

### Techno-Commercial Memorandum of Understanding

In consideration of commercial and technical conditions agreed under our enquiry No. E1453008, this Techno-Commercial Memorandum of Understanding (hereinafter referred as TC-MoU) entered into on this {date} day of {month} year {2025} year at BHEL Bhopal records the understanding as arrived at between

Bharat Heavy Electricals Limited, Bhopal, located at Piplani, Bhopal, Madhya Pradesh, India, a Government of India undertaking with its registered office at BHEL House, Siri Fort, New Delhi-110049 hereinafter called “Purchaser” and will include it’s permitted assigns & legal heirs

AND

\_\_\_\_\_ {Seller name} \_\_\_\_\_ located at \_\_\_\_\_ {Seller address} \_\_\_\_\_ hereinafter referred to as “Seller “ which will include it’s permitted assigns and legal heirs

Now this TC-MoU reads as under

#### Scope of TC-MoU:

This TC-MoU will govern technical and commercial terms except price as could be mutually agreed upon for supply of Cold rolled Grain oriented (CRGO) laminations on finished and stacked in CRGO grade 23HP85<sup>d</sup> of Mill Nippon Steel Corporation, Japan make.

Laminations are required for 400kV & 800kV Converter Transformers for  $\pm 800$ kV, 6000MW HVDC link of Khavda-Nagpur of M/s Powergrid executed by BHEL in JV with Hitachi Energy India Limited. Raw material & finished lamination shall conform to specification 1ZBA111001-1, drawing and other standard documents applicable being provided by Hitachi AB Sweden and shall be identical in all respects e.g. specification, document & quality to that being supplied to M/s Hitachi India against this project.

**Total cut laminations quantity: 4745537 kg -0/+1%**

**Delivery schedule:** One set each of 400 kV (155692kg per set) and 800 kV (202195kg per set) per month i.e., approx. 358 MT per month starting Jan’2026 onwards.

Scope of work includes supply of finished laminations on firm price basis excluding GST, FOR destination BHEL Bhopal inclusive of packing & forwarding with transit Insurance by Seller.

#### Details of Understanding:

The Partners, after due consideration of various aspects have arrived at the following understanding in respect of the supply of CRGO laminations to BHEL unit of Bhopal as per Techno- Commercial Annexure I and II.

- i. TC-MoU agreed will be used for finalization of individual tenders. BHEL will issue limited tender enquiries on single part (price bid only) basis on period basis to Sellers with whom TC-MoU is finalised.
- ii. Technical and commercial conditions agreed under MoU will govern individual tenders and Purchase orders placed against them for piecemeal requirement.
- iii. TC-MoU will be valid for both offline (physical paper bids) and online (e-tendering) enquiries.
- iv. CRGO laminations on finished basis will be supplied to BHEL Bhopal in the manner specified in the enquiry.
- v. TC-MoU will be valid for a period of two years from the date of TC-MoU or complete utilization/ordering of tentative quantity of 4745737 kg -0/+1% of CRGO cut laminations, whichever is earlier.
- vi. BHEL reserve the right to short close the TC-MOU prior to validity period as well as before completion of TC MOU quantity.

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## ANNEXURE -I TECHNICAL TERMS AND CONDITIONS

S No	BHEL Term and condition	Seller-Response
1	Technical terms and condition detailed herein along with BHEL specifications mentioned under scope of MoU will govern supply of CRGO laminations on finished and stacked basis in Grade 23HP85 <sup>d</sup> of Mill Nippon Steel Corporation, Japan make. Laminations are required for 400 & 800kV Converter Transformers for Powergrid HVDC project to be executed by BHEL in JV with Hitachi Energy India Limited. Raw material & finished lamination shall conform to specification 1ZBA111001-1, drawing and other standard documents applicable being provided by Hitachi AB Sweden and shall be identical in all respects e.g. specification, document & quality to that being supplied to M/s Hitachi India against this project.	Agreed
2	BHEL may opt for opening price bids or conduct reverse Auction among qualified Sellers to award tendered quantity after TC-MoU finalization as per extant policy subject to number of bids received.	Agreed
3	Seller will not enter into any illegal or undisclosed agreement or understanding, whether formal or informal with other vendors (s). This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process. In case, the Seller is found having indulged in above activities, suitable action shall be taken by BHEL as per extant policies/ guidelines.	Agreed
4	<b>Raw material source:</b> CRGO laminations are to be made from CRGO steel coils of grade 23HP85 <sup>d</sup> of Mill Nippon Steel Corporation Japan only. Seller should have mill support letter for total quantity proposed to be procured under TC-MoU.	Agreed
5	<b>BIS approval:</b> CRGO lamination processor- Seller shall have valid and operating BIS Certificate of Conformity (CoC) for grades indicated for consideration of offers submitted against individual enquiries under TC-MoU. Any change in BIS status shall be immediately informed to BHEL.	Agreed
6	<b>Powergrid approval:</b> CRGO lamination processor-Seller shall have valid Powergrid approval for 765KV class of transformer on tender opening date of individual enquiries for consideration of offers. Any change in PGCIL status shall be immediately informed to BHEL.	Agreed
7	Laminations are to be cut on CNC cropping line only. CRGO laminations are to be made as per drawing provided for each purchase order. Number of sheets specified per stack per width should be ensured. Stack height is very importance and to be maintained. Clarification should be immediately taken from Transformer Engineering division of BHEL Bhopal, if stack height is not achieved. If total weight of laminations required exceeds PO quantity with permissible tolerance, prior approval shall be obtained from Transformer Engineering. All the limbs, center leg, side leg, yoke and fishes shall be supplied duly stacked in ready to build to core condition. Clarification, if any, to be taken from TRM BHEL Bhopal.	Agreed
8	<b>Quality Plan:</b> Seller shall follow Powergrid approved QAP. Additional manufacturing quality plans if any as per project specific requirement is to be followed and will be provided to Seller at the time of PO placement.	Agreed
9	<b>Packing:</b> (a) Sea Worthy packing to be done for the finished CRGO laminations to avoid any rusting during transit & storage. Laminations to be supplied in metal / wooden pallets on returnable basis. (b) Net weight & Gross weight will be clearly marked on each pallet. BHEL can check & verify the net weight & gross weight on random basis. In case of any discrepancy, Price implication on whole lot will be calculated on pro-rata basis and will be payable by Seller.	Agreed
10	<b>Inspection and Test certificates:</b> (a) Inspection will be as per Powergrid approved QAP. Seller shall submit Mill TC of raw material CRGO coils along with Commercial documents required by Powergrid (like Bill of Lading, Bill of Entry, Commercial invoice, packing list, Country of origin certificate etc.) evidencing purchase of genuine prime CRGO coils for approval from BHEL QC/ Powergrid before processing of job to avoid any quality complaints later. (b) BHEL QC/ Powergrid / TPIA will review TC & commercial documents or inspect coils at Seller's works and accord clearance for processing laminations within 10 days (considering inspection, duration and testing of samples at competent accredited testing lab as per ISO 17025; Certificate shall contain accreditation & Accreditation symbol) of submission of complete mill TC, clarifications and other documents required, if any.	Agreed

