

Amendment to Purchase Manual (Issue-3-2013)

Amendment -1 : Para 7.9.4

b. In case of sanction by Procurement Sub-Committee & Board, Head of Corporate Planning or his representative / nominee (who may be any officer of the Company familiar with the system under evaluation) duly approved by Director(Operations) will be member of Technical Committee in addition to above.

Amendment -2 : Para 5.14

c. The RFQ would be issued to OEM, as far as possible, and Division needs to source from OEMs for required qty. / or LTBA requirement. In case OEM do not quote and have informed in writing appointment of dealer/distributor/Stockist or if division has identified authorised dealer/distributor/Stockist through OEM website, then enquiries can be sent to OEMs/Authorised distributor/Stockist with a clause that valid authorisation from OEM should be submitted alongwith the quotation. Specific statement to this effect should necessarily form part of the proposal put up to CFA. If OEM has authorised multiple distributors/dealers than RFQ to limited no. of Distributors/dealers (preferably on rotation basis) may be issued with the approval of CFA.

Amendment -3 : Para 23.12.2

23.12.2 Registration to be made by Divisions based on the Export License, other organizations to which the supplier is supplying the items, details of their financial status. However certain suppliers are not able to furnish their turnover certificate/ Balance sheet etc which is not feasible in such cases registration could be considered based on the assessment made by RM(Moscow) / Representative of HAL after visiting the vendor's premises. Also, Division can register Indian firms acting as authorised Distributor/Dealer of Russian/ Ukrainian OEMs/OEMs of Former CIS Block Countries/Designated Export Agencies and consider these firms for doing direct future business transactions with HAL (i.e. receiving/quoting indents & receiving Orders) on the behalf of their Russian/Ukrainian OEMs/ Designated Export Agency/Former CIS Block Countries OEMs. Indian suppliers should have necessary approvals from Russian/Ukrainian OEMs. OEMs of Former CIS Block Countries, Designated Export Agency should have approval of respective Govt. Authorities & Export License etc. and also confirm to provide all requisite quality documents with the supplies. Tender enquiries can be sent to the registered Indian Firms along with Russian suppliers/ Former CIS Block OEMs/Designated Export Agency against Limited Tendering.

Amendment -4 : Para 5.3.1

- b. The EMD to be charged shall be a fixed amount, based on estimated value of stores as follows:

Estimated value of Tendered Equipment	EMD value in INR
Less than Rs. 10 Lakhs	nil
Rs. 10 – 25 Lakhs	20000
Rs. 25 – 50 Lakhs	40000
Rs. 50 – 100 Lakhs	75000
Rs. 100 – 250 Lakhs	175000
Rs. 250 Lakhs and above	300000

In case of Foreign bidder, EMD to be submitted in any freely convertible currency of amount equivalent to the above EMD value.

- Minor variation (upto 5% of the stipulated amount) in the amount received due to reasons like ; Exchange Rate Variation , Bank charges etc. may be accepted at the discretion of Tender Opening Committee.

-Whenever EMD is submitted by bidder in Foreign Currency, received amount in the same currency shall be returned to the unsuccessful bidder.

- Variation beyond 5% may be accepted with the approval of Division Head with appropriate justification. (TT selling rate to be referred for such foreign currency exchange rate)

Amendment - 5 : Para 8.8.9

8.8.9 Price Escalation Clause

Escalation clause, where agreed should have a fixed element and a variable element consisting of Labour and material. Price escalation clause, if agreed to, shall be clearly defined as to what extent and on what basis escalation is admissible. The clause should also specify cap on escalation. Price Escalation Clause needs to clearly define applicability of escalation up to point of ordering or point of delivery. Also, a sample copy of Price escalation calculation (i.e. over a period of 3 to 4 years based on past indices) whether Point-to- Point or Year-on-Year basis should be incorporated in Purchase Order.

Amendment - 6 : Chapter- VI (new para 6.10 added)

6.10 **Online Purchasing:** Online Purchase can be made (for values as defined in para 6.8 above for Petty Purchase) from Online-websites (such as Amazon, Flipkart etc.) on best judgement basis with prior approval of Divisional Head. Division Head may approve for obtaining Credit Card from the Bank with credit limit not exceeding the annual ceiling specified for Petty Purchase in the DoP. Operating Modalities like; receipt, acceptance, payment, accounting etc. may be worked out by the division. A proper separate record need to be maintained for all Transaction/Purchases made on-line.

