IMPORTING ON BEHALF OF THE DIRECTOR GENERAL OF HEALTH SERVICES

GLOBAL TENDER

BIDDING DOCUMENTS FOR
PROCUREMENT OF PHARMACEUTICALS
FOR THE DEPARTMENT OF HEALTH SERVICES OF
THE GOVERNMENT OF SRI LANKA

All Correspondence

to be addressed to:

The Chairman

STATE PHARMACEUTICALS CORPORATION
OF SRI LANKA
P.O.Box 1757,
75,Sir Baron Jayatillake Mawatha,
COLOMBO 01,
SRI LANKA.
FAX : 00 94 11-2391537/2447118

All shipping Documents

to be addressed to:

Manager Imports
Procurement & Imports Dept.
STATE PHARMACEUTICALS CORPORATION
OF SRI LANKA
P.O.Box 1757,
75,Sir Baron Jayatillake Mawatha,
COLOMBO 01,
SRI LANKA.
FAX 00 94 11-2391537/2447118, 2344082
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E-mail : pharma.manager@spc.lk
STATE PHARMACEUTICALS CORPORATION
OF SRI LANKA

TERMS AND CONDITIONS OF BID/ INSTRUCTIONS TO BIDDERS

01. INTRODUCTION

01.1 The State Pharmaceuticals Corporation (SPC) of Sri Lanka is a fully Sri Lanka Government owned organization engaged in the procurement of Pharmaceuticals, Surgical Consumable items, Laboratory Chemicals etc., for its own stocks and distribution in the Private Sector, and for use in all Government Hospitals of the Department of Health Services, and hospitals under the provincial Councils through Medical Supplies Division (MSD).

01.2 Procurement is mainly done by International Competitive Bidding strictly according to terms, conditions and specifications as stated in the documents herewith.

01.3 All Pharmaceutical products imported into Sri Lanka should be those registered with the National Medicines Regulatory Authority (NMRA) of Sri Lanka. Therefore, all prospective Bidders should advise their Local Representatives to attend to such Registration.

01.4 Payment for all imports will be on C & F basis by irrevocable Letter of Credit with 75% of the value of the documentary credit being available to the supplier at the time of shipment and the balance 25% after 60 days from the date of payment of the first Bill, provided all terms and conditions in the Documentary Credit have been strictly complied with.

01.5 All prospective bidders are advised to read and understand the following terms & conditions covering this Bid as no plea of lack of information or insufficient information will be entertained after closing of Bids.
02. **INVITATION TO BID**

02.1 The Chairman, *Ministry Procurement Committee*, Ministry of Health, Nutrition & Indigenous Medicine will receive sealed Bids, for the procurement of the pharmaceuticals given in the Annex – 1 and deadline for the submission of bids will be at 11.00 a.m. on the date specified therein.

02.2 Foreign and Local Manufacturers/Suppliers or their Accredited Agents/Representatives for Sri Lankan Market are eligible to bid. If Bidder is participating in the capacity of agent, bidder should provide valid documentary proof (s) to establish his authority to act on behalf of the principal.

The bid submitted should be duly signed and endorsed by the Bidder/ Tenderer himself authorized personnel having signatory powers (with the name and designation of the signatory) or by the representative. Representatives submitting offers on behalf of their principals should submit a letter of authorization and power of attorney (if signing on behalf of the principals) and also should submit documentary proof on their registration as per the Act. No. 03 of 1987 with the Department of the Registrar of Companies – Sri Lanka.

02.3 The item/items offered should have a valid registration from NMRA. A Certified copy of the NMRA registration Certificate certified by Attorney-at-law, Commissioner of Oaths or Justice of Peace should be submitted along with the bid.

02.4 The Bids from local manufacturers/suppliers should be inclusive of Supply & Delivery within Colombo Municipal Limits and should be in Sri Lankan Rupees (LKR).

The foreign component of the price will be paid direct to the principle manufacturer in foreign currency by opening a letter of credit against him. Supportive invoice issued by foreign principle /manufacturer should be submitted along with the bid as proof documents.

02.5 This Bid is covered by Procurement Guidelines 2006 and Guidelines for Procurement of Pharmaceuticals & Medical Devices on Government Bid Procedure issued by the Ministry of Finance of the Government of Sri Lanka, subject to modification and/or amendments made into it or will be made into it, by the respective authorities from time to time.

02.6 The Bidders could quote for one or more items indicated in the Annex – 1 and they could submit only one offer for each item/items.

3. **SUBMISSION OF BID**

03.1 Bids shall be submitted in One Original and One Duplicate sealed separately and marked as ‘Original’ and ‘Duplicate’ respectively. Both Envelopes shall together be enclosed in one Envelope sealed and addressed to: The Chairman/ Ministry Procurement Committee, State Pharmaceuticals Corporation of Sri Lanka, No. 75, Sir Baron Jayatillake Mawatha, Colombo 1, Sri Lanka.
03.2 Sealed Bids, may be dispatched either by registered post to the address given above or deposited in the Tender Box kept for the purpose at the Internal Audit Department of the above address to receive on or before the closing date and time.

03.3 Fax/E-mail offers directly sent to State Pharmaceuticals Corporation are not acceptable.

03.4 The left hand top-corner of the envelope should indicate the Bid reference and the closing date and time of bid.

03.5 The original payment receipt for purchasing the bidding document has to be annexed to the offer/Bid. Offers/Bids without same will be rejected.

03.6 Bids should be received on or before the closing date and time specified in Annex 1. Late Bids will not be accepted and will be returned un opened.

03.7 The Corporation shall NOT accept responsibility for the Bid misplacements or premature opening of bids if the cover has not been marked as given above. (Para 03.4) and, or not deposited in the correct Tender box.

03.8 Sealed samples with the correct Bid reference should be sent to SPC to be received on or before the closing date & time on the closing date of Bid, as specified in para 21 and acknowledgement receipt to be obtained from the Administration Department of SPC, and the receipt should be attached to the bid. Samples should be sent separately and should not be enclosed with the bid. (Even past suppliers other than the present supplier are liable to submit representative samples as specified therein.)

03.9 Bidder should certify genuineness of all the documents submitted with the bid by an affidavit. It is necessary to list out each and every document attached to the bid in the said affidavit.

**Note**

01. Bids should be submitted as per the format given in the Bidding document of SPC (Annex IIA and IIB)

02. The items offered should strictly be in compliance with the specifications at Annex I.

03. The Bid Bond should be submitted along with the Bid as per para 08 (a) for the value mentioned in Annex I.

04. The Bids that do not conform or non responsive to the Terms and Conditions given herewith will be rejected.
4. **FORMAT OF BID**

04.1 Bids should be submitted according to the format given in Annex IIA & IIB.

04.2 Offered items should bear both our SR number and the Item number.

04.3 However at the Bid opening only the item number will be read out. Therefore price quoted should be shown against each item number.

04.4 Bids which are not in the prescribed format or are not in strict conformity with the terms, conditions and specification laid-down in this Bid shall be rejected.

04.5 The Bid shall contain no interlinearations, or even writing except as necessary to correct errors made by the Bidder in which case such corrections shall be initialed by the person or persons signing the bid.

04.6 All Bids, literature etc., should be in the English Language.

04.7 The Ministry Procurement Committee, reserves the right to reject any bid which do not conform to the specifications given and or not responsive in any manner at any time, if such non-conformity or non-responsiveness disclosed.

04.8 The bid submitted should be duly signed and endorsed by the Bidder himself (the name and designation of the signatory, should be indicated) or by the representative. Representatives submit offers on behalf of their principals should submit a letter of authorization and power of attorney (if signing on behalf of the principals) and also should submit documentary proof on their registration as per the Act. No. 03 of 1987 with the Department of Registrar of Companies – Sri Lanka.

05. **BID FEE**

A non-refundable fee as indicated in Annex 1 should be paid in cash to SPC for each set of Bidding documents.

06. **VALIDITY OF OFFER**

06.1 Bidders should keep their offers valid for acceptance for a period of at least 180 days (one hundred and eighty days) from the date of closing of Bid. Date until which the Bid should be valid is indicated in the Annex I. No increase in price will be permitted after opening of bid.

06.2 However, the MPC may solicit the bidder’s consent to extend validity of offer and if the bidder agrees to such request, the validity of the Bid Bond should also be extended accordingly. The bidder will not be permitted to modify or amend his bid if validity is extended.
07. **BID OPENING**

07.1 Bids will be opened immediately after closing, at the Head Office of the State Pharmaceuticals Corporation at 75, Sir Baron Jayatillake Mawatha, Colombo 1, Sri Lanka at the date and time specified in Annex 1.

07.2 The bidder or their authorized representatives will be permitted to be present at the opening of Bids.

07.3 Only the copy of the bid marked ‘Original’ will be opened at the time of opening of Bids.

07.4 The Bid Opening Committee who opens the bids will read out (or cause to be read out) to those present, the name of each Bidder as well as the amount quoted together with discounts, if any.

