

**BHARAT HEAVY ELECTRICALS LIMITED**

**TIRUCHIRAPPALLI**



**OUTSOURCING**

**OUTSOURCING WITH BHEL MATERIAL (OSB)**

**NIT: 2023OSB024**

**TENDER ENQUIRY FOR OUTSOURCING  
“H-Fin Welding to Carbon Steel Tubes for  
Adani Mundra Project with BHEL’s  
materials (OSB model)” AS PER BHEL’s  
DRAWINGS, BHEL’s QUALITY WORK  
INSTRUCTIONS (QWIs), AND TECHNICAL  
SPECIFICATIONS.**



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**LIST OF ABBREVIATIONS USED IN TECHNO COMMERCIAL BID AND THEIR DESCRIPTION:**

S.NO	ABBREVIATION	DESCRIPTION
1	AS	Alloy Steel
2	CS	Carbon Steel
3	UB	Universal Beam
4	RS	Rate Schedule
5	PGMA	Product Group Main Assembly
6	DC	Delivery Challan
7	DR	Dimension Report
8	IR	Inspection Report
9	NS	Nature of Supply
10	DU	Despatch-able Unit
11	MPI	Magnetic Particle Inspection
12	LPI	Liquid Penetrant Inspection
13	FMAS	Final Material Accounting Statement
14	PMAS	Provisional Matl. Accounting Statement
15	QP	Quality Plan
16	GMS	Group Manufacturing Specifications
17	QCP	Quality Control Procedure
18	QWI	Quality Work Instructions
19	SRV / GR	Stores Receipt Voucher / Goods Receipt
20	IAWTV	Inter Ancillary Work Transfer Voucher
21	RSV	Return Stores Voucher
22	IAMTV	Inter Ancillary Material Transfer Voucher
23	DTS	Direct To Site
24	FRS	Fabrication Rate Schedule
25	PRS	Painting Rate Schedule
26	SRS	Shot Blasting Rate Schedule
27	SCM	Subcontracting-Machining
28	PMD	Product Material Directory
29	EPS	E-Procurement System



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## **SECTION I**

### **TECHNO-COMMERCIAL TERMS & CONDITIONS**

#### **1.0 INTRODUCTION**

**1.1** Outsourcing/BHEL/Tiruchirappalli invites offers from subcontractors for **H-Fin Welding to Carbon Steel Tubes for Adani Mundra Project** out of materials issued by BHEL and as per BHEL's Drawings, Quality Work Instructions (QWIs) and Technical Specifications.

**1.2** This is a **Two-Part** bid E-tender Enquiry consisting of **Techno Commercial bid** and **Price bid**.

#### **2.0 TENDER QUANTITY**

**2.1** Rate Schedule wise quantity details covered in this tender enquiry is given below:

RS	Rate Schedule (RS) Description	Finning Length (Meter) Tolerance $\pm 20\%$	Wt. (Kg)	UoM	Load Distribution	Indicative Drawing/Variant
RS01	Double tube with H-fin – 25mm pitch Carbon steel tube (OD44.5 X 6.35 SA210 GRC) + Fin (SHEET 3 MM – IS513 Gr.EDD)	9,643	2,52,256	Meter	L1: 100%	1-19-824-2965/01
RS02	Single tube with H-fin – 25mm pitch Carbon steel tube (OD44.5 X 6.35 SA210 GRC) + Fin (SHEET 3 MM – IS513 Gr.EDD)	3,896	60,254	Meter	L1: 100%	1-19-824-2965/04
<b>Total</b>		<b>13,539</b>	<b>3,12,510</b>			

**Note:** Rate to be quoted in Rs. per Meter.

Rate quoted by Vendor shall be exclusive of GST.

No Extra Rates shall be paid for Joints.

#### **3.0 SCOPE OF WORK BY VENDOR**

**3.1** BHEL shall deliver the Tubes at Vendor's Work. Transportation of Tubes from BHEL to Vendor's Work is in the scope of BHEL.

**3.2** Raw material for Fins shall be procured by the Vendor as per grade and specification indicated in Rate Schedule (RS) Description.

**3.3** Vendor shall fabricate the Fin and Vendor shall Weld the Fin on the Tube by Resistance Welding. This shall be done as per BHEL's Drawings and in accordance with BHEL's approved Quality Plans.

**3.4** One set of tube for each Rate Schedule shall be given as extra to the Vendor for parametric setting and destructive testing at Vendor's Work.

**3.5** Inspection shall be done by BHEL/Quality Control (QC) with necessary documents. **Refer Section I A for details.**

**3.6** Vendor shall hand over the fabricated job to BHEL at their Works with relevant IR, DC & IBR documents.

**3.7** BHEL shall collect the Finned Tubes from Vendor's Work and bring it to BHEL. Transportation of Finned Tubes from Vendor's Work to BHEL is in the scope of BHEL.

#### **4.0 RATE SCHEDULES**

**4.1** Rate schedules above relates to a group of PGMA's consisting of similar nature and content of



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work.

**4.2** Purchase Order (PO) shall be placed on subcontractors by way of Rate Schedule (RS) identified as per above table.

**5.0 RATES**

**5.1** Rate(s) to be quoted by Vendor in the respective rate schedules shall be based on the scope of work given in this tender enquiry. (Note: Quoted rate shall be exclusive of GST. GST shall be paid extra.)

**5.2** Price shall be quoted in the Price Bid Format given in EPS portal.

**5.3** The subcontractor shall submit an **all-inclusive quote** on **Rs. per UOM** basis as **NO extra charges** are applicable.

**6.0 ELIGIBILITY TO QUOTE IN A RATE SCHEDULE**

**6.1** Vendors have to be technically qualified as per **Annexure A**, Including Financial soundness i.e. **Annexure B**.

**6.2** Financially, in general, the fabricator shall have 'Access to, or possess available liquid assets and other financial means sufficient to meet the fabrication requirement and Bank Guarantee (BG) requirements for the jobs'.

**6.3 To check the Financial strength of the participating Vendor, following documents have to be submitted as detailed in Annexure B:**

- Copy of GST registration, PAN, Partnership Deed, Certificate of Incorporation etc. as the case may be. (**For details kindly refer Annexure B**)
- Audited copies of annual reports (Balance Sheet and P&L account) with CA membership number for the last three years. If the bidder is established within the last 3 years, the Audited copies of annual reports (Balance Sheet and P&L account) with CA membership number till the last financial year.
- Latest IT Return copies for the last 3 years. If the bidder is established within the last 3 years, IT Return copies till the last financial year.
- **Solvency Certificate** from Bank (with Banker's seal and Authorized signature with Name and contact details) shall be submitted along with their offer. Solvency Certificate for Credit Limit shall be for cumulative value of 50% of material value for Rate Schedules quoted by the Firm for the respective L1 quantum as tabulated below:

RS No.	RS Description	UOM	Quantity (±20%)	Material Value (In Rs. Lakhs)	Load distribution	Solvency Value (50% of material value for L1 Qty.) [In Rs. Lakhs]
RS01	Double tube with H-fin – 25mm pitch Carbon steel tube (OD44.5 X 6.35 SA210 GRC) + Fin (SHEET 3 MM – IS513 Gr.EDD)	Meter	9643 M	151.58	L1:100%	76
RS02	Single tube with H-fin – 25mm pitch Carbon steel tube (OD44.5 X 6.35 SA210 GRC) + Fin (SHEET 3 MM – IS513 Gr.EDD)	Meter	3896 M	36.52	L1:100%	19

E.g.: If a Vendor quotes for **RS01** and **RS02**, Solvency certificate to be submitted is for Rs. 95 Lakhs (Rs. 76 Lakhs for RS01 + Rs. 19 Lakhs for RS02)

- The solvency certificate submitted along with their offer should be within **3 months** from the date of Part I Opening of this tender enquiry.



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- List of Consortium Banks from whom participating Vendors can obtain the required solvency certificate is given as per **Section Va**.
- **Note:** For a new bidder who is unable to submit Balance Sheet and IT Return copies, Solvency certificate issued by the bank for a value as given above and Copy of GST registration, PAN, Partnership Deed, Certificate of Incorporation etc. (as the case may be) is to be submitted by the bidder while submitting their offer.
- In case a Vendor doesn't meet the requirement as outlined in **Annexure B** wrt Financial Soundness then the offer of such Vendors is liable to be rejected.
- Also, Rate Schedule(s) for which the participating Vendors becomes eligible (after evaluation) alone shall be considered for price bid opening. Rate schedules for which participating vendors are not eligible, the offer submitted by the Vendor for such rate schedule(s) shall be rejected.