	<p>(c) Mill TC shall be as per specification in BHEL PO. No delivery extension requests will be considered in case of delay by Seller in submission of complete documents and clarifications. BHEL will not be responsible for LD penalty due to delay in submission of mill TC or clarifications by Seller.</p> <p>(d) Test results should cover result of tests for mechanical and electrical properties as per specification for each coil / Heat no.</p> <p>(e) Dimensions and tolerances shall be as per specifications and a clause confirming same shall be mentioned clearly in mill TC submitted.</p> <p>(f) Inspection is to be done before (of prime CRGO coils) and after processing (of finished laminations) by Powergrid and BHEL Quality or TPIA. Seller shall give inspection call at least 10 days in advance for both.</p> <p>(g) Raw material and finished laminations testing are in Seller's scope wherever required as per Quality Plan. Inspection of both RM and finished laminations shall be as per Powergrid approved QAP.</p> <p>(h) Maximum Specific total loss and magnetic permeability measurement is by single sheet testing (for domain refined CRGO grades). Samples of raw material &amp; CRGO laminations shall be provided to BHEL for internal testing on Single sheet tester (SST).</p> <p>(i) BHEL reserves the right to get the material source inspected through its own Engineers / Customer/ Third party inspection agency. BHEL may depute person during process of material slitting/cutting/cropping at any time and for any duration at Seller's works for inspection/quality assurance of material.</p> <p>(j) Material shall be tested by BHEL QC after receipt at BHEL for clearance to start the core building. Final inspection for acceptance of material shall be at BHEL works after testing in presence of BHEL and PGCIL/customer (if required) representative during core building stage.</p>	
11	<p><b>Tests and procedures:</b> Test certificate shall clearly indicate following information</p> <p>(a) Seller's name, Grade, identification no. Size and weight, Packet/ bundle no</p> <p>(b) Test results of dimensions and tolerances</p> <p>(c) Details of insulation coating</p> <p>(d) Type test as required</p> <p>(e) Properties of specific total loss of each coil, mechanical and electrical properties for one random coil of each lot</p> <p>(f) Results of chemical composition (for information only).</p>	Agreed
12	<p><b>Supply Capacity:</b> Seller to ensure sufficient capacity is reserved for BHEL to honour TC-MoU and declaration for same should be submitted with signed TC-MoU.</p>	Agreed

## ANNEXURE II- COMMERCIAL TERMS AND CONDITIONS

S No	BHEL Term and condition	Seller-Response
1	General terms and conditions of TC-MoU/ enquiry will be as per BP200102B (latest revision applicable) of BHEL Bhopal as could amended from time to time and mutually agreed upon. BHEL reserves the right to take suitable legal action in case of default.	Agreed
2	<b>Rate:</b> Rates quoted should be on firm basis with delivery at BHEL Bhopal plant (FOR destination) inclusive of freight, transit insurance etc and exclusive of GST.	Agreed
3	<b>Evaluation of Bids:</b> (a) Bids for individual tenders under TC-MoU will be evaluated on basis of total delivered cost at BHEL Bhopal. (b) Exchange rate (SBI TT Selling rate) on bid opening date will be used for evaluation. If relevant day happens to be a bank holiday in India, then exchange rate on previous bank working day will be used for evaluation.	Agreed
4	<b>Delivery period:</b> Delivery shall be within (a) 30 days from PO (indigenous seller) OR (b) 10 days from the date of inspection clearance (CIP-A) of finished laminations at Seller's works by Powergrid & despatch clearance by BHEL , whichever is later. Early deliveries will be acceptable with mutual consent.	Agreed
5	<b>Terms of delivery:</b> F.O.R. BHEL Bhopal on door delivery basis inclusive of freight & transit insurance.	Agreed
6	<b>Payment terms:</b> Payment shall be made within 90 days against receipt and acceptance of material without overdue interest OR within 45 and 60 days against receipt and acceptance of material for Micro/Small and medium enterprises respectively with no bank charges. Udyog Aadhar / Udyam registration is to be submitted with bid by the bidders and is mandatory to avail SME benefit. Benefit of Udyam registration will be governed as per notification s. o 2 11 9 (E) dtd 26.06.20 of Ministry of micro, small and medium enterprise.  In case of any deviation from above payment terms, BHEL reserves the right to reject offer. Even in case offer with deviation in payment terms is accepted by BHEL, it will be commercially loaded at the rate of SBI base rate + 6% for price comparison purposes on cost to BHEL basis as per prevalent policy.	Agreed
7	<b>Penalty for late delivery:</b> Penalty shall be applicable as per GTC BP200102 clause 9. Applicable GST shall also be recoverable from indigenous Seller on amount of LD recovery. Receipt of material at BHEL (CN date) will be taken as proof of delivery for indigenous bidders	Agreed
8	<b>Taxes &amp; Duties:</b> Taxes and duties will be paid extra as applicable on the date/dates of contractual delivery or actual delivery whichever is lower. The indigenous Seller is requested to furnish the rate and type of duty / taxes as extra applicable to the product under this enquiry in their bid (along with details like HSN, SAC codes, GSTIN no. of Seller etc). BHEL will avail tax credit as per GST rules. Seller to note that GST portion of invoice amount shall be released only upon: i. Seller declaring such invoice in his GSTR – 1 and Receipt of goods and tax invoice by the BHEL and ii. Confirmation of payment of GST thereon by Seller on GSTN portal. iii. Above is subject to receipt of goods and tax invoice thereof along with Seller declaring invoice in his return and paying GST within timeline prescribed for availing TC by BHEL.  In case, GST credit is delayed / denied to BHEL due to non / delayed receipt of goods and / or tax invoice or expiry of timeline prescribed in GST law for availing such ITC (Input Tax Credit) or any other reasons not attributable to BHEL, GST amount shall be recoverable from Seller along with interest levied / leviable on BHEL.  In case, Seller delays declaring such invoice in his return and GST credit availed by BHEL is denied or reversed, subsequently as per GST law, GST amount paid by BHEL towards such ITC reversal as per GST law shall be recoverable from Seller along with interest levied / leviable on BHEL. Further, any GST liability arising on BHEL under RCM (Reverse Charge) before actual receipt of goods and / or	Agreed

