

21 Sep 2020

To

The National Stock Exchange of India Limited
Exchange Plaza, Plot No: C1,
G Block, Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

**PROVISION OF CIVIL WORKS FOR MINI BLOCK HOUSE AT DRDL, HYDERABAD
CONTRAC AGREEMENT NO. CCE(R&D)S/CA/CIV/MINI/14/2020-21, FOR AN AMOUNT
OF Rs. 1,94,72,499.00 (RUPEES ONE CRORE NINETY FOUR LAKH SEVENTY TWO
THOUSAND FOUR HUNDRED AND NINETY NINE ONLY) INCLUSIVE OF ALL TAXES.**

Dear Sir/ Madam,

This is to bring to your kind notice that we have been awarded Work Order for “PROVISION OF CIVIL WORKS FOR MINI BLOCK HOUSE AT DRDL, HYDERABAD CONTRAC AGREEMENT NO. CCE (R&D)S/CA/CIV/MINI/14/2020-21” Construction of Mini Block House Building, with air conditioning facilities, water coolers, DG Set, Office furniture and Arboriculture. ” for an amount of Rs. . 1,94,72,499.00 (Rupees One Crore Ninety Four Lakh Seventy Two Thousand Four Hundred And Ninety Nine Only) inclusive of all taxes within 9 months from the effective date i.e.15th Sep 2020 .

Tender No. : e-Tender ID : 2020_DRDO_573564_1

Ref: Tender Submission date 7.08.2020

Authority : Defence Research & Development Organisation

**Value of Work : Rs. 1,94,72,499.00 (Rupees One Crore Ninety Four Lakh
Seventy Two Thousand Four Hundred And Ninety Nine Only)
Inclusive of All Taxes**

Enclosed: Letter of Intent

Sincerely Yours

For RKEC Projects Limited

Deepika Rathi


**Deepika Rathi
Company Secretary & Compliance Officer**

RKEC Projects Limited

GST No. : 37AACCR9682A1Z8

Regd. Office : # 10-12-1, 3rd Floor, Rednam Alcazar, Rednam Gardens, Opp. SBI Main Branch, Visakhapatnam-530 002

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भारत सरकार, रक्षा मंत्रालय
Govt. of India, Ministry of Defence
रक्षा अनुसंधान एवं विकास संगठन
Defence Research & Development Organization
मुख्य निर्माण अभियंता (अनु० एवं वि०) दक्षिण
CHIEF CONSTRUCTION ENGINEER (R&D)S
अकबर रोड, डाक पेटी सं०.१५६९, सिकंदराबाद -५००००३
Akbar Road, PB No.1569, SECUNDERABAD – 500003

All correspondence be addressed to CCE (R&D)S

LETTER OF INTENT

Ref. No: 83581/CIV/BH/CON

15 Sept 2020

M/s. RKEC Projects Limited
D.No.10-12-1, 3rd Floor, Rednam Alcazar,
Rednam Gardens, Opp. SBI Main Branch
VISAKHAPATNAM- 530 002

PROVISION OF CIVIL WORKS FOR MINI BLOCK HOUSE AT DRDL, HYDERABAD

CONTRACT AGREEMENT NO. CCE(R&D)S/CA/CIV/MINI/ 14 /2020-21

e-Tender ID : 2020_DRDO_573564_1

Dear Sirs,

On behalf of President of India, I hereby accept your offer and place this Letter of Intent on you for the above work in accordance with the enquiry, your offer and subsequent discussions as detailed below:-

- i) This office Tender Enquiry No. CCE(R&D)S/ENQ/CIV/BH/13/2020-21 Dated 25/07/2020.
- ii) Your offer submitted dt 07.08.2020.
- iii) Standing Committee meeting held on 03 Sept 2020.