**7.0 VALIDITY OF OFFER**

- 7.1** The offer submitted by subcontractor shall be valid up to **3 Months** for finalization of contract from the date of tender opening.

**8.0 VALIDITY OF CONTRACT**

Contract shall be entered into with eligible Vendor(s). The contract thus signed shall be valid for ordering up to **1 Month** from the date of finalization of Contract. Hence, offer of Lowest bidder as well as acceptance of Counter offered rate (if applicable) shall be valid for ordering till Validity of contract. Moreover, validity of contract is subject to further extension with mutual consent. PO(s) placed under this contract shall be governed by the T&C's of this tender till the completion of PO.

**9.0 FIRM PRICE**

- 9.1** The quoted / finalized rates shall be firm till the validity of the contract finalized based on this tender or execution of the supplies, whichever is later. Conditional offers shall be rejected.
- 9.2** Any other work not covered, but incidental to the completion of job, shall be deemed to be part of the quote.

**10.0 EVALUATION OF QUOTED PRICE**

- 10.1** Evaluation currency shall be **INR**.
- 10.2** Price quoted by subcontractor in tender enquiry in respective Rate Schedules will be evaluated on "Landed cost to BHEL" basis as per the following formula:

***Landed cost = Total cost (Based on Quoted price for Scope of Work) + Freight Cost + Applicable Taxes net of ITC (GST-ITC)***

- *Rate shall be quoted in **Rs. per UoM** for the Scope of Work as given in the Tender Enquiry.*
- Quoted rate shall be exclusive of GST.



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- 10.3** Subcontractor quoting the lowest rates for the Rate Schedule as per the above formula will be declared as the lowest bidder for that particular Rate Schedule. **(Note: Quoted rate shall be exclusive of GST).**
- 10.4** Sub-contractor is advised not to quote '0' (zero) against any rate schedule. Zero quoted as a rate will not be considered as a valid quote and the same shall be ignored. Suppliers who do not wish to quote for any particular rate schedule are advised to leave the space blank for that particular rate schedule in the price bid.
- 10.5** The applicable unit of measurement shall be given in the Price Bid Format and subcontractor shall quote the rate(s) with reference to the Unit of Measurement (UoM). (i.e. Rs. per UoM). **Subcontractor is requested to exercise utmost caution to take care of UoM while quoting the rate(s).**
- 11.0 REVERSE AUCTION**
- 11.1** BHEL shall be resorting to Reverse Auction (RA) (Guidelines as available on [www.bhel.com](http://www.bhel.com)) for this tender. RA shall be conducted among the Techno- Commercially qualified bidders. Price bids of all Techno-Commercially qualified bidders shall be opened and same shall be considered for RA. In case any bidder(s) do(es) not participate in online Reverse Auction, their sealed envelope Price Bid along with applicable loading, if any, shall be considered for ranking.
- 11.2** After completion of RA, price per UOM quoted by the bidders in RA and in E-Procurement Portal shall be consolidated. Lowest of the price quoted by a subcontractor for each RS shall be considered. Prices thus consolidated shall be sorted in ascending from lowest to highest price for each RS.
- 11.3** For each RS, subcontractor with the lowest rate per UOM shall be declared as L1 subcontractor for that RS. Bid with the next highest evaluated cost shall be ranked L2, and the next be L3, and so on.
- 11.4** In case of tie in the lowest bidder (L1 bidder) in a tender enquiry, revised reduced price offer (price offer after discount) will be obtained from the tied L1 subcontractors. In case tie persists even after submission of revised prices by the respective subcontractors, the final L1 subcontractor shall be decided by tie-breaking through lot system (manual/electronic) in the presence of the respective L1 bidder(s) or their representative(s). In case any tied L1 subcontractor do not submit revised offer or submits increased price in revised offer for tie breaking, then original quoted rate shall be considered for further evaluation. The final ranking will be done accordingly. BHEL's decision in such situations shall be final and binding.
- 11.5** BHEL reserves right to re-float or short close one or more rate schedules or cancel the tender if L1 rate(s) is/are not acceptable or due to any other reasons.



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## 12.0 DISTRIBUTION OF LOAD

RS	Rate Schedule (RS) Description	UOM	Finning Length (In Meter)	Load distribution
RS01	<b>Double tube with H-fin – 25mm pitch</b> Carbon steel tube (OD44.5 X 6.35 SA210 GRC) + Fin (SHEET 3 MM – IS513 Gr.EDD)	Meter	<b>9643 Meter</b>	L1:100%
RS02	<b>Single tube with H-fin – 25mm pitch</b> Carbon steel tube (OD44.5 X 6.35 SA210 GRC) + Fin (SHEET 3 MM – IS513 Gr.EDD)	Meter	<b>3896 Meter</b>	L1:100%
		<b>TOTAL</b>	<b>13539 Meter</b>	

- 12.1** The quantum indicated for each ranking position in the load distribution is subject to a tolerance of **±20%**.
- 12.2** PO(s) shall be placed subject to availability of potential with BHEL. However, BHEL does not guarantee ordering of any minimum quantity for any Firm and BHEL reserves the right to short-close the quantum indicated against a RS.
- 12.3** Firm who is declared as L1 subcontractor for a particular RS shall mandatorily undertake the job awarded against such RS. In case the Firm does not accept to execute the job, action shall be initiated against the Firm as per BHEL's Guidelines for Suspension of Business Dealings with Supplier/Contractor and also as per **Clause 22.10 to 22.19** of **Section I** of this NIT.
- 12.4** In case a subcontractor fails to execute PO(s) placed after accepting to execute a quantum of load for a RS, action shall be initiated against the Firm as per BHEL guidelines for suspension of business dealings with supplier/contractor and also as per **Clause 22.10 to 22.19**.
- 12.5** After P.O. placement, in case the subcontractor fails /refuses to execute the above quantum given for a subcontractor as per Contract / PO terms, BHEL shall take alternate action for procurement of the item at the risk and cost of the default subcontractor with notice to the subcontractor. The additional expenditure / difference in cost, if any, including consequential cost shall be recovered from the defaulted subcontractor.

## 13.0 ORDERING

- 13.1** Purchase Orders (POs) shall be placed immediately on the eligible subcontractors after contract finalization.
- 13.2** Purchase Orders (POs) shall be placed subject to availability of potential with BHEL. However, BHEL does not guarantee ordering of any minimum quantity for any Firm and BHEL reserves the right to short-close the quantum indicated against a RS.



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- 13.3** Subcontractor is cautioned that, in case, after Price Bid opening but before placement of order, subcontractor withdraws his/her offer or varies it in any manner within the validity period, then suitable action as per extant Guidelines for Suspension of Business Dealings with Suppliers/Contractors may be taken. An abridged version of above said guidelines are available on BHEL's website: <https://www.bhel.com/supplier-registration>.
- 13.4** The Subcontractor shall undertake all jobs awarded to them and execute them to the satisfaction of BHEL. Failure to comply with this requirement shall be dealt in line with latest revision of BHEL's Guidelines for Suspension of Business Dealings with Suppliers/Contractors.
- 13.5** In case it is found later at any stage after placement of P.O. on a Subcontractor that facilities required for the job are not available in working condition at Subcontractor's works, BHEL has the right to withdraw the order without compensation of any kind of loss to Subcontractor due to such withdrawal of orders. Action on default subcontractors shall be taken by BHEL as per **Clause 22.10 to 22.19** and/or BHEL's Guidelines for Suspension of Business Dealings with Suppliers/Contractors.
- 14.0 DELIVERY TERMS**
- 14.1** The delivery period for each PO line item shall be fixed based on any one of the following, whichever is later.
- **30 Days** from P.O date (or)
  - **30 Days** from the last material clearance date of the Original MIVs
- 14.2** The Delivery Challan (DC) accompanying the finished / semi-finished fabrications is to be acknowledged by BHEL as proof of receipt for Payment & Billing.
- 15.0 RAW MATERIAL ISSUE AND ACCOUNTAL**
- 15.1** The subcontractor shall ensure completion of Purchase Orders in all respects including Material Accounting within 365 days from the date of issue of the first material from Stores/BHEL/Trichy. This is a statutory requirement and must be strictly complied with. In case PO could not be completed within 365 days from the date of first issue of raw material due to subcontractor's default, the amount payable by BHEL to Government (i.e. GST @ 18% of input material value + applicable interest for 365 days) will be recovered from the subcontractor as penalty. The recovery / penalty will be calculated separately for each material gate pass wherever the period crosses 365 days under a purchase order/ contract.
- 15.2** The weights of P.O. items as per GMS shall be the basis for accounting of the raw materials issued. The raw materials shall be issued with a process allowance of 3% for Sheets and 4% for Plates. This includes an invisible wastage of 2% for Sheets and Plates.
- 15.3** For Structural items such as Beam, Channel, Angle, UC, UB, rods, Pipes etc., 1% is allowed towards process allowance; this includes invisible wastage.
- 15.4 SCRAP & OFFCUT NORMS:** Scrap and Off-cut materials are categorized based on the material size after utilization of prime material (i.e. material issued by BHEL) for fabrication job. The size details for designating a material as scrap or off-cut is as given below:



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Sl. No	Description	Scrap Size (in mm)	Offcut (in mm)
01	CS/AS Sheets & Plates	Below 500 x 250	500 x 250 & above
02	Rolled sections, Rod, angles etc. (other than tubes, pipes)	Below 1000	1000 & above
03	Tubes and pipes	Below 500	500 & above
04	Universal Column	Below 1000	1000 & above
05	SS Sheets & Plates	Below 500 x 250	500 x 250 & above
06	SS Structural, Rods, Tubes, Pipes	Below 250	250 & above
07	Non – ferrous: sheet & plate, rods & tubes	Below 500 x 250 (S & PL), Below 250 (Rods & Tubes)	500 x 250 & above, 250 & above
08	Big size Scrap applicable only for CS & AS (sheets & Plates)	(2500 & above) x (150 to 249)	-

- 15.5** All balance materials (off cut) shall be handed over to BHEL at Vendor's Work. Transportation of off cut materials from Vendor's Work to BHEL is in the scope of BHEL.
- 15.6** Scraps including that of Stainless Steel shall not be returned to BHEL.
- 15.7** Recovery of the cost of the scrap along with GST and other statutory levies, if any, shall be made from the sub-contractor.
- 15.8 SCRAP RECOVERY RATES:** The rate(s) for recovery on account of scrap material is as per **Section I B**. Scrap rates shall be valid and remain fixed for all PO(s) placed after finalization of contract.
- 15.9** Wherever attested materials are issued, the balance materials are to be handed over to BHEL in the attested condition only. Transportation of the balance materials from Vendor's Work to BHEL is in the scope of BHEL.
- 15.10** The material rejected as PDO (Part Disposition Order) due to faulty workmanship of Subcontractor shall entail recovery of the cost of prime material as in **Clause 15.18** below. In addition, conversion and service charges shall also be recovered in case of Part-Processed item.
- 15.11** The material rejected as PDO due to reasons other than faulty workmanship of Subcontractor shall be returned to BHEL Stores, failing which recovery shall be made as per **Clause 15.18**.
- 15.12** The Subcontractor should properly utilize materials issued by BHEL/Tiruchirappalli as per the Drawings/QWIs/PO in order to meet design and quality requirements of the product.
- 15.13 CUTTING PLAN:** After material issue, if applicable, the Subcontractor should submit cutting plan (if applicable) through VIS within **15 days** from the date of material issue. Subcontractor should submit Cutting Plan along with layout and joint details (if applicable) before GR for all the materials issued.



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- 15.14** However, in working out such economic cutting plans, it is to be ensured that the details as prescribed in each QWIs are adhered to. After the approval of the Cutting Plans, any balance material available from the issues made either in original or in supplementary shall be returned to BHEL. Transportation of the balance materials from Vendor's Work to BHEL is in the scope of BHEL. The Cutting Plans as approved by OS/BHEL shall be kept at Subcontractor's premises for a minimum period of 3 years from date of cutting plan approval. They should be made available whenever required by BHEL officials or representatives of BHEL. It should be ensured that the jobs are fabricated and welds are made as per the layout of approved cutting plans.
- 15.15** Whenever fabrication is done without proper approved cutting plans, the excess issue over and above the net weight shall attract recovery as prime material as per **Clause 15.18**.
- 15.16** Any clarification in the approved cutting plan should be sought by the Subcontractor before processing of the raw material. For any approved cutting plans, if the corresponding item is undergoing changes in GMS, drawing or net weight of purchase order, Subcontractor should not proceed with processing the material without appropriate revision being done to the approved cutting plan.
- 15.17** In case joint is specified in the approved cutting plan by BHEL, necessary quality requirements such as WPS should be adhered to by the Subcontractor.
- 15.18** Failure to return the prime / offcut material / material rejected as PDO shall entail recovery of the value of material as fixed by BHEL from time to time which is inclusive of departmental/financing charges, etc. In addition, statutory taxes, duties and levies as applicable shall also be recovered.
- 15.19** Normally, all the indirect materials falling within the scope of the fabricator for doing the job is to be taken care of by the fabricator themselves.
- 15.20** For the purpose of material accountability after the completion of a particular purchase order in total, BHEL shall generate a provisional MAS (PMAS) next day and the same shall be intimated to the subcontractor through B2B. Any discrepancy such as weight mismatch, DU correction, variation in off-cut and scrap quantum as indicated in the PMAS, IAMTV regularization, RSV return, etc., should be reconciled / settled with the concerned sections of Outsourcing with necessary proof of documents within 15 days from the date of completion of purchase order. If reconciliation is not done within 15 days, it shall be deemed that PMAS is correct in all respects. On 18th day from PO completion, FMAS shall be raised. Recovery shall be posted on 25th day from the date of PO completion. Once FMAS is generated, no correction shall be entertained. FMAS shall be displayed to the subcontractor in B2B portal, and no issue of hard copies of PMAS & FMAS shall be made available.
- 15.21** Recovery towards unreturned balance material as per FMAS shall be done as per BHEL norms along with applicable statutory levies from the Subcontractor. Hence, any correction after the generation of the FMAS shall not be entertained. After the issue of FMAS, the purchase order shall be treated as closed in all respects; therefore, requests toward refund of recovery shall not be entertained.



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**15.22** The Subcontractor shall be responsible for prompt material accounting. Repeated occurrence of inordinate delay in returning and settling the material accounts shall entitle BHEL the right to terminate the contract forthwith or to impose a temporary suspension on further loading at the discretion of BHEL.

***Custody of materials issued by BHEL to Subcontractor:***

- i. The raw materials / components issued to the Subcontractor in connection with the contract shall remain the property of BHEL, Tiruchirappalli. The Subcontractor shall use the above materials / components only for the execution of BHEL's POs for which the materials have been issued, and for no other purpose whatsoever. The Subcontractor shall be responsible for the full value thereof to be assessed by BHEL, Tiruchirappalli whose decision shall be binding on the Subcontractor.
- ii. The Subcontractor shall be liable for the loss or damage to such property from whatever the cause may be while such property is in the possession or under the control of the Subcontractor, their employees, workmen or agents or any other person connected with the Subcontractor. **All the materials of BHEL, Tiruchirappalli shall under no circumstance be sold/hypothecated to any bank or to any lending institution or to any party whomsoever.** Such materials should not be shown as the Subcontractor's assets in any of the statements of the Subcontractor to any party.
- iii. The Subcontractor shall produce the materials supplied by BHEL, Tiruchirappalli in the form of raw material, semi-finished boiler components to BHEL officials visiting the Subcontractor's unit for verification purposes.
- iv. Inventory statement has to be submitted every month by the Subcontractor for the materials issued. If the Subcontractor fails to produce or properly account the materials so issued, BHEL, Tiruchirappalli shall have the right to take further action as deemed fit including recovery of the value of the materials along with the respective administrative charges and statutory levies from the running bills of the Subcontractor and/or temporary suspension of load and/or termination of contract and/or de-listing to initiate action against the firm as per BHEL guidelines for suspension of business dealings with supplier/contractor and also as per **Clause 22.10 to 22.19 of Section I** of this NIT.
- v. Any act of Subcontractor resulting in dishonest misappropriation or conversion of the materials / components so issued for his own use shall constitute the offence of Civil / Criminal Breach of Trust under Indian Penal Code and/or such other offences under any other provisions of law and the Contractee (BHEL) shall have every right to proceed against the Subcontractor under Civil/Criminal Law in order to ensure proper punishment to such perpetrator(s) for the said offence(s). In such cases, BHEL shall take all necessary steps to recover the material available with those firms.
- vi. Wherever availability of material / components becomes critical for certain work orders, BHEL, Tiruchirappalli shall transfer the balance material available with the Subcontractor from one Subcontractor to the other. For this, necessary credit shall be given during material accounting. The material transfer request emanating from BHEL, Tiruchirappalli is to be honored immediately or otherwise, recovery shall be made at the prime material cost + other charges. Any difficulty for effecting such transfer shall be brought to the knowledge of BHEL officials immediately.