	invoice thereof would be subject to recovery of interest leviable for the period between the date of such liability and actual date of eligibility of ITC based on receipt of goods, receipt of invoices and other conditions specified in GST law. As per provisions of section 171 of the CGST Act 2017, bidders to pass on the anti-profiteering benefits accruing to them under GST regime to BHEL.													
9	<b>Transit Insurance:</b> Except where delivery terms are agreed on CIF basis for Imports & FOR destination basis for indigenous purchases, transit insurance will be covered by BHEL under its Open Marine Transit Insurance Policy. For indigenous Sellers, all transit risk shall be covered under clause Inland Rail and Road – A (IRR – A).	Agreed												
10	<b>Validity of offer:</b> Offer against any individual tenders covered under TC-MoU shall be valid for a minimum period of 60 days from enquiry due date.	Agreed												
11	Without assigning any reasons thereof, BHEL reserves the right to cancel its requirement in part or full at any stage of the tender finalization or even after finalization of tender. BHEL reserves right to short close the contract for quantities anytime during the tenure of the RC.	Agreed												
12	BHEL/ BHEL's customer has right to audit the Seller's works at any time to see the process /cleanliness / material stocking / material verification/ location of material stock etc. If anything found unsatisfactory, BHEL may take appropriate action as deemed fit. Seller's "Identification Tag" is required inside the packing also in addition to outside packing. When the finished material is received from Seller, BHEL-QC has right to check 100% material. If bend / dent and high burr level or any other quality problem is found, then material will be rejected and Seller have to take back the material within 3 to 4 days and return the rectified finished material. Seller should unload the material in TRM division only after clearance from BHEL-QC.	Agreed												
13	Progress report – Progress report will be required to be sent every week without fail by e-mail to achiranjeevi@bhel.in, jtanwani@bhel.in, madhurendra@bhel.in, vineetsuman@bhel.in, dharmendra2000@bhel.in indicating the status of each purchase order and hold up points, please indicate your e-mail address in your offer without fail.	Agreed												
14	<b>Integrity Pact:</b> <ol style="list-style-type: none"> <li>The integrity pact submitted along with the current rate contract will be considered valid for the duration of TC-MoU.</li> <li>IP is a tool to ensure that activities and transactions between the Company and its Bidders/Contractors are handled in a fair, transparent and corruption free manner. A panel of Independent External Monitors (IEM) has been appointed to oversee implementation of IP in BHEL.</li> <li>The IP as enclosed with the tender is to be submitted (duly signed by authorized signatory who signs in the offer) along with techno-commercial bid. Only those bidders who have entered into such an IP with BHEL would be competent to participate in the bidding. In other words, entering into this Pact would be preliminary qualification. Details of IEMs for this tender is furnished below: <table border="1"> <thead> <tr> <th>Sl.No</th><th>IEM</th><th>Email</th></tr> </thead> <tbody> <tr> <td>1</td><td>Shri Otem Dai, IAS (Retd.)</td><td><a href="mailto:iem1@bhel.in">iem1@bhel.in</a></td></tr> <tr> <td>2</td><td>Shri Bishwamitra Pandey, IRAS (Retd.)</td><td><a href="mailto:iem2@bhel.in">iem2@bhel.in</a></td></tr> <tr> <td>3</td><td>Shri. Mukesh Mittal, IRS (reted.),</td><td><a href="mailto:iem3@bhel.in">iem3@bhel.in</a></td></tr> </tbody> </table> </li> <li>Please refer section-8 of the IP for Role and Responsibilities of IEMs. In case of any complaint arising out of the tendering process, the matter may be referred to the IEM mentioned in the tender.</li> <li>No routine correspondence shall be addressed to IEM (phone/post/email) regarding the clarifications, time extensions or any such administrative queries, etc. on the tender issued. All such clarification/issues shall be addressed directly to the tender issuing (procurement) department.</li> </ol>	Sl.No	IEM	Email	1	Shri Otem Dai, IAS (Retd.)	<a href="mailto:iem1@bhel.in">iem1@bhel.in</a>	2	Shri Bishwamitra Pandey, IRAS (Retd.)	<a href="mailto:iem2@bhel.in">iem2@bhel.in</a>	3	Shri. Mukesh Mittal, IRS (reted.),	<a href="mailto:iem3@bhel.in">iem3@bhel.in</a>	Agreed
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1	Shri Otem Dai, IAS (Retd.)	<a href="mailto:iem1@bhel.in">iem1@bhel.in</a>												
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3	Shri. Mukesh Mittal, IRS (reted.),	<a href="mailto:iem3@bhel.in">iem3@bhel.in</a>												
15	<b>Fraud Prevention Policy:</b> Fraud prevention Policy of BHEL is to be complied with (attached).	Agreed												
16	<b>Compliance to MAKE IN INDIA circular issued by Gol:</b> "For this procurement, Public Procurement (Preference to Make in India), Order 2017 dated 15.06.2017, 28.05.2018 and subsequent Orders issued by the respective Nodal Ministry shall be	Agreed												

	<p>applicable even if issued after issue of this NIT but before finalization of contract/ PO/ WO against this NIT. In the event of any Nodal Ministry prescribing higher or lower percentage of purchase preference and/ or local content in respect of this procurement, same shall be applicable “</p> <p>To avail purchase preference under Make In India guidelines, Seller should be categorized as Class 1 supplier. For a Seller to be classified as Class 1 supplier, bidder shall have to submit annexure – IV with seal and sign duly ratified / verified by statutory auditor or cost auditor of the company (in case of companies) or from a practicing-chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.</p>	
17	<b>Model conciliation:</b> Seller to provide acceptance to BHEL’s model conciliation clause as per attached annexure – D	Agreed
18	Declaration (annexure – E) by Seller about the <b>participation of sister concerns</b> in tender enquiry	Agreed

## ANNEXURE III: CHECKLIST

S No	BHEL Term and condition	Seller- Response
1	Confirmation to quote on basis of FOR BHEL BHOPAL (inclusive of packing & forwarding, Insurance, transportation charges, Rate exclusive of GST only)	Accepted
2	Acceptance to supply laminations on finished and stacked basis in Grade 23HP85 <sup>d</sup> of Mill- Nippon Steel Corporation, Japan make in line with specification 1ZBA111001-1.	Accepted
3	Acceptance for TC MoU quantity: 4745537 kg -0/+1% tolerance	Accepted
4	Confirmation- the UOM (Unit of Measurement) & currency in which you have quoted – i.e. INR / kg.	Accepted (in INR/kg USD/kg)
5	<b>Confirmation for delivery period as per clause 04 of Annexure II</b>	Accepted
6	Confirmation for acceptance of Penalty clause as per GTC BP 200102B and clause 06 of Annexure-II	Accepted
7	Acceptance to general terms and conditions as per Annexure BP 200102B (latest revision) available on B2B website.	Accepted
8	Acceptance of inspection by BHEL/ BHEL's customer as per <b>clause 10 of Annexure I</b>	Accepted
9	Acceptance of Standard payment term of BHEL as per General Terms and conditions <b>and clause 06</b> of Annexure II	Accepted
10	Acceptance of tender conditions as techno commercial MOU with validity of 2 years from date of finalization of TC MOU or utilisation of full TC-MoU quantity including tolerance, whichever is later	Accepted
11	Validity of rate quoted for the individual tenders to be covered under TC MOU will be 60 days from date of opening of price bids.	Accepted
12	Acceptance to integrity Pact (IP)	Accepted
13	Acceptance to Conflict of Interest clause	(sign & sealed copy submitted)
14	Acceptance to Fraud Prevention Policy	Accepted
15	Acceptance to Model Conciliation Clause for Conduct of Conciliation under the BHEL Conciliation Scheme, 2018	(sign & sealed copy submitted)
16	MSME status of Seller (Udyam Aadhar to be submitted)	Micro/ Small/ Medium
17	Single point contact for BHEL Order processing	Contact person name: Mobile No.: Email:-
	<i>(strike off what is not applicable)</i>	

**MAKE IN INDIA format (to be filled by OeMs of the participating bidders)****BHARAT HEAVY ELECTRICALS LIMITED, BHOPAL****MATERIAL MANAGEMENT – STEEL DIVISION**

*For this Procurement, Government of India Public Procurement (Preference to Make in India), Order 2017 with its amendments and subsequent Orders issued by the respective nodal ministries shall be applicable even if issued after issue of this NIT but before finalization of contract/PO/WO against this NIT.*

*As per the Provisions of this order, please submit **a self-certification complying with the conditions below on company letterhead duly signed by competent authority.***

I \_\_\_\_\_, hereby declare on behalf of M/s. \_\_\_\_\_ that we are participating in the Enquiry No. \_\_\_\_\_ floated by BHEL, Bhopal (MP), India and shall comply with following:

1. Public Procurement (Preference to Make in India), Order 2017 *with its amendments* and subsequent Orders issued by the respective nodal ministries shall be applicable even if issued after issue of this NIT but before finalization of contract/PO/WO against this NIT.

(a) A supplier will be treated as **“Class-I Local Suppliers”**, if the items quoted by bidder have local content equal to or more than 50%.

(b) **‘Local Content’** means the amount of value added in India, which shall be total value of item quoted (excluding net domestic indirect taxes) minus the value of imported content in the item (including all custom duties) as a proportion of the total value, **in percent**.