07.5 Whether or not a Bid Bond has been submitted, and the amount of Bid Bond if submitted shall also be announced. Details of the make-up of any Bid will not be read out.

07.6 Any other detail which the Bid Opening Committee determines as necessary will be read out.

08. **BONDS/GUARANTEES**

(a) Bid Bond

08.1 Bidders should furnish an unconditional Bid Bond encashable on first written demand to the value stated against each item in the Annex 1 of the Bidding Document. Bid Bond should be submitted together with the Bid or to reach SPC on or before the closing date and time of Bid. Bids submitted without Bid Bonds, will not be considered.

08.2 The Bid Bond should be valid for at least 30 days beyond the validity of the Bid. The amount of bid bond and the date until which the bid should be valid is indicated in the Annex I.

08.3 The Bid Bond shall be as per specimen at Annex III and shall be issued by one of the following institutions.


ii. A Bank based in another country but the security or guarantee “Confirmed” by a Commercial Bank operating in Sri Lanka.

iii. A Letter of Credit issued by a Foreign Bank, but ‘Confirmed’ by a Commercial Bank operating in Sri Lanka.

iv. Any other Agency approved by the Treasury from time to time.

Or

v. A cash deposit
08.4 Master Bid Bonds are not acceptable.

08.5 Bids which do not comply with this requirement will be rejected. As per para 06.2 if Ministry Procurement Committee, make a request to extend the validity of the Bid Bond the bidder may have to honour that request.

(b) PERFORMANCE BOND

08.6 The successful Bidder shall within 14 days from the notification of award should submit an unconditional Performance Bond upto 10% of the total value of award. Failure to comply with this request shall constitute sufficient grounds for the Corporation to cancel such award and forfeit the Bid Bond/Security.

08.7 However, the Ministry Procurement Committee, reserves the Right to increase the required Performance Bond at their discretion.

08.8 The Performance Bond shall be as per specimen Annexure IV - and shall be issued by one of the institution given at para 8.3.

08.9 Claims on the Performance Bond will be made by the Corporation on the very first instance the supplier fails to comply with the terms and conditions of Bid/Indent and L/C.

(c) EXEMPTIONS

08.10 The following are exempted from refundable Bid Deposits or Bid Bonds provided they have not defaulted on previous occasions:
   i. Approved Societies.
   iii. State Trading Organizations of Foreign Governments (Acceptable documentary evidence should be submitted by representatives of Foreign Governments in Sri Lanka)

08.11 However, this exemption will not apply to non-refundable Bid Fee (para 5) and the submission of Performance Bond (para 08 (b) above).

09. FORCE MAJEURE

In the event of the Supplier’s inability to successfully complete contractual obligations in terms of the Letter of Credit and such delay is due to Force Majeure including but not limited to War, Civil Commotion, Fire, Floods, Epidemics, Freight Embargo etc., such delays may be excused and the dates for completion of supply be extended or award cancelled at the discretion of the Ministry Procurement Committee,
10. **ASSIGNMENT OF CONTRACT**

No Contract may be assigned or sublet without due authority. The State Pharmaceuticals Corporation reserves itself the right to refuse to recognize a Power of Attorney issued by the Contractor to any other party authorizing such party to carry on the contract on the contractor's behalf.

11. **FRESH STOCKS**

11.1 Supplies should be from fresh stocks manufactured recently conforming to the stipulated specifications and shelf life in Annex 1. However shelf life remaining at the time of receipt of goods in Sri Lanka should be at least 85% out of the total shelf life of the product.

11.2 Corporation reserves the right to call for free replacement of goods supplied with inadequate residual shelf life, or reject such consignment and refrain from its clearance from the Port.

12. **FREE REPLACEMENT /REIMBURSEMENT**

12.1 Corporation reserves the right to call for free replacement or reimbursement in the event of short packing, loss/damage or deterioration of goods supplied within the shelf-life, also for packs which cannot be identified due to labels falling off or items with incorrect labeling.

12.2. All quality problems/complaints should be confirmed by the National Medicines Regulatory Authority (NMRA)/ Technical Advisory Committee (TAC) of Sri Lanka/ SPC Quality Assurance Laboratory or any other Authority as decided by the Ministry of Health of Sri Lanka.

   a) In the event of receipt of a complaint samples will be tested by NMQAL, and follow the recall procedure approved by the Ministry of Health and will be destroyed according to section 72 of Drug regulations.

   b) In case of withdrawals due to quality failure Suppliers should ensure that the entire quantity of either the withdrawn batches or products would be totally reimbursed with an additional 25% of the total value concerned as an Administrative Cost.

13. **DELIVERY**

13.1 Refer Annex I Successful bidders should conform strictly to delivery dates. Failure to do so will result in forfeiture of the Performance Bond and/or cancellation of the award. In the event SPC/MSD purchases the item from another source at a higher price. The defaulting Bidder should pay the total difference of price to the Corporation.
13.2 Foreign offers should be on C & F (CPT/CFR) Colombo basis. FOB offers are not acceptable. All local suppliers/manufacturers should quote in LKR for the total delivery price to MSD stores.

13.3 Where awards are made to local suppliers, SPC may request supply in more installments than indicated in Annex 1.

13.4 If awarded supplier is unable to adhere to the delivery schedule due to no fault of the SPC/Ministry would result in the supplier being surcharged 0.5% of total consignment value per day from the due delivery date.

14. PACKING AND STORAGE CONDITIONS

14.1 Pack Size offered should conform to requirements of Director, Medical Supplies Division (D/MSD). Bids for alternate pack sizes may be accepted after consulting D/MSD. Export-worthy packing which will prevent damage in transit should be used. Details of nature of packing should be according to the specifications given by D/MSD.

14.2 Packing of all items should be suitable for storage and use under tropical conditions. Final Export packing should indicate the required storage temperature for goods which require Refrigeration/Cool storage/Cold storage/Freezer Storage enabling the cargo handling staff at the Port of Destination to arrange proper storage for such goods immediately on arrival. Further refer condition No. 31.4 for cold chain maintaining cargo. Sri Lankan ambient storage conditions are in the ranges of 30°C +/- 2°C temperature and 75% +/- 5% relative humidity.

14.3 All outer carton and inner box (If any) should contain the following information.
   (a) Description of the Item
   (b) Date of Manufacturer
   (c) Date of Expiry
   (d) Batch No.
   (e) Name and Address of manufacturer
   (f) MSD Order list No.
   (g) SPC Indent No.
   (h) Stock Reference No. (SR No.)
   (i) State Mark of Sri Lanka Government

14.4 Containers and closures used should be of such quality so as not to react with the contents while in storage under tropical conditions.

14.5 Containers and closures should prevent leakage in transit also suitable for safe and easily handling.
14.6 Final export packing should be in seaworthy strong cases or cartons, stenciled with blue bands in the form of a cross on each face and in addition carrying the shipping marks, details of which will be provided with order. Such export packing should be suitable to withstand the long sea journey and rough handling at ports of loading and unloading. Bag cargo should be palletized and shrink wrapped. All bulk packs containing tablets or capsules should include a pouch of Silica Gel, which has a colour guide. This is important to maintain the shelf life of the product under high humidity conditions which prevail in Sri Lanka.

14.7 Large tablets (over 250mg in weight) in bulk packs (over 500 tablets per pack) should not be packed in glass bottles as glass bottles are likely to be damaged in transit. Such items should be packed in sealed polyethylene film bags inserted in to strong airtight metal or plastic containers.

14.8 It is the responsibility of the manufacturer/supplier to ensure that the containers would be intact and without damage until the drugs are delivered to MSD.

14.9 If any damage(s) caused due to non-compliance of packing to the above-mentioned conditions, supplier should bear the full cost of damages.

14.10 MSD order list Number, SR Number, SPC Indent Number, Batch Numbers, Date of Manufacture, Date of Expiry and respective quantity carton number containing same should be indicated in all supply invoices and Packing List.

15. LABELLING

15.1 All labels should be printed in English Language and the labeling requirements should be according to the specifications required for registration at NMRA as follows.

(a) The approved name found in official pharmacopoeias or formularies. (The source should be stated in abbreviations: e.g. BP, USP,...etc.)
(b) The Brand Name
(c) List of the active ingredients showing:
   a) The amount of each present in each dosage unit (e.g. per 5ml etc.)
   b) A statements of the nett contents (e.g. number of dosage units, weight or volume)
(d) Any special storage conditions that may be necessary
(e) Warnings and precautions that may be necessary
(f) The Date of Manufacture
(g) The Date of expiry
(h) The batch or lot number assigned by the manufacturer and
(i) The name and Address of the manufacturer.
15.2 Size of the letters of the above (f), (g), (h) and the SR Number on the outer carton should not be less than 1.5 cm.

