

**Sub: Notice Inviting Open Tender for undertaking valuation of assets of
Foundry Forge Plant of HEC Ltd., Ranchi**

Sealed offers are invited from reputed consultants/financial institutions, having experience in asset valuation, for carrying out the valuation of the assets of Foundry Forge Plant (FFP) of HEC, Ranchi for the purpose of a Joint Venture with BHEL. The background, the broad scope of work and terms are detailed herein below:

1.0 Background:

Bharat Heavy Electricals Ltd (BHEL) is a Govt. of India Undertaking, under the Ministry of Heavy Industries, incorporated under the Companies Act 1956, having its registered office at BHEL House, Siri Fort, New Delhi-110049. The Power Sector is poised for phenomenal growth with the 11th & 12th Five Year Plans envisaging additions of 78,000 MW and 85,000 MW power generation capacities respectively. BHEL is going for massive expansion to meet the power generation requirement and have also got a huge requirement of castings & forgings of different types to meet their demand.

Heavy Engineering Corporation Ltd. (HEC), Ranchi is a Government of India Enterprise, under the Ministry of Heavy Industries, incorporated under the Companies Act 1956, having its registered office at Plant Plaza Road, Ranchi-834004, Jharkhand. In view of expansion in steel and mining sectors, HEC is also going in for manifold increase in turnover in the two of its units i.e. Heavy Machine Building Plant (HMBP) and Heavy Machine Tools Plant (HMTP) for which there would be a huge requirement of castings & forgings of different types to meet their demand.

The Foundry Forge Plant (FFP) of HEC has got the basic required infrastructure, facilities and capacity which after some renovation and modernization will be capable of manufacturing some of the castings & forgings required by BHEL as well as the castings and forgings requirement of HMBP and HMTP.

In view of the critical shortage of capacity of castings and forgings, BHEL and HEC have decided to form a Joint Venture Company (JVC) comprising of existing FFP division of HEC on 50:50 basis by modernizing/ adding facilities in the existing FFP division of HEC at Ranchi.

2.0 Eligibility Criteria:

- 2.1 The Bidder must be a reputed Consultant/Financial Institution having experience of conducting valuation of plant, machines, equipments, land and buildings of large industry.

- 2.2 The Bidder must have conducted atleast ten valuations of assets in the past five years out of which at least two valuations of Fixed assets of industrial undertaking of value exceeding Rs. 400 Crore each.
- 2.3 Bidder must have a team of qualified professionals to carry out such valuation work.
- 2.4 Bidder must have positive net-worth.

3.0 Scope of Work & Deliverables:

- 3.1 The fair valuation of the assets of Foundry Forge Plant of HEC including plant, machines, equipment, land and buildings will be required to be done based on the latest audited balance sheets (to be given by HEC), market value and the minimum value of land of HEC fixed by Honorable Jharkhand High Court in CP.05/2004(BIFR Vs. HEC) with WPC 4513/04(HEC Vs. BIFR & Others)
- 3.2 The submission of a Valuation Report within 30 days from the date of the work order would be the key deliverable of the assignment. The Valuer will, within the time prescribed, consult the major stakeholders including HEC and BHEL. They will make presentations and also consult Deptt. of Heavy Industries (GOI), if so required by HEC & BHEL, before submitting the preliminary report and after taking the requisite inputs, will submit their final report.

4.0 Instructions to Bidders:

- 4.1 Offers submitted after time & date fixed for the receipt as set out in the invitation to bid is liable to be rejected.
- 4.2 All bids shall be prepared by typing or printing on the A4 size sheets on Bidder's Letter Head. The Bidder's bid and documents attached thereto shall be considered as forming part of the contract documents.
- 4.3 The bidders shall submit their bids in two parts, each in a separate sealed cover prominently super-scribed as **Part-I-Techno-commercial Bid** (on first cover) and **Part-II -Price Bid** (on second cover) and also indicating on each of covers the bid title – "**Bid for valuation of assets of Foundry Forge Plant of HEC Ltd.**" and due date of opening.
- 4.4 The Bidders may visit the site to acquaint himself with the assessment of work in order to prepare the quotation for asset valuation.
- 4.5 Any deviation from the tender specification shall be clearly spelt out in the quotation. In case no deviations are pointed out, it shall be presumed that all specifications laid there in have been accepted by the tenderer in toto
- 4.6 No condition should be included in the Price Bid (Part-II), otherwise it is likely to be

rejected. The Price Bids of only techno-commercially qualified bidders would be opened for which a due intimation would be sent separately.