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- vii. Based on prior approval of BHEL, Firm shall make their own arrangement for raw material, sub delivery and consumables to value limited to Rs 10,000 for each PO in case the same is not available for issue from BHEL stores depending on dispatch criticality. BHEL / QC shall clear the use of such materials based on TC / test reports, where necessary.

**15.23** The materials/components rejected as PDO (Part Disposition Order) due to faulty workmanship of Subcontractor shall entail recovery of the cost of prime material as in **Clause 15.18**.

**15.24** The material rejected as PDO due to reasons other than faulty workmanship of Subcontractor shall be returned to BHEL Stores, failing which recovery shall be made as per **Clause 15.18**.

**16.0 TECHNICAL REQUIREMENTS**

**16.1** The fabrications shall strictly conform to dimensions and tolerances indicated in the drawings. Care must be taken to strictly adhere to the 'NOTE' given in the drawings. Subcontractor must ensure that correct dimensions and deviations, if any, are recorded properly in the D.R. books, and the same shall be made available to BHEL officials or their authorized agencies.

**16.2** Welding electrodes shall be sourced only from the approved sources of BHEL. List of approved sources is as per **Section VII**.

**16.3** Normal packing shall be made by the Subcontractor to avoid any transit damages. The quoted rate shall be inclusive of this packing.

**16.4** Any other work carried out other than the requirements of Drawings/QWIs shall have the prior written approval of BHEL, Tiruchirappalli.

**16.5** Adequate facilities like welding equipments, baking oven, handling facilities and measuring instruments duly calibrated as called for by BHEL must be available with the Subcontractor for the manufacture/fabrication of boiler components. All the above basic fabrication equipment must be in working condition, and the same shall be made available for verification by BHEL officials or authorized agents of BHEL.

**16.6 GAUGES:**

The instruments/gauges are to be calibrated periodically as follows:

SL. No.	Type	Periodicity
01	Measuring instruments/gauges	One Year
02	Limit gauges (E.g. Plug/ring)	One Year
03	Temperature, pressure gauges	6 Months
04	Measuring steel tapes	Once

**16.7** The calibration status shall be displayed at the Subcontractors works in a conspicuous location. Calibration can be performed at either BHEL or at any NABL/Govt. approved labs, traceable to national standards.

**16.8 RECOVERY FOR DAMAGED GAUGES:** In case the Subcontractor has damaged or lost the gauges issued to them by BHEL, recovery shall be made for twice the cost of the respective item(s) from the Subcontractor's bill or Bank Guarantee. The Subcontractor shall hand over the damaged gauge to BHEL.



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**16.9** For various rates schedules, manufacturing, handling and testing facilities' requirement as specified by BHEL from time to time shall be available with the Subcontractor.

**17.0 INSPECTION**

**17.1** Inspection of fabrications shall be by BHEL Quality Control Department and/or by BHEL's customers and/or by an agency or person(s) authorized by BHEL (BHEL officials/customers/representatives/authorized agents) at the Subcontractor's works. All facilities and equipments, calibrated instruments and standard gauges required for inspection shall be provided by the Subcontractor at their own cost.

**17.2** BHEL officials/customers/representatives/authorized agents shall have free access to the Subcontractor's works at any time during the execution of the orders as well as for verification of requisite documents/materials.

**17.3** The semi-finished components shall be deemed as accepted and ready for delivery only after IR is raised by the Inspector/agency.

**17.4** Cost incurred by the Subcontractor for specimen preparation of production test coupon carried out at authorized agency as requested by BHEL, Tiruchirappalli shall not be reimbursed by BHEL.

**17.5** Acceptance of the product after inspection makes the Subcontractor eligible for payment. However, such acceptance after inspection by BHEL / AIA does not absolve the responsibility of the Subcontractor in ensuring the quality / performance of their product, even after the warranty period.

**17.6** Quality documents such as dimension report, material TC, etc., against the PO placed shall be uploaded by the Subcontractor in B2B portal.

**17.7** BHEL representative from unit or CQ (Corporate Quality) is authorized to carry out audits along with Third Party Inspection Agency (if any) at vendor's works before clearing the items for dispatch.

**18.0 PAYMENT**

**18.1** **BILLS & PAYMENTS:** 100% payment shall be made against invoices (to be submitted in DUPLICATE to OS/BHEL/Trichy) supported by IR(s) duly endorsed by BHEL Inspector / BHEL's Authorized Inspection Agency and DC acknowledged by Stores/BHEL/Trichy or Shipping/BHEL/Trichy or IAMTV.

**18.2** Amendment(s), if any, to a PO are being issued to sub-contractor by Planning/OS/BHEL. Subcontractor shall attach a copy of amendment(s) with the invoices for processing of invoices.

**18.3** Payment would be made within **90 days** from invoice submission date, after GR, subject to submission of invoice along with full set of proper supporting documents by the subcontractor at Outsourcing. GST shall be paid extra at the prevailing rate. TDS on GST is applicable as per prevailing norms of GST Act.

**18.4** For **Micro and Small Enterprises (MSEs)**, payment shall be made within **45 days**. For **Medium Enterprises**, Payment shall be made within **60 days**.

**18.5** **Number of bills and value limit for each bill are tabulated below:**

PO Value in Rs.	Maximum No. of Bills per PO	Remarks
<= 2 Lakhs	1	After full PO Completion.
> 2 Lakhs	Multiple	One bill for value of every Two Lakhs or above



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- 18.6** The bills shall be made only after completion of entire quantity of PO line item in full (i.e. completion of one full DU) as mentioned above. Bills for partial dispatches of a PO line item (DU) shall not be accepted. However, last bill of a PO can be raised irrespective of any limitation on bill value. Moreover, payment for last bill of a PO shall be made after settlement of FMAS.
- 18.7** In case it is found that for a Purchase order, the amount of recovery to be made is more than the last bill value submitted by sub-contractor then in that case recovery shall be processed from the bill submitted and the balance recovery shall be recovered from any one of the running bills of the subcontractor and/or by invoking the BG and/or by any other suitable means as decided by BHEL.
- 18.8** Trade Receivables Discounting System (TReDS) is an institutional mechanism set up in order to facilitate the discounting of invoices for MSMEs from buyers through multiple financiers. Invoice discounting on TReDS involves three participants MSME Supplier, Buyer and Financier.
- 18.9** Sub-contractor may register themselves on TReDS platforms to obtain the intended benefit.
- 18.10** The TReDS benefit is applicable for Micro / Small / Medium enterprise.
- 18.11** Checklist for submission of Bills: Subcontractor should ensure that the following documents are submitted for bill processing to avoid any delay in processing of payment:
- a) Online Invoice – duly signed by Subcontractor with seal. Subcontractor shall submit 100% Invoice.
  - b) Online Invoice Annexures - duly signed by Subcontractor with seal.
  - c) GST Invoice – Original for buyer and Duplicate for transporter copies (Values to be checked with B2B tax invoice template).
  - d) Original IRs – with relevant painting/SB remarks and ODC details (if applicable) - duly signed by BHEL QC inspector and Subcontractor with seal.
  - e) DCs – duly signed by Shipping/BHEL/Trichy official and Subcontractor with seal.
- 18.12** Invoice shall be raised for DU weights as per the Purchase Order (PO). Payments shall be for the DC weight only.
- 18.13** The Purchase Order shall be treated as closed once the FMAS is prepared. Recovery as per the FMAS shall be done from any one of the running bills of the subcontractor. No request for refund of penalty/recovery shall be entertained after recovery has been made.
- 18.14** Extra charges, if any, shall be claimed along with invoice.
- 18.15** The Subcontractor shall ensure that all claims are made against the particular purchase order along with relevant invoice. The amount due for BHEL, Tiruchirappalli, if any because of non-return of off-cut material and/or other issues, shall be recovered from the Subcontractor's running bills, and the applicable purchase orders shall be treated as closed.
- 18.16** No supplementary bill shall be entertained once bills are processed.



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**18.17** Notwithstanding anything contained herein, the payment shall be subject to the deduction of any amount for which the Subcontractor is liable directly or indirectly under this contract or any other contract of the Subcontractor or any other Subcontractor's contract where the proprietor / any of the partners / directors of the present Subcontractor is / are proprietor/director/s/partner/s, in respect of which BHEL / Tiruchirappalli is a Contractee.

