

To

ALL BIDDERS

**Sub: Corrigendum -01 for extension of due date of offer submission and Reverse Auction Business rules.**

**JOB: Supply of Bolt Stretching machines to various BHEL PSWR, sites.**

**Enquiry Number 13040 E**

Bidders to kindly take note of the following amendment in Enquiry:

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**A) Extension of Last Date of Submission:-**

The last date for submission of Tender has been re-scheduled to 10/09/2013, 1500 hrs.

Technical Bid shall be opened on 10/09/2013 at 1530 hrs.

**B) Reverse Auction Business rules:-**

In addition to the Reverse Auction clause in Enquiry, the guidelines for Reverse Auction is issued (page 2-10).

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All other Terms and conditions of the Tender Specification shall remain unaltered unless expressly amended by BHEL in writing. Bidders are requested to submit as a part of Technical Bid, a copy of this corrigendum duly countersigned by the authorized signatory and stamped with the Official seal as a token of Bidder's unqualified acceptance of this corrigendum.

Thanking you,  
Yours faithfully,

Engineer (Purchase)

## BUSINESS RULES FOR REVERSE AUCTION

Ref: PW/NGP/PUR/Enq/13040 E/Corrigendum - 01

Date 02.09.2013

### GENERAL TERMS AND CONDITIONS OF REVERSE AUCTION

Against this Enquiry for the subject item/system with detailed scope of supply as per our specification, BHEL-PSWR may resort to "ONLINE REVERSE AUCTION PROCEDURE" i.e. **ONLINE BIDDING on INTERNET.**

1. For the proposed reverse auction, technically and commercially acceptable bidders only shall be eligible to participate.
2. BHEL will engage the services of a service provider who will provide all necessary training and assistance before commencement of on line bidding on Internet.
3. BHEL will inform the vendor in writing in case reverse auction, the details of service provider to enable them to contact and get trained.
4. Business rules like event date, time, start price, bid decrement, extensions, etc. also will be communicated through service provider for compliance.
5. Vendors have to email a scanned copy of the Process Compliance Form (**Annexure II**) in the prescribed (provided by service provider) before start of Online Initial Sealed Bid. Without this form, the vendor will not be eligible to participate in the event.
6. BHEL will provide the calculation sheet (e.g.: EXCEL sheet), if any, which will help to arrive at "Total Cost to BHEL" like packing & forwarding charges, Taxes and duties, Freight charges, Insurance, Service tax for services and loading factors (for non-compliance to BHEL standard Commercial terms and conditions.) for each vendor to enable them to fill-in the price and keep it ready for keying in during the auction.
7. Reverse auction will be conducted on schedule date & time.
8. At the end of reverse auction event, the lowest bidder value will be known on the network.
9. The lowest bidder has to email a scanned copy of the duly signed filled-in prescribed format as provided on case-to-case basis to BHEL through service provider within 24 hours of action without fail.
10. Any variation between the on-line bid value and signed document will be considered as sabotaging the tender process and will invite disqualification of vender to conduct business with BHEL as per prevailing procedure.
11. In case BHEL decides not to go for Reverse auction procedure for this tender enquiry, the price bids and price impacts, if any already submitted and available with BHEL shall be opened as per BHEL standard practice.
12. Only those vendors, who participate in the Online Initial Sealed Bid, will be eligible to participate in the subsequent Online English Reverse Auction.
13. **The reverse auction will be treated as closed only when the bidding process gets closed in all respects for the item listed in the tender.**

### **Business Rules for finalization of the procurement**

BHEL shall finalise the procurement of the item against this Tender through reverse auction mode. BHEL has made arrangement with **(BHEL's Authorized RA Agency)**, who shall be BHEL's authorized service provider for the same. Please go through the guidelines given below and submit your acceptance to the same along with your Commercial Bid.