4.7 The cover of the envelopes should also indicate clearly the name of bidder and his address.

4.8 All information in the bid shall be in English language only. Information in any other language shall be accompanied by its translation in English. Failure to comply with this shall disqualify a bid. In the event of any discrepancy in meaning, the English language copy of all documents shall govern.

4.9 After opening of the bid, the Bidder shall depute his representative with full authority for negotiating both technical and commercial terms, as and when informed.

5.0 Fees and Expenses:

5.1 The Bidders shall quote for a consolidated fee for this assignment. BHEL shall make statutory deductions, if applicable, from the fee. Service Tax only will be payable extra, as applicable, based on documentary evidence.

5.2 Expenditure on account of fees to be paid for legal / accounting or any other consultant(s) appointed by the Valuer shall be borne and paid by the Valuer. Also, the Valuer will pay the travel related expenses and all the other expenses including those related to due diligence, expenses of legal counsels, accountants and other consultant(s) appointed by the Valuer for the assignment. The Valuer will be liable to pay taxes for their professional services as per laws of the land.

5.3 The consolidated fee would be paid after submission of the Valuation Report and its acceptance by HEC & BHEL. No advance will be paid for this assignment.

6.0 Duration for Completion

6.1 The submission of a Valuation Report within 30 days from the date of the work order would be the key deliverable of the assignment.

7.0 Liquidated Damages

7.1 LD will be levied for delay (not attributable to HEC/ BHEL) in completion of the work at the rate of 1% per week or part thereof subject to maximum of 5% of the Contract Value.

8.0 Other Terms and Conditions:

8.1 HEC will furnish to the successful bidder (hereinafter called the Valuer) all necessary information for timely completion of the Assignment. HEC will keep the Valuer advised of all material developments affecting the assignment. HEC will have the right to supply all the information referred to above to the Valuer and that the supply of such information by HEC

and its receipt and use by the Valuer for the purpose of the assignment are not in contravention of any confidentiality agreement.

- 8.2 HEC shall provide the Valuer with all reasonable assistance and information required by the Valuer and any & all changes in matters pertinent to the Scope of Work should be informed immediately and HEC shall also co-ordinate with the employees and representatives of the Valuer.

9.0 Communications

- 9.1 BHEL/HEC shall inform to the Valuer prior to making any public announcement or publishing any information/ document (subject to the confidentiality clause hereunder), in relation to the contemplated transaction under the Scope of Work.

10.0 Confidentiality

- 10.1 HEC, BHEL and the Valuer shall maintain strict and full confidentiality at any time and will not disclose or will cause its agents and / or representatives to disclose any confidential matter or information or document or communication between the Valuer and HEC/ BHEL to any third party / person either directly or indirectly, except as required by law or regulatory authority or order of Court.
- 10.2 HEC/ BHEL shall use all the reports or documents or information or materials provided by the Valuer solely for the purpose of the transaction contemplated under the Scope of work and for court purposes.
- 10.3 The HEC/ BHEL and the Valuer shall not without each others prior written approval, disclose or refer or quote, except as required for court purposes or by any regulatory authority to any party or person, including their affiliates, subsidiaries, group companies the documents / information exchanged during the assignment.
- 10.4 No person shall be allowed / permitted to assist the Valuer in the assignment under this offer unless that person has signed a suitable confidentiality undertaking.
- 10.5 The Valuer shall undertake not to disclose, except as required by law, Order of the Court or by any regulatory authority, any confidential information relating to HEC and BHEL (including their affiliates, subsidiaries, group companies etc.) which is received by them during this assignment.

11.0 Termination of work order

- 11.1 BHEL in consultation with HEC may terminate this work order by giving 7 days prior written notice to that effect. On the expiry of the said period from the receipt of the notice, this work order shall stand terminated.
- 11.2 In the event of termination of this work order, all the terms and provision hereunder relating to indemnity, confidentiality and the dispute resolution shall survive such

termination.