**18.18** Payment of Bills, payments of any amount due, release of security deposit or return of Bank Guarantees furnished under this MOU/Tender/Contract, shall be subject to the deduction of any amount for which the bidder is liable under this contract, or any contract placed on the subcontractor by BHEL, Trichy or any/all other Unit(s) of BHEL.

**18.19** E-invoicing under GST is being implemented w.e.f. 1st October 2020. E-invoicing under GST is being implemented for all the taxable Suppliers having turnover of more than Rs. 10 Crores. It has been specified by the Govt. that it is mandatory to mention a valid unique Invoice Reference No. (IRN) and QR code as generated from Govt. portal on a Tax Invoice. Based on such information, GST ITC as claimed by BHEL in GST Returns shall be matched with the corresponding details uploaded by supplier in E-Invoicing System.

**18.20** In case the Vendor / contractor delays or fails to provide all the documents as per the Purchase order / Work Order at the time of submitting Tax Invoice to BHEL, any subsequent financial loss to BHEL on account of Vendor / contractor shall be to Vendor's / contractor's account. BHEL has further right to take necessary steps to protect its interest at the time of release of payment. This further requires inclusion of IRN and QR code on tax invoice as announced by Govt. of India w.e.f. 01.10.2020

**19.0 PROGRESS REPORT**

**19.1** The Subcontractor shall furnish progress report(s) from time to time, and also interact with BHEL officials regarding the progress of the work as may be required by BHEL, Tiruchirappalli. The submission, receipt and acceptance of such reports shall not prejudice the rights of BHEL, Tiruchirappalli under the contract merely by reason of the fact that they have not taken notice of or not objected to any information contained in such reports. Action as deemed fit shall be taken if the progress of work is not satisfactory. The Subcontractor shall furnish monthly report (status at the end of every calendar month) regarding the availability of materials at their end. In the event of non-submission of monthly report, suitable action deemed fit shall be taken against such failing Subcontractor.

**20.0 BANK GUARANTEE (BG) AGAINST MATERIAL TO BE ISSUED BY BHEL**

**20.1** For OSB Vendors whose latest OSB Annual VPR (Vendor Performance Rating) rating is 'A/B', BG shall be 25% of value of materials identified to be issued to the Subcontractor against Purchase Order (PO).

**20.2** For OSB Vendors whose latest OSB Annual VPR rating is 'C' or 'D', or 'Not Available', BG shall be 50% of value of materials identified to be issued to the Subcontractor against Purchase Order (PO).

**20.3** For new Vendors for whom Annual VPR rating is not available, BG shall be 50% of value of materials identified to be issued to the Subcontractor against Purchase Order (PO).



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**20.4** The value of materials shall be as per BHEL calculation and the same is given below:

RS No.	RS Description	UOM	Quantity [In Meters] (±20%)	Weight	Material Value (approx.) (In Rs. Lakhs)
RS01	Double tube with H-fin – 25mm pitch Carbon steel tube (OD44.5 X 6.35 SA210 GRC) + Fin (SHEET 3 MM – IS513 Gr.EDD)	Meter	9643 M	25256 Kgs	151.58
RS02	Single tube with H-fin – 25mm pitch Carbon steel tube (OD44.5 X 6.35 SA210 GRC) + Fin (SHEET 3 MM – IS513 Gr.EDD)	Meter	3896 M	60254 Kgs	36.52
		<b>Total</b>	<b>13539 M</b>	<b>312510 KGS</b>	

**20.5** The BG required for execution of the Purchase Order (PO) should be submitted within a period of **10 days** from the date of intimation. BG submitted by sub-contractor should be kept valid for a period of **90 days** after Contract validity or 90 days after last bill submission date whichever is later. However, after completion of purchase order and submission of last bill, the Subcontractor can request BHEL for return of BG and the same may be considered by BHEL if liability of sub-contractor is over.

**20.6** Based on the financial capacity of the Subcontractor, the Subcontractor may decide to submit BG for additional value exceeding the maximum BG value required to be submitted to BHEL for collection of materials against POs placed. This is for enabling smooth execution. However, this does not warrant placement of PO.

**20.7** On intimation to the subcontractor regarding submission of required BG based on the PO placed, if the Subcontractor does not submit the required BG within 10 days from the date of such intimation, then action as per **Clause 22.10 to 22.19** shall be initiated by BHEL against default subcontractor.

**20.8** Further, subcontractors may take note that, if the DUs are not completed within scheduled delivery date, Total Payment block shall be imposed on the subcontractor for all POs.

**20.9** If no matching material was issued by BHEL for six months from first issue of material in a PO, then the materials issued thus far for the respective PO should be returned back based on advice from BHEL. Subcontractor failure to comply with BHEL's advice on returning the material, shall lead to Total Payment Block being imposed on the subcontractor at vendor code level on completion of six months from first issue of material.



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- 20.10** Subcontractor may note that the above clause is with respect to return of materials to BHEL in case no matching material was issued to subcontractor for six months from the date of first issue of materials. Further, committee comprising of OS, Finance and QC will visit the works of the subcontractor to assess the status of the material. If no works have been carried out on the material, BHEL may advise the subcontractor to return the material based on the suggestion of the committee. If the subcontractor has started the fabrication and the material is not in its original form to return to any store as Raw Material, BHEL may not advise the sub-contractor to return the material and BHEL would try to match the material at the earliest so that the job can be completed. In such case where the sub-contractor is not at fault for not completing the job, the payment block imposed on this account on the subcontractor shall be reversed.
- 20.11** For PGMA's/ Product(s) which involve assembly of Bought out Items (BOI), BG shall be required to be submitted at the time of material issue rather than at the time of P.O placement.
- 20.12** Bank Guarantee to the specified value for the safe custody of the materials issued by BHEL, Tiruchirappalli is to be executed by any one of the banks in the List of Consortium of Banks or Nationalized banks on behalf of the Subcontractor. Also, the above bank guarantee shall be executed on a non-judicial stamp paper of value Rs.100/- as per BHEL's bank guarantee format attached in **Section V**.
- 20.13** The bank guarantee should cover the recoveries to be made by BHEL towards material / faulty workmanship etc. for which proper accountal is not made within the stipulated time. If the recovery amount is more than the pending bills, the difference amount should be settled immediately by submitting Demand Draft(s) in favor of BHEL/ Tiruchirappalli.
- 20.14** Necessary Bank Guarantee(s) / Fixed Deposit Receipt (FDR) should be furnished and renewed in time. It may be noted that, if any of Sub-contractor's raw material BG is expired and is not renewed on time, Payment block shall be imposed on the subcontractor and subcontractor will be unable to submit their invoices.
- 20.15** Subcontractors may note that the Bank Guarantee document submitted by them to BHEL shall be verified for authenticity by BHEL with the concerned bank. On request by BHEL, Bank should confirm the authenticity of BG issued by them for the subcontractor. Only after receipt of such confirmation in writing from the bank, the BG shall be considered as valid. Onus is on subcontractor to ensure that the confirmation from bank to reach BHEL promptly. BHEL shall not be responsible for any delay in receipt of such confirmation from bank.
- 20.16** Bank Guarantee (BG) to the specified value for the safe custody of the materials issued by BHEL, Tiruchirappalli is to be executed by any one of the banks in the List of Consortium of Banks or Nationalized banks on behalf of the Subcontractor. Also, the above bank guarantee shall be executed on a non-judicial stamp paper of value Rs.100/- as per BHEL's bank guarantee format attached in **Section V**.



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**21.0 GUARANTEE FOR THE FINISHED GOODS**

**21.1** The Subcontractor shall warrant that the fabrications comply fully with the drawings and other technical conditions specified by BHEL. If the fabrications are found defective owing to faulty workmanship/incomplete work within a period of eighteen months from the date of dispatch, the Subcontractor shall do the necessary repair/rework or replace the defective items free of cost. Alternatively, the rework/replacement charges shall be recovered.

**22.0 LIQUIDATED DAMAGES (LD) / PENALTY & RISK PURCHASE**

**22.1** Timely delivery is the essence of the Contract.

**22.2** The finished fabrications should be delivered as per the delivery date stipulated in the PO/Addendum. In case of delay in delivery beyond the delivery period specified in PO at item level, Liquidated Damages (LD) shall be levied at the rate of 0.5% of the value of corresponding PO line item for each week of delay or part thereof based on last dispatch date for the PO line item. LD is subject to a maximum of 10% of the total value of the particular Purchase order/in the addendum to the contract without prejudice to any relief or compensation to BHEL, Tiruchirappalli under any other conditions of the contract.