1. Computerized reverse auction shall be conducted by BHEL, on pre-specified date, while the vendors shall be quoting from their own offices/ place of their choice. Internet connectivity shall have to be ensured by vendors themselves. In extreme case of failure of Internet connectivity, (due to any reason whatsoever may be) it is the bidders' responsibility / decision to send fax communication immediately to **(BHEL's Authorized RA Agency)**. Furnishing the price the bidder wants to bid online with a request to the service provider to upload the faxed price on line so that the service provider will up load that price on line on behalf of the Bidder. It shall be noted clearly that the concerned bidder communicating this price to service provider has to solely ensure that the fax message is received by the service provider in a readable / legible form and also the Bidder should simultaneously check up with service provider about the clear receipt of the price faxed. It shall also be clearly understood that the bidder shall be at liberty to send such fax communications of prices to be up loaded by the service provider only within the closure of Bid time and under no circumstance it shall be allowed beyond the closure of Bid time / reverse auction. It shall also be noted that the service provider should be given a reasonable required time by the bidders, to upload such prices online and if such required time is not available at the disposal of the Service provider at the time of receipt of the fax message from the bidders, the service provider will not be uploading the prices and either BHEL or the service provider are not responsible for this unforeseen circumstances. In order to ward-off such contingent situation bidders are requested to make all the necessary arrangements/ alternatives whatever required so that they are able to circumvent such situation and still be able to participate in the reverse auction successfully. Failure of power at the premises of vendors during the Reverse auction cannot be the cause for not participating in the reverse auction. On account of this, the time for the auction cannot be extended and neither BHEL nor **(BHEL's Authorized RA Agency)** is responsible for such eventualities.
2. **(BHEL's Authorized RA Agency)** shall arrange to train your nominated person (s), without any cost to you. They shall also explain you, all the Rules related to the Reverse Auction / Business Rules Document to be adopted along with bid manual. You are required to give your compliance on it before start of bid process.
3. **MATERIAL FOR BID:** As per Enquiry.
4. **Starting Bid/Bid Decrement:** The opening price of the RA and the bid decrement value shall be available to the bidders on their bidding screen.
5. **BIDDING CURRENCY AND UNIT OF MEASUREMENT:** Bidding and evaluation will be conducted in **Indian Rupees (INR)** of the item. The price bid placed during the "Online Initial Sealed Bid" as well as "Reverse Auction" shall be the total price for each item.
6. **BID PRICE:** The Bidder has to quote the Total Cost to BHEL for the items specified. Calculation sheet, if any, to arrive at the Total Cost to BHEL will be provided by BHEL.
7. The technical & commercial terms are as per BHEL Tender Enquiry. Vendor's technical and commercial bid and subsequent correspondences between BHEL and the vendors regarding commercial terms & conditions.