15.3 Identification Marks
The “State Mark” and “SR No.” which will be made available to the successful bidder should be embossed or imprinted in each (item) ampoule/vial/pack/bottle or on the affixed label.

These marks should be indelible.

“DHS” mark to be embossed on each capsule or tablet.

All bidders should indicate in their bids, as to whether these requirements could be met; which will be taken into consideration at the time of evaluation of the Bid.

15.4 Anaesthetic Products

(1) Generic Name of drug should be printed large and clear.

(2) All ampoules should be effectively pre-cut.

(3) Labels should be effectively pasted to avoid loosening when in contact with water. STICKER LABELS to be provided for Operating Theatre use.


e.g. Relaxants Red
Vasopressors Violet
Opiates Blue
Local Anaesthetics Gray

Lignocaine with adrenaline and adrenaline ampoules should have a distinct red band and red lettering.

Sticker labels for syringes should be provided for the following drugs:

- Thiopentone
- Diazepam
- Midazolam
- Ketamine
- Suxamethonium
- Tubarine
- Pancuronium
- Atracurium
- Vacuronium
- Neostigmine
- Atropine
16. **BID PRICE & CURRENCY**

16.1 Foreign offers should be on C & F (CPT/CFR) Colombo basis. FOB offers are not acceptable. All local suppliers/manufacturers should quote in LKR for the total delivery price to MSD stores.

Foreign Bidders from a country outside the Asian Clearing Union should quote in a freely convertible currency in Sri Lanka such as U$ Dollars or Sterling Pounds or Euro. However, member countries of the Asian Clearing Union should quote only in U$ Dollars.

16.2 Bids for the supply of goods manufactured in Sri Lanka could be quoted in terms of the para 02.4. Quantum of the Domestic Preference will be governed by the circulars and guidelines of the General Treasury applicable at the time of bid closure. The preference presently granted will be a 20% for locally manufactured articles offered in competition with imported articles. Eligibility criteria is a minimum of 30% added value in Sri Lanka at ex-factory price. All bidders offering goods manufactured in Sri Lanka should complete and submit the enclosed ‘Domestic value added Calculation’ form along with their Bid. (Annex V). Bidders should support their claim to domestic preference with documentary proof. Procurement Committee or the Technical Evaluation Committee appointed will determine acceptability of the evidence submitted to support the claim.

16.3 Locally manufactured goods should contain local labour, local raw material and local components accounting for at least 30% of the EXW price. For this purpose any other components such as financing cost, factory overheads, depreciation of machines, profit margin are not considered as a part of EXW price.

16.4 It is the responsibility of the bidder to provide acceptable evidence as 16.3 above along with his bid for the satisfaction of the PC on his eligibility.

A bidder who fails to comply with this condition will not be considered for domestic preference.

16.5 Destination Terminal Handling charges (THC) should be borne by the supplier at the Port of Loading. Hence when the C&F prices are quoted this should be inclusive of THC.

17. **COUNTRY OF ORIGIN, PORT OF SHIPMENT AND NAME OF MANUFACTURER**

17.1 The Country of Origin, Port of Shipment and Name of Manufacturer should be given in the quotation for each item offered.

17.2 Shipment should be made exclusively on vessels belonging to the Ceylon Shipping Corporation or those chartered by them. However, shipment on other vessels will be permitted, in instances where vessels of the Ceylon Shipping Corporation do not call at the Port of Shipment or if they are not available for timely shipment of cargo.
18. **QUALITY CERTIFICATE**

18.1 (a) Corporation reserves the right to nominate Independent Competent Authorities for the issue of pre-shipment Certification (Certificate of Quality, Quantity and Loading). In such an event, the cost of such certification must be borne by the supplier and should be included in the Bid (Annex 11B).

(b) The Secretary, Ministry of Health, Sri Lanka reserves the right to nominate suitable persons to inspect the production and quality control facilities of bidders and manufacturers and their records. Bidders, who refuse permission to our nominees to carry out such an audit will be automatically disqualified.

(c) The expenses involved. In the inspections should be born by the manufacturer/supplier.

18.2 Bidders should conform and should submit the results of the Dissolution and Bio-equivalence of the following product:

- Carbamazepine tablets
- Sodium Valproate tablets
- Theophyllin tablets and
- All the slow release (SR) drugs

18.3 For offers for anti-epileptic Drugs, dissolution and bio-equivalence test results should be provided.

19. **WHO CERTIFICATION SCHEME FOR QUALITY OF PHARMACEUTICAL PRODUCTS MOVING IN INTERNATIONAL COMMERCE**

(a) A certificate of Pharmaceutical Product (CPP) issued by the Competent Authority in the Bidder’s country confirming that the item bid has been authorized to be placed in the market for sale and use in the country of manufacture, should be submitted along with the Bid.

(b) The certificate of Pharmaceutical Product should also certify that the Manufacturing Plant in which the product is produced is subject to inspection at suitable intervals, and that the manufacturer conforms to the requirement for Good Practices in manufacture and quality control as recommended by the World Health Organization in respect of products to be sold or distributed within the country of origin or to be exported.

(c) All batches offered should conform to the requirements of the Competent Authority for sale or distribution within the country of manufacture or where appropriate to published specifications, e.g. : BP/USP or to established specifications provided by the manufacturer. These certificates should indicate the name and dosage form of the product, the batch number, the date of manufacture, date of expiry, storage conditions, date of packaging, labeling, nature of the container, results of analysis and other data (BATCH CERTIFICATES).
REGISTRATION

WITH THE NATIONAL MEDICINES REGULATORY AUTHORITY (NMRA)

(a) All Pharmaceutical Products imported to Sri Lanka should be registered with the National Medicines Regulatory Authority of Sri Lanka (Please see para 01.3). Therefore, all Prospective Bidders should advise their Local Representatives to attend to such Registration.

(b) A Certified copy of the NMRA registration Certificate certified by Attorney-at-Law, Commissioner of Oaths or Justice of Peace should be submitted along with the bid.

The Registrar of Public Contracts. Awards over Sri Lankan Rupees (LKR) Five Million should be registered with the Registrar of public contracts by the successful Bidders or their local agents.

This bid is administered by the provisions of the “Public Contract Act. No. 3 of 1987” and therefore, in the event bidder is to retain an agent, sub Agent representative or nominee for and on behalf of Bid shall register himself, in accordance with the section 10 of the Public Contract Act and produce such valid original certificate of registration with the Bid.

SAMPLES

Representative samples in respect of items offered should be submitted to SPC, clearly indicating the word “sample”, the bid reference/bid number, SR No. name of the bidder, closing date & time on the outer pack / envelope.

Samples should be submitted to reach SPC on or before the closing date & time of bids and an acknowledgement receipt should be obtained from the Administration Department of SPC and the receipt should be attached to the bid.

All Prospective bidders are advised to submit their samples through their Local Agents if any to ensure compliance with this request. Even past suppliers other than the present supplier are liable to submit representative samples as specified therein.

It should be noted that this is a compulsory requirement and all Bids that do not comply with this requirement will be rejected.

If the Bidder does not have a Local Agent then samples should be sent to “STATE PHARMACEUTICALS CORPORATION OF SRI LANKA, 75, SIR BARON JAYATILAKE MAWATHA, COLOMBO 1, SRI LANKA.” With the outer pack marked with Bid Reference, closing date and time indicating the words ‘Sample’. A No-Commercial Value Invoice (indicating nominal value for custom’s purpose only) together with Analytical Certificates should be attached to the consignee’s copy of Air Way bill and a copy should also be sent direct to the State Pharmaceuticals Corporation of Sri Lanka, 75, Sir Baron Jayatillake Mawatha, Colombo 1, Sri Lanka. All these documents and all sample packs should bear the Bid Reference (without which the customs will not permit clearance).
21.6 All samples (except bulk drugs or raw materials) must be in their original trade containers properly labeled in the English Language and should be according to section 15.1 of this document.

21.7 Samples should not be included in the envelope carrying the Bid. Samples should be sent separately to the Administration Department of the SPC. Bidders are advised to attach Sample Submission Acknowledgement Receipt with the Bid.

21.8 Evaluation of samples are done as per specifications (Annex 1) published with the bidding documents.

21.9 Quantities of Samples required (should be in their original trade containers Except for Raw Materials or Chemicals).

a) Tablets or Capsules
   Minimum 3 containers and
   Minimum 300 tablets/capsules.

b) Parenteral Preparations
   Injections - 125 ampoules (containers)
   Powder for injections - 100 vials (containers)
   Intravenous Infusions, Concentrated Solutions for
   Injections - 30 (containers)

c) Vaccine and Serum
   - Sufficient quantity for Analysis

d) Eye Drops/Ear Drops
   Nasal Drops - 50 containers

e) Ointment/cream/Oral/liquids/Dusting Powder
   - 12 containers

f) Solution/Syrups/Pressurized Inhalations
   - 04 containers

g) Extracts/Tinctures
   - 04 containers

h) Pessaries/Suppositories
   - 50 Pessaries or
     Suppositories

i) Waxes
   - 200g

21.10 In case of quality failure reports/complaints samples are sent to NMQAL, for further analysis if analysis is possible at NMQAL. Minimum amount of dosage units required by the NMQAL is as follows.

