



Bharat Heavy Electricals Limited

Ceramic Business Unit - Electroporcelains Division
Prof.CNR Rao Circle, Indian Institute of Science Post, Malleswaram
BANGALORE – 560 012 INDIA
Website: www.bhelceramics.com

Office: 91(080) 23346352
91(080) 22182305
Fax: 91(080) 23340535

MATERIALS MANAGEMENT

Tender Ref: ARC/EPD/SGI-CAPS 420kN /2014-15

Date: 20th December 2013

M/s

Sub: Annual rate contract 2014-15 for supply of 420 kN SGI Caps for BHEL-EPD, Bangalore

Dear Sir,

BHEL desires to enter into Annual Rate Contract with POWERGRID approved vendors for procurement of 420 kN SGI Caps as per BHEL Drg No 3 980 06 00121 Rev 03 and Purchase Spec EL-PS-12-0003 (Latest Revision) for disc insulators for a period of one year. The approximate requirements of SGI Socket Caps are as detailed below:

Sl No	Description	Unit Wt	Quantity (Nos)	Weight (MT)
		Kg	For EPD	Total
1	420 kN Cap	4.8	3,36,000	1,612.80

Quantities mentioned above are only indicative & projected figures are based on anticipated orders on BHEL. The quantities mentioned are not guaranteed order quantity or the limit for procurement during the contract period. The actual procurement/ orders during the contract period shall vary based on requirement w.r.t. orders with BHEL.

You are requested to refer our tender documents as enclosed and submit your offer for the same within due date as mentioned below:

EVENT	SCHEDULE
Last Date & Time for receipt of tender	Date : 09 th January 2014 (Thursday) Time : 2.00 PM
Tender opening date & Time (Techno-Commercial bid)	Date : 09 th January 2014 (Thursday) Time : 2.30 PM

The offer should be submitted/ dropped in the BHEL-EPD tender box (**Named BHEL-EPD**) located at the Reception office of the BHEL-EPD, Bangalore factory premise in a sealed cover super scribing tender number & due date and tender shall be addressed to

Sr DGM/ MM
Bharat Heavy Electricals Ltd
Electro Porcelains Division
PB No: 1245, CNR Rao Circle, Indian Institute of Science Post
Bangalore - 560 012

So as to reach here within 2:00PM on the due date and the tenders will be opened at 2:30PM on the same date in the presence of those vendors or their authorised representatives who wish to be present.



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The offer shall be submitted in two parts-

- i. Part-A : TECHNO-COMMERCIAL and
- ii. Part-B : PRICE.

Vendor should submit their offer in two parts as indicated above. The offer containing both the parts shall be submitted in a sealed cover and the cover should have the tender name and due date written on it. Each part shall be put in a separate sealed cover and the cover should have the corresponding part name, subject of tender and due date written on it. If both parts are found in opened condition in a single sealed cover, the same offer will be liable for rejection. **Only the techno-commercial part will be opened on the due date.**

The Part-I, techno-commercial offer should accompany latest income tax clearance certificate, Sales tax validity certificate, Excise authority certificate and latest audited balance sheet. The filled up Pre qualification Techno-Commercial bid format sealed & signed should also be submitted along with the offer.

Integrity pact, Name & address of Independent External Monitor (IEM) is furnished below *. Please note that appropriate details of Integrity Pact format attached should be filled up, duly signed and submitted along with the techno commercial offer by the bidder.

Kindly note that if you are registered under MSMED Act 2006, confirm the same in your quotation and submit the latest valid certificate for Micro, Small & Medium Enterprises (MSME) and for the SC/ST ownership, If any for availing benefits as per the act.

In case L1 vendor is not a Micro & Small Enterprise, 15% purchase preference will be given to the other participated M & SE vendor for ordering up to 20% of the tender quantity, provided the MSE accepts the counter offer of L-I Price .In case of more than one such M & SE's, the share of 20% will be distributed among them proportionately

4% of our total procurement is earmarked for procurement from Micro and Small Enterprises owned by SC/ST. In the event there is no participation from such M & SE, the same shall be met through other M& SE's.