LD (PO Line Item wise) = 0.5% \* Value of PO Line Item \* delay in weeks or part thereof,

Where, Delay = Maximum delay occurred (last dispatch date) for the delivery of PO line item.

**22.3** There is no maximum limit on the value of LD% calculated at PO item level. Cumulative value of LD for a PO is subject to a maximum of 10% of the total value of the particular Purchase order.

**22.4** Since LD shall be recovered invoice wise, invoice should be submitted for the fully completed DUs/PO Item.

**22.5** Request for extension of PO delivery date shall not be entertained for normal cases unless there are delays which have justifiable reasons attributable to BHEL.

**22.6** In such cases where the reasons for delay are attributable to BHEL. Request for delivery extension should be submitted along with supporting documents & justification, indicating the number of days/ date till which extension is requested. Extension shall not be made beyond this date.

**22.7** Reasons not attributable to BHEL shall not be accepted as reason for delay while requesting for extension of PO delivery date.

**22.8** For invoices received without any request for delivery extension and/or without proper justification, LD shall be automatically deducted.

**22.9** In case of any revision/ amendment of PO, the LD shall be linked to the amended/revised PO.

**22.10 RISK PURCHASE:** In case of delay in delivery beyond PO delivery / mutually agreed delivery, or Subcontractor fails /refuses to complete the PO as per terms or supplier fails to establish BG after placement of PO, or insufficient facilities at Subcontractor's works to execute a PO or default by Subcontractor of any nature, BHEL has the right to get the items ordered elsewhere at the risk and cost of the subcontractor with notice to the subcontractor; and the additional



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expenditure / difference in cost, if any, including consequential cost shall be recovered from the defaulted subcontractor. Also, in such case of withdrawal of orders, Subcontractor shall return full material in condition as issued to them by BHEL for executing the job; otherwise, BHEL shall recover full material cost and conversion cost (in case of part processed items) from Subcontractor by adjusting against amount due to Subcontractor and/or by invoking the BG and/or by any other suitable means as decided by BHEL. In addition, BHEL may recover from the default Subcontractor any loss to BHEL arising due to default by Subcontractor of any nature and action shall be taken as per latest revision of BHEL Guidelines for Suspension of Business dealings with Suppliers / Contractors. Subcontractors are requested to visit BHEL's website: <https://www.bhel.com/supplier-registration> for details of abridged version of BHEL Guidelines for Suspension of Business dealings with Suppliers / Contractors.

**22.11** The default subcontractor shall be liable for any loss, which BHEL may sustain by reason of such risk purchases in addition to liquidated damages as mentioned above.

**22.12** Vendors pending payments shall be withheld and/or their BG may be invoked to cover the liabilities of BHEL towards risk purchase, if any.

**22.13** No compensation shall be given to the Subcontractor, in case of cancellation/diversion of PO(s) even if the jobs have been processed partly.

**22.14** Process of calculating the risk and cost amount is as follows:

$$\text{Risk \& Cost Amount} = [(A-B) + (A \times H/100)]$$

Where,

**A**= Value of Balance scope of Work/ Supply (\*) as per rates of new contract

**B**= Value of Balance scope of Work/ Supply (\*) as per rates of old contract being paid to the contractor/ supplier at the time of termination of contract.

**H** = Overhead Factor to be taken as 5

In case (A-B) is less than 0 (zero), value of (A-B) shall be taken as 0 (zero).

\*(Balance scope of work/ supply)

**22.15** Difference of Contract Quantities and Executed Quantities as on the date of issue of Letter for 'Termination of Contract', shall be taken as balance scope of Work/ Supply for calculating risk & cost amount. Contract quantities are the quantities as per original contract. If, Contract has been amended, quantities as per amended Contract shall be considered as Contract Quantities. Items for which total quantities to be executed have exceeded the Contract Quantities based on drawings issued to contractor from time to time till issue of Termination letter, then for these items total Quantities as per issued drawings would be deemed to be contract quantities. Substitute/ extra items whose rates have already been approved would form part of contract quantities for this purpose. Substitute/ extra items which have been executed but rates have not been approved, would also form part of contract quantities for this purpose and rates of such items shall be determined in line with contractual provisions. In-case portion of work is being withdrawn, contract quantities pertaining to portion of work withdrawn shall be considered as 'Balance scope of work/supply' for calculating Risk & Cost amount.



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**22.16** Vendors are cautioned that, withdrawal after price bid opening or after contract signing or PO/LOI acceptance will be construed as tampering with BHEL's tender process. Suitable action for suspension of further business with the vendor may be taken as per BHEL corporate procedures.

**22.17** It may please be noted that guidelines/rules in respect of suspension of business dealings', 'Vendor evaluation format' etc. may undergo change from time to time and the latest one shall be followed.

**22.18 *Liquidated Damage against delay in executed work/supply in case of Termination of Contract:***

- LD against delay in executed work/supply shall be calculated in line with LD clause of the contract for the delay attributable to contractor/ supplier. For this purpose, contract value shall be taken as Executed Value of work/supply for the purpose of limiting maximum LD value. Method for calculation of "LD against delay in executed work/supply" is given below.
- Let the time period from scheduled date of start of work till termination of contract excluding the period of Hold (if any) not attributable to contractor/ supplier = T1
- Let the value of executed work/supply till the time of termination of contract = X
- Let the Total Executable Value of work/supply for which inputs/fronts were made available to contractor/ supplier and were planned for execution till termination of contract = Y
- Delay in executed work/supply attributable to contractor/supplier i.e.  
$$T2 = (1 - X/Y) \times T1$$
- LD shall be calculated in line with LD clause of the Contract for the delay attributable to contractor/ supplier taking "X" as Contract Value and "T2" as delay attributable to contractor/ supplier.

**22.19 *GST shall be applicable on amount recoverable from Vendor/sub-contractor under Risk & cost clause.***

**23.0 ACTION AND COMPENSATION IN CASE OF BAD WORKMANSHIP**

**23.1** If any work has been executed with unsound, imperfect or bad workmanship or with materials of inferior quality, the Subcontractor shall, on demand in writing from BHEL specifying the work, materials/articles complained of, notwithstanding that the same may have been passed, certified and paid for, forthwith, rectify the work, so specified in whole or in part as the case may require, at their own cost. In the event of the Subcontractor's failure to do so within reasonable period, BHEL shall rectify or remove and re-execute the work at the risk and expense of the default Subcontractor.

**24.0 COMPENSATION AGAINST DAMAGE OF PLANT, MACHINERY/TOOLS**

**24.1** BHEL reserves the right to claim adequate compensation from the Subcontractor on account of any damage caused to the plant and equipment/tools handed over to them for execution of work, due to careless handling or negligence on the part of the fabricator. The total cost of recovery shall be decided by BHEL.



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**24.2** BHEL shall have general supervision and direction over the work. BHEL has the authority to stop the work, whenever such stoppage may be necessary to ensure the proper execution of the contract.

**24.3** BHEL shall also have the authority to reject all the work which do not conform to the specification. BHEL reserves the right to suspend the work or part thereof at any time, and no claim whatsoever on this account shall be entertained. In case of any dispute, the Subcontractor may appeal to BHEL whose decision shall be final and binding.

**25.0 SUBLETTING**

**25.1** The Subcontractor shall not sublet or assign this work or any part thereof to any other firm(s) without the written permission of BHEL. However, if the PO / PGMA loading demands part processing / special process (like Heat treatment, machining, bending, shearing, threading, etc.) for few items at other source(s)/work(s) approved by BHEL, the same may be allowed, with the prior permission of BHEL in writing.

**25.2** In the event of the Subcontractor subletting or assigning this work or any part thereof without such permission, BHEL shall be entitled to cancel the PO and also action shall be taken as per **Clause 22.10 to 22.19**.

**26.0 GOODS & SERVICES TAX (GST)**

**26.1** GST shall be applicable.

**26.2** GST shall be paid extra at the prevailing rate. TDS on GST is applicable as per prevailing norms of GST Act.

**26.3** GST shall be applicable on amount recoverable from vendor / contractor under Risk & Cost clause as per contract.

**26.4** Sub-contractor shall mention their GSTIN registration number in all their invoices(incl. Credit notes, Debit notes) and invoices shall be in the format as specified/prescribed under GST laws. Invoices shall necessarily contain Invoice number (in case of multiple numbering system is being followed for billing like SAP invoice no, commercial invoice no etc., then the Invoice No which is linked/uploaded in GSTIN network shall be clearly indicated), Billed to party (with GSTIN), & shipped to party details, item description as per PO, Quantity, Rate, Value, applicable taxes with nomenclature (like IGST, SGST, CGST & UTGST) separately, HSN/ SAC Code, place of supply etc.