<table>
<thead>
<tr>
<th>Dosage</th>
<th>Strength / Volume</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tablets / Capsules</td>
<td>&lt;or=2mg</td>
<td>200 units</td>
</tr>
<tr>
<td></td>
<td>&gt;2mg</td>
<td>100 units</td>
</tr>
<tr>
<td>Infusions</td>
<td>&lt;or=200ml</td>
<td>20 units</td>
</tr>
<tr>
<td></td>
<td>&gt;200ml</td>
<td>15 units</td>
</tr>
<tr>
<td>Injections</td>
<td>&lt;or=3ml</td>
<td>85 units</td>
</tr>
<tr>
<td></td>
<td>&gt;3ml</td>
<td>50 units</td>
</tr>
<tr>
<td>Powder for Injections</td>
<td>&lt;or=2mg</td>
<td>85 units</td>
</tr>
<tr>
<td></td>
<td>&gt;2mg</td>
<td>65 units</td>
</tr>
</tbody>
</table>
Eye/ Ear Drops  45 units 
Mixtures / Elixirs  06 units (unopened) 
Applications / Tinctures  02 units 
Oral Rehydration Salts (ORS)  15 units 

In case of requesting to test for microbial contamination or discolouration in bulk packs, at least two (02) unopened packs should be sent.

21.11 TESTING OF PRE-SHIPMENT SAMPLES

a) The Procurement Committee has the authority to decide whether pre-shipment samples are to be tested. If so the supplier will have to bear the cost of testing. 
b) If pre shipment samples fails the award will be cancelled.

22. TESTING OF BATCH SAMPLES

22.1 In the case of distribution to Hospitals/ State Institutions random batch samples and random post-marketing samples of all goods supplied will be tested at the NMQAL / Quality Assurance & Research Laboratory of the State Pharmaceuticals Corporation and reports on its suitability issued. The findings of the reports will be final and binding. Goods reported as unsuitable and not conforming to the laid down specifications will be rejected and subsequently destroyed. The suppliers should agree to refund its landed cost plus an additional 25% as an Administrative cost within 30 days from the date of intimation.

22.2 Product Liability 

(a) In the event of an order being placed, the supplier should indemnify the State Pharmaceuticals Corporation of Sri Lanka against all product liability claims arising out of the items supplied on his bid. e.g. due to incorrect labelling, deviation from agreed specifications etc.

(b) Where a supplier is bidding for a product which has not been supplied before, or where a supplier is not well known for a particular product, the Procurement Committee reserves the right to purchase only a part quantity from such supplier; and to purchase the balance quantity from another supplier.

(c) However, in such cases the price offered for the total amount should be maintained for the smaller quantity.
23. **PAYMENT / LETTERS OF CREDIT**

23.1 The Payment will be settled according to the following basis.

(a) Foreign Component of the price will be paid direct to the principal manufacturer in foreign currency by a letter of credit opened against him

(b) Local component of the price/custom levis, Port Charges, Transport Charges, Local Agent’s commission etc. will be paid to Local Agent in Sri Lankan currency.

23.2 Payment terms will be by irrevocable letter of Credit at sight, unless otherwise agreed. Suppliers should strictly conform to the terms and conditions of Indents and Letters of Credit initiated by Corporation and should not request amendments.

23.3 If any quality failure is reported pertaining to the particular item manufactured by the particular manufacturer L/C for future consignments will become non operative. Orders may have to be cancelled and Performance Bond forfeited if suppliers request amendments/extensions to Letter of Credit and delay supplies.

23.4 Please note that the following clauses which will be Incorporated in the Letter of Credit and which clauses will not be deleted by us.

(a) A certificate from shipping agents in Port of Shipment that cargo and / or interests are carried by a mechanically self-propelled seaworthy vessel classified under Lloyd’s Register of Shipping as 100A 1(or equivalent classification in other recognized registers), provided such vessels are not over 15 years of age, or over 15 years but not over 25 years of age, and have an established schedule to load and a regular pattern of trading on an advertised schedule to load and unload at specific ports.

(b) Payment of irrevocable Letter of Credit may be restricted to 75% of the value of the Bill of Exchange on presentation of such bill. The balance 25% will be paid after 60 days from the date of payment of bill for 75% of the value, and if the supplier has conformed to all terms of the contract and the Letter of Credit. This 25% is retained to cover claims, if any, on the supplier.

(c) Local suppliers should forward their invoices together with the delivery order duly acknowledged by the Director-Medical Supplies Division or his Authorized Officer and frank stamped also with Certificate of Quality.

(e) Where a purchase for a particular item is being made for the first time from a supplier, or where there are previous quality failure on goods supplied by a particular supplier payments be made upon testing the quality and standards of the goods and comparison the bulk supply with the samples provided along with the Bid.

(f) The suppliers should give the name and address of beneficiary in their original offer and any change will not be accepted after closing of bid. In case of any change where L/Cs have to be cancelled and re-opened, or where L/Cs have to be amended, the supplier should bear the full cost of such amendments together with a Service Charge of USD 100.00.
24. **BANK CHARGES**

24.1 All Bank Charges incurred outside Sri Lanka shall be to the beneficiary(s) account. Delivery should be made within validity of L/C and extension will be granted only in exceptional circumstances and costs of such extensions will be to the account of beneficiary.

24.2 For various reasons this Corporation may have to cancel order placed by award Fax, letter or Indent. Corporation reserves the right to cancel orders or indents for quantities where a firm L/C has not been established.

24.3 **NOMINATION OF BANK**

Letter of Credit will be advised through the correspondent Bank of our Bankers in the successful bidder’s country. However, if the bidder wishes to negotiate documents through any particular Bank of their choice such details should be indicated in their Bid.

25. **PATENT RIGHTS (AND OTHER THIRD PARTY RIGHTS) AND ROYALTIES**

The suppliers shall at all times indemnify and keep this Corporation indemnified against any and all claims arising at any time on Account of Patent rights or other rights, whether from manufacturers or others, from the use of the supplied goods in Sri Lanka.

26. **CONTRACT AND ARBITRATION**

(A) **CONTRACT**

The successful supplier should agree to enter into a Contract / Agreement, *(as per Annex vi)* with the corporation within 14 days of receipt of the letter of award. All stamp fees (if any) in connection with this Agreement will have to be borne by the successful supplier. A copy of the Contract / Agreement is attached with the Conditions of bid.

(B) **ARBITRATION**

If during the continuance of this Contract or at any time after the termination there of, any differences or disputes which may arise between the parties hereto in regard to the interpretation of any of the provisions herein contained or any other matter or thing relating to this contract (other than any difference or dispute in respect of which a decision of the MPC is declared to be final and binding on the parties hereto) such difference or dispute shall be forthwith referred to an Arbitral Tribunal in Sri Lanka. Composition of the Arbitral Tribunal, jurisdiction of the Arbitral Tribunal, Conduct of Arbitration Proceedings, awards and any other matters relating to the Arbitration shall abide by Arbitration Act No. 11 of 1995 of the Democratic Socialist Republic of Sri Lanka. The place of Arbitration shall be in Sri Lanka.
27. **LOCAL AGENT**

The supplier shall in his bid indicate name, address, telephone/ fax machine/E-mail number/s of his agent in Sri Lanka. Also the percentage of Commission, payable to him with its value in Sri Lankan Rupees.

28. **EXAMINATION, EVALUATION AND COMPARISON OF OFFERS**

28.1 The purpose of bid evaluation is to determine the lowest evaluated bid from the substantially responsive bids received.

Foreign offers should be on C & F (CPT/CFR) Colombo basis. FOB offers are not acceptable. If offers are received on Import & Supply basis from local suppliers, those offers should be in LKR. All local suppliers/manufacturers should quote in LKR for the total delivery price to MSD stores.

**Comparison of foreign offers and local offers made on Imports & Supply basis will be compared as follows.**

Local offers which are for Import & Supply basis will be divided by a hypothetical value for comparison of offers against C & F value based on the HS Code of the item as determined by SPC.

i) **Preliminary examination**

The Bid received will be examined by the Technical Evaluation Committee appointed for each bid to determine whether they are complete, whether they are from eligible bidders, whether required bid bond has been furnished in required format, whether the document has been properly signed, whether there is only one offer, whether any computational errors and whether the samples are provided if required and whether the specimen Bid form at Annex 11 (A) has been followed and the price schedule as per Annex 11 (B) has been followed.

ii) **Prior to detailed evaluation**

The TEC will determine the substantial responsiveness of each offer to the bidding documents as pursuant to clause 28.1.(i). A substantially responsive bid is one, which conform to all the conditions described in clause 28.1 (i) without any deviation. A bid determined as not substantially responsive will be rejected and may not subsequently be made responsive by the bidder by correction of the non-conformity.

