

CHAPTER IV

PROCEDURE FOR **DEFENCE SHIP BUILDING**

CHAPTER I

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General

1. A Naval/Coast Guard ship consists of an assortment of equipment comprising weapons, sensors and support systems, along with propulsion, power generation and auxiliary systems. In addition, the warship design caters for the facilities for crew, fuel and provisions. The system integration of complex sensors and weapons between themselves and to the ship's systems and combat management system is crucial for a ship design and construction project.

2. To achieve this successfully, a ship construction program, therefore, necessarily involves feasibility studies on the basis of the staff requirements, concept design, model tests, preliminary design, specialist design studies, detailed design, system integration, construction, tests and trials. It also involves technology application and transfer, selection of various equipment, development of new equipment, identification and purchase of a large number of items, including weapons and sensors, from numerous indigenous and foreign suppliers.

Preamble

3. In accordance with the Defence Procurement Procedure, Capital Acquisitions have been categorised under six main categories as described at Para 7 to 15 of Chapter I of DPP, namely; 'Buy (Indian- IDDM)', 'Buy (Indian)', 'Buy and Make (Indian)', 'Buy and Make', 'Buy (Global)- Manufacturing in India', Buy (Global), 'Leasing', 'Design and Development/ Innovation', and 'Strategic Partnership Model'. Naval shipbuilding is a capital and technology intensive complex activity that requires a separate procedure for design/construction/acquisition of naval ships, submarines, yard crafts, auxiliary ships and Coast Guard vessels through design/construction. This Chapter is divided into three sections as follows: -

(a). **Section 'A'**. Acquisition of Naval and Coast Guard Ships, submarines, yard crafts and auxiliary crafts etc of indigenous designs by IHQ MoD (N) to be constructed by DPSU shipyard (s) on nomination basis.

(b). **Section 'B'**. Acquisition of Naval Ships, Coast Guard Ships, submarines, yard crafts and auxiliary crafts etc on competitive basis.

(c). **Section 'C'** Acquisition of Naval Ships of indigenous designs by IHQ MoD (N) to be constructed by shipyards on competitive basis.

4. **Contract Operating Authority**. The contract operating authority (COA/ DDG(M&M)) refers to the ability given at SHQ to act on behalf of the President of India in order to execute all activities towards completion of the shipbuilding contract. The nominated COA/ DDG(M&M) should be of the rank equivalent to Rear Admiral or above under whom the project is monitored and steered.

5. Actions indicated for Naval authorities in succeeding paragraphs would be carried out by Coast Guard authorities mutatis-mutandis, in cases where this procedure is followed for Coast Guard acquisitions.

SECTION 'A'

ACQUISITION OF NAVAL AND COAST GUARD SHIPS, SUBMARINES, YARD CRAFTS AND AUXILIARY CRAFTS ETC BY NOMINATION TO DPSU

6. **Applicability.** This section is primarily applicable for acquisition of Naval/CG ships, submarines, auxiliaries, yard crafts and Coast Guard vessels of indigenous designs by IHQ MoD (N) to be constructed by DPSU shipyard(s) on nomination basis. However, it can be used as guidelines wherein the design is undertaken by the nominated shipyard(s) and/or construction through nomination to any other Indian shipyards.

7. **Procedure.** Naval Ship Building Procedure under this section will cover the following:-

- (a). Outline Staff Requirements
- (b). Acceptance of Necessity
- (c). Nomination of Shipyards
- (d). Preliminary Staff Requirements
- (e). Preliminary Design
- (f). Preliminary Build Specifications
- (g). Build Strategy
- (h). Budgetary and Estimated Costs
- (i). Modifications and Contingency
- (j). Contract Negotiations
- (k). Approval of CFA
- (l). Conclusion of Contract
- (m). Detailed Design
- (n). Procurement of Ship-borne Equipment
- (o). Paymen Terms
- (p). Monitoring of Projects
- (q). Revision of Cost
- (r). Closure of the Project
- (s). Liquidated Damages, if applicable

Outline Staff Requirements

8. IHQ MoD (N) are to prepare the Outline Staff Requirements (OSRs), which are to include the role of the ship, dimensions of its hull, limiting dimensions if any, capability of major machinery, weapons, sensors and details of accommodation, manpower, endurance etc.
9. The OSRs would form the basis on which the feasibility studies and concept design of the ship, identification of OEMs/vendors for specific weapons, sensors, machinery and equipment are to be carried out.

Design Studies

10. **Design Studies**. In certain cases, the functional design studies for construction of major platforms could involve Model testing, CFD analysis, other consultancies/ design validation studies and procurement of design tools/ software/ hardware/ other design facilities. The expenditure for such consultancies/designs would be undertaken under delegated powers of respective CFA in consultation with IFA. The sanction for development of Front End Engineering Design (FEED) to develop concept design and to establish Technical requirements and guidelines including scope is also covered under this head. The selection of consultancies/ services would be based upon Combined Quality Cum Cost Based System (CQCBS) outlined in MoF manual. The expenditure on the design studies wrt complexity of the ship is restricted as per the following categories:-

<u>Sl</u>	<u>Type of Vessel</u>	<u>Max Amount</u>
1	Aircraft Carriers	300 Cr
2	LPDs	100 Cr
2	Destroyers, Frigates and OPVs	50 Cr
3	Other Vessels	25 Cr

Acceptance of Necessity (AoN)

11. The proposal for induction of the ships is to be linked to the Maritime Capability Perspective Plan (MCPPE)/Five Years Plan which stipulates the numbers and type of vessels required as well as timelines for such inductions. The guidelines for accord of AoN would be as per Chapter II of DPP. The Statement of Case for the proposal is to be prepared by IHQ MoD (N) and processed in line with the details given in Para 28 of Chapter II of DPP. This will inter alia contain Outline Staff Requirements, broad category of weapons and sensors to be fitted on the ship along with the status of their indigenous development if applicable, operational necessity, approximate cost and budgetary provisions. The proposal is to clearly indicate whether it is a new design, Follow on ships or Follow on ships with substantial design/equipment changes. Separate case may be taken up to progress design work such as design validation studies, consultancy services and creation of design facilities including procurement of software/hardware, which will be projected to the AoN according authority, based on proposal in SoC.

Nomination of Shipyard

12. SHQ would undertake Technical Capacity Assessment of entities indicated, against objective parameters listed at Annexure I to Appendix 'C'. Names of entities qualifying all Technical Parameters shall be forwarded to MoD/DDP and MoD/Acq Wing Prior Processing the case for accord of AON by the DAC. If more than one entity is nominated, the lead entity shall be indicated along with allocation of ships to each shipyard.

13. Cases for nomination of a yard for Coast Guard ships will also be approved by the DAC based on the merits of each case.

Preliminary Staff Requirements

14. On completion of the feasibility analysis/concept design, the OSRs are to be refined and the Preliminary Staff Requirements (PSRs) are to be promulgated based on the selected option of the concept design. The procedure for the Services Qualitative Requirements (SQRs) as set out at Para 20 to 27 of Chapter II of DPP shall be followed for new weapons and related sensors as appropriate.

Preliminary Design

15. Based on the promulgated PSRs, the preliminary design, including hull form design, weapons/sensors/equipment fit, identification of OEMs/vendors for specific weapons, sensors, machinery and equipment, model tests, validation studies and other design activities are carried out by IHQ MoD(N) / Shipyard in consultation, as necessary. The propulsion package, weapons/sensors, hull equipment and engine equipment may be identified by the customer. Based on the necessity, SHQ may indicate the requirement for model test and other design validation studies as well as for augmentation of existing design facilities at Design/Production Directorate. This will be authorised at the time of seeking AoN.

16. Due to long gestation period in ship-building, there may be occasions when systems/equipment, which are still under development or those not fully evaluated, have to be considered in order to ensure that the ship, when ready, has the latest state of the art capabilities at the time of induction into service. The dates for freezing of developmental system would be indicated in the contract. Further, due to operational reasons, adaptation of developmental systems, shortfalls observed during installation/trials of equipment/systems etc may require modifications in design.

Preliminary Build Specifications

17. Based on the preliminary design, the Preliminary Build Specifications (PBS) of the vessel are to be prepared by SHQ and forwarded to the nominated shipyard(s). The SHQ and nominated shipyard will interact to finalise these and other related documents.

18. In cases where the vessel is not designed by IHQ MoD (N), the nominated shipyard will prepare the preliminary build ship specifications based on the PSRs and finalise these, along with draft contract and other related documents through interactions with SHQ.

Build Strategy

19. The nominated shipyard(s) is/are to propose a build strategy based on the preliminary build specifications, required delivery schedules, yard infrastructure and available resources. This would include the proposed construction schedule, Level 1 work breakdown structure, detailed master control network with resource allocation plan for utilisation of shipyard manpower, infrastructure and committed infrastructure up-gradation specific to the project, if applicable, outsourcing plan, the tentative procurement schedule for major long lead items, including weapons and sensors and the schedule for design documentation and drawings. This should also include shipyard's plans to meet the resource requirements of the new project together with other on-going projects.

Budgetary Cost

20. After approval of the build strategy by IHQ MoD(N), the shipyard(s) is/are to forward a budgetary cost for the construction of the ship on the basis of the Build Strategy, along with draft contract.

21. **Budgetary Cost-New Design Ships/Follow-On Ships with Substantial Design/Equipment Changes.** In case of new design projects or Follow-on projects with substantial design/equipment changes, the shipyard will forward estimated budgetary cost broken down to the extent possible, into standard elements such as labour cost indicating number of man-days, overheads, direct expenses, profit payable to shipyard, specially contracted works, approximate cost of raw material, all major equipment, weapons, sensors and propulsion machinery chosen, freight, insurance, clearing charges, taxes, duties and levies on input materials and services etc as well as the expected year wise cash flow separately for fixed and variable component. The cost should take into account normal escalation in cost of various elements and known equipment and machinery as per the scheduled time of procurement, so as to arrive at an estimated completion cost. Details of cost elements, which cannot be assessed at this stage such as cost of new/developmental equipment, exchange rate variation etc should be explicitly indicated.

22. **Estimated Cost-New Design Ships/Follow-on Ships with Substantial Design/Equipment Changes.** The estimated cost of the project is to include the budgetary cost provided by the shipyard, costs towards project studies, functional design development through design bureaus/agencies and detailed design work by shipyard/specialist agencies. Augmentation of design facilities at Design/Production Directorate of Navy, creation of infrastructure and any other costs, if required in the shipyard etc, are also to be reflected as separate items. Cost of supply of MRL - B&D spares, up to 15% (excluding levies, taxes and handling charges, transportation, insurance, service tax on handling charges etc) of the basic cost of the vessel cost of Commissioning STW, Testing and Tuning spares and Cost of Manufacturer's recommended list of On Board Spares (MRL-OBS), may also be included in the Estimated Cost, as applicable.

23. Variations in cost of equipment nominated to be supplied by a common single source, whether OFB, DPSU or private vendor will be paid as per the negotiated cost of BNE in the variable cost element of the project in accordance with Para 142 of Chapter II of the DPP. For new design ships, the estimated cost shall be as close to the final cost as possible explicitly indicating variable cost elements and projected cost of weapons, related sensors and other items under development, if any.

24. Cost for BFE integration (on a case to case basis) will be decided by the CNC.

25. **Budgetary Cost- Follow on Ships.** In case of ships of Follow on projects with minor design changes or equipment change requiring minimal design changes, the shipyard is to forward a firm cost for construction of the ship with variable element only for new and developmental systems, if any, in conformance with the Build Strategy, indicating the year wise requirement of funds.

26. **Estimated Cost-Follow On Ships.** The estimated cost should be carefully worked out based on the budgetary quote given by the nominated shipyard and should be broken down into fixed and variable cost elements, such as labour cost indicating number of man-days, overheads, direct expenses, profit payable to shipyard, specially contracted works, approximate cost of raw material, all major equipment, weapons, sensors and propulsion machinery chosen. Any other costs, if required in the shipyard etc, are also to be reflected as separate items. For the purpose of cost estimation of the complete project cost of supply of MRL-B&D spares, up to 15% (excluding levies, taxes and handling charges, transportation, insurance, service tax on handling

charges etc) of the basic cost of the vessel and Cost of Manufacturer's recommended list of On Board Spares (MRL-OBS), may also be included in the Estimated Cost, as applicable.

27. Variations in cost of equipment nominated to be supplied by a common single source, whether OFB, DPSU or private vendor in accordance with Para 142 of Chapter II of the DPP will be paid as per the negotiated cost of BNE, in the variable cost element of the project.

28. Cost for BFE integration (on a case to case basis) will be decided by the CNC.

29. **Modifications**. The construction of ships may require to accommodate unforeseen changes necessitated due to minor operational requirements of the user etc. Since it is not feasible to forecast these, a provision needs to be made for the same while obtaining CCS/CFA approval. The extent of modification cost would be examined by SPB/DPB/DAC, as the case may be. Based upon the deliberations during the accord of AoN, a percentage of the project cost will be included in the CFA approval on 'Not Exceeding Basis' for modifications, subject to a maximum of 4% of the basic cost. Any extra time required beyond the delivery date of the ship, on account of modification would be restricted to a maximum of 4% of the original contract delivery period under the project. Expenditure on a single modification applicable to one / all ships of the contract, along with commensurate time extension (if any), will be approved by the following:-

- (a). COA/ DDG(M&M) without consultation of IFA for cases upto 5 Cr.
- (b). CWP&A/ ADGCG without consultation of IFA for cases upto 10 Cr.
- (c). CWP&A/ ADGCG with consultation of IFA for cases beyond 10 Cr.

Contingency.

30. Contingency upto 2% of the basic cost excluding taxes, duties, levies may be catered for unforeseen expenditure for the project. Contingencies can be both Buyer and Seller contingencies wherein both the parties does not have any control over the situation. The expenditure on the contingencies will be considered as variable element and will not be considered as part of the basic cost of the vessel. Payment towards contingencies will be made as per actuals. Expenditure on contingencies will be approved by COA/ DDG(M&M). Contingencies, inter alia would cover the following broad categories:-

- (a) Extension of Warranty/ Guarantee to cover delays not attributable to shipyards
- (b) O&M - for additional services of engineers
- (c) Dredging requirements due unforeseen clod bursts or due to extension of delivery not attributable to shipyard
- (d) Augmentation of security measures with emerging threat perceptions
- (e) Legal Proceedings
- (f) To cover preservation cost of equipment wrt delay not attributable to shipyard
- (g) Consultancy for resolution of technical problems which surface post trials.
- (h) Any other unforeseen direct expenditure, with concurrence of COA.

Contract Negotiations

31. Before seeking the approval of CFA, negotiations on the price and the other aspects of the contract with shipyard are to be undertaken and concluded by a Contract Negotiation Committee (CNC). For specified equipment, the CNC is to clearly record obligation of Shipyard to seek Life Cycle Support proposals from OEMs for equipment specified in GLS as per details brought out at para 77 of Chapter II of DPP. The standard composition of the CNC shall be as indicated at **Appendix G** to Chapter II of this procedure.

Approval of CFA

32. The proposal for the design and construction of the ship is thereafter, to be taken up for the approval of the CFA.

33. The proposal for CFA approval should indicate the estimated cost of the project as brought out above, the time schedule for completion, spread of expenditure, availability of funds, categories and operational details of major weapons, sensors, propulsion machinery and other major equipment sought for fitment on the ship. The capability and potency of the weapons and related sensors may be clearly indicated in the draft CCS note.

34. While seeking CFA approval, the time schedule for the following activities as applicable may also be specifically indicated:-

- (a). Freezing of SRs.
- (b). Selection of weapons and sensors including those under development.
- (c). Time required for project studies, design, model testing etc in case of projects involving concurrent development/design.
- (d). Freezing of preliminary design.
- (e). Broad ordering schedule for weapons and sensors, major equipment and propulsion machinery and also price negotiations with nominated shipyard for the entire project in case of Follow-on Projects.
- (f). Time schedule for obtaining subsequent approval of CFA for new design ships, Follow on ships with substantial design/equipment changes.

35. **Follow On Ships.** For 'Follow on Ships', CFA approval would be sought on fixed price basis if there are minor changes in the design/equipment fit. In case of substantial changes in the design/equipment fit, CFA sanction is to be obtained in two stages in accordance with Para below.

36. **New Design Ships/Projects with Substantial Changes in Design/Equipment.** In cases of new design ships as well as Follow on projects with substantial changes in design/equipment vis-à-vis parent ship, where it is not possible to estimate the likely firm cost of components, subsequent approvals of the CFA need to be obtained as the cost elements are firmed up. In such cases, based on the first stage approval of CFA, the work on shipbuilding, viz., ordering of equipment and material and development of detailed/production design etc, and commencement of construction can start. The ordering of equipment under variable component will be progressed in accordance with diagram at Para 44. Thereafter, after firming up estimates of all

cost elements under variable cost, second stage approval of CFA will be taken on cost estimates (on not exceeding basis (if necessary)), within a period, preferably within two years or as specified at the time of initial CFA approval on a case to case basis.

Conclusion of Contract with the Shipyard

37. The contracts should be on 'Fixed Price' basis for Follow-on ships and on Fixed plus Variable Price in case of new design or Follow-on ships with substantial design/equipment changes based upon the first stage CFA approval, indicating inter alia permissible price escalation, exchange rate variations, increase in statutory levies etc. However, variable price element would be indicated on not exceeding basis in the Supplementary Contract based on the 2nd stage CFA approval.

38. The contract is to be signed within a period of two months from the date of CFA approval. In cases, where subsequent CCS approvals are necessitated, Supplementary Contracts are to be signed within two months of such approval. In case of delay in signing of contract, approval of DG (Acq) is to be sought with full justification for the delay.

39. In view of the peculiarities associated with the design and construction of naval ships, illustrative contracts shall be promulgated separately by MoD/DDP for guidance.

40. Amendments to contracts concluded with the shipyards will be affected after due approval of MoD and MoD (Finance).

Detailed Design

41. On conclusion of contract, shipyard is to commence Detailed Design, order equipment & material and obtain binding data for the detailed design. The actual construction of the ship can, however, start in parallel along with the detailed design.

Procedure for Procurement of Ship-borne Equipment

42. **Procurement of Non-Weapon Equipment.** Procurement of long lead and other items are to be initiated at an early stage, to ensure timely availability based upon the construction schedule. Due to the peculiar nature of the ship construction activity, different procedures have to be followed for procurement of equipment and material for the ship. The procurement of all yard materials, ship borne hull equipment & material, associated fittings as well as Propulsion machinery and Engineering Equipment will be by the shipyard.

43. Procurement of Weapons and Related Sensors.

(a) As indicated in Para 11 above, while seeking approval for Acceptance of Necessity and also CFA approval, the broad categories, operational details and potency of the weapons and related sensors to be fitted in the ship are to be indicated.

(b) The categories of the weapons and related sensors shall be as approved by the CFA. As brought out in the diagram at Para 44, the procedure for procurement of weapons and sensors will be as follows:-

(i) **Weapons and related Sensors to be imported from Abroad for the First Time.** Weapons and related sensors imported from abroad for the first time

may be processed for procurement as BFE. If these weapons and sensors are to be procured by the shipyard, Technical Negotiations/Price Negotiations will be undertaken by a Committee constituted by the Shipyard with reps of SHQ and MoD (Fin). FET of such weapons and sensors may be carried out by IHQ MoD (N), through the shipyard. Thereafter, after firming up estimates of all cost elements under variable cost, second stage approval of CFA will be taken on cost estimates (on not exceeding basis (if necessary)), within a period specified at the time of initial CFA approval. The placement of order would be by the shipyard. In both cases, prior approval of DAC/DPB will be required.

(ii) **Imported Weapons and Related Sensors Existing in Service.**

Procurement of weapons and related sensors from foreign sources, which are existing in service or their upgraded versions, is to be carried out by the Shipyard. Technical Negotiations/Price Negotiations will be undertaken by a committee constituted by the Shipyard with reps of SHQ and MoD (Fin). The placement of order would be by the shipyard.

(iii) **Indigenous Weapons and Related Sensors under Development or Existing in Service.**

Procurement of indigenous weapons and related sensors under development or existing in service is to be carried out by the shipyard. Technical Negotiations/Price Negotiations will be undertaken by a Committee constituted by the Shipyard with reps of SHQ and MoD (Fin). The placement of order would be by the shipyard.

44. The procedure for procurement of ship-borne equipment is broadly depicted in the diagram below:-

SHIP

Hull Equipment
and Material

Weapon &
related Sensors

Propulsion
Machinery and
Engineering equipment

Shipyard

Shipyard

INDIGENOUS – Those systems that are developed/produced by Indian vendor, public or private, either by themselves or through technical collaboration

IMPORT (New)
– In principle approval by DPB/DAC

IMPORT (Existing in Service) – Those weapons and systems which exist on earlier platforms and have been performing satisfactorily

Technical
Negotiations/Price
Negotiations of
equipment by
Committee
constituted by
shipyard with reps of
Navy and MoD (Fin)
and placement of
order by shipyard

Procurement as Buyer
Furnished Equipment
(BFE)/order by shipyard
wherein Technical
Negotiations/Price
negotiations of equipment
by Committee constituted
by shipyard with rep of
Navy and MOD (Fin).
IHQ of MoD (N) may
carry out FET of such
weapons and sensors
through the shipyard

Technical Negotiations
/Price Negotiations of
equipment by
Committee Constituted
by shipyard with reps
of Navy and MoD (Fin)
and placement of order by
shipyard

45. **Single Vendor Situations.** In cases where certain state-of-the-art new weapons and related sensors being manufactured by only one vendor are to be utilised, the procedure set out at Para 165 to 167 of Chapter II of DPP shall be followed.

46. **Inter Government Agreement.** In cases where the state-of-the-art new weapons and related sensors are available only in one country and an Inter Government Agreement is involved, the procedure set out at Para 168 and 171 of Chapter II of DPP shall be followed.

47. **Procurement on Strategic Considerations.** For acquisitions of new weapons and related sensors based on considerations of strategic partnerships, the procedure set out at Para 165 to Para 173 of Chapter II of DPP shall be applicable.

48. **Nomination of Equipment.** To enable standardisation, accruing the advantage of ToT, retain/select those equipment on Follow-on class/ships which are fundamental to design, interchangeability, interoperability, repair infrastructure, maintenance and support of OEM, spares logistics and inventory control, system integration, training etc, SHQ may nominate equipment from single vendor. One of the criteria for nomination of the equipment would be the compliance by the firm to submit proposals for Life Cycle Support when sought by the shipyard. For Weapons and related Sensors nominated on Single Vendor by SHQ, the procedure of obtaining DAC approval outlined at Para 45 to this section will be followed. For other equipment, the requirement of single vendor nomination will be vetted by a Committee comprising members from SHQ, DDP (Dte of Standardisation) and IFA (N). Based on the recommendations of the Committee, a certificate for procurement on single vendor basis, duly approved by PSO, will be issued. The nominated single vendor equipment will be indicated in the RFP.

49. **Life Cycle Support** The life cycle support of the ship would be defined under the following two main categories:-

(a) **Life Cycle Support of the Equipment** – The life cycle support requirement of major equipment/ category of equipment would be defined under Engineering Support package requirement of the equipment. The Engineering Support Package for major equipment would be specified in the Guide Line Specifications (GLS) and or Annexure 1 to Appendix D of RFP. The shipyard would include the requirements of Engineering Support Package in its RFP to the OEMs. The RFP would also include the requirements to submit proposals for Life Cycle Support in terms of Long Term Framework Contracts (5-7 years) for 100% spares (not limited to MRLS), repairs of 100% repairable inventory and man day rate for deputation of specialists. The Life Cycle Support proposals would be forwarded by Shipyard to SHQ for onward negotiations and signing of Life Cycle Support Contracts.

(b) **Life Cycle Support at Equipment Nomination stage.** For OEM nominated by SHQ including single vendor case, agreement for Life Cycle Support should be undertaken by SHQ with OEMs during vendor evaluation stage. Vendors who have given the undertaking to provide long term frame work contracts (5-7 years) for 100% spares (not limited to B&D and OBS), repairs of 100% repairable inventory and man days rate for deputation of specialist are only to be included as an approved vendor of IN. SHQ may nominate equipment requiring Life Cycle Support for the shipbuilding project. A committee comprising members from SHQ (steering directorate and professional directorate) DDP (Dte of Standardisation) and shipyard will vet the list of equipment envisaged for Life Cycle Support for a shipbuilding project at RFP stage.

(c) **Life Cycle Support of the Platforms** – As part of Life cycle support of Platforms, construction shipyard, should be able to undertake planned refits of ship as per Operation cum Refit Cycle, if specifically required by IN/ICG. For smaller vessels/ yard crafts, IN/ ICG on case to case basis may seek basic cost for undertaking short/medium/long refits corresponding to SoW based on service life of Hull and equipment. The refits of any platform would be progressed under separate contracts.

Payment Terms

50. The payment terms for each shipbuilding project would be negotiated and finalised by the CNC since these are dependent upon the indigenous and import content of the equipment fit. However, a broad suggested payment schedule, for fixed price element, is placed at **Appendix A, Appendix B and Appendix C** for guidance.

51. Payment terms for augmentation/modernisation of shipyard infrastructure, where provided for, will be separately formulated, negotiated with the shipyard and finalised by the DDP.

52. **Payment Mode.** The Variable Cost element, where applicable, will be paid on actuals, within the overall ceiling of total variable cost approved by CFA. Payment of variable cost element would be done through opening of a separate project account. The interest accrued on this account will be credited to the Consolidated Fund of India. Shipyard can make payments against actual cost incurred for procurement after submission of relevant documents. Guidelines in this regard will be issued by MoD (Fin). One of the payment option to the shipyards would be through in land Letter of Credit

Monitoring of Projects

53. After conclusion of contract, physical construction activity is to commence at the shipyard. All shipbuilding projects are to be monitored as follows:-

- (a). Six monthly review by an Apex Steering Committee under the Chairmanship of Secretary (DP) as notified by MOD.
- (b). Committee under the chairmanship of CWP&A/ADGCG with members from MoD (Acq Wing/ DP/Fin/DGQA/DGAQA/DGNAI), Design/Production Directorate, CDA (N) and shipyard that will monitor shipbuilding projects on a quarterly basis. Such reviews may be delegated to nominated reps on as required basis. A corresponding Committee may also be constituted by ICG.
- (c). In case of ICG, the Committee would be headed by JS & AM (MS) with DDG (M&M), PD (Mat), FM (MS), TM (MS) and CMD of concerned project as members.

54. These committees shall be suitably empowered to ensure efficient execution of the project.

55. The Apex Steering Committee under the chairmanship of Secretary (DP) will consist of the following officers:-

- (a). Additional Secretary (DP).
- (b). Joint Secretary (NS), Member Secretary.
- (c). Joint Secretary & Acquisition Manager (MS).
- (d). Additional FA & JS (Defence PSUs).
- (e). TM(MS).

- (f). Financial Manager (MS).
- (g). CWP&A/ADGCG.
- (h). DGND/ACWP&A.
- (j). ACNS(P&P)/PDNP.
- (k). CMD of concerned Shipyard.
- (l). Director and Project Superintendents of concerned project of Shipyard.
- (m). PDND/PDSP.
- (n). DDG (M&M), PD (Mat) and PD (SA) in case of ICG.

56. The terms of reference of the Steering Committee are as under:-

- (a). To review the physical progress of the project with specified reference to compliance of milestones laid down for completion of various activities of ship construction.
- (b). To monitor the financial progress of the project to ensure that the project progresses within the financial limits sanctioned by the Govt.
- (c). To identify technical and administrative hold ups and give suitable directions so that the project proceeds as per the time schedule and cost approved by the Govt.
- (d). To review fulfilment of contractual obligations at pre-determined stages.
- (e). Any other matter requiring direction and guidance of the Steering Committee.

57. The secretarial assistance for the committee will be provided by the Naval System Division of Department of Defence Production. The Apex Steering Committee will meet at least once in six months.

Approval of CFA for Revised Project Cost

58. After the project is approved by CCS as in Para 32-36 above, the MoD, IHQ MoD(N)/ICG HQ, DDP and the shipyard will endeavor to ensure that the ship construction proceeds strictly as per the time schedule and cost approved by CCS. Since all the cost elements, both fixed and variable, including possible escalations on account of price, exchange rate variation, increase in statutory levies etc, are taken into consideration for estimating the project cost, there should not normally be any occasion/need for the project to slip either in time schedule or in cost. However, if due to any unavoidable circumstances, the project is likely to be delayed or the cost per ship as approved by CCS is likely to be exceeded, the following procedure is to be adopted for seeking approval of the Competent Authority for the revised cost:-

- (a). Increase in project cost, which arises entirely due to change in statutory levies, exchange rate variation and price escalation within the originally approved project time cycle will be submitted to RM for approval.
- (b). Increase in project cost up to 10% of the approved cost estimated by CCS (after excluding the increase due to statutory levies, exchange rate variation and price escalation within the originally approved project time cycle) will also be submitted to RM for approval.

- (c). Increase in project cost exceeding 10% but upto 20% of the approved cost estimated by CCS (after excluding the increase due to statutory levies, exchange rate variation and price escalation within the approved project time cycle) will be submitted to RM and FM for approval.
- (d). Increase in project cost exceeding 20% of the approved cost estimated by CCS (after excluding increase due to statutory levies, exchange rate variation and price escalation within the approved project time cycle) due to reasons such as time overrun, under estimation, change in scope will be submitted to the CCS for approval.
- (e). Statutory levies' means State and Central Taxes, including import and export duties as notified by Govt of India and paid by the project authorities but excludes water, electricity charges and Petroleum, Oil & Lubricants (POL) price increases.
- (f). No expenditure beyond the existing sanction can be incurred unless the revised project cost is approved by the Competent Authority as indicated above. However, in exceptional cases, in the interest of the project, if such a necessity arises, the procedure set out at Para 58 shall be followed. Sub-Paras (a) to (e) above are in line with the guidelines issued by Ministry of Finance vide O.M. No.1 (3)/PF II/2001 dated 18.2.2002.
- (g). In all cases where the revised project cost overrun is over 20% and is accompanied by time overrun of over 10%, while seeking approval of CCS for the revised cost estimates and time schedule, accountability aspects for such cost and time overruns should be fixed and indicated in the CCS Note (in line with the guidelines of the Planning Commission issued vide letter No.14015/2/980PAMD dated 19th August, 1998). For fixing accountability, SHQ is to refer the Second Stage CCS proposal to a Revised Cost Committee (RCC) prior putting up for consideration by CCS. Recommendations of the RCC shall be incorporated into the CCS Note. Action taken by SHQ would be monitored by the RCC.

Closure of the Project

59. The cost analysis of the first ship of the project shall be carried out by a team led by Advisor Cost (DDP) within a period of 12 months from the second reading of the D-448 document check list, so that realistic and firm cost estimates for the other ships of the class can be worked out.
60. Closure of all accounts related to construction of a particular ship of the project is to be carried out by a Committee under the Acceptance Authority in SHQ within a time schedule of 24 months from first reading of the D-448 document check list of the ship. Any pending shipyard liabilities at the time of account closure should be mutually valued by the Committee. The valued amount should be deducted from the last stage payment.
61. The final closure of the ship construction project is to be carried out within the time schedule of 24 months from the first reading of the D-448 document check list of the last ship of the project. Where the final closure is not possible within the specified time frame, the approval of the competent authority for extension of the time limit shall be taken. The final closure of the project is important so that the exact costing can be worked out and approvals for the follow on projects can be obtained on a firm basis.

Liquidated Damages

62. In case of delay in completion of the project and if the delay is attributable to the shipyard, Liquidated Damages will be levied after a Grace Period, as amplified below:-

- (a) **Grace Period.** Grace period will be calculated at the rate of 5% of the build period (in months), subject to a minimum of one month and a maximum of three months.
- (b) **Liquidated Damages.** Beyond the Grace Period, LD will be levied at the rate of 1/100 of the delay percentage {Delay percentage = (Period of Delay wrt the build period, in Weeks) x 100 / (Build Period in weeks as per contract)} upto a limit of 10%, for every week of delay or part of a week delay (Any extension given by the buyer for delay attributable to buyer or Force Majure Clause to be factored in delivery period). Vessel cost is as defined at Para 2 of Annexure I to Appendix F of Schedule I to Chapter IV, excluding cost for BFE and B&D spares.

Deviations and Exemptions

63. If any deviations from the prescribed procedure are envisaged and any exemptions are to be taken, approval of DAC through DPB shall be sought, as prescribed at Para 176 to Para 177 of Chapter II of DPP.

Review

64. Review of the procedure would be undertaken by the DPB as per guidelines in force.

SECTION 'B'

ACQUISITION OF NAVAL AND COAST GUARD SHIPS, SUBMARINES, YARD CRAFT AND AUXILIARIES ETC ON COMPETITIVE BASIS

65. **Applicability.** While the acquisition of ships on Nomination basis has been prescribed in Section A, the methodology to be followed for acquisition of ships, submarines, auxiliaries and yard crafts through competitive bidding on multi-vendor basis under the categories at Para 7 to 15 of Chapter I of DPP, namely; 'Buy (Indian- IDDM)', 'Buy (Indian)', 'Buy and Make (Indian)', 'Buy and Make', 'Buy (Global)- Manufacturing in India', Buy (Global), 'Leasing', 'Design and Development/ Innovation', and 'Strategic Partnership Model'. The acquisition process under this section would be an amalgamation of the processes prescribed in Section A, read in conjunction with certain Clauses of Chapter II.

Acquisition Process

66. The process of acquisition of ships under this Procedure would involve following steps:-

- (a) Request for Information (RFI)
- (b) Staff Requirements (SRs).
- (c) Acceptance of Necessity (AoN).
- (d) Solicitation of offers.
- (e) Evaluation of Financial Document by Financial Parameter Evaluation Team (FPET)
- (f) Evaluation of Technical Offers from the Technical Evaluation Committee (TEC)
- (g) Commercial negotiations by Contract Negotiation Committee (CNC).
- (h) Approval of Competent Financial Authority (CFA).
- (i) Award of Contract.
- (j). Contract administration and post Contract management.

67. For cases being steered under 'Buy and Make (Indian)', the additional steps as envisaged at Para 44 to 53 of Chapter II of DPP would also be applicable.

68. The applicability of various provisions of Chapter I, II and Section A Chapter IV are enumerated below:-

S/No.	Steps Involved	Concordance
(a)	Staff Requirements (SRs).	Procedure for Outline Staff Requirements, AoN and PSR leading to SRs would be guided by Para 8 and 14 of Section A, as applicable. AoN will be valid for 18 months
(b)	Acceptance of Necessity (AoN)	
(c)	Solicitation of offers	(i)The Paras of Chapter under Group headings Solicitation of Offers, TEC and CNC would be followed as applicable. RFP will be formulated and issued post finalization of Guideline Specification.
(d)	FPET	

S/No.	Steps Involved	Concordance
(d)	Evaluation of Technical Offers by Technical Evaluation Committee (TEC)	[Paras 54 to 142 as applicable, of Chapter II]. SHQ will carry out Technical Capacity Assessment of entities at periodic interval in accordance with Guidelines at Appendix 'C' and forward recommendations to DG(Acq) for issue of RFP. The RFP shall include Financial Assessment Parameters would be undertaken prior commencement of TEC, by the Financial Parameter Evaluation Team (FPET), constituted by SHQ. FPET to be completed within four weeks. FPET shall include a Finance member (Rep from MoD (Fin) for non-delegated power case(s) and rep from PIFA/IFA (Cap) for delegated power case(s) in addition to listed TEC members. For delegated power cases in all situations, FPET would be approved by the SHQ. For MoD cases where all entities participating in the RFP are found complaint, the FPET report would be approved by the SHQ. However, in case an entity or entities participating in the RFP are found non-complaint to the Financial Assessment Parameters, the FPET report would be approved by DG (Acq).
(e)	Commerical Negotiaitions by Contract Negotiations Committee (CNC)	
(f)	Approval of Competent Financial Authority (CFA).	To be guided by Paras 147 to 152 of Chapter II. As regards Repeat order/Option clause, Para 158 to 159 of Chapter II would apply as applicable
(g)	Award of Contract	To be guided by Paras 153 of Chapter II. As regards Repeat Order/Option Clause. Para 158 to 159 of Chapter II would apply as applicable
(h)	Contract administration and post Contract management	For monitoring of Project Para 175 of Chapter II would be applicable on the total Contract Cost as defined at Para 53 to 57 of Section A of Chapter IV.
(j)	Modification	To be guided by Para 29 to 30 of Section A of Chapter IV.

69. **Procurement of Ship Borne Equipment.** The procurement of ship-borne equipment would be undertaken by the shipyard in accordance with the shipyards internal policy. Nominated Equipment/Buyer Furnished Equipment would be clearly defined in the RFP.

70. **Field Trials.** The requirement of Field Evaluation Trials, as per Para 94 of Chapter II of DPP, will not be applicable for procurement cases in respect of acquisition/construction of Ships, Submarines, Yard Craft and auxiliaries, etc. However, Simulated Signature Studies of complete platforms in respect of stealth characteristics, magnetic signature, EMI/EMC, Noise analysis, etc may be included in the SOC. The requirement of trials in the case of specialised new induction equipment/sensors being bought through the shipyard route should be detailed in the RFP. These would also be included in the Statement of Case while seeking the AON.

71. **Transfer of Technology (ToT).** In cases where ToT is being sought, the appropriate Production Agency (PA) would be approved by the DAC based on the recommendations of the DDP. Clauses in Chapter II covering ToT would apply in shipbuilding cases, as applicable. The PA could be selected from any of the public/private firms including a joint venture company based on the inputs from DDP and, if required, from DRDO. The RFP in such cases would spell out the requirements of TOT depending upon the depth of the technology which is required. Clauses related to 'ownership of design' or 'manufacture under license' need to be spelt out in the RFP. The

nominated Production Agency (PA) for the receipt of technology will be closely associated in the preparation of RFP.

72. Ship production being an inherently complex process, needs to be divided into clearly identifiable/tangible stages for monitoring. The payments made to the shipyards therefore need to be set against achievement of these stages which need to be clearly verifiable. In this regard, Guidelines for Payment terms for ships would be in accordance with Appendix A. The Payment Terms for yard craft is at Appendix B. All payments for non- deliverables will be secured with Bank Guarantees. In case a shipyard does not claim a stage payment till delivery (and claims it post delivery of vessel), there is no requirement to submit bank guarantee of equivalent amount at the time of claiming payment.

Miscellaneous

73. **Closure of Project, LD, Deviations, Modifications, Contingencies, and Exemptions.** For approval of cases for Closure of Project, LD, Deviations and Exemptions, Modifications, Contingencies provisions of Section A (Paras 55 to 58) would apply. For project monitoring, the provisions of Section A (_____) would apply.

74. **RFP.** All issues related to terms and conditions of procurement would be amplified in the RFP. A standardised RFP is placed as Schedule I to this Chapter.

75. **Nomination of Equipment.** To enable standardisation, accruing the advantage of ToT, retain/select those equipment on Follow-on class/ships which are fundamental to design, interchangeability, interoperability, repair infrastructure, maintenance and support of OEM, spares logistics and inventory control, system integration, training etc, SHQ may nominate equipment from single vendor. One of the criteria for nomination of the equipment would be the compliance by the firm to submit proposals for Life Cycle Support when sought by the shipyard. For Weapons and related Sensors nominated on Single Vendor by SHQ, the procedure of obtaining DAC approval outlined at Para 24 to this section will be followed. For other equipment, the requirement of single vendor nomination will be vetted by a Committee comprising members from SHQ, DDP (Dte of Standardisation) and IFA (N). Based on the recommendations of the Committee, a certificate for procurement on single vendor basis, duly approved by PSO, will be issued. The nominated single vendor equipment will be indicated in the RFP.

76. **Modifications.** The construction of ships may require to accommodate unforeseen changes necessitated due to minor operational requirements of the user etc. Since it is not feasible to forecast these, a provision needs to be made for the same while obtaining CCS/CFA approval. The extent of modification cost would be examined by SPB/DPB/DAC, as the case may be. Based upon the deliberations during the accord of AoN, a percentage of the project cost will be included in the CFA approval on 'Not Exceeding Basis' for modifications, subject to a maximum of 4% of the basic cost. Any extra time required beyond the delivery date of the ship, on account of modification would be restricted to a maximum of 4% of the original contract delivery period under the project. Expenditure on a single modification applicable to one/ all ships of the contract, along with commensurate time extension (if any), will be approved by the following:-

- (a). COA/DDG(M&M) without consultation of IFA for cases upto 5 Cr.
- (b). CWP&A/ADGCG without consultation of IFA for cases upto 10 Cr.
- (c). CWP&A/ADGCG with consultation of IFA for cases beyond 10 Cr.

Contingency.

77. Contingency upto 2% of the basic cost excluding taxes, duties, levies may be catered for unforeseen expenditure for the project. Contingencies can be both Buyer and Seller contingencies

wherein both the parties does not have any control over the situation. The expenditure on the contingencies will be considered as variable element and will not be considered as part of the basic cost of the vessel. Payment towards contingencies will be made as per actuals. Expenditure on contingencies will be approved by COA/ DDG(M&M). Contingencies, inter alia would cover the following broad categories:-

- (a) Extension of Warranty/ Guarantee to cover delays not attributable to shipyards
- (b) O&M - for additional services of engineers
- (c) Dredging requirements due unforeseen clod bursts or due to extension of delivery not attributable to shipyard
- (d) Augmentation of security measures with emerging threat perceptions
- (e) Legal Proceedings
- (f) To cover preservation cost of equipment wrt delay not attributable to shipyard
- (g) Consultancy for resolution of technical problems which surface post trials.
- (h) Any other unforeseen direct expenditure, with concurrence of COA.

78. **Life Cycle Support** The life cycle support of the ship would be defined under the following two main categories:-

- (a) **Life Cycle Support of the Equipment** – The life cycle support requirement of major equipment/ category of equipment would be defined under Engineering Support package requirement of the equipment. The Engineering Support Package for major equipment would be specified in the Guide Line Specifications (GLS) and or Annexure 1 to Appendix D of RFP. The shipyard would include the requirements of Engineering Support Package in its RFP to the OEMs. The RFP would include the requirements to submit proposals for Life Cycle Support in terms of Long Term Framework Contracts (5-7 years) for 100% spares (not limited to MRLS), repairs of 100% repairable inventory and man day rate for deputation of specialists. The Life Cycle Support proposals would be forwarded by Shipyard to SHQ for onward negotiations and signing of Life Cycle Support Contracts.
- (b) **Life Cycle Support of the Platforms** – As part of Life cycle support of Platforms, construction shipyard, should be able to undertake planned refits of ship as per Operation cum Refit Cycle, if specifically required by IN/ICG. For smaller vessels/ yard crafts, IN/ICG on case to case basis may seek basic cost for undertaking short/medium/long refits corresponding to SoW based on service life of Hull and equipment. The refits of any platform would be progressed under separate contracts.

79. The bank guarantee will be submitted by all the shipyards, including DPSUs, against non-deliverable stages. The deliverable stages would be defined in the RFP.

SECTION 'C'

ACQUISITION OF NAVAL WARSHIPS OF INDIGENOUS DESIGN CONSTRUCTED BY INDIAN SHIPYARDS ON COMPETITIVE BASIS

80. **Applicability.** This section is primarily applicable for acquisition of Naval warships of indigenous designs by IHQ MoD (N) to be constructed by DPSU Shipyard(s)/ Private Shipyard(s) on competitive basis.

