

ANNEXURE – I

BHEL CLARIFICATION FOR THE QUERIES RAISED BY THE SUPPLIERS IN THE PRE BID MEETINGS HELD ON 18.04.2014 & 12.05.2014

(Recorded Excerpts of the meeting held on 18.04.2014 & 12.05.2014 (Pre-bid discussions) - Open Tender for Rate Contract of Aluminium Sheets Supply (in coil form) NIT: 17080 dated 26.03.2014)

Sl. No	Specification Reference	Bidder's Pre-Bid Query	BHEL Response during pre-bid meeting on 18.04.2014 & 12.05.2014
01	Annexure – A – (Page 7 of 16) Clause q (i) Annexure – A (Page 7 of 16) Clause q (ii)	Indigenous offer – FOR dispatching station inclusive of all charges, duties and taxes but exclusive of the freight charges. (BHEL to clarify whether the freight charges are exclusive) Overseas offers : CIF Chennai price arrived at by adding the FOB price given by the supplier with BHEL's freight rates, insurance cost, landing charges at port and import duties if any.	To be read as: Indigenous offer – FOR destination inclusive of all charges, including freight charges but excluding of duties and taxes. Duties and taxes will be payable extra at actuals as prevailing on the date of scheduled delivery. The tentative project sites are as per annexure II, however the freight rates for each state has to be furnished separately along with the offer. The evaluation will be done based on Lowest for each state. If the supplier has multiple manufacturing locations, the freight rates as applicable for each state from each of the manufacturing locations may be furnished separately if the supplier wants BHEL to consider despatches from these locations. To be read as : CIF Chennai price arrived at by adding the FOB price given by the supplier with BHEL's contracted Sea freight rates, insurance cost, landing charges at port and import duties if any along with the BHEL Ranipet contracted inland freight charges from the Chennai Port to various known project sites at various states of India.
02	Annexure – A – (Page 3 of 16) Clause xi	Freight charges shall be given separately <u>or</u> lumpsum anywhere to anywhere per MT basis to enable BHEL to calculate the FOR destination prices. (BHEL to clarify whether the freight charges shall be given separately)	To be corrected as : Freight charges shall be given separately by indigenous sources only in lumpsum on per MT basis state wise. The likely quantity site wise is given for the known projects and period as per Annexure II . In case of multi location suppliers, freight rate state wise may be given for each location if the supplier wants BHEL to consider despatches from these locations.
03	Annexure – A – (Page 3 of 16) Clause xi	The exact site and the respective quantity for each year should be explicitly given in the tender documents to avoid unambiguous costing of freight charges. By Factored freight rate, the risk of being quoting the wrong value is very high for the seller and the same may be applicable to BHEL also.	Due to difficulty in the factored freight rate, the Evaluation will be done on Plant Wise & State Wise basis (for indigenous suppliers). Freight charges shall be given separately by indigenous sources only in lumpsum on per MT basis state wise Annexure III . In case of multi location suppliers, freight rate state wise may be given for each location if the supplier wants BHEL to consider despatches from these locations.

04	Annexure – A (Page 6 of 16) Clause D-e	The contract delivery date is the date of ex-works dispatch of the item for suppliers in India and the date of dispatch clearance given by BHEL for overseas suppliers.	To be modified as : <i>The PO delivery date</i> is the date of ex-works dispatch of the item for suppliers in India and the date of dispatch clearance given by BHEL for overseas suppliers.
05	General	BHEL to specify the Minimum order quantity to be ordered for a site. In case of quantities lesser than the transportable lot BHEL should pay for full truck load transport charge.	Evaluation of offers will be on Plant Wise & State wise basis (for Indigenous suppliers). For Part load orders (Part Load means a single order for a given site less than 15 MT) transportation as applicable for full truck load will be paid (limited to a maximum of 15 MT). However the same is not applicable for a single order for a given site more than 15 MT, and the transportation charges for the actual weight despatched only will be paid (on per MT basis)
06	General	It is observed that from the tender conditions, after the contract is entered into, for placement of order, BHEL will wait for the LME prices to cool and place the orders when the prices are at the bottom. In order to insulate the risk for both buyer and seller, it is suggested that the PO should be placed on a fixed period of each month. (For example: For the Material required during the following month, Purchase Order to be placed during the last week of current month) This will minimize speculation by the buyer & seller.	The orders will be placed on any day of month taking the PVC factor as applicable on the first day of that calendar month. (Please refer Sheet No.04 of 05 of this Annexure I under Clause Placement of Orders)
07	General	For the Projects which are eligible for excise duty exemption, after finalization of Rate Contract, the addendum Purchase Orders should be placed along with all the excise duty exemption documents on hand. (BHEL for applying Excise exemption documents should submit the unpriced PO to their Customer and on receipt of the above excise exemption documents, BHEL to issue amendment Purchase with the prevailing PVC price on the date of issue of PO to suppliers.)	In case PAC/offline road permit forms are to be issued by BHEL, PVC factor will be as applicable on the first day of calendar month in which the documents are issued by BHEL.
08	General	How for the EOU projects evaluation will be done ?	The indigenous offers will be evaluated on Cost to BHEL basis and hence no preferential treatment is given.
09	General	Shipping tolerance on quantity per project/site to be included.	The quantity tolerance will be +0% and -5% on the Purchase Order quantity for each line item subject to a ceiling of +0% and -5% for overall quantity of the Purchase order.
10	General	Insurance in whose scope	Insurance shall be in the scope of BHEL
11	General	The tenure of the rate contract should be explicitly informed	The tenure of the rate contract is for two (2) year period from the date of release of LOI. Purchase Order can be placed by BHEL upto the date of termination of the contract by efflux of time.