2. I hereby declare that our firm qualifies as **“Class-I Local Suppliers”**.

**a. The Local Content in the items quoted under this Enquiry is \_\_\_\_\_ Percent**

**b. Details of location(s) in India where this value addition shall be done, is/are as follows:**

- (a) \_\_\_\_\_  
 (b) \_\_\_\_\_  
 (c) \_\_\_\_\_

( \_\_\_\_\_ )

For M/s.

\_\_\_\_\_

(Seal & Sign)



## Annexure-1

**INTEGRITY PACT****Between**

Bharat Heavy Electricals Ltd. (BHEL), a company registered under the Companies Act 1956 and having its registered office at "BHEL House", Siri Fort, New Delhi - 110049 (India) hereinafter referred to as "The Principal", which expression unless repugnant to the context or meaning hereof shall include its successors or assigns of the ONE PART

**and**

\_\_\_\_\_ (description of the party along with address), hereinafter referred to as "The Bidder/ Contractor" which expression unless repugnant to the context or meaning hereof shall include its successors or assigns of the OTHER PART

**Preamble**

The Principal intends to award, under laid-down organizational procedures, contract/s for TC-MOH

AA p02 E1453072 for CRGO Laminates for MS HVDC project (KN)  
 \_\_\_\_\_ (hereinafter referred to as "Contract"). The Principal values full compliance with all relevant laws of the land, rules and regulations, and the principles of economic use of resources, and of fairness and transparency in its relations with its Bidder(s)/ Contractor(s).


In order to achieve these goals, the Principal will appoint panel of Independent External Monitor(s) (IEMs), who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

**Section 1- Commitments of the Principal**

- 1.1 The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles: -
  - 1.1.1 No employee of the Principal, personally or through family members, will in connection with the tender for, or the execution of a contract, demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
  - 1.1.2 The Principal will, during the tender process treat all Bidder(s) with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential/ additional information through which the Bidder(s) could obtain an advantage in relation to the tender process or the contract execution.
  - 1.1.3 The Principal will exclude from the process all known prejudiced persons.
- 1.2 If the Principal obtains information on the conduct of any of its employees which is a penal offence under the Indian Penal Code 1860 and Prevention of Corruption Act 1988 or any other statutory penal enactment, or if there be a substantive suspicion in this regard, the Principal will inform its Vigilance Office and in addition can initiate disciplinary actions.

**Section 2 - Commitments of the Bidder(s)/ Contractor(s)**

- 2.1 The Bidder(s)/ Contractor(s) commit himself to take all measures necessary to prevent corruption. The Bidder(s)/ Contractor(s) commits himself to observe the following principles during participation in the tender process and during the contract execution.

- 
- 2.1.1 The Bidder(s)/ Contractor(s) will not, directly or through any other person or firm, offer, promise or give to the Principal or to any of the Principal's employees involved in the tender process or the execution of the contract or to any third person any material, immaterial or any other benefit which he/ she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.
- 2.1.2 The Bidder(s)/ Contractor(s) will not enter with other Bidder(s) into any illegal or undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process.
- 2.1.3 The Bidder(s)/ Contractor(s) will not commit any penal offence under the relevant Indian Penal Code (IPC) and Prevention of Corruption Act; further the Bidder(s)/ Contractor(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
- 2.1.4 Foreign Bidder(s)/ Contractor(s) shall disclose the name and address of agents and representatives in India and Indian Bidder(s)/ Contractor(s) to disclose their foreign principals or associates. The Bidder(s)/ Contractor(s) will, when presenting his bid, disclose any and all payments he has made, and is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.
- 2.2 The Bidder(s)/ Contractor(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.
- 2.3 The Bidder(s)/ Contractor(s) shall not approach the Courts while representing the matters to IEMs and shall await their decision in the matter.

### **Section 3 - Disqualification from tender process and exclusion from future contracts**

If the Bidder(s)/ Contractor(s), before award or during execution has committed a transgression through a violation of Section 2 above, or acts in any other manner such as to put his reliability or credibility in question, the Principal is entitled to disqualify the Bidder(s)/ Contractor(s) from the tender process, terminate the contract, if already awarded, exclude from future business dealings and/ or take action as per the separate "Guidelines on Banning of Business dealings with Suppliers/ Contractors", framed by the Principal.

### **Section 4 - Compensation for Damages**


- 4.1 If the Principal has disqualified the Bidder (s) from the tender process before award / order acceptance according to Section 3, the Principal is entitled to demand and recover the damages equivalent to Earnest Money Deposit/ Bid Security.
- 4.2 If the Principal is entitled to terminate the Contract according to Section 3, or terminates the Contract in application of Section 3 above, the Bidder(s)/ Contractor (s) transgression through a violation of Section 2 above shall be construed breach of contract and the Principal shall be entitled to demand and recover from the Contractor an amount equal to 5% of the contract value or the amount equivalent to Security Deposit/ Performance Bank Guarantee, whichever is higher, as damages, in addition to and without prejudice to its right to demand and recover compensation for any other loss or damages specified elsewhere in the contract.

**Section 5 - Previous Transgression**

- 5.1 The Bidder declares that no previous transgressions occurred in the last 3 (three) years with any other company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprise in India that could justify his exclusion from the tender process.
- 5.2 If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason or action can be taken as per the separate "Guidelines on Banning of Business dealings with Suppliers/ Contractors", framed by the Principal.

**Section 6 - Equal treatment of all Bidder (s)/ Contractor (s) / Sub-contractor (s)**


- 6.1 The Principal will enter into Integrity Pacts with identical conditions as this Integrity Pact with all Bidders and Contractors.
- 6.2 In case of Sub-contracting, the Principal Contractor shall take the responsibility of the adoption of Integrity Pact by the Sub-contractor(s) and ensure that all Sub-contractors also sign the Integrity Pact.
- 6.3 The Principal will disqualify from the tender process all Bidders who do not sign this Integrity Pact or violate its provisions.

**Section 7 - Criminal Charges against violating Bidders/ Contractors /Subcontractors**

If the Principal obtains knowledge of conduct of a Bidder, Contractor or Subcontractor, or of an employee or a representative or an associate of a Bidder, Contractor or Subcontractor which constitutes corruption, or if the Principal has substantive suspicion in this regard, the Principal will inform the Vigilance Office.

**Section 8 -Independent External Monitor(s)**

- 8.1 The Principal appoints competent and credible panel of Independent External Monitor (s) (IEMs) for this Integrity Pact. The task of the IEMs is to review independently and objectively, whether and to what extent the parties comply with the obligations under this Integrity Pact.
- 8.2 The IEMs are not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He reports to the CMD, BHEL.
- 8.3 The IEMs shall be provided access to all documents/ records pertaining to the Contract, for which a complaint or issue is raised before them as and when warranted. However, the documents/records/information having National Security implications and those documents which have been classified as Secret/Top Secret are not to be disclosed.
- 8.4 The Principal will provide to the IEMs sufficient information about all meetings among the parties related to the Contract provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the IEMs the option to participate in such meetings.