81. **Procedure.** The process of acquisition of ship under this section would follow the following steps:-

- (a) RFI, if required
- (b) Staff Requirements
- (c) First Stage DAC Approval
- (d) Acceptance of Necessity (AoN)
- (e) Shortlisting of Shipyards (Based on Capacity Assessment)
- (f) Guideline Specifications (Including Functional Design Deliverable Set I)
- (g) Solicitation of Offers
- (h) Financial Parameter Evaluation by Team (FPET)
- (j) Evaluation of Technical offers by TEC
- (k) Commercial Negotiation by CNC
- (l) Approval of CFA
- (m) Award of Contract (Including Functional Deliverables Set II)
- (n) Detailed Design
- (p) Contract Administration, Post Contract Management and Monitoring
- (q) Modifications
- (r) Contingencies
- (s) Closure of the Project
- (t) Liquidated Damages, if applicable

Outline Staff Requirements

82. IHQ MoD (N) are to prepare the Outline Staff Requirements (OSRs), which are to include the role of the ship, dimensions of its hull, limiting dimensions if any, capability of major machinery, weapons, sensors and details of accommodation, manpower, endurance etc.

83. The OSRs would form the basis on which the feasibility studies and concept design of the ship, identification of OEMs/vendors for specific weapons, sensors, machinery and equipment are to be carried out.

Preliminary Staff Requirements

84. On completion of the feasibility analysis/concept design, the OSRs are to be refined and the Preliminary Staff Requirements (PSRs) are to be promulgated based on the selected option of the concept design. The procedure for the Services Qualitative Requirements (SQRs) as set out as per Para 3 (c) above shall be followed for new weapons and related sensors as appropriate.

85. On finalization of PSRs, SHQ would prepare a Statement of Case for approval of DAC for induction of the ships linked to the Maritime Capability Perspective Plan (MCPPE)/ Five Years Plan and also to commence functional design studies and consultancy services for evolving Function Design Deliverables Set I iaw promulgated SRs. In certain cases, the functional design studies for construction of major platforms could involve Model testing, CFD analysis, other consultancies/ design validation studies and procurement of design tools/ software/ hardware/ other design facilities. The expenditure for such consultancies/ designs would be undertaken under delegated powers of respective CFA in consultation with IFA. The sanction for development of Front End Engineering Design (FEED) to develop concept design and to establish technical requirements and guidelines including scope is also covered under this head. The selection of consultancies/ services would be based upon Combined Quality Cum Cost Based System (CQCBS) outlined in MoF manual. The expenditure on the design studies wrt complexity of the ship is restricted as per the following categories:-

S No	Type of Vessel	Max Amount
(a)	Aircraft Carriers	300 Cr
(b)	LPDs	100 Cr
(c)	Destroyers, Frigates and OPVs	50 Cr
(d)	Other Vessels	25 Cr

Acceptance of Necessity (AoN) (Second Stage DAC Approval)

86. The proposal for accord of AoN (Second Stage DAC Approval) would be as per Para 28 of Chapter II of DPP and is to be initiated within 18 months of First Stage DAC Approval. The Statement of Case for the proposal is to be prepared by IHQ MoD (N) and processed in line with the details given in Para 28 of Chapter II of DPP. This will inter alia contain Staff Requirements, broad category of weapons and sensors to be fitted on the ship along with the status of their indigenous development, if applicable, operational necessity, functional design deliverables, approximate cost and budgetary provisions. RFP is to be issued within 18 months of AoN (Secnd Stage DAC Approval).

Capacity Assessment

87. SHQ will carry out a Technical capacity assessment of the shipyards and forward recommendations on the nomination of the shipyard for the project along with AON for approval by DAC.

Guideline Specification

88. Functional design Deliverable Set I leading to Guideline Specification essential for RFP are to be prepared by SHQ based on the promulgated PSRs, the preliminary design, including hull form design, weapons/sensors/equipment fit, identification of OEMs/vendors for specific weapons, sensors, machinery and equipment, model tests, validation studies and other design activities carried out by IHQ MoD (N). The propulsion package, weapons/sensors, hull equipment and engine equipment may be identified by the customer.

89. Due to long gestation period in ship-building, there may be occasions when systems/equipment, which are still under development or those not fully evaluated, have to be considered in order to ensure that the ship, when ready, has the latest state of the art capabilities at the time of induction into service. The dates for freezing of developmental system would be indicated in the RFP. Further, due to operational reasons, adaptation of developmental systems, shortfalls observed during installation/trials of equipment/systems etc may require modifications in design.

Financial Parameters Evaluation by Team (FPET)

90. Prior to evaluation of the technical offers the financial parameters evaluation will be undertaken by the FPET in accordance with the guidelines stipulated at Appendix C. The technical offers of those firms which qualify FPE would be considered for the evaluation by the TEC.

Solicitation of Offers and Evaluation of Technical Offers by Technical Evaluation Committee (TEC).

91. To be guided by the provisions of Chapter II for short-listing of the vendor. The Paras 29 & 45 of Chapter II under Group headings Solicitation of Offers and Issue of RFP would be followed mutatis mutandis as applicable. RFP will be formulated and issued post finalisation of Guideline Specifications [Paras 29 to 57, except Para 31 and 75 to 86 of Chapter II].

Commercial Negotiations by Contract Negotiation Committee (CNC)

92. Before seeking the approval of CFA, negotiations on the price and the other aspects of the contract with shipyard are to be undertaken and concluded by a Contract Negotiation Committee (CNC). The standard composition of the CNC shall be as indicated at Appendix G to Chapter II of this procedure.

Approval of Competent Financial Authority (CFA).

93. To be guided by Paras 87 to 90 of Chapter II. As regards to Repeat Order/Option Clause, Para 96 to 100 of Chapter II would apply, as applicable.

Follow On Ships

94. For 'Follow on Ships', CFA approval would be sought on fixed price basis if there are minor changes in the design/ equipment fit. In case of substantial changes in the design/ equipment fit, CFA sanction is to be obtained in two stages in accordance with Para 93 below.

New Design Ships/ Projects with Substantial Changes in Design/ Equipment

95. In cases of new design ships as well as Follow on projects with substantial changes in design/ equipment vis-à-vis parent ship, where it is not possible to estimate the likely firm cost of components, subsequent approvals of the CFA need to be obtained as the cost elements are firmed up. In such cases, based on the first stage approval of CFA, the work on shipbuilding, viz., ordering of equipment and material and development of detailed/ production design etc, and commencement of construction can start. The ordering of equipment under variable component will be progressed in accordance with diagram at Para 44 of Section A to this Chapter. Thereafter, after firming up estimates of all cost elements under variable cost, second stage approval of CFA will be taken on cost estimates (on not exceeding basis (if necessary)), within a period, preferably within two years or as specified at the time of initial CFA approval on a case to case basis. Guideline Specifications and Fixed Price component of the project are not to be revised/ changed during second stage CFA approval. The Variable Price component of the project would not be utilized for the purpose of L1 determination.

Conclusion of contract.

96. The complete Functional Design Deliverable Set II are to be handed over by SHQ to the contracting shipyard prior to conclusion of contract.

97. The contracts should be on 'Fixed Price' basis for Follow-on ships and on Fixed plus Variable Price in case of new design or Follow-on ships with substantial design/equipment changes based upon the first stage CFA approval, indicating inter alia permissible price escalation, exchange rate variations, increase in statutory levies etc. However, variable price element would be indicated on not exceeding basis in the Supplementary Contract based on the 2nd stage CFA approval.

98. The contract is to be signed within a period of two months from the date of CFA approval. In cases, where subsequent CFA approvals are necessitated, Supplementary Contracts are to be signed within two months of such approval. In case of delay in signing of contract, approval of DG (Acq) is to be sought with full justification for the delay.

99. In view of the peculiarities associated with the design and construction of naval ships, illustrative contracts shall be promulgated separately by MoD/DDP for guidance. Amendments to contracts concluded with the shipyards will be affected after due approval of MoD and MoD (Finance).

Detailed Design.

100. On conclusion of contract, shipyard is to commence Detailed Design, order equipment & material and obtain binding data for the detailed design. The actual construction of the ship can, however, start in parallel along with the detailed design.

Contract Administration and Post Contract Management and Monitoring.

101. Contract administration and post contract monitoring would be undertaken by COA.

102. All shipbuilding projects under this Section are to be monitored as follows:-

(a) Review by a steering committee headed by DG (Acquisition) at MoD with members from MoD, MoD (Fin), Controlling Ministry of the shipyard {MoD (DP) in cases of DPSUs, MoS reps in cases of PSUs, CMD of shipyard in cases of private shipyards}, CWP&A and COA. Member Secretary may co-opt members as required.

(b) Quarterly review by committee under chairmanship of CWP&A with members from MoD (Acq Wing/ DP (if applicable)/ Fin, Design/ Production Directorate, CDA (N) and shipyard will monitor shipbuilding projects on a quarterly basis. Such reviews may be delegated to nominated reps on as required basis. A corresponding Committee may also be constituted by ICG.

Procurement of Ship Borne Equipment.

103. The procurement of ship-borne equipment would be undertaken by the shipyard in accordance with the shipyards internal policy. Nominated Equipment/ Buyer Furnished Equipment would be clearly defined in the RFP.

104. **Procurement of Weapons and Related Sensors.**

(a) While seeking approval for Acceptance of Necessity (Second Stage DAC Approval) and also CFA approval, the broad categories, operational details and potency of the weapons and related sensors to be fitted in the ship are to be indicated.

(b) The categories of the weapons and related sensors shall be as approved by the CFA. The procedure for procurement of weapons and sensors will be as follows:-

(i) **Weapons and related Sensors to be imported from Abroad for the First Time.** Weapons and related sensors imported from abroad for the first time may be processed for procurement as BFE and the same needs to be indicated in the RFP. If these weapons and sensors are to be procured by the shipyard, Technical Negotiations/Price Negotiations will be undertaken by a Committee constituted by the Shipyard with reps of SHQ and MoD (Fin). FET of such weapons and sensors may be carried out by IHQ MoD (N), through the shipyard. Thereafter, after firming up estimates of all cost elements under variable cost, second stage approval of CFA will be taken on cost estimates (on not exceeding basis (if necessary)), within a period specified at the time of initial CFA approval. The placement of order would be by the shipyard. In both cases, prior approval of DAC/DPB will be required.

(ii) **Imported Weapons and Related Sensors Existing in Service.** Procurement of weapons and related sensors from foreign sources, which are existing in service or their upgraded versions, is to be carried out by the Shipyard. Technical Negotiations/Price Negotiations will be undertaken by a committee constituted by the Shipyard with reps of SHQ and MoD (Fin). The placement of order would be by the shipyard.

(iii) **Indigenous Weapons and Related Sensors under Development or Existing in Service.** Procurement of indigenous weapons and related sensors under development or existing in service is to be carried out by the shipyard. Technical Negotiations/Price Negotiations will be undertaken by a Committee constituted by the Shipyard with reps of SHQ and MoD (Fin). The placement of order would be by the shipyard.

Single Vendor Situations.

105. In cases where certain state-of-the-art new weapons and related sensors being manufactured by only one vendor are to be utilised, the procedure set out at Para 165 to 167 of Chapter II of DPP shall be followed.

Inter Government Agreement.

106. In cases where the state-of-the-art new weapons and related sensors are available only in one country and an Inter Government Agreement is involved, the procedure set out at Para 168 of Chapter II of DPP shall be followed.

Procurement on Strategic Considerations.

107. For acquisitions of new weapons and related sensors based on considerations of strategic partnerships, the procedure set out at Para 165 to Para 173 of Chapter II of DPP shall be applicable.

Field Trials.

108. The requirement of Field Evaluation Trials, as per Para 94 of Chapter II of DPP, will not be applicable for procurement cases in respect of acquisition/construction of warships. However, Simulated Signature Studies of complete platforms in respect of stealth characteristics, magnetic signature, EMI/EMC, Noise analysis, etc may be included in the SOC. The requirement of trials in the case of specialized new induction equipment/sensors being bought through the shipyard route

should be detailed in the RFP. These would also be included in the Statement of Case while seeking the AON.

Payment Terms.

109. **Fixed Element.** Ship production being an inherently complex process, needs to be divided into clearly identifiable/tangible stages for monitoring. The payments made to the shipyards therefore need to be set against achievement of these stages which need to be clearly verifiable. In this regard, a broad suggested payment schedule for fixed price element, is placed at **Appendix A, Appendix C** for guidance. All payments for non - deliverables will be secured with Bank Guarantees. In case a shipyard does not claim a stage payment till delivery (and claims it post-delivery of vessel), there is no requirement to submit bank guarantee of equivalent amount at the time of claiming payment.

110. **Variable Element.** The Variable Cost element, where applicable, will be paid on actuals, within the overall ceiling of total variable cost approved by CFA. Payment of variable cost element would be done through opening of a separate project account. The interest accrued on this account will be credited to the Consolidated Fund of India. Shipyard can make payments against actual cost incurred for procurement after submission of relevant documents. Guidelines in this regard will be issued by MoD (Fin).

Modifications.

111. The construction of ships may require to accommodate unforeseen changes necessitated due to minor operational requirements of the user etc. Since it is not feasible to forecast these, a provision needs to be made for the same while obtaining CCS/CFA approval. The extent of modification cost would be examined by SPB/DPB/DAC, as the case may be. Based upon the deliberations during the accord of AoN, a percentage of the project cost will be included in the CFA approval on 'Not Exceeding Basis' for modifications, subject to a maximum of 4% of the basic cost. Any extra time required beyond the delivery date of the ship, on account of modification would be restricted to a maximum of 4% of the original contract delivery period under the project. Expenditure on single modification applicable to one / all ships of the contract, along with commensurate time extension (if any), will be approved by the following:-

- (a) COA/DDG(M&M)-without consultation of IFA for cases upto 5 Cr.
- (b) CWP&A/ADGCG without consultation of IFA for cases upto 10 Cr.
- (c) CWP&A/ADGCG with consultation of IFA for cases beyond 10 Cr.

Contingency

112. Contingency upto 2% of the basic cost excluding taxes, duties, levies may be catered for unforeseen expenditure for the project. Contingencies can be both Buyer and Seller contingencies wherein both the parties does not have any control over the situation. The expenditure on the contingencies will be considered as variable element and will not be considered as part of the basic cost of the vessel. Payment towards contingencies will be made as per actuals. Expenditure on contingencies will be approved by COA/ DDG(M&M). Contingencies, inter alia would cover the following broad categories:-

- (a) Extension of Warranty/ Guarantee to cover delays not attributable to shipyards
- (b) O&M - for additional services of engineers
- (c) Dredging requirements due unforeseen clod bursts or due to extension of delivery not attributable to shipyard

- (d) Augmentation of security measures with emerging threat perceptions
- (e) Legal Proceedings
- (f) To cover preservation cost of equipment wrt delay not attributable to shipyard
- (g) Consultancy for resolution of technical problems which surface post trials.
- (h) Any other unforeseen direct expenditure, with concurrence of COA.

Approval of CFA for Revised Project Cost.

113. After the project is approved by CFA, MoD, IHQ MoD (N), DDP and the shipyard will endeavor to ensure that the ship construction proceeds strictly as per the time schedule and cost approved. Since the projects under this section are on competitive bidding the only change feasible post first stage CFA sanction is the firm cost of variable price. Towards this the procedure outlined at Para 54 of Section A to Chapter IV is to be adopted for seeking approval of the Competent Authority for the revised cost incorporating the firm estimates of variable price components.

114. In cases of CCS, where cost revision is more than 20% of cost approved by CCS at Stage-I sanction and time overrun is more than 10% of time approved by CCS at Stage-I sanction, the proposal will be referred by SHQ to a Revised Cost Committee (RCC), prior putting up for consideration by CCS. Recommendations of the RCC shall be incorporated into the CCS Note. Action taken by SHQ would be monitored by the RCC. However, Guideline Specifications and Fixed Price component of the project are not to be revised/ changed during second stage CFA approval.

Closure of the Project

115. Closure of all accounts related to construction of a particular ship of the project is to be carried out by a Committee under the Acceptance Authority in SHQ, within a time schedule of 24 months from first reading of the D-448 document check list of the ship. Any pending shipyard liabilities at the time of account closure should be mutually valued by the Committee. The valued amount would be deducted from the PWBG.

116. The final closure of the ship construction project is to be carried out within the time schedule of 24 months from the first reading of the D-448 document check list of the last ship of the project. Where the final closure is not possible within the specified time frame, the approval of the competent authority for extension of the time limit shall be taken.

Liquidated Damages

117. In case of delay in completion of the project and if the delay is attributable to the shipyard, Liquidated Damages will be levied after a Grace Period, as amplified below:-

- (a) **Grace Period.** Grace period will be calculated at the rate of 5% of the build period (in months), subject to a minimum of one month and a maximum of three months.
- (b) **Liquidated Damages.** Beyond the Grace Period, LD will be levied at the rate of 1/100 of the delay percentage {Delay percentage = (Period of Delay wrt the build period, in Weeks) x 100 / (Build Period in weeks as per contract)} upto a limit of 10%, for every week of delay or part of a week delay (Any extension given by the buyer for delay attributable to buyer or Force Majure Clause to be factored in delivery period). Vessel cost is as defined at

Para 2 of Annexure I to Appendix F of Schedule I to Chapter IV, excluding cost for BFE and B&D spares.

Deviations and Exemptions

118. If any deviations from the prescribed procedure are envisaged and any exemptions are to be taken, approval of DAC through DPB shall be sought, as prescribed at Para 176 to Para 177 of Chapter II of DPP.

Miscellaneous

119. **RFP**. All issues related to terms and conditions of procurement would be amplified in the RFP. A standardised RFP is placed as Schedule I to this Chapter.

120. **Nomination of Equipment**. To enable standardisation, accruing the advantage of ToT, retain/select those equipment on Follow-on class/ships which are fundamental to design, interchangeability, interoperability, repair infrastructure, maintenance and support of OEM, spares logistics and inventory control, system integration, training etc, SHQ may nominate equipment from single vendor. One of the criteria for nomination of the equipment would be the compliance by the firm to submit proposals for Life Cycle Support when sought. For Weapons and related Sensors nominated on Single Vendor by SHQ, the procedure of obtaining DAC approval outlined at Para 102 to this section will be followed. For other equipment, the requirement of single vendor nomination will be vetted by a Committee comprising members from SHQ, DDP (Dte of Standardisation) and IFA (N). Based on the recommendations of the Committee, a certificate for procurement on single vendor basis, duly approved by PSO, will be issued. The nominated single vendor equipment will be indicated in the RFP.

121. In case of competitive bidding, bank guarantees will be submitted by all shipyards, including DPSUs, against non-deliverable stages. The deliverable stages will be defined in the RFP.

122. **Life Cycle Support** The life cycle support of the ship would be defined under the following two main categories:-

(a) **Life Cycle Support of the Equipment** – The life cycle support requirement of major equipment/ category of equipment would be defined under **Engineering Support package** requirement of the equipment. The **Engineering Support Package** for major equipment would be specified in the Guide Line Specifications (GLS) and or Annexure 1 to Appendix D of RFP. The shipyard would include the requirements of Engineering Support Package in its RFP to the OEMs. The RFP would include the requirements to submit proposals for Life Cycle Support in terms of Long Term Framework Contracts (5-7 years) for 100% spares (not limited to MRLS), repairs of 100% repairable inventory and man day rate for deputation of specialists. The Life Cycle Support proposals would be forwarded by Shipyard to SHQ for onward negotiations and signing of Life Cycle Support Contracts.

(b) **Equipment Nomination for Life Cycle Support**. For OEM nominated by SHQ including single vendor case, agreement for Life Cycle Support should be undertaken by SHQ with OEMs during vendor evaluation stage. Vendors who have given the undertaking to provide long term frame work contracts (5-7 years) for 100% spares (not limited to B&D and OBS), repairs of 100% repairable inventory and man days rate for deputation of specialist are only to be included as an approved vendor of IN". SHQ may nominate equipment requiring Life Cycle Support for the shipbuilding project. A committee comprising members from SHQ(steering directorate and professional directorate),DDP(Dte of Standardisation) and shipyard will vet the list of equipment envisaged for Life Cycle Support for a shipbuilding project at RFP stage.

(c) **Life Cycle Support of the Platforms** – As part of Life cycle support of Platforms, construction shipyard, should be able to undertake planned refits of ship as per Operation cum Refit Cycle, if specifically required by IN/ICG. For smaller vessels/ yard crafts, IN/ICG may seek basic cost for undertaking short/medium/long refits corresponding to SoW based on service life of Hull and equipment. The refits of any platform would be progressed under separate contracts.

123. **Preparatory Period.** To achieve design maturity for the first ship of new design projects as well as follow on projects with substantial changes in design/ equipment via-a-vis parent ship, preparatory period (not exceeding 60% of the built period) may be admissible.

Appendix A-1 to Chapter 1
(Refers to Paras 46 and 67 of
Chapter IV of DPP 20)

TERMS OF PAYMENT- SHIPS

The terms of payment may vary between each project depending upon a variety of factors such as indigenous content, necessity for building infrastructure, imports, design considerations and development of indigenous technology. The payment of Advance and Stage Payments would be disbursed through Escrow account of Shipyard. However, some broad guidelines for payment terms for multivendor cases are appended below:-

Stage	% of Vessel's Fixed Cost	Activity	Schedule to be finalized during CNC
I	10%	With signing of contract (10% of Contract Cost)	
II	10%	(a) Proof of ordering steel/ Hull Construction (b)Submission Cardinal date program me /Production PERT	
III	10%	(a) Submission of Drawing Schedule (b)Submission of detailed network of activities including Work Breakdown up to launching a Vessel (c)Submission of main hull structural drawing (d)Order for all major pre-launch items finalized and placed	
IV	5%	(a)Completion of 10% physical progress of construction and submission of weight analysis for first ship of series only (b)Submission of equipment installation schedule	
V	5%	(a)Completion of 15% physical progress of construction and submission of weight analysis for first ship of series only (b)Completion of main engines, gear boxes, grids & Seatings/m/c seating as applicable to erecting of 60% hull	
VI	10%	(a)Completion of 25% physical progress of construction and submission of weight analysis for first ship series only (b)All access holes to be cut and preparation of main seating in m/c compartment (c)Placement of order for majority equipment & systems affecting conduct of basin trials	
VII	5%	(a) Pressure test of built in tanks (b)Manufacture/procurement of W/T doors and hatches (c)Submission of network of balance activities upto delivery alongwith resource allocation	
VIII	15%	(a)Completion of machinery , equipment & fittings with associated system required for reaching pre-launch stage and submission of weight analysis for first ship of the series only (b)Launching of the vessel or equivalent stage of construction reached	
IX	5%	Completion of 40% physical progress of construction and submission of weight analysis for first ship of the series only	
X	5%	Completion of 60% physical progress of construction and submission of weight analysis for first ship of the series only	

XI	5%	Completion of 85% physical progress of construction and submission of weight analysis for first ship of the series only	
XII	5%	Completion of Basin Trials	
XIII	2.5%	(a) Completion of inclining experiments and submission of weight analysis for first ship of the series only and draft survey for subsequent ships (b) Successful completion of CST (c) Completion of Training	
XIV	2.5%	(a) Successful completion of FMT (b) Stowage of all onboard spares (c) All Documents, drawings , manuals for the ship tp be made available to the concerned agencies as per specifications (d) Completion of first reading of D-448 and acceptance of vessel (e) Handing over of life cycle support contracts of designated equipments.	
XV	5%	On completion of final reading of D 448 and completion of all guarantee liabilities	

Note :-

Payment to be made as per the defined stages and not necessarily to be linked with the sequence
For enforcing sufficiency of OBS, for a period of three years, the validity of warranty bank
guarantee should be valid for a period of three years from the delivery of last vessel.

Appendix A-2 to Chapter 1
(Refers to Paras 46 and 67 of
Chapter IV of DPP 20)

TERMS OF PAYMENT- SUBMARINES

The terms of payment may vary between each project depending upon a variety of factors such as indigenous content, necessity for building infrastructure, imports, design considerations and development of indigenous technology. . The payment of Advance and Stage Payments would be disbursed through Escrow account of the Shipyard. However, some broad guidelines for payment terms for multivendor cases are appended below:-

Stage	% of Vessel's Fixed Cost	Activity	Schedule to be finalized during CNC
I	10%	With signing of contract (10% of Contract Cost)	
II	10%	(a) Proof of ordering steel/ Hull Construction (b)Submission Cardinal date program me /Production PERT	
III	15%	(a) Submission of Drawing Schedule (b)Submission of detailed network of activities including Work Breakdown up to launching a Vessel (c)Submission of main hull structural drawing (d)Order for all major pre-launch items finalized and placed	
IV	5%	(a)Completion of 10% physical progress of construction and submission of weight analysis for first ship of series only (b)Submission of equipment installation schedule	
V	5%	(a)Completion of 15% physical progress of construction and submission of weight analysis for first ship of series only (b)Completion of main engines, gear boxes, grids & Seatings/m/c seating as applicable to erecting of 60% hull	
VI	5% 15%	(a)Completion of 25% physical progress of construction and submission of weight analysis for first ship series only (b)All access holes to be cut and preparation of main seating in m/c compartment (c)Placement of order for majority equipment & systems affecting conduct of basin trials	
VII	5%	(a) Pressure test of built in tanks (b)Manufacture/procurement of W/T doors and hatches (c)Submission of network of balance activities upto delivery alongwith resource allocation	
VIII	15%	(a)Completion of machinery , equipment & fittings with associated system required for reaching pre-launch stage and submission of weight analysis for first ship of the series only (b)Launching of the vessel or equivalent stage of construction reached	
IX	2.5%	Completion of 40% physical progress of construction and submission of weight analysis for first ship of the series only	

X	2.5%	Completion of 60% physical progress of construction and submission of weight analysis for first ship of the series only	
XI	2.5%	Completion of 85% physical progress of construction and submission of weight analysis for first ship of the series only	
XII	2.5%	Completion of Basin Trials	
XIII	2.5%	(a) Completion of inclining experiments and submission of weight analysis for first ship of the series only and draft survey for subsequent ships (b) Successful completion of CST (c) Completion of Training	
XIV	2.5%	(a) Successful completion of FMT (b) Stowage of all onboard spares (c) All Documents, drawings , manuals for the ship tp be made available to the concerned agencies as per specifications (d) Completion of first reading of D-448 and acceptance of vessel (e) Handing over of life cycle support contracts of designated equipments.	
XV	5%	On completion of final reading of D 448 and completion of all guarantee liabilities	

Note:-

Payment to be made as per the defined stages and not necessarily to be linked with the sequence
For enforcing sufficiency of OBS, for a period of three years,the vailidy of warranty bank guarantee
should be valid for a period of three years from the delivery of last vessel.

Appendix B to Chapter 1
(Refers to Paras 46 and 67 of
Chapter IV of DPP 20)

TERMS OF PAYMENT - YARD CRAFTS/AUXILIARIES

In addition to the broad guidelines indicated in Appendix A to Chapter IV, a seven stage indicative guideline for yard crafts is given below:-

Stage	% of Vessel's cost	Activity	Pre-Requisites
I	5%	On signing of the Contract (10% of Contract of the cost)	On submission of bank guarantee of equal value and performance – cum-Warranty Bond of 5% of the contractual cost. DPSUs may submit indemnity bond when nominated.
II	20%	(a) Proof of ordering of steel/Hull construction Material (b) Submission of cardinal date (c) Submission of main hull structural drawings. (d) Order for all major pre-launch items finalized and placed (e) Order for all major pre-launch items finalized and placed. (f) Erection of equipment schedule. (g) Submission of equipment of equipment schedule. (h) Completion of main engines, Gear box girders & seatings / machinery seatings as applicable to erection of 40% hull.	To be certified by owner's rep/overseer.
III	10%	(a) Completion of main engines, gear box girders & seatings /machinery seatings as applicable to erection of 70% hull. (b) All access holes to be cut and preparation of main seatings in machinery compartment. (c) Manufacture /procurement of W/T doors and hatches (d) Pressure test of built in tanks (e) Submission of network of balance	To be certified by Owner's rep/Overseer.

		activities	
IV	15%	(a) Erection of 100% main hull (b) Placement of order for major equipment & system affecting conduct of basin trials (c) Pressure test of built in tanks (d) Submission of network of balance activities	To be certified by Owner's rep/Overseer.
V	15%	(a) Completion of installation of machinery, equipment and fittings with the associated systems required for reaching pre launch stage. (b) Launching of vessels or equivalent stage of construction reached. Note. If large amount of machinery is to be placed after the launch of the vessel, this stage may be split into two @10% or 7.5% each	To be certified by Owner's rep/Overseer.
VI	30%	(a) Completion of Basin Trials (b) Completion of inclining experiment and draft survey for subsequent crafts (c) Successful completion of contractor's sea trials (form part of vessel acceptance trials) (d) Successful completion of final machinery trials (e) Stowage of all on-board spares (f) All documentation, drawings , manuals for the ship to be made available to the concerned agencies as per specifications (g) Completion of first reading of D-448 and acceptance of the vessel.	To be certified by Owner's rep/Overseer.
VII	5%	All defects, deficiencies and contractor's liabilities including guarantee repairs & dry docking to be completed.	To be certified by Owner's rep/Overseer.

Note :-

Payment to be made as per the defined stages and not necessarily to be linked with the sequence
For enforcing sufficiency of OBS, for a period of three years, the vailidy of warranty bank
guarantee should be valid for a period of three years from the delivery of last vessel.

Appendix “C’ to Chapter IV
(Refers to Para 12 and 68 to Chapter IV)

GUIDELINES ON CAPACITY ASSESSMENT
INDIAN SHIPBUILDING ENTITIES

1. In accordance with Para 12 & 68 of Chapter IV (Procedure for Defence Ship Building) of DPP 20, there is a need to undertake Capacity Assessment of a shipbuilding entity (shipyard/company/JV) prior recommending an entity for nomination/ issuance of RFPs for ship or yardcraft construction. This is aimed at determining the capability of the entity to undertake the intended shipbuilding activity. The assessment would include technical & financial capacity/ capability including infrastructure of the entity. Such an assessment would ensure that only entities with requisite capacity and capability are permitted to participate in the Indian Naval ship and yard craft building projects.

2. **Technical and Financial Assessment Parameters.**

(a) **Technical Capacity Assessment (TCA) Parameters.** Technical Capacity Assessment of the entities would be undertaken against objective parameters listed at Annexure I for each ship category. **It is mandatory for the bidder to qualify all parameters listed at Annexure I.**

(b) **Financial Assessment Parameters.** Financial Assessment Parameters for each category of ship defined at Annexure II would be included in the EFP of the project. Assessment of the financial status of the entity vis-à-vis the parameters indicated in the RFP would be undertaken prior to commencement of TEC, by the Financial Parameter Evaluation team (FPET), constituted by SHQ with broad time frame for completion being 04 weeks from the dated of opening of Technical Bids. FPET shall include a Finance member {Rep from the MoD (Fin) for non-delegated power case(s) and rep from PIFA (Cap) for delegated power case(s)} in addition to listed TEC members, FPET would be completed within four weeks. **For delegated power cases in all situations, FPET would be approved by the SHQ. For MoD cases where all entities participating in the RFP are found compliant, the FPET report would be approved by the SHQ. However, in case an entity or entities participating in the RFP are found non-compliant to the Financial Assessment Parameters, the FPWT report would be approved by DG(Acq).** TEC would be progressed only for entities qualifying the stipulated financial parameters.

3. **Assessment of Entities**

(a) **Acquisition by Nomination.** If validity of Technical Capacity Assessment of entities proposed for nomination by MoD/DDP for a particular project/ship category has expired, SHQ would undertake Technical Capacity Assessment of entities indicated, against objective parameters listed at Annexure I. Names of entities qualifying all Technical Parameters, shall be forwarded to MoD/DPP and MoD/Acq Wing prior processing the case for AoN.

(b) **Acquisition of Competitive Basis.** The procedure for assessing the entities for undertaking a project on Competitive Basis is amplified in the subsequent paragraphs.

4. **Technical Capacity Assessment.** The Technical Capacity Assessment of entities including DPSUs/PSUs/State PSUs and private entities would be undertaken as per the amplification orders to be issued by SHQ, by a Standing Committee comprising of the following and would be approved by CWP&A:-

- | | | | |
|-----|---------------------------------|--------|----------------------------------|
| (a) | ACWP&A | - | Chairman |
| (b) | Commodore(SP) | - | Member |
| (c) | PD (Ship Acq) | - | Member from Coast Guard |
| (d) | Rep IHQ MoD ((N)/DND (Captain)- | Member | |
| (e) | Rep IHQ MoD ((N)/DNP | - | Member |
| (f) | Cdr(SP) | - | Member Secretary from IHQ MoD(N) |

5. **Initiation of Technical Capacity Assessment (TCA).** The Technical Capacity Assessment of entity would be coordinated by SHQ, on either of the following occasions for which amplifying orders shall be issued by SHQ:-

- (a) On application as new entity, or, on expiry of its existing validity.
- (b) If an entity whose Technical Capacity Assessment has not been undertaken over the last two years responds to the RFI for construction of a Naval/ICG vessel/yardcraft.
- (c) Entity responding for a project of a higher category (higher than the technically cleared lower category) subject to meeting the Technical parameters at Annexure I.
- (d) As and when deemed necessary by SHQ/MoD.

6. **Technical Capacity Assessment Procedure.** As a part of fresh TCA, the technical assessment shall be undertaken as follows:-

(a) **Technical Capacity Assessment by Warship Overseeing Team (WOT).**

(i) Details of infrastructure available would be sought from entities by SHQ, to assess parameters provided in Annexure I to these Guidelines. Entities failing to provide all relevant documents within three months of the notice would be given an additional month for submitting the requisite documents, failing which an entity would be declared 'Not Qualified' and would not be eligible for participating in any RFP (for ship categories for which valid TCA Certificate is not held) for the next six months, or, till obtaining TCA certificate for SHQ, whichever is later.

(ii) The relevant WOT shall carry out initial technical capacity assessment of the entity's capacity and capability.

(iii) The Technical Capacity Assessment would entail physical inspection of the entity's facilities and infrastructure, to validate the TCA pro-forma/ inputs submitted by the entity.

(iv) The initial technical capacity assessment report, along with the nominated WOT recommendations, would be forwarded to SHQ for appraisal and approval.

(b) Technical Capacity Assessment Report

(i) The Standing Committee would thereafter study the initial Technical Capacity Assessment report and visit the concerned entity, as necessary, as per the amplification orders to be issued by SHQ.

(ii) Additional members, where and if required, may be co-opted into the committee, to validated specific issues/aspects of the entity being assessed.

(iii) If the entity is found suitable, a Technical Capacity Assessment (TCA) certificate shall be issued by SHQ, indicating the maximum light ship displacement, LOA, beam, draught and air draught (as applicable), along with the approved categorisation for which the entity has been cleared, based on the entity's infrastructure. The TCA to be issued within 45 days of receipt of all documents, shall remain valid for two years from the date of issue.

(iv) If any entity is found unsuitable, it shall be informed of areas on which they have been disqualified.

7. RFPs for construction of warships and yardcraft are to be issued only to entities with a valid Technical Capacity Assessment certificate for type/category of vessel cleared. Entities failing to either submit complete documents within the stipulated period of three months, or failing to meet the stipulated criteria, would not be considered for issuance of RFP (for ship categories for which valid TCA Certificate is not held), for the next six months or till obtaining TCA certificate, whichever is later.

8. **Re-validation of Technical Capacity Assessment.** The entity is required to forward to IHQ Mod (N)/ DSP, all requisite documents as per the TCA proforma, three months prior to expiry of Technical Capacity Assessment. In the eventuality of an entity not submitting valid documents or an entity whose TCA is pending at SHQ due to non-submission of complete documents, the entity would be given an additional month for submitting the requisite documents, failing which the entity would be declared 'Not Qualified' and would not be eligible for participating in any RFP (for ship categories for which valid TCA Certificate is not held) for the next six months, or till obtaining TCA certificate from SHQ, whichever is later.

Annexure I to Appendix 'C' to Chapter IV

(Refers to Para 2(a) & 3(a) of Appendix 'C' to Chapter IV)

**TECHNICAL CAPACITY ASSESSMENT PARAMETERS FOR SHIPBUILDING
PROJECTS**

Sl	Category/T ype of Vessels Naval/ICG Ship Category	CAT A	CAT A*	CAT B	CAT C	CAT D	CAT D*
	Parameter	Weapon Intensive Warships Destroyers and Frigates, etc (WE>5000T)	Weapon Intensive Warships (Wt<5000T) Frigates, Corvetters, etc	Low Weapon Intensive Warships (LCV,OPV,ASW craft, Missile Vessels, Training Ships, Pollution Control Vessel, MPV, etc)	Aux. Ship & Support Vessels (Survey Vessels, DSV, FAC, FPV,IB etc)	Minor Naval Combatant & Yardcraft (FIC*, ISV*, Ferry Craft, Tugs, Supply Vessels, IC,Auxiliary Barges, Harbour Craft, etc)	Non-Propelled Yardcraft (Yardcraft, Barges, Pontoons etc)
1.	Warship Constructio n License	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory for Starred (*) ships. Class certification on stability to be provided for remaining	Not mandatory. Class certification on stability to be provided

Sl	Category/ Type of Vessels Naval/ICG Ship Category	CAT A	CAT A*	CAT B	CAT C	CAT D	CAT D*
	Parameter	Weapon Intensive Warships Destroyers and Frigates, etc (WE>5000T)	Weapon Intensive Warships (Wt<5000T) Frigates, Corvetters, etc	Low Weapon Intensive Warships (LCV,OPV,A SW craft, Missile Vessels, Training Ships, Pollution Control Vessel, MPV, etc)	Aux. Ship & Support Vessels (Survey Vessels, DSV, FAC, FPV,IB etc)	Minor Naval Combatant & Yardcraft (FIC*, ISV*, Ferry Craft, Tugs, Supply Vessels, IC,Auxiliary Barges, Harbour Craft, etc)	Non- Propelled Yardcraft (Yardcraft,B arges, Pontoons etc)
3.	Water Frontage/ Outfitting & Berthing Facilities with support services	Berth greater than 125m with water depth greater than 5m (at all times)	Berth greater than 90m with water depth greater than 4m (at all times)	Berth greater than 60m with water depth greater than 4m (at all times)	Berth greater than 40m with water depth greater than 3m (at all times)	Firms to indicate modalities of floating out and outfitting.	Firms to indicate modalities of floating out and outfitting.
4.	Lifting capacity	Capability to lift Minimum 150T on building berth and 50T on outfitting berth with all round reach	Capability to lift Minimum 150T on building berth and 50T on outfitting berth with all round reach	Capability to lift Minimum 100T on building berth and 25T on outfitting berth with all round reach	Capability to lift Minimum 40T on building berth and 20T on outfitting berth with all round reach	Capability to lift Minimum 10T on building berth and 05T on outfitting berth with all round reach	Capability to lift Minimum 5T on building berth and 02T on outfitting berth with all round reach
5.	Steel Stockyard Capacity	Storage for 8,000T steel	Storage for 5,000T steel	Storage for 3,000T steel	Storage for 1500T steel	Storage for 300T steel	Storage for 100T steel

Sl	Category/ Type of Vessels Naval/ICG Ship Category	CAT A	CAT A*	CAT B	CAT C	CAT D	CAT D*
	Parameter	Weapon Intensive Warships Destroyers and Frigates, etc (WE>5000T)	Weapon Intensive Warships (Wt<5000T) Frigates, Corvetters, etc	Low Weapon Intensive Warships (LCV,OPV,A SW craft, Missile Vessels, Training Ships, Pollution Control Vessel, MPV, etc)	Aux. Ship & Support Vessels (Survey Vessels, DSV, FAC, FPV,IB etc)	Minor Naval Combatant & Yardcraft (FIC*, ISV*, Ferry Craft, Tugs, Supply Vessels, IC,Auxiliary Barges, Harbour Craft, etc)	Non- Propelled Yardcraft (Yardcraft,B arges, Pontoons etc)
6.	Steel Fabrication	CNC machines and automatic/semi-automatic welding facilities with min capacity of 500T fabrication monthly.	CNC machines and automatic/semi-automatic welding facilities with min capacity of 500T fabrication monthly.	CNC machines and automatic/semi-automatic welding facilities with min capacity of 300T fabrication monthly.	CNC machines and automatic/semi-automatic welding facilities with min capacity of 300T fabrication monthly.	Min capacity of 300T fabrication monthly.	Min capacity of 300T fabrication monthly.
7.	Steel bending and forming facility	In-house for thickness till 20mm	In-house for thickness till 20mm	In-house for thickness till 20mm	Lesser than 20mm (Firms to indicate in-house/outsourced capacity)	Lesser than 12mm (Firms to indicate in-house/outsourced capacity)	Lesser than 8/10mm (Firms to indicate in-house/outsourced capacity)
8.	Exposure to Shipbuilding	Demonstrated capacity in Construction and successful	Demonstrate capacity in Construction and successful	Demonstrated capacity in Construction and successful	Demonstrated capacity in Construction and successful	Demonstrated capacity in Construction and successful	Demonstrated capacity in Construction and successful

Sl	Category/Type of Vessels Naval/ ICG Ship Category	CAT A	CAT A*	CAT B	CAT C	CAT D	CAT D*
	Parameter	Weapon Intensive Warships Destroyers and Frigates, etc (Wt>5000T)	Weapon Intensive Warships (Wt<5000T) Frigates, Corvettes etc	Low Weapon Intensive Warships (LCU, OPV, ASW craft, Missile Vessels, Training Sips, Pollution Control Vessel, MPV, etc)	Aux. Ship & Support Vessels (Survey Vessels, ASV, FAC, FPV, IB, etc)	Minor Naval Combatant & Yardcraft (FIC, ISV*, Ferry Craft, Tugs, Supply Vessels, IC, Auxiliary Barges, Harbour Craft etc)	Non- Propelled Yard craft (Yard craft/Barge s, Pontoons etc)
		delivery of at least one Warship of CAT 'A*' / B except LCU/PCV with experience in installation of weapons/ Sensors	delivery of at least one Warship of CAT B except LCU/PCV with experience in installation of weapons/ Sensors	delivery of at least one ship of CAT C	delivery of at least one Warship of CAT C or a self-propelled vessel of light ship displacement greater than 500T.	delivery of at least one non propelled vessel (as applicable)	Pontoons, buoys etc. under class rules.
9.	Quality Control	Must hold ISO 9001:2015 and OHSAS 18001:2007 or later certification	Must hold ISO 9001:2015 and OHSAS 18001:2007 or later certification	Must hold ISO 9001:2015 and OHSAS 18001:2007 or later certification	Must hold ISO 9001:2015 and OHSAS 18001:2007 or later certification	Must hold ISO 9001:2015 certification	Must hold ISO 9001:2015 certification

Note 1:-

(a) For Platforms larger than those indicated in CAT 'A', eligible shipyard would be shortlisted by an appraisal committee on a case to case basis.

(b) For platforms not defined in the above categorisation, the TCA committee based on the platform's role, maximum light ship displacement, LOA, beam, draught and air draught (as applicable) and capabilities, would forward recommendation on the platform's categorisation for approval by DG(Acq).

(c) In eventually of a new entity taking over an Indian shipyard/ entity, the existing exposure to shipbuilding of the Indian shipyard/ new entity would be considered in for the above Categorisation.

(d) The following additional condition would be applicable for undertaking TCA of a Joint Venture:-

(i) The Joint Venture firm should be a registered Indian company having 'Warship Construction licence' or 'Class Certification' as indicated at Sl 1 of the Table.

- (ii) The assessment would be undertaken based on the technical infrastructure available in India, either with the JV firm or with individual JV members.
- (iii) For considering eligibility in the criteria of 'Exposure to Shipbuilding', either the capability of the JV firm or of at least one of its members would be considered.