12	General	The ordering methodology : The purchase cost would be computed with LME Aluminium Cash Buyer price as prevalent on the date of issue of LOI . The LME price has to be factored with MJP (Mean Japan Premium) in order to make the pricing more resilient to the day to day dynamics of LME. MJP published in Metal Bulletin will be referred while placement of Purchase Order.	Please refer examples given below in Page 04 and 05. Relevant page of Metal Bulletin Daily dated 05.05.2014 is enclosed for ready reference as Annexure IV (The value as applicable and as prevalent on the referred date will be referred while placement of Purchase Order).
13.	General	The lead time for the supply shall be 6 weeks from the date of Placement of Purchase Order. If the delivery is extended due to whatsoever reasons from the buyer end, PVC shall be applicable as prevalent on the date of dispatch clearance. For this effect fresh PO amendment has to be issued by BHEL. If partial despatches has been made against the Purchase Order quantity, and if the rest of the quantity cannot be despatched for reasons not attributable to the supplier , then what will be the lead time for the balance supply ?	For reasons attributable to BHEL necessary delivery extension will be provided, resetting the delivery date. This to be read in conjunction with the example given below. The reset delivery period will be arrived at by adding the agreed delivery period to the date of issue of the delivery extension. (Example: If delivery period is 45 days, and date of issue of delivery extension is 16.05.2014, the revised delivery date will be 30.06.2014) If partial despatches has been made against the Purchase Order quantity and the rest of the quantity cannot be despatched for reasons not attributable to the supplier, then the delivery date for the undelivered portion will be extended suitably.
14.	Annexure B (Indigenous suppliers) Sl. No. 07	Delivery place: As per Annexure D	To be corrected as Annexure II
15.	Annexure B (Import suppliers) Sl. No. 13	LD clause as indicated in enquiry@ 0.5% per week subject to a maximum of 15% for the delayed delivery	To be corrected as: LD clause as indicated in enquiry@ 0.5% per week subject to a maximum of 10% for the delayed delivery
16	General	Can the indigenous sources can quote the fixed conversion charges in other currencies ?	Indigenous offers shall quote the Conversion Charges in INR (in Indian Rupees) only. Offers given in other currencies other than INR will lead to summarily rejection of their offers. Foreign sources can quote the conversion Charges in their own currency or in terms of USD/EURO. Change of currency during the tenure of the contract will not be allowed.
17	General	Guarantees in quantity of the material	No minimum quantity is guaranteed by BHEL against this tender. The quantity given are indicative only.

Evaluation of Offers :

- a. **Indigenous sources** : Evaluation of offers will be on FOR Destination basis (for indigenous suppliers). The transportation charges on per MT basis to the sites located at various states of India to be quoted separately (In other words the transportation charges as applicable for each state of India may be quoted for despatches from each works of the tenderer).
- b. **Import Sources** : Evaluation of offers will be on CIF Chennai Port (including customs duty, Port & landing charges etc.,) added up with contracted rate of BHEL Ranipet freight charges from the Chennai Port to the various sites at various states of India. Suppliers to give only the FOB price (with separate price for fixed conversion charges). BHEL will arrive at the landed cost to BHEL based on the BHEL's contracted Sea Freight rate.

The period required for delivery of the material from the date of receipt of Technically and Commercially clear Purchase Order shall be indicated by the suppliers specifically. This delivery period will be included in the Purchase Order of BHEL.