15% of the total NIT quantity is reserved for developing new vendors. New vendors who are POWERGRID-INDIA approved but not registered with BHEL and vendors registered with BHEL and approved by POWERGRID-INDIA for lesser rating shall submit their Technical Bids only. Price Bids need not be submitted by such new vendors and, in case they are found technically qualified, then the L-1 price of the BHEL approved vendor shall be offered to them. This is exclusively applicable only for Non BHEL/New vendors.

Since this will be a developmental order on such vendors the price will be FIRM till the completion of order. Price variation, Risk purchase and LD Clauses shall not be applicable on them.

In case, more than one new vendor gets technically qualified, the reserved 15% quantity shall be shared among them proportionately provided they accept the counter offer of L-I price of the PMD listed vendors.



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In case of non acceptance of the counter offer of the L-1 price by the New vendors, the reserved quantity of 15% shall be treated as ceased and total NIT quantity shall be considered for load distribution among the eligible BHEL/PMD listed vendors.

Vendors will be given due opportunity to comply with BHEL requirements in a time frame in case there is any non-compliance in the original quote.

In case of vendors who are under HOLD/SUSPENSION either by POWERGRID or by BHEL MISCC, their offer will be considered provided the hold/suspension is lifted by POWERGRID/BHEL MISCC before opening of price bid/Conducting Reverse Auction.

The tenders meeting our techno-commercial requirements will be considered for price bid opening at a later date for which eligible vendors will be intimated in due course. **BHEL reserves the right for conducting REVERSE AUCTION instead of opening the submitted sealed price bid, which will be decided after techno-commercial bid evaluation.**

Reverse Auction will be conducted by BHEL only if there is minimum four (04) techno commercially qualified offers are available.

H1 (Whose quote is highest in the initial ON LINE SEALED BID) will not be allowed to participate in the reverse auction.

BHEL will proceed with opening the sealed price bids in case the techno commercially qualified offers are less than four (04). Vendors should submit the price bid accordingly.

Regards

Sr DGM/MM

Name & Address of IEM.*

Shri J M Lyngdoh, IAS (Retd.)
Plot No 144-145
Pragathi Resort,
Proddator Village & P.O.
Shankarpally Road
Rangareddy Dist, (AP) -500 013

Enclosures:

1. Tender terms & conditions (ARC/EPD/SGI-CAPS 420 kN /2014-15).
2. Annexure-I: Pre qualification Techno-Commercial bid format.
3. Purchasing specification (EL-PS-12-0003 Rev 02 dtd 30.04.2008)
4. Integrity pact format.
5. Drawings for the socket caps,
3 980 06 00121 Rev 03 (420kN SGI Socket Caps)



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TERMS & CONDITIONS FOR ANNUAL RATE CONTRACT OF 420 kN SGI SOCKET CAPS.

The following are general requirements for supply of 420 kN SGI Caps for disc insulators to BHEL-EPD Bangalore under the annual rate contract 2014-15