Note 2 :- Indicative list of Documents to be submitted by entities for Technical Capacity Assessment is as follows:-

(a)	Type of Entity- Size/ Classification of Entity (Proprietary/ Partnership/ Public Limited Company/ Government PSU/ JV/ Small Scale/ Medium Scale/ Large Scale Entity)
(b)	Warship Production & Factory License
(c)	Valid/ Current Certification of Class for Building Dock, slipway, ship lift with dimensional details clearly indicating the maximum light ship displacement, LOA, beam, draught and air draft (as applicable) of vessel which can be handled.
(d)	Valid/ Current Certification of Class for water frontage/ jetty/ outfitting and berthing facilities clearly indicating dimensional details of berth available with minimum depth at all times.
(e)	Details of Load test/ safe to work certificate clearly indicating lifting capacity of cranes hoists and horizontal transporters at building dock, outfitting jetty, inside shops, mobile cranes and Gantries along with details of largest block that can be handled.
(f)	Details with layout (approved by Factory Inspector) of the shipyard indicating the capacity of app covered and uncovered areas of Steel Stockyard, Blasting & Printing, Equipment Stores, Hull Production Shop, Pipe Production Shop, Galvanizing Bay, Machine Shop, Pre-Outfitting Shop, Paint Shop & Paint Store and Electrical Shop.
(g)	Self-Certification of facilities indicating the minimum capacity of monthly steel fabrication.
(h)	Self-Certification of facilities like welding, forming, cutting, bending, blasting, pipe fabrication, control techniques to minimise deformations and other production machinery & electrical installations indicating technical specifications and in house capabilities.
(j)	Details of Ships delivered classified by tonnage and propulsion.
(k)	Details of Collaboration if any (Indian/Foreign)
(m)	Copy of certificate from ISO and OHSAS
(n)	Additional documents iaw amplification orders issued by SHQ

Annexure II to Appendix 'C' to Chapter IV

(Refers to Para 68 to Chapter IV and Para 2(b) of Appendix 'C' to Chapter IV)

FINANCIAL ASSESSMENT PARAMETERS FOR SHIPBUILDING PROJECTS

Eligibility and Qualification Criteria			CAT F1	CAT F2	CAT F3	CAT F4	CAT F5	Documentation Required (To be submitted along with the bid)
			Outflow required for the Project per Year = Estimated Value of Contract/ Number of Years prescribed for completion of the Project					
Sl	Subject	Requirement	Rs 3000 Cr and above	Greater than Rs 1000 Cr and less than or equal to Rs 3000 Cr)	Greater than Rs 75 Cr and less than or equal to Rs 10000 Cr)	Greater than Rs 25 Cr and less than or equal to Rs 75 Cr	Lesser than or equal to Rs 25 Cr	
1.	Credit Rating	Credit Rating from RBI approved Credit Rating Agencies at time of bid submission till declaration of L1. Latest Credit rating to be submitted by the TEC-qualified entities at time of	Minimum A or equivalent.	Minimum A or equivalent	Minimum BBB or equivalent	Minimum BB or equivalent	Minimum BB or equivalent	Credit Rating Certificate from RBI approved agencies.

Eligibility and Qualification Criteria			CAT F1	CAT F2	CAT F3	CAT F4	CAT F5	Document ation Required (To be submitted along with the bid)
			Outflow required for the Project per Year = Estimated Value of Contract/ Number of Years prescribed for completion of the Project					
Sl	Subject	Requirement	Rs 3000 Cr and above	Greater than Rs 1000 Cr and less than or equal to Rs 3000 Cr)	Greater than Rs 75 Cr and less than or equal to Rs 10000 Cr)	Greater than Rs 25 Cr and less than or equal to Rs 75 Cr	Lesser than or equal to Rs 25 Cr	
		CNC						
2.	Average Annual Turnover	Minimum average turnover of the bidder during the best three out of five FYs calculated as per audited balance sheets.	15% of 20 outflow required for the Project per year at time of bid submission	20% outflow required for the Project per year at time of bid submission	30% outflow required for the Project per year at time of bid submission	40% outflow required for the Project per year at time of bid submission	50% outflow required for the Project per year at time of bid submission	FORM-1 (Annexure I to Appendix ‘O’ to Schedule I of Chapter IV)
3.	Working Capital	Working Capital shall be more than or equivalent to 25% of Outflow required for the project per year	The bidder shall demonstrate access to unutilised line of credit/ overdraft facility/ cash credit facility from its consortium of Banks during bid submission code a letter issued by the Bank or lead Bank of the consortium. Alternatively or complimentarily, the Bidder should demonstrate liquid asset in the form of cash/ marketable securities in its Balance Sheet. The amount required as working capital for the project would be indicated in the RFP.					FORM-2 (Annexure II to Appendix ‘O’ to Schedule I of Chapter IV)

Eligibility and Qualification Criteria			CAT F1	CAT F2	CAT F3	CAT F4	CAT F5	Documentation Required (To be submitted along with the bid)
			Outflow required for the Project per Year = Estimated Value of Contract/ Number of Years prescribed for completion of the Project					
Sl	Subject	Requirement	Rs 3000 Cr and above	Greater than Rs 1000 Cr and less than or equal to Rs 3000 Cr)	Greater than Rs 75 Cr and less than or equal to Rs 10000 Cr)	Greater than Rs 25 Cr and less than or equal to Rs 75 Cr	Lesser than or equal to Rs 25 Cr	
4.	Annual Turnover for CAT F4 & F5	Exclusion of entities with average annual turnover (average of best 3 of last five FYs) of Rs 500 Cr and above, from participating in projects with per year project outflow lesser than or equal to Rs 75 Cr)	N.A.				Average Annual Turnover less than Rs 500 Cr at the time of bid submission	FORM-1 (Annexure I to Appendix 'O' to Schedule I of Chapter IV)

Note:-

- (a) Credit Rating should only be from RBI approved Credit Rating Agencies.
- (b) Annual Turnover is defined as “Annual Sales volume net of all discounts, taxes and interest earnings etc. excluding extraordinary income”.
- (c) The Audited Balance Sheets, Profit and Loss Account and cash flow statement of Group Companies shall not be considered for evaluation.
- (d) Annual Turnover would be substantiated through (i) Audited Balance Sheets of the relevant financial years, provided the figures, are stated in the Balance Sheet(s) or (ii) Specific certificate(s) issued by its Statutory Auditors
- (e) In case of a Joint Venture, the JV firm should meet all the above mentioned financial criteria for the project.
- (f) In case of a new formed Joint Venture (less than 05 year old), the Financial Criteria will be assessed as follows:-
 - (i) **Credit Rating** - The lead JV partner should meet the minimum credit rating required for the category.
 - (ii) **Average Annual Turnover** - Would be based on the turnover of individual JV members on the ratio of their share holding pattern based on the audited balance sheets.
 - (iii) **Working Capital** - JV firm should meet the Working Capital requirement.

Appendix 'O' to Schedule I to Chapter IV

(Refers to Para 1(d), 27, 28 & 41(b) of Schedule I to Chapter IV)

FINANCIAL ASSESSMENT PARAMETERS FOR SHIPBUILDING PROJECTS

Eligibility and Qualification Criteria			CAT F1	CAT F2	CAT F3	CAT F4	CAT F5	Documentation Required (To be submitted along with the bid)
			Outflow required for the Project per Year = Estimated Value of Contract/ Number of Years prescribed for completion of the Project					
Sl	Subject	Requirement	Rs 3000 Cr and above	Greater than Rs 1000 Cr and less than or equal to Rs 3000 Cr)	Greater than Rs 75 Cr and less than or equal to Rs 10000 Cr)	Greater than Rs 25 Cr and less than or equal to Rs 75 Cr	Lesser than or equal to Rs 25 Cr	
1.	Credit Rating	Credit Rating from RBI approved Credit Rating Agencies at time of bid submission till declaration of L1. Latest Credit rating to be submitted by the TEC-qualified	Minimum A or equivalent.	Minimum A or equivalent	Minimum BBB or equivalent	Minimum BB or equivalent	Minimum BB or equivalent	Credit Rating Certificate from RBI approved agencies.

Eligibility and Qualification Criteria			CAT F1	CAT F2	CAT F3	CAT F4	CAT F5	Documentation Required (To be submitted along with the bid)	
			Outflow required for the Project per Year = Estimated Value of Contract/ Number of Years prescribed for completion of the Project						
Sl	Subject	Requirement	Rs 3000 Cr and above	Greater than Rs 1000 Cr and less than or equal to Rs 3000 Cr)	Greater than Rs 75 Cr and less than or equal to Rs 10000 Cr)	Greater than Rs 25 Cr and less than or equal to Rs 75 Cr	Lesser than or equal to Rs 25 Cr		
		entities at time of CNC							
2.	Average Annual Turnover	Minimum average turnover of the bidder during the best three out of five FYs calculated as per audited balance sheets.	15% of 20 outflow required for the Project per year at time of bid submission	20% outflow required for the Project per year at time of bid submission	30% outflow required for the Project per year at time of bid submission	40% outflow required for the Project per year at time of bid submission	50% outflow required for the Project per year at time of bid submission	FORM-1 (Annexure I to Appendix ‘O’ to Schedule I of Chapter IV)	
3.	Working Capital	Working Capital shall be more than or equivalent to 25% of Outflow required for the project per year	The bidder shall demonstrate access to unutilised line of credit/ overdraft facility/ cash credit facility from its consortium of Banks during bid submission code a letter issued by the Bank or lead Bank of the consortium. Alternatively or complimentarily, the Bidder should demonstrate liquid asset in the form of cash/ marketable securities in its Balance Sheet. The amount required as working capital for the project would be indicated in the RFP.						FORM-2 (Annexure II to Appendix ‘O’ to Schedule I of Chapter IV)

Eligibility and Qualification Criteria			CAT F1	CAT F2	CAT F3	CAT F4	CAT F5	Documentation Required (To be submitted along with the bid)
			Outflow required for the Project per Year = Estimated Value of Contract/ Number of Years prescribed for completion of the Project					
Sl	Subject	Requirement	Rs 3000 Cr and above	Greater than Rs 1000 Cr and less than or equal to Rs 3000 Cr)	Greater than Rs 75 Cr and less than or equal to Rs 10000 Cr)	Greater than Rs 25 Cr and less than or equal to Rs 75 Cr	Lesser than or equal to Rs 25 Cr	
4.	Annual Turnover for CAT F4 & F5	Exclusion of entities with average annual turnover (average of best 3 of last five FYs) of Rs 500 Cr and above, from participating in projects with per year project outflow lesser than or equal to Rs 75 Cr)	N.A.			Average Annual Turnover less than Rs 500 Cr at the time of bid submission	FORM-1 (Annexure I to Appendix 'O' to Schedule I of Chapter IV)	

Note :-

- (a) Credit Rating should only be from RBI approved Credit Rating Agencies.
- (b) Annual Turnover is defined as “Annual Sales volume net of all discounts, taxes and interest earnings etc. excluding extraordinary income”.
- (c) The Audited Balance Sheets, Profit and Loss Account and cash flow statement of Group Companies shall not be considered for evaluation.
- (d) Annual Turnover would be substantiated through (i) Audited Balance Sheets of the relevant financial years, provided the figures, are stated in the Balance Sheet(s) or (ii) Specific certificate(s) issued by its Statutory Auditors
- (e) In case of a Joint Venture, the JV firm should meet all the above mentioned financial criteria for the project.
- (f) In case of a new formed Joint Venture (less than 05 year old), the Financial Criteria will be assessed as follows:-
 - (iv) **Credit Rating** - The lead JV partner should meet the minimum credit rating required for the category.
 - (v) **Average Annual Turnover** - Would be based on the turnover of individual JV members on the ratio of their share holding pattern based on the audited balance sheets.
 - (vi) **Working Capital** - JV firm should meet the Working Capital requirement.

Annexure I to Appendix 'O' to Schedule I to Chapter IV
(Refers to Sl. (2) & (4) to Appendix 'O' of Schedule I to Chapter IV)

FORM-1

AVERGAE ANNUAL TURNOVER

(This is a suggested format, which may vary depending on User requirements)

(Financial Qualification Attribute No 2 & 4)

Subject: Application for Pre-Qualification for Construction of XXXX Project

(The following table shall be filled in for the Applicant)

Applicant's name: (insert full name):

ANNUAL TURNOVER	
Year (Financial year to be indicated by Applicant)	Amount INR
(indicate Financial year)	(insert amount in INR)
Average Annual Turnover**	

According to the information, explanations and documents provide by the Applicant to us, we certify that the above information is correct to the best of our knowledge and belief.

.....(Signature of the Statutory Auditor)

The Annual Turnover of Group Companies, shall not be considered for evaluation. The Applicants are advised to strictly adhere to this requirement and submit the Balance Sheets, specific certificate issued by its Statutory Auditors or in case the accounts of the Applicant are not required to be statutorily audited, certified in accordance with local legislation, certificate(s) issued by the clients in the name of the Applicant only

.....(Full Name of the Statutory Auditor)

.....(Name of the Statutory Auditor's Firm)

.....(Complex Address of the Statutory Auditor's Firm)

.....(Telephone/fax numbers, including country and city codes)

.....(Email of Statutory Auditor)

.....(Seal of Statutory Auditor)

Membership No. of the Statutory Auditor

- Annual Turnover should be substantiated through (i) Audited Balance Sheets of the relevant financial years, provided the figures, are stated in the Balance Sheet(s) or (ii) Specific certificate(s) issued by its Statutory Auditors or in case the accounts of the Applicant are not required to be statutorily audited, certified in accordance with local legislation or (iii) Certificate(s) issued by the Clients.

- **Total INR equivalent for best three out of five FYs divided by the 3.

Annexure II to Appendix 'O' to Schedule I to Chapter IV
(Refers to Sl. (3) to Appendix 'O' of Schedule I to Chapter IV)

FORM-2

FINANCIAL SITUATION OF THE APPLICANT

(This is a suggested format, which may vary depending on User requirements)

(Financial Qualification Attribute No. 3)

Subject: Application for Pre-Qualification for Construction of XXXX Project

(The following table shall be filled in for the Applicant)

Applicant's Name: *(insert full name)*

1. Financial Data

Type of Financial information (in INR)	Historic information for previous 5 (Five) Years				
	Year 5	Year 4	Year 3	Year 2	Year 1
Statement of Financial Position (Information from Audited Balance Sheet)					
A. Total Assets (TS) (Excluding Deferred Expenditure and Losses)					
B. Total Outside Liabilities (TL) (Long Term Liabilities and Current Liabilities and Provisions)					
C. Revaluation Reserve					
D. Net Worth = A-B-C					
E. Current Assets (CA)					
F. Current Liabilities and Provisions (CL)					
G. Working Capital = E-F					
H. Proposed specific line of credit agreed by commercial Bank and/or any other source of finance for the subject contract	N/A	N/A	N/A	N/A	
I. Total Available Working Capital (G+H) for the subject contract)	N/A	N/A	N/A	N/A	

Type of Financial information (in INR)	Historic information for previous 5 (Five) Years				
	Year 5	Year 4	Year 3	Year 2	Year 1
J. Working Capital requirements for current contract commitments	N/A	N/A	N/A	N/A	
K. Source of Finance for current contract commitments	N/A	N/A	N/A	N/A	
L. Working Capital available after meeting the Working Capital requirements for current contract commitments (I-J+K)	N/A	N/A	N/A	N/A	
III. Financial Soundness					
M. Net Worth					
N. Profit before taxes					
O. Profit after taxes					

2. Financial documents

- (a) The Audited Balance Sheets, Profit and Loss Account and cash flow statement of Group Companies, shall not be considered for evaluation. The Applicants are advised to strictly adhere to this requirement and submit the above statement of the Applicant.
- (b) The Applicant shall attach copies of the Audited Balance Sheets or, if not required by the laws of the Applicant's country, other Financial Statements for 5 (five) years preceding the Applicant Due Date, which shall:
- Reflect the financial of the Applicant, and not an affiliated entity;
 - Be statutorily audited or in case the accounts of the Applicant are not required to be statutorily audited, certified in accordance with local legislation;
 - Be complete, including all notes attached thereto;
 - Correspond to accounting periods already completed and audited (no statements for partial periods shall be requested or accepted).

3. Note:

- (a) Year 1 will be the latest completed financial year, preceding the Applicant Due Date. Year 2 shall be the year immediately preceding Year 1 and so on. For the avoidance of doubt, financial year shall, for the purposes of the Applicant hereunder, mean the accounting year followed by the Applicant in the normal course of its business
- (b) If the most recent set of Balance Sheet or the Financial Statement, as the case may be, is for a period earlier than 12 months from the date of application, justification should be provided for the same.

SCHEDULE I TO CHAPTER 1
DRAFT RFP FORMAT FOR
SHIP BUILDING

Schedule I to Chapter 1
(Refers to Para 69 of Chapter IV
of DPP 20)

Tel: 011-23011540

Fax: 011-23017684

**(THIS RFP PROVIDES A STANDARDISED FORMAT FOR GUIDELINES. IT MAY BE
VARIED DEPENDING ON USER REQUIREMENTS, TYPE/COMPLEXITY OF
VESSEL(S)/EQUIPMENT/MACHINERY/TEST EQUIPMENT AND OPERATIONAL
IMPERATIVES. SHQ MAY ALTER IT AS PER THEIR SERVICE REQUIREMENTS)**

***Technical Manager
(Maritime & Systems)
Room No. 05, D-II Wing
Ground Floor
Sena Bhawan
New Delhi-110011***

Date

To

**REQUEST FOR TECHNICAL AND COMMERCIAL BIDS FOR PROCUREMENT
OF (TYPE OF VESSEL) FOR THE INDIAN NAVY/COAST GUARD**

Dear Sir,

1. The Ministry of Defence/Integrated Head Quarters, Ministry of Defence (Navy) [IHQ MoD (N)]/Coast Guard, Government of India, intends to procure (type and No.s of vessel(s)) This Request for Proposal (RFP) consists of four parts as indicated below:-
 - (a) **Part I.** The first part contains the general requirements comprising the type of vessel(s)/Yard crafts/auxiliaries etc (hereinafter referred to as vessel(s)), the numbers required, associated equipment, the time frame for deliveries, the environmental parameters for functioning, conditions of usage and maintenance, requirement for training, Maintenance Support Package (MSP), aspects related to Life Cycle Support of the equipment Offset obligations and warranty conditions etc. It includes procedure and last date and time for submission of bids.
 - (b) **Part II.** The second part of the RFP incorporates the aspects of SQRs describing the technical requirements for the construction of the vessel(s) and installation of the associated equipment. The detailed operational characteristics and technical parameters and other relevant features that should be met by the vessel(s)/equipment are elucidated at **Appendix A**. The bidder would be required to offer certain equipment for field evaluation on a “No Cost No Commitment” basis (if applicable)
 - (c) **Part III.** The Third part of the RFP consists of Commercial clauses of contract. The bidders are required to give confirmation of their acceptance of these clauses. The term bidder is used for the shipyard who will participate in the bidding process. The L1 bidder would be termed as Seller.

(d) **Part IV.** The fourth part of the RFP consists of criteria for evaluation and acceptance of bids in term of financial assessment parameters (**Appendix 'O'**) technical and commercial Contents, evaluation criteria and price bid format. Submission of incomplete details in price bid format will render the bid liable for rejection.

2. This RFP is being issued under, namely; 'Buy (Indian- IDDM)', 'Buy (Indian)', 'Buy and Make (Indian)', 'Buy and Make', 'Buy (Global)- Manufacturing in India', Buy (Global), 'Leasing', 'Design and Development/ Innovation', and 'Strategic Partnership category (as applicable) as described at Para 7 to 15 of Chapter I of DPP The Indigenous Content as specified in **Appendix A** of Chapter **I** of **DPP 2020** will be based on the basic cost of the vessel (as per Sl 2(b) of Price Bid format at **Appendix G** of this RFP).

(a). The Firm / Company / Vendor will submit an undertaking that they are currently not banned / debarred / suspended from doing business dealings with Government of India / any other government organisation and that there is no enquiry going on by CBI / ED / any other government agencies against them. In case of ever having been banned / debarred / suspended from doing business dealings with Government of India / any other government organisation, in the past, the Firm / Company / Vendor will furnish details of such ban / debarment along with copy of government letter under which this ban / debarment / suspension was lifted / revoked. The vendor shall also declare that their sub-contractor(s)/supplier(s)/technology partner(s) are not Suspended or Debarred by Ministry of Defence. In case the sub-contractor(s)/supplier(s)/technology partner(s) of the vendor are Suspended or Debarred by Ministry of Defence, the vendor shall indicate the same with justification for participation of such sub-contractor(s)/supplier(s)/technology partner(s) in the procurement case.

(b). Subsequent to submission of bids if any sub-contractor(s)/supplier(s)/technology partner(s) of the vendor is Suspended or Debarred by Ministry of Defence, the vendor shall intimate the Ministry of Defence regarding Suspension or Debarment of its sub-contractor(s)/supplier(s)/technology partner(s) within two weeks of such order being made public.

PART I: GENERAL REQUIREMENTS

3. **Year of Production.** The Vessel(s) and all equipment/systems fitted/installed on board should be of latest manufacture, conform to the current production standard and should have 100% of the defined life at the time of delivery. Deviations, if any, should be clearly brought out by the bidder in the Technical Bid.

4. **Delivery Schedule.** The delivery schedule of the Vessel(s), ToT & Infrastructure Deliverables (where applicable) will be as per **Appendices K & L**. The Vessel(s) will be delivered along with all onboard equipment/systems, On Board Spares, Documentation, Tools, accessories and Test equipment or as specified separately (*The acceptable range of delivery schedule of the vessel(s)/deliverables must be indicated clearly in the RFP. Option for the bidder to indicate earliest delivery schedule must be given only in unavoidable cases*).

5. **Warranty.** The supplied vessel(s)/Equipment shall carry a warranty of _____months/years/operational hours from the respective date of delivery/acceptance of each vessel. In case of systems/equipment, which have not completed trials prior delivery, the warranty of that particular system/equipment would commence from the day of successful completion of trials. Draft Warranty Clause is given at **Appendix C**.

6. **Offsets (as applicable).** Offset obligation shall be discharged by the Seller in accordance with provision of DPP 2020. The bidder has to undertake “Offset Contracts” amounting to ____% (as approved by the DAC) of the value of the Contract Cost. The technical bid should include a written undertaking to this effect. Failure to discharge this undertaking at any stage will result in disqualification of the bidder from further participation in the evaluation process and the bid will be treated as null and void. The terms and conditions of Offsets are given at **Appendix J** to this RFP. (The procedure for the implementation of the offset obligations is given at **Appendix ____ to Chapter II** of DPP 2020.

7. **Engineering Support Package (ESP)/Annual Maintenance Contract (AMC)/Comprehensive AMC.** This para stipulates the general concept of repair and maintenance of Vessel(s)/equipment followed by the Indian Navy/Coast Guard and the details on **Engineering Support Package** that is required to be provided. The overall repair and maintenance philosophy of the IN/ICG is placed at **Appendix D**. After the specified warranty period, the Indian Navy/Coast Guard technicians and (or) onboard crew would be required to undertake repair and maintenance of Vessel(s), ship-borne equipment, during its life cycle.

8. The list of equipment along with corresponding ESP required is specified in the Guide Line Specifications (GLS) as per Para 8 of Appendix A to RFP. In case repair and maintenance of equipment is to be undertaken through own resources of Indian Navy/Coast Guard, then the proposals for Life Cycle Support of specified equipment in terms of Long Term Framework Contracts (5-7 years) for 100% spares (not limited to B&D and OBS), repairs of 100% repairable inventory and man day rate for deputation of specialists, would have to be sought by the shipyard from the OEMs and handed over to SHQ for negotiations and signing of Life Cycle support contracts. Incases wherein repair and maintenance of equipment is to be implemented through AMC, the proposals for Life Cycle Support with respect to Spares of equipment would have to be sought by the shipyard from the OEMs and handed over to SHQ for negotiations and signing of Life Cycle Support spare contracts. In case where repair and maintenance of equipment is to be implemented through Comprehensive AMC, then minimum acceptable down time of equipment stipulated in CAMC would have to be provided. The information to be submitted in the Engineering Support Package is as per Para 7 of Appendix D and **Annexure I to V to Appendix D** to this RFP.

9. The requirement of type of refit proposals required from construction shipyard, would be specified in the Guide Line Specifications (GLS) as per Para 8 of Appendix A to RFP. The Shipyard is to submit basic cost for undertaking the required refit corresponding to the SoW based on service life of equipment and hull. The refits of any platform would be progressed under separate contracts.

10. The details of ESP/AMC/CAMC bid, if sought for, must also be submitted separately by the bidder with technical aspects being included in the technical bid and commercial aspects being included in the price bid (Sl (p) of Price Bid at **Appendix G**).

11. **In Service Life/ Shelf Life/Reliability Assessment (As applicable).** The minimum Service Life of the vessel(s) is required to be years (**may be specified**). The In Service life/Shelf Life of the vessel(s)/equipment shall be stipulated in the bid. In case of shelf life of equipment, the relevant storage conditions should be clearly specified. The vendor is required to give details of reliability model, reliability prediction and its validation by designer/manufacturer to ensure reliability of stores throughout shelf life. The efficacy of reliability model/prediction/validation would be verified during technical evaluation.

12. **First Outfit of Naval Stores.** The Seller shall supply the first outfit of Naval/CG Stores (Permanent & Consumable) along with the delivery of the vessel as per the list given in **Appendix A**. This will be factored in determination of L1 {Sl (a) 8 of Price Bid at **Appendix G**}.

13. **Documentation.** All drawings, Calculations, Instruction manuals, service manuals and other certificates/documentation of all equipment from manufacturers etc will be provided in English language with as fitted drawings and certificates. The bidder shall provide drawings and documentation in both hard and soft copy. The details of documentation to be provided by the bidder are placed at **Appendix A** and have been further amplified at **Appendix D**.

14. **Training of Crew and Maintenance Personnel.** The crew of the vessel(s) and shore maintenance staff are required to be trained on the operation and maintenance of hull, electrical and engineering equipment, weapons and sensors installed onboard (Details at **Appendix A**). The details of the training would be finalised during the technical discussions prior to finalising/ordering of the equipment. The Crew are required to be trained for vessel Operation and onboard Repairs while the Maintenance Personnel are to be trained for Planned Preventive Maintenance and other repairs by Refitting Agency (Details at **Appendix A**) by the seller or the OEM of the equipment as applicable. The expenses towards the stay and travel of buyer's reps will be borne by the Buyer.

15. **Government Regulations.** It may also be confirmed that there are no Government restrictions or limitations in the country of the Seller/ Equipment Vendor or countries from which sub-components are being procured and/or for the export of any part of the Vessel/system being supplied.

16. **Agents.** (Applicable in case of foreign vendors only). The vendor is required to disclose full details of any such person, party, firm or institution engaged as an Agent that may have been appointed by them for marketing of their vessel/associated equipment in India, either on a country specific basis or as a part of a global or regional arrangement. These details should include the scope of work and responsibilities that have been entrusted with the said party in India. If there is non-involvement of any such party then the same also be communicated in the offers specifically. The information is to be submitted as per the format placed at **Appendix N**. Without prejudice to the obligations of the vendor as contained in various parts of this document, appointment of an Agent by vendors will be subjected to the following conditions:-

- (a) Details of all Agents will be disclosed at the time of submission of offers and within two weeks of engagement of an Agent at any subsequent stage of procurement.
- (b) The vendor is required to disclose termination of the agreement with the Agent, within two weeks of the agreement having been terminated.
- (c) MoD reserves the right to inform the vendor at any stage that the Agent so engaged is not acceptable whereupon it would be incumbent on the vendor either to interact with MoD directly or engage another Agent. The decision of MoD on rejection of the Agent shall be final and be effective immediately.
- (d) All payments made to the Agent 12 months prior to tender submission would be disclosed at the time of tender submission and thereafter an annual report of payments would be submitted during the procurement process or upon demand of the MoD.
- (e) The Agent will not be engaged to manipulate or in any way to recommend to any functionaries of the Govt of India, whether officially for unofficially, the award of the contract to the seller, or to indulge in corrupt and unethical practices.

(f) The contract with the Agent will not be a conditional contract wherein payment made or penalty levied is based, directly or indirectly, on success or failure of the award of the contract.

(g) On demand, the vendor shall provide necessary information/inspection of the relevant financial documents/information, including a copy of the contract(s) and details of payment terms between the vendor and the Agent engaged by him.

17. **Fall Clause.** If the bidder has earlier supplied/collaborated with any organisation, public/private in India, the details of the same may be furnished in the technical as well as price bids. The bidder is required to give a written undertaking that they have not collaborated/supplied or supplying similar design ships/Vessel(s), systems and sub-systems at a price lower than that offered in the present bid to any other Ministry/Department of the Government of India. The details regarding the cost, time of supply and quantities of such previous supplies to Government of India are to be included as an enclosure to the price bid. In case of non disclosure, if it is found at any stage that the Seller had such collaboration/supplied similar item earlier with any other Ministry/Department of the Government of India at a lower price, then that very price, will be applicable to the present case and, with due allowance for elapsed time, the difference in the cost would be refunded to the Buyer, if the contract has already been concluded.

18. **Intellectual Property/Patent Rights.** The bidder has to confirm that there are no infringements of any Intellectual Property Rights in accordance with the laws prevailing in their respective countries.

19. **Integrity Pact.** (An Integrity Pact would be signed between MoD and the seller for all schemes exceeding ₹ 20 Cr irrespective of the value of the price bid). In the subject RFP, the bidder is required to sign and submit pre contract Integrity Pact (IP) given at **Annexure I to Appendix H** and shall also deposit ₹_____Crores as Integrity Pact Bank Guarantee (IPBG) through any of the instruments mentioned therein. This would be submitted in a separate envelope clearly marked as 'IPBG' at the time of submission of Technical and price bids. Bids submitted without IP and IPBG will not be further processed for acquisition. The Beneficiary Bank Details for furnishing IPBG are as follows:-

(IFSC Code - SBIN0000691) State Bank of India
New Delhi Main Branch
C Block, 11 Parliament Street New Delhi, Pin: 110001

20. **Transfer of Technology (ToT) (If applicable).** The Govt of India, Ministry of Defence is desirous of production of (generic name of equipment) under ToT. Broad Aspects of ToT which are to be fulfilled by the vendor are given at Appendix G to this RFP. In addition, the SUPPLIER is to indicate the following (choose whichever is as applicable):-

(a) Minimum threshold (___ %) of Indigenous Content (IC) to be achieved in the Project. Wherever required, SUPPLIER is to furnish Indigenisation Roadmap indicating proposed stage-wise IC.

(b) Willingness to make Indian ToT partner an exclusive global/regional hub for manufacturing equipment, systems, sub-systems, assemblies, components, spares, etc, as well as for MRO activities.

(c) Roadmap to setup indigenous eco-system for manufacturing of major equipment, systems, sub-systems, assemblies, components, spares, etc.

(d) Willingness to enable Tier I/II/III/IV suppliers of the OEM to either set-up own manufacturing in India or enter into a joint venture with Indian companies to progressively manufacture their equipment, systems, sub-systems, assemblies, components, spares, etc, in India.

- (e) Any other unforeseen direct expenditure, with concurrence of COA.

Note:

(The RFP in such cases would spell out the requirements of ToT depending upon the depth of the technology which is required and whose range could cover technology for complete vessel/generic equipment/system construction, repair and overhaul; production from CKD/SKD kits. Aspects which are to be included in the RFP in-case of production from CKD/SKD/IM kits are given at Appendix K. Care should be taken to spell out the selection criteria clearly. The nominated Production Agency (PA) for the receipt of technology will be closely associated in the preparation of RFP).

21. **Transfer of Technology (ToT) for Maintenance Infrastructure (As applicable).** The Govt of India, Ministry of Defence is desirous that the depot level maintenance (third line) and the life time support for the (generic name of the equipment) be carried out through an Indian **entity**. The vendor is required to select an Indian entity which would be responsible for providing base/depot level repairs (third line) and the requisite spares for the entire life cycle of the equipment. For this purpose the vendor is required to set up maintenance infrastructure and facilities for third line repairs in India at the premises of the selected Indian firm as per the terms and conditions laid down in Appendix H to this RFP. The SUPPLIER is also required to transfer technology for the following (choose whichever is as applicable):-

- (a) 'Know-why' and Know-how' for 'Intermediate', 'Depot' and 'Overhaul' Level (2nd, 3rd and 4th level) repair, maintenance, upgrade, testing/certification for the entire life cycle of the equipment.
- (b) MRO including relevant processes, special tools and infrastructure for providing life-cycle support to the platform up to 'D' & 'O' Level.
- (c) Setting-up an ecosystem for sustenance of Spares, Maintenance, testing facilities, as also shore support.
- (d) Ensuring Indian entity is self-sustainable to support operation and deployment of the platform/equipment, as well as entire maintenance activities up to 'I' Level. SUPPLIER is to also confirm willingness to make Indian entity, a regional hub for MRO for the Platform/equipment.
- (e) The spares, repairs and services support required from SUPPLIER (OEM) for ToT to Indian entity would be implemented under long term framework contract.
- (f) The proposal for Maintenance Transfer of Technology MToT shall also include Active Obsolescence Management through life cycle support for the equipment, which would inter-alia include upgradation of system/ subsystem/ units on completion of its fair service life.

22. **Know how for Maintenance Infrastructure (as applicable).** The Government of India, Ministry of Defence is desirous that the yard level maintenance of the vessel/generic name of fitted equipment by refit agencies and the life time support for the vessel/equipment be carried out through a refitting agency. For this purpose the bidder is required to provide information in terms of relevant details for setting up maintenance facilities for yard level repairs/maintenance routines in India at the premises of the selected Indian firm as per the terms and conditions laid down in Appendix E. Cost towards providing this information/details are to be indicated clearly in the price bid.

23. **Modifications.** In the event of any requirement of modifications onboard the vessel during the construction/trials within or after Warranty period that would require any deviation from the approved schedules/plan of construction, the Seller is to take up all such modifications, with cost and time implications in consultations with the Buyer. The Buyer has the right to propose such modifications which should be undertaken by the Seller. All such modifications, if approved by the Buyer, would then be executed by the Seller at additional costs, not exceeding _____% of basic cost of the ship and extended time restricted to a maximum of % of original contract period under the project. The scope of the work and financial implications would be mutually agreed upon between the Seller and the Buyer.

24. **Contingency** Contingency for unforeseen expenditure for project will be considered as variable element and will not be considered as part of the basic cost of vessel. Payment towards contingencies will be made as per actuals. Expenditure on contingencies will be approved by COA/ DDG (M&M). Contingencies, inter alia would cover following broad categories:-

- (a) Extension of Warranty/ Guarantee to cover delays not attributable to shipyards
- (b) O&M - for additional services of engineers
- (c) Dredging requirements due unforeseen clod bursts or due to extension of delivery not attributable to shipyard
- (d) Augmentation of security measures with emerging threat perceptions
- (e) Legal Proceedings
- (f) To cover preservation cost of equipment wrt delay not attributable to shipyard
- (g) Consultancy for resolution of technical problems which surface post trials.

25. **Queries.** Any queries/clarifications to this RFP may be received at this office by _____, which will be considered during pr-bid conference. A copy of the same also sent to (address of the user directorate). **Pre-Bid Meeting**. A pre-bid meeting will be held at ____hrs on ____ (date) at ____ (venue) to answer the queries or clarify doubts regarding submission of proposals. The bidder or his authorised representative is requested to attend. Necessary details may be sent a week in advance to (user directorate), to facilitate obtaining of security clearance.

26. The supporting documents pertaining to Financial Assessment Parameters, Technical and Commercial bids should be sealed separately (the envelope should clearly state this letter No and the type of vessel/equipment) and submitted together along with 'IP' and 'IPBG' to the undersigned at the following address by ____hours on ____

Technical Manager (Maritime & Systems),
Room No 5, D-II Wing
Sena Bhawan
NewDelhi-1 10011
Fax No: 23017684

27. The qualification bid pertaining to financial assessment criteria as indicated at Appendix O will be opened at _____ hours on the same venue as indicated in para 27 above. The qualification bid will be evaluated by a Financial Parameter Evaluation Team (FPET) constituted by SHQ prior to TEC, to ascertain the bidder's financial status. **Supporting documents pertaining to financial assessment criteria, as indicated at Appendix 'O', are to be submitted by the bidders in a separate sealed envelope at the time of bid submission.** On completion of FPET, technical bids of financially qualified shipyards would be opened. The bidder or his authorised representative is welcome to be present at the opening of the proposals. Necessary details may be sent a week in advance to facilitate obtaining of security clearance. TEC would be progressed only for bidders qualifying the stipulated Financial Assessment

Parameters. Technical and Commercial bids of non-qualifying shipyards will be returned on completion of FPET.

28. **Financial Parameter Evaluation Team (FPET)**. The financial Assessment Parameters in accordance with Appendix 'O' will be evaluated by a Financial Parameter Evaluation Team (FPET) constituted by SHQ prior to TEC, to ascertain the bidder's financial status. Supporting documents pertaining to financial assessment criteria, as indicated at Appendix 'O', are to be submitted by the bidders in a separate sealed envelope at the time of bid submission to be opened with the Technical Bid,. TEC would be progressed only for bidders qualifying the stipulated Financial Assessment Parameters.

29. **Technical Evaluation Committee**. The Technical Bid will be evaluated by a Technical Evaluation Committee (TEC) to confirm that the Vessel(s)/equipment being offered meets the Essential Parameters and Enhanced Performance Parameters (EPP) (where applicable) as elaborated subsequently in this RFP at **Appendix A**. For cases where Essential Parameters 'B' are involved, TEC will confirm that the vendor has submitted the undertaking to this effect as per format placed at **Annexure I** to **Appendix A**. The TEC will also check for the compliance for the submission of Life Cycle Support bid as per the requirement as per para 7. For cases where ToT for license production/information on maintenance infrastructure/maintenance support package is sought, the TEC will examine the compliance of the bidder as per the stated requirements of RFP. Thereafter, the TEC cleared bidders would be required to provide the equipment (___No.s)for trial evaluation as per trial methodology given at Appendix A in India at 'No Cost No Commitment' basis (if applicable).(The details/scope of the trials, if other than NCNC in India, **to be included as per the decisions during AoN by the DAC/DPB**).

30. **Tests and Trials**. For a vessel(s)/ equipment to be finally accepted in service it is mandatory that it successfully clears all tests/trials/evaluations. The trial evaluation process is listed in **Appendix A**. Trials for Essential Parameters 'B' (if specified) in respect of equipment mentioned in the RFP would generally be conducted only after signing the contract. However if any vendor(s) claims that the equipment fielded by them for FET can meet Essential Parameters 'B' and such vendors are willing to get their equipment trial evaluated for Essential Parameters B at FET stage (a written undertaking in this regard will be given by such vendor(s) to SHQ prior to date of commencement of FET) the same may be trial evaluated by SHQ for such vendor(s) during FET stage.

31. Price bids will be opened only of those bidders meeting the following criteria:-

- (a) Acceptance of technical bids by TEC.
- (b) Successful field evaluation trials of equipment mentioned in the RFP (as applicable).
- (c) Submission of Offset offer (as Applicable)

PART II: TECHNICAL PARAMETERS/DETAILS

32. **Guideline Specifications (GLS)**. The GLS, comprising broad operational characteristics and technical parameters along with other specifications of the vessel(s) are mentioned in **Appendix A**. The equipment for which Life Cycle contracts will be required is specified in the GLS.

33. **Technical Bid**. The Technical Bid must enable detailed understanding of the functioning and characteristics of the vessel as a whole and each sub system independently. It must include the performance parameters as indicated in **Appendix A** and any other information pertaining to the technical specifications of the equipment considered important and/or/relevant, if desired in RFP. The technical bid should also include maintenance schedules to achieve maximum life and expected life of each equipment/machinery and assembly/sub assembly (or Line Replaceable Unit (LRU)/Shop Replaceable Unit (SRU), storage conditions/environment condition (if

applicable/as indicated in the RFP) recommended and the resultant guaranteed in-service/shelf life. The technical proposal should also include detailed life-cycle support requirements to support all types of equipment through its service life including supply of spares, special tools, repairs, services of specialists, obsolescence management, maintenance eco-system and supply chain to ensure platform supportability and availability in accordance with specifications sought at Para 7 above.

34. **Technical Details.**

(a) The technical details should be factual, comprehensive and include specifications of the offered vessel(s)/system/equipment against broad requirements listed in **Appendix A** of RFP. The seller would be subsequently required to provide Statement of Technical Requirements (SOTRs) and Ordering Instructions (OIs) for vetting by IHQ MOD (N)/CGHQ in respect of all major equipment post signing of the contract. In cases where a vendor claims to have equipment meeting the EPP, details of the same shall be provided in the technical bid. EPP details not provided in technical bids, will not be allowed to be claimed subsequently.

(b) The technical bid should have a separate detachable compliance table as per format given at **Appendix B**, stating specific answers to all the parameters as listed at **Appendix A**. Insufficient or incomplete details including requirements sought for life-cycle support may lead to rejection of the bid. Mere indication of compliance by indicating 'Complied' may be construed as incomplete information unless system specific technical details are available in the bid. A format of the compliance table for the technical parameters and certain important conditions of the RFP is attached as **Appendix B**. It is mandatory to append answers to all the parameters listed in **Appendix A**. Four hard copies of the Technical bid should be submitted (along with one soft copy); however only one hard copy of the price bid is required.

35. **Build Strategy.** As part of the Technical Bid, the bidder shall indicate the Broad Plan and Build Strategy of work for undertaking the construction of the vessel in keeping with the required delivery schedule and availability of Yard resources such as station/shipyard/dry- dock/slipway, where the vessels are likely to be built. The details are placed at **Appendix A**.

36. **Quality Assurance.** After the contract is finalised, Seller would be required to provide the Standard Acceptance Test Procedure (ATP) in respect of the vessel and its main equipment to the Buyer for approval. The concerned Quality Assurance agencies of the Buyer, reserves the right to modify the ATP, if necessary. As the Vessel is being built to Classification Society Rules/Naval specified specs, the vessel would be inspected by the Classification Society/applicable inspecting authority. The Buyer reserves the right to undertake additional Buyer inspections either directly or through its representatives. The Project Overseeing Team of the Buyer will represent the Buyer for co-ordination of all inspections/trials to be conducted on board the vessel or in the Shipyard, either on its own or with the assistance of any other Buyer nominated trial/inspection agency(s). The Seller will keep the Project Overseeing Team informed of trials/inspections to be carried out by Inspecting authority/Classification Society. The Buyer, through the Overseeing Team will have the final decision in this regard. The Seller is required to submit a certificate on embedded malicious code in accordance with **Appendix M**.

37. **Monitoring of Projects.** After placement of order the Buyer at his own expense may depute to the Shipyard at quarterly (or as considered necessary) intervals, teams of representatives to review and coordinate the progress of the commitments made by both the sides under the contract.

PART III: COMMERCIAL CLAUSES

38. Bidders are required to give confirmation of their acceptance of Commercial clauses as given in **Appendix F** while formulating the price Bids.
39. **Standard Clauses of Contract.** The Bidder is required to accept Standard clauses regarding Agents, penalty for use of undue influence and Integrity Pact, access to books of accounts, arbitration and laws which would be incorporated in the contract. The text of these clauses is at **Appendix H**. In addition to this, the Standard Contract Document at Chapter VI of DPP 2020 indicates the general conditions of contract that would be the guideline for all acquisitions. The draft contract would be prepared as per these guidelines.
40. **Option Clause (as applicable).** The Buyer shall have the right to place separate order on the Seller on or before____ () year from the date of the contract limited to 50% of the no of vessels contracted/facilities, services spares as per the cost, terms and conditions set out in this contract. The price of the system, spare etc. shall remain the same till____ years from the effective date of contract.

