) Kolkata b. Regional Offices- i) Kolkata ii) Mumbai iii) Chennai iv) Delhi c. Branch Offices- i) Bangalore ii) Vizag iii) Vadodra iv) Hyderabad (Firms need to quote for individual offices of MSTC)		
2	Out of Pocket Expenses Payable at actual subject to MSTC Travelling rules	Not to Quote	
3	Service Tax as applicable		
4	TOTAL AMOUNT		

Signature: _____

Name & Designation of the Authorized Signatory: _____

Seal of the Firm/Proprietorship/Individual: _____

Date: _____

Place: _____



ANNEXURE -V

LIST OF REGIONS/BRANCHES of MSTC

Sr. No.	Regions	Address
1	Head Office	225-C, A.J.C Bose Road, Kolkata - 700 020
2	Eastern Regional Office (ERO)	225-F, A.J.C Bose Road, Kolkata - 700 020
3	Western Regional Office (WRO)	607-608 Raheja Centre, Nariman Point, Mumbai - 400 021
4	Northern Regional Office (NRO)	30/31A Jeevan Vikas Building, 1st Floor, Asaf Ali Road (opp. Hamdard) New Delhi - 110 002
5	Southern Regional Office (SRO)	Leelavathi Building, 2nd Floor; 69, Armenian Street, Chennai - 600 001
6	Branch Office (Bangalore)	19/5 & 19/6, 3RD FLOOR KAREEM TOWER, CUNNINGHAM ROAD BANGALORE- 52
7	Branch Office (Vizag)	6th Floor "Jeevan Prakash" LIC Building Jeevitha Bima Road Visakhapatnam – 530004
8	Branch Office (Vadodara)	21, Kamalanjali Apartment, 2nd Floor, Opp. Tube Company, Old Padra Road, Akota Vadodara-390 020
9	Hyderabad Office	Akash Ganga Complex, Office No. 201, 2nd floor, Door No. 6-3-635 & 637, Khairtabad Hyderabad – 500004



ANNEXURE –VI

(On letter head of Firm/Proprietorship/Individual)
PROFORMA OF INVOICE (For conducting Internal Audit of MSTC Ltd for the Financial Year 2015-16).

Sl. No.	Particulars	Rate (Rs)	Amount in words
1	Fees for Audit work for the period a. Head Office – i) Kolkata b. Regional Offices- i) Kolkata ii) Mumbai iii) Chennai iv) Delhi c. Branch Offices- i) Bangalore ii) Vizag iii) Vadodra iv) Hyderabad (Firms need to quote for individual offices of MSTC)		
2	Out of Pocket Expenses at actual subject to MSTC Travelling rules		
3	Service Tax as applicable		
4	TOTAL AMOUNT		

Signature: _____

Name & Designation of the Authorized Signatory: _____

Seal of the Firm/Proprietorship/Individual: _____

Date: _____

Place: _____

Invoice should mentions the category of service and also Service Tax Registration No. which is mandatory as per Rule 4A Para (1) (iii) of Service Tax Rules ‘ 1994.



ANNEXURE -VII
FORMAT FOR TECHNICAL EVALUATION

SL. NO.	PARTICULARS	POINTS TO BE ALLOTTED	MAXIMUM POINTS
1.	Year of Establishment of the Audit Firm	1 Point per year	Maximum 10 points
2.	a) No. of Partners or b) Sole Proprietorship Firm	a. 3 Point per Partner b. 1 point per 2 year of experience for Sole proprietor	Maximum 10 points
3.	DISA/CISA qualified partner	2 Point per Partner	Maximum 10 points
4.	Branch Office 1,2,3..... at our respective branches (Particulars of each branch to be given)	a. 10 Point for Kolkata b. 2 point per MSTC branch office	Maximum 20 points
5.	No. of qualified assistants (Chartered / Cost Accountants) employed with the Firm	2 Points per Qualified Assistants	Maximum 12 Points
6.	No. of Semi-qualified Assistants (Chartered/Cost Accountants) employed with the Firm	1 point per Semi qualified Asstt.	Maximum 6 points
7.	Exposure of the Firm in PSU Trading Company under Central/State Govt. as Statutory/Internal Auditor	3 Points per year of Audit	Maximum 12 points
8.	Exposure of the Firm in PSU (other than Trading Company) under Central/State Govt. as Statutory/Internal Auditor	2 Points per year of Audit	Maximum 12 points
9.	Experience in special assignments preferably in PSUs 6.1 Tax Audits 6.2 VAT Audits 6.3 Central Excise/Service Tax matters 6.4 Physical verification of Fixed Assets	2 Points 2 Points 2 Points 2 Points	Maximum 08 points
	Total points		Maximum 100 points



INTEGRITY PACT

Between

MSTC LTD, hereinafter, referred to as "MSTC",
and

.....hereinafter referred to as "The Vendor/Service Provider/Buyer"

Preamble

WHREAS, MSTC is acting as an agent for the purpose of disposal/sale/booking/procurement of various commodities;

And

WHEREAS, MSTC values full compliance with all relevant laws and regulations, and the principles of economical use of resources, and of fairness and transparency in its relations with its Principals.

In pursuance, thereto, the following clauses of the Integrity Pact will be applicable and this document shall be deemed to be an integral part of the Agency Agreement between us.

In order to achieve this goal, MSTC may seek cooperation of the renowned international Non-Governmental Organization "Transparency International" (TI). Following TI's national and international experience, MSTC may appoint an external independent Monitor who will monitor the tender/auction/e-auction/e-sale/e-booking process and the execution of the contract for compliance with the principles mentioned above.