The offers, which are previously determined to be substantially responsive to clauses 28.1 (i), (ii) will be further evaluated.

iii) The TEC and the Corporation will also examine the Bids in order to ensure the correctness of the Bids. Arithmetical errors, if any, will be corrected on the following basis;

a) If Discrepancy is between Unit Price and Total Price, then the Unit Price shall prevail and the Total Price will be corrected.

b) If Discrepancy is between words and figures, the amount in words will prevail.
c) If a Discrepancy appears between the original bid and the duplicate, the original will prevail.

iv) All the items offered in Annex 1B should conform strictly to the technical specifications set out in the Annex 1 of this document and will be taken in to account at the time of evaluation.

28.2 This Corporation reserves the right to nominate suitable persons to inspect the production and quality control facilities of bidders and manufacturers and their records. Such an audit will be done during normal working hours.

28.3 Bidders who refuse permission to Corporation nominee to carry out such an audit will be automatically disqualified from the Bid.

28.4 If there is any disagreement on quality failures found at the SPC Laboratory, the suppliers or their representatives could personally observe the tests done at Corporation Laboratory.

29. BID AWARD

29.1 The Corporation will notify the successful bidders by Fax and e-mail confirmed by a registered letter (letter of award) that his bid has been accepted.

29.2 Awards are made to suppliers taking into consideration among other factors; prices quoted, past performance, quality of samples, delivery offered, product registration etc.,

29.3 The Ministry Procurement Committee, reserves to itself the right without question to:
   (a) Accept any Bid, or portion of a Bid;
   (b) Accept portions of more than one Bid;
   (c) Reject all or any Bids;
   (d) Direct that fresh Bids be called for.
   (e) Cancel the Bid

29.4 In the event of an award made to you on this bid, SPC reserve the right to cancel/suspend the procuring of said order in any stage, if you would be placed in the defaulted supplier’s list due to quality failure found in your previous supplies made to SPC or non-compliance of contractual agreement.

30. BIDS FROM THOSE OTHER THAN MANUFACTURERS

Bids for supply of goods which are not manufactured by the bidder should be supported by a Certificate of Authority issued by the Manufacturer at the time of submitting bidding documents indicating that the bidder has been duly authorized to supply the goods bided for. Failure to comply will result in the offer being rejected.
31. **COPY DOCUMENTS**

31.1 The successful bidder (supplier) should agree to dispatch by fax/courier a full set of copy documents including the following documents to SPC at least 3 days prior to arrival of consignment in Sri Lanka to prevent any delay in clearance. Demurrage / additional charges if any which become payable due to supplier’s failure to comply with this requirement will be claimed from the supplier.

i. Copy BL/AWB. Copy of Bill of Lading (without “Shipped on Board” stamp acceptable). Notation “Reefer Cargo” should appear in the BL/AWB if goods require refrigeration.

ii. Certificate of Quality, Quantity and Loading or Analytical Certificate should indicate the Date of Manufacture & Expiry for each Batch/Lot.

iii. Packing List indicating individual gross weight and net weight in kg., and outer dimensions of packages in metric units and also the contents of each package with date of Manufacture and Expiry.

iv. Invoice indicating break-up value of CPT/CFR (into FOB and Freight), Batch Numbers, Date of Manufacture & Expiry in addition to the other details.

v. If the shipment is being effected on FCL basis both FOB and Freight charges should be quoted separately against each item in addition to quoted C&F price. The volume of the total quantity of each item should be given in cubic meters (m$^3$).

31.2 Documents in respect of Air Freight cargo should necessarily be sent by fax. This is a compulsory requirement which the successful bidder has to comply with, to facilitate early clearance of cargo on arrival, without payment of Demurrage charges. Demurrage charges, if any, which become payable due to the supplier’s failure to comply with above requirements will be claimed from the supplier.

31.3 The suppliers should advice their steamer agents to send a blanket approval to their local agent to issue delivery orders to this Corporation on submission of bank guarantee.

31.4 Cold Chain Monitors should be included for each carton and the cold chain should be maintained according to the manufacturer’s instructions during storage, transport and delivery where applicable.

i. Suppliers are advised not to ship cold chain maintaining cargo to arrive in Sri Lanka during the weekends and on Friday in order to prevent demurrage charges.

ii. Suppliers should use standardized temperature data loggers in their shipments, and each carton attached with data loggers.

iii. Suppliers should use uniform identification marks with appropriate colours and sizes for easy identification, of cold cargo by the airline employees.
32. **AMENDMENT**

32.1 The Ministry Procurement Committee, reserves the right, at time of award to decrease the quantity required, by 25% without any change in price or other terms and conditions.

32.2 In case lowest evaluated responsive supplier is Bidding for a product which has not been supplied before, the Ministry Procurement Committee, reserves the right to purchase only part quality from such supplier and to get a feedback from the end users to decide on the balance quantity.

32.3 However, in such cases the price offered for the total amount should be maintained for the smaller quantity.

33. **ALTERNATIVE BIDS**

If alternative offers are submitted, the Bidder should mark the bids as “Original Offer” and “Alternative Offer”, the Bid Bond should specifically indicate that it covers the original and the alternative offer. If these requirements are not met, only the lower priced bid will be scheduled.

34. **TERMS AND CONDITIONS**

Prospective bidders should acquaint themselves, fully with these terms and conditions and if any further clarification is required please contact the undersigned. No plea of lack of information or insufficient information will be entertained at any stage.

SPC reserves the right to reject offers which do not comply with above conditions.

Chairman-Ministry Procurement Committee  
C/o State Pharmaceuticals Corporation of Sri Lanka  
75, Sri Baron Jayathilaka Mawatha,  
Colombo 01  
Sri Lanka.

Fax : 0094-11-2447118, 2344082, 2391537  
Tel: 0094-11- 2326227, 2335374
SPECIMEN OF ANNEX – 1

Annex – 1

BID NO./BID REFERENCE : 
DATE OF ISSUE : 
CLOSING DATE & TIME : 
SRI LANKAN TIME : 

<table>
<thead>
<tr>
<th>SR NO.</th>
<th>DESCRIPTION OF ITEM WITH SPECIFICATIONS</th>
<th>QTY</th>
</tr>
</thead>
</table>

(See annexure 1 for the specifications)

Amount of Bid Bond to be submitted and its validity:

Delivery Schedule :

Bid validity period :

Non Refundable Bid Fee :

Conditions of Supply:
Annex II A

SPECIMEN FORM OF BID (SUPPLIES)

Chairman,
Ministry Procurement Committee

1. I/We, the undersigned, having read and fully acquainted myself/ourselves with the contents of the Conditions of Bid and Contract and Schedule of items required pertaining to the above Bid, hereby undertake to supply the goods referred to therein, in accordance with the aforesaid Instructions, Terms and Conditions as per price quoted in the attached Schedule II B.

2. I/We confirm that this offer shall be open for acceptance until…………………………………… and that it will not be withdrawn or revoked prior to that date.

3. I/We attach hereto the following documents as part of my/our Bid:

   (1) Price schedules
   (2) Documentary evidence to establish Registration of product with the National Medicines Regulatory Authority Certificate No ……………………………………………………….
   (3) Documentary evidence to establish that goods offered are from an eligible source and origin. (Document as required in Para. 20 of the conditions of the Bid).
   (4) Bid Bond
   (5) Any other documents (give details).

4. I/We understand that you are not bound to accept the lowest bid and that you reserve the right to reject any or all Bids or to accept any part of a Bid without assigning any reasons therefore.

5. We undertake to adhere to the Delivery Schedule indicated.

6. My/Our Bank Reference is as follows: …………………………………………………………………………………………………………………………

………………………………………………………………………………………………………………
STATE PHARMACEUTICALS CORPORATION – BID FORM

ANNEX 11 (B) (To be submitted in duplicate)

BID NO./BID REFERENCE.......................................................... CLOSING ON: ..........................................................