PART IV: EVALUATION CRITERIA& PRICE BID FORMAT

41. **Evaluation Criteria**

- (a) **Financial Parameter Evaluation** The financial parameter evaluation would be undertaken by the FPET. Only those firms who has qualified the financial parameter evaluation will be considered for evaluation of the technical bids.
- (b) **Evaluation of Financial Parameters.** To evaluate the bidder's financial status, assessment of financial parameter as elaborated at Appendix O would be undertaken prior to the TEC stage by Financial Parameter Evaluation Team (FPET). TEC would be progressed only for bidders qualifying the stipulated Financial Assessment Parameters.
- (c) **Evaluation of Technical Bids.** The technical bids forwarded by the bidders will be evaluated by a Technical Evaluation Committee (TEC). The TEC will examine the extent of variations/differences, if any, in the technical characteristics of the bid offered by various vendors with reference to the GLS/QRs and prepare a "Compliance Statement". This shall include technical parameters of equipment where field evaluation is envisaged. The TEC will also verify whether the Seller has submitted the undertaking to submit the Offset proposal in accordance with Para 6 of this RFP.

Note 1: Evaluation Trials of Specialised Equipment (as applicable) . The requirement of Field Evaluation Trials for complete vessel(s), as per Para 94 of Chapter II of DPP 2020, will not be applicable for procurement cases in respect of acquisition/construction of Ships, Submarines, Yard Craft and auxiliaries, etc. However, Simulated Signature Studies of complete platforms in respect of stealth characteristics, magnetic signature, EMI/EMC, Noise analysis, etc may be included in the SOC in accordance with **Para 65 of Chapter IV Section B of DPP 2020**. The requirement of trials in the case of specialised new induction equipment/sensors being bought through the shipyard route should be detailed in the RFP. These would also be included in the Statement of Case while seeking the AON. The specialised equipment would be indicated in the SOC for which NCNC trials are envisaged. **Field Evaluation Trials would be conducted for Essential Parameters 'A' and EPP.** The TEC will prepare a 'Compliance Statement' short-listing the Sellers on the lines of **Appendix B** of this RFP.

Note 2: *Essential Parameters-B, when tested after signing of contract, will be evaluated as per the terms of the contract. The tests for Essential Parameters-B would also validate that there is no adverse effect on any of the Essential Parameters-A.*

(d) **Evaluation of Technical Offset Offer (if applicable).** The technical offset proposal of the bidders will be evaluated by Technical Offset Evaluation Committee (TOEC) in accordance with Para 93 of **Chapter II** of DPP 2020.

(e) **Evaluation of Price Bids.** The commercial bids of only those bidders will be opened whose technical bids have been cleared by TEC and also whose technical offset offers have been accepted technically. Comparison of bids would be done on the basis of Evaluation Criteria given in **Appendix G**. The L1 bidder would be determined by Contract Negotiation Committee (CNC) on the basis of **Appendix G**. Only L1 bidder would be invited for negotiations by CNC.

(f) **Contract Conclusion.** The contract will be signed after successful conclusion of CNC and approval of the competent authority. The Build Specifications will form part of the contract.

42. Bidders are required to submit firm and fixed Price Bid as per format given in **Appendix G**. The Price bid should not be conditional. The validity of the price bid shall be 18 months from the last date of submission of bids. The bids which do not conform to the prescribed procedure for submission of bids as indicated above or which are received after the scheduled time and unsolicited bids will not be entertained.

Conditions Under Which This RFP is Issued

43. This RFP is being issued with no financial commitment; and the Ministry of Defence reserves the right to withdraw the RFP and change or vary any part thereof or foreclose the procurement case at any stage. The Government of India also reserves the right to disqualify any seller should it be so necessary at any stage on grounds of National Security.

44. The receipt of this Request for Proposal should be acknowledged.

Yours faithfully,

Dy TM (MS)

Appendices:-

Appendix A- Guideline Specifications for Vessels.

Annexure I to Appendix A- Undertaking to comply with Essential Parameters-B **Appendix B-** Compliance Table for Vessels.

Appendix C- Warranty Clause

Appendix D- Repair and Maintenance Philosophy

Annexure I to Appendix D- Format for Manufacturer's Recommended List of Spares, Tools and Software

Annexure II to Appendix D- Format for Manufacturer's Recommended List of Spares (B & D)

Annexure III to Appendix D- Format for SMT/STEs, Jigs, Fixture and Infrastructure

Annexure IV to Appendix D- Format for Technical Documentation **Annexure V to Appendix D-** Format for Training Aggregates and Training

Appendix E- Information/ Know How for establishing Maintenance Infrastructure with an Indian Repair Yard

Appendix F- Commercial Clauses

Annexure I to Appendix F-Stages of Payment

Annexure II to Appendix F-Project Monitoring System

Appendix G-Evaluation Criteria and Price Bid Format of Commercial Bid **Appendix H**-
Standard Clauses in Contract

Annexure I to Appendix H-Pre Contract Integrity Pact **Appendix J**-Terms and Conditions of
Offset

Annexure I to Appendix J-Undertaking to comply with Offsets **Annexure II to Appendix J**-
Format for Technical Offset Offer **Annexure III to Appendix J**-Format for Commercial Offset
Offer **Appendix K**- Transfer of Technology

Annexure I to Appendix K- Documentation Details to be Provided by Collaborator **Annexure
II to Appendix K**-Format of Price Breakup of ToT

Annexure III to Appendix K-Infrastructure Deliverables **Appendix L**- Delivery Schedule

Appendix M- Certificate-Malicious Code

Appendix N- Information Proforma (Engagement of Agents)

Appendix O- Financial Assessment Parameters (listed at Annexure II to Appendix ‘C’)

Appendix A to Schedule I to Chapter 1
(Refers to Para 1(b), 12, 13, 14, 27, 28, 30,
31, 32 and 33 of Schedule I)

GUIDELINE SPECIFICATIONS (GLS) FOR VESSEL(S)

(Note: These guidelines and specifications are indicative. These may vary as per the type of vessel(s)/Services/equipment and the intended requirements. IHQ MoD (N)/CGHQ may amend as per their requirements.)

1. **Operational Characteristics and Features.** This information would be different for various vessel(s)/equipment. As such only the guide lines for formulating this Appendix have been stated here. The information provided here flows from the SQR and must contain the following:-
2. **Technical Parameters.** All technical parameters listed in the SQR in terms of size, weight, performance, operating environment, power, torque, preservation, utility life, storage, shelf life etc, should be specified.
3. **Performance Parameters and Additional Features.** If any, should also be explained.
4. Based on above guide lines, this Appendix should be formulated very carefully for the vessel/type of equipment. The broad headings under which the Appendix could be populated are appended in succeeding paragraphs:-
5. **Test and Trial Methodology (Including field trials/simulated study etc).**
6. **First Outfit of Naval Stores.** (The First outfit of Naval stores to be listed as per the requirement of the IHQ/CGHQ)
7. **Training of Crew and Maintenance Personnel.**
8. **Documentation.**
9. **Operating Conditions of the Vessel(s).**
10. **COTS Technology.**
11. **Build Strategy**
12. **Engineering Support package for major equipment.** The type of engineering support package with respect of life cycle support contracts, AMC/CAMC for various equipment is to be specified in the following format.

Category of equipment	Name of equipment	Type of Engineering Support package		
		Life cycle Support Contracts	AMC with Life Cycle Support contracts with Spares	CAMC

13. **Life Cycle Support for platforms** – In cases where structured refits are planned to be undertaken by the construction shipyard, then the type of refits (Short/ Medium/ Long) will be specified in the section and the prices for the same would also be sought from the Bidder.

14. **Miscellaneous**

Annexure I to Appendix A to Schedule 1
(Refers to Para 27 of Schedule I)

UNDERTAKING TO COMPLY WITH ESSENTIAL PARAMETERS-‘B’

1. The Bidder _____ (Name of the Company) hereby
- (a) Undertakes to develop and meet all the requirements of Essential Parameters B as given at Appendix _____ of RFP for the procurement case of _____ issued on _____.
 - (b) Undertakes to produce the equipment for trials of Essential Parameters ‘B’ within the specified time frame as stipulated in the contract.
 - (c) Accepts that failure to meet the Essential Parameters B after signing of the contract and within the stipulated time frame, will lead to forfeiture of all bank guarantees (Performance Bank Guarantee, Additional Bank Guarantee and Advance Bank Guarantee) and attract other penal provisions as may be prescribed by the Govt.

Note: *Failure to submit the undertaking along with the Technical Bid shall render the bid invalid and will be rejected.*

Appendix B to Schedule I to Chapter 1
(Refers to Para 32(b) of Schedule I)

COMPLIANCE TABLE FOR VESSELS

(Following table is to be filled up by the Bidder- All fields are compulsory)

Ser No	Requirement as per the RFP	Compliance/ Partial Compliance of Para/sub Para of the RFP	Indicate references of Para/Sub Para of Main Technical Document
Technical Parameters as per Appendix A			
Commercial Parameters as per RFP			
(a)	Performance-cum-Warranty Bank Guarantee (PWBG) as per Para of Appendix-__ of RFP		(Note:- Bidders are to indicate compliance only)
(b)	Advance Payment Bank Guarantee (APBG) as per Para _____Appendix __ of RFP.		
(c)	Integrity Pack Bank Guarantee as Para Appendix of RFP.		

Appendix C to Schedule I to Chapter 1
(Refers to Para 5 of Schedule I)

WARRANTY CLAUSE
(May be amended prior issue of RFP, if required)

1. The seller warrants that the Vessel, the associated equipment and service supplied under this contract conform to technical specifications prescribed and shall perform according to the said Technical Specifications.
2. The seller warrants for a period of _____ months from the date of acceptance of the Vessel by the Buyer at the designated Indian Port or as applicable, that the vessel and the associated equipment and service supplied under this contract and each component used in the manufacture thereof shall be free from all types of defects/failures. In case of systems/equipment, which have not completed trials prior delivery, the warranty of that particular system/equipment and service would commence from the day of successful completion of trials.
3. If within the period of warranty, the Vessel(s) and (or) stores and (or) spares are reported by the Buyer to have failed to perform as per the specifications, the Seller shall either replace or rectify the same free of charge, maximum within days of notification of such defect received by the Seller, provided that the Vessel(s) and (or) stores and (or) spares are used and maintained by the Buyer as per instructions contained in the Operating Manual. Warranty of the equipment would be extended by such duration. Record of the down time would be maintained by user in the log book. Spares required for warranty repairs shall be provided free of cost by Seller. The Seller also undertakes to diagnose, test, adjust, calibrate and repair/ replace the goods/equipment arising due to accidents, by neglect or misuse by the operator or damage due to transportation of the goods by the Buyer during the warranty period, at the cost mutually agreed to between the Buyer and the Seller, subject to acceptance of the attributability by the Buyer of such damage, which will be intimated by the Seller to the Buyer.
4. The Seller hereby warrants that necessary service and repair back up during the warranty period of the Vessel(s) and (or) stores and (or) spares shall be provided by the seller and he will ensure that the downtime is within _____ days of the warranty period at any one time from the notification of such defects and not exceeding a cumulative period of _____ days within warranty period.
5. In case the complete delivery of Maintenance Support Package/AMC is delayed beyond the period stipulated in this contract, the Seller undertakes that the warranty period for the Vessel (s) and (or) stores and (or) spares shall be extended to that extent.(This clause will be applicable if MSP/AMC is sought along with this RFP).

REPAIR AND MAINTENANCE PHILOSOPHY

(Note: The Repair and Maintenance Philosophy is only indicative and pertains to a particular service. SHQ concerned may amend this as per their requirement. No blanks to be left)

1. The various levels of maintenance and repairs are explained in succeeding Paras. (However, all levels may not be applicable to all types of vessel/equipment. As such the type of repair facility required for the vessel/equipment for which the RFP is being issued should be stated clearly by modifying the succeeding Paras).

2. The **Operational-Cum-Refit cycle** of the vessel should be as follows: -

- (a) () **years** operation cycle.
- (b) The dry-docking interval shall be () **years**.

3. Life Cycle Support would have to be provided by shipyard for following two categories:-

(a) Life Cycle Support of the Equipment

(b) Life Cycle Support of the Platforms

4. **Life Cycle Support of the Equipment** The Life Cycle Support of then equipment would have to be provided by the Shipyard as per Engineering Support Package specified in the GLS or as mentioned at Annexure I of the Appendix D. The Engineering Support Package for the equipment would be provided under the following categories:-

- (a) **Repair and Maintenance by Captive resources of IN/ICG** – In this option the Services would through its captive resources undertake the repairs and maintenance of equipment through its life cycle. This would require an comprehensive **Engineering Support Package** comprising Spares, Repairs, Technical Documentation, training, obsolescence management, maintenance and repair ToT etc.
- (b) **Annual Maintenance Contracts (AMCs)** - The AMCs could be provided by the OEM or licensed entity or OEM authorised representative. This would require an Engineering Support Package with respect to the supply of spares which would be the responsibility of the Customer.
- (c) **Comprehensive Annual Maintenance Contract (CAMC)** – The CAMC could be provided by the OEM or licensed entity or OEM authorised representative. In such cases the entire responsibility for repair and maintenance of equipment would be that of the OEM who is to ensure down time of equipment do not exceed the stipulated minimum specified in the CAMC.

(I) **Repair and Maintenance by Captive Resources within the Service**

5. Depending upon the Technological complexity of the equipment, the Repair Philosophy followed by the Services can be categorised into the following:-

(a) **‘O’ Level.** Which includes Unit and Field Repairs (1st & 2nd Level).

(i) **Unit Repairs.** These are repairs carried out within the unit holding this equipment with tools generally held within the unit or supplied by the manufacturer with each equipment or as per scaling of 1:10 or any other scaling recommended by the manufacturer as per population held in the unit. These pertain to cleaning, lubrications, minor repairs and replacement of components and minor assemblies including Line Replaceable Units (LRUs) etc that can be carried out within the unit without any sophisticated tools or test equipment. For carrying out such repairs, the manufacturer is required to provide the following:-

(aa) Table of Tools and Equipment (TOTE) with each equipment including operators manual.

(ab) Scaling of Special Maintenance Tools (SMT), Special Test Equipment (STE) and Special Equipment (SE) as required.

(ii) **Field Repairs.** These are repairs carried out at the field/floatilla/station level or equivalent service organisation by technicians specially trained for this purpose and where the required special tools and spares have to be provided additionally for the class of the equipment. These repairs comprise replacement of common Line Replaceable Units (LRUs), sub-Module level and other components beyond the holding of the units and repair scope beyond the unit level. Normally, a field/floatilla/station work shop that carries out such repairs looks after a group of units holding the said class of equipment. The manufacturer in addition to the basic unit level SMT/STE/SE, is required to provide the following:-

(aa) Quantity and specification of spares up to sub-Module level and other replaceable components that need to be stocked for a specified population and class of the equipment.

(ab) Additional Special Maintenance Tools and Test Equipment that needs to be provided to each such field/floatilla/station work shop (The total number of such facilities would also have to be stated based on deployment pattern of the concerned equipment to carry out total costing).

(b) **‘I’ Level.** Includes 3rd level Intermediate Repairs by Corps Z workshop/Dockyard/Base Repair Depot or other similar service organisation. These are extensive or special repairs carried out for equipment to reduce the down time and would include component level repairs. This level of repair envisages special diagnosis and repairs of the repairable inventory up to Printed Circuit Board (PCB) level, major assemblies, interface equipment/software and other components beyond the scope of field/floatilla/station level repairs. These repairs are carried out in the designated workshops by technicians specially trained for this purpose and where the required

special tools and spares have to be provided. The manufacturer is required to provide the following:-

- (i) Quantity and specification of spares up to PCB level that need to be stocked for a population of the equipment.
- (ii) Special Maintenance Tools and Test Equipment that need to be provided to each such work shop. (The total number of such facilities would also have to be stated based on deployment pattern of the concerned equipment to carryout total costing).
- (c) **'D' Level.** Includes 4th level extensive overhauls Depot Level Repairs / Base Overhaul, which are either routine and planned or necessitated view major repair/renewal requirements. Post such repairs, detailed trials are conducted usually by the overhauling agency, prior handing over of the equipment to the unit for operational exploitation. This level of repair defines stripping and rebuilding of equipment in a Base workshop or any other designated workshop. Extensive repairs including up to components, subassemblies and overhaul of the complete equipment are carried out by this facility. Depending on the population of the equipment, such facilities may be established in the country for this purpose (The actual No would have to be stated for costing).The manufacturer is required to provide the following:-

- (i) All Special Maintenance Tools, jigs, fixtures and test equipment for carrying out repairs up to component level.
- (ii) Quantity and specification of spares, sub assemblies as per population expected to be maintained.
- (iii) Oils and lubricants necessary for overhaul.
- (iv) All necessary technical literature.
- (v) Calibration facilities for test equipment. This level of repair defines stripping and rebuilding of equipment in a Base workshop.

6. The **Engineering Support Package (ESP)** for the above mentioned 'O' / 'I' / 'D' level repair and maintenance to be undertaken within captive resource of the Services would include provision of **Spares, Repairs, Special Tools and Equipment, Specialist Services, Documentation, Software version control document and other provisions for configuration management of the product.** The ESP is to facilitate the implementation of envisaged product support throughout the committed period by the OEM. The ESP is recommended for high value and complex engineering acquisitions having a long product life (generally 10 years) or more. The ESP is to be finalised along with the acquisition of the main equipment. The various aspects of the ESP are enumerated in the following paragraphs:-

7. **Spares and Special Tools Support.** The Spares and Special Tools support shall be categorised in the following sub headings:-

- (a) **Itemised Spare Parts Price Lists (ISPPL).** ISPPL for all spares or Line Replaceable Units (LRUs) of the equipment with corresponding unique Part numbers along with their Base price, annual escalation, delivery period and the MTBF (where

applicable), at the time of submission of offer be provided. The ISPPL shall also include details of the source, especially for items which are COTS, bought-out, proprietary, etc. ISPPL shall also indicate interoperability of spares across projects, in case spares/equipment is already inducted in the Indian Armed Forces.

(b) The SELLER would submit a comprehensive Itemised Spare Parts Price Lists (ISPPL) comprising the following:-

- (i) Complete Part Identification List (PIL) for all spares or Line Replaceable Units (LRUs), along with corresponding unique part numbers. The list is not to be limited to MRLS (Depot spares) or Onboard Spares (spares along with the system) and should comprise entire list of spares of the equipment.
- (ii) Base Price list of each of the spares along with annual escalation at time of submission of the offer.
- (iii) Delivery Period of each spare after receipt of Order.
- (iv) Mean Time Between Failure (MTBF), where applicable.
- (v) Terms and conditions for supply of spares.

Table 1 - Format for Submitting Details of Spares

Sl No.	Part No.	Description	Qty/MoQ (where applicable)	Unit Price List (along with annual escalation)	Delivery Period	Spares proposed in OBS	Spares proposed in B&D

Note:- The following details are also to be included in the spare parts submission offer:-

- (i) Sourcing of spares wrt COTS and Proprietary.
- (ii) Interoperability of spares across projects, in case the part/system/sub-system, etc. is already inducted in some other equipment currently in service with the Indian Armed Forces, or has been contracted for supply to the Indian Armed Forces.
- (c) **On Board Spares (OBS).** The Bidder is required to provide sufficient OBS for all equipment for on board repairs, scheduled servicing & maintenance of all equipment falling due till (as specified) years of the operation of the vessel after warranty, along with the delivery of the vessel in conformity to the requirement of spares/tools/jigs stipulated in the exploitation/maintenance document of respective equipment/system. To this purpose, the Seller is required to provide Manufacturer's Recommended List of On board Spares (MRL-OBS) in format provided at **Annexure I to Appendix D**. The Seller shall satisfy himself of the suitability and sufficiency of the MRL- OBS. The Seller shall establish the range and depth of spares required to support the ship level repair and maintenance for the prescribed period. The Seller shall also be fully liable in respect of the quality and quantity of the recommended spares and must supply any shortfall of

spares without any financial responsibility or liability to the Buyer. A certificate of sufficiency for MRL-OBS has to be submitted by the bidder along with the technical bid.

(d) **Base and Depot (B&D) Spares.** The Seller is to arrange supply of MRLS-B&D spares for five years of exploitation, up to 15%(including levies, taxes and handling charges) of the Basic Cost of the vessel. This would be based on the likely consumption rate and exploitation pattern of the equipment. The seller would seek the comprehensive priced part identification list of spares from all sub vendors along with the technical bid of main equipment and forward it to the Buyer. This list would contain price, description, Pattern no. and quantity fitted on each equipment in respect of various parts/components. This list along with the MRLS B&D spares for each sub vendor would be submitted for all the machinery/equipment, while finalising the respective equipment post signing of the main contract and as per timelines decided by buyer. In case equipment is already in usage, rather than being based on MRLS, the spare parts requirement would be specified by the User as User Defined List of Spares (UDLS) based on the consumption pattern of Equipment on field. The format for specifying the MRLS-B&D is placed at **Annexure II to Appendix D.**

(e) **Repairable Items Price Lists (RIPL).** RIPL would comprise of all repairable sub systems/ blocks and units. Wherever applicable, source of components required for repairs of units should also be specified. RIPL shall also indicate reparability of these in India. The SELLER shall submit the Repairable Items Price Lists (RIPL) comprising the following:-

- (i) Complete catalogue of repairable spares (at LRU level), along with their Part numbers. Wherever applicable, source of components required for repairs of units should also be specified.
- (ii) Base Price list for repairs clearly indicating repairs that can be done in India and at OEM premises. Repairable Items Price Lists (RIPL) shall comprise of all repairable sub systems/ blocks and units.
- (iii) Terms and conditions for undertaking repairs.
- (iv) Delivery Period after receipt of Order.
- (v) For imported equipment, the impetus is to undertake repairs in India. Repair list in such cases should clearly segregate the list of items that can be repaired in Indian and those that would have to be undertaken in OEM premises

Table 2 - Format for Submitting Details of Repairable Spares

Sl No.	Part No.	Description	Repairs to be Undertaken		Unit Qty	Price Lists (along with annual escalation)	Delivery period
			In India	OEM premise			

Note: - The following aspects to be ensured:-

- (i) Repair costs to be all-inclusive (collection/delivery ex-Depot).
- (ii) Warranty post repairs to be as specified in contract document.

(f) **Special Maintenance Tools and Test Equipment and Software.** The general purpose maintenance tools, test equipment and software used for maintenance on board would be supplied as per MRL-OBS route. In case of additional Test equipment for onboard/shore maintenance, Buyer could indicate this requirement in the RFP upfront. The bidder in such cases would include these additional test equipment in the technical bid with details in the format placed at **Annexure III to Appendix D**. The cost for these is to be included under SI (d) of the price bid format placed at **Appendix G**. The cost column should be left blank in the Technical Bid.

8. **Long Term Maintenance & Repair Agreements/Contracts.** The proposals submitted under the ESP at para 5 above would be converted in Long Term Spare / Repair and Services Contracts co-terminus with the delivery of equipment to ensure that adequate cover is provided post expiry of warranty till the envisaged service life of the equipment. The contracts are to be concluded directly with the OEM, or licensed Enterprise or OEM authorised partners.

9. **Technical Documentation.** To facilitate this process the Bidder is required to provide the following technical literature in **IETM** (Interactive Electronic Training Manuals) in Level 4 format or higher:-

- (a) Complete Equipment Schedule.
- (b) Design Specifications.
- (c) Technical Manual on STE with drawing reference.
- (d) User Handbook/Operators Manual in English and Hindi.
- (e) **Technical Manuals.**
 - (i) **Part I.** Tech description, specifications, functioning of various systems.
 - (ii) **Part II.** Inspection/Maintenance tasks repair procedures, materials used, fault diagnosis and use of Special Maintenance Tools (SMTs)/Special Test Equipment (STEs).
 - (iii) **Part III.** Procedure for assembly/disassembly, repair up to component level, safety precautions.
 - (iv) **Part IV.** Part list with drawing reference and List of SMTs/STEs Test Bench.
 - (v) Rotable list, norms of consumption, mandatory/ non-mandatory spares list for each system.
- (f) Table of Tools & Equipment (TOTE) & carried spares.
- (g) Repair and Servicing schedule.

- (h) Condemnation limits.
- (i) Packing specifications /instructions.
- (j) Any additional information suggested by the OEM.
- (k) **Details of the OEMs.** The list of OEMs of corresponding equipment are to be submitted as per Table 3 below:-

Table 3- Format for Submitting Details of OEMs

Sl. No/	Equipment	Part No	OEM	Contact Details (Tel/Fax/Email)	Details of Government License to OEMs

(l) **Spares Documentation** A comprehensive Part Identification List (PIL) is to be provided for all equipment and system components in lines of the format enclosed in **Annexure II to Appendix D**. A detailed component list and identification are also required to be provided to facilitate retrieval

(m) **Technical Documentation.** The details of technical literature to be supplied with the system should be listed as per the suggested format at **Annexure IV to Appendix D**. This should be provided with both Technical and price Bids. The cost column should be left blank in the Technical Bid. The overall financial implications for these will be included under Sl (e) of the price bid format placed at **Appendix G**.

10. **Obsolescence Management** – Obsolescence Management has a potential bearing on ensuring the long term availability of the acquired capability. It helps in mitigating the support and technology shortfalls for ensuring the optimal utilisation of the resource. This holds greater significance where in the capability is acquired for a long term and is prone to faster rate of technological obsolescence.

11. OEM is to indicate the methodology on how the OEM intends to undertake Active Obsolescence Management through life cycle of equipment which would include upgradation of system/ subsystem/ units on completion of its fair service life. The SELLER/OEM (as applicable) shall also intimate BUYER on likely technology obsolescence of various sub-assemblies/units/modules of equipment through an Annual Bulletin. In case of impending obsolescence of components, bulletin shall specify either alternate item or option for life-time buy.

(a) The SELLER/OEM (as applicable) not less than three years before the close of its production line will notify the BUYER about the intention to close its production of the Equipment for provision of the possibility of purchasing spare parts before closure of the said production line.

(b) Three years prior to completion of design/service life of equipment, the SELLER/OEM (as applicable) shall submit techno-commercial proposal for upgradation

of equipment, wherever applicable, to mitigate technology obsolescence and ensure product support for next 15 years.

12. SELLER/OEM (as applicable) shall also intimate BUYER of the latest upgrade of the equipment/platform co-terminus with their introduction in other markets. Vendors quoting lesser ESP / MRLS in terms of range and depth will be governed by the Adequacy Clause. The vendors quoting surplus items in ESP / MRLS should agree to buy back the surplus spares as per the Buy Back Clause.

13. **Maintenance Transfer of Technology (MToT).** For imported equipment, the Maintenance Transfer of Technology (MToT) is envisaged for acquisition cases for products having a long term life period and where the know-how for carrying out Maintenance and Repairs requires Transfer of Technology. The maintenance and repair services may either provided by the OEM or its Indian Partner with whom a separate Maintenance and Repairs contract is to be concluded along with acquisition of the equipment. Wherever applicable, as part of MToT, SELLER shall provide requisite technical assistance to the selected Indian entity for the following:-

- (a) Providing 'Intermediate' and 'Depot' Level repair, upgrade, testing/certification and the requisite spares for the entire life cycle of the equipment.
- (b) Ensuring Indian entity is self-sustainable to support operation and deployment of the platform/equipment, as well as entire maintenance activities up to 'I' Level.
- (c) Providing MRO support including relevant processes, special tools and infrastructure for providing life-cycle support to the platform up at 'O', 'I' and 'D' Levels.
- (d) Setting-up an ecosystem for sustenance of Spares, Maintenance, testing facilities, as also shore support.

14. The details of such technical assistance considered necessary by the OEM shall be provided as an Annexure to the technical proposal. The total Technical Assistance package shall be in number of man weeks spread over number of missions. OEM shall provide question/answer service and modification advices during the life cycle of the product at no additional cost. In cases where ToT is involved, the SELLER is to ensure the following (as applicable) :-

- (a) Indicate Technologies to be transferred along with the range and depth of transfer of technology (ToT). These could cover technology for overhaul, component level production from raw material, as well as design/development and manufacture of systems, sub-systems, assemblies, components, etc, by Indian ToT partner to mitigate technology obsolescence.
- (b) SELLER shall also indicate where Indian ToT partner can be made a global/regional hub for manufacturing of the equipment, systems, sub-systems, assemblies, components, spares, etc.
- (c) Furnish Indigenisation Roadmap indicating minimum threshold of Indigenous Content (IC) to be achieved in the Project, including stage-wise IC.

15. Wherever applicable, the SELLER is to provide a list of raw material and consumables required during the three levels of maintenance programme. SELLER may also provide all the details required to estimate the Life Cycle Cost of the Equipment, such as the likely Operating cost, Maintenance cost, Overhaul cost, training cost etc.

(II) **Annual Maintenance Contracts (AMC).**

16. The Annual Maintenance Contracts include Maintenance and Repair services by the SELLER in order to ensure serviceability of the equipment covered / services desired for a pre-determined period in multiples of Annum. The cost of Materiel spares consumed in execution of these services are provided by the BUYER or paid to the SELLER in addition to the AMC charges. In these contracts the services of the specialist are costed based on the pre-determined Man-day rates. Therefore, the following rates needs to be covered in the contract:-

- (i) SELLER shall submit proposal for services of specialists comprising all-inclusive man-day rates at shore, and on operational platform viz. ship at sea, aircraft.
- (ii) Man-day Rates for Services/Special Tools of Specialists (where applicable) shall be specified corresponding to the categorisation of specialists, e.g. Designers, Engineers and Technicians, as applicable. Man-day Rates for hiring Special Tools, where applicable shall also be provided.
- (iii) The spares to be supplied by the Customer in such cases would be supplied through the Long Term Spare contracts that would be signed under the Engineering Support package mentioned above

(III) **Comprehensive Maintenance Contracts (CMC).**

17. The Comprehensive Maintenance Contracts are concluded for a pre-determined period in multiples of Annum. The scope of CMC, in addition to services of the specialists as mentioned for AMC, include provisioning of the spares, tools and equipment as required for the Maintenance and Repair of the equipment. In this arrangement, the OEM is to ensure that the down time of the equipment do not exceed the minimum stipulated in the CAMC. No separate Engineering Support Package is envisaged for the equipment maintained through the CAMC.

18. **Training Aggregates.** The requirement of training for the vessel and associated equipment are specified at **Appendix A**. The requirement of Training aggregates for the vessel(s)/equipment in terms of simulations, models, training aids and cut section of certain equipment, if required will be specified by the buyer. These will be costed and submitted to buyer along with the technical and commercial bid as per **Annexure V to Appendix D**. The cost column is to be left blank in the technical bid. The overall financial implications for these will be included under Sl (f) & (g) of the price bid format placed at **Appendix G**.

19. **Life Cycle Support of the Platforms** – As part of Life cycle support of Platforms, construction shipyard, would have to undertake planned refits of ship as per Operation cum Refit Cycle, if specifically required by IN/ICG. For smaller vessels/ yard crafts, IN/ICG may seek basic cost for undertaking short/medium/long refits corresponding to SoW based on service life of Hull and equipment. The refits of any platform would be progressed under separate contracts

20. **Performance Based Logistics.** In certain cases, the life cycle support could also be provided through implementation of the Performance Based Logistics (PBL). The requirement of PBL would be specifically specified in the RFP. The PBL is a Supply Chain concept for optimising the availability of spares and services support to meet the pre-determined level operational availability. The criteria for the PBL supply chain is based on approved Performance Metrics. The OEM or the contracted Vendor would implement desired Supply Chain Management system for meeting the operational performance level.

1. The following broad aspects need consideration is the scope PBL:-
 - a. Determination of achievable Performance Level to meet the desired operational availability.
 - b. Duration of contract compared to the desired equipment life
 - c. Range and Scale of platforms to be covered.
 - d. Geographical locations where support is required
 - e. Infrastructure facilities creation / sharing
 - f. Maintenance, Repair and Overhaul schedule and response time
 - g. Level of Technical Support required
 - h. Access to Technical Manuals and Publications
 - j. Evaluation Parameters

Annexure I to Appendix D to Schedule I
(Refers to Para 5 of Appendix D)

MANUFACTURER'S RECOMMENDED LIST OF SPARES TOOLS AND SOFTWARE (MRL-OBS)
(To be submitted in accordance with Para 8 of Part I of RFP)

VESSEL/EQUIPMENT: _____

[illegible]

Annexure II to Appendix D to Schedule I
(Refers to Para 6 & 7 of Appendix D)

MANUFACTURER'S RECOMMENDED LIST OF SPARES (MRL-B&D)
(To be submitted while finalising Equipment post signing of Contract)

VESSEL/EQUIPMENT: _____

S.No	Eqpt Part No./Model no./Sl No.	Eqpt Description	OEM Name	Vendor Name	Illustrated Spare Part List (ISPL) Reference/Part No. of Spare	Desc of Spare	Country of Origin	Unit Price	Seller Order No. & Date	Currency Code	Total Qty	VED* Category	Recommended scale for No of vessel(s)	Remarks

(b) **VED -VITAL/ESSENTIAL/DESIRABLE analysis** of spares to be carried out by OEM prior to submission to the Buyer. **Original Equipment**

Manufacturer (OEM):(Complete Address)

Notes: (Combined for Annexures I and II to Appendix D)

1. Data regarding maintenance spares/stores like lubricants, sealing compound, gases should be given separately giving source of supply
2. Data furnished as OBS and B&D should also include software backups, as applicable.

3. *In 'Remarks' column following information (if applicable) be given:-*

- (a) If an item has a shelf/operational life it be marked as 'G' and life be indicated.
- (b) Matching set of components be indicated.
- (c) Item which can be locally manufactured in India should be marked 'LM'.
- (d) Items which cannot be manufactured in India due to sophisticated design/technology may be marked as 'SI' (Special Item).
- (e) If a component/assembly is common to other similar equipment offered by the OEM earlier, these should be marked 'CM' and name of the equipment be indicated.

4. *OBS and B&D spares list should be drawn out of the 'Part List' of the equipment, which should be separately given as part of Technical Manuals.*

5. *If the main equipment consists of other equipment, then OBS and B&D spares list should be prepared for them under proper heads. OBS and B&D spares list is to be prepared as per the maintenance concept of the customer.*

6. *Items provided along with the equipment as spares should also be included in OBS and B&D list.*

7. *Modules/Shop Replaceable Unit (SRU)/assemblies should be listed and their components should be included under them so as to relate each item of spare to their module/SRU/assembly.*

8. *OBS and B&D list for test equipment should also be provided on the similar format.*

9. *Cost to be indicated in Price bid only*

Annexure III to Appendix D to Schedule I
(Refers to Para 8 of Appendix D)

LIST OF SMT/STEs, JIGS, FIXTURE AND INFRASTRUCTURE (As applicable)
(To be submitted with the Technical/Commercial bid as applicable)

Name of Vessel/Equipment _____

Original Equipment Manufacturer (OEM): _____

S.No.	Manufacturer's Part No.	Item Name	Unit Cost	Nos. Required		Brief Purpose	Remarks
				Onboard	Repair by Refit Agency		

Notes:

- (a) Prepare separate sheet for each type of equipment.
- (b) Specify in remarks column whether the Special Test Equipment (STE)/Special Maintenance Tools (SMT) can be used as general purpose equipment on any other kind of equipment.
- (c) For Ship level repair quantity required should be for repair of one ship set at a time. For Yard level repair/Maintenance, qty should be for repair of sets of equipment fitted onboard the Vessel(s) of the contract.
- (d) If test equipment is commercially available ex-India, the source of supply be specified.
- (e) Test equipment for calibrating the STEs should be included in the list above.
- (f) Test equipments which are required to be provided by the customer should also be included in the list above.
- (g) Cost to be indicated in Price bid only.

Annexure IV to Appendix D to Schedule I
(Refers Para 9 of Appendix D)

TECHNICAL DOCUMENTATION (as applicable)
(To be submitted with the Technical/Commercial bid)

Name of Vessel/Equipment: _____

Original Equipment Manufacturer (OEM): _____

Ser	Technical Literature	Unit Cost	Scale For No of Vessels	Total Cost	Remarks
1.	User Handbook/Operator's Manual				
2.	Design Specifications				
3	<u>Technical Manual</u> (a) <u>Part I.</u> Tech description, specifications, functioning of various systems. (b) <u>Part II.</u> Inspection/Maintenance tasks Repair procedures, materials used, fault diagnosis and use of Special Maintenance Tools (SMTs)/Special Test Eqpt (STE)s.				

4.	(c) <u>Part III.</u> Procedure assembly/disassembly, repair up to component level, safety precautions (d) <u>Part IV.</u> (i) Part list with drawing reference (ii) List of SMT/STEs with Test Bench				
5	Manufacturer's Recommended List of Spares (MRLS)				
6	Illustrated Spare Part list (ISPL)				
7	Technical Manual on STE with drawing reference.				
8	Soft copy on the above Tech literature				
9	Any other (specify) e.g. Service logs etc.				

Total Cost:

Notes: (a) In case any additional equipment is used, their tech literature will be included.

(b) If certain technical literature is being provided free of cost, it should be indicated in the remarks column.

(c) Cost: To be indicated in Price Bid only.

Annexure V to Appendix D to Schedule I

(Refer Para 10 of Appendix D)

TRAINING AGGREGATES AND TRAINING (as applicable)

(To be submitted with the Technical/Commercial bid)

Name of Vessel/Equipment: _____

OEM: _____

S. No	Description of Training Aggregate	Scale for 01 Vessel	Unit Cost	Total Cost	Remarks

1. Complete Equipment
2. Sectioned Equipment
3. Computer based training package based on interactive multimedia to include
 - (a) Full graphics, Animation test and sound
 - (b) Symptoms-fault correlation (expert system).
 - (c) Symptoms-fault correlation (expert system).
4. Training Aids to include

- (a) Charts
- (b) Slides
- (c) Training Brochures
- (d) Training Work models
- (e) Blow up diagram
- (f) Soft Copy

5. Cost of Training for technician and operators _____ per Vessel-Cost to be indicated in Price bid only.
6. Total Cost: To be indicated in Price bid only.

Appendix E to Schedule I to Chapter IV
(Refers to Para 21 of Schedule I)

INFORMATION/KNOWHOW FOR ESTABLISHING MAINTENANCE
INFRASTRUCTURE WITH AN INDIAN REPAIR YARD
(Specific Paras may be amended as per requirement by the Buyer)

(These guidelines are indicative. These may vary as per the type of service/equipment and the intended requirements. SHQ concerned may amend these as per their requirement. No blanks to be left).

1. The yard level maintenance (third line) and the life time support for the Vessel will be carried out at Buyer's Repair Yards, competent in conventional vessel repairs. Therefore the bidder is required to provide information and documentation along with a list of special equipment required for setting up of maintenance infrastructure and facilities for third line repairs in India at the premises of Indian Repair yards.

2. **Scope of Maintenance.** It is desired that the Indian Repair yards should be able to accomplish the following towards providing maintenance support for the life cycle of the equipment:-

(a) Carry out yard level repairs to include repair of major assemblies, sub assemblies of the equipment.

(b) The scope of these repairs is elaborated subsequently. You are required to take into consideration these aspects while preparation of your maintenance plans.

3. **Maintenance Infrastructure.** To enable the Indian Repair yards to provide life time maintenance support, it is essential that the facilities required are listed out in elaborate details.

Note: *The following is just a guideline and would vary on case to case basis. The SHQ will have to work out the exact details prior to issuing out the RFP.*

4. **General.** The information shall be provided to the designated Ship Repair yard for yard Level maintenance to cover all aspects of maintenance of the vessel through the Indian Repair Yards. It shall be comprehensive and shall cover all aspects of maintenance up to the lowest level which will enable the Maintenance Agency to repair, overhaul and support and maintain the Vessel(s)/Equipment. The document shall include the details that are needed for any deviation/concession during the maintenance/modifications/upgrades of the Vessel(s)/Equipment.

5. **Documentation.**

(a) The Documentation to be provided by the Bidder shall be in English language in Electronic and hardcopy formats and include documentation under the following heads:- (if required vendors may quote translation charges separately to enable the production agencies to decide whether to undertake the translation themselves or to seek the English version of the documentation from the vendor).

(i) 'Yard' level Maintenance documentation (specs to be specified) by Repair Agencies.

- (ii) Engineering documentation including special processes.
- (iii) Software documentation including source code (if applicable), build environment and utilities.
- (iv) Details of Special tools and Test equipments, Jigs & Fixtures.
- (v) Seller's Standard Technical Manuals.
- (vi) Illustrated parts catalogue with price list.
- (vii) Source identification for standard parts, sub contracted items; consumables etc.
- (viii) Mandatory spares replacement lists and price catalogue for unit/base levels of maintenance.

(b) The documentation to be supplied by the Bidder shall be that which is used by the Bidder or its sub contractors for the purpose of maintenance of the Vessel(s)/Equipment and their respective equipment. The Bidder will ensure completeness and exhaustiveness of the documentation for the purpose and work to be performed by the maintenance agency for maintenance/overhaul of the Vessel(s)/Equipment in his plant. Wherever approval of certification agency is relevant, approved documents will be provided. Certification standards as far as possible will be relevant MIL Specs or as mutually agreed with the User's Certification Agency. All the certification documents generated for obtaining certification in the country of origin to be supplied. Further, vendor should supply such documentation as may be required by the Indian Certification Authorities.

(c) The Bidder shall also provide the data in respect of MTBF, MTBO, MTBR and Reliability of the vessel/its equipment being offered.

(d) **Labour Hours**. The Bidder should indicate their stabilised labour hours and Turnaround time for each of the two levels of maintenance clearly indicating the learning curve adopted.

6. **Special Technologies/Processes**. The bidder shall mention in the document about special technologies and special coatings and treating processes along with details of plant and machinery vis-à-vis specific components/assemblies.

7. **Special Maintenance Tools (SMTs) and Special Test Equipment (STEs)**.

(a) The Bidder shall provide complete technical data of the SMTs and STEs used in the Maintenance of Product. This information shall also include the data for manufacture and maintenance of the SMTs and STEs.

(b) Details of special category test equipment's along with test rig/test set up shall also be provided. Wherever software is used, details of the software including Source Code shall be provided.

(c) The Bidder shall provide details of calibration and periodicity of calibration in respect of SMTs and STEs. Details of master tester and associated special facilities required for this purpose (with source of supplies) will be provided by the bidder.

8. **Standard Tooling and General Industrial Requirement.** The Bidder is to provide list/Technical details of standard tooling and general industrial requirement for carrying out 'Yard' maintenance.

9. **Software Backup.** The Bidder is to provide data in respect of the software/firmware backup on magnetic media with necessary equipment and detailed procedure for reloading of software/firmware. The same is required in the event of software corruption or failure of memory devices for the reloading of the software/firmware.

COMMERCIAL CLAUSES

1. **Payment Terms.**

(a) **INCOTERMS for Delivery.** The delivery of vessels/goods will be based on:-

(i) For multi-vendor cases in Buy (Global) and 'Buy and Make' category, the delivery of vessels/goods will be based on the INCOTERMS 2010.

(aa) **For Foreign Bidders.** CIP.....INCOTERMS 2010, maximum cover and consigned to with ultimate consignee as.....

(ab) **For Indian Bidders.** DDP/..... with ultimate consignee as

(Note: For other cases, depending upon the nature of proposal, any of the following INCOTERMS 2010 may be used-EXW, FCA, CPT, CIP, DAT & DDP.)

(b) **Currency of Payment.**

(i) **Foreign** bidders should submit their bids only in US Dollars/Euros/ Pound Sterling or any other currency.

(ii) Indian bidders should submit their bids in Indian Rupees only.

(c) **Payment to Foreign Bidders.**

(i) The Payment Term as per the ____ stage payment are given in Annexure I to Appendix F.