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8. **VALIDITY OF BIDS:** The Bid price shall be firm for a period of 60 days and shall not be subjected to any change whatsoever.
9. At the end of the reverse auction, bidder has to provide a detailed break-up & price confirmation (as per BHEL's **price excel sheet** & the **Annexure III** format) for his lowest offer within 24 hours of the reverse auction.
10. **Procedure of Reverse Auctioning:**
- i. **Online Initial Sealed Bid:** The opening bid (In the initial auction) of the bidders shall place a bid which shall be same as that quoted in their Final Sealed price submitted to BHEL or lesser. The bidders shall confirm in writing to BHEL that their opening bid shall be same as that quoted in their final sealed price bid submitted against Tender Enquiry. If it is found to be otherwise at a later date, the bidder will be disqualified from the tender.
  - ii. **Online English Reverse (no ties) Auction {Reverse Auction}:** BHEL will declare its **Opening Price (OP)**, which shall be visible to the all vendors during the start of the reverse Auction. You will be required to start bidding after announcement of Opening Price and decrement amount. Also, please note that the start price of an item in online reverse auction is open to all the participating bidders. Any bidder can start bidding, in the online reverse auction, from the start price itself. If the start price is your own price, you still need to bid in the online reverse auction. Also, please note that the first online bid that comes in the system during the online reverse auction can be equal to the auction's start price, or lesser than the auction's start price by one decrement, or lesser than the auction's start price by multiples of decrement. The second online bid and onwards will have to be lesser than the L1 rate by one decrement value, or lesser than the L1 rate by multiples of the decrement value.
  - iii. Those vendors who have participated in the Online Initial Sealed Bid will only be eligible to participate in the subsequent English Reverse Auction.
  - iv. Online Initial Sealed Bid will be for **30 minutes** and Online English Reverse (no ties) Auction shall be for a **period of one hour**. If a bidder places a bid in the last 10 minutes of closing of the Reverse Auction and if that bid gets accepted, then the auction's duration shall get extended automatically for another 10 minutes, for the entire auction (i.e. for all the items in the auction), from the time that bid comes in. Please note that the auto-extension will take place only if a bid comes in those last 10 minutes and if that bid gets accepted. If the bid does not get accepted, the auto-extension will not take place even if that bid might have come in the last 10 minutes. In case, there is no bid in the last 10 minutes of closing of Reverse Auction, the auction shall get closed automatically without any extension. However, vendors are advised not to wait till the last minute or last few seconds to enter their bid during the auto-extension period to avoid complications related with internet connectivity, network problems, system crash down, power failure, etc.
  - v. The bid decrement amount shall be specified by BHEL.
  - vi. Any commercial loading shall be intimated to bidders in advance and it shall be added to price during dynamic auction process. For evaluation purpose, commercial loading if any, shall be added to the quoted price of

respective bidder. However for ordering only the final bid placed by you shall be considered.

- vii. After the completion of English Reverse (no ties), the **Closing Price (CP)** shall be available. In case, any commercial loading was made to L1 bidder's price, it shall be de-loaded from the closing price of L1 bidder (**CP**) for further processing.
  - viii. The ratio of CP and originally quoted price shall be applied on all elements of originally quoted prices to arrive at the final price break-up.
11. Successful vendor shall be required to submit the final prices, quoted during the English Reverse (no ties) in BHEL's **price excel sheet & the Annexure III** Format after the completion of Auction to BHEL, within 24 hours of the reverse auction, duly signed and stamped as token of acceptance without any new condition other than those already agreed to before start of auction.
  12. During the Online English Reverse (No Ties) Auction, if no bid is received in the auction system/website within the specified time duration of the reverse auction, then **BHEL**, at its discretion, may decide to revise the auction's Opening Price / scrap the online reverse auction process / proceed with the conventional mode of tendering (opening of the hard copy final bids submitted by you earlier to BHEL).
  13. You will be able to view the following on your screen along with the necessary fields in the English Reverse (no ties) {Reverse Auction}:
    - a. Leading Bid in the Auction (only total price)
    - b. Bid Placed by you
    - c. Your Own Rank
    - d. Opening Price & Bid Decrement value.
  14. At the end of the Reverse Auction, BHEL will decide upon the winner. BHEL's decision on award of Contract shall be final and binding on all the Bidders.
  15. BHEL shall be at liberty to cancel the reverse auction process / tender at any time, before ordering, without assigning any reason.
  16. BHEL shall not have any liability to bidders for any interruption or delay in access to the site irrespective of the cause.
  17. Other terms and conditions shall be as per your techno-commercial offers and other correspondences till date.
  18. You are required to submit your acceptance (Process Compliance Form – Annexure-II) to the terms/ conditions/ modality given above before participating in the reverse auction.