- 
- 8.5 The advisory role of IEMs is envisaged as that of a friend, philosopher and guide. The advice of IEMs would not be legally binding and it is restricted to resolving issues raised by a Bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some Bidders. At the same time, it must be understood that IEMs are not consultants to the Management. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organization.
- 8.6 For ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process or during execution of Contract, the matter should be examined by the full panel of IEMs jointly, who would look into the records, conduct an investigation, and submit their joint recommendations to the Management.
- 8.7 The IEMs would examine all complaints received by them and give their recommendations/ views to the CMD, BHEL at the earliest. They may also send their report directly to the CVO, in case of suspicion of serious irregularities requiring legal/ administrative action. Only in case of very serious issue having a specific, verifiable Vigilance angle, the matter should be reported directly to the Commission. IEMs will tender their advice on the complaints within 30 days.
- 8.8 The CMD, BHEL shall decide the compensation to be paid to the IEMs and its terms and conditions.
- 8.9 IEMs should examine the process integrity, they are not expected to concern themselves with fixing of responsibility of officers. Complaints alleging mala fide on the part of any officer of the Principal should be looked into by the CVO of the Principal.
- 8.10 If the IEMs have reported to the CMD, BHEL, a substantiated suspicion of an offence under relevant Indian Penal Code / Prevention of Corruption Act, and the CMD, BHEL has not, within reasonable time, taken visible action to proceed against such offence or reported it to the Vigilance Office, the IEMs may also transmit this information directly to the Central Vigilance Commissioner, Government of India.
- 8.11 After award of work, the IEMs shall look into any issue relating to execution of Contract, if specifically raised before them. As an illustrative example, if a Contractor who has been awarded the Contract, during the execution of Contract, raises issue of delayed payment etc. before the IEMs, the same shall be examined by the panel of IEMs. Issues like warranty/ guarantee etc. shall be outside the purview of IEMs.
- 8.12 However, the IEMs may suggest systemic improvements to the management of the Principal, if considered necessary, to bring about transparency, equity and fairness in the system of procurement.
- 8.13 The word 'Monitor' would include both singular and plural.

#### Section 9 - Pact Duration

- 9.1 This Integrity Pact shall be operative from the date this Integrity Pact is signed by both the parties till the final completion of contract for successful Bidder, and for all other Bidders 6 months after the Contract has been awarded. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.
- 9.2 If any claim is made/ lodged during currency of this Integrity Pact, the same shall be binding and continue to be valid despite the lapse of this Pact as specified above, unless it is discharged/ determined by the CMD, BHEL.



**Section 10 - Other Provisions**

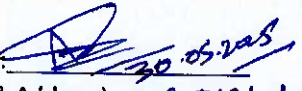
- 10.1 This Integrity Pact is subject to Indian Laws and exclusive jurisdiction shall be of the competent Courts as indicated in the Tender or Contract, as the case may be.
- 10.2 Changes and supplements as well as termination notices need to be made in writing.
- 10.3 If the Bidder(s)/ Contractor(s) is a partnership or a consortium or a joint venture, this Integrity Pact shall be signed by all partners of the partnership or joint venture or all consortium members.
- 10.4 Should one or several provisions of this Integrity Pact turn out to be invalid, the remainder of this Integrity Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.
- 10.5 Only those bidders / contractors who have entered into this Integrity Pact with the Principal would be competent to participate in the bidding. In other words, entering into this Integrity Pact would be a preliminary qualification.
- 10.6 In the event of any dispute between the Principal and Bidder(s)/ Contractor(s) relating to the Contract, in case, both the parties are agreeable, they may try to settle dispute through Mediation before the panel of IEMs in a time bound manner. In case, the dispute remains unresolved even after mediation by the panel of IEMs, either party may take further action as the terms & conditions of the Contract. The fees/expenses on dispute resolution through mediation shall be shared by both the parties. Further, the mediation proceedings shall be confidential in nature and the parties shall keep confidential all matters relating to the mediation proceedings including any settlement agreement arrived at between the parties as outcome of mediation. Any views expressed, suggestions, admissions or proposals etc. made by either party in the course of mediation shall not be relied upon or introduced as evidence in any further arbitral or judicial proceedings, whether or not such proceedings relate to the dispute that is the subject of mediation proceedings. Neither of the parties shall present IEMs as witness in any Alternative Dispute Resolution or judicial proceedings in respect of the dispute that was subject of mediation.

  
विनीत सुमन / VINEET SUMAN

For & On behalf of the Principal  
वरिष्ठ प्रबंधक / Sr. Manager  
सी.एम.एस. - स्टील विभाग / CMM-Steel Division  
(Office Seal)  
बी.एच.ई.एल., भोपाल / B.H.E.L., BHOPAL

Place BHEL Bhopal

Date 20/05/22

Witness:   
(Name & Address) ATUL KUMAR  
CMM-Steel BHEL Bhopal

For & On behalf of the Bidder/ Contractor  
(Office Seal)

Witness: \_\_\_\_\_  
(Name & Address) \_\_\_\_\_

**ANNEXURE TO MODEL CONCILIATION CLAUSE FOR CONDUCT OF  
CONCILIATION UNDER THE BHEL CONCILIATION SCHEME, 2018**

**BRIEF PROCEDURE FOR CONDUCT OF CONCILIATION PROCEEDINGS**

1. The proceedings of Conciliation shall broadly be governed by Part-III of the Arbitration and Conciliation Act 1996 or any statutory modification thereof and as provided herein:
2. The party desirous of resorting to Conciliation shall send an invitation/notice in writing to the other party to conciliate specifying all points of Disputes with details of the amount claimed. The party concerned shall not raise any new issue thereafter. Parties shall also not claim any interest on claims/counter-claims from the date of notice invoking Conciliation till the conclusion of the Conciliation proceedings.
3. The party receiving the invitation/notice for Conciliation shall within 30 days of receipt of the notice of Conciliation intimate its consent for Conciliation along with its counter-claims, if any.
4. The Conciliation in a matter involving claim or counter-claim (whichever is higher) up to Rs 5 crores shall be carried out by sole Conciliator nominated by BHEL while in a matter involving claim or counter-claim (whichever is higher) of more than Rs 5 crores Conciliation shall be carried out by 3 Conciliators nominated by BHEL.
5. The Parties shall be represented by only their duly authorized in-house executives/officers and neither Party shall be represented by a Lawyer.
6. The first meeting of the IEC shall be convened by the IEC by sending appropriate communication/notice to both the parties as soon as possible but not later than 30 days from the date of his/their appointment. The hearings in the Conciliation proceeding shall ordinarily be concluded within two (2) months and, in exceptional cases where parties have expressed willingness to settle the matter or there exists possibility of settlement in the matter, the proceedings may be extended by the IEC by a maximum of further 2 months with the consent of the Parties subject to cogent reasons being recorded in writing.

7. The IEC shall thereafter formulate recommendations for settlement of the Disputes supported by reasons at the earliest but in any case within 15 days from the date of conclusion of the last hearing. The recommendations so formulated along with the reasons shall be furnished by the IEC to both the Parties at the earliest but in any case within 1 month from the date of conclusion of the last hearing.
8. Response/modifications/suggestions of the Parties on the recommendations of the IEC are to be submitted to the IEC within time limit stipulated by the IEC but not more than 15 days from the date of receipt of the recommendations from the IEC.
9. In the event, upon consideration, further review of the recommendations is considered necessary, whether by BHEL or by the other Party, then, the matter can be remitted back to the IEC with request to reconsider the same in light of the issues projected by either/both the Parties and to submit its recommendations thereon within the following 15 days from the date of remitting of the case by either of the Parties.
10. Upon the recommendations by the Parties, with or without modifications, as considered necessary, the IEC shall be called upon to draw up the Draft Settlement Agreement in terms of the recommendations.
11. When a consensus can be arrived at between the parties only in regard to any one or some of the issues referred for Conciliation the draft Settlement Agreement shall be accordingly formulated in regard to the said Issue(s), and the said Settlement Agreement, if signed, by the parties, shall be valid only for the said issues. As regards the balance issues not settled, the parties may seek to resolve them further as per terms and conditions provided in the contract.
12. In case no settlement can be reached between the parties, the IEC shall by a written declaration, pronounce that the Conciliation between the parties has failed and is accordingly terminated.
13. Unless the Conciliation proceedings are terminated in terms of para 22 (b), (c) & (d) herein below, the IEC shall forward his/its recommendations as to possible terms of settlement within one (1) month from the date of last hearing. The date of first hearing of Conciliation shall be the starting date for calculating the period of 2 months.