(ii) **Advance Payment.** All stages till the delivery of vessel, where there are no 'Deliverables' would be construed as advance (as defined at **Annexure I to Appendix F**). The Seller is required to furnish BG for advance payment from banks of international repute and the details of the bank have to be furnished in the commercial bid. Buyer reserves the right to consult Parliament Street branch of State Bank of India, New Delhi as to whether to get the BG from a foreign bank confirmed. The Advance Payment Bank Guarantee (APBG) (if provided for combined vessels) will be deemed to be proportionately and automatically reduced until full extinction along with and prorated to value of each delivery, as evidenced by corresponding copy of document proving delivery and invoices of goods/services supplied/provided. The seller has the option to furnish separate Bank guarantees for each vessel. For stage payments relevant to advance, payments will be released based upon the Completion certificate for all activities mentioned therein given by Buyer's rep and any other relevant documents as specified in the contract. The date of delivery would be reckoned from the date of release of Advance payment by the Buyer to the Seller (T0), provided the Seller submits the documents mandated by the DPP for release of advance by the Buyer within 45 days of signing of contract. In the event of the Seller not submitting the said documents within 45 days of signing of contract, the period between the 45th day and actual submission of documents will be excluded from the actual date of

advance payment to arrive at the delivery date. In case, no advance is to be paid, the date for reckoning date of delivery would be the date of signing of contract. This clause will not be applicable in cases wherein Advance payment is released after FOPM is successfully validated. In such cases, date of accord of Bulk Production Clearance will be date for reckoning date of delivery³³. (aa)³⁴ In cases where Export License is required to be submitted by the Seller to the Buyer prior to release of Advance Payment, a copy of vendor's application for export license to their government may be provisionally accepted in lieu of export license, for release of Advance Payment with the caveat that the vendor should submit the requisite Export License prior to release of next payment from the Buyer.

(iii) **On Delivery.** The Seller will give a notification to Buyer about the readiness of vessels/goods for delivery at least 45 days prior to delivery of vessels/goods. Paid shipping documents are to be provided to the Bank by the Seller as proof of dispatch of goods as per contractual terms so that the Seller gets payment from LC. The Bank will forward relevant documents to the Buyer for getting the vessel released from the Port/Airport. Documents will include -

- (aa) Clean on Board Airway Bill/Bill of Lading (Original)
- (ab) Commercial Invoice (original)
- (ac) Inspection Acceptance Certificate demonstrating compliance with the technical specifications of the seller to be issued by the Buyer
- (ad) Certificate of origin, duly stamped from Seller's Chamber of Commerce
- (ae) Certificate of Quality and current manufacture from OEM
- (af) Physio-sanitary/Fumigation Certificate
- (ag) Packaging List
- (ah) Insurance and freight documents
- (aj) Landing Certificate issued by Port Authority
- (ak) Training certificate issued by the Buyer

*(**Note:** The above list is illustrative. The documents that may be required, depending upon the peculiarities of the procurement being undertaken, may be included/excluded in RFP).*

(iv) **Post Delivery.** The seller will obtain clearance certificate from user and submit any other relevant documents as specified in the contract for last stage payment as per **Annexure I to Appendix F** for claiming this stage payment.

(v) **Mode of Payment.** Payment shall be made through Irrevocable Letter of Credit (LC) or Direct Bank Transfer (as applicable). The payment will be arranged through any Public / Private Sector Indian bank authorized for government transactions by RBI (as decided by the Buyer), to the Bank of the Foreign Seller. Letter of Credit will be opened by the Buyer within one month of receipt of the Performance-cum- Warranty Bank Guarantee for full value of contract. The Letter of Credit will be revolving and valid for days from the date of its opening. Payments through LC and DBT will be subject to the instant Uniform Customs and Practice for Documentary Credit (UCPDC) of the International Chamber of Commerce. The LC will be confirmed at Seller's cost if requested specifically by the supplier. Where extension of LC is necessitated, the Bank charges for extension shall be borne by the Party whose default causes such an extension. Banking charges will be paid by the Buyer and Seller in their respective countries.

(vi) **AMC Payments.** Quarterly/Half-yearly/Annually payments will be made by PCDA/CDA on submission of User clearance certificate through DBT.

*(**Note:** This Para may be included if there is AMC clause in RFP. Choice of Quarterly/Hal-yearly/Annually may be decided as per merits of the case).*

(d) **Payment to Indian Bidders.**

(i) The payment terms as per the stage payment schedule are given in **Annexure I to Appendix F.**

(ii) **Advance Payment and March In Rights.** All stages till the delivery of vessel, where there are no 'Deliverables' would be construed as advance (as defined at Annexure I to Appendix F). Buyer shall have '**March in**' rights on under construction vessel(s) upon attainment of Stage-IV milestone i.e. 10% physical progress of construction of ship. Bidder is to provide Bank Guarantees as follows for claiming the Advance Payments:-

(aa) Stages- I to III: Value of Advance BGs will be equal to the respective stage payment. BGs will be valid till delivery of the vessel

(bb) Stages-IV to XIII: Value of Advance BGs for Stages-IV to XIII will be 20% of the value of respective payments and will be revocable upon attainment of next milestone stage

(iii) The Bank Guarantee should be from any Public Sector bank or Private Sector bank authorised by RBI. The Advance Payment Bank Guarantee (APBG) (if provided for combined vessels) will deemed to be proportionately and automatically reduced until full extinction along with and prorate to value of each delivery, as evidenced by corresponding copy of document proving delivery and invoices of goods/services supplied/provided. The seller has the option to furnish separate Bank guarantees for each vessel. For stage payments relevant to advance, payments will be released based upon the Completion certificate for all activities mentioned therein given by Buyer's rep and any other relevant documents as specified in the contract. The date of delivery would be reckoned from the date of release of Advance payment by the Buyer to the Seller (T0), provided the Seller submits the documents mandated by the DPP for release of advance by the Buyer within 45 days of signing of contract. In the event of the Seller not submitting the said documents within 45 days of signing of contract, the period between the 45th day and actual submission of documents will be excluded from the actual date of advance payment to arrive at the delivery date. In case, no advance is to be paid,

the date for reckoning date of delivery would be the date of signing of contract. This clause will not be applicable in cases wherein Advance payment is released after FOPM is successfully validated. In such cases, date of accord of Bulk Production Clearance will be date for reckoning date of delivery.

(e) **On Delivery.** The payment will be made after successful delivery and acceptance of the vessel by IHQ MoD(N)/CGHQ on submission of following documents

- (aa) Ink-signed copy of Seller's bill.
- (ab) Ink-signed copy of Commercial invoice.
- (ac) Inspection Acceptance Certificate demonstrating compliance with the technical specifications of the Seller to be issued by the Buyer.
- (ad) Claim for statutory and other levies to be supported with requisite documents/proof of payment, as applicable.
- (ae) Exemption certificate for taxes/duties, if applicable

*(**Note:** The above list is illustrative. The documents that may be required, depending upon the peculiarities of the procurement being undertaken, may be included/excluded in RFP).*

(af) **Post Delivery.** The seller will obtain clearance certificate from user and submit any other relevant documents as specified in the contract for last stage payment as per **Annexure I to Appendix F** for claiming this stage payment.

(ag) **Mode of Payment.** The payment will be made by PCDA(N)/ CDA(N) who will release the payment through cheque/EFT to an Escrow Account as per modalities of Escrow Agreement signed between the Buyer, s Seller and Escrow account operating Bank at the time of signing of contract.

(ah) **AMC Payments.** Quarterly/Half-yearly/Annual payments will be made by PCDA/CDA on submission of User clearance certificate through issue of cheque/EFT.

*(**Note:** To be included if there is AMC clause in RFP)*

(aj) **Payment of Taxes and Duties on Completed Vessels.** Payment of taxes, duties and statutory levies on completed vessels will be made at actuals, based on submission of requisite documentary proof to Paying authority or on data on GSTN website. In case it is based on GSTN website, the shipyard may not require to attach any proof of payment for claiming reimbursement of GST on completed vessels. Necessary exemption certificate, as per applicable Govt notifications, shall be issued by the Buyer to the Seller.

(f) **Payment Terms for B&D Spares.** The payment for the B&D spares will be as follows:-

Stage	Cost payable and Activity	Time Schedule
I	10% of B&D	On the date of signing the contract and against Advance Bank Guarantee (10% of cost of B&D Spares including total handling charges as quoted in commercial bid). (SHQ can modify the term as per each project requirement)
II	90% of B&D Spare Cost	On pro-rata basis on proof of receipt by the consignee (SHQ can modify the term as per project requirement) Corresponding Life Cycle Support Contracts (Long Term Framework contracts for 3-5 years)

(g) The percentage of advance paid and LD (if any) on B&D spares will be deducted from the relevant stage payment of B&D spares. The percentage and amount of advance to be deducted should be indicated in every stage bill while claiming the payment. The full amount of advance paid will be adjusted in stages.

(h) **Payment Terms for Project Monitoring Expenses.** The payment stages will be decided based on mutual deliberation between Buyer and Seller during CNC (**Annexure II to Appendix F** refers).

2. **Payment by Letter of Credit (LC).** For Capital Acquisition, Category “Buy Global” (other than Defence PSUs in *ab initio* Single Vendor Cases or as a nominated production agency), Indian vendors can exercise option to take payment either through Letter of Credit (LC) or Bank Transfer. The payment terms would be regulated as given below:-

Clause	Where Supplier opts for payment through Letter of Credit	Where Supplier opts for payment through Bank transfer
1	The Accounting and Payment currencies shall be Rupees only. However, Exchange Rate Variation (ERV), as per ERV provisions contained in Para 6 of this Appendix, where permissible, shall be paid, only in INR.	
2	The Components of total contract prices as follows:- (a) Value of good supplied- Basic cost of Goods including ESP, as per the contract (b) Freight and Insurance – As per the Contract (c) Training charges and technical literature (d) Reimbursable expenses –taxes and duties as admissible under the contract (e) AMC charges –As per the Contract (f) Installation and Commissioning charges – As per the Contract	
3	The total contract price referred to in Article 1 of the contract shall be paid as follows:- (a) Advance Payment. ____% of total value of goods supplied being ₹----- shall be paid to the SELLER, through Bank Transfer, within 30 days of the receipt of the following documents: (b) Advanced Bank Guarantee as per Article 3B of the	

	<p>Contract.</p> <p>(c) Performance cum Warranty Bond as per Article 4 B of the Contract.</p> <p>(d) Any other specific document (like proforma invoice) if required.</p> <p><i>(Note: The second stage advance payment after completion of specific milestone may also be paid through Bank Transfer.)</i></p>	
4	For the second/next stage payment the SELLER has the option to seek payment either through Bank transfer from the O/o of PCDA _____ or through Letter of Credit	
5	<p>Where the SELLER opts for payment through LC, all payments except for the first stage payment as per clause 3 above shall be made by LC, as per following conditions:</p> <p>(a) The SELLER will give a notification to the BUYER about the readiness of goods for dispatch 45 days prior to the delivery of the consignment.</p> <p>(b) Consequent on receipt of the above notification, the BUYER shall open the Letter of Credit through PCDA before expiry of this period of 45 days provided a 5% Performance cum Warranty Bond for the Full value of the Contract has been received.</p> <p>(c) The Letter of Credit will be opened with a Public / Private Sector Indian bank authorized for government transactions by RBI, for _____% of the Contract value with the SELLER's Bank, i.e. _____ & Seller's Account No. _____. It will be valid for a period of _____ days/months from the date of opening.</p> <p>Note: Since the LC charges are fixed on per quarter basis, it may be ensured that LC validity is fixed in multiples of 90,180,270 days/months depending upon the delivery schedule. In case the delivery is in multiple consignments and there is a long delivery schedule more than one LC or revolving Letter of Credit can be opened.</p> <p>(d) The payment against LC shall be made to the SELLER against presentation of the documents specified.</p> <p>(e) In the event of delay in opening the Letter of Credit (reasons for which are solely attributable to Buyer), the delivery date will automatically stand extended to that extent. Formal amendment/certification from Buyer will be required as shipment date would have to be amended in SWIFT form accordingly.</p> <p>(f) All the expenses connected with establishment of all the Letter of Credit in India will be done by the Seller.</p> <p>(g) Where the extension of the validity of Letter of credit is necessitated, the Bank charges for extension shall be borne by the party whose default causes such an extension.</p> <p>(h) Once a Supplier opts for payment through LC, no mid-way changes in mode of payment are permitted.</p> <p>(j) The Letter of Credit shall be subject to and shall be governed by the instant Uniform Customs and Practices for Documentary Credits issued by the International Chamber of Commerce.</p> <p>(j) Any amendment in LC terms will be subject to Buyer's approval.</p>	<p>Where the SELLER opts for payment through Bank Transfer payment shall be made as per following conditions:-</p> <p>(a) The SELLER will give a notification to the BUYER about the readiness of goods for dispatch 45 days prior to the delivery of the consignment.</p> <p>(b) Once a Supplier opts for payment through Bank Transfer, no changes in mode of payment would be permitted.</p>

6	All the payments will be carried out with reference to the number of this contract.	
7	<p>The Second/next Stage payment comprising _____% of the value of goods supplied and full freight and insurance (where admissible) thereon, shall be paid to the Seller on submission of the following documents, in six copies each:</p> <ul style="list-style-type: none"> (a) Commercial invoices in original. (b) Contractor's bill in original. (c) Certificate of Conformity and Acceptance test report at the Pre Despatch Inspection signed by BUYER's and the SELLER's Quality Assurance Department. In case BUYER's representative do not attend the PDI, then certificate issued by the BUYER that it does not wish to attend the PDI and Inspection and acceptance certificate issued by the SELLER. (d) Proof of Despatch (original copies of RR, P. Way bill of Lading, Airway bill as applicable). (e) Packing List. (f) Warranty certificate from the supplier. (g) Certificate of current manufacture from OEM. (h) Insurance documents for 110% of the cost of consignment, except where the supply is Ex-Works. (j) Proof of Duty/Tax paid/reimbursable like deposition receipt/challan etc. <p>Note:</p> <ul style="list-style-type: none"> (i) <i>The Invoice and Contractor's bill must show the contract reference number, break-up of costs in terms of unit costs, total costs, exchange rate element, percentage rates of taxes and duties and amount payable/paid, in complete detail.</i> (ii) <i>Three copies of SELLER's Commercial Invoices, proof of dispatch, packing list and the specifications will be sent by courier and fax by the SELLER to the BUYER (Wing of Service HQ to be specified) within 3 days after the equipment has been shipped. Intimation may also be forwarded to Ministry of Defence, South Block, New Delhi (Wing to be specified).</i> 	
8	<p>Payment of other components of contract:-</p> <ul style="list-style-type: none"> (a) <u>Training</u>. Commercial invoice/Contractor's bill, duly accepted by Contract executing authority and Certificate from buyers representative that training program has been completed. (b) <u>Reimbursable Expenses</u>. Based on documentary proof of actual payment against the contract, issued by relevant statutory authority, Supplier may ensure submission of the same details of contractual obligations completed and payments received. This clause shall form part of LC. (c) <u>Installation and commissioning charges</u>. Commercial invoice/Contractual's bill, dully accepted by contract executing authority and certificate from BUYER representative. Documents in proof rates claimed shall need to be annexed. (d) <u>AMC Charges</u>. Commercial invoice/ Contract's bill, dully accepted by the Contract executing authority and Certificate from Buyer's representative. 	

9	Balance Payment. The Balance payment for_____ % shall be Paid to the seller against presentation of the following documents:- (a) Copies of invoice(three copies) (b) Copy of JRI and acceptance certificate issued by the Buyer (c) Contract's bill (d) Extended Bank guarantee wherever required	
10	Seller's bankers address and account number:- Bank name: Branch Name: Account No.: Sort Code: SWIFT Code: IFSC Code: RTGS No.:	
11	Where admissible, tax deduction at source will be done by the Bank releasing payment against LC	Where admissible, tax deduction at source will be done by the Bank releasing payment against PCDA.
12	Payment/recovery in terms of the contract will be made by the Bank releasing payment against LC. All documents under the LC shall be delivered by the Bank to PCDA (through Trade Finance CPC, New Delhi)	

3. **Performance-cum-Warranty Guarantee.** A Performance-cum-Warranty Bank Guarantee (PWBG) of 5 % of the Contract cost would be furnished by the Seller in the form of a Bank Guarantee. The contract cost would be the **Total Cost {SI 2(n) of Appendix G + Modification Cost + B&D Spare cost excluding cost of handling B&D spares SI 2(m)}**. In case of foreign Sellers, Bank guarantee will be from a Bank of international repute. Details of the bank are to be furnished in the commercial bid. Buyer reserves the right to consult Parliament Street branch of State Bank of India, New Delhi as to whether to get the BG from a foreign bank confirmed. In case of Indian Sellers, the PWBGs are required to be furnished from any Public Sector bank or Private Sector bank authorised by RBI. Confirmation of the same from SBI or any other Bank is not required. The PWBG shall be submitted by the Seller within one month of signing of contract and shall be valid for a period, until three months beyond the warranty period, as specified in the RFP.

(Note: The procedure for confirmation of BGs of foreign banks by Indian banks will be done as per Acq Wing ID Note No. PC to F.4 (500)/D (Acq)/08 dated 25.06.2009).

4. **Indemnity Bond.** DPSUs may furnish Indemnity Bonds instead of Bank Guarantees towards Advance Payment Guarantee and Performance-cum-Warranty Guarantee. In cases of private shipyard with high credit rating (CRISIL Long term Credit rating A and above or equivalent) may furnish Indemnity bond instead of bank guarantees towards advance payment guarantee and performance cum Warranty Guarantee.

(Note: This Para is to be included only in the Single tender/PAC cases with DPSUs. In competitive bidding cases, Para 2 above will be applicable to DPSUs also).

5. **Inspection.** Pre Dispatch Inspection (PDI) would be at the discretion of the Buyer. In addition JRI may also be carried out. If it is PDI, the Seller should intimate at least 45 days prior to the day when the equipment is to be offered for PDI to enable Buyer's QA personnel to be available for inspection. In case of JRI, the representative of the Seller may be present for

inspection after the equipment reaches the concerned destination. The Seller would be informed of the date for JRI.

6. **Liquidated Damages (LD).**

(a) In the event of the Seller's failure to submit the Bonds/Services/Guarantees/ Documents or/and delay in completion of the project and if the delay is attributable to the Seller, the Buyer may at his discretion withhold any payment until the completion of the contract. In case of delay in completion of the project and if the delay is attributable to the shipyard, Liquidated Damages will be levied after a Grace Period, as amplified below:-

(i) **Grace Period.** Grace period will be calculated at the rate of 5% of the build period (in months), subject to a minimum of one month and a maximum of three months.

(ii) **Liquidated Damages.** Beyond the Grace Period, LD will be levied at the rate of **1/100** of the **delay percentage** {Delay percentage = (Period of Delay wrt the build period, in Weeks) x 100 / (Build Period in weeks as per contract)} of the Vessel Cost upto a limit of 10%, for every week of delay or part of a week delay (Any extension given by the buyer for delay attributable to buyer or Force Majeure Clause to be factored in delivery period). Vessel cost is as defined at Para 2 of **Annexure I to Appendix F** of Schedule to Chapter IV, excluding cost for BFE and B&D spares.

(iii) Waiving of LD may be done at the discretion of Buyer, if it is established by Buyer that the reasons for delay is either on account of Buyer or due to Force Majeure.

(b) **Consequence of Not Achieving Specified Speed/Performance (Optional Clause).** The Contractual speed of the ship shall be.....Knots, based on the measured mile trial runs, with clean hull, in calm and deep water, at fully loaded condition. If the speed with clean hull in deep and calm water is less by more than ½ knot of contractual speed, the Vessel Cost (Total of SIs (a) to (k) of **Appendix G**, excluding Cost of ToT), as adjusted by the escalation clauses of the Ship, shall be reduced by 0.5% for every shortfall in speed of 1/2 knot, or on pro-rata basis for part thereof from the contractual speed. If the speed falls short by more than..... knot, the Seller shall take necessary steps to bring the speed to theknot at their own cost and within an indicated time frame. (The Buyer may also include specific consequences for not achieving major performance parameter in lieu of the clause of not achieving speed.)

(c) **Consequence of Delay in Delivery of B&D spares.** In the event of the Seller's failure to have the B&D Spares delivered by the date/dates specified in the contract, the Buyer may, at his discretion withhold any payment until the whole of the Spares have been supplied and the Buyer may also deduct from the seller, liquidated damages to the sum of **1/100** of the **delay percentage** {Delay percentage = (Period of Delay in Delivery in Weeks) x 100 / (Delivery Period in weeks as per contract)} of the contract price of the delayed/ undelivered spares mentioned above for every week of delay or part of a week, subject to the maximum value of the Liquidated Damages being not higher than **10%** of the contract price of the value of delayed spares (Any extension given by the buyer for delay attributable to buyer or Force Majeure Clause to be factored in delivery period).

(d) **Denial Clause.** In case the delay in delivery is attributable to the seller or a non-force majeure event, the Buyer may protect himself against extra expenditure during the extended period by stipulating a denial clause (over and above levy of LD) in the letter informing the supplier of extension of the delivery period. In the denial clause, any increase in statutory duties and/or upward rise in prices due to the Price Variation Clause (PVC) and/or any adverse fluctuation in foreign exchange are to be borne by the seller during the extended delivery period, while the Buyer reserves his right to get any benefit of downward revisions in statutory duties, PVC and foreign exchange rate. Thus, PVC, other variations and foreign exchange clauses operate only during the original delivery period. The format for extension of delivery period/performance notice under the Denial clause is at Annexure III to Appendix L to Schedule I of Chapter II.

7. **Exchange Rate Variation.**

(a) Exchange Rate Variation (ERV) shall be applicable for Rupee contracts with Indian vendors, based on RFPs issued under all categories of Capital Acquisitions, where there is import content. The indigenous and import components as also the various currencies (of the import contents) for ERV purposes, must be determined in advance. However, ERV clause shall not be applicable to contracts in the following conditions:-

- (i) **The delivery period is less than one year from the date of signing of the contract ; or**
- (ii) **The rate of exchange variation is within the band of +/- 2.5%.**

(b) Detailed time schedule for procurement of imported material and their value at the FE rates adopted in this case is to be furnished by the Indian Bidders as per the format given below, which will be incorporated in the contract for payment purposes respectively

Year wise and major currency wise import content break up

<u>Year (Y is Contract signing)</u>	<u>Foreign Exchange details as per SI (S), Appendix G</u>			
	<u>US Dollars</u>	<u>Euros</u>	<u>Pound Sterling</u>	<u>Other Curriencies (As applicable)</u>
Y + 0				
Y + 1				
Y + 2				
Y + 3				
Y + 4				
Total				

(c) ERV will be payable/refundable depending upon movement of exchange rate with reference to the Base Exchange rate on the ERV Reckoning Date. Base Exchange rate of each currency, used for calculating FE content of the contract, will be the BC Selling rate of the State Bank of India (Parliament Street Branch, New Delhi). *The ERV reckoning date will be the last date of submission of Commercial bids as per RFP.* In cases where Option Clause is exercised, the date of reckoning of ERV will be the last date of submission of bids for the RFP of the Original Procurement Case.

(d) The year-wise amount of foreign exchange component of the imported items, as indicated in table above by Bidder, shall be adjusted for the impact of ERV of the Rupee, based on the exchange rate prevailing (as notified by SBI, Parliament Street Branch, New Delhi) on the date of each transaction. The impact of notified Exchange Rate Variation shall be computed on a yearly basis for the outflow as tabulated in Para 6(b) above and shall be paid/refunded before the end of the financial year based on the certification of IFA of the concerned Service HQs, after pre-audit by Paying Authority.

(e) Documentation for claiming ERV -

- (i) A bill of ERV claim enclosing worksheet.
- (ii) Copies of import orders placed on the suppliers.
- (iii) Invoice of supplier for the relevant import orders.
- (iv) Banker's certificate/Debit advice detailing FE paid.
- (v) Exchange rate as on date of transaction, as notified by SBI, Parliament Street Branch, New Delhi.

(f) ERV clause will not be applicable for extended periods in case delivery periods for imported content are subsequently to be re-fixed/extended beyond contractual delivery *unless the reasons for delivery period extension are attributable to the Buyer*. In addition, the ERV will be paid as per the exchange rate which is lesser between the date of original delivery period and actual transaction date.

8. **Price escalation**. During the conduct of CNC a percentage of the project cost would be finalised by CNC which would be admissible to the shipyard as price escalation on the negotiated cost if the time duration between the CNC conclusion date and contract conclusion exceeds 12 months attributable to BUYER.

9. **Price Variation**: The RFPs with Bid Validity Period greater than 18 Months should allow automatic indexation of bid value. Since the cost of equipment/material component of any shipbuilding project amounts to about 65% and the other expenses amount to 35%, the Price variation formula would be based on 65% on WPI and 35% on CPI as follows:-

- (a) 35% weightage to CPI applicable to Industrial Workers
- (b) 65% weightage to be apportioned to following components of WPI based on nature of the ship as follows:

WPI Component	For Auxiliary Ships	For Warships
Manufacture of Basic Metals	20%	20%
Manufacture of Machinery & Equipment	50%	35%
Manufacture of Electrical Equipment	30%	45%

(c) The initial value for CPI and WPI indices will be based as on month of submission of commercial bid.

(d) In cases where Option Clause is exercised, date of CPI and WPI indices will be the last date of submission of bids for the RFP of the Original Procurement Case.

10. **Continuity of Payment beyond Contractual Delivery Date When Contract is Awaiting Amendment.** Any extension given by the BUYER for delay attributable to BUYER or Force Majure comes into effect with a contract amendment. However, respective stage payments may not be linked with the contract amendment which would facilitate shipyards to have continual payment as per the respective stage payments.

Annexure I to Appendix F to Schedule I
(Refers to Para 1(c) & (d) of Appendix F)

STAGES OF PAYMENT

1. The terms of payment may vary between each project depending upon a variety of factors such as indigenous content, necessity for building infrastructures, imports, design considerations and development of indigenous technology. However, some broad guidelines for payment terms are appended in subsequent Paras.

2. The Vessel Cost (Total of SIs (b) to (k) of **Appendix G**, excluding Cost of ToT) will be paid as per following stages on completion of respective stage activity (The Vessel Cost will not include Costs towards Handling of B & D Spares and Project Monitoring and BNE items, the payment stages of which have been specified at Paras 1(e) and 1(f) of **Appendix F** respectively. The Payment Stages of ToT, if applicable, will be specified separately):-

- (a). **For Commissioned Vessels**. 15 stages payment with pre-requisites as elaborated below:-

Stage	% of Vessel's Fixed Cost	Activity	Schedule to be finalized during CNC
I	5%	With signing of contract (10% of Contract Cost)	
II	10%	(a) Proof of ordering steel/ Hull Construction (b)Submission Cardinal date program me /Production PERT	
III	5% 10%	(a) Submission of Drawing Schedule (b)Submission of detailed network of activities including Work Breakdown up to launching a Vessel (c)Submission of main hull structural drawing (d)Order for all major pre-launch items finalized and placed	
IV	10%	(a)Completion of 10% physical progress of construction and submission of weight analysis for first ship of series only (b)Submission of equipment installation schedule	
V	5%	(a)Completion of 15% physical progress of construction and submission of weight analysis for first ship of series only (b)Completion of main engines, gear boxes, griders & Seatings/m/c seating as applicable to erecting of 60% hull	
VI	5% 10%	(a)Completion of 25% physical progress of construction and submission of weight analysis for first ship series only (b)All access holes to be cut and preparation of main seating in m/c compartment (c)Placement of order for majority equipment & systems affecting conduct of basin trials	
VII	5%	(a) Pressure test of built in tanks (b)Manufacture/procurement of W/T doors and hatches (c)Submission of network of balance activities upto delivery alongwith resource allocation	

VIII	10% 15%	(a)Completion of machinery , equipment & fittings with associated system required for reaching pre-launch stage and submission of weight analysis for first ship of the series only (b)Launching of the vessel or equivalent stage of construction reached	
IX	5%	Completion of 40% physical progress of construction and submission of weight analysis for first ship of the series only	
X	5%	Completion of 60% physical progress of construction and submission of weight analysis for first ship of the series only	
XI	5%	Completion of 85% physical progress of construction and submission of weight analysis for first ship of the series only	
XII	10 5%	Completion of Basin Trials	
XIII	2.5%	(a) Completion of inclining experiments and submission of weight analysis for first ship of the series only and draft survey for subsequent ships (b) Successful completion of CST (c) Completion of Training	
XIV	2.5%	(a) Successful completion of FMT (b) Stowage of all onboard spares (c) All Documents, drawings , manuals for the ship tp be made available to the concerned agencies as per specifications (d) Completion of first reading of D-448 and acceptance of vessel (e) Handing over of life cycle support contracts of designated equipments.	
XV	5%	On completion of final reading of D 448 and completion of all guarantee liabilities	

Note :-

Payment to be made as per the defined stages and not necessarily to be linked with the sequence

For enforcing sufficiency of OBS, for a period of three years ,the validity of warranty bank guarantee should be valid for a period of three years from the delivery of last vessel.

(b). **For Submarines.** Fifteen stages payment with pre-requisites as elaborated below:-

Stage	% of Vessel's Fixed Cost	Activity	Schedule to be finalized during CNC
I	5%	With signing of contract (10% of Contract Cost)	
II	10%	(a) Proof of ordering steel/ Hull Construction (b)Submission Cardinal date program me /Production PERT	
III	5% 15%	(a) Submission of Drawing Schedule (b)Submission of detailed network of activities including Work Breakdown up to launching a Vessel (c)Submission of main hull structural drawing (d)Order for all major pre-launch items finalized and placed	
IV	5%	(a)Completion of 10% physical progress of construction and submission of weight analysis for first ship of series only (b)Submission of equipment installation schedule	
V	5%	(a)Completion of 15% physical progress of construction and submission of weight analysis for first ship of series only (b)Completion of main engines, gear boxes, grids & Seatings/m/c seating as applicable to erecting of 60% hull	
VI	5% 15%	(a)Completion of 25% physical progress of construction and submission of weight analysis for first ship series only (b)All access holes to be cut and preparation of main seating in m/c compartment (c)Placement of order for majority equipment & systems affecting conduct of basin trials	
VII	5%	(a) Pressure test of built in tanks (b)Manufacture/procurement of W/T doors and hatches (c)Submission of network of balance activities upto delivery alongwith resource allocation	
VIII	10% 15%	(a)Completion of machinery , equipment & fittings with associated system required for reaching pre-launch stage and submission of weight analysis for first ship of the series only (b)Launching of the vessel or equivalent stage of construction reached	
IX	5% 2.5%	Completion of 40% physical progress of construction and submission of weight analysis for first ship of the series only	
X	5% 2.5%	Completion of 60% physical progress of construction and submission of weight analysis for first ship of the series only	
XI	5% 2.5%	Completion of 85% physical progress of construction and submission of weight analysis for first ship of the series only	
XII	10% 2.5%	Completion of Basin Trials	
XIII	5% 2.5%	(a) Completion of inclining experiments and submission of weight analysis for first ship of the series only and draft	

		survey for subsequent ships (b) Successful completion of CST (c) Completion of Training	
XIV	5% 2.5%	(a) Successful completion of FMT (b) Stowage of all onboard spares (c) All Documents, drawings , manuals for the ship tp be made available to the concerned agencies as per specifications (d) Completion of first reading of D-448 and acceptance of vessel (e) Handing over of life cycle support contracts of designated equipments.	
XV	5%	On completion of final reading of D 448 and completion of all guarantee liabilities	

Note:-

Payment to be made as per the defined stages and not necessarily to be linked with the sequence

For enforcing sufficiency of OBS, for a period of three years, the validity of warranty bank guarantee should be valid for a period of three years from the delivery of last vessel.

(c) **For Yard Craft/Auxiliaries.** Fifteen stages payment with pre-requisites as elaborated below:-

Stage	% of Vessel's cost	Activity	Pre-Requisites
I	5%	On signing of the Contract (10% of Contract of the cost)	On submission of bank guarantee of equal value and performance – cum-Warranty Bond of 5% of the contractual cost. DPSUs may submit indemnity bond when nominated.
II	20%	(a) Proof of ordering of steel/Hull construction Material (b) Submission of cardinal date (c) Submission of main hull structural drawings. (d) Order for all major pre-launch items finalized and placed (e) Order for all major pre-launch items finalized and placed. (f) Erection of equipment schedule. (g) Submission of equipment of equipment schedule. (h) Completion of main engines, Gear box girders & seatings / machinery seatings as applicable to erection of 40% hull.	To be certified by owner's rep/overseer.
III	10%	(a) Completion of main engines, gear box girders & seatings /machinery seatings as applicable to erection of 70% hull. (b) All access holes to be cut and preparation of main seatings in machinery compartment. (c) Manufacture /procurement of W/T doors and hatches (d) Pressure test of built in tanks (e) Submission of network of balance activities	To be certified by Owner's rep/Overseer.
IV	15%	(a) Erection of 100% main hull (b) Placement of order for major equipment & system affecting conduct of basin trials	To be certified by Owner's rep/Overseer.

		(c) Pressure test of built in tanks (d) Submission of network of balance activities	
V	15%	(a) Completion of installation of machinery, equipment and fittings with the associated systems required for reaching pre launch stage. (b) Launching of vessels or equivalent stage of construction reached. Note. If large amount of machinery is to be placed after the launch of the vessel, this stage may be split into two @ 10% or 7.5% each	To be certified by Owner's rep/Overseer.
VI	30%	(a) Completion of Basin Trials (b) Completion of inclining experiment and draft survey for subsequent crafts (c) Successful completion of contractor's sea trials (form part of vessel acceptance trials) (d) Successful completion of final machinery trials (e) Stowage of all on-board spares (f) All documentation, drawings , manuals for the ship to be made available to the concerned agencies as per specifications (g) Completion of first reading of D-448 and acceptance of the vessel.	To be certified by Owner's rep/Overseer.
VII	5%	All defects, deficiencies and contractor's liabilities including guarantee repairs & dry docking to be completed.	

Note:-

Payment to be made as per the defined stages and not necessarily to be linked with the sequence For enforcing sufficiency of OBS, for a period of three years ,the validity of warranty bank guarantee should be valid for a period of three years from the delivery of last vessel.

PROJECT MONITORING SYSTEM
(General Guidelines. To be altered as per requirements of the Project)

1. **Project Monitoring.** In view of the complex nature of the ship building projects involving multi disciplinary efforts from a number of agencies, a high level of multi layered, proactive project management mechanism is required to be set up for ensuring the timely completion of the Project. The primary features of the Project Management System (PMS) envisaged are as follows: -

- (a). Enterprise Project Monitoring using Commercial Off the Shelf (COTS) enterprise software tools.
- (b). On line web based project monitoring, drawing approvals, online alerts, status reports, project analysis, trouble-shooting etc.
- (c). Turn Key maintenance, administration and project analysis support by the PMS provider.
- (d). The project monitoring software, hardware etc. will be offloaded to proficient vendors at actual and the responsibility of training will be with the vendor contracted for the same.

2. The broad scope of supply and work for the PMS required is as follows: -

Project planning, monitoring and analysis support to the Project Manager.

- (a). Project management as a collective portfolio of sub-projects, tasks, resources, supply etc. for better decision-making using an advanced Enterprise Project Management tool e.g. Primavera/Microsoft Project Enterprise Edition etc.
- (b). Facilitate improved project team communication by having a system wherein all Project stakeholders have access to up-to-date information and can communicate within the system. The system is to use a web based design, with on-line connectivity for data, voice and video.
- (c). Supply of required software and hardware and other IT infrastructure.
- (d). Maintenance, administration and support of the PMS.
- (e). Training on the system.
- (f). Any other accessories which could help in project monitoring and co- ordination.

FORMAT FOR EXTENSION OF DELIVERY PERIOD/PERFORMANCE NOTICE²²

Name of the Procuring Entity.....

Extension of Delivery Period/Performance Notice

To

M/s (name and address of firm)

Sub: Contract No..... dated.....for the supply of.....

Ref: Your letter no. dated:

Dear Sir,

1. You have failed to deliver {the (fill in qty.) of Stores/the entire quantity of Stores} within the contract delivery period [as last extended up to] (fill in date). In your letter under reply you have asked for [further] extension of time for delivery. In view of the circumstances stated in your said letter, the time for delivery is extended from (fill in date) to (fill in date)

2. Please note that notwithstanding the grant of this extension in terms of Clause (fill in clause number) of the subject contract an amount equivalent to % (..... per cent) of the delivered price of the delayed goods for each week of delay or part thereof (subject to the ceiling as provided in the aforesaid clause) beyond the original contract delivery date/the last unconditionally re- fixed delivery date (as & if applicable), viz., (fill in date) will be recovered from you as liquidated damages. You may now tender the Stores for inspection [balance of the Stores] in terms of this letter. Stores if any already tendered by you for inspection but not inspected will be now inspected accordingly.

3. You are also required to extend the validity period of the performance guarantee for the subject contract from (fill in present validity date) to (fill in required extended date) within(fifteen) days of issue of this amendment letter.

4. The above extension of delivery date will also be subject to the following Denial Clause:-

(a). That no increases in price on account of any statutory increase in or fresh Imposition of customs duty, GST or on account of any other taxes/duty, including custom duty), leviable in respect of the Stores specified in the said contract which takes place after (insert the original delivery date) shall be admissible on such of the said Stores, as are delivered after the said date; and,

(b). That notwithstanding any stipulation in the contract for increase in price on any other ground including foreign exchange rate variation, no such increase which takes place after (insert the reckoning date as per DPP 2020) shall be admissible on such of the said Stores as are delivered after the said date.

(c). But nevertheless, the Buyer shall be entitled to the benefit of any decrease in price on account of reduction in or remission of customs duty, GST or on account of any other Tax or duty or on any other ground as stipulated in the price variation clause or foreign exchange rate variation which takes place after (insert the original delivery date).

5. All other terms and conditions of the contract remain unaltered. This is without any prejudice to Buyer's rights under the terms and conditions of the subject contract.

6. Please intimate your unconditional acceptance of this amendment letter within 10 (ten) days of the issue of this letter failing which the contract will be cancelled at your risk and expense without any further reference to you.

Yours faithfully,
(Authorised Officer)
Duly authorised,
for and on behalf of
The President of India

Note: Select one option within { } brackets; delete portion within [] brackets, if not applicable; fill in () brackets. Brackets and this note are not to be typed.

Substitute following first para instead of first para in format above, for issuing a performance notice.

1. You have failed to deliver {the (fill in qty.) of Stores/the entire quantity of Stores} within the contract delivery period [as last extended up to] (fill in date). In spite of the fact that the time of delivery of the goods stipulated in the contract is deemed to be of the essence of the contract, it appears that (fill in the outstanding quantity) are still outstanding even though the date of delivery has expired. Although not bound to do so, the time for delivery is extended from (fill in date) to (fill in date) and you are requested to note that in the event of your failure to deliver the goods within the delivery period as hereby extended, the contract shall be cancelled for the outstanding goods at your risk and cost.

Appendix G to Schedule I to Chapter 1
(Refers to Para 2, 7, 9, 12, 20, 39(c) & 40
of Schedule I)

EVALUATION CRITERIA AND PRICE BID FORMAT

1. **Evaluation Criteria.** The guidelines for evaluation of Price Bids will be as follows:-

1.1. Only those Bids will be evaluated, which are found to be fulfilling all the eligibility and qualifying requirements of the RFP, both technically and commercially. The bidder, whose price is arrived as lowest as per Evaluation criteria given in this Appendix, will be declared as L-1 bidder by Buyer.

1.2. While carrying out evaluation of bids to determine L1 (including where DCF Technique is applicable), the following criteria would be followed:-

1.2.1 **In Case of Foreign Bidders.** All costs, taxes (including GST) and duties quoted by foreign bidders at Serials (a) to (m) and Serial (p) (where applicable) of Para 2 below [including the basic cost {on CIP/DAT/DAP basis, (as applicable to the procurement case)} along with Basic Custom Duty (BCD) & IGST (as applicable)] would be considered for purpose of comparison of various bids. All the foreign bids will be brought to a common denomination in Indian Rupees by adopting **Base Exchange Rate** as BC Selling rate of the State Bank of India, Parliament Branch, New Delhi, **on the ERV reckoning date (as defined in Para 6(c) to Appendix F), ie, the last date of submission of commercial bids as per RFP.**

1.2.2 **In Case of Indian Bidders including Defence PSUs/OFs.** All costs, taxes (including GST) and duties quoted by the vendor at Serials (a) to (m) and Serial (p) (where applicable) of Para 2 below would be considered for purpose of comparison of various bids.

1.2.3 **Where DCF Technique as Given in Para 4 is Not Applicable.** L-1 bidder will be determined on the basis of quoted cost of all items including all taxes and duties payable to Central/State/Local Governments.

1.2.4 **Where DCF Technique as Given in Para 4 is Applicable.** DCF technique will be applied including taxes and duties to ascertain the NPV which would be used for determining L1 bidder.

1.3 Custom duty on input materials shall not be loaded by the Indian Bidders in their price bids, if they are exempted under the existing Notifications. In such cases, necessary Custom Duty Exemption Certificate (CDEC) shall be issued by the Buyer. In cases where Custom Duty is not exempted, Basic Custom Duty on input material is to be included in the cost of Basic Equipment, Installation/Commissioning/Integration, BNE, ToT, MRLS, SMT, STE, ESP and any other item listed at Column (ii) of Para 2 below.

1.4 If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price will prevail and the total price will be corrected based on indicative rates of taxes and duties at columns (vi) and (vii) of Para 2 below. If there is a discrepancy between words and figures, the amount in words will prevail for calculation of price.

2. **Price Bid Format.** The Price Bid Format is given below and Bidders are required to fill this correctly with full details. No column of the Bid format has to be left blank. The clubbing of serials/sub serials to indicate a consolidated cost is not acceptable. Columns of 'quantity', 'unit cost', 'total cost (including all taxes and duties)', 'GST/IGST (%) and Custom Duty (%) are to be filled up with positive numerical values or 'Nil' at every row as applicable. If any column is not applicable and intentionally left blank, the reason for the same has to be clearly indicated in the remarks column.

Ser	Items	Qty	Unit Cost	Total Cost(including all taxes & duties)	Indicative Rates of Taxes & Duties used to arrive at Total Cost(as applicable)		Remarks
					GST /IGST(%)	Custom Duty(%)	
(a)	1. Yard material including steel and Aluminum material 2.Equipment cost(indigenous) 2(a)Basic cost of the Buyer Nominated Equipment Indigenous(if applicable) 3.Equipment Cost(Imported) 3(a) Basic Cost of the Buyer Nominated Equipment- Imported(if applicable) 3. Equipment Cost (Imported) 3a. Basic cost of Buyer Nominated Equipment Imported (if applicable) 4. Equipment and material Overhead 5. Labour 6. Labour Overhead 7. Direct Expenses 8. First outfit of Naval stores						
(b)	Basic Cost of Vessel (Total of SI 'a' above)						
(c)	Cost of onboard Spares (Manufacturers Recommended List of Spares) as per Annexure I to Appendix D. In case equipment is already in usage, the spare parts requirement must be specific rather than being based on MRLS						
(d)	Cost of Special Maintenance Tools and Special Test Equipment and software as per Annexure III to Appendix D.						
(e)	Cost of Technical Documentation (in English Language) as per Annexure IV to Appendix D.						
(f)	Cost of Training Aggregates as per Annexure V to Appendix D.						

(g)	Cost of Training excluding the cost of travel, boarding and lodging separately for operators and maintenance technicians and QA Representative. This should be given under the following two heads (as applicable) (Appendix D, Para 10 refers): (i) In India (ii) Abroad						
(h)	Cost of TOT (as applicable) (as per Appendix K)						
(j)	Cost of Knowhow/Information for setting up of maintenance Infrastructure (as applicable) (Appendix E refers)						
(k)	Freight and Transit Insurance Cost (as applicable)						
(l)	Cost of Project Monitoring System (as per Annexure II to Appendix F)						
(m)	Cost of handling B & D spares						
(n)	Total cost (Total of SI (b) to (m) above)						
	TAX ON COMPLETED VESSEL						
(p)	ESP/AMC/CAMC cost giving year-wise break-up (where applicable)						
(q)	Grand Total Cost (SI n + P)			#			# This will be used in determining L1 vendor (duly applying provisions of Para 1 above).
(r)	Foreign Exchange component of the proposal.						This will be in reference to Para 1 (b)(ii) of Appendix F
(s)	CDEC (if applicable) , its authority and amount for which required.						

