<u>Annexure - D Special terms to Enq 5561621E</u>

Based on the past experience of the Buyer, wherein it was experienced that new vendors are not able to meet the Quality / Delivery requirements as specified in the N.I.T in the first order, and considering that BHEL's requirement are time bound, to protect the commercial and quality interests of BHEL, in the finalization of this tender, the following procedure will be adopted

In case an unapproved / unregistered vendor becomes the lowest ranked in the batch of offers received (L1), then, initially a trial / development order will be issued on them by BHEL. This order will be for a minimum (produceable) quantity with a specified delivery period.

Where the supplier (L1) is able to successfully execute this initial order (trial / development) meeting the quality and delivery requirements specified in the order placed by BHEL, further bulk order/s will be placed on them for a quantity not exceeding 50% of the tendered quantity. (Note: This condition will not be applicable if the tender quantity is in itself Unity).

The balance 50% of the tendered quantity will be distributed among L2 or higher ranked supplier/s who give their acceptance to match the finalized L1 price. The quantum of distribution of this 50% may be the full 50% or 30% and 20% depending on the need/s of BHEL and depending on the number of vendors willing to accept the L1 price/s. The proportion of division of the tendered quantities will be communicated prior to the price (Part II) bid opening and after the opening of the techno-commercial (Part I) bids.

The right to order at differential prices remains vested with BHEL.