

INTEGRITY AGREEMENT

To be signed by the bidder and same signatory competent/authorized to sign the relevant contract of behalf of Client

This Integrity Agreement is made at on this Day of.....20.....

BETWEEN

President of India represented through Chief Executive Officer, KARNATAK ANTIBIOTICS AND PHARMACEUTICALS LTD. (Hereinafter referred as the "Principal/Owner", which expression shall unless repugnant to the meaning or context hereof include its successors and permitted assigns.

AND

..... Through
..... (Hereinafter referred to as the
"Bidder/Contractor" and which expression shall unless repugnant to the meaning or context hereof include its successors and permitted assigns).

Preamble

WHEREAS the Principal / owner has floated the Tender (TENDER No.....)
(Hereinafter referred to as "Tender/Bid") and intends to award, under laid down organizational procedure, contract for (ITEM DESCRIPTION)
Hereinafter referred to as the "Contract"

AND WHEREAS the Principal /Owner values full compliance with all relevant laws of the land, rules,

regulations, economic use of resources and of fairness/transparency in its relation with its Bidder(s) and Contractor(s).

AND WHEREAS to meet the purpose aforesaid both the parties have agreed to enter into this Integrity Agreement (hereinafter referred to as "Integrity Pact" or "Pact"), the terms and conditions of which shall also be read as integral part and parcel of the Tender Bid documents and Contract between the parties. NOW, THEREFORE, in consideration of mutual covenants" contained in this Pact, the parties hereby agree as follows and this Pact witnesses as under:

Article 1: Commitment of the Principal /Owner

1) The Principal /Owner commit itself to take all measures necessary to prevent corruption and to observe the following principles.

(a) No employee of the Principal/Owner, personally or through any of his/her family members, will in connection with the Tender, or the execution of the 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/Owner will, during the Tender process, treat all Bidder(s) with equity and reason. The principal/owner 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 /Owner shall Endeavour to exclude from the Tender process any person, whose conduct in the past has been of biased nature.

2) If the Principal/Owner obtains information on the conduct of any of its employees which is a criminal offence under the Indian Penal code (IPC)/Prevention of Corruption Act, 1988 (PC Act) or is

in violation of the principles herein mentioned or if there be a substantive suspicion in this regard, the

Principal/Owner will inform the Chief Vigilance Officer and in addition can also initiate disciplinary actions as per its internal laid down policies and procedures.

Article 2: Commitment of the Bidder(s) / Contractor(s)

1) It is required that each Bidder/Contractor (including their respective officers, employees and agents) adhere to the highest ethical standards, and report to the Government/Department all suspected acts of fraud or corruption or Coercion or Collusion of which it has knowledge or becomes

aware, during the tendering process and throughout the negotiation or award of a contract.

2) The Bidder(s)/Contractor(s) 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/owner's employees involved in the Tender process or execution of the Contract or to any third person any material or other benefit which he/she 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) will not enter with other Bidder(s) into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certification, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to cartelize 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) /Contract(s) will not use improperly, (for the purpose of competition or personal gain).or pass on to others, any information or documents provided by the Principal/Owner as part of the business relationship, regarding plans, technical proposals and business details, including and business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.

(d) The Bidder (s) /Contractor(s) of foreign origin shall disclose the names and addresses of agents/representatives in India, if any Similarly Bidder(s)/Contractor(s) of Indian Nationality shall disclose names and addresses of foreign agents/representatives, if any. Either the Indian agent on behalf of the foreign principal or the foreign principal directly could bid in a tender but not both. Further, in cases where an agent participates in a tender on behalf of one manufacturer, he shall not be allowed to quote on behalf of another manufacturer along with the first manufacturer in a subsequent/parallel tender for the same item.

(e) The Bidder (s)/Contractor (s) will, when presenting his bid, disclose (with each tender as per proforma unclosed) 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.

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

4) The Bidder(s)/contractor(s) will not, directly or through any other person or firm indulge in fraudulent practice means a willful misrepresentation or omission of facts or submission of fake/forged documents in order to induce public official to act in reliance thereof, with the purpose of obtaining unjust advantage by or causing damage to justified interest of others and /or to influence the procurement process to the detriment of the Government interests.