Note: Taxes and Duties. If there is a change in tax structure promulgated by the GoI, then rates of taxes indicated at columns (vi) & (vii) above will be used for revising the total cost.

3. **Evaluation of L1 in case of EPP.** If the vessel supplied by a vendor does not have the EPP, then the total cost of Serial (q) of the price bid format, for the purpose of L1 determination, remains as it is. In cases where a vendor's equipment meets the EPP, the total cost at Serial(q) of the price bid format will be multiplied by a credit factor less than 1 and greater than or equal to 0.9, based on the additional technical score assigned for the EPP, as detailed in the RFP.

4. **Evaluation of Bids by DCF Technique** (**Note:** This clause is to be included only if there is AMC clause or any other condition in RFP, resulting in different cash outflows in successive years) -

4.1 **Net Present Value (NPV)** is a variant of DCF method, which will be used by the Buyer for evaluation of Bids. The Net Present Value of a Bid will be equal to the sum of the present values of all the cash flows associated with it. The following formula will be used for calculating NPV of a bid -

$$NPV_n = \sum_{t=1}^n At / (1 + r)^t$$

Where,

NPV = Net Present Value

At = Expected cash flow occurring at the end of year 't' as mentioned in the Payment schedule of Bid

n = Duration of cash flow stream

r = Discounting Rate

t = The period after which payment is done

The bid with the lowest NPV would be selected.

4.2 The Discounting rate will be ---%. (Note-This will be the Government of India's lending rate on loans given to state governments, as notified by Budget Division of Ministry of Finance annually).

4.3 **Structuring Cash Flows for Tenders/Bids Received in the Same Currency.** The cash outflows as shown in price bids will be taken into consideration. NPV of different bids will be calculated using the formula given above and the one having lowest NPV will be selected as L-1.

4.4 **Structuring Cash Flows for Tenders/Bids Received in Different Currencies.** Where bids are received in different currencies/combination of currencies, the cash outflow will be brought to a common denomination in rupees by converting foreign currency bids into rupees by taking into account the BC selling rate of Parliament Street Branch of State Bank of India, New Delhi on the ERV reckoning date (as defined in Para 6(c) to Appendix F), ie the last date of submission of Commercial Bids as per RFP. Thereafter, the procedure as described above in Para 4.3 will be applied to arrive at NPV.

4.5 All bidders are required to indicate year-wise and currency-wise amount required as per their price bid in format given below. In case a bidder does not provide year-wise cash flow details in price bid, the amount quoted in their price bid will not be discounted for comparison purposes.

Year	Dollars	Euros	Pound Sterling	Rupees	Total Cash Flow

Appendix H to Schedule I to Chapter IV
(Refers to Para 37 of Schedule I)

STANDARD CLAUSES OF CONTRACT

LAW

1. The present Contract shall be considered and made in accordance with the laws of Republic of India.

ARBITRATION

Arbitration (CPSEs)

2. In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts, such dispute or difference shall be referred by either party for Arbitration to the sole Arbitrator in the Department of Public Enterprises to be nominated by the Secretary to the Government of India in-charge of the Department of Public Enterprises. The arbitration and Conciliation Act, 1996 (as amended from time to time) shall not be applicable to arbitration under this clause. The award of the Arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Law Secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference the dispute shall be decided by the Law Secretary or the special Secretary/Additional Secretary, when so authorised by the Law Secretary, whose decision shall bind the Parties finally and conclusively. The Parties to the dispute will share equally the cost of arbitration as intimated by the Arbitrator.

Arbitration (DPSUs)

3. In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts, such dispute or difference shall be referred, by either party to Director General (Acquisition), Ministry of Defence for Arbitration. The award of the Arbitrator i.e. DG (Acq) shall be binding upon the parties to the dispute.

Arbitration (Indian Private Vendors)

4. All disputes or differences arising out of or in connection with the present Contract, including the one connected with the validity of the present Contract or any part thereof, shall be settled by bilateral discussions.
5. Any dispute, disagreement or question arising out of or relating to this Contract or relating to construction or performance (except as to any matter the decision or determination whereof is provided for by these conditions). Which cannot be settled amicably, shall within sixty (60) days or such longer period as may be mutually agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, will be referred to the Arbitration Tribunal consisting of three arbitrators.

6. Within sixty (60) days of the receipt of the said Notice, one arbitrator shall be nominated in writing by SELLER and one arbitrator shall be nominated by BUYER.
7. The third arbitrator, shall be nominated by the parties within ninety (90) days of the receipt of the notice mentioned above, failing which the third arbitrator may be nominated under the provision of Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) or by dispute, resolution institutions like Indian Council of Arbitration or ICADR at the request of either party, but the said nomination would be after consultation with both the parties. The arbitrator nominated under this Clause shall not be regarded nor act as an umpire.
8. The Arbitration Tribunal shall have its seat in New Delhi or such other place in India as may be decided by the arbitrator.
9. The Arbitration Proceedings shall be conducted in India under the Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) and the award of such Arbitration Tribunal shall be enforceable in Indian Courts only.
10. The decision of the majority of the arbitrators shall be final and binding on the parties to this contract.
11. Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be shared equally by the SELLER and the BUYER, unless otherwise awarded by the Arbitration Tribunal.
12. In the event of a vacancy caused in the office of the arbitrations, the party which nominated such arbitrator shall be entitled to nominate another in his place and the arbitration proceedings shall continue from the stage they were left by the retiring arbitrator.
13. In the event of one of the parties failing to nominate its arbitrator within sixty (60) days as above or if any of the parties does not nominate another arbitrator within sixty (60) days of the place of arbitrator falling vacant, then the other party shall be entitled after due notice of at least thirty (30) days to request dispute resolution institutions in India like Indian Council of Arbitration and ICADR to nominate another arbitrator as above.
14. If the place of the third arbitrator falls vacant, his substitute shall be nominated according to the provisions herein above stipulated.
15. The parties shall continue to perform their respective obligations under this contract during the pendency of the arbitration proceedings except in so far as such obligations are the subject matter of the said arbitrator proceedings.

Arbitration (Foreign Shipyards)

16. All disputes or differences arising out of or in connection with the present Contract, including the one connected with the validity of the present contract or any part thereof, shall be settled by bilateral discussions.
17. Any dispute, disagreement or question arising out of or relating to this Contract or relating to construction or performance (except as to any matter the decision or determination whereof is provided for by these conditions), which cannot be settled amicably, shall within sixty (60) days or such longer period as may be mutually agreed upon, from the date on which either party informs the other in writing by a notice that such dispute, disagreement or question exists, will be referred to the arbitration Tribunal consisting of three arbitrators
18. Within sixty (60) days of the receipt of the said Notice, one arbitrator shall be nominated in writing by SELLER and one arbitrator shall be nominated by BUYER.

19. The third arbitrator, who shall not be a citizen or domicile of the country of either of the parties or of any other country unacceptable to any of the parties shall be nominated by the parties within ninety (90) days of the receipt of the notice mentioned above, failing which the third arbitrator may be nominated under the provision of Indian arbitration and Conciliation Act, 1996 (as amended from time to time) or by dispute, resolution institutions like Indian Council of Arbitration or ICADR in case, nomination of third arbitrator institutions like ICA and ICADR are not acceptable to the SELLER, then the third arbitrator may be nominated by the President of International chamber of commerce, Paris, but the said nomination would be after consultation with both the parties and shall preclude any citizen with domicile of any country as mentioned above. The arbitrator nominated under this clause shall not be regarded nor act as an umpire.

20. The Arbitration Tribunal shall have its seat in New Delhi or such other place in India as may be decided by the arbitrator.

21. The Arbitration Proceedings shall be conducted in Indian under the Indian Arbitration and Conciliation Act, 1996 (as amended from time to time) and the award of such Arbitration Tribunal shall be enforceable in Indian Courts only.

22. The decision of the majority of the arbitrations shall be final and binding on the parties to this contract.

23. Each party shall bear its own cost of preparing and presenting its case. The cost of arbitration including the fees and expenses of the third arbitrator shall be shared equally by the SELLER and the BUYER, unless otherwise awarded by the Arbitration Tribunal.

24. In the event of a vacancy caused in the office of the arbitrators, the party which nomination such arbitrator, shall be entitled to nominate another in his place and the arbitrator proceeding shall continue from the stage they were left by the retiring arbitrator.

25. In the event of one of the parties failing to nominate its arbitrator within sixty (60) days as above or if any of the parties does not nominate another arbitrator within sixty (60) days of the place of the arbitrator falling vacant, then the other party shall be entitled after due notice of at least thirty (30) days to request dispute resolution institutions in India like Indian Council of Arbitration and ICADR to nominate another arbitrator as above.

26. If the place of the third arbitrator falls vacant, his substitute shall be nominated according to the provisions herein above stipulated.

27. The parties shall continue to perform their respective obligations under this contract during the pendency of the arbitration proceedings except in so far as such obligations are the subject matter of the said arbitration proceedings.

FORCE MAJEURE

28. Should any force majeure circumstances arise, each of the contracting party shall be excused for the non-fulfillment or for the delayed fulfillment of any of its contractual obligations, if the affected party within **45 days** of its occurrence informs in a written form the other party.

29. Force majeure shall mean fires, floods, natural disasters or other acts such as that are unanticipated or unforeseeable and not brought about at the instance of, the party claiming to be

affected by such event, or which, if anticipated or foreseeable, could not be avoided or provided for and which has caused the non-performance or delay in performance, war, turmoil, strikes, sabotage, explosions beyond the control of either party.

30. Provided that acts of The Government or any State parties of the seller which affect the discharge of sellers obligations under the contract shall not be treated as Force Majeure.

PENALTY FOR USE OF UNDUE INFLUENCE

31. The Seller undertakes that he has not given, offered or promised to give, directly or indirectly any gift, consideration, reward, commission, fees brokerage or inducement to any person in service of the Buyer or otherwise in procuring the Contracts or forbearing to do or for having done or forborne to do any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or disfavor to any person in relation to the Contract or any other Contract with the Government. Any breach of the aforesaid undertaking by the Seller or any one employed by him or acting on his behalf (whether with or without the knowledge of the Seller) or the commission of any offers by the Seller or anyone employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act, 1947 or any other Act enacted for the prevention of corruption shall entitle the Buyer to cancel the contract and all or any other contracts with the Seller and recover from the Seller the amount of any loss arising from such cancellation. A decision of the Buyer or his nominee to the effect that a breach of the undertaking had been committed shall be final and binding on the Seller.

32. Giving or offering of any gift, bribe or inducement or any attempt at any such act on behalf of the Seller towards any officer/employee of the Buyer or to any other person in a position to influence any officer/employee of the Buyer for showing any favour in relation to this or any other contract, shall render the Seller to such liability/penalty as the Buyer may deem proper, including but not limited to termination of the contract, imposition of penal damages, forfeiture of the Bank Guarantee and refund of the amounts paid by the Buyer.

33. **Integrity Pact.** Further signing of an 'Integrity Pact' would be considered between government department and the bidders for all procurement schemes over ₹ 20 Cr. The Integrity Pact is a binding agreement between the agency and bidders for specific contracts in which the agency promises that it will not accept bribes during the procurement process and bidders promise that they will not offer bribes. Under the IP, the bidders for specific services or contracts agree with the procurement agency or office to carry out the procurement in a specified manner. The essential elements of the IP are as follows: -

(a). A pact (contract) between the Government of India (Ministry of Defence) (the authority or the "principal") and those companies submitting a tender for this specific activity(the"bidders")

(b). An undertaking by the principal that its officials will not demand or accept any bribes, gifts, etc., with appropriate disciplinary or criminal sanctions in case of violation;

(c). A statement by each bidder that it has not paid and will not pay any bribes

(d). An undertaking by each bidder that he shall not pay any amount as gift, reward, fees, commission or consideration to such person, party, firm or institution (including Agents and other as well as family members, etc., of officials), directly or indirectly in connection with the contract in question. All payments made to the Agent 12 months prior to tender submission would be disclosed at the time of tender submission and

thereafter an annual report of payments would be submitted during the procurement process or upon demand of the MoD.

(e). The explicit acceptance by each bidder that the no-bribery commitment and the disclosure obligation as well as the attendant sanctions remain in force for the winning bidder until the contract has been fully executed;

(f). Undertakings on behalf of a bidding company will be made "in the name and on behalf of the company's chief executive officer";

(g). The following set of sanctions shall be enforced for any violation by a bidder of its commitments or undertakings: -

- (i) Denial or loss of contract;
- (ii) Forfeiture of the Integrity Pact Bank Guarantee (IPBG) and Performance cum Warranty Bank Guarantee (PWBG);
- (iii) Payment to the Buyer of any such amount paid as gift, reward, fees or consideration along with interest at the rate of 2% per annum above LIBOR rate.
- (iv) Refund of all sums already paid by the Buyer along with interest at the rate of 2% per annum above LIBOR rate.
- (v) Recovery of such amount, referred to in (iii) and (iv) above, from other contracts of the seller with the Government of India.
- (vi) At the discretion of the Buyer, the Seller shall be liable for action as per extant policy on Putting on Hold, Suspension and Debarment of Entities

(h). Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behaviour) and a compliance program for the implementation of the code of conduct throughout the company.

(j). The draft Pre-Contract Integrity Pact is attached as **Annexure I to Appendix H**. The vendors are required to sign them and submit separately along with the technical and commercial offers.

(k). Every Bidder while submitting techno commercial bid shall also deposit ₹____ Crores/Lakhs (as applicable) as IPBG through any of the instruments mentioned at **Para 9 of Annexure I to Appendix H**. This would be submitted in a separate envelope clearly marked as IPBG along with technical and commercial proposals.

34. In respect of bids from DPSUs, while a DPSU is not required to sign an Integrity Pact with the Ministry of Defence, the concerned DPSU shall, however, enter in to a Pre-Contract Integrity Pact, on the same lines with their sub-vendors individually, in case the estimated value of each sub-contract(s) exceed ₹ 20 Crore and such subcontract(s) are required to be entered in to by the DPSU with a view to enable DPSU to discharge the obligations arising out of their bid in question in response to this RFP

AGENTS

35. The Seller confirms and declares to the Buyer that the Seller is the original manufacturer of the stores referred to in this contract. The Seller confirms that he has not engaged any person, party, firm or institution as an Agent, including his Agents already intimated to MoD, to influence, manipulate or in any way to recommend to any functionaries of the Government of India, whether officially or unofficially, to the award of the contract to the Seller, or to indulge

in corrupt and unethical practices. The Seller has neither paid, promised nor ~~or~~ has the intention to pay to any person, party, firm or institution in respect of any such intervention or manipulation. The Seller agrees that if it is established at any time to the satisfaction of the Buyer that the present declaration is in any way incorrect or if at a later stage it is discovered by the Buyer that the Seller has engaged any such person, party, firm or institution and paid, promised or has intention to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution, whether before or after the signing of this contract, the Seller will be liable for any of the following actions:-

- (a). To pay to the Buyer any such amount paid as gift, reward, fees or consideration along with interest at the rate of 2% per annum above LIBOR rate.
- (b). The Buyer will also have a right to put on hold or cancel the Contract either wholly or in part, without any entitlement or compensation to the Seller who shall in such event be liable to refund all payments made by the Buyer in terms of the Contract along with interest at the rate of 2% per annum above LIBOR rate.
- (c). The Buyer will also have the right to recover any such amount referred in (a) and above from other contracts of the Seller with the Government of India.
- (d). At the discretion of the Buyer, the Seller shall be liable for action as per extant policy on Putting on Hold, Suspension and Debarment of Entities

ACCESS TO THE BOOKS OF ACCOUNTS

36. In case it is found to the satisfaction of the Buyer that the Seller has engaged an Agent or paid commission or influenced any person to obtain the contract as described in clauses relating to Agents and Penalty for Use of Undue Influence, the Seller, on demand of the Buyer shall provide necessary information/inspection of the relevant financial documents/information, including a copy of the contract(s) and details of payment terms between the vendors and Agents engaged by him.

Annexure I to Appendix H to Schedule I
(Refers to Para 19 of Schedule I)

PRE-CONTRACT INTEGRITY PACT (AS APPLICABLE)

General

1. Whereas the PRESIDENT OF INDIA, represented by Joint Secretary & Acquisition Manager (Maritime Systems)/ Major General or equivalent, Service Headquarters/Coast Guard, Ministry of Defence, Government of India, hereinafter referred to as the Buyer and the first party, proposes to procure (Vessel(s)), hereinafter referred to as Defence Stores and M/S _____, represented by, _____ Chief Executive Officer (which term, unless expressly indicated by the contract, shall be deemed to include its successors and its assignees), hereinafter referred to as bidder and the second party, is willing to offer the Defence stores.

2. Whereas the Bidder is a private company/public company/partnership/registered export agency, constituted in accordance with the relevant law in the matter and the Buyer is a Ministry of the Government of India performing its functions on behalf of the President of India.

Objectives

3. Now, therefore, the Buyer and the Bidder agree to enter into this pre-contract agreement, hereinafter referred to as Integrity Pact, to avoid all forms of corruption by following a system that is fair, transparent and free from any influence/unprejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into with a view to:-

(a). Enabling the Buyer to obtain the desired defence stores/ship or vessel/ship borne equipment/spares at a competitive price in conformity with the defined specifications of the Services by avoiding the high cost and the distortionary impact of corruption on public procurement of the Stores.

(b). Enabling Bidders to abstain from bribing or any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also refrain from bribing and other corrupt practices and the Buyer will commit to prevent corruption, in any form, by their officials by following transparent procedures.

Commitments of the Buyer

4. Buyer commits itself to the following: -

(a). The Buyer undertakes that, no official of the Buyer, connected directly or indirectly with the contract will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or immaterial benefit or any other advantage from the Bidder, either for themselves or for any person, organisation or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the Contract.

(b). The Buyer will, during the pre-contract stage, treat all Bidders alike and will provide to all Bidders the same information and will not provide any such information to any particular Bidder which could afford an advantage to that particular Bidder in comparison to other Bidders.

(c). The officials of the Buyer will report to the appropriate Government office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.

5. In case of any such preceding misconduct on the part of such official(s) is reported by the Bidder to the Buyer with full and verifiable facts and the same is *prima facie* found to be correct by the Buyer, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the Buyer and such a person shall be debarred from further dealings related to the contract process. In such a case while an enquiry is being conducted by the Buyer the proceedings under the contract would not be stalled.

Commitments of Bidders

6. The Bidder commits himself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of his bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commits himself to the following:-

(a). The Bidder will not offer, directly or through intermediaries, any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer, connected directly or indirectly with the bidding process, or to any person, organisation or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the Contract.

(b). The Bidder further undertakes that he has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Buyer or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the Contract or any other Contract with the Government for showing or forbearing to show favour or dis-favour to any person in relation to the Contract or any other Contract with the Government.

(c). The Bidder will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.

(d). The Bidder will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.

(e). The Bidder further confirms and declares to the Buyer that the Bidder is the original manufacturer/integrator/authorised government sponsored export entity of the Defence stores and has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the Buyer or any of its functionaries, whether officially or unofficially to the award of the contract to the Bidder, nor has any amount been paid, promised or intended to be paid to any such individual, firm or company or Agent in respect of any such intercession, facilitation or recommendation. The Bidder would not enter into conditional contract with any Agents, brokers or any other intermediaries wherein payment made or penalty levied is based, directly or indirectly, on success or failure of the award of the contract. The bidder while presenting the bid shall disclose any payments he has made during the 12 months prior to tender submission, is committed to or intends to make to officials of the Buyer or their family members, Agents, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments. Within the validity of

PCIP, bidder shall disclose to MoD any payments made or has the intention to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution as an annual report during the procurement process.

(f). The Bidder shall not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the Buyer as part of the business relationship, regarding plans, technical bids and business details, including information contained in any electronic data carrier. The Bidder also undertakes to exercise due and adequate care lest any such information is divulged.

(g). The Bidder commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts. Complaint will be process as per Guidelines for Handling of Complaints in vogue. In case the complaint is found to be vexatious, frivolous or malicious in nature, it would be construed as a violation of Integrity Pact.

(h). The Bidder shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.

Previous Transgression

7. The Bidder declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged hereunder or with any Public Sector Enterprise in India or any Government Department in India that could justify Bidder's exclusion from the tender process.

8. If the Bidder makes incorrect statement on this subject, Bidder can be disqualified from the tender process or the contract and if already awarded, can be terminated for such reason.

Integrity Pact- Bank Guarantee

9. Every bidder, while submitting commercial bid, shall submit an Integrity Pact Bank Garante for an amount of _____(as per IPBG table below) in favour Guarantee will be from Public Sector Banks or Private Sector Banks authorized for government transactions by RBI, promising payment of the guaranteed sum to the Ministry of Defence, Government of India, represented on behalf of the President of India, on demand within five 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 for payment. A model Bank Guarantee format is enclosed

IPBG TABLE

Estimated Cost of Procurement Scheme (Crore Rs)		IPBG Amount (Rs)
Above (Not including)	To (Including)	
-	20	Nil
20	50	10 Lakh
50	150	30 Lakh
150	300	70 Lakh
300	1000	2 Crore
1000	2000	5 Crore
2000	3000	10 Crore
3000	5000	15 Crore
5000	-	25 Crore

10. The Integrity Pact Bank Guarantee (IPBG) shall be valid up to three years from the date of submission. However, Bidders will be required to extend the Integrity Pact Bank Guarantee as and when required by the buyer. In the case of the successful bidder, validity of the Integrity Pact Bank Guarantee will be extended up to the satisfactory completion of the contract. In case of a vendor unilaterally decides to withdraw from procurement scheme or has been declared non complaint and if he wishes to withdraw his IPBG, he may do so provided he gives an undertaking that he has no complaints and will not make any complaints in the case. Integrity Pact Bank Guarantee shall be returned promptly in case of unsuccessful bidders.

11. IPBG will be deemed to be proportionately and automatically reduced until full extinction along with and prorata to value of each delivery, as evidenced by corresponding copy of document proving delivery and invoices of goods/services supplied/provided.

12. In the case of successful bidder a clause would also be incorporated in the Article pertaining to Performance cum Warranty Bank Guarantee in the Purchase Contract that the provisions of Sanctions for Violation shall be applicable for forfeiture of Performance cum Warranty Bank Guarantee in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of this pact.

13. The provisions regarding Sanctions for Violation in Integrity Pact include forfeiture of Performance cum Warranty Bank Guarantee in case of a decision by the Buyer to forfeit the same without assigning any reason for imposing sanction for violation of Integrity Pact.

14. No interest shall be payable by the Buyer to the Bidder(s) on Integrity Pact Bank Guarantee (IPBG) for the period of its currency.

Company Code of Conduct

15. Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behaviour) and a compliance program for the implementation of the code of conduct throughout the company.

Sanctions for Violation

16. Any breach of the aforesaid provisions by the Bidder or any one employed by him or acting on his behalf (whether with or without the knowledge of the Bidder) or the commission of any offence by the Bidder or any one employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act 1988 or any

other act enacted for the prevention of corruption shall entitle the Buyer to take all or any one of the following actions, wherever required:-

- (a). To immediately call off the pre-contract negotiations without assigning any reason or giving any compensation to the Bidder. However, the proceedings with the other Bidder(s) would continue.
- (b). The Performance- cum-warranty bank guarantee (PWBG) shall stand forfeited either fully or partially, as decided by the Buyer and the Buyer shall not be required to assign any reason therefore.
- (c). To immediately cancel the contract, if already signed, without giving any compensation to the Bidder.
- (d). To recover all sums already paid by the Buyer and in case of an Indian Bidder with interest thereon at 2% higher than the prevailing Prime Lending Rate, while in case of a Bidder from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due to the Bidder from the Buyer in connection with any other contract for any other defence stores, such outstanding payment could also be utilised to recover the aforesaid sum and interest.
- (e). To encash the advance payment bank guarantee (APBG) and performance cum warranty bank guarantee, if furnished by the Bidder, in order to recover the payments, already made by the Buyer, along with interest.
- (f). To cancel all or any other Contracts with the Bidder.
- (g). To put on Hold or Suspend or Debar the bidder as per the extant policy.
- (h). To recover all sums paid in violation of this Pact by Bidder(s) to any Agent or broker with a view to securing the contract.
- (j). If the Bidder or any employee of the Bidder or any person acting on behalf of the Bidder, either directly or indirectly, is closely related to any of the officers of the Buyer, or alternatively, if any close relative of an officer of the Buyer has financial interest/stake in the Bidder's firm, the same shall be disclosed by the Bidder at the time of filing of tender. Any failure to disclose the interest involved shall entitle the Buyer to rescind the contract without payment of any compensation to the Bidder. The term 'close relative' for this purpose would mean spouse whether residing with the Government servant or not, but not include a spouse separated from the Government servant by a decree or order of a competent court; son or daughter or step son or step daughter and wholly dependent upon Government servant, but does not include a child or step child who is no longer in any way dependent upon the Government servant or of whose custody the Government servant has been deprived of by or under any law; any other person related, whether by blood or marriage, to the Government servant or to the Government servant's wife or husband and wholly dependent upon Government servant.
- (j). The Bidder shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any employee of the Buyer and if he does so, the Buyer shall be entitled forthwith to rescind the contract and all other contracts with the Bidder. The Bidder shall be liable to pay compensation for any loss or damage to the Buyer resulting from such rescission and the Buyer shall be entitled to deduct the amount so payable from the money(s) due to the Bidder.

(k). In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the Buyer with the Bidder, the same shall not be opened.

17. The decision of the Buyer to the effect that a breach of the provisions of this Integrity Pact has been committed by the Bidder shall be final and binding on the Bidder, however, the Bidder can approach the Independent Monitor(s) appointed for the purposes of this Pact.

Fall Clause

18. The Bidder undertakes that he has not supplied/is not supplying the similar vessels, ships, products, systems or sub-systems at a price lower than that offered in the present bid in respect of any other Ministry/Department of the Government of India and if it is found at any stage that the similar system or sub-system was supplied by the Bidder to any other Ministry/Department of the Government of India 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 Customer, even if the contract has already been concluded.

19. The Bidder shall strive to accord the most favoured customer treatment to the Buyer in respect of all matters pertaining to the present case.

Independent Monitors

20. The Buyer has appointed the following Independent Monitors for this Pact in consultation with the Central Vigilance Commission. The names and addresses of nominated Independent Monitors (at the time of issue of RFP) are as follows (however the vendor must refer to the MoD website at www.mod.nic.in to check for changes to these details) (names & addresses of Independent Monitors holding office on date of issue of RFP to be included)

21. All communications to Independent Monitors will be copied to Director (Vigilance). The Designation and Contact details of Director (Vigilance) are as follows:-

(Designation and Address of the Director (Vigilance) to be included)

22. After the Integrity Pact is signed, the Buyer shall provide a copy thereof, along with a brief background of the case to the Independent Monitors, if required by them.

23. The Bidder(s), if they deem it necessary, may furnish any information as relevant to their bid to the Independent Monitors.

24. If any complaint with regard to violation of the IP is received by the buyer in a procurement case, the buyer shall refer the complaint to the Independent Monitors for their comments/enquiry.

25. If the Independent Monitors need to peruse the relevant records of the Buyer in connection with the complaint sent to them by the Buyer, the Buyer shall make arrangement for such perusal of records by the Independent Monitors.

26. The report of enquiry, if any, made by the Independent Monitors shall be submitted to the head of the Acquisition Wing of the Ministry of Defence, Government of India for a final and appropriate decision in the matter keeping in view the provision of this Pact.

27. **Examination of Books of Accounts.** In case of any allegation of violation of any provisions of this Integrity Pact or payment of commission, the Buyer or its agencies shall be entitled to examine the Books of Accounts of the Bidder and the Bidder shall provide necessary information of the relevant financial documents in English and shall extend all possible help for the purpose of such examination.

28. **Law and Place of Jurisdiction.** This pact is subject to Indian Laws. The place of performance and jurisdiction is the seat of the Buyer i.e New Delhi.

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

Validity

30. The validity of this Integrity Pact shall be from date of its signing and extend up to 5 years or the complete execution of the contract to the satisfaction of both the Buyer and the Bidder/Seller, whichever is later.

31. 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.

32. The Parties hereby sign this Integrity Pact at _____ on _____

BUYER

Joint Secretary and Acquisition Manager
(Maritime and Systems),
MINISTRY OF DEFENCE,
GOVERNMENT OF INDIA

BIDDER

AUTHORISED SIGNATORY
(Designation to be specified and
relevant document to be specified)

Witness

1. _____
2. _____

Witness

1. _____
2. _____

**Refers to Para 9 of
Pre-Contract Integrity Pact**

FORMAT OF INTEGRITY PACT BANK GUARANTEE (IPBG)

To,

The _____,
Ministry of _____,
Government of India,
_____ (complete postal address of the beneficiary)

1. In consideration of President of India represented by Joint Secretary and Acquisition Manager/ Major General or equivalent, Service Hqr./Coast Guard, Ministry of Defence, Government of India (hereinafter referred to as the Buyer and/or the first party) having agreed to accept a sum of Rs. _____ (Rupees _____) from M/s _____ of _____ (hereinafter referred to as Bidder and/or the Second party) in the form of Bank Guarantee towards Integrity Pact for the Request For Proposal for procurement of _____ we _____ (Name of the Bank), (hereinafter referred to as the Bank), do hereby undertake to pay to the Buyer on demand within 5 (five) working days-without any demur and without seeking any reasons whatsoever, an amount not exceeding Rs. _____ (Rupees _____) and the guarantee will remain valid upto three years from the date of its submission of offer i.e. _____. The Integrity Pact Bank Guarantee shall be extended from time to time as required by the Buyer and agreed by the Bidder to the Bank.

2. We undertake not to revoke this guarantee during this period except with the previous consent of the Buyer in writing and we further agree that our liability under the Guarantee shall not be discharged by any variation in the term of the commercial offer.

3. No interest shall be payable by the Buyer to the Bidder(s) on the guarantee for the period of its currency.

4. Notwithstanding anything contained herein above:-

(a) Our liability under this Guarantee shall not exceed Rs _____ (Rupees _____ only) (in words).

(b) This Bank Guarantee shall remain valid until _____ (hereinafter the expiry date of this guarantee). The Bank Guarantee will cease to be valid after _____ irrespective whether the Original Guarantee is returned to us or not.

(c) We are liable to pay guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written demand or a claim in writing on or before _____ (Expiry Date)

Dated the _____ day of _____ (month and year)

Place:

Signed and delivered by _____ (Name of Bank).

Through its authorized signatory
(Signature with seal)

Appendix J to Schedule I to Chapter IV
(Refers to Para 6 of RFP)

TERMS AND CONDITIONS OF OFFSETS

1. The Procedure for implementing Offset provision given at **Appendix D and relevant Annexures to Chapter II** of DPP 2020 (available at www.mod.nic.in) will be followed. The terms and conditions for submission of technical and commercial offset offer are given in succeeding paragraphs.
2. **Submission of Written Undertaking to Meet the Offset Obligation.** You are required to give a written undertaking to the effect that you will meet the offset obligation as laid down in the RFP. This undertaking in the format at **Annexure I to Appendix J** will be included in the envelope containing your technical bid which is to be submitted by _ (*specify the date*). This undertaking is binding on you and that failure at any stage, on your part to meet the offset obligation specified in the RFP will disqualify you from any further participation in the contract and render your bid as null and void.
3. **Submission of Technical and Commercial Offset Offers.**
 - (a) The technical and commercial offset offers would have to be submitted by (not earlier than 3 months from the date of submission of the technical and commercial offers of the main proposal). These offset offers would have to be submitted together in two separate sealed covers to the Technical Manager at the following address:- _____
 - (b) The technical offset offer would contain details of the products, services and investment proposals indicating relative percentages, proposed Indian partners for offset investment and other relevant information in the format given at **Annexure II to Appendix J**. Details of Banked offset credits as discharged offset obligations will also be indicated. The commercial values of the offset proposals are not to be indicated in this technical offset offer.
 - (c) The Commercial Offset offer, format in **Annexure III to Appendix J**, will contain the detailed offer specifying the absolute amount of the offset with a breakup of the details, phasing, Indian partner and banked credits as discharged obligations.
 - (d) The model formats at **Annexure II and III to Appendix J** may be amended by the vendor without however deviating from the mandatory offset requirements prescribed.

Annexure I to Appendix J to Schedule I
(Refers to Para 2 of Appendix J)

UNDERTAKING TO COMPLY WITH OFFSET OBLIGATIONS

1. The Bidder_____ (name of the company) hereby
 - (a) Undertakes to fulfil the offset obligation as stipulated in the Request for Proposal and Defence Offset guidelines at Para 93 of Chapter-II of DPP 2020.
 - (b) Undertakes to ensure timely adherence to fulfillment of offset obligations failing which the vendor will be liable for penalties as per the Defence Offset Guidelines.
 - (c) Accepts that any failure on the part of the vendor to meet offset obligations may result in action under Para 93 of Chapter II of DPP 2020
 - (d) Undertakes to furnish technical and commercial offset proposals as per formats at Annexure-II and III of Appendix J within the time period stipulated in the RFP.

Note: *Failure to submit the undertaking along with the main Technical Bid shall render the bid non-responsive and liable to be rejected.*

Annexure II to Appendix J to Schedule I
(Refers to Para 3(b) of Appendix J)

FORMAT FOR SUBMITTING TECHNICAL OFFSET OFFER

1. The bidder _____ hereby offers the following offsets in compliance with the technical offset obligations in the RFP: -

Sl No	Eligible Offset Products/ Service Being Offered	Avenue for discharge (quote sub Para of 3.1)	Multiplier applicable (quote applicable Para)	Percentage of Total Offsets	IOP/ Agency for discharge	Time Frame for Discharge of Offsets	Whether Related to Main Equipment Being Supplied (Yes/No)	Remarks
1								
2								

Note: Vendor to provide following along with technical offset offer: -

- (a) Undertaking that IOP is an eligible offset partner as per applicable guidelines.
- (b) Company profile of IOP/agency.
- (c) Details with quantities of the proposed offset.
- (d) Letter of IOP agency confirming acceptance of the offset project in case of direct purchase or investment
- (e) In Case banked offsets are planned to be utilised their details certified by DOMW
- (f) List of Tier- I sub- contractors, if any, through whom offset obligations are proposed to be discharged, with percentage for discharge.
- (g) Proposals for Technology Acquisition by DRDO under Para 3.1(f) of Appendix D to Chapter II should be submitted separately in the format at Annexure IX to Appendix D to Chapter II.

Annexure III to Appendix J to Schedule I
(Refers to Para 3(c) of Appendix J)

FORMAT FOR SUBMITTING COMMERCIAL OFFSET OFFER

1. The bidder _____ hereby offers the following offsets in compliance with the commercial offset obligations : -

Sl No.	Eligible Offset Product/Service Offered	Avenue for Discharge (Quote Sub Para of 3.1)	Multiplier Applicable (Quote applicable Para)	Percent -age to Total Offsets	Value of Offset	IOP/ Agency for Discharge	Time Frame for Discharge of Offset	Whether Related to Main Equipment supplied (Yes/No)	Remarks

Note: Vendor to provide following along with commercial offset offer: -

1. Undertaking that IOP is an eligible offset partner as per applicable guidelines.
2. Company profile of IOP/Agency
3. Details with values of the proposed offset, including details of Tier-1 sub-contractors, if any
4. Letter of IOP/Agency confirming acceptance of the offset project in case of direct purchase or investment
5. In case banked offsets are planned to be utilised, their details certified by DOMW.
6. Value of investment “in kind” supported by documentary evidence.
7. Details of the business model for proposals relating to Paras 3.1 (c) and
8. (d) of the offset guidelines should indicated, as applicable

2. This annexure will also be used by the vendor to submit proposal for banking of offsets (Para 2 of Annexure VII of Appendix D to Chapter II). In such cases Note (e) above will not be applicable.

Appendix K to Schedule I to Chapter 1

(Refers to Para 4 & 20 of Schedule I)

(THIS PAPER LAYS OUT GENERAL GUIDELINES. MAY BE AMENDED IN CONSULTATION WITH PRODUCTION AGENCY AND OTHER AGENCIES I INVOLVED TO MAKE IT SUITABLE BOTH IN RANGE AND DEPTH.)

TRANSFER OF TECHNOLOGY (TOT)

1. Preamble

- (a) ToT shall be provided by Collaborator (Bidder) to the Production Agency (PA). The scope of ToT is covered in Para (c) below.
- (b) Technology used shall be current, state-of-the-art as used in the contemporary systems.
- (c) The ToT shall be comprehensive, covering build strategy and all aspects of design, manufacturing know-how and detailed technical information which will enable the Production Agency to manufacture, assemble, integrate, test, install and commission, use, repair, overhaul, support and maintain the vessel(s). Design data shall include the details that are needed to give design decision during production on deviation/concession; modify/ upgrade the vessel(s) and substitute parts and systems of the vessel(s) as required by the Certifying Agency and the Production Agency. Purchase specifications for each and every equipment along with the indicative prices to enable the PA to individually purchase each and every equipment for the vessel(s).
- (d) The Collaborator is required to provide the latest version of Configuration Control Document which will provide detailed breakdown of the product structure in terms of lower level subsystems/assemblies/sub-assemblies/modules/detail parts etc with their latest modification status. All updates during the term of the Agreement should be provided as and when issued free of cost. Consolidated list of updates during the year should be provided during the first quarter of the subsequent year.
- (e) The Collaborator should submit an undertaking that he would provide and support complete ToT for phased manufacture to the PA for the vessel. Support will be provided for a minimum period of 20 years after the last unit is produced at PA's vessel yard under the present proposal.
- (f) The vendor should provide total support and facilitate ToT of the subsystems from his sub-vendors/OEMs if desired by the buyer.

(g) Collaborator should submit an undertaking not to exceed price for the Transfer of Technology covering the following parameters:-

- | | | | |
|--------|---|---|----------------------|
| (i) | License Fee | } | To Production Agency |
| (ii) | Documentation. | | |
| (iii) | Technical Assistance. | | |
| (iv) | Training. | | |
| (v) | Materials. | | |
| (vi) | Spares. | | |
| (vii) | Tooling | | |
| (viii) | Special Tools. | | |
| (ix) | Standard Tools. | | |
| (x) | Ground Support & Test equipment. | | |
| (xi) | Programme Management. | | |
| (xii) | Special Infrastructure facilities deemed necessary to support the operations. | | |

(h) Collaborator may note that this “not to be exceeded price” will be used for commercial evaluation. Collaborator selected after technical & commercial evaluation will enter into detailed contractual negotiations on various aspects of the Transfer of Technology to the PA based on the “Not to be exceeded” quotes.

(j) It is likely that some of the assemblies/sub-assemblies/modules/PCBs used in the realisation of higher level assemblies/sub-systems and systems are manufactured by the OEM’s vendors/ sub-contractors either based on Engineering documentation provided by the Collaborator or developed by the Collaborator’s vendors/ sub-contractors based on procurement specifications provided by the OEM. Further, as a result of multiplicity of technologies involved and for reasons for price competitiveness arising due to economies of scale, some of the items used in the manufacture of licensed product may be bought out by the Collaborator from vendors

2. **Evaluation of ToT.** The ToT being offered by the Collaborator shall be evaluated by the TEC in collaboration with the Production Agency.

3. **Phased Manufacturing Program** (Phases to be indicated by Buyer)

4. **Itemised Price List (IPL).** The Collaborator shall provide Itemised parts list within three months of the signing of contract. Man- hours required during various phases of manufacture to realise the fully finished vessel shall also be provided. The prices of components, fabricated parts, standard items, bought out items, proprietary items as may be relevant shall be provided for various phases of manufacturing programme. The list shall include the source of supply of components, standard items, Bought Out Items (BOI’s) and the ToT shall include authorisation to Production Agency to procure these items directly from the sources without going through the Collaborator. In case the items are sourced through the Collaborator, then the item costs should remain unaltered. If applicable, yearly escalation from the base date of quoted price will also be indicated for each of the items. In addition, the collaborator is to forward a copy of all equipment/material purchase orders with complete purchase specifications and prices to the PA within 30 days of the placement of the order.

5. Supply of Documentation

(a) The ToT Data and Documentation to be provided by the Collaborator shall be in English language, suitable for direct application on the shop floor and should not call for re-work by the PA. Documentation under the following heads will be included and will be provided as soon as its finalization for the _____vessels being built at Collaborator's yard. Any amendment to the documentation will be promptly forwarded to the PA:

- (i) Engineering documentation
- (ii) Software documentation and Firmware support manual for embedded software including source code.
- (iii) Complete Manufacturing documentation including work instructions as applicable for construction of vessel(s) at PA's yard.
- (iv) Complete Test documentation including the documentation for carrying out tests of equipment/ material, if any, prior to shipping in/ installation on board. The collaborator will also be required to submit the filled in test and trial data in the formats as applicable for vessel(s).
- (v) Technical Manuals.
- (vi) General documentation including Company standards, National and International standards and specifications.
- (vii) Additional documentation or repairs centre.
- (viii) Illustrated parts catalogue.
- (ix) Design data- stress, fatigue, performance, qualification, environmental test, life (calendar/total/overhaul), where applicable.
- (x) Source identification for Bought Out Items (BOI's) and subcontracted items; standard parts, consumables etc.
- (xi) Spares parts lists and price catalogue for Operator (O) and Depot (D) level maintenances.
- (xii) Recertification/re-qualification test plan, series test, special category tests due to change in venue of manufacture, where applicable.
- (xiii) "Yellow band" units, calibration stands where applicable.
- (xiv) Complete set of quality control documentation namely, Quality procedures, plans, standards, ESS, Special tests during production other than ATP and any other applicable documentation.
- (xv) Data on reliability-FMECA, MTBF, MTBO, MTBUR, MTBR.
- (xvi) Pert for high, medium and low level of project management with training on the same to the customer and PA.

(xvii) Planning Documents including all Work Instructions for construction used in the collaborators yard and guidance for preparing similar WI's for the PA yard.

(xviii) Quality Documents including shop level quality checks and procedures.

(xix) Trial procedures for vessel performance, combat systems and signature and vibration measurements.

(b) The details/definition of Documentation to be provided by the Collaborator under the above heads is enclosed at **Annexure I to Appendix K**.

(c) The Collaborator is required to furnish 'Compliance Statement' in respect of each type of detailed documentation requirement listed at **Annexure I to Appendix K**. Non-compliance by the Collaborator against any of the documentation requirements depending upon its criticality will have an adverse bearing in the evaluation of ToT proposal.

(d) The documentation to be supplied by the Collaborator shall be that which is used by the Collaborator or its sub contractors for the purpose of manufacturing, assembly of vessel(s) at the shipyard of construction. The Collaborator will ensure completeness and exhaustiveness of the documentation for the purpose and work to be performed by the Production Agency for manufacturing, assembling, testing, installation, commissioning, maintenance and tests/trials of vessel(s) at his shipyard. Wherever approval of certification agency is relevant, approved documents will be provided. Certification standards as far as possible will be relevant Military (MIL) Specifications or as mutually agreed with the User's Certification Agency.

(e) Documentation as detailed in **Annexure I to Appendix K** to enable the Production Agency procure, manufacture, operate and maintain the SMTs, STEs, Tools, Jigs and Fixtures required for the indigenous manufacturing phase, shall be provided. Wherever software is used, details of the software as per documentation listed at **Annexure I to Appendix K** including Source Code and Firmware Support Manual shall be provided. The collaborator should inform the PA on the need to go in for the software upgrades so as to work in synchronisation with the data provided.