NAME & ADDRESS OF MANUFACTURER :

NAME & ADDRESS OF BIDDER :

(Bidders should prepare their own forms as per this format. Offers which are not as per the format are liable to be rejected)

<table>
<thead>
<tr>
<th>FOR FOREIGN OFFERS ONLY</th>
<th>FOR LOCAL OFFERS ONLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SR NO./ITEM NO.</td>
<td>FULL DESCRIPTION OF ITEM OFFERED, THE STANDARD AND STORAGE TEMPERATURE</td>
</tr>
<tr>
<td></td>
<td>PACK SIZE OFFERED</td>
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<tr>
<td></td>
<td>QTY OFFERED</td>
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<tr>
<td></td>
<td>UNIT C&amp;F PRICE (PER PACK) &amp; CURRENCY</td>
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<tr>
<td></td>
<td>TOTAL C&amp;F VALUE</td>
</tr>
<tr>
<td></td>
<td>PORT OF SHIPMENT</td>
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<tr>
<td></td>
<td>PROBABLE SHIPMENT/ DELIVERY DATE</td>
</tr>
<tr>
<td></td>
<td>UNIT PRICE &amp; CURRENCY (DELIVERY PRICE TO MSD STORES)</td>
</tr>
<tr>
<td></td>
<td>TOTAL DELIVERY PRICE TO MSD STORES</td>
</tr>
<tr>
<td></td>
<td>NMRA REGISTRATION CERTIFICATE NO. &amp; DATE OF EXPIRY</td>
</tr>
<tr>
<td></td>
<td>SHELF LIFE</td>
</tr>
<tr>
<td></td>
<td>COUNTRY OF ORIGIN</td>
</tr>
<tr>
<td></td>
<td>L/A COMMISSION AS PERCENTAGE OF CNF PRICE</td>
</tr>
</tbody>
</table>

1. Cost of Inspection Certificate (If not included in the C&F price).......................................................................................................................... Indicate from whom independent Pre-shipment Certificate of Quality, Quantity and Loading will be submitted.

2. Indicate date when samples were submitted:- ..........................................................................................................................

3. Indicate Bid Bond No, value and Validity (Where applicable) :-..........................................................................................................................

4. Quotation Valid upto :-..........................................................................................................................

5. Local manufacturers/ Importers should also indicate Local delivery charges to Stores at Medical Supplies Division, No. 357, Baddegama Wimalawansa Thero Mawatha, Colombo 10.

Section IV
We confirm that we have read and understood the terms, conditions and specifications covering this tender and submitted our offer accordingly. We are not listed as defaulted/ black-listed Bidder in any Government Institution in Sri Lanka. “In the event of goods being rejected due to un-acceptable quality, reimbursement of its value and an additional 25% of the total value at landed cost as an administrative charge will be made”.

Name of Bidder

Signature of Bidder
(With Name and Designation of Signatory)

Official Stamp of Bidder

Postal Address of Bidder

    Telephone No.

    Official E-mail addresses

    Fax No.

    Name of Bankers with Account No.
    Beneficiary

Also inform your terms and conditions and special instructions for opening Letters of Credit in the event of an award in your favour.

Details of Accredited Agent in Sri Lanka

Name

Postal Address
    Telephone No

Official E-mail addresses

Fax No.

    Percentage and LKR value of commission to be paid to the Local Agent.
SPECIMEN FORM OF BID SECURITY (BID BOND)

By this Bond We ................................................................. (hereinafter called “the Bidder”) and We (name of bank or insurance company) whose registered office is at ................................................................. (hereinafter called “the Surety”) are held and firmly bound unto ................................................................. (hereinafter called “the Authority”) in the sum of for the payment of which sum the Bidder and the Surety bind themselves their successors and assigns jointly and severally by these presents.

Whereas the Authority has invited the Bidder and other persons to complete bids in similar terms for the supply of ................................................................. to submit the same for the consideration of the Authority, and the Bidder proposes to submit to the Authority a bid (hereinafter called “the Bid”) in accordance with such invitation, the Bond shall provide security to the Authority that the Bidder will honour certain obligations to be undertaken by him in the Bid in accordance with the following conditions.

Now the Conditions of this Bond are:

(a) that it shall remain in full force and effect until the earliest of

(i) (date), being () days from (submission date), the date stipulated by the Authority for the submission of bids, or any prolongation of such date above notified to the Authority by the Bidder and the Surety in writing;

(ii) in the event of acceptance of the Bid by the Authority, the date upon which the Bidder provides a performance security to the Authority in accordance with the terms of the contract thereby made between them, or

(iii) in the event of acceptance by the Authority of a bid for the Works from a third party, the date upon which such third party provides the relevant performance security.

(b) subject to this Bond being in full force and effect, the Surety shall pay the full amount specified in this Bond upon receipt of first written demand from the Authority stating that

(i) the Bidder has withdrawn his Bid during the validity of this Bond, or

(ii) the Bidder has failed to provide a performance security to the Authority in accordance with the terms of the contract between them upon acceptance of the Bid.

No alteration in the terms of the Bid, nor any forbearance or forgiveness in or in respect of any matter or thing concerning the Bid on the part of the Authority, nor any objection from the bidder shall in any way release the surety from any liability under this Bond.
The benefit of this Bond shall not be assignable by the Authority and upon its ceasing to be in full force and effect the Authority shall return the same to the Bidder.

This Bond shall be governed by the laws of \(\) 

I executed as a Deed this\(\) day of \(\) 20\(\) 

For and on behalf of the Bidder ……………… … For and on behalf of the Surety………………

………………………………………………………        …………………………………………………

Signed by  …………………………………………        Signed by  ……………………………………

In the capacity of  ………………………………..        and by  ……………………………………….

in the capacity of  ………………………………..        In the capacity of  ……………………………..

Seal (where applicable).        Seal (where applicable).
SPECIMEN FORM OF PERFORMANCE BANK GUARANTEE
(UNCONDITIONAL)

BOND NUMBER: .................................................  DATE: ..............................................

SUM GUARANTEED: ........................................................................................................

To:................................................................................................................................. (Name of employer)
................................................................................................................................. (Address of employer)

Whereas ......................................................................................................................... (name and address of contractor)
(hereinafter called “the contractor”) has undertaken, in pursuance of contract No.……….. dated
to execute ........................................... (name of contract) (hereinafter called “the contract”);

And whereas it has been stipulated by you in the said Contract that the Contractor shall furnish
you with a Bank Guarantee by a recognised Bank for the sum specified therein as security for
compliance with his obligations in accordance with the Contract;

And whereas we have agreed to give the Contractor such a Bank Guarantee;

Now therefore we hereby affirm that we are the Guarantor and responsible to you, on behalf of
the Contractor, up to a total of ................................................................. (amount of Guarantee)
.................................................................................................................. (amount in words), such sum being payable
in the type and proportions of currencies in which the Contract Price is payable, and we
undertake to pay you, upon your first written demand and without cavil or argument, any sum or
sums within the limits of ................................................................. (amount of Guarantee) as aforesaid without
your needing to prove or to show grounds or reasons for your demand for the sum specified
therein.

We hereby waive the necessity of your demanding the said debt from the contractor before
presenting us with the demand.

We further agree that no change or addition to or other modification of the terms of the Contract
or of the Works to be performed thereunder or of any of the Contract document which may be
made between you and the Contractor shall in any way release us from any liability under this
guarantee, and We hereby waive notice or any such change, addition or modification.

This guarantee shall be valid until a date 28 days from the date of issue of the taking over
Certificate.

Signature and the Seal of the Guarantor: ............................................................... Name of the Bank: ............................................................... Address ........................................................................................................ Date: ........................................................................................................ Witness: ....................................................................................................
## Annex V

### DOMESTIC PREFERENCE TO LOCAL MANUFACTURERS

**FORM TO BE FILLED UP BY LOCAL MANUFACTURERS, WHO QUOTE ON BIDS**

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Item Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>CIF cost of Raw Material</td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td>Taxes:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Customs Duty</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Other taxes and levies paid to the Customs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) SLPA charges</td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td>Any other expenses borne by the bidder for importation of Raw-materials</td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td>Value of input of local labour</td>
<td></td>
</tr>
<tr>
<td>(5)</td>
<td>Value of local Raw-Materials</td>
<td></td>
</tr>
<tr>
<td>(6)</td>
<td>Value of any other local components used (give details)</td>
<td></td>
</tr>
<tr>
<td>(7)</td>
<td>Value of any other local taxes payable</td>
<td></td>
</tr>
<tr>
<td>(8)</td>
<td>Any other costs</td>
<td></td>
</tr>
<tr>
<td>(9)</td>
<td>Total bid price of Serial No (1) to (8)</td>
<td></td>
</tr>
<tr>
<td>(10)</td>
<td>Financing cost, factory overheads depreciation of machineries and profit margin</td>
<td></td>
</tr>
<tr>
<td>(11)</td>
<td>VAT</td>
<td></td>
</tr>
<tr>
<td>(12)</td>
<td>Total bid price (9+10+1 1)</td>
<td></td>
</tr>
</tbody>
</table>

Name of the Bidder : ..............................  Name of the company : ..............................
Signature : .............................. Phone Number : ..............................
Designation : .............................. Date : ..............................
Address : ..............................

I/We certify that the above particulars are correct

Name of the Company of the Local Manufacturer :
Name of the Authorized Officer and the Phone Number :
Signature:
Company Seal:
NOTE FOR FILLING UP OF FORM:

1. **Serial No. 2(b): Other taxes and levies paid to the Customs**
   Should include only port and airport tax and VAT paid on raw materials at point of import.

