

PROCUREMENT POLICY

ADANI LUCKNOW INTERNATIONAL AIRPORT LIMITED (ALIAL)

**Registered office: Adani Corporate House, Shantigram, Near Vaishnav Devi Circle, S.G.
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**Local Address: 1st Floor Terminal-1, CCS International Airport Lucknow, Lucknow, Uttar
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PREFACE

This procurement policy (the “**Procurement Policy**”) provides the essential information and brief step-by-step procedures for procurement of goods, works, services and/or entering into any contract by Adani Lucknow International Airport Limited (“**Airport Company**”) for the operations, management and development of the Project (as detailed in Chapter 1 of this Procurement Policy) in a fair, transparent and efficient manner, and without any undue favour or discrimination in this behalf. This Procurement Policy is intended to guide the procurement officials of the Airport Company directly involved in various procurement activities of goods, works and services or entering into any contract for the Project. This Procurement Policy also intends to help in understanding the various procurement principles, processes to achieve uniformity in procurement processes followed in relation to the Project with a view to avoiding the scope for subjectivity and improving objectivity and transparency in decision making. The rights and obligations of the third parties shall be governed by the respective tender documents and/or by the contracts executed between Airport Company and such third parties and not by the guidelines stated in this Procurement Policy. This Procurement Policy is for internal use only of the Airport Company.

The term “procurement” under this Procurement Policy shall include acquisition by any means, including by purchase, rental, lease, sub-lease, license, sub-license or grant or hire-purchase of movable and immovable properties, construction of immovable properties, provision of services or allocation of any space, buildings, rights or privileges to third parties for or in connection with the Project.

This Procurement Policy is also available on the website of the Airport Company which can be accessed at:

Website: <https://lucknow.adaniairports.com>

In case of any queries in relation to this Procurement Policy, the queries can be directed at:

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CHAPTER 1 - PROJECT DETAILS AND OTHER DETAILS

- 1.1 Airport Company has been granted by the Airports Authority of India (“**AAI**”), pursuant to a Concession Agreement dated February 14, 2020 executed between Airport Company and AAI (“**Concession Agreement**”), the exclusive right and authority, during the term of the Concession Agreement, to operate, maintain, develop, design, construct, upgrade, modernize, finance and manage the CCS International Airport at Lucknow (“**Project**”) and the exclusive right to contract and/or sub contract with third parties during the term of the Concession Agreement in accordance with the terms of Concession Agreement.
- 1.2 This Procurement Policy has been approved by the board of directors of the Airport Company (“**Board of Directors**”) vide a resolution dated August 13, 2020.

CHAPTER 2 - PROCUREMENT POLICY

2.1 MODES OF PROCUREMENT

The various methods of procurement which may be followed by Airport Company shall include the following:

- (a) Competitive Bidding which may be further categorized as follows:
 - (i) Open tender procurement; or
 - (ii) Limited tender procurement.
- (b) Direct procurement; and
- (c) Single source procurement.

2.2 COMPETITIVE BIDDING

2.2.1 Competitive bidding shall be followed by the Airport Company as the method of procurement of goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges where the consideration (including deposits in any form in respect thereof) exceeds Rs.25,00,00,000 (Rupees Twenty Five Crores) in any Accounting Year (as defined in the Concession Agreement) (“**Competitive Bidding**”).

2.2.2 The Board of Directors of Airport Company or a committee appointed by the Board of Directors of Airport Company may determine in cases where Competitive Bidding process is to be followed, whether Airport Company follows:

- (a) Open tender procurement process; or
- (b) Limited tender procurement process.

2.2.3 In case where Competitive Bidding is to be followed by Airport Company as the method of procurement of goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges, the Airport Company shall comply with the following process:

- (a) **Tender Preparation:** Preparation of tender documents for procurement of goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges, furnishing all necessary information (“**Tender Documents**”) to enable a prospective tenderer to prepare a response to the Tender Documents (“**Bid**”).
- (b) **Issue of Tender Document:** In case open tender procurement process is followed by the Airport Company, then:
 - (i) the issuance of Tender Documents shall be done through e-tendering process and the Airport Company shall have the liberty to select any electronic portal to run such an open tender process; and
 - (ii) the sale or issuance of the Tender Documents shall begin only after notification of issuance of Tender Documents. The Tender Documents will be made available to all applicants after receipt of the requisite fees, if any, as may be prescribed by the Airport Company.