### Terms & Conditions of Reverse Auction

1. **LOG IN NAME & PASSWORD:** Each Bidder is assigned a Unique User Name & Password by **(BHEL's Authorized RA Agency)**. The Bidders are requested to change the Password and edit the information in the Registration Page after the receipt of initial Password from e-Procurement Technologies Ltd., Ahmedabad. All bids made from the Login ID given to the bidder will be deemed to have been made by the bidder.
2. **BIDS PLACED BY BIDDER:** The bid of the bidder will be taken to be an offer to execute the work. Bids once made by the bidder cannot be cancelled. The bidder is bound to execute the work as mentioned above at the price that they bid. Should any bidder back out and not make the supplies at per the rates quoted, BHEL and / or **(BHEL's Authorized RA Agency)** shall take action as appropriate.
3. **LOWEST BID OF A BIDDER:** In case the bidder submits more than one bid, the lowest bid will be considered as the bidder's final offer to execute the work.
4. **AUCTION TYPE:** 1). Online Initial Sealed Bid  
2). Online English Reverse (No Ties) Auction (Please refer bidder manual)
5. **BID DECREMENT:** The minimum Bid decrement shall be available to the Bidders at the start of the auction. The bidder can view the same by clicking on the Item details at the start of the auction. The bidder can bid lower than the Lowest Bid in the auction by a decrement, multiple of the minimum Bid decrement or at least of minimum bid decrement plus multiples of Bid Decrement. Also, please note that the start price of an item in online reverse auction is open to all the participating bidders. Any bidder can start bidding, in the online reverse auction, from the start price itself. If the start price is your own price, you still need to bid in the online reverse auction. Also, please note that the first online bid that comes in the system during the online reverse auction can be equal to the auction's start price, or lesser than the auction's start price by one decrement, or lesser than the auction's start price by multiples of decrement. The second online bid and onwards will have to be lesser than the L1 rate by one decrement value, or lesser than the L1 rate by multiples of the decrement value.
6. **VISIBILITY TO BIDDER:** The Bidder shall be able to view the following on his screen along with the necessary fields during English Reverse – No ties Auction:
  - Leading Bid in the Auction
  - Bid Placed by him
  - His Own Rank
  - Start Price & Bid Decrement Value
7. **AUCTION WINNER:** At the end of the Reverse Auction, BHEL will evaluate all the bids submitted and will decide upon the winner.
8. **PROXY BIDS:** Proxy bidding feature is a pro-supplier feature to safe guard the supplier's interest of any Internet failure or to avoid last minute rush. The Proxy feature allows Bidders to place an automated bid against other Bidders in an auction and bid without having to enter a new amount each time a competing Bidder submits a new offer.

The bid amount that a Bidder enters is the minimum that the Bidder is willing to offer. Here the software bids on behalf of the supplier.

- The proxy amount is the minimum amount that the Bidder is willing to offer. During the course of bidding, the Bidder cannot delete or change the amount of a Proxy Bid.
- Bids are submitted in decrements (decreasing bid amounts). The application automates proxy bidding by processing proxy bids automatically, according to the decrement that the auction originator originally established when creating the auction, submitting offers to the next bid decrement each time a competing Bidder bids, regardless if competing bids are submitted as proxy or standard bids.
- This feature can be used only once during a particular Reverse Auction and only after the L1 rate is equal to or less than the minimum bid amount that the bidder has put in the system will he get the option to manually bid for the same. In no case during the bidding till the L1 rate or less is not reached as equivalent to the minimum bid amount offered by the bidder, will the bidder get the option to manually bid for the same.

#### 9. OTHER TERMS & CONDITIONS:

- The Bidder shall not involve himself or any of his representatives in Price manipulation of any kind directly or indirectly by communicating with other suppliers / bidders.
- The Bidder shall not divulge either his Bids or any other exclusive details of BHEL to any other party.
- BHEL's decision on award of Contract shall be final and binding on all the Bidders.
- BHEL along with **(BHEL's Authorized RA Agency)** can decide to extend, reschedule or cancel any Auction. Any changes made by BHEL and / or **(BHEL's Authorized RA Agency)**, after the first posting will have to be accepted if the Bidder continues to access the site after that time.
- **(BHEL's Authorized RA Agency)**, shall not have any liability to Bidders for any interruption or delay in access to the site irrespective of the cause.
- **(BHEL's Authorized RA Agency)**, is not responsible for any damages, including damages that result from, but are not limited to negligence.
- **(BHEL's Authorized RA Agency)**, will not be held responsible for consequential damages, including but not limited to systems problems, inability to use the system, loss of electronic information etc.