1. SGI socket caps are to be supplied in black condition in cast, neatly fettled, shot blasted and tested for cracks by MPI method dry/wet process without galvanizing in conformation to the requirements of our latest revised BHEL drawing 3 980 06 00121 & purchase specification EL-PS-12-0003 dated 30.04.2008.
2. Quantities mentioned in the tender are only indicative & projected figures are based on anticipated orders on BHEL. The quantities mentioned are not guaranteed order quantity or the limit for procurement during the contract period. The actual procurement/ orders during the contract period shall vary based on requirement w.r.t. orders with BHEL.
3. The rates finalized for the annual rate contract shall be valid for ONE YEAR with effect from release of ARC for supply. The rate contract shall have provision for further extension on same terms & condition for mutually agreed period with the mutual consent of both the parties.
4. The rates quoted for each of the items shall be on “per piece” basis.
5. The rates finalized will be subjected to price variation as per the PV clause stipulated in the Tender. A PV formula as detailed in this annexure below will be adopted to take care of fluctuating input cost of raw material. Ceiling will be plus or minus 20% of unit price.
6. **Foreign vendors/New vendors:** Since this will be a developmental order on them, the rates shall be FIRM.PV Clause, Risk Purchase clause and LD Clause shall not be applicable on them.
7. The routine inspection & acceptance testing supplied material shall be done at BHEL in line with purchase specification EL-PS-12-0003 Rev 02 dated 30.04.2008.However BHEL reserves the right to make pre-despatch inspection of material at vendor’s place.
8. **Delivery terms:** F.O.R Destination- BHEL EPD Stores, Bangalore.
9. **Rates, Duties, and Taxes:** The rates quoted shall be on COST TO BHEL basis as detailed in annexure without unloading charges. The rates shall be exclusive of unloading charges but inclusive of freight & Insurance. Duties and taxes applicable on date shall be explicitly mentioned. The taxes & duties will be paid extra as applicable on the date of supply.
10. **Payment Terms:** 30 days credit from the receipt of material at BHEL stores along with relevant documents (Invoices, Test certificates & reports) and test bars. Payment will be made only through NEFT.
11. **For Foreign Vendors:** Our Payment Terms shall be 90 days from Bill Of Lading date through sight draft for the accepted quantity. Payment will be made through our Bankers. BHEL being a Government of India undertaking are governed by strict corporate and RBI guidelines and therefore shall not entertain any request for advance payment. The payment shall be through TT/NEFT at sight.



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12. **Capacity:** The projected requirement has been given in the tender. Vendors should indicate/ confirm their monthly capacity to BHEL. Vendor's capacity to supply per month implies vendor's ability to supply such quantities of items meeting the quality requirements and delivery schedules. Vendors shall intimate only such capacity that can be allocated to BHEL and not their total capacity.

To enable smooth supply of pins for our monthly requirement, vendors are expected to have following minimum monthly capacity for supply to BHEL units. The tender not meeting the minimum monthly capacity as below is liable for rejection

BHEL- Unit	Description of Socket Caps	Unit Wt of Cap	Minimum monthly capacity Requirement.	
		kg	Nos.	Weight (MT)
EPD, Bangalore	420 kN Cap	4.8	20,000	96.00
	TOTAL WEIGHT FOR EPD (MT)			96.00

13. **Lead/ Delivery time:** Maximum lead-time of 45 days will be given for ordered quantities which shall be limited to vendor's indicated monthly capacity i.e. Vendor will be given total of 45 days from the PO date to execute the order quantities of vendor's indicated monthly capacity. However, if the quantity in a single PO exceeds the indicated monthly capacity, 30 days time shall be given for the delivery of each subsequent quantity of monthly capacity.
14. **LD Clause:** In case of delayed delivery beyond the date specified in the PO, penalty @ 0.5% of the order value per week up to a maximum of 10.0% will be levied on the defaulting quantity for the delayed period. Date of receipt of material at BHEL stores will be considered as delivery date.
15. **Risk Purchase Clause:** BHEL at its option will be entitled to terminate the contract and purchase elsewhere at the risk and cost of the seller either the whole of the goods or any part which the supplier fails to deliver within the stipulated time. The seller shall be liable for any loss, which BHEL may sustain by such risk purchases. The loss will be recovered from the vendor's outstanding bills with the concerned unit or any sister unit or recovered from the security deposit money.
16. **ACCEPTANCE TEST SAMPLES:** All testing samples required as per the sampling plan mentioned in the purchasing specification EL-PS-12-0003 Rev02 dated 30.04.2008 shall be taken from the supplied lot & deducted from the supplied lot quantity. Payment shall be made for net accepted quantity (after deduction of testing samples as per plan & rejections). The tested samples shall not be returned to vendor. The supplier should have UTM of minimum 60MT capacity prior to Reverse Auction/Price bid opening.
17. **ACCEPTANCE & REJECTIONS:**
- A. The routine inspection & acceptance testing of material shall be done at BHEL EPD in line with purchase specification EL-PS-12-0003 Rev02 dated 30.04.2008. Materials not meeting the requirement of drawing & purchase specification will be summarily rejected. However BHEL reserves the right to make pre dispatch inspection of materials at vendor's place.