SCOPE OF WORK :

2. The scope of work broadly includes the following for their entire and full completion in all respects, as described and included in the tender documents and drawings referred :
- 2.01 The scope of work to be executed by the Contractor under this Agreement shall include all work, supplies and services for construction, completion and maintenance as specified in the tender documents (or as finalized) and stated below :

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Scope of Work	Period of Completion for effective date of LOI
<p><u>1) Block House Building</u> Ground & First Floors : PA – 541 Sqm, Ht – (GF) 4.5 M and (FF) 3.6 M</p> <p><u>2) AIR Conditioning</u> : VRV/VRF : 12 HP</p> <p><u>3) Water Coolers capacity 80 liters</u> – 2 Nos</p> <p><u>4) DG Set</u> : 60 KVA</p> <p><u>5) Office Furniture & Arboriculture</u></p>	<p>09 (Nine) Months</p>

- 2.02 The work shall be executed strictly in accordance with the working drawings, specifications, schedule of items, quantities / rates, sketches and written and oral instructions (to be subsequently confirmed in writing) of the ENGINEER or any representative of Chief Construction Engineer (R&D). The working drawings marked “good for construction” shall be issued progressively to suit the construction schedule.
- 2.03 In the case of item rate contracts tender drawings issued at the time of Invitation to Tenders are for guidance only. The actual work shall be carried out as per the working drawings stated under Article 2.02 above.
- 2.04 In case of any discrepancy in the drawings or between the drawings, technical specifications, and / or schedule of items / quantities, the CONTRACTOR shall seek clarifications from the ENGINEER and shall carry out the work in accordance with the clarifications furnished by the ENGINEER. In absence of specifications for any particular item of work, the CONTRACTOR shall also carry out the work as per the instructions given by the ENGINEER. Several documents forming the contract agreement are to be taken as complimentary to one another.

The following order of preference shall be observed for interpretation of the contract:-
Description in schedule ‘A’ / Bill of quantities.

Technical specifications, Drawings, General conditions of contract.

Any error in description, quantity or rate in schedule ‘A’ / Bill of quantities or any omission thereof shall not initiate the contract or release the CONTRACTOR from execution of whole or any part of the works comprised therein according to drawings and specifications or from any of his obligations under the contract.

- 2.05 The scope of work to be carried out by the CONTRACTOR shall also include the following :
- a) Setting out of the works in respect of position, level, dimensions, alignments, etc. including establishment of bench marks, survey reference points, etc.

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- b) Clearance of the site.
- c) Site levelling / terracing within the limits as shown in the drawings or as directed by the ENGINEER.
- d) Disposal of debris, excavated materials, etc. as per the instructions of the ENGINEER.
- e) Testing of water, soil and concrete.
- f) Pumping out rain water / underground water from foundations, excavations and drainage of surface water from work site.
- g) All scaffolding, shorting, centering, shuttering works, etc.
- h) Running and maintenance of all construction plants and equipment, tools and tackles, etc.
- j) All temporary / enabling works such as approach road to the site, water supply, drainage and sewerage, power supply including diesel generator set, temporary offices, stores, construction yard, canteens, toilet blocks, labour camp outside of the site, fencing, etc.
- k) Protection and maintenance of trees, shrubs, green and other surfaces as instructed by the ENGINEER.
- l) Any other work required in connection with the execution of the contract work.

The cost of all the above mentioned works shall be deemed to be included in the rates for various items of work although such inclusion may not be specifically spelt out.

- 2.06 Whether specified elsewhere in the Agreement or not, the CONTRACTOR shall provide all materials (including steel and cement unless specifically spelt out in the agreement otherwise), labours of every description, energy and water and all tools, tackles, plant and transport necessary for proper execution of the work to the entire satisfaction of the OWNER.
- 2.07 Where specified, the construction power and construction water will not be provided free of cost by the OWNER at any point.

CONTRACT PRICE :

3. The Contract Price for carrying out the entire and complete work as per tender documents and drawings shall be **Rs.1,94,72,499.00/- (Rupees One Crore Ninety Four Lakhs Seventy Two Thousand Four Hundred and ninety nine only)**. The number allotted to Contract Agreement is **CCE(R&D)S/CA/CIV/MINI/ 14 /2020-21, dt. 15 SEPT 2020** which shall be quoted in all future correspondence.

TAXES AND DUTIES:

4. The rates accepted are inclusive of all taxes, duties, fees, levies, octroi, excise including GST and all other charges levied on contractor in connection with this contract work. No increase / decrease in taxes, duties etc., statutory or otherwise, at any time shall be adjusted during the currency of contract.

