

ANNEXURE 'B'

COMMERCIAL TERMS AND CONDITIONS FOR INDIGENOUS ITMES

1. **PAYMENT TERMS:** 80% payment of supplies shall be made with in 90 days of the presentation of despatch documents by our bankers and balance 20% after successful installation and commissioning of the equipment at our works and against submission of performance bank guarantee for 10% value valid till the guarantee period. One set of complete dispatch documents shall be furnished to DGM (MM-Project) immediately after the despatch. Erection and commissioning charges (if any) shall be released only after satisfactory commissioning against certificate competent authority.
2. Despatches shall be made through BHEL's approved transporters only on "**door delivery basis**" on "**freight to pay**" basis. List of transporters will be enclosed with P.O.
3. **Delivery** shall be counted from the date of letter of intent.
4. **Penalty** for late delivery shall be imposed @ ½% (half percent) per week subject to a maximum 10% of the contract value.
5. Entire material should be despatched in one lot. Part despatches not permissible/acceptable.
6. Prices quoted shall be **FIRM** with validity up to 120 days and prices should remain Firm till execution of the contract.
7. 5% of contract value **bank guarantee** is to be submitted for contract execution immediately after the placement of LOI (letter of intent) before the issue of confirmed Purchase Order and shall be valid till erection and commissioning.
8. Machine will be inspected and proved at supplier's work prior to despatch however, final inspection and acceptance of machine will be carried after installation of the machine at BHEL, Bhopal.
9. Applicable service tax shall be paid extra by BHEL against invoice.
10. Income tax deduction as per Govt. Guide line shall be deducted at source for which TDS certificate will be issued.