

ANNEXURE-M

In Principle Memorandum of Understanding between M/s BHEL and GT OEM M/s _____ For M/s GAIL Gandhar Project

This "In principle Memorandum of Understanding" (hereinafter referred to as "**MoU**") is made and entered into between

M/s Bharat Heavy Electricals Limited, a company registered in India under the Indian Companies Act, 1956 and having its registered office at BHEL House, Siri fort, New Delhi-110049 and inter-alia a manufacturing unit located at Ramachandrapuram, Hyderabad, Telangana, India (hereinafter referred to as "BHEL" which expression unless repugnant to the context or meaning hereof shall mean and include its successors and permitted assigns)

AND

M/s _____, a company registered in and having its principal place of business at _____ (hereinafter referred to as "M/s _____" which expression shall, unless repugnant or contrary to the context, be deemed to include its successors and permitted assigns

BHEL & M/s _____ are herein after individually referred to as "a Party" and collectively as "the Parties".

PREAMBLE

WHEREAS, M/s. GAS AUTHORITY OF INDIA. (GAIL), (here in after referred to as "Customer") has a tender " ICB No.: _____ for GAS TURBINE DRIVEN CENTRIFUGAL COMPRESSOR PACKAGE PROJECT, located at Gandhar ,Gujarat State ,India on LSTK Basis .(here in after referred to as the "Project")

WHEREAS, BHEL, a leading engineering manufacturing company in India, is inter-alia engaged in engineering and supply of Gas Turbine Generator, Steam Turbines Generator & Auxiliaries etc. For the present project, BHEL is the EPC Bidder.

WHEREAS M/s _____ is a leading engineering manufacturing company inand is inter-alia engaged in engineering and supply of Gas Turbine ,Generator and Auxiliaries.

Whereas BHEL and M/s _____ to synergize their strengths, potentials and capabilities agreed to cooperate with each other to participate in the Project and collaborate with each other for the Project and perform the Contract for the execution of the Project, in the event such is awarded to BHEL .

WHEREAS M/s _____ has submitted a bid to BHEL which was opened on _____, based on which BHEL will be submitting the bid to the Customer.

WHEREAS, the Parties have decided to enter into this "In principle MoU" which sets forth their respective rights and obligations with respect to the Project and each other.

In Principle ,the parties agree as under:

1. To co-operate with each other in terms of this MoU to jointly perform the said Customer Contract, if awarded to BHEL in accordance with the terms and conditions as set out below.
2. The Parties agree to work together in good faith and in the event BHEL being successful in its bid to the Customer, BHEL and M/s _____ shall together to agree upon Terms and Conditions with Customer, on basis of which, BHEL shall place the Purchase Order on “Back to Back basis” on M/s _____ for the scope applicable to M/s . _____. Externally, BHEL shall act as the contracting party of the Customer and, in particular, be the signatory of the Tender and the Customer Contract with the Customer.
3. In the event of price reduction during negotiation between BHEL and the Customer, any corresponding reduction of price related with M/s _____ scope shall be discussed and same reduction will be passed on to M/s _____.
4. BHEL shall be liable to the Customer for the obligations under the Customer Contract. M/s _____ shall be responsible for all obligations for their scope of work under the Customer Contract as well as BHEL Purchase Order placed on M/s _____ after award of Customer Order on BHEL.
5. BHEL with the support of M/s _____ shall be responsible for the integration, coordination and completeness of the entire Scope of Work under the Customer Contract. M/s _____ and BHEL shall be responsible for the performance guarantees of their respective scope of work as per Customer Contract.
6. Parties intend to enter into a detailed MOU based on terms and conditions finally settled with Customer on “Back to Back basis” at a later date before release of PO from BHEL on M/s _____

Bharat Heavy Electricals Limited, BHEL, Ramachandrapuram Hyderabad, India- 502032 Date :	M/s _____ Date :
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