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PAYMENT FOR FREAKISHLY HIGH RATE ITEMS:

5. The payment for the items quoted freakishly high by the contractor will be paid as per C.A Quantity and the rates quoted. In case of increase in quantity, the payment will be made as per estimated rate of the item. The list of Freakishly high rate items and the estimated rates is enclosed at **Annexure -I.**

PAYMENT FOR FREAKISHLY LOW RATE ITEMS:

6. The payment for the items quoted freakishly low by the contractor will be paid as per C.A Quantity and the rates quoted. Low qoted rates will be executed upto boq quantity. The list of Freakishly low rate items and the estimated rates is enclosed at **Annexure -II.**

TERMS OF PAYMENT :

7 (i) In respect of Civil Works, subject to any deduction which the OWNER may be authorized to make under the agreement, the CONTRACTOR shall receive payment from the OWNER as follows:

(a) 10% (ten percent) of the contract price as Mobilization Advance within 2 (two) weeks after the effective date of Agreement, or the date of deposit of initial security, whichever is later against a Bank Guarantee from scheduled bank for 110% amount of advance in the format prescribed by the OWNER, valid up to issue of "Completion Certificate" by the OWNER. The value of Bank Guarantee shall be progressively reduced to the extent of outstanding Mobilization to be adjusted / recovered. Any outstanding Bank Guarantee Bond shall be released when the entire work is completed as per the Agreement and on issuance of "Completion Certificate" by the ENGINEER.

(b) Mobilization Advance shall be paid in 2 (two) or more installments to be decided by the OWNER. Each installment will not be more than 50% if the total admissible Mobilization Advance. Subsequent installments of advance shall be released by the OWNER only after satisfying installments himself for appropriate utilization of previous advances, **if necessary / feasible, based on indicative documentary proof of expenditure incurred on material / equipment and / or on quantum of work initiated on ground.**

(i) Mobilization Advance will bear simple interest of 10% (ten percent) per annum and shall be calculated on the outstanding amount of advance from date of advance to the date of recovery, both days inclusive.

(ii) Interest will be recovered from RA bills from the date of payment of Mobilisation Advance till full recovery of advance paid. A simple interest @ 10% per annum shall be calculated for number of days rounded of to 15 (fifteen days on for nightly on outstanding mobilization advance.

(c) (i) 75% (Seventy Five per cent) of the value of imperishable material such as stone and aggregates, electrical, sanitary fittings etc., brought to site which will be incorporated in the works excluding cement and steel. This shall be recovered from the running bills on pro-rata according to the quantity of work billed for. This will be paid on sufficient documentary proof and on certification by ENGINEER and acceptance by the OWNER.



(ii) 85% (Eighty Five per cent) of the cost of Cement and Steel procured by the Contractor and brought to site for incorporation into the works. This shall be recovered from running bills on pro-rata according to the quantity of the work billed for. This will be paid on sufficient documentary proof and on certification by ENGINEER and acceptance by the OWNER.

- (d) 80% (Eighty per cent) of the value of work done less recoveries in running bill payments according to the progress of works performed and measured as per Article-13.
- (e) Balance 10% (Ten per cent) of the value of work done but not paid in running bills shall be held as Retention Money. It shall be released in stages, when Retention Money accumulated exceeds Rs.2.00 (Two) Lakhs, on production of Bank Guarantee Bond for an equivalent amount so released and valid up to the date of expiry of maintenance period. Alternatively, the CONTRACTOR may produce Bank Guarantee Bond for an equal value valid up to the date of expiry of maintenance period, the Retention Money recovered in each running bill can be released to the extent of the value of such Bank Guarantee Bond.

On completion of entire work as per Agreement and on issuance of completion certificate by OWNER, the value of Bank Guarantee Bond submitted for release of Retention Money of 10% held in running bills payment shall be reduced to 2.5% (Two and half percent) of final Contract sum. The Bank Guarantee Bond being held by the OWNER beyond 2.5% (Two and half percent) of final Contract sum shall be released on completion of all works and on issuance of Completion Certificate by the OWNER.

- (f) The Bank Guarantee Bonds totaling to 5% (Five percent) of the final completion cost inclusive of initial Security Deposit of 2.5% (Two and half percent) shall be held and released on expiry of the maintenance period and satisfactory completion of rectification of defects and on issuance of "Final Acceptance Certificate" by the OWNER and submission of "No Claim Certificate" by the CONTRACTOR.