14. In case of 3 members IEC, 2 members of IEC present will constitute a valid quorum for IEC and meeting can take place to proceed in the matter after seeking consent from the member who is not available. If necessary, videoconferencing may be arranged for facilitating participation of the members. However, the IEC recommendations will be signed by all members. Where there is more than one (1) Conciliator, as a general rule they shall act jointly. In the event of differences between the Members of IEC, the decision/recommendations of the majority of the Members of IEC shall prevail and be construed as the recommendation of the IEC.
15. The Draft Settlement Agreement prepared by the IEC in terms of the consensus arrived at during the Conciliation proceedings between the Parties shall be given by the IEC to both the parties for putting up for approval of their respective Competent Authority.
16. Before submitting the draft settlement agreement to BHEL's Competent Authority viz. the Board Level Committee on Alternative Dispute Resolution (BLCADR) for approval, concurrence of the other party's Competent Authority to the draft settlement agreement shall be obtained by the other party and informed to BHEL within 15 days of receipt of the final draft settlement agreement by it. Upon approval by the Competent Authority, the Settlement Agreement would thereafter be signed by the authorized representatives of both the Parties and authenticated by the members of the IEC.
17. In case the Draft Settlement Agreement is rejected by the Competent Authority of BHEL or the other Party, the Conciliation proceedings would stand terminated.
18. A Settlement Agreement shall contain a statement to the effect that each of the person(s) signing thereto (i) is fully authorized by the respective Party(ies) he/she represents, (ii) has fully understood the contents of the same and (iii) is signing on the same out of complete freewill and consent, without any pressure, undue influence.
19. The Settlement Agreement shall thereafter have the same legal status and effect as an arbitration award on agreed terms on the substance of the dispute rendered by an arbitral tribunal passed under section 30 of the Arbitration and Conciliation Act, 1996.
20. Acceptance of the Draft Settlement Agreement/recommendations of the Conciliator and/or signing of the Settlement Agreement by



BHEL shall however, be subject to withdrawal/closure of any arbitral and/or judicial proceedings initiated by the concerned Party in regard to such settled issues.

21. Unless otherwise provided for in the agreement, contract or the Memorandum of Understanding, as the case may be, in the event of likelihood of prolonged absence of the Conciliator or any member of IEC, for any reason/incapacity, the Competent Authority/Head of Unit/Division/Region/Business Group of BHEL may substitute the Conciliator or such member at any stage of the proceedings. Upon appointment of the substitute Conciliator(s), such reconstituted IEC may, with the consent of the Parties, proceed with further Conciliation into the matter either de-novo or from the stage already reached by the previous IEC before the substitution.
22. The proceedings of Conciliation under this Scheme may be terminated as follows:
  - a. On the date of signing of the Settlement agreement by the Parties; or,
  - b. By a written declaration of the IEC, after consultation with the parties, to the effect that further efforts at conciliation are no longer justified, on the date of the declaration; or,
  - c. By a written declaration of the Parties addressed to the IEC to the effect that the Conciliation proceedings are terminated, on the date of the declaration; or,
  - d. By a written declaration of a Party to the other Party and the IEC, if appointed, to the effect that the Conciliation proceedings are terminated, on the date of the declaration.
  - e. On rejection of the Draft Settlement Agreement by the Competent Authority of BHEL or the other Party.

23. The Conciliator(s) shall be entitled to following fees and facilities:

<b>Sl No</b>	<b>Particulars</b>	<b>Amount</b>
1	Sitting fees	Each Member shall be paid a Lump Sum fee of Rs 75,000/- for the whole case payable in terms of paragraph No. 27 herein below.
2	Towards drafting of settlement agreement	In cases involving claim and/or counter-claim of up to Rs 5crores. Rs 50,000/- (Sole Conciliator)

<b>Sl No</b>	<b>Particulars</b>	<b>Amount</b>
		<p>In cases involving claim and/or counter-claim of exceeding Rs 5 crores but less than Rs 10 crores. Rs 75,000 (per Conciliator) In cases involving claim and/or counter-claim of more than Rs 10 crores.</p> <p>Rs 1,00,000/- (per Conciliator)</p> <p>Note: The aforesaid fees for the drafting of the Settlement Agreement shall be paid on</p> <p>Signing of the Settlement Agreement after approval of the Competent Authority or</p> <p>Rejection of the proposed Settlement Agreement by the Competent Authority of BHEL.</p>
3	Secretarial expenses	<p>Rs 10,000/- (one time) for the whole case for Conciliation by a Sole Member IEC.</p> <p>Where Conciliation is by multi member Conciliators –Rs 30,000/- (one time)- to be paid to the IEC</p>
4	<p>Travel and transportation and stay at outstation</p> <p>i) Retired Senior Officials of other Public Sector Undertakings (pay scale wise equivalent to or more than E-8 level of BHEL)</p>	<p>As per entitlement of the equivalent officer (pay scale wise) in BHEL.</p>

	Others	As per the extant entitlement of whole time Functional Directors in BHEL.
<b>Sl No</b>	<b>Particulars</b>	<b>Amount</b>
		Ordinarily, the IEC Member(s) would be entitled to travel by air Economy Class.
5	Venue for meeting	Unless otherwise agreed in the agreement, contract or the Memorandum of Understanding, as the case may be, the venue/seat of proceedings shall be the location of the concerned Unit / Division / Region / Business Group of BHEL. Without prejudice to the seat/venue of the Conciliation being at the location of concerned BHEL Unit / Division / Region / Business Group, the IEC after consulting the Parties may decide to hold the proceedings at any other place/venue to facilitate the proceedings. Unless, Parties agree to conduct Conciliation at BHEL premises, the venue is to be arranged by either Party alternately.

24. The parties will bear their own costs including cost of presenting their cases/evidence/witness(es)/expert(s) on their behalf. The parties agree to rely upon documentary evidence in support of their claims and not to bring any oral evidence in IEC proceedings.
25. If any witness(es) or expert(s) is/are, with the consent of the parties, called upon to appear at the instance of the IEC in connection with the matter, then, the costs towards such witness(es)/expert(s) shall be determined by the IEC with the consent of the Parties and the cost so determined shall be borne equally by the Parties.
26. The other expenditures/costs in connection with the Conciliation proceedings as well as the IEC's fees and expenses shall be shared by the Parties equally.

27. Out of the lump sum fees of Rs 75,000/- for Sitting Fees, 50% shall be payable after the first meeting of the IEC and the remaining 50% of the Sitting Fees shall be payable only after termination of the conciliation proceedings in terms of para 22 hereinabove.
28. The travelling, transportation and stay at outstation shall be arranged by concerned Unit as per entitlements as per Serial No. 3 of the Table at para 23 above, and in case such arrangements are not made by the BHEL Unit, the same shall be reimbursed to the IEC on actuals limited to their entitlement as per Serial No. 4 of the Table at Para 23 above against supporting documents. The IEC Member(s) shall submit necessary invoice for claiming the fees/reimbursements.
29. The Parties shall keep confidential all matters relating to the conciliation proceedings. Confidentiality shall extend also to the settlement agreement, except where its disclosure is necessary for purposes of its implementation and enforcement or as required by or under a law or as per directions of a Court/Governmental authority/ regulatory body, as the case may be.
30. The Parties shall not rely upon or introduce as evidence in any further arbitral or judicial proceedings, whether or not such proceedings relate to the Disputes that is the subject of the Conciliation proceedings:
- a. Views expressed or suggestions made by the other party in respect of a possible settlement of the Disputes;
  - b. admissions made by the other party in the course of the Conciliator proceedings;
  - c. proposals made by the Conciliator;
  - d. The fact that the other Party had indicated his willingness to accept a proposal for settlement made by the Conciliator.
31. The Parties shall not present the Conciliator(s) as witness in any Alternative Dispute Resolution or Judicial proceedings in respect of a Disputes that is/was the subject of that particular Conciliation proceeding.
32. None of the Conciliators shall act as an arbitrator or as a representative or counsel of a Party in any arbitral or judicial proceeding in respect of a Disputes that is/was the subject of that particular Conciliation proceeding.