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- B. The castings supplied are subsequently galvanized before assembling to make the finished product. The rework or rejection during galvanizing for defects attributed to vendor's manufacturing process, noticed at the time of galvanizing process by galvanizing sub-contractors will be treated as valid first-party rejections. The same shall be either replaced free of cost or payment towards rework will be adjusted from vendors pending bills. If such rejection is more than 5.0 % of supplied lot, the cost of galvanizing (including Zinc cost) will be debited to supplier's account.
- C. The rejected lots should be lifted by vendor on his own cost within 15 days notice, failing which BHEL shall despatch the rejected material to vendor on freight paid basis through BHEL approved transporter & at the BHEL contract rate and same shall be recovered from their pending bills. However minor rejections should be lifted once in a year failing which BHEL will have no liability for such material.
18. The lowest price received through sealed bid/ Reverse Auction need not be commercially acceptable lowest price and BHEL reserves the right to NEGOTIATE the same. The price negotiations if considered necessary will be done with L1 bidder only.
19. **Price Comparison:** Price comparison of the offer shall be considered on LANDED COST BASIS (COST TO BHEL). Landed cost shall be worked out on price quoted including freight, excise duty, sales tax after taking out CENVAT and VAT Benefit, as applicable. The comparative statement shall be worked out on landed cost basis . The calculation of LANDED COST is as given in the annexure. The ranking of the vendors prepared based on the Reverse Auction/Price bid opening date shall remain firm throughout the execution period. Any change in duty & tax structure during execution of the contract will not be considered for re-ranking of vendors. Interest @ Prime lending rate of SBI + 6% per annum will be loaded for the differential credit period (Specified credit period offered by supplier) and the differential amount (amount of payment specified-amount of payment asked for in the offer stage-wise). In case, the delivery basis stipulated by the Tender is different from that sought for, loading for the corresponding elements viz: freight, insurance etc. shall be made as per prevailing BHEL contract rates existing as on the date of tender opening. **No deviation is allowed regarding delivery term F.O.R.BHEL and payment terms as per SL 08 and 10 of general terms & conditions.**
20. BHEL reserves the right/option to REFLOAT the tender if L1 price is not the lowest acceptable price to BHEL.
21. **EARNEST MONEY DEPOSIT (EMD) & SECURITY DEPOSIT:** The bidders should submit their quotation along with Earnest Money (EMD) in form of Demand draft/ Pay order for Rs 2,00,000.00 (Rupees two lakhs only) payable in favour of Bharat Heavy Electricals Ltd, Electro porcelains Division, Bangalore. Tenders without Earnest Money Deposit are liable to be rejected/ will not be considered.

However, EMD of Rupees Two Lakhs will be required with respect to the participation of a vendor in only one of the SGI Caps tender enquiry of BHEL for the year 2014-15



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EMD amount shall be refunded within 15 days of finalization of rate contract to all unsuccessful bidders. The bidders are not entitled for any interest on the Earnest Money Deposit, nor any right for award of the contract. The EMD amount will be forfeited if the bidder after submitting his tender, withdraws his offer or modifies the terms and conditions thereof or fails to supply materials as per tender terms.

In the case of successful bidders the EMD will be retained as the security deposit for the period of rate contract. The Security deposit shall not carry any interest & the deposit shall become payable / returned on completion of the contract period.

22. **Distribution of Load Share:** The load will be distributed to eligible vendors in the ratio as indicated below:

- i. The load will be distributed among three most competitive bidders in the ratio of 50:30:20 in case technically qualified response is four or more. In case the technically qualified response is only two/ three, the load distribution will be 60:40.

The load sharing is, however subject to acceptance of counter offer that is calculated with reference to the negotiated L1 price. The eligible vendors will be asked to match negotiated/ finalized L1 price. In case of more than one vendor having same ranking, the load share corresponding to the ranking and the next ones will be clubbed together and will be equally distributed among such vendors. In case, any eligible vendor does not accept the counter offer, opportunity will be given to the next ranking vendor.

The load distribution during the execution period of rate shall be linked to the vendor performance & their declared capacity.