(ii) In respect of E&M works subject to any deduction which the OWNER may be authorized to make under the agreement, the CONTRACTOR shall receive payment from the OWNER as follows:-

- (a) 10% (Ten percent) of the contract price as mobilization advance with in 2 (two) weeks after the effective date of agreement or date of deposit of initial security, whichever is later against a Bank Guarantee from Scheduled bank for 110% amount of advance in format prescribe by the OWNER, valid upto issue of "Completion Certificate" by the OWNER. Any outstanding Bank Guarantee Bond shall be released when the entire work is completed as per the agreement and on issuance of "Completion Certificate".
- (b) Mobilization advance shall be paid in 2 (Two) or more installment to be decided by the OWNER. Each installment will not be more than 50% of the total admissible Mobilization Advance. Subsequent installments of advance shall be released by the OWNER only after satisfying himself for appropriate utilization of previous advance. **If necessary / feasible, based on indicative documentary proof expenditure incurred on material /equipment and /or on quantum of work initiated on ground.**



- (c) (i) Mobilization Advance will bear simple interest of 10% (Ten per cent) per annum and shall be calculated on the outstanding amount of advance from date of advance, both days inclusive.
- (ii) 60% (Sixty percent) of the contract price or value of material (as per paid voucher) whichever is less, against delivery of all materials and equipments at site on sufficient documentary proof and on certification by the Engineer and acceptance by the OWNER.
- (iii) 15% (Fifteen percent) of the Contract Price against erection and commissioning on pro-rata basis.
- (iv) Balance 15% (Fifteen percent) of the Contract Price on completion of the entire work and testing and handing over the OWNER against submission of performance Bank Guarantee Bond for 5% of the completion cost, valid for a period of 24 months from the date of completion of work.
- (v) The performance Bank Guarantee Bond held for 5% of the completion cost shall be in addition to the initial security deposit of 2.5% (Two and a half percent) and shall be released on expiry of maintenance period after satisfactory conduct of performance test and completion of rectifications if any and issuance of "Final Acceptance Certificate" by the owner and submission of "No Claim Certificate" by the CONTRACTOR.

(iii) Income Tax, GST, Labour Welfare Cess, if any, as applicable shall be deducted from your Bills. Income Tax deduction certificate will be issued by the department.

(iv) Adjustment of final contract sum shall be made in the last 3 (three) consecutive running bill payments based on the final quantities against various items of work. Adjustment shall also be made in the contract sum due to extra work executed, if any, as per requirement of the ENGINEER/OWNER in those 3 (three) last running bill payments.

(v) Bills in triplicate shall be submitted to Chief Construction Engineer (R&D) South, Secunderabad duly certified by the Officer-in-charge at Site for arranging payment.

SECURITY DEPOSIT:

8. The initial Security Deposit of **Rs.4,86,812.00 (Rupees Four lakhs Eighty Six thousand Eight hundred and Twelve only)** at 2.5% of the contract price shall be submitted within 10 (Ten) days from the issue of this LOI in the shape of FDR / Bank Guarantee Bond from any Nationalized Scheduled Bank in the format prescribed by OWNER valid till the expiry of maintenance guarantee period. The earnest money furnished along with submission of tender shall be released on receipt of the said security.

EFFECTIVE DATE OF AGREEMENT:

9. The effective date of Contract Agreement shall be the date of issue of this Letter of Intent i.e., **15 Sept 2020.**



COMPLETION SCHEDULE:

10. The entire scope of work included in this Contract Agreement shall be completed within a period of **09 (Nine) months** from the effective date of Contract Agreement i.e. by **14 June 2021**.

MAINTENANCE GUARANTEE:

11. Maintenance guarantee period will be **24 (Twenty Four) months** from the actual date of completion and handing over to the OWNER as applicable in terms of General Conditions of Contract/Special conditions of tender.

RECOVERY OF AMOUNT FOR NON PERFORMANCE OF WORK / NON COMPLETION OF WORK AS PER MILESTONES AT INTERMEDIATE STAGES

12. The Contractor will adhere to the time frame specified for the work in the contract. The department has worked out a bar chart depicting the time frame and intermediate milestones to be achieved during the work. Since the PDC of the work is **09 months** certain recovery of amount will be made for non performance of work/non completion of work as per milestones at intermediate stages.

i) The schedule of work shall consist of the following Milestones:

MILESTONE-I :

- a) Time frame: 03 (Three) months from date of issue of LOI.
- b) Financial Target: 30%
- c) Recovery of Non-performance at **MILESTONE-I** - The recovery will be made at rate of **Rs.1,00,000/-** per day or LD1, Whichever is higher, subject to a maximum of 1.5% of the total contract price.

$$LD 1 = \frac{0.015 \times \text{Contract value}}{\text{No of days between Milestone I \& II}}$$

This payment shall be withheld from the Running Account Receipt due to the CONTRACTOR.