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Section - 1 Commitments of MSTC

MSTC commits itself to take all measures necessary to prevent corruption and to observe the following principles :-

- a) No employee of MSTC, 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 him/herself or third person, any material or immaterial benefit which he/she is not legally entitled to.
- b) MSTC will, during the tender/auction/e-auction/e-sale/e-booking process, provide to all Buyer(s)/Vendor(s) the same information and will not provide to any Buyer/Vendor confidential/additional information through which the Buyer/Vendor could obtain an advantage in relation to the tender/auction/e-auction/e-sale/e-booking process or the contract execution.
- c) MSTC will exclude from the process all known prejudiced persons.

If MSTC 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, MSTC will inform its Vigilance Office and in addition can initiate disciplinary actions.

Section - 2 Commitments of the Buyer/Vendor

The Buyer/Vendor commits himself to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender/auction/e-auction/e-sale/e-booking/e-procurement process and during the contract execution.



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- i) The Buyer/Vendor will not, directly or through any other person or firm, offer, promise or give to MSTC, to any of MSTC's employees involved in the tender/auction/e-auction/e-sale/e-booking process or the execution of the contract or any third person any material or immaterial benefit which he/she is not legally entitled to, in order to obtain in exchange an advantage during the tender process or the execution of the contract.
- ii) The Buyer/Vendor will not enter with other Buyer(s) into any illegal agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or actions to restrict competitiveness.
- iii) The Buyer/Vendor will not commit any criminal offence under the relevant Anti-Corruption Laws of India; further the Buyer/Vendor will not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by MSTC as part of the business relationship, regarding plans technical proposals and business details, including information contained or transmitted electronically.
- iv) The Buyer/Vendor 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.
- v) The Buyer/Vendor will not instigate third persons to commit offences outlined above or be an accessory to such offences.

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Section - 3 Disqualification from tender process and exclusion from future contracts

If the Buyer, before contract award, has committed a serious transgression through a violation of Section 2 above or in any other form such as to put his reliability or credibility as Buyer into question, MSTC is entitled to disqualify the Buyer from the tender/auction/e-auction/e-sale/e-booking process or to terminate the contract, if already signed, for such reason.

- i) If the Buyer/Vendor has committed a serious transgression through a violation of Section 2 above such as to put his reliability or credibility into question, MSTC is entitled also to exclude the Buyer/Vendor 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 Buyer and the amount of the damage. The exclusion will be imposed for a minimum of 6 months and maximum of 3 years.
- ii) If the Buyer/Vendor can prove that he has restored/recouped the damage caused by him and has installed a suitable corruption prevention system, MSTC may revoke the exclusion prematurely.
- iii) A transgression is considered to have occurred if in light of available evidence no reasonable doubt is possible.

Section - 4 Compensation for Damages

1. If MSTC has disqualified the Buyer from the tender/auction/e-auction/e-sale/e-booking process prior to the award according to Section 3 above, MSTC is

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entitled to demand from the Buyer liquidated damages equivalent to 3% of the value of the offer.

2. If MSTC has terminated the contract according to Section 3, or if MSTC is entitled to terminate the contract according to Section 3, MSTC shall be entitled to demand from the Vendor liquidated damages equivalent to 5% of the contract value.



3. If the Buyer/Vendor can prove that the exclusion of the Buyer from the tender/auction/e-auction/e-sale/e-booking 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 Buyer/Vendor has to compensate only the damage in the amount proved. If MSTC can prove that the amount of the damage caused by the disqualification of the Buyer before contract award or the termination of the contract after contract award is higher than the amount of the liquidated damages, it is entitled to claim compensation for the higher amount of damages.

Section - 5 Previous Transgression

1. The Buyer declares that no previous transgressions 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 Buyer 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.

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Section - 6 Equal treatment of all Buyer(s)/Vendor(s)

1. The Buyer/Vendor undertakes to demand from all subcontractor(s) a commitment consistent with this Integrity Pact, and to submit it to MSTC before contract signing.
2. MSTC will enter into agreements with identical conditions as this one with all Buyer(s), Vendor(s).
3. MSTC will disqualify from the tender process all Buyer(s) who do not sign this Pact or violate its provisions.

Section - 7 Criminal Charges against violating Buyer(s)/Vendor(s)

If MSTC obtains knowledge of conduct of a Buyer, Vendor or of an employee or a representative or an associate of a Buyer, Vendor which constitutes corruption, or if MSTC has substantive suspicion in this regard, MSTC will inform the Vigilance Office.

Section - 8 External Independent Monitor

1. MSTC may appoint competent and credible External Independent Monitor for this Pact. In such case 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 MSTC.

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3. The Monitor has the right of access without restriction to all Project documentation of MSTC. The Vendor will also grant the Monitor, upon his request and demonstration of a valid interest, unlimited access to his project documentation. The Monitor is under contractual obligation to treat the information and documents of the Buyer/Vendor with confidentiality.



4. MSTC will provide to the Monitor sufficient information about all meetings among the parties related to the project provided as meetings could have an impact on the contractual relations between MSTC and the Vendor. 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 MSTC and request the Management to discontinue or heal the violation, or to take other relevant action. The Monitor can in this regard subject 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.
6. The Monitor will regularly submit a written report to the Chairperson of the Board of MSTC and, should the occasion arise, submit proposals for correcting problematic situations.
7. 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.

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Section - 9 Pact Duration

This Pact begins when both parties have legally signed it. It expires for the Vendor 12 months after the last payment under the respective contract, and for all other Buyers' 6 months after the contract has been awarded.

Section - 10 Other Provisions

1. This agreement is subject to Indian Law. Place of performance and jurisdiction is the Corporate Office of MSTC.
2. Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
3. If the Vendor 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 MSTC
 Place : _____

 For Buyer/Vendor

Date : _____

Witness 1 : _____

Witness 2 : _____