33. The Parties shall not initiate, during the Conciliation proceedings, any arbitral or judicial proceedings in respect of a Disputes that is the subject matter of the Conciliation proceedings except that a Party may initiate arbitral or judicial proceedings where, in his opinion, such proceedings are necessary for preserving his rights including for preventing expiry of period of limitation. Unless terminated as per the provisions of this Scheme, the Conciliation proceedings shall continue notwithstanding the commencement of the arbitral or judicial proceedings and the arbitral or judicial proceedings shall be primarily for the purpose of preserving rights including preventing expiry of period of limitation.
34. The official language of Conciliation proceedings under this Scheme shall be English unless the Parties agree to some other language.

**Format 2 to BHEL Conciliation Scheme, 2018**

**FORMAT FOR SEEKING CONSENT FOR REFERRING THE DISPUTES TO  
CONCILIATION THROUGH IEC**

To,

M/s. (Stakeholder's name)

**Sub: Resolution of the Disputes through conciliation by Independent  
Expert Committee (IEC).**

Ref: Contract No/MoU/Agreement/LOI/LOA& date \_\_\_\_\_.

Sir,

With reference to above referred Contract/MoU/Agreement/LOI/LOA, you have raised certain Disputes/claims. Vide your letter dated\_\_\_\_ you have requested BHEL to refer the Disputes/claims to IEC for Conciliation.

We are enclosing herewith Format (3) for giving consent and the terms and conditions of BHEL Conciliation Scheme, 2018 governing conciliation through IEC. You are requested to give your unconditional consent to the said terms and conditions of the Scheme by returning the same duly sealed and signed on each page. On receipt of your consent, matter will be put to the Competent Authority for consideration and decision.

Please note that BHEL has also certain claims against you (if applicable). BHEL reserves its right to agree or not to agree conciliation of the said disputes through BHEL and this letter is being issued without prejudice to BHEL's rights and contentions available under the contract and law.

Yours faithfully,

**Representative of BHEL**

**Format 3 to BHEL Conciliation Scheme, 2018**  
**FORMAT FOR GIVING CONSENT BY**  
**CONTRACTOR/VENDOR/CUSTOMER/COLLABORATOR/CONSORTI**  
**UM PARTNERS FOR REFERRING THE DISPUTES TO CONCILIATION**  
**THROUGH IEC**

To,

BHEL

.....

**Sub: Resolution of Disputes through Conciliation by Independent Expert Committee (IEC).**

Ref: Contract/MoU/Agreement/LOI/LOA No      & date\_\_\_\_\_

With reference to above referred contract, our following bills/invoices/claims submitted to BHEL are still unpaid giving rise to Disputes:

SL. no.	Claim Description	Bill submitted to BHEL (no. and date)	Amount of the bill/claim	Amount received from BHEL	Outstanding Amount

Accordingly we request you to kindly refer the Disputes in respect of above claims to IEC for Conciliation.

We hereby agree and give our unconditional consent to the terms and conditions of BHEL Conciliation Scheme, 2018 governing conciliation through IEC. We have signed the same on each page and enclosed it for your consideration.

Yours faithfully,

**(Signature with stamp)**

**Authorized Representative of Contractor**  
**Name, with designation**  
**Date**

**Format 5 to BHEL Conciliation Scheme, 2018**

**STATEMENT OF CLAIMS/COUNTER CLAIMS TO BE SUBMITTED TO  
THE IEC BY BOTH THE PARTIES**

1. Chronology of the Disputes
2. Brief of the Contract/MoU/Agreement/LOI/LOA
3. Brief history of the Disputes:
4. Issues:

5. Details of Claim(s)/Counter Claim(s):

<b>SI. No.</b>	<b>Description of claim(s)/Counter Claim</b>	<b>Amount (in INR)Or currency applicable in the contract</b>	<b>Relevant contract clause</b>

6. Basis/Ground of claim(s)/counter claim(s) (along with relevant clause of contract)

**Note**– *The Statement of Claims/Counter Claims may ideally be restricted to maximum limit of 20 pages. Relevant documents may be compiled and submitted along with the statement of Claims/Counter Claims. The statement of Claims/Counter Claims is to be submitted to all IEC members and to the other party by post as well as by email.*



DECLARATION BY VENDOR

We declare that the following family firms or sister concern affiliates / subsidiary firms are participating in the tender No E.....:

1.0 .....

2.0 .....

3.0 .....

.....

I ....., hereby declare on behalf of M/s ..... and the family firms or sister concern affiliates / subsidiary firms listed above that we are not indulging in cartel formation for Enquiry No E.....

(.....)

For M/s .....

(Seal & Sign)

# **BHEL FRAUD PREVENTION POLICY**

## **1.0 Introduction**

BHEL, a public sector enterprise, is an integrated power plant equipment manufacturer and one of largest engineering and manufacturing company in India engaged in design, engineering, manufacturing, construction, testing, commissioning and servicing of a wide range of products and services for core sectors of the economy viz. Power, Transmission, Industry, Transportation, Renewable energy, Oil & Gas and Defense.

All organizations are subject to risks of fraud. Frauds negatively impact the reputation and brand value of organization. Vigilant handling of fraud cases within organisation sends clear signals to the public, stakeholders and regulators about the management attitude towards fraud risks and organisation's fraud risk tolerance.

All levels of management, staff, internal and external auditors have responsibility for dealing with fraud risk.

Section 143(3) (i) of the Company Act, 2013 requires auditors to report about the adequacy of internal Financial controls in the Company and the operating effectiveness of such controls. Further, as per General Direction issued by C&AG vide circular No. 294/CA-II/Cord/A/cs instructions/30-2008 dated 22.04.2010, auditors are required to comment on Risk of Frauds in their reports.

BHEL has already put in place various policies, systems and procedures to guide employees for undertaking various transactions within and outside organisation to conduct the same in a transparent & uniform manner e.g. Purchase Policy, Works Policy along with Delegation of Powers (DOP), HR Policy, Conduct, Discipline and Appeal Rules for employees, Standing Orders etc. Keeping in view the BHEL approach in following Corporate Governance principles proactively, it is appropriate that a Fraud Prevention Policy is formulated and implemented

## **2.0 Policy Objectives**

2.1 Objective of the Policy is to provide a system for detection, prevention and reporting of a fraud detected or suspected; and handling of such matters pertaining to fraud.

2.2 The Policy is expected to ensure and provide for the following:

2.2.1 To ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud when it occurs.

## BHEL FRAUD PREVENTION POLICY

2.2.2 To provide a clear guidance to employees and others dealing with BHEL forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity;

2.2.3 To conduct investigations into fraudulent or suspected fraudulent activities; and

2.2.4 To provide assurance that any and all suspected fraudulent activity/ activities will be fully investigated.

2.2.5 To provide training on fraud prevention and identification.

### 3.0 Scope of Policy

The policy applies to fraud or suspected fraud in connection with business transactions with BHEL committed by employees, ex-employees working as advisors/ consultants, persons engaged on adhoc / temporary/ contract basis, vendors, suppliers, contractors, customers, lenders, consultants, service providers, any outside agencies or their employees/ representatives, or any other parties.