- 11.3 In the event of termination of the work order the Valuer shall immediately deliver BHEL all documents / papers / properties belonging to HEC/ BHEL that may be in possession of the Valuer.

12.0 Dispute Resolution

- 12.1 All dispute or disagreement (including the interpretation of this work order) amongst the parties hereto, arising in relation to or in respect of this agreement or with respect to any and all incidental matters thereto, during or after the assignment or in regard to any claim of one party against the other or in regard to the rights and/or obligations of the parties hereto, and provided no understanding can be reached for the settlement of the differences, it shall be referred to sole arbitrator to be jointly appointed by CMD/BHEL and CMD/HEC. Arbitration proceedings shall be conducted as per provisions of the Arbitration and Conciliation Act 1996 and rules made there under. The Sole Arbitrator may be an employee of BHEL or HEC. Award made therein shall be final and binding on parties. Venue of Arbitration shall be at Delhi.
- 12.2 Notwithstanding any pending reference to arbitration, both parties shall continue to perform their respective obligations as envisaged under this work order.

13.0 Jurisdiction

- 13.1 This contract, including matters connected with this contract, its meaning and interpretation, and the relation between the parties shall be governed by and construed in accordance with the applicable Indian Laws and shall be subject to jurisdiction of courts at Delhi.

14.0 Miscellaneous

- 14.1 No amendments, modifications or supplement to the work order / contract shall be effective except in writing, signed by both the parties.
- 14.2 For the purposes of this clause Change in Law means – (i) any enactment or issue of new law, (ii) any amendment, alteration, modification or repeal of any existing law and (iii) an interpretation of law by any competent court, tribunal, authority, government official or legislature, which is contrary to the existing commonly accepted interpretation of the same and in each case occurring after the date of this agreement.
- 14.3 **Force Majeure:** Both the BHEL and the Valuer shall be released from its respective obligations and performances to the extent such performance is restricted, prevented, delayed or interfered by reason of:

- Fire, explosion, cyclone, floods
- War, revolution, acts of public enemies, blockade or embargo

- Any law, order, proclamation, ordinance, demand or requirements by the government or authority or representative of any such Government or due to restrictive trade practices or regulations.
 - Strikes, shutdowns or labour disputes which are not instigated for purposes of obligations herein.
 - Any other circumstances beyond the control of the party affected.
- 14.4 Provided always that parties to the contract so affected shall use its best efforts to remove such cause to the extent possible affecting the performance and when removed the Valuer shall continue performance without delay.
- 14.5 **Notice:** Any notice to be served on either BHEL or the Valuer, by the other shall be sent by prepaid recorded delivery or registered post to the address of the relevant party as notified for the purpose by the parties or by facsimile transmission and shall be deemed to have been received by the addressee within 72 hours of posting or 24 hours if sent by facsimile number of the addressee.
- 14.6 **Change of Address:** Each of the parties hereto shall give notice to the other of the change or acquisition of any address or telephone, at the earliest possible opportunity.
- 14.7 Both of the parties hereto shall not assign or sub-contract any of its rights or duties under this work order without the consent of the other party in writing.

You are requested to submit your offer for the aforesaid assignment by 11-00 a.m. on 06.04.2009 for consideration of BHEL at the following address:

Shri Rajan Yadav, Manager (HR-GAX)
M/s. Bharat Heavy Electricals Ltd.
BHEL House, Siri Fort, New Delhi-110049

Email: admry@bhel.in
Fax: 011-26493021
Ph: 011-26001010 Extn 2233
Mob: +91 9810506306

The techno-commercial bid (Part I) of the tender shall be opened on 06.04.2009 at 11:30 Hrs at BHEL House, Siri Fort, New Delhi-110049. Bidder/s, if required, may be invited for any further discussion, negotiations and seek clarification on the offer submitted. The reasonability of the contract amount will be decided after due negotiation, if required, with the Valuer.

Thanking you,

Yours faithfully,
For and on behalf of BHEL

(Rajan Yadav)
Manager (HR-GAX)