

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_'2010 between Telecommunications Consultants India Ltd., a Govt. of India Enterprise, having its Corporate Office at TCIL Bhawan, Greater Kailash – I, New Delhi – 110 048 (hereinafter called "TCIL")

AND

M/s \_\_\_\_\_ (Name and address of Agency) on the other part (herein after called as 'Agency')

Whereas TCIL is a prime contracting and engineering company and undertakes projects in all the fields of telecommunications, civil constructions including road constructions.

Whereas M/s \_\_\_\_\_ are engaged in civil construction works under various departments and having experience in similar works for the last \_\_\_\_\_ years.

Whereas TCIL has participated in a tender for \_\_\_\_\_  
**(Name of work)** \_\_\_\_\_

Whereas TCIL had invited competitive quotes from the bidders for participating in the works and whereas the agency has agreed to execute the work as per the specification of the client.

Now this MOU witnesseth as under;

1. It is mutually agreed that following documents shall be deemed to form, read and construed as part of this MOU.

- i) Tender document issued by the client \_\_\_\_\_.
- ii) Offers dated \_\_\_\_\_ submitted by the Agency.
- iii) MOU between TCIL and agency.

2. On acceptance of TCIL's tender, TCIL shall award part or whole of the work as mutually agreed to the agency and, the agency shall mobilize immediately and execute the work speedily and assure quality in works and achieve the Progress as stipulated in the contract between TCIL and the client. All terms and conditions of the tender issued by the client shall applicable on back to back basis except pricing, payments, right of termination by TCIL and execution of the work at the risk and cost of the agency.

3. The Agency shall submit EMD in the form of Bank Draft/ Bank guarantee as amounting to 0.4% of the estimated cost of work only. EMD shall not carry any interest and shall be returned in case contract is not awarded to TCIL subject to return of TCIL's EMD by the client / Client.

4. In case the Agency withdraws from the offer or fails to sign the agreement or fails to furnish the back up performance security within the stipulated period, the EMD shall stand forfeited by TCIL. The earnest money shall despite signing of the agreement and furnishing the performance guarantee be retained as part of security deposit.

5. On award of the works to the agency, the agency undertakes to carry out the same work as per specifications of the client and to the best satisfaction of Client / TCIL towards quality of works.

6. Agency has confirmed that it owns requisite construction machinery and has resources and shall deploy the same for execution of the project and shall complete project in scheduled time.

7. The work shall be awarded to the agency at the rates \_\_\_\_\_ . Agency agrees that while making the progress payments to the agency by TCIL, all deductions made by the client shall be deductible from the agency's bills by TCIL. Agency agrees that all tax liabilities including Works Tax / VAT on total contract value shall be borne by agency.

8. TCIL shall take Contractor's all risk policy in accordance with the requirement and deduct 0.70% of the contract value from the agency towards premium. Contractor shall take other policies required for all plant and equipment/workman compensation etc.

9. Agency shall provide and establish well-equipped labs to meet the requirement of Client at his own cost.

10. Agency shall comply with all applicable local laws regarding labour, mining laws etc. and payment of royalty, license fee for contract labour, if any, shall be entirely borne by the agency.

11. All statutory deductions such as Income Tax deductible at source / VAT shall be deducted by TCIL for which due certificate shall be given to the agency.

12. In case party desires that Bitumen/Cement/Steel/Pipe/Fuel shall be procured by TCIL from any other agency on the request of the agency, the same shall be purchased and sold to the agency at procurement price plus 2% on sale value. In addition the agency shall pay interest at SBI PLR with a minimum of @ 11.0% p.a. on quarterly rests, from the day TCIL makes payment to supplier till amount is fully recovered.

13. It is agreed between the parties that all marketing, inspection costs and other costs shall be on account of the agency.

14. Agency undertakes to deploy requisite own working capital to execute the contract.

15. Payment Terms : Payment to the Agency shall be on back to back i.e. on receipt of the payment, corresponding payment shall be released by TCIL to the agency. In case the contractor desires, 50% payment can be released on the value of work certified by TCIL/Client. Such payments shall bear an interest at SBI PLR rate from time to time to a minimum of 2% TCIL service charge one time and 11% per annum at quarterly rest till the amount is fully recovered from the agency.

16. Performance Security: The agency shall provide back up performance Bank Guarantee from a scheduled Bank through its branch in New Delhi. The bank guarantee shall be an unconditional and irrevocable guarantee payable on demand and without demur.

17. In case of delay in execution of work, LD as per terms of bidding tender of the client shall be applicable. In case of continued delay, on breach of other contract conditions TCIL may terminate the contract and get the work carried out at the risks and costs of the agency.

18. In case the client deducts / withholds some amount towards checking, discrepancies, delay or any other reasons, the same shall be deducted / withheld from the bills of agencies.

19. Arbitration: Any dispute in relation to or arising out of this MOU shall be resolved amicably by the parties. Unresolved disputes shall be referred to Arbitration. The Arbitrator shall be appointed by the CMD, TCIL, New Delhi. The venue of Arbitration shall be New Delhi. Laws of India shall be the governing laws under this MOU.

20. On award of works to the agency, a detailed agreement shall be signed where the main agreement between the client and TCIL shall form part except the pricing schedule.

21. The agency understands and agrees that he has read the tender document of the client / Client fully and carefully. It is expressly understood and agreed by the agency that all duties and obligations of TCIL towards the client / Client shall be that of the agency for the corresponding portion of work awarded to and executed by it.

22. TCIL shall get registered with the Commercial Tax Department in the State of \_\_\_\_\_ and apply for composite scheme for the Works Contract Tax. The agency shall extend all assistance in this regard. Works Tax shall be borne by the agency and agency shall also get themselves registered with the Commercial Tax Department of \_\_\_\_\_.

23. This MOU is valid for the specific work as awarded by TCIL. **M/s. Telecommunications Consultants India Ltd.** Signatures of the authorized representative of TCIL

**For Contractor**

Signature and Seal