Placement of Orders (Post award of Rate Contract): The PO will be placed **on 'any day of the month'** with a scheduled delivery, however the LME Aluminium Cash Buyer Price (A) added with the Metal Bulletin Aluminium Premium Japan Premium (B) multiplied with the USD (C) rate against Indian Rupee (INR) as prevailing on the 'First day of the month' will be taken as basis of arriving at the PO Price along with the conversion charges (D in INR) and transportation charges (E) and including Duties and Taxes (F) as applicable. Example: PO rate (Z) in INR = ((A+B)(C)) + D + E + F

PVC: The price will be as prevailing on the date of dispatch within the agreed delivery period. If the delivery is made beyond the agreed delivery period, the price applicable as on the actual date of delivery or on the scheduled delivery, whichever is lower shall apply.

For foreign suppliers, LC will be opened 30 days prior to the scheduled delivery date with the value arrived at by applying the applicable PVC formula for the scheduled/agreed delivery.

Example:1 (for indigenous suppliers)

Date of PO release : 03.05.2014

Agreed Delivery period : 45 days from date of PO (this is an example and the supplier has to specify the delivery period in their offer)

Therefore PO delivery date : 18.06.2014

PO Rate : LME Price as on 01.05.2014 + MPJ Premium as on 01.05.2014 + Conversion Cost in **INR** (fixed)

PO Value : PO Rate x Quantity

(For Indigenous sources for calculating the PO rate, the exchange rate applicable on 02.05.14 (one day prior to PO date) shall prevail)

The exchange rate (between the USD and INR) will be as announced by State Bank of India, TT Selling Card Rate.

Delivery is defined as Ex-works dispatch date for Indigenous supplier.

In the above example if the actual dispatch is : 25.05.2014 **(ie before the PO Delivery date of 18.06.2014)**

Then Billing rate by the supplier : LME Price as on 24.05.14 + MPJ as on 01.05.14 + Conversion Charges in INR. The exchange rate as on 24.05.2014 will be applicable.

In the above example if the actual dispatch is : 15.06.2014 **(ie during the succeeding month of the PO month)**

Then Billing rate by the supplier : LME Price as on 14.06.14 + MPJ as on 01.06.14 + Conversion Charges in INR. The exchange rate as on 14.06.2014 will be applicable.

In the above example if the actual dispatch is : 20.06.2014 **(ie after the Agreed PO Delivery date of 18.06.2014)**

Then Billing Rate by the supplier : The lowest of the price applicable as on the actual date of delivery or on the schedule delivery.

(In this example it is the lowest of A and B)

Legend: A: LME Price as on 19.06.2014 + MPJ as on 01.06.14 + Conversion Charges in INR. The exchange rate as on 19.06.2014

B: LME Price as on 17.06.2014 + MPJ as on 01.06.14 + Conversion Charges in INR. The exchange rate as on 17.06.2014

Example:2 (for Import Sources)

Date of PO release : 03.05.2014

Agreed Delivery period : 45 days from date of PO (this is only an example and the supplier has to specify the delivery period in their offer)

Therefore PO delivery date : 18.06.2014

PO Rate : LME Price as on 01.05.2014 + MPJ Premium as on 01.05.2014 + Conversion Cost (fixed)

LC opening date : 18.05.2014 (ie., 30 days prior to Agreed PO delivery date)

LC Value : LC Rate x Quantity

LC Rate : LME Price as on 17.05.2014 + MPJ Premium as on 01.05.2014 + Conversion Cost (fixed)

Delivery is defined as date of dispatch clearance given by BHEL in case of import/overseas suppliers.

Example:3 (For Import Sources)

Date of PO release : 03.05.2014

Agreed Delivery Period: 60 days from the date of PO (this is only an example and the supplier has to specify the delivery period in their offer)

Therefore PO delivery date : 02.07.2014

PO Rate : LME Price as on 01.05.2014 + MPJ Premium as on 01.05.2014 + Conversion Cost (fixed)

LC opening date : 02.06.2014 (ie., 30 days prior to Agreed PO delivery date)

LC Value : LC Rate x Quantity

LC Rate : LME Price as on 01.06.2014 + MPJ Premium as on 01.06.2014 + Conversion Cost (fixed)

Delivery is defined as date of dispatch clearance given by BHEL in case of import/overseas suppliers.

The foreign suppliers shall invoice the dispatch quantity at the rate prevailing as per the contract delivery date (Pl see definition elsewhere). If in the event of the invoice value being greater than the LC value then the foreign supplier shall email/fax the invoice to BHEL to enable them to amend the LC. In case the prices has been reduced, the billing shall be limited to the value arrived at as per formula. Advance information of the billing value alongwith the supporting documents shall be mailed to BHEL in advance before presentation to the banker's desk. One of the documents that shall be presented for release of payment against LC shall be the acceptance of the Invoice and the Invoice amount by BHEL sent though Telex/Telegram/email/fax or any other electronic media.

REVISED TENDER QUANTITY : FOR THE YEAR 2014-15 : 4936 MT
FOR THE YEAR 2015-16 : 5698 MT
TOTAL : 10634 MT