2. **Serial No. 2(c) SLPA Charges**
   Not to include port and airport levy (which should be included under 2(b))
   To include only expenses other than what comes under charges for raw materials from port to the factory (Serial No. 3)

3. **Serial No. 6**
   To include packing materials

4. **Serial No. 7: Any other local taxes**
   To include taxes such as excise duty and municipal rates; and not to include VAT (which should be included under Serial No. 2 (b))

5. **Serial No. 8: Any other costs**
   Any other costs should be clearly specified by the Bidder

6. Bidders should give proof of payment of taxes and VAT, and should give VAT and Tax Registration Numbers.
7. Bidders should use the same currency in filling up the schedules of offers and the Form for eligibility of ‘Domestic Preference”

8. It is the responsibility of the bidder to provide acceptable evidence along with his bid for the satisfaction of the Procurement Committee on his eligibility. Bidders who fail to comply with these conditions should not be considered for Domestic Preference.
Local Offers for Import and Supply

Local offers for items manufactured abroad should give the following information:-

1. Foreign component of the price (C&F price of foreign supplier)
2. The local component of price to be paid to local bidder

Please note that the foreign component + local component should be the Bid price. It is the condition of this bid that the State Pharmaceuticals Corporation of Sri Lanka will open Letter of credit on the foreign supplier at the foreign component price (C & F)
This AGREEMENT made and entered into between the State Pharmaceuticals Corporation having the Registered Office at 75, Sir Baron Jayatilake Mawatha, Colombo 01, Sri Lanka (hereinafter called the “SPC”) which terms or expression shall mean and include the said State Pharmaceuticals Corporation and, .................................................... its successors and permitted assigns) of the One Part and............................................................ of ................................................................................... business under the time, style and firm of a company duly registered and carrying business (hereinafter called "the supplier" and which term or expression shall mean and include the said and its/their/its heirs executors administrator and permitted assign/successors in business or permitted assigns) of the Other Part.

Whereas the State Pharmaceuticals Corporation has accepted the bid of ............................................................... for the supply and delivery of....................................................................................... in the manner and quantities as per the ...............................................................marked................................. hereof.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. The following documents:
   (a) Bid documents and conditions of contract marked 1
   (b) Copy of Indent marked 2

   (hereinafter called “the Contract Documents”) showing and describing the nature and scope of the agreement duly signed by both parties shall be deemed to form and be read and construed as part and parcel of this agreement.

2. In consideration of the payment to be made by SPC to the supplier the contract sum hereinafter mentioned the supplier hereby covenants with SPC to supply and deliver the goods in conformity in all respects with the provisions of this contract.

   The supplier shall be paid for such supply and delivery of the goods accordingly to the ............................................................... marked and in the manner and at the times hereinafter specified.
This contract as herein before defined constitutes the entire agreement between SPC and the supplier and may only be modified or repealed by formal agreement in writing duly executed by the parties or their authorized representatives.

In witness whereof the SPC has caused its Common Seal to be affixed and . . . . . . . .
(Supplier has placed its hand/caused its Common Seal to be affixed hereunto and to two other of the same tenor on this

..........................................................................................................................

The Common Seal of the....................................................................................
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CONDITIONS OF CONTRACT

01. SCOPE OF CONTRACT

1.1 Provide Pharmaceuticals for the Department of Health Services/ Pharmaceutical and or Bulk Drugs as per the Bid Number Bid Reference ................................................ hereof.

02. GOODS

2.1 Supply should be from fresh stocks of recent manufacture conforming to the stipulations in the schedule marked ........................................ and the samples submitted.

2.2 The goods supplied should have at least 85% of the residual shelf life at the time of receipt of goods in Sri Lanka.

2.3 Goods supplied should meet the Dissolution Bio equivalence test requirements where applicable.

2.4 SPC reserves the right to:-
   (a) Reject goods supplied with an inadequate shelf life and refrain from clearance from port or,
   (b) Call for free replacement of goods or reimbursement of cost so supplied which do not conform to required standards.

3. FREE REPLACEMENT/ REIMBURSEMENT

3.1 SPC reserves the right to call for free replacement or reimbursement in the event of
   3.1.1 Short packing
   3.1.2 Loss/damage or deterioration of goods supplied (within the shelf-life)
   3.1.3 Packs which cannot be identified due to labels falling off.
   3.1.4 Goods supplied fails to perform or meet requirements of the specification to the satisfaction of SPC.

3.2 In the event of a quality problem, Batch Samples would be tested by SPC or its authorized personnel at the National Medicines Quality Assurance Laboratory. Samples from the available batch will be retained by the SPC and the balance will be destroyed by authorized officers; in the presence of the Local Agent and a certificate of destruction issued by SPC following destruction.

3.3 In case of Batch/ Product withdrawals due to quality failure the supplier should reimburse SPC the total value of the entire quantity of either withdrawn batches or withdrawn product with an additional 25% of the total value concerned as an Administrative Cost.
4. **VARIATION**

The MPC may at the time of the award increase or decrease the order by up to 25% without being subject to any change in price or terms and conditions hereof.

5. **PACKING AND STORAGE**

5.1 Packing of all items should be suitable for storage and use under tropical conditions and sufficient marking should be made on the cases or containers in order to prevent possible mistakes regarding proper storage during transit, particularly for items requiring refrigeration or cool storage.

5.2 Containers and closures used should be of such quality so as not to react with the contents while in storage under tropical conditions.

5.3 Large tablets (over 250mg in weight) in bulk packs (over 500 tablets per pack) should be packed in sealed polyethylene film bags inserted into strong air tight metal or plastic containers.

5.4 Export packing should be in seaworthy strong cases or cartons to prevent damage in transit and should:
   - 5.4.1 Indicate recommended storage temperature for goods which require cool/cold or freezer storage.
   - 5.4.2 Stenciled with blue bands in the form of a cross on each face.
   - 5.4.3 Carry shipping marks – details provided by SPC with order.
   - 5.4.4 Be palletized and shrink wrapped if it is Bag Cargo.
   - 5.4.5 Should carry Batch No./Exp. Date.

5.5 Approved packing material as per bid document should be used. Use of Rice Straw or other vegetable matter as packing is strictly prohibited (as per regulations passed under the Plant Protection Ordinance Chapter 447). In the event of such material being used extra costs incurred by SPC by way of fumigation charges, penalty rates, demurrage etc., in clearing such consignment from the port would be debited and payable as extra costs by the supplier.

6. **LABELLING**

6.1 All labels should be printed in English Language and the labeling requirements should be according to the specifications required for registration at NMRA as follows.

a) The approved name found in official pharmacopoeias or formularies. (The source should be stated in abbreviations; e.g. BP or USP etc…)

b) The brand name

c) List of the active ingredients showing:
   - a) The amount of each present in each dosage unit (e.g. per 5ml etc…)
   - b) A statement of the net contents (e.g. number of dosage units, weight or volume)

d) Any special storage conditions that may be necessary
e) Warning and precautions that may be necessary
f) The Date of manufacture
g) The Date of expiry where applicable
h) The batch or lot number assigned by the manufacturer and
i) The Name and address of manufacturer
j) Name and address of supplier, if supplier is not the manufacturer
k) State logos/DHS mark/SPC mark

6.2 Size of the letters of the above (f), (g), (h) and the SR Number on the outer carton should not be less than 5 cm.

6.3 Labeling of the products ordered under this range of indents, in addition to the labeling requirements stipulated in the BP/USP relevant standards, should also bear the State Logo.

6.4 ANAESTHETIC PRODUCTS

6.4.1 Generic Name of drug should be printed large and clear.

6.4.2 All vials should be effectively pre-cut.

6.4.3 Labels should be effectively pasted to avoid loosening when in contact with water. STICKER LABELS to be provided for Operating Theatre use.

6.4.4 Colour coding of sticker labels should be in accordance with the ‘Standard Specification for User Applied Drug Labels in Anaesthesia’ set out by the American Society for Testing and Materials. ASTM D4774-88.

   e.g. Relaxants Red
        Vasopressors Violet
        Opiates Blue
        Local Anaesthetics Gray

6.4.5 Lignocaine with Adrenaline and Noradrenaline ampoules should have a distinct red band and red lettering.

6.5 Sticker labels for syringes should be provided for the following drugs :-

   Thiopentone Injection Pancuronium Injection
   Diazepam Injection Atracurium Injection
   Midazolam Injection Vecuronium Injection
   Ketamine Injection Neostigmine Injection
   Suxamethonium Injection Atropine Injection
07 **IDENTIFICATION MARKS**

7.1 The “State Mark” and “SR No.” made available by SPC should be embossed or imprinted in each (item) ampoule/vial/pack/bottle or on the affixed label. These marks should be indelible.