5) The Bidder(s)/Contractor(s) will not, directly or through any other person or firm use Coercive Practices (Means the act of obtaining something, compelling an action or influencing a decision through intimidation, threat or the use of force directly or indirectly, where potential or actual injury may befall upon a person, his/her reputation or property to influence their participation in the

tendering process).

Article 3: Consequences of Breach

Without prejudice to any rights that may be available to the Principal/Owner under law or the Contract or its established policies and laid down procedures, the Principal/Owner shall have the following rights in case of breach of this Integrity Pact by the Bidder (s)/Contractor(s) and the Bidder(s)/Contractor(s) accepts and undertakes to respect and uphold the Principal /Owner"s absolute right:

1) If the Bidders) / Contractor(s), either before award or during execution of Contract has committed a transgression through a violation of Article 2 above or in any other form, such as to put his reliability or credibility in question, the Principal/owner after giving 14 days notice to the contractor shall have powers to disqualify the Bidder (s)/Contractor(s) from the Tender process or terminate/determine the Contract, if already executed or exclude the Bidder/Contractor from future contract award processes.

The imposition and duration of the exclusion will be determined by the severity of transgression and determined by the principal/owner. Such exclusion may be forever or for a limited period as decided by the principal/owner.

2) Forfeiture of EMD/performance Guarantee/Security Deposit: If the Principal/owner has disqualified the Bidder(s) from the Tender process prior to the award of the Contract or terminated/determined the Contract or has accrued the right to terminate/determine the Contract according to Article 3(1), the Principal /Owner apart from exercising any6 legal rights that may have accrued to the Principal/Owner, may in its considered opinion forfeit the entire amount of Earnest Money Deposit, Performance Guarantee and security Deposit, Performance Guarantee and security Deposit of the Bidder/Contractor.

3) Criminal Liability: If the Principal/Owner obtains knowledge of conduct of a Bidder or Contractor, or of and employee or a representative or an associate of a Bidder or Contractor which constitutes corruption within the meaning of Indian Penal code (IPC)/Prevention of

corruption Act, or if the Principal/owner has substantive suspicion in this regard, the Principal/owner will inform the same to law enforcing agencies for further. Investigation.

Article 4- Previous Transgression

- 1) The Bidder declares that no previous transgressions occurred in the last 5 years with any other Company in any country confirming to the anticorruption approach or with Central Government or State Government or any other Central/State 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 for banning of business dealings/ holiday listing of the Bidder/Contractor as deemed fit by the principal/owner.
- 3) If the Bidder/Contractor can prove that he has resorted / recouped the damage caused by him and has installed a suitable corruption prevention system, the principal/owner may, at its own discretion, revoke the exclusion prematurely.

Article 5 - Earnest Money (Security Deposit)

5.1 While submitting commercial bid, the BIDDER shall deposit an amount _____ as specified in the RFP as Earnest Money/Security Deposit, with the BUYER through any of the following instruments:

- (i) Bank Draft or a Pay Order in favour of _____
- (ii) A confirmed guarantee by an Indian Nationalised Bank, promising payment of the guaranteed sum to the BUYER on demand within three working days without any demur whatsoever and without seeking any reasons whatsoever. The demand for payment by the BUYER shall be treated as conclusive proof of payment.
- (iii) Any other mode or through any other instrument, as stated in RFP.

5.2. The Earnest Money / Security Deposit shall be valid upto a period of five years or the complete conclusion of the contractual obligations to the complete satisfaction of both the BIDDER and the BUYER, including warranty period, whichever is later.

5.3. In case of the successful BIDDER a clause would also be incorporated in the Article pertaining to Performance Bond in the Purchase Contract that the provisions of Sanctions for Violation shall

be applicable for forfeiture of Performance Bond in case of a decision by the BUYER to forfeit the same without assigning any reason for imposing sanction for violation of this Pact.

5.4. No interest shall be payable by the BUYER to the BIDDER on Earnest Money / Security Deposit for the period of its currency.

Article 6- Equal Treatment of all Bidders/Contractors/Subcontractors

- 1) The Bidder(s) /Contractor(s) undertake(s) to demand from all subcontractors a commitment in conformity with this Integrity Pact. The Bidder/Contractor shall be responsible for any violation(s) of the principles laid down in this agreement /pact by any of its Sub-contractors/sub-vendors.
- 2) The Principal/owner will enter into Pacts on identical terms as this one with all Bidders and Contractors.