(f) The Collaborator shall also provide the data in respect of MTBF, MTBO, MTBR and Reliability of the product being offered.

6. **Product Upgrades.** Technical data including relevant Documentation update in respect of any modifications/improvements/upgrades undertaken by the Collaborator for construction of vessel(s) during the entire life cycle of the product/license Agreement shall be provided to the Production Agency at no additional cost during the entire life-cycle of the product.

7. **Training**

(a) As part of ToT, Industrial Training required by the Production Agency to realise the Fully Finished vessel, during various manufacturing phases and for providing component level maintenance support to the Customer shall be provided by the Collaborator. The Industrial Training shall be in English language, comprehensive, covering all aspects of design, manufacture, software, installation and commissioning, system integration and component level maintenance of the product down to sub-assembly, modules and PCB level. Apart from classroom training covering the critical aspects, due emphasis will be given to on-the-job training.

- (b) All aspects of software are to be comprehensively covered during the software training module, with a view to enable Production Agency's software engineers undergoing training to acquire skills in the use, maintenance and update of the software.
- (c) Industrial Training shall be in Collaborator's yard and/or in the plants of its subcontractors, principals and subsidiaries as the case may be. Collaborator shall ensure that such training is organised at the time when Collaborator has the vessel of similar nature under production in its plant or in the plant of its sub-contractors.
- (d) Collaborator shall provide complete details of Industrial Training programme which will include scope, location, number of trainees and the duration for each phase of training in terms of instructor man weeks. Such Industrial Training programme shall be mutually agreed upon between Collaborator, Production Agency and the Buyer.
- (e) Details of the training shall be sub divided into batches with the date of start for each batch, duration of training etc, as will be agreed upon by Collaborator and Production Agency subject to over all training schedule. Operation and Maintenance training for end user shall also be provided.
- (f) Details of Industrial and User Training Programme recommended by the Collaborator shall be provided as an Enclosure to the technical bid. Collaborator shall provide details regarding the training aids and simulators required at the production agency and at user locations. Long term training of production agencies at the design departments of Collaborators shall also be included to give a complete exposure to trainees on design practices of Collaborator. This will help in design, liaison, support, including upgrade Modifications/Troubleshooting/Concessions during the entire life cycle of the product.

8. **Shipbuilding Management and Organisation Proposal**

- (a) The Collaborator shall propose an approach to the setting up of a management team for PA to be capable of effecting) shipbuilding programme to meet the requirements of good quality, cost effectiveness and minimum delivery period in shipbuilding when building the vessels at the PA's yard. The collaborator will also propose a detailed list of management team required to be positioned by the PA/Indian Navy for accessing/being trained in all aspects of design and production connected with the project when vessels are built at the collaborators yard. The collaborator will provide office facility at the collaborators works and provide assistance to arrange for accommodation facilities in the near vicinity of the works.
- (b) For the above proposal, the Collaborator is to propose a complete organisational set up to cater to the following disciplines: -
 - (i) Design and Planning
 - (ii) Project Execution

- (iii) Procurement of Equipment
- (iv) Finance and Electronic Data Processing
- (v) QA & QC
- (vi) Training
- (vii) Commissioning and trials

(c) The Collaborator is to define the functions and terms of reference of each and every unit in the Shipbuilding Department given above. Such a definition will entail the submission of detailed responsibilities of each individual assigned to the department in line with manpower projections.

(d) As part of ToT, Collaborator shall provide requisite technical assistance to the production agency during the phased manufacturing programme of the product in India. The details of such technical assistance considered necessary by the Collaborator shall be provided as an Enclosure to the technical bid. The total technical assistance package shall be in number of man weeks spread over number of missions. Collaborator shall provide question/answer service and modification advices during the life cycle of the product at no additional cost.

9. **Special Maintenance Tools (SMTs) and Special Test Equipment (STEs)**

(a) Collaborator shall provide complete technical data of the SMTs and STEs used in the production, assembly, test and maintenance of product. This information shall also include the data for manufacture and maintenance of the SMTs and STEs. Details on manufacturing hours and cost details are to be provided.

(b) Details of special category test (recertification, production series testing) along with test rig/test set up shall also be provided. Wherever software is used, details of the software including Source Code and Firmware Support Manual for embedded software shall be provided.

(c) Collaborator shall provide details of calibration and periodicity of calibration in respect of SMTs and STEs. Details of master tester and associated special facilities required for this purpose (with source of supplies) will be provided by the Collaborator.

10. **Consumables.** List of consumables required for the manufacture/maintenance of vessel along with cost, source details and life data shall be provided.

11. **Special Technologies/Processes.** The Collaborator shall mention in the ToT proposal about special technologies and special coatings and treating processes along with details of plant and machinery/running cost etc vis-à-vis specific components/assemblies.

12. **Product Support.** Collaborator shall ensure that the product support including supply of spares and management of obsolescence for a minimum of 20 years from the time the last vessel is produced under the present proposal, shall be available to the production agency/its customer. Collaborator shall also provide a proposal for transferring the complete product support to the production agency in a phased manner.

13. **Commercial Bid.** The commercial bid should be submitted in a separate sealed cover and will include the following:-
- (a) Construction of vessels at the collaborators yard.
 - (b) Complete Transfer of Technology (ToT) for licensed production of additional vessels in India at PA, a Defence Public Sector Undertaking (DPSU).
 - (c) Supply of 'Infrastructure Deliverables' for setting up of production infrastructure at PA as listed at **Annexure III to Appendix K**, after assessing for completeness of the same, for enabling PA to construct the vessel(s).
 - (d) Offset obligations as listed at **Appendix J**.
14. **Transfer of Technology (ToT).** Collaborator shall provide commercial bid for providing complete Know-How and documentation for the manufacturing of vessel, Industrial Training and Technical Assistance and the required rights, licenses and authorisation to manufacture, use and sell the product. For the Industrial Training and Technical Assistance phase, man week rate for providing training/technical assistance in Collaborator's own yard or in India may be separately provided. (**Refer Annexure I to Appendix K**)
15. **Supplies**
- (a) **Equipment and Systems.** Collaborator shall provide itemised price list for supply of equipment and systems, inclusive of the production mortality used by the Collaborator during manufacture of vessel in its plants.
 - (b) **SMTs, STEs, Tools, Jigs and Fixtures.** Collaborator shall also provide complete list with itemised prices for SMTs, STEs, Tools, Jigs and Fixtures required for the manufacturing phase. In case of Tools, Jigs & Fixtures where large quantities are involved, category-wise prices may be provided. Collaborator shall also provide prices for 'O' level and 'D' level maintenance facilities of vessel by the User/Customer.
 - (c) **Bought Out/Outsourced/Subcontracted Items.** Collaborator shall provide the complete list of items, which are bought out/outsourced/subcontracted for use in the manufacture of vessel along with itemised prices and details of the sources for procurement. Authorisation for direct procurement by the production agency from these sources shall be given so that no development cost or NRE charges are incurred. In case where suggested sources decline to supply the components/materials, Collaborator shall take responsibility for supply of same or suggest alternate sources for the procurement of suitable equivalent components/materials during the indigenous phase of construction.
 - (d) **Life Cycle Costs.** The collaborator shall provide a model for estimating the life cycle cost of the vessel(s) and the basis thereof. Factors such as operational hours/tear, MTBF, requirement of maintenance spares, mandatory replenishments during preventive maintenance schedules etc may be considered for arriving at the model for determining life cycle costs.
 - (e) Spares. The Collaborator shall provide itemized price list of spares required as per the levels of maintenance of vessel. (**Refer Appendix D**)

16. **Payment Terms.** Specimen Format for Providing Prices is at Annexure II to Appendix K (needs to be formulated by the Collaborator for specific produces based on identified milestones)

17. **Delivery Schedule.** Collaborator shall provide complete schedule for delivery of the vessel(s), Spares, ToT including the transfer of documentation, provision of Industrial Training and Technical Assistance, SMTs, STEs, Tools, Jigs and Fixtures. The Documentation for a specific phase shall be provided one month prior to the commencement of training for that phase to enable the trainees to study the documentation prior to the training. Specimen format for the delivery schedule is at **Appendix L.**

18. **Liquidated Damages.** Collaborator shall undertake to complete its obligations in accordance with the contractual delivery schedule. For delay in delivery of the VESSEL(S)s, Spares, ToT including the transfer of documentation, provision of Industrial Training and Technical Assistance, SMTs and STEs and delays caused by or attributable to the Collaborator, the Production Agency shall be entitled to claim liquidated damages from the collaborator.

19. **Warranty**

(a) **Documentation.** Collaborator shall warrant that the documentation supplied shall be identical, complete and of equal quality as the documentation used by him in its own activities and shall be accurate and complete for manufacturing, assembling, integrating and testing of the product and shall provide updates including modifications/improvements during the life cycle of the product/tenure of the License Agreement.

(b) **Material/Equipment/Kit Supply.** Items supplied should be free from any defects arising from faulty material, design or workmanship and should be guaranteed for quality/satisfactory performance for a period of minimum 12 calendar months from the date of commissioning of the vessel. During this warranty period, defects arising from faulty material, design or workmanship, shall be remedied by Collaborator at his own cost. If it becomes necessary, the Collaborator should replace any defective portion of the goods or replace the material/equipment as a whole without any additional cost to production Agency.

(c) All supplied software should be verified & validated by Collaborator for use of the Production Agency.

20. **Infringement.** Collaborator shall indemnify and protect at its own cost, the Production Agency in respect of cost/claims/legal claims/liabilities arising from third party claim with regard to the existence of any patent or intellectual & industrial property right of any such parties in India or from other countries.

21. **Performance Guarantee.** Collaborator shall guarantee the performance of the ---- vessels built at Production Agency's yard to design Specifications at the collaborator's location.

22. **Validity.** The bid will be kept valid for acceptance for a minimum period of 18 months from the date of submission.
23. **Technical Collaboration Agreement (TCA).** Post CNC, the Collaborator shall enter into a detailed Technical Collaboration Agreement (TCA) with Production Agency incorporating mutually agreed terms and conditions.
24. **Global Rights.** Collaborator shall clearly indicate the extent of global rights of sales, which they would be willing to offer to the Indian production agency.

Annexure I to Appendix K to Schedule I
(Refers to Para 5 & 14 of Appendix K)

DOCUMENTATION DETAILS TO BE PROVIDED BY COLLABORATOR
(AS APPLICABLE)

1. **Engineering Documentation.**

- (a) Product Structure.
- (b) Parts List.
- (c) Part Electrical Lists.
- (d) Part Drawings.
- (e) Assembly drawings.
- (f) Cable layout diagram including its part list, connectors and end preparation details
- (g) Configuration Control Document.
- (h) Stress Reports (static/fatigue), performance reports, type test Schedule/records, type test certificate.
- (j) Drawings of castings/forgings with material details, collaborator information, heat treatment details & process details.
- (k) Details of collaborator items specifically developed for the Licensed Product.
- (l) For PCB Cards : Schematics, General Assembly drawings, Assembly instructions, PCB blank documents, Drilling Drawings, Punch tape and master film complete with Gerber data, SMD location processing files including CAE/CAM files, component foot print/dimension details etc.
- (m) Engineering Change proposals covering details of modifications.
- (n) Wiring List and details including schematics of sub- assembly/modules/ drawers/racks.
- (p) Bill of Materials and Ordering Specification with collaborator addresses including OEMS specifying MIL grade details.
- (q) Details of all non-MIL Grade components and their screening procedures.
- (r) Full technical details of ASICS and Hybrid Microcircuits including manufacturing documents.

- (s) Full technical details of Proprietary Items if any (including manufacturing documents).
- (t) List of components where traceability records are important.
- (u) Details of environment tests carried out on equipment and its sub-systems/PCB Assemblies etc.
- (v) Material data sheets- chemical composition/mechanical- properties- for all metallic/non-metallic materials and consumables.
- (w) Data sheets for ICs, Transistors, MOSFETs etc

2. **Software Documentation.**

- (a) Software Requirement Specification.
- (b) Interface design document.
- (c) Software Change proposals.
- (d) Firmware support manual for embedded software.
- (e) Software environment/tools including third party procurements.
- (f) Software Test Procedure.
- (g) Software User Manual.
- (h) Software installation procedure including user settings of passwords, site specific data and any customisation code/key or encryption.
- (j) IV & V details (independent verification & validation).

3. **Manufacturing Documentation.**

- (a) Operation sequence sheets. Process Sheets including details of special processes and finishes.
- (b) Complete set of drawings for tooling, jigs and fixtures.
- (c) Programme for production (e.g. s/w as applicable)
- (d) Photographs of wiring harness/bundling level.
- (e) List of shop consumables with details of specifications, sources of procurement, data on shelf life.
- (f) Assembly tree/sequence, assembly process sheets including assembly settings and checks, assessments to be made, matching sub assemblies, markings.
- (g) Any special manufacturing facilities to be set up indicating plant and machinery, test equipment and their collaborator details and cost.

- (h) Estimated man-hour requirements for fabrication, assembly and testing at component/sub-system/system/integration level.
- (j) Inspection stages, quality plan, details of inspection equipment, gauges etc.
- (k) Calibration procedures for inspection equipment, gauges, heat treatment & process equipment (furnace/baths).
- (l) Special precautions to be taken while Soldering/De-soldering and Testing Static sensitive devices

4. **Test Documentation.**

- (a) Ship/Vessel acceptance testing procedures as well as the associated acceptance criteria and conditions.
- (b) Factory Test specification, procedure and acceptance test specification, procedure for PCBs, modules, sub assemblies and equipment with detail instructions on test set up, use of test and/or simulation equipment and software, execution of test with recording of results.
- (c) Complete set of drawings for manufacture of test jigs including ATE fixtures, programmes as applicable.
- (d) Complete set of drawings for special to test equipment. This will include manufacturing drawings as well as software documentation.
- (e) Special category test details (recertification, production series testing, quality assurance testing.
- (f) “Red band” units, calibration procedures for test rigs/equipment.

5. **Technical Manuals.**

- (a) User handbooks detailing operational use of equipment.
- (b) Installation & commissioning manual.
- (c) Technical description of PCB, Modules, drawers, racks, etc with details of block diagram, schematic general assembly drawing, timing details, PROM etc.
- (d) Maintenance manual covering
- (e) Permissible worn-out dimension limits, acceptance test procedure and acceptance limits of overhauled product.
- (f) Repair/salvage schemes, mandatory replacement parts.
- (g) Periodic maintenance.

- (h) Trouble shooting and fault diagnosis manual. Testing and repair procedure for faulty PCBs up to component level and peripheral equipment received from the customer.
- (j) Structural breakdown list for complete equipment.
- (k) Recommended spares list, site supply and depot stocking.
- (l) The maintenance manual shall cover the product for which the file of drawings/documents is given as well as all vendor items which are part of licensed product.
- (m) Overhauling manuals including details, tests, adjustment, calibration tuning etc., for all levels of equipment.

6. **General Documentation (including Standards and Specifications).**

- (a) Standard inspection method (inward goods in-process and final acceptance).
- (b) Material/component and product standards including general fasteners and consumables.
- (c) Process standards/procedures.
- (d) Workmanship standards/procedures.
- (e) Quality standards/procedures including incoming inspection procedures, quality manuals.
- (f) General procedures.
- (g) Qualified Collaborator Lists.
- (h) Standard tools, jigs and fixtures.
- (i) Design standards/company standards.
- (j) ISO 9001 certification of OEM, collaborators & subcontractors/ ISO 14000 certification.

7. **Additional Documentation.** Repair centre documents including details of test instruments, jigs, fixtures etc., for the end user.

8. Documentation shall be provided in the form of hard copy and magnetic media, including that required for making number of copies of technical manuals as specified in **Appendix A**. Documentation shall be provided in English language.

Annexure II to Appendix K to Schedule I
(Refers to Para 20 of Appendix K)

FORMATS FOR PROVIDING PRICE BREAK-UP OF TOT
(As applicable)

**INFRASTRUCTURE DELIVERABLES BY THE COLLABORATOR TO PA FOR
THE PROJECT**

**Table 1 : LIST OF INFRASTRUCTURE REQUIREMENTS
(INFRASTRUCTURE DELIVERABLES BY COLLABORATOR AND TO BE
COSTED)**

**TABLE 2: LIST OF SERVICES/FACILITIES FOR WHICH TECHNICAL INPUTS
ARE TO BE PROVIDED BY THE COLLABORATOR**

**TABLE 3 : LIST OF JIGS, FIXTURES & PROTECTIVE GEAR
(INFRASTRUCTURE DELIVERABLES BY COLLABORATOR AND TO BE
COSTED)**

TABLE: TRAINING REQUIREMENTS

Appendix L to Schedule I to Chapter 1
(Refers to Para 4 of Schedule I)

DELIVERY SCHEDULE

(a) **DELIVERY SCHEDULE OF VESSELS**

To buyer's representative, afloat at (**place- may be specified**), **at the Seller's cost**. The onboard spares (OBS), special tools, accessories, and documents/publications shall be delivered along with delivery of the vessel(s). 'As Fitted'/'As Made' drawings are to be delivered after the delivery of the respective vessel(s). The consignee for the B&D spares alongwith delivery schedule is (Name of authority-may be specified).

(b) **DELIVERY SCHEDULE OF TRANSFER OF TECHNOLOGY (ToT) AND INFRASTRUCTURE DELIVERABLES (if applicable)**

The proposed delivery schedule for ToT and Infrastructure Deliverables to Production Agency (PA)

Appendix M to Schedule I to Chapter 1
(Refers to Para 34 of RFP)

CERTIFICATE-MALICIOUS CODE

(To be rendered on Seller's Letterhead)

1. This is to certify that the Hardware and the Software being offered, as part of the Contract, does not contain embedded malicious code that would activate procedures to:-

- (a) Inhibit the desired and designed function of the equipment.
- (b) Cause physical damage to the user or equipment during the exploitation.
- (c) Tap information resident or transient in the equipment/networks.

2. The firm will be considered to be in breach of the procurement contract, in case physical damage, loss of information or infringements related to Copyright and Intellectual Property Rights (IPRs) are caused due to activation of any such malicious code in embedded software.

(Signed)

Designation/Name/Address of firm

Date:

Place:

Appendix N to Schedule I to Chapter 1
(Refers to Para 20 of RFP)

INFORMATION PROFORMA Engagement of Agent by Foreign Vendor

(Separate sheets to be filled in case of multiple Agents)

1. Procurement Case.....
2. Has the vendor engaged/proposes to engage any Agent
[Yes/No]:
3. If Yes, Details of Engaged Agent:

Name of the
Firm/Individual.....

Address
.....
.....
Registration No
.....
4. Date of Engagement
5. Period of Engagement
6. Scope of Work and
Responsibilities.....
.....
.....
7. Payment Details:

Payments made in last 12 months.....

Brief Terms of Payment
.....
8. Any other Details
.....
9. Declaration. It is certified that the above information is true. Any change in the
information, including termination of an Agent, will be intimated within two weeks of
occurrence. Details of further payments will be intimated annually.

Place:

Date:

(Authorised signatory)
Vendor Name and Address

CHAPTER 2

REFITS / REPAIRS

CHAPTER 2

REFITS/ REPAIRS OF SHIPS/ SUBMARINES/ CRAFTS/ ASSETS TO INDIAN PSU/ PRIVATE SHIP YARDS/ TRADE

General

1. A ship/submarine is a platform that consists of an assortment of weapons, sensors and support systems, along with propulsion, power generation and auxiliary systems, facilities for crew and fuel and provisions. All the surveillance and weapon systems are interlinked and integrated through an elaborate data management system. The platform as a whole or a part thereof is required to be refitted/repared from time to time, including inter alia disassembly, docking, inspection/ survey, repair/ overhaul followed by trials in harbour and at sea. As an integral part of the refit process, approved modifications to structure, equipment, machinery and systems including installation of new equipment are also carried out. Overall, the partial / complete refit of a ship/submarine/ yard craft is a complex activity, wherein concerted planning is required much before the commencement of the repairs/refit and also during the course of the repairs/refit to ensure completion in a time bound manner and make the platform seaworthy and battle worthy. Repair of Marine Assets/ Service Assets also involve the same kind of planning as required for undertaking repairs/ refits of Ships/Submarines. The entire activity is different from other revenue procurement activity, such as, procurement of goods and stores or even other services, since a number of technical issues are required to be addressed, including visits by the bidders to the ship/ submarine/ assets to be repaired/ refitted. For the purpose of clarity, the following definitions would be used in respect of ships/ submarines/ crafts/ assets and their associated repairs/ refits:-

(a) **Refit**. Includes all activities towards servicing of equipment/refurbishment/ renovation/modification including inter alia planned dry docking to attain designed/stated performance.

(b) **Repair**. Includes all activities, where a defect/ anomaly in performance/ degradation in performance of equipment necessitates remedial measures on the stated equipment.

(c) **Marine Assets**. All assets including yard crafts, boats, barges (both dumb and self-propelled), Battle Practice Targets (BPTs), Pontoons, Catamarans, Floating Dry Docks, Dock Gates, Caissons, Flap Gates, etc which come in direct contact with the Marine Environment are Marine Assets.

(d) **Service Assets**. All assets other than Marine Assets including Jetty Cranes, Mobile Cranes, Listers, Trailors, Mobile Generators, Mobile Chilling Plants, Forklifts, Workshop Machinery, etc., non-availability of which either directly or indirectly affect the productivity of a unit are Service Assets.

(e) **Competent Technical Authority (CTA)**. The CTA is the head of the Service Repair Agency under the relevant CFA.

(f) **Service Repair Agency**. The agency of the Navy/Coast Guard whose job is to execute the maintenance and/or the maintenance policy of the ship/submarine/yard craft.

(g) Post Defectation Demand (PDD) Spares. The spares required for completion of repairs/refit, which are evident only upon opening up/dismantling of the equipment/system and can normally not be foreseen at the time of formulation of scope of work.

2. Aim. The aim of this chapter is to lay down guidelines for offloading of partial/complete repairs/refits of ships/submarines/ assets to Indian PSU/Private ship repair yards/trade owing to the unique nature of repairs/refits necessitating a distinct procedure. Though general guidelines mentioned in Chapter 2-8 will be applicable for general issues, the unique provisions mentioned in this Chapter will supplement those guidelines due to peculiarity of these type of procurements. The succeeding paragraphs enumerate the detailed guidelines to be followed in the refits/ repairs of ships/ submarines/ crafts and the procedure for repair of all Marine/Service assets.

3. Refits of Ships/Submarines. Refits of ships/submarines are scheduled in accordance with the Ops-cum-Refit cycles promulgated for each class of ship. The refit schedules for a Two – Three year period (as the case may be for CG and Navy, respectively) are decided during the Annual Refit Conference (ARC), chaired by COM (Navy) and PDFM (CGHQ), respectively. The proposals for offloading of refits due to constraint of capacity/expertise are discussed and approved during the ARC.

4. Tendering: All partially/ fully off loaded refits/repairs may be undertaken on Long Term Contracts (Multiple Refit Contracts) or on OTE/LTE basis depending upon the case. The Long Term Contracts of multiple refits of Ships / Submarines / Yard crafts or a Class of Ships / Submarines / Yard crafts by means of a single RFP / tender should be the preferred mode since it would also ensure build-up and retention of capacity and expertise.

5. To save hidden costs on fuel consumption, administrative expenses, support infrastructure requirements, etc. in offloading the refit/repair work to shipyards located away from the base port, competitive tendering on LTE basis to the shipyards in the immediate geographical vicinity of the ship's base and those shipyards willing to undertake the refit in such vicinity, may be considered. In case, the response from these shipyards is poor, quotes may be invited from other shipyards to undertake the repairs/refits at the location specified by the Customer.

6. Long Term Contracts (Multiple Refit Contracts) Conclusion of Long Term Contracts (5 years) with designated shipyards for partial/ complete refits would be the preferred approach of refit. The following mechanism would be followed:-

(i) The SHQ (IN/ICG) would arrive at standard work package on platform/equipment as applicable based on its service life.

(ii) For indigenously built ships, the Long Term Contracts would be preferably concluded with the construction shipyards since the design specifications, drawings and technical details of the platform/equipment is held with the construction shipyards.

(iii) For foreign built ships, the IN/ICG would conclude Long Term Contracts for partial/complete refits with the designated shipyards.

(iv) Long Term contracts for refits to cater for both the material and services and comprise of standard clauses of contracts like guarantees, warranties etc.

(v) The assessment of Shipyards may be maintained based on following major parameters:-

- (aa) Completion of Refit as per time and within contracted costs
- (bb) Quality of refit with warranty of 2 years
- (cc) Accord of Service Life Extension of the platform for a period of 10 years

(vi) If refit quality not satisfactory, the Shipyard could not be considered for balance refits or during renewal of contracts

(vii) The designated shipyard could be identified through the process of tendering or through selection using the capacity criteria (technical and financial gate) as specified in ship building contracts.

(viii) Equipment specific work during major refits may be undertaken at Naval Yards depending upon availability of repair facility.

(ix) In such cases the equipment post overhaul is to be handed over to the refitting shipyard atleast 2 months prior completion of refit for enabling its installation, STW and Integration with other equipment.

7. Offloading of Partial/ Complete Refits/ Repairs of Ships/ Submarines

7.1 Procedure. The stages involved in offloading of partial/ complete repairs/refit of ships/submarines are enumerated in the succeeding paragraphs.

7.1.1 AON stage.

7.1.2 The Service Repair Agency would put up a comprehensive plan for offloading that will include the following:-

- (a) Cases approved for off-loading during ARC.
- (b) Schedule of Refits being off-loaded.
- (c) Rough Indicative Cost (RIC) of approved cases.

7.1.3 Offloading Plan. The cases for off-loading will be consolidated into the offloading plan with the under mentioned parts. The offloading plan (Roll-On Basis) would serve as an indicator of the estimated spread of expenditure and anticipated budget requirement for the next two to three years.

- (a) Part A. Consolidated cases that would individually be processed under delegated powers of ASDs/CSY/COMDISs for the ensuing year.
- (b) Part B. Consolidated cases that would individually be processed under delegated powers of CinCs/COMCGs for the next two years.
- (c) Part C. Consolidated cases that would individually be processed under delegated powers of VCNS/DGICG for the next two/three years.

(d) Part D. Consolidated cases that would individually be processed under delegated powers of MoD for the next two/three years in respect of Coast Guard and Navy respectively.

7.1.4 RIC. The RIC for approved cases would be roll-on in nature and under the following heads:-

- (a) Major Engineering Work Package.
- (b) Major Electrical & Weapon Work Package.
- (c) Major Hull Work Package.
- (d) Major Equipment Replacement/ upgradation.
- (e) Services.
- (f) Material and Spares.

7.1.5 AIP. The AIP for the offloading plan would be accorded at the Service HQ level during ARC/ MYRR.

7.1.6 AON. The AON for the offloading plan would be accorded by the CFA based on the financial implication of the individual cases. For instance, the AON for Part B of the offloading plan would be accorded by the respective C-in-C/ COMCG (even if the consolidated financial implications exceed the delegated financial powers). The financial consultation for each part of the offloading plan would be given by the concerned IFA of respective CFA. The AON would be accorded for the cases to be processed at the indicated cost and valid for the period of consolidation on a roll-on basis. On accord of AON for the entire offloading plan, the same would be forwarded to all concerned CFAs and IFAs for record by Navy/Coast Guard. AON would be accorded for the Standard RFP and SCOC placed at DPMF-25 and DPMF-26. The work package should be firmed up prior to issuance of the RFP, in order to incorporate a realistic estimate of Scope of Work.

7.2 Issue of RFP

7.2.1 RFI Conference. In case, where the repair/refit project involves firming up of technical issues prior to issue of RFP, in such cases, a Request for Information (RFI) Conference may be held with prospective Bidders followed by issue of a formal RFP. RFI conference should generally be held for cases of long term contracts of multiple refits of Ships / Submarines / Yard crafts or a Class of Ships / Submarines / Yard crafts by means of a single RFP / tender.

7.3 After the accord of AON, with firmed up work package, the RFP for single or long term contracts of multiple refits would be issued by the respective Service Repair Agencies, as and when due with the approval of CFA and concurrence of IFA, as per the delegation of financial powers. The RFP would be issued only to those bidders who satisfy the pre-qualification criteria. The CFAs at their discretion may form 'Procurement Committee (PC)' within their domain on case to case basis. The Scope of Work (SOW) would be enclosed with the RFP. The RFP finalised by the PC would be issued by NDs/ NSRYs in case of Navy and BMUs/Station HQs/DHQs/RHQs in the case of Coast Guard.

7.4 In case of any deviation from the standard RFP or upward revision of the estimated cost, the case along with the revised draft RFP would be forwarded for vetting and approval of CFA in consultation with IFA where required as per delegation of financial powers. Variations from Standard RFP and SCOC for individual cases can still be part of the Roll-On Plan, in which case, those specific cases are to be accorded separate AONs along with the variations in the RFP and SCOC.

7.5 All emergent cases due to service exigencies may be taken up for AON of CFA separately. In such cases, if the financial implication of the offloading case is beyond the powers of the immediate CFA, then the SOC along with the draft RFP will be sent directly to the next higher CFA duly recommended for vetting and approval. Concurrence of the intermediate IFA is not required, as the case would be dealt with exclusively by the next higher IFA.

7.6 Format for RFP. Standard RFP for used as guideline for cases under Chapter 14 is as per DPMF-25.

7.7 Receipt and Processing of Bids.

7.8 Pre-bid Discussions. Pre-bid discussions may be held prior to submission of bids for clarification of issues related to the SoW. Ship visit may also be planned for better appreciation of SoW by the bidders.

7.9 TEC. On submission of the bids, the TEC would be conducted by the agency nominated by the CFA and the TEC Report is to be forwarded to the CFA. The TEC is not authorised to discuss commercial aspects of the case. However, the TEC should prepare a compliance statement in respect of commercial terms and conditions, such as bid security, warranty, etc included in the technical bid as per the RFP. While IFA need not participate in the TEC, CFA may is considered necessary, evolve a system of associating the IFA or his representative in examination of the TEC report in regard to compliance with the commercial terms and conditions before opening of price /'Q' bids. In case of part D cases, the TEC minutes is to be approved at the level of SHQ.

7.10 Opening of Price Bids. Post approval of TEC report by the CFA, the price bids of the qualifying vendors are to be opened by the ToC only after the benchmarking is approved by the CFA/PC.

7.11 Criterion for Determination of L1 Firm. The L1 Firm would be determined as follows:-

(a) Navy. The Cost of Refit, Services and Budgetary Cost of Spares listed in the work package would be taken into account for determination of L1. Payment for such mandatory spares shall not exceed the budgetary cost given in the 'Price' bid.

(b) Coast Guard. In case of Coast Guard, since mandatory spares are not part of Refit Package, determination of L1 Firm would be considered on account of Cost of Refit inclusive of Services.

7.12 Loading in Case of Defect List Items "Not Quoted". In order to ensure that all offers are compared in an equitable and fair manner, loading would be resorted to for determining the L1. During this process the bids with unresponsive sections/sub-sections would be loaded

by the amount quoted by the highest bidder for that particular section/sub-section for preparing CST. The bids shall be deemed to be responsive only if the firm accepts the loading in writing. A provision to this effect should be included in the RFP.

7.13 Approval of CST. The CST is to be approved by the CFA/PC in consultation with respective FA/PC.

7.14 Price and Contract Negotiations. In view of the complexity of cases processed under this Chapter, Price and Contract Negotiations are to be held with the L1 vendor for discussions and finalisation of all aspects of Contract and Financial Implications.

7.15 Conclusion and Operation of Contract. Upon culmination of Price and Contract Negotiations, the case is to be processed for concurrent approval of the CFA for CNC Minutes, Draft Contract and Financial Sanction Letter in consultation with IFA. On approval of the CFA, the Contract is to be concluded and operated by the designated Contract Operating Authority (COA/DDG(M&M)).

7.16 Offloading of Marine / Service Assets

7.17 Repairs/Refit of Marine Assets. The procedure for complete/partial repairs of Marine/Service assets is the same as given in Paras above, except that the offloading plan in the case of Marine/Service assets would be annual.

7.18 Growth of Work

(a) Since the SoW in refits of ships/submarines are usually non- deterministic and dynamic in nature with regard to resources required for completion, Growth of Work, is a characteristic feature typical of refits/repairs. The quantum, scope and extent of Growth of Work is dependent on various factors, inter alia, age of Ship/Submarine, condition of onboard Equipment/machinery, Condition of Hull, role and exploitation pattern, duration between formulation of work package and actual execution of work leading to increase in scope of work and also spares, modifications and Additions & Alterations. Additional financial sanction up to 15% of Contract Value would be catered for such Growth of Work Payment in all such cases will be made at actuals subject to the respective ceiling stipulated for the Navy and Coast Guard. A Post Refit Report would be drawn up for distribution to all concerned including the IFA.

(b) In case of the Coast Guard, the present practice of allowing a component of up to 15% of the Contract Value towards Growth of Work and up to 20% of the Contract Value towards non-available spares will continue to be followed”.

(c) In all cases where the financial sanction for Growth of Work is approved, Growth of Work on pro-rata cost is to be approved by the COA/DDG(M&M). Where the pro-rata costs are not available, the prices would be negotiated by the COA/DDG(M&M) with Finance representative as member in CNC and the negotiated cost would be approved by COA/DDG(M&M). The guideline for Growth of Work is placed at Form DPMF-27.

(d) In cases where equipment service life is less than 10 years, the growth of work would be not exceeding 15%. In cases where service life of equipment is more than 10 years, the growth of work is to not exceed 25%. This would be also applicable for Long Term Contracts or Multiple Refit Contracts.

7.19 Payment Terms. The Stage Payments are to be specified in the RFP for complete/partial offloading of repairs/refit and are to be commensurate with the work undertaken by the yard. The number of stages and payment terms would vary from case to case depending on duration of the project and cost involved and are to be incorporated in the RFP. The recommended stage payment terms for complete refit may be as follows:-

(a) Refit Cost

(i) Stage - I. 15% advance of basic contracted refit cost against bank guarantee / indemnity bond (in case of DPSUs) which would be paid to the shipyard / firm as follows:-

(aa) 10% on placement of order/contract.

(ab) 5% on submission of PERT and documentary proof with respect to placement of work / supply order / sub-contract on OEMs / firms within 30 days of conclusion of contract.

(ii) Stage - II. 10% of the basic contracted refit cost on docking (excluding taxes and Growth of Work).

(iii) Stage - III. 15% of the basic contracted refit cost on final undocking and completion of all under water works.

(iv) Stage - IV. 20% of the basic contracted refit cost on satisfactory completion of Basin Trials and harbour trials of major machinery/equipment (such as Main Propulsion Plant, Shafting and equipment related to Habitability).

(v) Stage - V. 20% of the basic contracted refit cost minus cost of all incomplete work on satisfactory completion of post refit Sea trials and departure of the ship from the shipyard. Cost of incomplete work will be withheld till completion of work.

(vi) Stage - VI. Balance along with cost for Growth of Work and taxes on submission of final bill within sixty (60) days on satisfactory completion of Refit. Shipyard to provide a bank guarantee equal to 10% of the final cost of refit/repair (indemnity bond in case of DPSUs), which should be valid till the completion of the guarantee/warranty period.

(vii) All stage and final bill payments are to be vetted and cleared by COA/DDG(M&M).

(b) Material and Spares. Advance on signing of Contract of up to 10% of cost of spares, against Bank Guarantee may be permitted. The remaining payment for spares would be made along with the stage payments during refit duration, on submission of proof of Procurement order, Material receipt and Inward inspection. Handling charges, if any, are to be paid at the rate of 7.5%.

7.20 Evaluation Criteria

7.21 Criterion for Determination of L1 Firm. The L1 Firm would be determined as follows:-

(c) Navy. The Cost of Refit, Services and Budgetary Cost of Spares listed in the work package would be taken into account for determination of L1. Payment for such mandatory spares shall not exceed the budgetary cost given in the 'Price' bid.

(d) Coast Guard. In case of Coast Guard, since mandatory spares are not part of Refit Package, determination of L1 Firm would be considered on account of Cost of Refit inclusive of Services.

7.22 Loading in Case of Defect List Items "Not Quoted". In order to ensure that all offers are compared in an equitable and fair manner, loading would be resorted to for determining the L1. During this process the bids with unresponsive sections/sub-sections would be loaded by the amount quoted by the highest bidder for that particular section/sub-section for preparing CST. The bids shall be deemed to be responsive only if the firm accepts the loading in writing. A provision to this effect should be included in the RFP.

7.23 Format of Contract. Standard conditions of Contract (which are in the form of self-contained draft Contract) to be issued with RFP is as per DPMF-26.

7.24 The admissibility of handling Service remuneration charges will be paid @ 7.5% for the total expenditure including taxes incurred by the yard for procurement of spares.

7.25 Performance Bank Guarantee is to be paid by the Firm as indicated in the RFP, inclusive of basic refit cost, AWRF, NA spares including taxes.

7.26 Delivery extension the refit Delivery extension cases with LD may be approved by the Administrative authority. In case of waiver of LD, the cases may be referred to the concerned CFA for approval with concurrence of IFA.

7.27 This Chapter facilitates offloading of refits/ repairs of ships and submarines only through Indigenous Shipyards.

APPENDIX 'G'

REQUEST FOR PROPOSAL (RFP)
I N D E X of REQUEST FOR PROPOSAL

Enclosure I of RFP

RFP FOR OFFLOADING OF PARTIAL/ COMPLETE
REFITS/REPAIRS OF SHIPS/
SUBMARINES/CRAFTS/ASSETS TO INDIAN PSU/PRIVATE
SHIP YARDS/TRADE

INSTRUCTIONS TO BIDDERS FOR **OF**

1. Quotations in sealed cover are invited for _____ (indicate nature of repairs/refit/part of refit to be offloaded) of _____ (Indicate name of ship/submarine/craft/asset) as per the work package listed in enclosed Schedule of Requirement (SOR).

2. General Information about the tender:-

- (a) Tender reference No. _____
- (b) Last date and time for receipt of tenders _____
- (c) Time and date for opening of tenders _____
- (d) Place of opening of tenders _____
- (e) Address for Communication _____

3. The tender shall be submitted **in single stage two - bid system**, the Technical and Commercial bids. The following enclosures are forwarded along with this enquiry to assist you in preparing your technical and commercial offer: -

- | | | | |
|-----|--|---|-----------------|
| (a) | Index of Tender Document | - | |
| (b) | Schedule of Requirements | - | Enclosure |
| (c) | Standard Conditions of Contract | - | Enclosure - III |
| (d) | Guidelines for Preparation of Technical Bid | - | Enclosure - IV |
| (e) | Guidelines for Preparation of Commercial Bid | - | Enclosure - V |
| (f) | Summary Sheet for Costing | - | Enclosure - VI |
| (g) | List of OEM/authorized rep addresses | - | Enclosure- VII |
| (h) | List of Mandatory spares (Hull/Engg / Elec) | - | Enclosure- VII |

4. Quotation shall remain valid up to ____ days (period to be specified, not exceeding 180 days) from the date of opening of Technical Bid. **(Note: Bid Validity period may be increased/decreased on a case to case basis with the approval of CFA)**

Submission/Opening of Tenders

5. PLEASE QUOTE OUR RFP NO AND DATE OF TENDER OPENING ON SEALED COVER. FAILURE TO DO SO WILL RENDER YOUR OFFER INVALID.

6. The Technical and Commercial bids are to be submitted in two separate sealed envelopes, duly marked as “Technical Bid for RFP No.____ dated_____” and “Commercial Bid for RFP No. ____ Dated _____” . The quotes are to be super-scribed with your firm’s name, address, and official seal and ink signed by an authorised representative of the Tenderer. Sealed Bids addressed to _____should be dropped in tender box marked as “TENDER BOX NO:_____” located at _____,or to be sent by registered post so as to reach this office by due date and time (to be specified in the RFP). No responsibility will be taken for postal delay or non-delivery/non-receipt of tender documents.

7. Sealed quotations will be opened by a committee on due date and time. Your authorised representative from the Company can attend the tender opening. If due to any exigency, the due date for opening of tenders is declared as closed holiday, in such cases, the tenders will be opened on next working day at the same time or any other day/time as intimated by the customer. The date of opening of Commercial Bid will be intimated after acceptance of technical bids.

8. Tenders sent by FAX will not be considered. Tenders found in sealed box will only be considered. To avoid any complications with regard to Late Receipt/Non-receipt of Tenders, it may please be noted that responsibility rests with the tenderer to ensure that tenders reach this office before due date. Late quotes will be rejected outright.

In case your firm is not willing to quote due to any reasons, your regret should be sent well before the due date, failing which your firm can be de-listed from the Contractor’s list.

9. Commercial offers will be opened only of those firms, who’s Technical Offers have been found suitable after technical evaluation. Further negotiations will be made only with the lowest bidder (L1) as determined by the committee. The date, time and venue fixed for this purpose will be intimated separately.

10. **Earnest Money Deposit.** The bidders are to furnish EMD for a sum of Rs._____, with a validity of days (normally 45 days) beyond the final bid Validity period, in the form of an Account Payee Demand Draft or Fixed Deposit Receipt or Banker’s Cheque or Bank Guarantee from any of the public sector banks or a private sector bank authorized to conduct government business. The format in Form DPM-13 may be adopted.

Evaluation Criteria

11. Loading of Cost for Items “Not Quoted”. The bidder is to quote for all the sections/sub-sections mentioned in the SOR. Any omissions/deviations to the SOR are to be recorded in the Record of Deviations and submitted along with the ‘T’ Bid. ‘In case a bidder fails to quote for a certain item/Defect List Serial, their bid will be loaded by the amount quoted by the highest bidder for that particular Item/ Defect List serial and this loading will be considered for determining the L1. CUSTOMER reserves the right to determine the qualification of a firm on this account.

Finalising of L1 Firm.

12. The L1 firm will be decided on sum total of services, repair charges, budgetary cost of spares on not exceeding basis, applicable taxes and duties (including exemptions sought/granted) but exclusive of Octroi / Entry Tax. Payment for spares listed in the work package shall not exceed the budgetary cost.

Note: In case of Indian Coast Guard, since mandatory spares is not part of Refit Package, determination of L-1 Firm would be considered on account of Cost of Refit, services, applicable taxes and duties (including exemptions sought/granted)but exclusive of Octroi / Entry Tax.

13. **Payment Terms.** The Payment Terms for the Contract Price shall be as follows (**to be specified as per under mentioned format in consultation with IFA**).

Stage No.	Activity Definition	Stage Payment

Standard Conditions of Contract (SCOC)

14. Firm shall be required to accept the SCOC. Additionally standard clauses regarding agents / agency commission, penalty for use of undue influence, access to books of accounts, arbitration and laws would be incorporated in the contract. A Contract will be signed between the Contract Operating Authority (COA/DDG(M&M), _____) and the shipyard/firm incorporating the SCOC at Enclosure III of this RFP, which will form an integral part of the Contract.

Pre-Bid Conference

15. The SOR (Enclosure II) and SCOC(Enclosure III) should be carefully considered while preparing the bids. All clarifications are to be resolved in the Pre-Bid Conference on ____ (dd/mm/yy) at _____ (Location) prior submission of bids. No revision of Commercial Bid would normally be permitted after opening of the Technical Bid.

(Note: Pre Bid Conference may be held depending on the nature of the work and this clause may be included as applicable)

Commercial Bid

16. The Commercial bid is to be submitted strictly in accordance with **Enclosure - V** to this tender enquiry. The Commercial bid once opened, will not be subjected to unilateral revision by the firm, unless the firm is called for price negotiations specifically and asked to justify the rates.

Conditions under which this RFP is issued.

17. This RFP is being issued with no financial commitment and Customer reserves the right to change or vary any part thereof at any stage. The Customer reserves the right to reject any or all of the offers without assigning any reason whatsoever. The Customer also reserves the right to withdraw the RFP should it be so necessary at any stage.