**26.5** All invoices shall bear the HSN Code for each item separately (Harmonized System of Nomenclature)/ SAC code (Services Accounting Code).

**26.6** Invoices will be processed only upon completion of statutory requirement and further subject to following:

- ✓ Vendor declaring such invoice in Form GST ANX-1
- ✓ Receipt of Goods or Services and Tax invoice by BHEL

**26.7** As the continuous uploading of tax invoices in GSTIN portal (in GST ANX-1) is available for all (i.e. both Small & Large) tax payers under proposed new GST Return System, all invoices raised on BHEL may be uploaded immediately in GST portal on dispatch of material /rendering of services. The supplier shall ensure availability of Invoice in GST portal before submission of



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invoice to BHEL. Invoices will be admitted by BHEL only if the invoices are available in GSTN portal (in BHEL's GST ANX-2).

- 26.8** In case of discrepancy in the data uploaded by supplier in the GSTN portal or in case of any shortages or rejection in the supply, then BHEL will not be able to avail the tax credit and will notify the supplier of the same. Subcontractor has to rectify the data discrepancy in the GSTN portal or issue credit note (details to be uploaded in GSTN portal) for the shortages or rejections in the supply, within the calendar month notified by BHEL.
- 26.9** In cases where invoice details have been uploaded by the vendor but failed to remit the GST amount to GST Department (Form PMT-08 or Form GST RET-01 to be submitted) within stipulated time, then GST paid on the invoices pertaining to the month for which GST return not filed by the vendor will be recovered from the vendor along with the applicable interest (currently 24% p.a.) and all subsequent bills of the vendor will not be processed till filing of the GST return by the vendor.
- 26.10** In case GST credit is denied to BHEL due to non-receipt or delayed receipt of goods and/ or tax invoice or expiry of timeline prescribed in GST law for availing such ITC, or any other reasons not attributable to BHEL, GST amount claimed in the invoice shall be disallowed to the vendor.
- 26.11** Where any GST liability arising on BHEL under Reverse Charge (RCM), the vendor has to submit the invoices to BHEL well within the timeline prescribed in GST Law, to enable BHEL to discharge the GST liability. If there is a delay in submission of invoice by the vendor resulting in delayed payment of GST by BHEL along with Interest, then such Interest payable or paid shall be recovered from the vendor.
- 26.12** GST TDS will be deducted as per Section 51 of CGST Act 2017 and in line with Notification 50/2018 — Central Tax dated 13.09.2018. GST TDS certificate will be generated in GSTN portal subsequent to vendor accepting the TDS deduction in the GSTN portal & the vendor can directly download the Certificate from the GSTN Portal.

**27.0 APPLICABLE RATE OF TAXES BEYOND THE AGREED DELIVERY PERIOD**

- 27.1** Any change in applicable rates of Tax or any other statutory levies (Direct / Indirect) or any new introduction of any levy by means of statute and its corresponding liability for the deliveries beyond the agreed delivery date for reasons not attributable to BHEL will be to Vendors account. BHEL will not reimburse the same and any subsequent claim in this respect will be summarily rejected.

**28.0 PUBLIC PROCUREMENT (PREFERENCE TO MAKE IN INDIA), ORDER 2017**

- 28.1** For this procurement, the local content to categorize a supplier as a Class I local supplier / Class II local Supplier / Non- Local supplier and purchase preference to Class I local supplier, is as defined in Public Procurement (Preference to Make in India), Order 2017 dated 16.09.2020 issued by DPIIT. In case of subsequent orders issued by the nodal ministry, changing the definition of local content for the items of the NIT, the same shall be applicable even if issued after issue of this NIT, but before opening of Part-II bids against this NIT.
- 28.2** The 'Class-I local supplier'/ 'Class-II local supplier' at the time of tender, bidder or subcontractor shall be required to indicate percentage of local content and provide self-certification that the item offered meets the local content requirement for 'Class-I local supplier' / 'Class-II local supplier', as the case may be.



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**28.3** Subcontractor shall furnish the % of local content while offer submission in E-Procurement system.

**29.0 CONFLICT OF INTEREST**

**29.1** A bidder shall not have conflict of interest with other bidders. Such conflict of interest can lead to anti-competitive practices to detriment of procuring entity's interests. The bidder found to have a conflict of interest shall be disqualified from the tender enquiry.

**29.2** A bidder may be considered to have a conflict of interest with one or more parties in the bidding process, if:

- a) They have controlling partner (s) in common; or
- b) They receive or have received any direct or indirect stake from any of them; or
- c) They have the same legal representative/agent for purpose of this bid, or
- d) They have relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the bid of another bidder;
- e) Bidder participates in more than one bid in this bidding process. Participation by a bidder in more than one bid will result in the disqualification of all bids in which the parties are involved. However, this does not limit the inclusion of the components/ sub-assembly/ Assemblies from one bidding manufacturer is more than one bid; or
- f) In cases of agents quoting in offshore procurements, on behalf of their principal manufactures, one agent cannot represent two manufacturers or quote on their behalf in a particular tender enquiry. One manufacturer can also authorize only one agent/dealer. There can be only one bid from the following:
  - 1. The principal manufacturer directly or through one Indian agent on his behalf; and
  - 2. Indian/foreign agent on behalf of only one principal;or
- g) A bidder or any of its affiliates participated as a consultant in the preparation of the design or technical specifications of the contract that is the subject of the Bid; or
- h) In case of a holding company having more than one independently manufacturing units, or more than one unit having common business ownership/management, only one unit should quote. Similar restrictions would apply to closely related sister companies. Bidders must proactively declare such sister/ common business/ management units in same/ similar line of business.

**30.0 RESOLUTION OF DISPUTES**

**30.1** The Parties agree that if at any time (whether before, during or after the arbitral or judicial proceedings), any Disputes (which term shall mean and include any dispute, difference, question or disagreement arising in connection with construction, meaning, operation, effect, interpretation or breach of the contract/tender which the Parties are unable to settle mutually), arise inter-se the Parties, the same may, be referred by either party to Conciliation to be conducted through Independent Experts Committee to be appointed by competent authority of BHEL from the BHEL Panel of Conciliators.



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**30.2 Notes:**

**30.2.1** No serving or a retired employee of BHEL/Administrative Ministry of BHEL shall be included in the BHEL Panel of Conciliators.

**30.2.2** Any other person(s) can be appointed as Conciliator(s) who is/are mutually agreeable to both the parties from outside the BHEL Panel of Conciliators.

**30.3** 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 in **Section X** to this Terms and conditions.

**30.4** The **Section X** together with its appendices will be treated as if the same is part and parcel hereof and shall be as effectual as if set out herein in this terms and conditions.

**30.5** Except as provided elsewhere in this Contract, in case amicable settlement is not reached between the parties, in respect of any dispute or difference; arising out of the formation, breach, termination, validity or execution of the Contract; or, the respective rights and liabilities of the Parties; or, in relation to interpretation of any provision of the Contract; or, in any manner touching upon the Contract, then, either Party may, by a notice in writing to other Party, refer such dispute or difference to sole arbitration of an arbitrator appointed as per the Arbitration and Conciliation Act, 1996 (India) or statutory modification or re-enactment thereof and the rules made thereunder and for the time being in force.

**30.6** The Arbitrator shall pass a reasoned award and the award of the Arbitrator shall be final and binding upon the parties.

**30.7** This contract shall be governed, construed and interpreted in accordance with the laws of India.

**30.8** Subject as aforesaid, the provisions of Arbitration & Conciliation Act 1996 (India) or statutory modification or re-enactment thereof and the rules made thereunder and for the time being in force shall apply to the arbitration proceeding under this clause.

**30.9** The seat of arbitration shall be Trichy, Tamil Nadu, India.

**30.10** The cost of arbitration shall be borne as per the award of the Arbitrator.

**30.11** Subject to arbitration in terms of clause above, the Courts at Trichy, Tamil Nadu, India shall have exclusive jurisdiction over any matter arising out of or in connection with this Contract.

**30.12** Notwithstanding the existence or any dispute or difference and/or reference for the arbitration, the vendor/contractor shall proceed with and continue without hindrance the performance of its obligation under this Contract with due diligence and expedition in a professional manner except where the Contract has been terminated by either Party in terms of this Contract.