Amendment - 7 : Annexure-11,PART-II (new para no. 32 added)

32 EXIT CLAUSE

Exit criteria:

The contract/order may be terminated under the following circumstances:

- i. In the event of unsatisfactory performance by the Seller during the contract period, or any of the information provided by the Seller is found to be untrue, or Seller is found to have attempted to influence any person involved with the contract through unethical means, the contract shall be terminated with ----- month's advance notice without any financial implication to Buyer. Notwithstanding the foregoing, in cases where it is found that a Seller is engaged in unethical practices, they shall be barred from participating in the future contracts for a period of __ years.
 - ii. If there is change in Buyer requirement, contract shall be terminated with ----- months advance notice. The liability of Buyer in this case will be agreed mutually. In the event of termination of contract by either party the Seller shall ensure the following:
 - a) IPR's are transferred to Buyer to enable Buyer to proceed on the work with other Seller. Seller also will render all assistance till the other Seller fully take over the balance work.
 - b) Transfer title and deliver all or any part thereof of the supplies, materials, work-in-progress, finished Products, Tooling, drawings and data produced or acquired by Seller specifically for the Product being terminated.
 - c) Supply of products and its components / spares at least for a period of ____ years from the date of such termination.
 - iii. The Seller is declared bankrupt or becomes insolvent.
 - iv. The delivery of material is delayed due to causes of Force Majeure by more than (_____ months).
 - v. Based on the decision of the Arbitration Tribunal.
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Amendment - 8 : Annexure-12, PART-II (new para no. 33 added)

33 EXIT CLAUSE

Exit criteria:

The contract/order may be terminated under the following circumstances:

- i. In the event of unsatisfactory performance by the Seller during the contract period, or any of the information provided by the Seller is found to be untrue, or Seller is found to have attempted to influence any person involved with the contract through unethical means, the contract shall be terminated with ----- month's advance notice without any financial implication to Buyer. Notwithstanding the foregoing, in cases where it is found that a Seller is engaged in unethical practices, they shall be barred from participating in the future contracts for a period of __ years.
 - ii. If there is change in Buyer requirement, contract shall be terminated with ----- months advance notice. The liability of Buyer in this case will be agreed mutually. In the event of termination of contract by either party the Seller shall ensure the following:
 - a) IPR's are transferred to Buyer to enable Buyer to proceed on the work with other Seller. Seller also will render all assistance till the other Seller fully take over the balance work.
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 - iii. The Seller is declared bankrupt or becomes insolvent.
 - iv. The delivery of material is delayed due to causes of Force Majeure by more than (_____ months).
 - v. Based on the decision of the Arbitration Tribunal.
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Amendment - 9 : Para 7.14

7.14.4 As a matter of policy, the technically acceptable lowest offer shall be accepted. Lowest technically acceptable offer with variance in tender terms and conditions such as credit terms, delivery, penalty for late delivery etc. may be accepted on merits by the Division / PNC (if the case is under negotiation), after required loading towards such factors having direct financial impact in comparative price statement. In the normal course deviations from conditions such as SD/PBG shall not be agreed upon. The interest rate to be adopted in such cases shall be notified by Treasury wing of Finance Department of Corporate office during March of the preceding year for the succeeding year.

Amendment - 10 : Annexure-11,PART-II (new para added between- Conditions of Tender (Indigenous) & PART-II)

Conditions of Tender (Indigenous)

A Draft of Conditions of tender for Indigenous procurement is listed below. Divisions may use the Draft Conditions for reference purpose and suitably customise/incorporate the clause as per the case.

PART-II

- 1 **Price:**
The bidder is required to indicate prices
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Amendment - 11 : Annexure-12,PART-II (new para added between- Conditions of Tender (Foreign) & PART-II)

Conditions of Tender (Foreign)

A Draft of Conditions of tender for Foreign procurement is listed below. Divisions may use the Draft Conditions for reference purpose and suitably customise/incorporate the clause as per the case.

PART-II

- 1 **Price:**
a. The bidder is required to indicate prices.....
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Amendment - 12 : Annexure-11, PART-II, 1- Price:

- c) Indian Bidder should quote in Indian Rupees and payment will be made in Indian Rupees.
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Amendment - 13 : Chapter- VI (new para 6.11 added)

6.11 Order on HAL related welfare Organisation etc:

Purchase without tendering will also be applicable for procurement of Tailoring related items/services (viz. Uniform, dungarees, caps, aprons, coats, etc.) from HAL related welfare organisations by whatever name called (such as HAL(B) Families Welfare Association etc.), formed for purpose of welfare of HAL employees/ ex-employees, and their family members not exceeding the value of Rs 10 Lakhs per Division/Office per annum.

However, the Division/Offices has to confirm the reasonability of the price, delivery and other terms and conditions in the proposal.

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