In case limited tender procurement process is followed by the Airport Company, the Tender Documents shall be issued to a list of potential suppliers/service providers as may be decided by a tender committee (comprising of at-least 3 (three) members as nominated by the Board of Directors of Airport Company or by a committee of the Board of Directors of Airport Company) (“**Tender Committee**”) for reasons to be recorded in writing and such list must be broad enough to assure competitive prices for the respective goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges .

The Competitive Bidding shall, as a process, ensure that the Airport Company prequalifies the applicants in a fair and transparent manner for confirming that only experienced and qualified applicants are finally selected through the Competitive Bidding on arm’s length basis in a manner that is commercially prudent and protects the interests of the Users (as defined in the Concession Agreement).

(c) **Opening of Bids:**

- (i) The Bids received from bidders (“**Tenderers**”) on or before the last date for submission (as may be extended from time to time in accordance with the Tender Documents) as set out in the Tender Documents shall be opened by the procurement committee of Airport Company comprising of atleast 3 (three) members nominated by the head of the department seeking the relevant procurement (“**Procurement Committee**”).
- (ii) Bids uploaded post the expiry of submission date shall not be accepted, unless the same has been approved by the Tender Committee (in consultation with the Procurement Committee) in exceptional circumstances.
- (iii) Minutes of Bids opening must be prepared by the Procurement Committee and should be signed by all the members of the Procurement Committee.

(e) **Tender Evaluation**

- (i) The Procurement Committee shall cause an initial examination of the Bids submitted to be carried out in order to determine their substantial responsiveness. The Procurement Committee shall consider the following factors while undertaking the initial examination:
 - (A) Whether the Tenderer meets the eligibility criteria laid down in the Tender Documents;
 - (B) Whether the Bid has been duly executed as per the terms of the Tender Documents;
 - (C) Whether the Bid security (if any) has been furnished as per the terms of the Tender Documents;
 - (D) Whether the Bid conforms to the requirements as set forth in the Tender Documents.

Bids which on initial examination are found not to be substantially responsive may be rejected by the Procurement Committee as non-responsive and the Procurement Committee shall record reasons for the same.

- (iii) The evaluation of Bids may be either:
 - (A) two stage evaluation wherein the technical proposal comprising the Bid shall be evaluated first and the financial proposal comprising the Bid of only such Tenderers who are technically qualified shall be opened; or
 - (B) composite evaluation wherein both technical proposal comprising the Bid and the financial proposal comprising the Bid of the Tenderers shall be opened and evaluated simultaneously.

The criteria to be used in the evaluation of Bids and the award of contracts shall be clearly laid down and applied equally to all the Tenderers, except where any deviations are allowed by the Tender Committee owing to certain particular circumstances.

- (iv) Without the prior approval of the Tender Committee, the Procurement Committee shall not evaluate the Bid submitted by any entity if:
 - (A) Such entity has a pending, active or previous legal action that may prevent such entity from undertaking the proposed contract;
 - (B) Such entity has been debarred by AAI or Airport Company or any government authority for any reason whatsoever;
 - (C) Such entity has been convicted of any criminal offence related to their professional conduct or the making of false statement or misrepresentation as to their qualifications to enter into a contract or have been otherwise disqualified pursuant to administrative suspension or disbarment; or
 - (D) Such an entity has an existing contract with Airport Company and such entity has not been in compliance with the terms and conditions of such contract and there are outstanding payments due and payable by such entity to Airport Company.
- (v) Airport Company may regard a Bid as responsive only if it conforms to all requirements set forth in the Tender Documents.
- (vi) Airport Company shall have the right to conduct (a) price negotiations with the Tenderers; and (b) reject the Bids which are accompanied by an abnormally low financial proposal.
- (vii) In all cases where the value of the contract is more than Rs.25,00,00,000 (Indian Rupees Twenty Five Crore only), a minimum of two (2) Bids shall be collected. However, even if only 1 (one) Bid is received, the Competitive Bidding Process may be considered valid if the Bid was satisfactorily advertised, the qualification criteria were not unduly restrictive and the price is reasonably comparable to the

market standard, as determined by the Procurement Committee and confirmed by the Tender Committee.