Please acknowledge receipt.

Thanking you,

Yours faithfully

DPMF-25
(Refers to Para 14.7.5)

REQUEST FOR PROPOSAL (RFP)

Enclosure I of RFP

RFP FOR OFFLOADING OF PARTIAL/ COMPLETE REFITS/REPAIRS OF
SHIPS/ SUBMARINES/CRAFTS/ASSETS TO INDIAN PSU/PRIVATE SHIP
YARDS/TRADE

INSTRUCTIONS TO BIDDERS FOR _____ OF _____

1. Online Quotations/Quotations in sealed cover (cases which are exempted from e-procurement) are invited for _____ (indicate nature of repairs/ refit/part of refit to be offloaded) of _____ (Indicate name of ship/submarine/craft/asset) as per the work package listed in enclosed Schedule of Requirement (SOR).

2. General Information about the tender:-

- (a) Tender reference No. _____
- (b) Last date and time for receipt of tenders _____
- (c) Time and date for opening of tenders _____
- (d) Place of opening of tenders _____
- (e) Address for Communication _____

3. The tender shall be submitted **in single stage two - bid system**, the Technical and Commercial bids. The following enclosures are forwarded along with this enquiry to assist you in preparing your technical and commercial offer: -

- | | |
|--|------------------|
| (a) Instruction to Bidders - | Enclosure - I |
| (b) Schedule of Requirements - | Enclosure - II |
| (c) Standard Conditions of Contract - | Enclosure - III |
| (d) Guidelines for Preparation of Technical Bid - | Enclosure - IV |
| (e) Guidelines for Preparation of Commercial Bid - | Enclosure - V |
| (f) Summary Sheet for Costing - | Enclosure - VI |
| (g) List of OEM/authorized rep addresses - | Enclosure - VII |
| (h) List of Mandatory spares (Hull/Engg / Elec) - | Enclosure - VIII |

4. Quotation shall remain valid up to _____ days (period to be specified, not exceeding 180 days) from the date of opening of Technical Bid. **(Note: Bid Validity period may be increased/decreased on a case to case basis with the approval of CFA)**

Submission/Opening of Tenders

5. Online bids should be submitted in the manner prescribed in the relevant e-Procurement Portal. In case of manual bidding PLEASE QUOTE OUR RFP NO AND DATE OF TENDER OPENING ON SEALED COVER. FAILURE TO DO SO WILL RENDER YOUR OFFER INVALID.

6. In case of manual bidding the Technical and Commercial bids are to be submitted in two separate sealed envelopes, duly marked as “Technical Bid for RFP No. _____ dated _____”

and “Commercial Bid for RFP No. ____ Dated ____”. The quotes are to be super-scribed with your firm’s name, address, and official seal and ink signed by an authorised representative of the Tenderer. Sealed Bids addressed to _____ should be dropped in tender box marked as “TENDER BOX NO: ____” located at _____, or to be sent by registered post so as to reach this office by due date and time (to be specified in the RFP). No responsibility will be taken for postal delay or non-delivery/non-receipt of tender documents.

7. Sealed quotations will be opened by a committee on due date and time. Your authorised representative from the Company can attend the tender opening. If due to any exigency, the due date for opening of tenders is declared as closed holiday, in such cases, the tenders will be opened on next working day at the same time or any other day/time as intimated by the customer. The date of opening of Commercial Bid will be intimated after acceptance of technical bids.

8. Tenders sent by FAX will not be considered. Online tender / tenders found in sealed box will only be considered. To avoid any complications with regard to Late Receipt/Non-receipt of Tenders, it may please be noted that responsibility rests with the tenderer to ensure that tenders reach this office before due date. Late quotes will be rejected outright.

9. In case your firm is not willing to quote due to any reasons, your regret should be sent well before the due date, failing which your firm can be de-listed from the Contractor’s list.

10. Commercial offers will be opened only of those firms, who’s Technical Offers have been found suitable after technical evaluation. Further negotiations will be made only with the lowest bidder (L1) as determined by the committee. The date, time and venue fixed for this purpose will be intimated separately.

11. **Earnest Money Deposit.** The bidders are to furnish EMD for a sum of Rs.____, with a validity of days (normally 45 days) beyond the final bid validity period, in the form of Fixed Deposit Receipt or Bank Guarantee from any of the Commercial Bank in India or payment online in an acceptable form.

Evaluation Criteria

12. **Loading of Cost for Items “Not Quoted”.** The bidder is to quote for all the sections/sub-sections mentioned in the SOR. Any omissions/deviations to the SOR are to be recorded in the Record of Deviations and submitted along with the ‘T’ Bid. ‘In case a bidder fails to quote for a certain item/Defect List Serial, their bid will be loaded by the amount quoted by the highest bidder for that particular Item/ Defect List serial and this loading will be considered for determining the L1. The bids shall be deemed to be responsive only if the firm accepts the loading in writing. CUSTOMER reserves the right to determine the qualification of a firm on this account.

Finalising of L1 Firm

13. The L1 firm will be decided on sum total of services, repair charges, budgetary cost of spares on not exceeding basis, excluding taxes and duties. Payment for spares listed in the work package shall not exceed the budgetary cost. However, for the unquoted DLs by the L1 bidder, the lowest available price for that item/defect list serial from the price bids of all the technically qualified bidders will be considered in the final contract price and this shall be negotiated during the PC/CNC with the L1 bidder.

Note: In case of Indian Coast Guard, since mandatory spares is not part of Refit Package, determination of L-1 Firm would be considered on account of Cost of Refit inclusive of services, excluding taxes and duties.

14. Payment Terms. The Payment Terms for the Contract Price shall be as follows **(to be specified as per under mentioned format in consultation with IFA).**

Stage No.	Activity Definition	Stage Payment

Standard Conditions of Contract (SCOC)

15. Firm shall be required to accept the SCOC. Additionally standard clauses regarding agents / agency commission, penalty for use of undue influence, access to books of accounts, arbitration and laws would be incorporated in the contract. A Contract will be signed between the Contract Operating Authority (COA, _____) and the shipyard/firm incorporating the SCOC at Enclosure III of this RFP, which will form an integral part of the Contract.

Pre-Bid Conference

16. The SOR (Enclosure II) and SCOC (Enclosure III) should be carefully considered while preparing the bids. All clarifications are to be resolved in the Pre-Bid Conference on ____ (dd/mm/yy) at _____ (Location) prior submission of bids. No revision of Commercial Bid would be permitted after opening of the Technical Bid. **(Note:** Pre Bid Conference may be held depending on the nature of the work and this clause may be included as applicable)

Commercial Bid

17. The Commercial bid is to be submitted strictly in accordance with Enclosure - V to this tender enquiry. The Commercial bid once opened, will not be subjected to unilateral revision by the firm, unless the firm is called for price negotiations specifically and asked to justify the rates.

Conditions under which this RFP is issued

18. This RFP is being issued with no financial commitment and Customer reserves the right to change or vary any part thereof at any stage. The Customer reserves the right to reject any or all of the offers without assigning any reason whatsoever. The Customer also reserves the right to withdraw the RFP should it be so necessary at any stage.

19. Please acknowledge receipt.

Thanking you,

Yours faithfully

Enclosure II of RFP

SCHEDULE OF REQUIREMENTS (SOR)

(Note: The Schedule of Requirements is a technical document and specific to the Project/ Service and is part of the RFP)

Annexure 1 - Particulars of Vessel/Asset on which work is required to be carried out.

Annexure 2 - Quantified Work Package (comprehensive scope of work) that contains break-up of individual jobs to be completed including survey, dismantling and inspection, routines and repair to be carried out, consequent repair, trials and comprehensive list of services required such as dry docking, berthing, jetty services (electricity, accommodation, phone, fresh water, fire main), cranes facilities, tugs and pilot charges.

Annexure 3 - Quality Inspection Schedules/QAP (minimum and essential parameters that are required to be achieved for the scope of work to be deemed as satisfactorily completed)

Annexure 4 - Extract of relevant Navy/Coast Guard orders AS APPLICABLE pertaining to the scope of work, such as 'Paint Schemes', 'Hull Survey and Ratification Procedure', 'Survey of Anchor Chain Cable', 'Entry into Confined Spaces and Precautions thereof'. Additionally, requirements for Gas Free & Man Entry Certificates, Fire Sentries, Administrative Support to OEMs, Pumping-out Facilities & Removal of Debris/Waste Material should be clearly specified as applicable.

Enclosure III of RFP

STANDARD CONDITION OF CONTRACT (SCOC)

Please see DPMF-26

Enclosure IV of RFP

GUIDELINES FOR PREPARATION OF TECHNICAL BID

The Technical Bid should contain the following information and details so as to enable _____(Name of Service Repair Agency) to assess the understanding, technical capability and infrastructure/resources of the ship repair yard to undertake the refit: -

- (a) Indicate acceptance of the entire scope of work **(or)** Indicate acceptance of the entire scope of work except _____. (Indicate specific jobs not being undertaken as a Deviation List).
- (b) Indicate acceptance of the QAP/QIS indicated in SOR **(or)** Indicate acceptance of the QAP/QIS indicated in SOR _____. Indicate specific provisions not being undertaken as a Deviation List **(or)** Forward a QAP/QIS for consideration of Technical Evaluation Committee.
- (c) Indicate anticipatory list of spares, if applicable, required for undertaking the scope of work specified in SOR. Budgetary Estimate of all such spares is to be indicated in the Commercial Bid if such a list of Anticipatory Spares is forwarded along with the Technical Bid.
- (d) Indicate whether Earnest Money Deposit / Bid Security as per para ____ of the RFP has been attached.
- (e) Indicate acceptance of Payment terms as indicated in para ____ of the RFP.
- (f) Indicate acceptance of Standard Conditions of Contract (SCOC) and other terms and conditions given in the RFP.

Enclosure V of RFP

GUIDELINES FOR PREPARATION OF COMMERCIAL BID

1. Summary Sheet at Encl VI of this RFP should be filled in all respects.
2. The enclosed Quantified Work Package at Annexure 2 of SOR is to be filled up in all respects. Unit cost/rate for each serial as also the total cost of repairs, e.g Rs X for One Pump (unit rate) and Rs Y for 5 pumps (total cost) and budgetary cost of mandatory spares should be indicated against each Defect List Item. The cost of Anticipatory spares should be indicated separately, but this would not be used for determining L1.
3. Cost of yard materials such as steel plates, weld consumables, general nature cables, pipes and tubes should be indicated separately. Whereas, ferrous scrap shall be the property of the Contractor, Non-ferrous items and unused spares shall be the property of the Customer. The cost of Ferrous Material indicated in the Bid should therefore be inclusive of discount for scrap value.
4. Each page is to be authenticated (signed) by the Bidder.
5. Page numbering is a must to identify/locate missing/misplaced pages.
6. Bid Validity. The commercial bid is to be valid ____ days (period to be specified, not exceeding 180 days) from the date of opening of Technical Bid.
7. A sample for preparation of Commercial Bid is appended below: -

SAMPLE FORMAT FOR COMMERCIAL BID

Defect List Item No.	Description	Repair Cost		Budgetary Cost of Mandatory Spares
		Unit Cost	Total Cost	
0023	Fuel Storage Tank Top plating between Frames 26 to 31.5 (Port & Stbd) holed to be renewed. Approx area 15 m ² . Thickness 6 mm. The following items are required to be removed and refitted.	(a) Rs. X (per m ² of renewal of steel) (b) Rs. Y (Cost of Steel Plate per m ² /Kg)	a) Rs. A (b) Rs. B (Indicate clearly discount, IF ANY , in the amount mentioned in (a) & (b) for the Total scope of DL No.0023)	Specify cost of all spares required for completion of the scope of each DL, as applicable
0024	Five Gyro Motor Units to be overhauled	Rs. X	Rs A (Indicate clearly discount, IF ANY , in the amount mentioned in (a) for the Total scope of DL No. 0024)	

(SAMPLE) SUMMARY SHEET FOR COSTING / QUOTATION

Ser	Description of Work/Service Material/Spares/Tax	Rate (in Rs)
1.	Cost of all services indicated in the SOR	
2.	Cost of repair part of SOW in the SOR	
	(a) Hull Work Package	
	(b) Engineering Work Package	
	(c) Electrical work Package	
	(d) Weapon Work Package	
	(e) Cost of spares and material included in Ser 2(a) to (d)	
3.	Cost of all other Services in the SOR	
	(not covered under Ser 1 and 2 including OEM charges etc)	
4.	GST on Ser 1, 2 and 3, excluding 2 (e)	
5.	Works Contract Tax (if applicable on Ser 1, 2, and 3)	
6.	Cost of Yard Materials	
7.	Budgetary Cost of Spares	
8.	GST applicable on Ser 6 and 7	
9.	Customs Duty/Amount of Customs Duty (Ser 6 and 7)	
10.	Miscellaneous (not included in any of the Serial above)	
11.	Applicable Tax/Duty/Levies on Ser 10	
12.	Grand Total (excluding Ser 4, 5, 8, 9 and 11)	
	(for determination of L1)	
13.	Grand Total (Ser 1 to 11)	

Note: The Budgetary cost of Anticipatory Spares may be forwarded by the bidder separately, if the bidder opines that the same are required for completion of SOW. However, the same shall not be considered for determination of L-1.

DPMF-26
(Refers to Para 14.14)

**STANDARD CONDITIONS OF CONTRACT FOR PARTIAL/COMPLETE
REFIT/ REPAIRS OF SHIPS/SUBMARINES/MARINE AND SERVICE ASSETS**
(Forms an integral part of the Contract, to be sent as Enclosure III of RFP)

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ANNEX No.	DESCRIPTION
ANNEX 1	: FORMAT OF CERTIFICATE OF ACCEPTANCE
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Contract No. _____

Date: _____

PREAMBLE

THIS Contract is made and entered into at (Name of Place), on this _____ day of the month --
----- in the year (specify the year in words),

BETWEEN

The President of India represented by _____ (Contract Operating Authority (COA)) (hereinafter referred to as the **CUSTOMER**), which terms, unless excluded by the context, shall be deemed to include his successor or successors and permitted assignees, **ON THE FIRST PART**

AND

M/s _____ (Name of the Firm/Shipyard including the address), hereinafter referred to as the **CONTRACTOR**, which expression shall include their Administrator, Executors, Successors and Assignees, **ON THE SECOND PART**

And where as the **CUSTOMER** agrees to deliver /permit (Name of the Vessel/Asset) to the **CONTRACTOR** for undertaking _____ (Title of the Work) and to take delivery of (Name of the Vessel/Asset) from the **CONTRACTOR** after successful _____ (Title of the Work undertaken)

The **CUSTOMER** and the **CONTRACTOR** being hereinafter referred to as “**Party**” or “**Parties**”.

It is now agreed by and between both the parties hereto as follows:

ARTICLE 1 - DEFINITIONS AND ABBREVIATIONS

1.1 Definitions.

1.1.1 The following words and expressions in this Contract including its Annexes shall have the meanings as hereinafter defined unless the context requires otherwise:-

Actuals	:	The term Actuals, related to payment, shall mean all expenses, inclusive of those incurred towards associated cost elements such as all taxes, duties & levies, freight, insurance and clearance charges incurred by the CONTRACTOR and computed at the prevailing exchange rate wherever applicable, at the time of release of payments by the CONTRACTOR to the OEMs. Additionally handling and / or service charges and remuneration payable to the CONTRACTOR (not exceeding 7.5% of the basic cost exclusive of taxes, duties, freight. Insurance and clearance charges) shall be applicable on such Actual expenses as per the terms of this Contract.
Article	:	Any Article of this Contract or partial Article with separate marginal number as referred to anywhere in the wording of this Contract and / or its Annexes.
Certificate	:	The Certificate to be signed jointly by the representatives of the

of Acceptance		CONTRACTOR and the CUSTOMER on the Date of Delivery of the Ship as set out in Article 8.1.1 and Annex 1 of this Contract.
Contract	:	Shall mean this Contract including its Preamble, Articles _ to _ and Annexes _ to _ herein, and all amendments, changes, alterations and modifications made to this Contract.
Material	:	The term Material shall mean all equipment, fittings, finished / semi-finished products, spares, consumables, Yard material, items, sub-assemblies/assemblies, documentation etc. required for the removal, repair & refurbishment, refit/installation and testing of any part of the work being undertaken by the CONTRACTOR (and/or by his Subcontractors on his behalf) as per scope of his work defined in this Contract, up to completion of the guarantee period and liquidation of his outstanding liabilities.
COA	:	Agency assigned by the Competent Financial Authority on behalf of the President of India to conclude the contract and operate in accordance with Article 2.1
Month	:	Any calendar month, as defined in the Gregorian Calendar, or any period of 30 consecutive Days.
Year	:	Year starting from the 1st January and ending on 31 st December or any period of 12 consecutive Months, as the case may be.

1.2 Abbreviations

1.2.1 The following words and abbreviations in this Contract including its Annexes shall have the meanings as hereinafter defined unless the context requires otherwise:-

B & D Spares	:	Base & Depot Spares.
DCD	:	Dockyard Completion Date
FAT	:	Factory Acceptance Trials
HAT	:	Harbour Acceptance Trials
SAT	:	Sea Acceptance Trials
MoD	:	Ministry of Defence
OBS	:	On Board Spares
PAC	:	Proprietary Article Certificate
OEM	:	Original Equipment Manufacturer/Firm accorded PAC
TEC	:	Technical Evaluation Committee
CNC	:	Contract Negotiation Committee
R & R	:	Remove and Refit
STW	:	Setting To Work
COA	:	Contract Operating Authority
ABER	:	Anticipated Beyond Economical Repairs
A's & A's	:	Additions and Alterations
QAP	:	Quality Assurance Plan

(Note: All Abbreviations pertaining to the case, which require clarification are to be listed here and should form part of RFP)

ARTICLE 2 - EFFECTIVE DATE AND OPERATION OF CONTRACT

2.1 It is hereby agreed and declared that the powers and functions of the CUSTOMER under this Contract, shall be exercised by _____ (COA).

2.2 The Effective Date of Contract is _____ (The date of signing of Contract or the date of handing over the vessel/asset or as the case may be). The Contract commences from the Effective Date of Contract.

ARTICLE 3 - SCOPE OF CONTRACT

3.1 Work & Services Contracts.

3.1.1 It is expressly understood and agreed between the CUSTOMER and the CONTRACTOR that this is a repair, refit and services Contract.

3.2 Scope of Work.

3.2.1 The _____ (Title of work) is to be completed in accordance with the terms, conditions and provisions of this Contract, as detailed in the following Articles.

3.2.2 The Scope of Work with itemised cost is placed at Annex 2 of this Contract.

3.3 Removal and Refitting of Items

3.3.1 In the event of the requirement to remove the existing machinery/ equipment, switch-boards / control panels, electronic & communication equipment, light fittings, piping, trunking, valves, electrical cables, junction boxes, lagging, panelling, obstructions, protrusions, foundations, etc. falling in the way of repairs, temporarily to facilitate completion of Scope of Work, the CONTRACTOR shall reinstall the same as per drawings, amendments thereto and to the satisfaction of the CUSTOMER. All work associated with this Article forms an integral part of Scope of Work specified in Article 3.2.

3.3.2 Electrical cables in way of repairs, if required, are to be covered adequately for protection against accidental mechanical / fire damage, by the CONTRACTOR. Damages caused during the execution of the work by the CONTRACTOR or his Sub Contractors are to be made good by the CONTRACTOR at his cost.

3.3.3 All pipe lines, machinery, equipment and fittings which are not required to be taken out of the Ship are to be properly covered / secured to ensure they are not damaged during the course of the refit. Damages caused during the execution of the work by the CONTRACTOR or his Sub Contractors are to be made good by the CONTRACTOR at his cost.

3.4 Change in Scope of Work

3.4.1 Notwithstanding the scope of work specified in Article 3.2 and 3.3.1, the CUSTOMER shall have the right to modify the Scope of Work during the execution of the Contract. The necessity for repairs/ renewals/replacements other than those presently included in the Scope of Work may arise during the inspection/survey/repair. All such work as also consequential work (rework) required to be done by the CONTRACTOR along with work arising out of items/drawings supplied by the CUSTOMER shall be treated as Scope of Work.

3.4.2 Such changes in the scope of work and the cost and time implications thereof shall be mutually agreed upon on priority, in writing, before undertaking such changes in the scope of work. The resultant increase in cost as well as any extension in project duration will be intimated by the CONTRACTOR and shall be agreed and accepted by the CUSTOMER through mutual negotiations prior to undertaking such changes in Scope of Work. Format for promulgating of Change in Scope of Work is placed at **Annex –3** of this Contract.

3.4.3 In case promulgation of such change in Scope of Work affects the Initial Scope of Work as per Article 3.2 and 3.3 and/or additional Scope of Work as per article 3.4, the cost and time implications due to such changes, shall also be taken in to consideration by both the Parties, while promulgating the change in Scope of work in accordance with Article 3.4.

3.5 Procurement of Material by the CONTRACTOR

3.5.1 A list of items procured, indicating landed cost which includes cost of materials, freight, insurance, packing/forwarding taxes, duties, clearing charges etc. together with handling charge of ____ [not exceeding 7.5% (Seven point Five percent)] will be furnished along with the bill raised by the CONTRACTOR on the basis of Third Party Invoice.

3.5.2 All material and items procured by the CONTRACTOR for Scope of Work, except where specifically indicated that such items are CUSTOMER supplied, are to conform to the relevant approved and applicable specification (in accordance with Article 10).

3.6 Return of Unused Materiel. All Ferrous scrap arising out of repairs shall be the property of CONTRACTOR. However, non-ferrous scraps/equipment shall be the property of the CUSTOMER.

3.7 Sub-Contracting

3.7.1 The CONTRACTOR may subcontract any part of Scope of Work on mutual agreement with the CUSTOMER. The CONTRACTOR can under no circumstance subcontract the complete Scope of Work to a Third Party.

3.7.2 The CONTRACTOR would be entirely responsible for quality/ standard and timely execution of the sub-contracted work. The CONTRACTOR is to draw up a suitable Quality Assurance (QA) Plan with the Sub- Contractor and a copy of the same along with Record of Inspection in accordance with such QA Plan shall be submitted to the CUSTOMER.

3.7.3 The supervision of work for the sub-contracted jobs is to be done by the CONTRACTOR. The CONTRACTOR is not permitted to seek any extension of Completion Date citing delay on the part of Sub- Contractors or re-work arising out of Sub-Contracted work.

3.8 Employment of Service Personnel. The CONTRACTOR shall not employ any service personnel of the ____ (Repair Agency/Service) or on his own take any assistance either directly or indirectly from any of the workshops / facilities of the ____ (Repair Agency/Service) in the form of men or material for Scope of Work.

ARTICLE 4 - CONTRACT PRICE AND TERMS OF PAYMENT

4.1 Contract Price

4.1.1 This is a Fixed Price Contract for completion of Work specified in Article 3.2 and 3.3. The Contract price is **Rs. _____/- (Rupees in Words)** exclusive of applicable taxes. Taxes and Duties shall be paid at actuals on submission of proof of payment. A detailed breakdown of the Contract price, including applicable taxes and duties (calculated as per the existing rate) is placed at **ANNEX – 6** of this Contract.

4.1.2 Notwithstanding the provisions contained in Article 4.1.1, the price is subject to revision upon mutual agreement, as and when scope of work is changed as per Article 3.4, ERV, Changes in Tax Rate, etc. *(All aspects related to escalation or revision of the Contract Price specified in Article 4.1.1 must be discussed and finalised on mutual agreement during the CNC and the same would form part of the Contract)*

4.2 **Change In Contract Price Due to Procurement of Additional/NA Spares.** Notwithstanding the Contract Price specified in Article 4.1 and as amended vide Article 4.2, the CUSTOMER shall pay for any additional/NA Spares procured by the CONTRACTOR for Scope of Work based on mutual agreement. Payment shall be made under this Article on the bill raised by the CONTRACTOR on the basis of Third Party Invoice accompanied by list of items procured, indicating landed cost which includes cost of materials, freight, insurance together with handling charge of ____ not exceeding 7.5% (Seven point Five percent)]. The Contract Price specified in Article 4.1 and as amended vide Article 4.2, shall further stand amended to include payment towards such additional/NA spares.

4.3 **Payment Terms.** The Payment Terms for the Contract Price specified in Article 4.1 shall be as follows: - *(The Stage Payment is to be specified as per under mentioned format in the RFP in consultation with IFA)*

Stage No.	Activity Definition	Stage Payment
-----------	---------------------	---------------

ARTICLE 5 - TAXES AND DUTIES

5.1.1 The Contract price indicated in Article 4.1 of this Contract is exclusive of all taxes, duties, levies of Central / State authorities, as applicable at prevailing rates under the extant Government policy for all Materials and services procured by the CONTRACTOR for the Scope of Work. Any increase on rates during the period of contract shall be paid extra at the time of invoicing. The same shall be reimbursed by the CUSTOMER to the CONTRACTOR at actuals on submission of documentary proof of payment. The CUSTOMER reserves the right to deny any increase in taxes, duties, levies, etc. if the delivery period is extended beyond the period specified in Article 8.1.1.

5.1.2 Contract Operating Authority or his nominated representative shall issue appropriate tax exemption/concession certificate(s) on behalf of the CUSTOMER, to avail tax exemption/concession, where applicable, as per existing Government policy, rules and regulations in force.

5.2 **“END USER” CERTIFICATE.** Contract Operating Authority or his nominated representative shall issue the appropriate “End User Certificate” on behalf of the

CUSTOMER, for import of material and services, wherever required by the concerned manufacturer /supplier of equipment material and services / governmental agency.

ARTICLE 6 - ADVANCE BANK GUARANTEE
(As per Form DPMF-8)

ARTICLE 7 - PERFORMANCE BOND
(As per Form DPMF-9)

ARTICLE 8 - DURATION OF THE DELIVERY

8.1 Duration of Work

8.1.1 The CONTRACTOR shall complete his scope of work specified in Article 3.1 and 3.2 in _____ (duration in months/days/date for completion of Scope of Work) from the Effective date specified in Article 2.1. Delivery by the CONTRACTOR shall be treated as complete on satisfactory HATs/SATs and upon signing of Delivery Acceptance Certificate (applicable in the case of complete Refit/Repairs of Ships/ Submarines only) OR Completion of Scope of Work and Trails (applicable in case of Refit/Repairs of Yard/Service Assets and partial Refits of Ships / Submarines).

8.1.2 The said duration of Refit specified in Article 8.1.1 may be extended on mutual agreement only, with the CUSTOMER shall accept the vessel/asset without imposition of any sort of Penalty / Reduction in Contract Price.

8.2 Incomplete Work

8.2.1 The CONTRACTOR and the CUSTOMER shall mutually agree on the quantum of incomplete and unsatisfactory work. Cost of such incomplete work shall be withheld, except where such incomplete work is not attributable to the CONTRACTOR. Payment thus withheld will be made on completion of such incomplete work, which should in any case be completed within __ days (*to be indicated in the RFP*). If such work is incomplete beyond the specified date, the same shall be deleted from Scope of Work specified in Article 3.2 with corresponding amendment to Contract Price specified in Article 4.1. The CUSTOMER reserves the right to levy LD as per Article 9 on such incomplete work.

8.2.2 The CONTRACTOR shall be paid for completion of work specified in Article 8.4.1 only on satisfactory completion and trials.

ARTICLE 9 - LIQUIDATED DAMAGES

9.1 The CONTRACTOR shall be liable to pay to the CUSTOMER Liquidated Damages (LD), and not by way of Penalty, a sum equivalent to 0.5% (zero point five percent) of the unfinished/undelivered/unfulfilled part of Contract, excluding taxes and duties, for each week of delay beyond duration of Work specified in Article 8.1, subject to a maximum of 10% (Ten percent) of the Contract Price.

ARTICLE 10 - RISK AND EXPENSE (*as per Part IV of Appendix 'C', if applicable to the case. To be deleted, if not applicable*)

ARTICLE 11 - QUALITY AND INSPECTION

11.1 Quality Assurance & Quality Control

11.1.1 In order to assure the quality of repair/refit and exercise effective control, the work executed by the CONTRACTOR will be in accordance with CUSTOMERS inspection schedule as applicable followed by preliminary, stage and final inspection. The repair work will be undertaken as per (specified Standards) and quality norms. Ensuring and maintaining quality will be the responsibility of the Shipyard. *(Additional Third Party Inspection or the Services of Professional Certifying Agencies may be mentioned as applicable in respect of items of special use)*

11.1.2 The CONTRACTOR shall submit a Quality Assurance (QA) Plan as applicable to the scope of work for approval of the CUSTOMER. The approved QA plan will form the basis for inspection and acceptance of work executed by the CONTRACTOR under this contract.

11.2 Overseeing and Inspection

11.2.1 Necessary tests and inspections of the contracted job shall be carried out by COA/ or his nominated agency. The CONTRACTOR shall give reasonable notice to the above team reasonably in advance of the date and place of such tests / inspections. COA shall also carry out joint receipt inspection of the equipment and material procured by the CONTRACTOR / supplied by CUSTOMER. The CUSTOMER's representative shall, during the repairs / refit invariably attend such tests and inspections as per the QA Plan/Quality Inspection Schedule.

11.2.2 Any non-conformity discovered by CUSTOMER Representative and intimated in writing co-relating relevant documents where necessary, in Refit or material or workmanship shall be corrected by the CONTRACTOR at his cost, to the full satisfaction of Representative in accordance with the relevant drawings and specifications.

11.2.3 During the repairs / refit of the Ship, until the delivery thereof, the CUSTOMER's representatives shall be given free and ready access to the Ship/Submarine/Asset and to any other place where related work is being performed, or materials are being processed or stored, including the yards, workshops, stores and offices of the CONTRACTOR and premises of Subcontractors who are doing work or storing materials, in connection with the repairs / refit of the Ship/Submarine/Asset. Notwithstanding any provision in this Article or any other Article in this Contract, the responsibility for the repairs / refit as per the scope of work vide Article 3.2, 3.3 and 3.4 shall rest with the CONTRACTOR.

ARTICLE 12 - WARRANTY & WARRANTY BOND

12.1 Guarantee

12.1.1 The CONTRACTOR warrants that the repairs carried out under this Contract conform to specifications vide SOR.

12.1.2 The CONTRACTOR shall give Six months guarantee for workmanship and material defects for items repaired and 12 months guarantee for new installations under the contract from the Contract Completion Date. The guarantee clause will also be applicable to the items repaired by the OEMs / sub-contractor of shipyard. Any defects noticed during this guarantee period due to defective / poor workmanship or sub-standard material shall be rectified free of cost by the shipyard or by the OEMs / sub-contractors under arrangements by the shipyard.

12.1.3 If within the period of warranty, the repairs reported by the CUSTOMER to have failed to perform as per the specifications, the CONTRACTOR shall either replace or rectify the same free of charge, within ____ (time frame to be specified in RFP) of notification of such defect received by the CONTRACTOR provided that the equipment are used and maintained by the CUSTOMER as per instructions contained in the Operating Manual. Record of the downtime would be maintained by user in logbook. Spares required for warranty repairs shall be provided free of cost by CONTRACTOR.

12.1.4 CONTRACTOR hereby warrants that necessary service and repair backup, during the warranty period of the repair, shall be provided by the CONTRACTOR at the CUSTOMER's premises.

12.2 Notice for Remedy/Rectification of Defects during Warranty Period shall be in writing and transmitted to each other by the fastest possible means.

ARTICLE 13 - GENERAL TERMS AND CONDITIONS

13.1 **Safety of Men.** The CONTRACTOR is to ensure adequate safeguards for personnel when employed on work where human risk of health/injury is involved.

13.2 **First Aid.** The CONTRACTOR is liable to provide immediate first aid/hospitalisation in case of accident/sudden illness to personnel. 13.3 Gas Free & Man Entry Certificates, Fire Sentries, Administrative support to OEMs, Pumping-out Facilities & Removal of Debris/Waste Material shall be as per Annexure 4 of SOR.

ARTICLE 14 - INDEMNITY & INSURANCE

14.1 **Indemnity.** The CONTRACTOR shall indemnify the CUSTOMER against all claims for death or injury caused to any person, whether workman or not, while engaged in any process connected with the CONTRACTOR's work or for dues of any kind whatsoever, and the CUSTOMER shall not be bound to defend any claim brought under the Workmen's Compensation Act, 1923 or Payment of Wages Act 1936, or any other statutory Act or Law in force from time to time and applicable to the said work unless the CONTRACTOR first deposit with the CUSTOMER a sum sufficient to cover any liability which CUSTOMER may have to incur in relation to such proceedings.

14.2 **Insurance.** *(If applicable, to be included in the RFP and would form part of the Contract).*

ARTICLE 15 - SECURITY

15.1 The CONTRACTOR is bound by the Official Secrets Act 1923 and, in its connection any other statutory Act / Law / Amendment in force and the information given is to be treated as strictly confidential and is not to be disclosed to any person or persons not concerned therein. The CONTRACTOR shall be responsible to ensure that all persons employed by him in the execution of any work in connection with this Contract are fully aware of the provisions of the Official Secrets Act 1923 / Law / Amendment in force and have undertaken to comply with the same.

15.2 The CONTRACTOR shall also ensure secrecy of design, construction, equipment and documentation and shall carry out all or any instructions given by the CUSTOMER in this

respect. Should the CUSTOMER desire to check up the security measures which have been provided, or will be adopted to achieve security, the CONTRACTOR shall produce necessary evidence to establish the same.

15.3 In giving any information to the Sub-Contractors, the CONTRACTOR shall furnish to the Sub-Contractors only such information as may be necessary for carrying out the respective work entrusted to them.

15.4 The security of the Ship, men and material in the CONTRACTOR's premises is the CONTRACTOR'S responsibility.

ARTICLE 16 - FORCE MAJEURE *(As per Part IV, Appendix 'C')*

ARTICLE 17 - TERMINATION OF CONTRACT *(As per Part-III, Appendix C)*

ARTICLE 18 - LAW *(As per Part-III, Appendix C)*

ARTICLE 19 - ARBITRATION *(As per Form DPMF- 15, 16 and 17 as applicable)*

ARTICLE 20 - PENALTY FOR USE OF UNDUE INFLUENCE *(As per Part-III, Appendix C)*

ARTICLE 21 - AGENTS/AGENCY COMMISSION *(As per Part-III, Appendix C)*

ARTICLE 22 - NON DISCLOSURE OF CONTRACT DOCUMENTS *(As per Part-III, Appendix C)*

ARTICLE 23 - NOTICES. Any notice required or permitted by this contract shall be written in English Language and may be delivered personally or sent by Fax, Telex, Cable or registered prepaid airmail addressed to the legal address of the party. *(As per Part-III, Appendix C)*

ARTICLE 24 - AMENDMENTS No provision of this Contract shall be changed or modified in any way(including this provision) either in whole or in part except by an instrument in writing made after the date of this Contract and signed on behalf of both parties and which expressly states to amend this Contract. *(As per Part-III, Appendix C)*

ARTICLE 25 - NOTICES & COMMUNICATIONS

25.1 **Address for notice /communication:** The legal addresses of the Parties for the purpose of Notice/Communication are as follows:-

(Legal Address of Customer) (Legal Address of Contractor)

25.2 **Language-** Any and all notices and communication in connection with this Contract shall be in English language.

ARTICLE 26 – INTERPRETATION

26.1 This Contract shall be governed by the laws of Republic of India.

26.2 In the event of any conflict or discrepancy between the provisions of any Article to this Contract and any Annex thereof, the Article of this Contract shall prevail.

26.3 This Contract constitutes the entire agreement between the CUSTOMER and the CONTRACTOR.

26.4 Any amendment to this Contract and its Annexes shall be in writing and signed by both Parties.

26.5 In the event of any conflict with respect to specification/drawing/existing practices, the order of precedence for acceptance would be as follows:-

- (a) THE CUSTOMER APPROVED DRAWING
- (b) SPECIFICATION VIDE SCHEDULE OF REQUIREMENTS
- (c) THE CUSTOMER'S DECISION

26.6 The failure of either Party to enforce any provision of this Contract shall not be considered as a waiver of such provision or the right of such Party thereafter to enforce the same.

ARTICLE 27 - SIGNATURE AND WITNESSING BY PARTIES

27.1 This Contract is signed on _____ day of the month of in the Year in two (2) originals of the same wording, one (1) for the CUSTOMER and one (1) for the CONTRACTOR. The Annexes listed in Table of annexures (page 4) and forming an integral part of this Contract are signed under same circumstances.

FOR AND ON BEHALF OF
M/s _____
THE CONTRACTOR

FOR AND BEHALF OF
PRESIDENT OF INDIA
THE CUSTOMER

(_____)
REPRESENTATIVE OF
CONTRACTOR

(_____)
REPRESENTATIVE OF
CUSTOMER

Dated _____ 20

Dated _____ 20

In the presence of

In the presence of

1. _____
Name _____
Designation _____

1. _____
Name _____
Designation _____

2. _____
Name _____
Designation _____

2. _____
Name _____
Designation _____

27.2 **Distribution:**

Payment Authority	(One Ink Signed Copy)
FA to CFA	(One Ink Signed Copy)
FA to COA	(One Ink Signed Copy)
CFA	(One Ink Signed Copy)
PCDA (Navy), Mumbai	(One Copy)
IHQ, MoD (N)/DFM	(One Copy)
Or, PDFM/CGHQ	(One Copy)

ANNEXURE - 1

FORMAT OF CERTIFICATE OF ACCEPTANCE

CERTIFICATE OF ACCEPTANCE

1. CERTIFIED THAT THE M/S _____, HAVE COMPLETED THE **(TITLE OF WORK)** OF THE **(NAME OF THE VESSEL/ASSET)** AS PER THE SCOPE OF WORK ASSIGNED TO THEM AND HANDED OVER THE SAME TO **(NAME OF CUSTOMER)** AT _____ HOURS, ON THIS _____ DAY OF THE MONTH _____ IN THE YEAR TWO THOUSAND AND _____.

2. THE LIST OF LIABILITIES AS ON DATE IS PLACED AT ANNEXURE TO THIS CERTIFICATE.

COA/REP
FOR AND ON BEHALF OF
THE PRESIDENT OF INDIA

REP OF
M/s _____

ANNEXURE - 2

SCOPE OF WORK

**Reproduce the Text of SOR finalised and accepted during CNC
(Will be included in the document on approval of draft contract)**

ANNEXURE - 3

FORMAT OF PROMULGATION CHANGE IN SCOPE OF WORK

1. Name of Work: _____
2. D.L. NO: _____
(Wherever applicable)
3. Proposed by:
4. Reference: _____
Drg. Document _____
5. Details of additional work (if required use overleaf of the form / attach Annexures)

NAME

DESIGNATION

SIGNATURE OF THE PROPOSER

6. (a) Proposal No. _____

(b) Effect on overall Schedule

**REP OF FIRM/PROJECT
MANAGER OF SHPYARD**

(c) Approved Cost

7. Approved / Not approved
(Reasons if any)

**COA/HEAD OF PROJECT
MONITORING TEAM**

ANNEXURE- 4

BREAKDOWN OF CONTRACT PRICE

<u>Ser</u>	<u>Description of Work/Service Material/Spares/Tax</u>	<u>Rate (in Rs)</u>
1.	Cost of all services indicated in the SOR	
2.	Cost of repair part of SOW in the SOR	
	(a) Hull Work Package	
	(b) Engineering Work Package	
	(c) Electrical work Package	
	(d) Weapon Work Package	
	(e) Cost of spares and material <u>included</u> in Ser 2(a) to (d)	
3.	Cost of all other Services in the SOR	
	(not covered under Ser 1 and 2 including OEM charges etc)	
4.	GST on Ser 1, 2 and 3, excluding 2 (e)	
5.	Works Contract Tax (if applicable on Ser 1, 2, and 3)	
6.	Cost of Yard Materials	
7.	Budgetary Cost of Spares	
8.	GST applicable on Ser 6 and 7	
9.	Customs Duty/Amount of Customs Duty (Ser 6 and 7)	
10.	Miscellaneous (not included in any of the Serial above)	
11.	Applicable Tax/Duty/Levies on Ser 10	
12.	Grand Total (Ser 1 to 11)	

ANNEXURE - 5

FORMAT OF CERTIFICATE OF COMPLETION OF DEFECT

WORK COMPLETION CERTIFICATE

CERTIFICATE No. ... / CC / DT _____

The under mentioned stage/Activity as per the Payment Terms have been completed

DESCRIPTION OF ACTIVITY/STAGE:

	Rep Firm/Shipyard	COA/REP
SIGNATURE		
NAME		
DESIGNATION / RANK		
DEPT./ ORGANISATION		

DPMF-27
[Refers to Para 14.11.2 (c)]

PROCESS FOR GROWTH OF WORK

1. Purpose.

1.1 During the progress of offloaded repairs/ refits, any unforeseen work which is not included in the original / contracted Scope of Work (SoW) and identified / emerges during pre-refit trials, post dismantling / inspection of equipment, during trials post completion of work and also to liquidate safety checks and trials observations etc, will be classified as Growth of Work. Also, an increase in contracted scope of work and requirement of additional spares may arise consequent to trials / dismantling / inspection / checks / survey, during the progress of refit would also be collectively called Growth of Work (GoW). GoW would need to be undertaken during refit for completion of work / scope onboard the ship / equipment. The purpose of this procedure is to streamline the process of authenticating the GoW and seek approval from the designated authorities {COA in the case of sanctioned GoW (within ceiling approved earlier by the CFA)}, considering the cost and time implications on the refit, before actually executing the changes.

2. Scope.

2.1 Growth of Work arising out of any requirement, as indicated at Para 1.1, during the pre-contract or during the progress of the contract stage or during execution stage will be covered under this procedure.

2.2 For the changes or GoW during pre-contract stage, any change after approval (written or verbal during refit progress meetings) to the Defect List Serial (Scope of Work), shall be considered as a change or GoW.

2.3 During execution stage, any change or increase proposed / required to the Original / contracted Scope of Work for a Defect List Serials, will be considered as a change.

2.4 Any other change which has major implications on cost shall be considered as a change or GoW.

2.5 However, small rectification works, minor site works related to temporary works or for matching at site, which do not have major cost implication or do not cause irreversible delays, may not be considered as change. Any cost implication, which may not lead to revision in the contract and fits within the expected cost and schedule, may not be considered as a change or GoW and undertaken during the refit.

3. **Procedure.**

3.1 The necessity of change or GoW in the Defect List Serial (Scope of Work) is to be intimated by the Shipyard. With inputs from shipyard, the Ship Staff would process the request for change or GoW, post appending cost and time requirements indicated by the Shipyard, the form would be submitted by the Ship Staff to Refit/Project Monitoring Team for vetting followed by examination/ approval of COA.

3.2 The approving authority (COA) will study the requisition of GoW or change with the cost implication, impact on time and then will approve/ disapprove the change.

3.3 The change will be executed by the concerned party only on receipt of approval. The approving authority (COA) will communicate the impact on time/ cost to CFA (through Command & Service HQ) as part of Refit Appreciation.

3.4 Post approval a copy of the approved form would be preserved by all stakeholders viz Ship, Refit / Project Monitoring Team, COA and Shipyard.

FORMAT OF PROMULGATION CHANGE IN SCOPE OF WORK

3. Name of Work: _____

4. D.L. NO: _____
(Wherever applicable)

3. Proposed by:

4. Reference: _____
Document: _____

5. Details of additional work (if required use overleaf of the form / attach Annexures)

NAME

DESIGNATION

SIGNATURE OF THE PROPOSER

6. (a) Proposal No. _____

(b) Effect on overall Schedule

**REP OF FIRM/PROJECT
MANAGER OF SHPYARD**

(c) Approved Cost

7. Approved / Not approved
(Reasons if any)

**COA/HEAD OF PROJECT
MONITORING TEAM**