Article 7- Duration of the Pact

This Pact begins when both the parties have legally signed it. It expires for the Contractor/Vendor 12 months after the completion of work under the contract or till the continuation of defect Liability period, whichever is more and for all other bidders, till the Contract has been awarded. If any claim is made/lodged during the time, the same shall be binding and continue to be valid despite the lapse of this Pacts as specified above, unless it is discharged /determined by the competent authority, Client.

Article 8- other Provisions

- 1) This Pact is subject to Indian Law., place of performance and jurisdiction is the headquarters of Client of the Principal/Owner, who has floated the Tender.
- 2) Changes and supplements need to be made in writing. Side agreements have not been made.
- 3) If the Contractor is a partnership or a consortium, this Pact must be signed by all the partners or by one or more partner holding power of attorney signed by all the partners or by one or more partner holding power of attorney signed by all partners and consortium members. In case of a company, the Pact must be signed by a representative duly authorized by board resolution.
- 4) Should one or several provisions of this Pact turn out to be invalid; the remainder of this Pact

remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

5) It is agreed term and condition that any dispute or difference arising between the parties with regard to the terms of this Integrity Agreement/pact, any action taken by the Owner/Principal in accordance with this Integrity Agreement/Pact or interpretation thereof shall not be subject to arbitration.

Article 9 - Fall Clause

9.1. The BIDDER undertakes that it has not supplied/is not supplying similar product/systems or subsystems at a price lower than that offered in the present bid in respect of any other Ministry / Department of the Government of India or PSU and if it is found at any stage that similar product/systems or sub system was supplied by the BIDDER to any other Ministry/Department of the Government of India or a PSU at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the BIDDER to the BUYER, if the contract has already been concluded.

Article 10 - Independent Monitors

10.1. There shall be Independent Monitors (hereinafter referred to as Monitors) appointed by the BUYER for this Pact in consultation with the Central Vigilance Commission.

10.2. The task of the Monitors shall be to review independently and objectively, whether and to what extent the parties comply with the obligations under this Pact.

10.3. The Monitors shall not be subject to instructions by the representatives of the parties and perform their functions neutrally and independently.

10.4. Both the parties accept that the Monitors have the right to access all the documents relating to the project/procurement, including minutes of meetings.

10.5 As soon as the Monitor notices, or has reason to believe, a violation of this Pact, he will so inform the Authority designated by the BUYER.

10.6. The BIDDER(s) accepts that the Monitor has the right to access without restriction to all Project documentation of the BUYER including that provided by the BIDDER. The BIDDER 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 Subcontractors. The Monitor shall be under contractual obligation to treat the information and documents of the BIDDER/Subcontractor(s) with confidentiality.

10.7. The BUYER 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 parties. The parties will offer to the Monitor the option to participate in such meetings.

10.8. The Monitor will submit a written report to the Foreign Secretary, Ministry of External Affairs, within 8 to 10 weeks from the date of reference or intimation to him by the BUYER / BIDDER and, should the occasion arise, submit proposals for correcting problematic situations.

Article 11 - Facilitation of Investigation

In case of any allegation of violation of any provisions of this Pact or payment of commission, the BUYER or its agencies shall be entitled to examine all the documents including the Books of Accounts of the BIDDER and the BIDDER shall provide necessary information and documents in English and shall extend all possible help for the purpose of such examination.

Article 12 - Law and Place of Jurisdiction

This Pact is subject to Indian Law. The place of performance and jurisdiction is the seat of the BUYER

Article 13 - Other Legal Actions

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

Article 14 - LEGAL AND PRIOR RIGHTS:

All rights and remedies of the parties hereto shall be in addition to all the other legal rights and remedies belonging to such parties under the Contract and /or law and the same shall be deemed to be cumulative and not alternative to such legal rights and remedies aforesaid. For the sake of



brevity, both the Parties agree that this Integrity Pact will have precedence over the Tender /Contact documents with regard any of the provisions covered under this Integrity Pact.

IN WITNESS WHEREOF the parties have signed and executed this Integrity Pact at the place and date first above mentioned:

.....

(For and on behalf of Principal/owner)

.....

(For and on behalf of Bidder/Contractor)