08 **TERMS OF DELIVERY**

8.1 All shipment should be made exclusively on vessels belonging to the Ceylon Shipping Corporation Ltd or those chartered by CSCL. Shipments on other vessels will be permitted in instances where vessel of the Ceylon Shipping Corporation Ltd do not call at the Port of shipment or if they are not available for time by shipment of cargo, in which event the supplier should attach a waiver certificate issued by Ceylon Shipping Corporation on their Authorized Agent in the supplier’s country.

8.2 SPC may nominate Independent Competent Authorities for issue of shipment Inspection Certificate (Certificate of Quality, Quantity and Loading) cost of such certificate should be borne by the supplier.

8.3 All items should be shipped to the destination and strictly conform to the delivery dates as per schedule I hereto marked ……………………………..

8.4 Delivery of all goods should be within the period of validity of the Letter of Credit, Except in exceptional circumstances no extensions will be granted. Cost of such extension in any would be borne by the supplier.

8.5 If the supplier fails to make deliveries within the time specified by the SPC (without prejudice to the other rights of SPC resulting from breach of the contract conditions) May be written notice to the supplier terminate the right of the supplier to proceed with any or all of the remaining part of the contract as provided for in clause 9.1 hereof in addition the SPC reserves the right to purchase from other sources any or all undelivered items and to recover excess costs from the supplier.

8.6 Defaulted consignments with respect to delivery schedule shall only be considered for acceptance, subject to a penalty imposed for the delay due to suppliers fault, allowing a grace period up to two weeks. Consignments delivered after the grace period shall be considered for acceptance subject to a surcharge to the supplier as stated below ;

(a). A surcharge of 0.5% per day of the consignment value, calculated commencing from the 15th day up to 60th day delay from the due delivery date, as per the indent/PO or its’ latest amended delivery schedules.

(b). When the delay exceeds 60days purchase order will be considered as automatically cancelled, on defaulted performance. In such a situation, MSD reserve the right to recover liquidated damages or to revoke the cancellation (eg. if payments have been released prior to such a cancellation), and accept the consignment subject to a 25% admin surcharge

8.7 In case of local suppliers, requests may be made for supply of goods in more installments than indicated in Annex 1.
PAYMENT

9.1 All payments will be settled according to the following basis.
   (a) Foreign component of the price will be paid direct to the principal
       manufacturer in foreign currency by a letter of credit opened against him.
   (b) Local component of the price will be paid to local agent in Rupees.

9.2 All payment will be on confirmed irrevocable Letter of Credit payable at sight
   (unless otherwise agreed)

9.3 Currency would be according to the conditions of Bid as quoted by the supplier. If any quality failure is reported pertaining to the particular item manufactured by the particular manufacturer L/C for future consignments will become non operative.

9.4 Suppliers should strictly conform the terms and conditions of SPC Indents and Letters of Credit and should not request amendments.

   Requests for amendments/extension to Letter of Credit may result in cancellation of order and forfeiture of the Performance Bond.

9.5 The clause incorporated in the SPC Letter of Credit requiring a certificate from shipping agents in Port of Shipment that cargo and/or interests are carried by a mechanically self-propelled seaworthy vessel classed under Lloyd’s Register of Shipping as 100A 1(or equivalent classification in other recognized registers), provided such vessels are not over 15 years of age, or over 15 years but not over 25 years of age, and have an established schedule to load and a regular pattern of trading on an advertised schedule to load and unload at specific ports would not be deleted under any circumstances.

9.6 Payment of irrevocable Letter of Credit will be restricted to 75% of the value of the Bill of Exchange on presentation of such bill. The balance 25% will be paid after 60 days from the date of payment of bill for 75% of the value, and if the supplier has conformed to all terms of the contract and the Letter of Credit. This 25% is retained to cover claims, if any, on the supplier.

9.7 Payment to local suppliers will be made after 30 days from the date of delivery. Suppliers should forward their Bills together with the delivery order duly acknowledged by the Director, Medical Supplies Division or his Authorized officer and frank stamped.

9.8 All Bank charges incurred outside Sri Lanka shall be borne by the supplier.
10 LIQUIDATED DAMAGES

10.1 Delivery of goods shall not be later than the time specified in Annex 1A herein. Failure to deliver within the time specified and in the absence of Force Majeure there shall be deducted from the contract price as liquidated damages (not as a penalty) a sum of Rupees......................... ...(Rs ..................) for each seven days of delay or part there of commencing from the last date of the due date of delivery of such undelivered item of goods. The amount of liquidated damages shall however be subject to a maximum limitation of ten (10) percent of the unit delivered price for each item so delayed. Delays in excess of ................................ days from date of due delivery will be cause for determination and forfeiture of the Performance Bond after written notice is given to the supplier.

11 PERFORMANCE BOND

11.1 As security for the due and punctual performance and fulfillment of the terms of this Agreement by the satisfactory completion of the supply and delivery; for the payment of all claims to which SPC may be entitled under the provisions of this Agreement. The supplier has furnished the State Pharmaceuticals Corporation with a Bank Guarantee from a Bank approved by the SPC in the sum of Rupees ........................................... (Rs. ..................)

12 ARBITRATION

12.1 If any dispute or difference or claim shall arise between the parties as to any point in any agreement or contract arising of the invitation to Bid, or as to any matter or thing of whatsoever nature arising there-under or in connection therewith, then either party shall within 30 days give to the other, notice in writing of such dispute or difference. Such notice shall specify the matters which are in dispute. Such dispute shall be referred to a single arbitrator in case the parties agree upon one; otherwise to three arbitrators; one to be appointed by each party and the third arbitrator by the other two arbitrators. If either party shall refuse or neglect to appoint an arbitrator within twenty days after the other party shall have appointed an arbitrator and given notice thereof requiring such appointment, then the arbitrator appointed as aforesaid shall proceed to hear and determine the matters as if he were and arbitrator appointed by both parties to the dispute.

12.2 The decision or award of the arbitrator or arbitrators (as the case may be) shall be final and binding upon the parties and shall be a prerequisite to any proceedings in a Court of Law.

12.3 The arbitrator or arbitrators shall determine by whom, and in what manner, the cost of arbitration (or any party thereof) shall be borne and paid.

12.4 The arbitration shall be governed by the Arbitration Act. No. 11 of 1995 Laws of Sri Lanka and shall be held in Sri Lanka.
12.5 Performance of the contract shall continue during arbitration proceedings as far as possible.

13. **LAW**

13.1 The Laws of the Democratic Socialist Republic of Sri Lanka shall govern the validity, performance and enforcement of this contract.

14. **INDEMNITY**

14.1 The supplier shall at all times keep indemnified the SPC against any and all claims at anytime arising on account of:
   (a) Patent right or other rights whether from manufacturer or others, from use in Sri Lanka of the goods supplied.
   (b) Product liability claims against SPC arising out of the goods supplied under this contract e.g. due to incorrect labelling, deviation from agreed specifications etc.

15. **WARRANTY**

15.1 The supplier warrants that goods supplied shall be of recent manufacture and of good quality; shall have no defect in manufacture, shall meet all the requirements of the specifications and shall in all aspects suited for the purposes intended the warranty provided by the supplier shall be relied upon and strictly enforced by SPC.

16. **WARRANTY AGAINST BENEFITS**

16.1 The supplier warrants that he/it has not given or promised to give any money or gift to any officer or employee of SPC or any Government instrumentality or employee thereof with the intent or objective of securing the contract.

16.2 Any violation of this warranty shall be sufficient grounds for cancellation or revocation of the contract without any claim against SPC.

17. **LOCAL AGENT**

17.1 Suppliers acting through local agents should indicate names and addresses and telephone/ facsimile/E-mail Nos. of the agents in Sri Lanka.

18. **ASSIGNMENT**

18.1 Supplier shall not without prior written consent of the SPC assign his contract or part thereof to another.

19. **STAMP DUTY**

19.1 The supplier should pay any stamp duties payable under the Stamps Act in respect of the contract.
20. **FORCE MAJEURE**

20.1 The supplier shall not be liable for any delay or failure in making delivery of the supplies if it was due to any event which interfered with performance and was beyond the control of the supplier. However, at every time the supplier faces a situation disturbing the due performance of the obligations under this contract due to conditions beyond his/ its control he/it should write to SPC and get its approval. Approval/disapproval will be notified within ……………………… working days of receipt of same in writing. Parties however shall endeavours to remove any obstacles to performance (when possible) and co-operate to remove the harmful effects as far as practicable.

21. **NOTICE**

All notices given in respect of this contract shall be deemed to be sufficiently given if sent by registered post addressed to the ……………………………………………………………………………………………………………………………………
at the respective addresses at the beginning hereof written.

The common seal of………………………………………………………………………………….)

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Chairman

Managing Director

Witnesses

Signature Name, Address and ID No

1………………….. ……………………………………………………………………………………..

2………………….. ……………………………………………………………………………………..