MILESTONE-II:

- a) Time frame: 06 (Six) months from the effective date of issue of LOI.
- b) Financial Target: 70%
- c) Recovery of Non-performance at **MILESTONE-II** - The recovery will be made at rate of **Rs.1,50,000/-** per day or LD2, Whichever is higher, subject to a maximum of 3% of the total contract price.

$$LD 1 = \frac{0.03 \times \text{Contract value}}{\text{No of days between Milestone II \& III}}$$

This payment shall be withheld from the Running Account Receipt due to the CONTRACTOR.

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MILESTONE-III :

- a) Time frame: 09 (Nine) months from the effective date of issue of LOI.
- b) Financial Target: 100% Physical completion of work.
- c) Recovery of Non-performance at **MILESTONE-III** – If the total work is not completed within the above stipulated time frame specified at MILESTONE –III, then recovery will be imposed as stipulated in Article 21 of the General condition of contract i.e., Liquidated damages for delay since the completion of MILESTONE –III is also the completion period of the entire work.

RELEASE / FORFIETURE OF WITHHELD AMOUNT:

- a) The total amount withheld on account of Non- Performance of Completion schedule at **MILESTONE-I** will only be released, if the CONTRACTOR is able to complete the work along with the scope of work specified at **MILESTONE-II**, otherwise the amount withheld on this account will be forfeited to the department.
- b) The total amount withheld on account of Non-Performance of completion schedule at **MILESTONE-II** will only be released, if the CONTRACTOR is able to complete the work at the end of **MILESTONE –III** along with the scope specified in **MILESTONE-II** & **MILESTONE-III** otherwise the amount withheld on this account will be forfeited by the department.
- c) In case the total work (including that at **MILESTONE-I, II, III**) is not completed within the stipulated time frame of the contract then the following conditions for recovery will be applicable:
 - i) In case the amount is forfeited either at **MILESTONE-I** or **MILESTONE-II**, then the total liquidated damages to be recovered will be equal to the total amount of liquidated damages applicable (as per general conditions of contract) less than the amount forfeited either at **MILESTONE-I** or **MILESTONE-II**.
 - ii) In case the amount is forfeited either at both the **MILESTONE-I & II**, then the total liquidated damages to be recovered will be equal to the total amount of liquidated damages applicable (as per general conditions of contract) less than the amount forfeited at **MILESTONE-I & MILESTONE-II**. In no case the recovery against the subject contract will be more than 10% of the total contract price.

13. In terms of conditions of Contract, Lt. Col Jayant Upadhyay is detailed as “Project Manager” for B&R and E&M works and P. Venkatesh, To ‘B’ is detailed as “In charge of Contract Section”.

14. Mushtaq Ahmed, To ‘C’ is detailed as “Engineer-In-Charge” for E&M works and N.S. Jayachandran, To ‘B’ is detailed as “Engineer-In-Charge” for B&R works.

15. All documents and letters referred to in Para 1 herein before and this Letter of Intent shall be sole repository of the agreement.

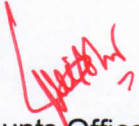


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16. You shall enter into a Contract Agreement (On a non-judicial Stamp Paper of value not less than Rs.100/- (Rupees One Hundred Only) with the undersigned within one month from the date of this letter. You may depute your accredited representative to sign formal contract deed on any working day.

17. You are requested to accept and return one copy of this Letter of Intent duly signed in token of acceptance.

"Verified"

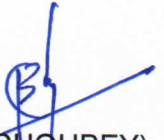


Senior Accounts Officer
CCE(R&D)S, Secunderabad

Signature of the Contractor



M/s RKEC Projects Limited,
Visakhapatnam
Sept 2020



(B. CHOUBEY)
CHIEF CONSTRUCTION ENGINEER (R&D)S
ACCEPTING OFFICER
FOR AND ON BEHALF OF PRESIDENT OF INDIA