- (viii) In the event of a dispute within the Procurement Committee to determine the successful tenderer, Airport Company shall set up a Review Committee comprising of Chief Financial Officer, Head Legal and Head Procurement who shall resolve such dispute and/or evaluate the Bids and determine the substantially responsive Bid offering the best value for money.

(f) **Award of Contract**

- (i) Airport Company shall award the contract to the Tenderer (a) who has the necessary technical capability and financial resources to undertake the work intended to be awarded pursuant to the Tender; (b) whose Bid is substantially responsive to the Tender Documents; and (c) who in the determination of the Procurement Committee and/or the Airport Company is the most advantageous Tenderer.
- (ii) Detailed contract shall be executed between Airport Company and the successful Tenderer within such time as indicated in the letter of award issued by the Airport Company, subject to compliance with the terms of the Letter of Award by the successful Tenderer and attainment of conditions precedent (if any) within the time period as identified in the Letter of Award.

The Airport Company shall have the right to prescribe such other conditions in the process of Bids as may be deemed appropriate by the Airport Company. The processes laid out in this Procurement Policy shall be in addition to and not in derogation of the process as may be prescribed for electronic tendering on any electronic tendering portal selected by the Airport Company.

2.3 DIRECT PROCUREMENT

2.3.1 Direct procurement may be followed by the Airport Company as the method of procurement of goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges, upon recommendation of the Tender Committee, where such procurement of goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges is not covered by Clause 2.2 (“**Direct Procurement**”).

2.3.2 Under the Direct Procurement method, Airport Company shall identify the source of procurement of goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges and shall negotiate and finalize the contract with the identified vendor/contractor/service provider/sub-licensee/sub-lessee. The Procurement Committee of Airport Company comprising of at least 3 (three) members nominated by the head of the department seeking the relevant procurement shall record the reasons in writing for award of such contract to such particular entity.

2.4 SINGLE SOURCE PROCUREMENT

Single source procurement may be followed by Airport Company as the method of procurement of goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges if any of the following conditions are met:

- (a) The required item is proprietary and obtainable from limited sources and Airport Company has recorded the reasons for procurement from a particular source;
- (b) In case of extreme emergency;
- (c) Extension of existing contracts for goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges, awarded with the prescribed procedures, justifiable on economic grounds;
- (d) Where the work is of confidential in nature and public announcement is not desirable;
- (e) Standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier; and
- (f) Any other unforeseen event which renders following any other process prescribed hereinabove unviable for the Airport Company.

In addition, the Airport Company can procure goods, works, services, sub-lease(s), sub-license(s), or any other rights or privileges from Empanelled Vendors up to a value of INR 25,00,000,000 (Indian Rupees Twenty Five Crores).

2.5 EMPANELMENT

- 2.5.1 At any time, the Airport Company may issue notices calling for interested persons to submit applications for empanelment on the “Panel of Qualified Vendors”.
- 2.5.2 Such notice should contain the brief qualification criteria and list of documents to be submitted along with the application, last date for submission of application, contact details, etc. Upon receipt of applications from interested persons, the documents for empanelment will be distributed to the applicants.
- 2.5.3 The criteria for identifying and evaluating Vendors shall consist of the following, among other relevant parameters:
 - (a) Track record of work;
 - (b) Technical ability;
 - (c) Professional resources, support facilities and subcontractors available;
 - (d) Qualification of key staff;
 - (e) Financial standing (including minimum annual turnover and net worth requirements);
 - (f) Adoption of a Quality Management System;
 - (g) Adoption of health, safety and environment policy;
 - (h) Litigation and arbitration history;
 - (i) Blacklisting by any government entity or the Airport Company or AAI;
 - (j) Security requirements, if any; and
 - (k) Execution capability considering present order booking.

The qualification documents of the applicants will be evaluated by Procurement Committee of Airport Company comprising of atleast 3 (three) members nominated by the head of the department seeking the relevant procurement for a block period of two (2) - three (3) years as decided by the Airport Company. The qualified applicants (“**Empanelled Vendors**”) shall be notified of their empanelment.