#### N.B.

- All the Bidders are required to submit the Agreement Form / Process Compliance Form **(Annexure-II)** duly signed to **(BHEL's Authorized RA Agency)** before the due date (auction date). After the receipt of the Agreement Form, Login ID & Password shall be allotted to the suppliers (bidders).
- After the completion of the Auction event, all the Bidders have to submit the final price confirmation (as per BHEL's **price excel sheet** & the **Annexure III** format) within 24 hours of the reverse auction to **(BHEL's Authorized RA Agency)** for further proceedings.

**ANNEXURE- I**

The List of Items to be procured along with the Quantities and the Auction Start Time & Close Time is as follows:

**ITEM DESCRIPTION:**

As per BHEL Tender Enquiry

Item	Quantity	Opening Prices in Rs	Bid Decrement in Rs	Opening Time	Closing Time
As per Enquiry	As per Enquiry	Would be displayed on the bidding screen	Would be displayed on the bidding screen	Would be displayed on the bidding screen	Would be displayed on the bidding screen

**Annexure- II**

**Process Compliance Form**

**(The bidders are required to print this on their company's letterhead, sign & stamp before emailing a scanned copy)**

**M/s. (BHEL's Authorized RA Agency)**

**Sub: Agreement to the Process related Terms and Conditions for the Reverse Auction**

Dear Sir,

This has reference to the Terms & Conditions for the Reverse Auction mentioned in the Tender document for against BHEL Tender Enquiry.

This letter is to confirm that:

- 1) The undersigned is authorized representative of the company.
- 2) We have studied the Commercial Terms and the Business rules governing the Reverse Auction as mentioned in your letter and confirm our agreement to them.
- 3) We also confirm that we have taken the training on the auction tool and have understood the functionality of the same thoroughly.
- 4) We also confirm that price to be submitted by us in the opening bid (In the initial auction) shall be **same as that quoted in Final Sealed price submitted to BHEL or lesser**
- 5) **We also confirm that we have received the Password protected Excel sheet of schedule of rates and quantities of subject tender. We also confirm that we will upload the duly filled excel sheet in the Reverse Auction system during 'Initial Online Sealed Bid'**
- 6) We also confirm that we will email a scanned copy or fax the Price Confirmation (Annexure-III) & break-up (as per Excel Sheet), if any, of our online quoted price, immediately after the completion of the Reverse Auction. **We confirm that we will not increase any item rates as quoted in final sealed price submitted to BHEL as part of tender, during submission of final price breakup or at any stage. We also confirm that the ratio of CP (Closing Price) and originally quoted total price shall be applied on all items of originally quoted prices to arrive at the final price break up of individual items.**
- 7) We, hereby, confirm that we will honor the Bids placed by us during the auction process.
- 8) We confirm that we have changed the password on the auction website after first log in.

With regards,

Signature with company seal

Name –

Company / Organization –

Designation within Company / Organization –

Address of Company / Organization –

- **Scan & email this document to (BHEL's Authorized RA Agency).**

**Annexure III**  
**Price Confirmation**

**M/s. (BHEL's Authorized RA Agency)**

Sub: Final price quoted during reverse auction and price confirmation.

Ref: 1. BHEL Tender Enquiry  
2. Reverse Auction dtd.  
3. Our Offer No. dtd.

Dear Sir,

We confirm that we have quoted.

1. \_\_\_\_\_
2. \_\_\_\_\_

(Price quoted on Total Cost to BHEL basis)

as our final lump sum prices during the Reverse Auction conducted on \_\_\_\_\_ (date).

Thanking you and looking forward to the valuable order from BHEL.

Yours sincerely,

For \_\_\_\_\_

**Name:**  
**Company:**  
**Date:**  
**Seal:**