

ANNEXURE 'A'

REGARDING BHEL TERMS AND CONDITIONS FOR IMPORTED ITEMS

- 1.0. Irrevocable letter of credit for 80% net FOB shall be established 2 months prior to shipment and valid for 3 months for negotiation against shipment. Letter of credit shall be opened through a branch of State Bank of India in the Country where order shall be placed. In case, in the country where order is placed, state bank of India is not there, letter of credit will be opened through our bankers or as permitted by Government of India.

LC can be opened after receipt of the order confirmation and contract execution bank guarantee. In that case LC charges beyond 3 months will be borne by you.

- 1.1. **Letter of credit** will not be confirmed by Foreign banker. *If desired LC can be confirmed at supplier's cost.*
- 1.2. Balance 20% of net FOB value shall be paid through sight draft /LC after acceptance/commissioning of the equipment at our works against submission of **performance bank guarantee** equal to 10% amount which has to be valid till guarantee period.
LC will be opened prior to shipment and will be valid up to 6 months.
- 1.3. All letter of credit charges inside India to BHEL's account and out side India to supplier's account.
- 1.4. Lump sum erection and commissioning charges, if any shall be payable after satisfactory erection and commissioning of the equipment by sight draft/LC against the certificate issued by the competent authority.
- 2.0. Prices shall remain **firm** till execution of the contract. The offer shall be valid for 120 days.
- 3.0. Delivery shall be guaranteed by acceptance of:
- 3.1. **Penalty** for delay in supply - Penalty shall be levied @ ½% (Half percent) per week subject to a maximum of 10% of the total contract value.
- 3.2. **Delivery** shall be counted from the date of letter of intent.
- 4.0. Part shipment/transshipment is not permissible
- 5.0. The price should be quoted on FOB basis.

- 6.0. The Bank guarantee referred in 1.2, above has to be from the Overseas branch of an Indian commercial bank and as per the BHEL format only.
- 7.0. In case of any short shipment in the main equipment/spares, where separates rates are not available in the contract, custom duty levied on such supplies, shall be borne by the supplier.
- 8.0. Any warranty replacement during warrantee period shall be provided on F.O.R., BHEL Bhopal basis.
- 9.0. The supplier shall furnish a bank guarantee for 5% value of the order confirming that order will be executed as per the terms and conditions and this should be valid till the acceptance of machine at Bhopal L.C. will be established after receipt of this BG and shall be valid till erection and commissioning.
- 10.0. Machine will be inspected and proved at your works prior to despatch. However, final inspected and acceptance of machine till be carried after installation at BHEL, Bhopal.
- 11.0. The E&C charges will be released after deduction of Income Tax as per the Govt. Of India rules. The TDS certificate will be issued by BHEL.
- 12.0. Applicable service tax on E&C will be payable extra. The liability of depositing the same to the Govt. will be of the supplier.

Note : All other terms and conditions sent along with the tender documents are acceptable.