**30.13 In Case of Contract with Public Sector Enterprise (PSE) or a Government Department, the following shall be applicable:**

**30.13.1** In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs)/Port Trusts inter se and also between CPSEs and Government Departments/Organizations (Excluding disputes concerning Railways, Income Tax, Customs & Excise Departments, such dispute or difference shall be taken up by either party for its resolution through AMRCD as mentioned in DPE OM No.05/003/2019-FTS-



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10937 dtd. 14TH December, 2022 and the decision of AMRCD on the said dispute will be binding on both the parties.

**31.0 FRAUD PREVENTION POLICY**

**31.1** The bidder along with its associate/ collaborators/ sub- contractors/ sub-vendors/ consultants/ service provider shall strictly adhere to BHEL Fraud Prevention Policy displayed on BHEL website <https://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.

**31.2** Fraud prevention policy and List of Nodal Officers shall be hosted on BHEL website, vendor portals of Units/ Regions intranet.

**32.0 INTEGRITY PACT (IP)**

**32.1** The integrity pact attached with this Tender as per **Section IX** is an integral part of commercial terms and conditions of this Tender and this may please be signed and sent to us along with the techno-commercial offer in token of acceptance of the conditions of the pact.

**32.2** 'Integrity Pact' is applicable as per Govt. guidelines & all suppliers shall submit the Integrity Pact duly signed and stamped, in order to qualify for further processing of Offer.

**32.3** 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. Following Independent External Monitors (IEMs) on the present panel have been appointed by BHEL with the approval of CVC to oversee implementation of IP in BHEL.

Sl. No.	Independent External Monitors (IEMs)	Email
1	Shri Otem Dai, IAS (Retd.)	iem1@bhel.in
2	Shri Bishwamitra Pandey, IRAS (Retd.)	Iem2@bhel.in
3	Shri Mukesh Mittal, IRS (Retd.)	Iem3@bhel.in

**32.4** The IP as enclosed with the tender is to be submitted (duly signed by authorized signatory) along with techno-commercial bid (Part-I, in case of two/ three part 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 a preliminary qualification. 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 any of the above IEM(s). All correspondence with the IEMs shall be done through email only.

**32.5 Note:** No routine correspondence shall be addressed to the IEM (Phone/post/email) regarding the clarifications, time extensions or any other administrative queries, etc. on the tender issued. All such clarification/ issues shall be addressed directly to the tender issuing (procurement) department officials whose contact details are provided below:

Name	Ashish Kumar Gupta	M Vijayalakshmi
Dept.	Contracts/Outsourcing	Contracts/Outsourcing
Phone	0431-257-4617	0431-257-4260
E mail:	ashishkg@bhel.in	mvlakshmi@bhel.in



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**32.6** The offers of the bidders who are under suspension/banned and also the offers of the bidders, who engage the services of the banned firms, shall be rejected. The list of banned Firms is available on BHEL website <https://www.bhel.com/supplier-registration>.

**32.7 INTEGRITY COMMITMENT, PERFORMANCE OF THE CONTRACT AND PUNITIVE ACTION THEREOF:**

**Commitment by BHEL:**

- ✓ BHEL commits to take all measures necessary to prevent corruption in connection with the tender process and execution of the contract. BHEL shall during the tender process treat all Bidder(s) in a transparent and fair manner, and shall equity.

**Commitment by Vendor/Sub-contractor:**

- ✓ The sub-contractor commits to take all measures to prevent corruption and shall not directly or indirectly influence any decision or benefit which he is not legally entitled to nor shall act or omit in any manner which tantamount to an offence punishable under any provision of the Indian Penal Code, 1860 or any other law in force in India.
- ✓ The bidder/ Supplier/ contractor shall, when presenting his bid, disclose any and all payment 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 and shall adhere to relevant guidelines issued from time to time by Govt. of India/ BHEL.
- ✓ The bidder/ Supplier/ contractor shall perform/ execute the contract as per contract terms & conditions and shall not default without any reasonable causes, which causes loss of business / money/ reputation, to BHEL.
- ✓ If any sub-contractor during pre-tendering/ tendering/ post tendering/ award/ execution/ post-execution stage indulges in mal-practices, cheating, bribery, fraud or and other misconduct or formation of cartel so as to influence the bidding process or influence the price or acts or omits in any manner which tantamount to an offence punishable under any provision of the Indian Penal Code, 1860 or any other law in force in India, then action may be taken against such bidder/ Supplier/ contractor as per extant guidelines of the company available on [www.bhel.com](http://www.bhel.com) and/or under applicable legal provisions.

**33.0 GENERAL CONDITIONS**

- 33.1** For participating in the e-tender, Digital Signature Certificate Class III is mandatory for the subcontractor to quote.
- 33.2** The subcontractors should quote the rate and fill other required details only in the respective fields provided.
- 33.3** The offer should be submitted in two part bid basis on or before the due date & time mentioned in the E-procurement portal. Further tender due date extension, if any, will be communicated through E-procurement portal only. Hard copy bid or bids through E-mail / fax shall not be accepted.



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- 33.4** Vendors should take utmost care for the use of their Digital Key registered with BHEL for EPS while participating in a Tender.
- 33.5** Latest updates on the important dates, Amendments, Correspondences, Corrigenda, Clarifications, Changes, Revisions, etc. to Tender Specifications will be hosted in E-Procurement portal.
- 33.6** Action against defaulting subcontractors shall be taken in accordance with the latest revision of BHEL Guidelines for Suspension of Business Dealings with Suppliers/ Contractors. Refer link: <https://www.bhel.com/supplier-registration>
- 33.7** 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 <https://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.
- 33.8** All safety precautions and use of safety equipment are to be followed while carrying out the fabrication and dispatch of the same. The sub-contractor must have proper tools and handling equipment. There should always be a responsible person available to oversee the operation and compliance of safety regulation etc. If any non-compliance with respect to proper safety conditions/requirements, BHEL may withhold visit/inspection, instruct stoppage of work till such time the desired safety requirements/conditions are met with.
- 33.9** All the documents of BHEL (inclusive of Drawings, GMS and Standards) made available to the fabricator should be kept in strict confidence and under no circumstance be made available to others or allow others to make use of them. Such documents shall be returned to us on demand after completion. This secrecy clause is binding on the employees of the fabricators also. Action against defaulting subcontractors shall be taken in accordance with BHEL latest Guidelines for Suspension of Business dealings with suppliers/ contractors. Refer link <https://www.bhel.com/supplier-registration>.
- 33.10** In case it comes to notice of BHEL during the finalization of Tender / after placement of Contract and while executing the Contract, that sub-contractor has given incomplete, false, incorrect, suppressed information & data, forged documents, fake documents / certificates or any information prejudicial to BHEL's interest, BHEL will suspend the business with the sub-contractor at any stage and the Bank Guarantee will be forfeited. Action against such subcontractors shall be taken in accordance with the latest revision of BHEL Guidelines for Suspension of Business Dealings with Suppliers/ Contractors. Refer link: <https://www.bhel.com/supplier-registration>
- 33.11** Non-Disclosure Agreement (NDA) forms part and parcel of the Contract. Non-submission of NDA will disqualify the firm. Format of the agreement is part of the techno-commercial bid. The same has to be downloaded from EPS and to be uploaded by subcontractors in EPS during submission of Bid as a confirmation to accept the provisions of Non-Disclosure Agreement (NDA).
- 33.12** All the statutory obligations such as ESI, PF, Labour Acts, Factories Act, etc., will have to be taken care of by the Subcontractor. BHEL, Tiruchirappalli will have no liability on them. Notwithstanding the above, if any demand notice is served by the concerned statutory authorities for recovery of any of their dues on BHEL, the same would be paid without notice to the Subcontractor and recovered the respective Subcontractor by suitable means as decided by BHEL.



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**33.13** The Bidder declares that they will not enter into any illegal or undisclosed agreement or understanding, whether formal or informal with other Bidder(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 Bidder is found having indulged in above activities, suitable action shall be taken by BHEL as per extant policies / guidelines.

**33.14** The jurisdiction for any arbitration/settlement of contractual/legal issues between Contractee (BHEL) and Contractor (Subcontractor), shall only be at the court of Tiruchirappalli.

**34.0 AUTHORISED SIGNATORY FOR SUBMISSION OF OFFER**

Agreeing to the terms and conditions of individual tender enquiry in EPS, uploading bid supporting documents such as (URC, IP etc.) and Submission of Price Bids in EPS by using the Digital Key registered with BHEL for EPS shall be construed as the Bid and Supporting Documents are being submitted by the Authorized Signatory of the Firm. Subcontractor should take utmost care for the use of their Digital Key registered with BHEL for EPS while participating in individual tender enquiry.