### 4.0 What is Fraud?

4.1 Fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or perpetrator achieving a gain.

4.2 As per Section.447(1) of The Companies Act, 2013 Fraud is defined as follows:

- **"fraud"** in relation to affairs of a company or anybody corporate, includes (a) any act, (b) omission, (c) concealment of any fact or (d) abuse of position committed by any person or any other person with the connivance in any manner -
  - with intent to deceive,
  - to gain undue advantage from, or
  - to injure the interests of the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss
- **"Wrongful gain"** means the gain by unlawful means of property to which the person gaining is not legally entitled.
- **"Wrongful loss"** means the loss by unlawful means of property to which the person losing is legally entitled.

## **BHEL FRAUD PREVENTION POLICY**

### **5.0 Actions Constituting Fraud**

5.1 While fraudulent or suspected fraudulent activity could have a very wide range of coverage, the following are some of the act(s) which constitute fraud.

5.2 The list given below is only illustrative and not exhaustive:-

5.2.1 Forgery or unauthorised alteration of any document or account belonging to the Company

5.2.2 Forgery or unauthorised alteration of cheque, bank draft, E-banking transaction(s) or any other financial instrument etc.

5.2.3 Misappropriation of funds, securities, supplies or others assets by fraudulent means etc.

5.2.4 Falsification of records, submitting fake claims or claims with altered documents / supporting, removing the documents from the files and / or replacing it by a fraudulent one etc.

5.2.5 Wilful suppression of facts/deception in matters of appointment, placements, submission of reports, tender committee recommendations etc. as a result of which a wrongful gain(s) is/are made to one and wrongful loss(s) to the others.

5.2.6 Utilizing Company funds / assets for personal or other than official purposes.

5.2.7 Verification and authorization / certification of bills for payment (goods / services) without completion of supply / completion of works as per Purchase Order / Work Order.

5.2.8 Destruction, disposition, removal of records or any other assets of the Company with an ulterior motive to manipulate and misrepresent the facts so as to create suspicion/suppression/cheating as a result of which objective assessment/decision would not be arrived at.

5.2.9 Wilful delay in reporting recoveries / adjustments from suppliers / vendors bills.

5.2.10 Allowing / unauthorized use of Company assets by outsiders like vendors / suppliers / sub-contractors.

5.2.11 Any other act that falls under the gamut of fraudulent activity.

# **BHEL FRAUD PREVENTION POLICY**

## **6.0 Responsibility for Fraud Prevention**

6.1 Following personnel's are responsible to ensure that there is no fraudulent act committed by them while performing any business transaction(s) with BHEL:

- Every employee
- Ex-employee working as advisor / consultant
- Person engaged on adhoc/temporary/contract basis
- Vendor / supplier / contractor / bidder / service provider
- Customer / Consultant
- Lender
- Any outside agency / their representative / employee who have a business relationship with BHEL

6.2 As soon as it is learnt that a fraud or suspected fraud has taken or is likely to take place, same should immediately be reported to Nodal officer

## **7.0 Nodal Officers and their Responsibility**

### **7.1 Nodal Officer**

Nodal officers shall be notified by management. All Direct Reporting Officers (DROs) to Unit Head / Construction Managers to be designated as Nodal Officers. List of Nodal Officer(s) would be displayed at BHEL web site / Intranet.

### **7.2 Fraud Prevention and Detection**

All Nodal Officers shall be responsible for implementing the Fraud Prevention Policy of the Company and prevention and detection of fraud as per this Policy. It is the responsibility of all Nodal Officers to ensure that complete mechanism in respect of Fraud Prevention Policy is in place within his administrative / functional area of control.

#### **7.2.1 Fraud Prevention**

7.2.1.1 Create an ethical and transparent environment by training and implementing policies, guidelines and procedures.

7.2.1.2 Familiarise each employee with the types of improprieties that might occur in their area.

7.2.1.3 Educate employees regarding the measures to be taken for prevention and detection of fraud.

## **BHEL FRAUD PREVENTION POLICY**

7.2.1.4 Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.

7.2.1.5 Promote awareness among the employees of ethical principles subscribed to by the Company through CDA Rules/Standing orders.

7.2.1.6 Maintain record of complaints/cases received and submit annual report to Nodal Officer in Corporate Finance.

### **7.2.2 Fraud Detection**

Ensure that along with preventive controls, Detective mechanism are also in place. Some examples of detective mechanism are segregation of duties, reconciliation, audits, independent reviews, physical inspection, periodic inventory check, surprise checks etc.

## **8.0 Reporting of Fraud**

8.1 All employees of BHEL, representative of vendors, suppliers, contractors, consultants, service providers or any other agencies doing any type of business with BHEL as soon as he / she comes to know of any fraud or suspected fraud or any other fraudulent activity must report such incident. Such reporting shall be made to the designated Nodal Officers.

The reporting of the fraud normally should be in writing. In case the reporter is not willing to furnish a written statement of fraud but is in position to give sequential and specific transaction of fraud / suspected fraud, then the officer receiving the information/Nodal Officer should record such details in writing as narrated by the reporter and also maintain the details about the identity of the official/ employee / other person reporting such incident.

In case the reporter ask for protection, the protection available under Clause 5.0 of Whistle Blower Policy of Company notified vide Corporate HR Circular no. 024/LLX/2014 dated 16.09.2014 shall be extended to the reporter.

8.2 All reports of fraud or suspected fraud shall be handled with utmost speed and shall be coordinated by Nodal Officers

8.3 Officer receiving input about any suspected fraud / Nodal officers shall ensure that all relevant records, documents and other evidence are immediately taken into custody and protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official under his influence.

## **BHEL FRAUD PREVENTION POLICY**

### **9.0 Investigating Procedure**

9.1 The "Nodal Officer" shall act as co-ordinator and refer the details of the fraud/suspected fraud to Unit head for intimating the same to the concerned Director. The Director after considering report of Nodal Office / Unit head may refer the case to Internal Auditor (IA) or Corporate Vigilance for further investigation.

9.2 This input would be in addition to the intelligence, information and investigation of cases of fraud being investigated by the Vigilance Deptt. on their own as part of their day to day functioning.

9.3 After completion of the investigation, appropriate action which could include administrative action, disciplinary action, civil or criminal action or closure of the matter if it is proved that fraud is not committed etc. depending upon the outcome of the investigation shall be undertaken.

9.4 Vigilance Department or IA shall report to concerned Director the result of the investigation undertaken by them to seek orders for further action.

### **10.0 Incorporation of Fraud Prevention Policy in Tenders /MOUs etc.**

10.1 A clause may be added in all the NITs that

"The Bidder along with its associate/collaborators/sub-contractors/sub-vendors/ consultants/ service providers shall strictly adhere to BHEL Fraud Prevention Policy displayed on BHEL website <http://www.bhel.com> and shall immediately bring to the notice of BHEL Management about any fraud or suspected fraud as soon as it comes to their notice."

10.2 Fraud Prevention policy and List of Nodal Officers shall be hosted on BHEL web site, vendor portals of Units/ Regions intranet.

### **11.0 Administration and Review of the Policy**

The Chairman and Managing Director, BHEL shall be the Appropriate Authority for administration and revision of this Policy.