23. **Performance during contract execution:** The orders will be placed during the contract period on vendors for eligible share from time to time for actual requirement. The loading of order share on the vendors will also be subjected to their performance ratings (Quality rating, Delivery rating & Service rating) for the supplies made during the contract period. The vendors with higher declared capacity with consistence good performance will be preferred over poor performing vendors and encouraged with more order share. The contract will be suspended/ put on hold on following ground.

- Supplier does not honour his own offer or any of its conditions within the validity period.
- Rejection of three consecutive supplies due to reasons attributed to suppliers (Once a lot is rejected, is reworked/segregated and accepted, it still constitute rejection)
- After placement of order, supplier fails to execute a contract.
- Supplier fails to settle sundry debt account, for which he is legitimately liable, within one year of its occurrence.
- Supplier performance rating falls below 60%.
- Supplier works are under strike/ lockout for a long period.

24. Each of our purchase order specifies the drawing number and revision number clearly. SGI caps to the drawing of the latest revision number only will be accepted.

BHEL will have the option to defer the supplies of any purchase order with a notice period of 20 calendar days.



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25. In case of unsatisfactory performance of quality / delivery BHEL will have right to discontinue the contract in part or full.
26. Appropriate care has to be taken while shipping SGI caps to avoid transit damages / losses. In the event of any damages, the supplier is liable to replace the goods. Care has also to be taken to avoid mixing of different ratings of cap during shipment.
27. Vendor must agree to delivery term of F.O.R. Destination -BHEL-Stores and Payment term as per clause 8,10 &11 and no deviation shall be allowed.
28. Validity of the rate contract shall be considered as the last date for placement of PO.
29. Acknowledgement of BHEL Stores shall be only legal document towards receipt of material.
30. The vendor will have to follow all the legal and statutory requirements and BHEL norms. BHEL will not be responsible in any way if the vendor is fined or penalized due to non-fulfillment of these requirements by any government agency like Sales Tax, Excise etc
31. **Arbitration:** Settlement of dispute, if any arises, at anytime between the BHEL and the vendor upon or in relation to or in connection with the vendor, the same shall be referred to the sole arbitration of the Head of the concerned BHEL unit or to person appointed by him. The award of the arbitrator shall be final and binding on both BHEL and the vendor
32. **Legal Jurisdiction:** In case of any legal proceedings, area of jurisdiction will be Bangalore.
33. The latest income tax clearance certificate, Sales tax validity certificate and latest audited balance sheet are compulsory to be furnished along with your offer. The units registered under SSI should also furnish the validity certificate for the same. Excise authority certificate should also be furnished.
34. The tender not meeting the above conditions may not be entertained.



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Price variation formula for socket caps

The rates finalized will be subjected to price variation as per the PV formula indicated below. Price variation computed in Rs/kg will be applied for each of the item prorata. Unit weight casting as indicated in BHEL drawing will be applicable for calculation.

Basis for fixing indices/ Base rates:

Base of Data: Minerals and Materials Review Weekly

Material Base: Pig Iron (Cast)/ Foundry grade

PV Formula:

Price variation in Rs per Kg of casting wt = 1.15 (Difference in Pig Iron rate)
= 1.15 (Pi - Po)

Pi : The average rates of preceding month of scheduled date of despatch or actual date of despatch as evidenced from the Excise documents, whichever is less.

Po : The average rates of preceding month of Reverse Auction or price bid opening

Rate taken shall be exclusive of ED but inclusive of sales tax factor.

Operation of PV Clause

- Consolidated PV bills to be submitted once in a month.
- Conversion of increment Rate per kg into unit price for each item to be made based on BHEL drawing weight.
- Negative PV amount will be recovered from the vendor's outstanding bills.
- If no bills are available, party to issue cheque for the same.
- Ceiling will be plus or minus 20% of unit price.

Guidelines for calculation of Landed Cost/ cost to BHEL

SL NO	Description	Example	Results (Rs)
A	Basic price including Freight & Insurance	100.00	100.00
B	Excise Duty & Cess on basic	12.36%	12.36
C	Sub total of above	(A+B)	112.36
D	CST on Sl No C	2.00%	2.25
E	Sub total	(C+D)	114.61
F	MODVAT		12.36
	COST TO BHEL	(E-F)	102.25