

Sub: Notice Inviting Open Tender for undertaking valuation of fixed assets of Kasaragod Unit of Kerala Electrical and Allied Engineering Company Ltd

Sealed offer is invited for carrying out the valuation of the fixed assets of Kasaragod Unit of Kerala Electrical and Allied Engineering Company Ltd. The background of the enquiry, 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.

Kerala Electricals & Allied Engg Co Ltd (KEL) is a Govt. of Kerala Undertaking and has four manufacturing units in Kerala state with Corporate Office in Kochin (Kerala).

The Kasaragod unit of KEL was set up in 1990 with the technical know-how from M/s Moteurs Leroy Sommer, France and is engaged in manufacturing of various rotating electrical equipment for traction application. The unit was awarded ISO certification in 1994. The unit had a turnover of Rs 35 crores in 2007-08. A brief on the operations of Kasaragod unit of KEL is enclosed.

BHEL is manufacturer of traction equipments and rolling stocks and has been supplying the same to Indian Railways for the last four decades.

2.0 Pre-Qualification/ Eligibility Criteria:

- 2.1 The Bidder must be a reputed government approved valuer/Financial Institution having experience of conducting valuation of plant, machinery, equipments, land and buildings of large industry. The bidder must be in existence for such/ similar business / services for atleast 5 years
- 2.2 The Bidder on his own capacity 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. 50 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 selected bidder (hereinafter referred to as Valuer) would be required to carry out fair valuation of the fixed assets of Kasaragod unit of KEL including plant, machines, equipment, land, buildings, based on the books of accounts (to be given by KEL) & other available records (hereinafter referred to as Scope of Work). Current assets including inventories are not to be included in valuation. The Contract to carry out the Scope of Work would be signed between BHEL and the selected Valuer.
- 3.2 The fixed asset should be valued on “Book Value” basis. The Valuer should give the details of methodology /procedure of valuation adopted by them.. The Land is to be valued at the acquisition price of the state government. The basis & methodologies offered by the bidder shall be finalized with the selected Valuer by the joint due diligence committee of BHEL & KEL.
- 3.3 The Valuation Report should include, inter-alia, complete list of machines which shall include for each machine, but not limited to the following, if applicable and wherever possible:
 - (a) Name of the machine;
 - (b) Asset identification/registration number;
 - (c) Plant and Machinery Department registration number;
 - (d) Model number;
 - (e) Serial number;
 - (f) Maker’s name/Manufacture/Supplier;
 - (g) Country of origin;
 - (h) Age/year of make;
 - (i) Size or capacity (measured or given);
 - (j) Specifications and /or dimensions (whichever is applicable);
 - (k) Special tools and accessories;
 - (l) Foundation and service connections; and
 - (m)State of repair and condition.
- 3.4 Valuation report shall also contain, but not limited to, Acquisition details, Basis of valuation, Method of valuation, Expert report where required, Evidence of value, Market outlook, Certification and authentication of the Valuer. The report shall also include description of the asset for better understanding of the function of the asset in the business.
- 3.5 The submission of a Valuation Report within 30 days from the date of the Contract would be the key deliverable of the assignment. The Valuer will, within the time prescribed, consult KEL and BHEL. The Valuer will make presentations to BHEL Board before submitting the preliminary report and after taking the requisite inputs will submit their final report.
- 3.6 The Valuer selected will also be required to assist in the due diligence exercise to be carried out by a joint team of BHEL and KEL.

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 Kasaragod unit of KEL Ltd.**", and due date of opening.

4.3.1 TECHNICAL BID – ENVELOPE I

The technical bid shall contain the following:

- a) Acceptance of all Terms and Conditions as per Annexure-'A'
- b) The technical offer will include the bidders profile along with relevant set of documentation and credentials and all details as asked for in the Technical Bid format – Annexure 'B'
- c) Proof of EMD i.e. details of Demand Draft/ Pay Order / Banker's Cheque for the EMD.

The offer may be placed in a closed envelope superscribed with the Tender No. MM-Tptn./BHEL-KEL-2009, Closing on Sept. 11, 2009 and indicating the name of the bidder at the bottom of the envelope for identification purpose.

Technical bids will be opened on Sept. 11, 2009 at 14:30 hrs.

4.3.2 PRICE BID – ENVELOPE II

- a) This bid will contain the price quoted by the bidder which should be precisely as per the attached format Annexure 'C'.
- b) Price quoted should be net, inclusive of all taxes, surcharge, etc. other than "service tax".
- c) The price quoted should be reflected both in figures and in words.
- d) Conditional offers would not be accepted.
- e) Amendment to the offers would not be permitted after the opening of the bids.

The offer may be placed in a closed envelope superscribed with the Tender No MM-Tptn./BHEL-KEL-2009, Closing on Sept. 11, 2009 and indicating the name of the bidder at the bottom of the envelope for identification purpose.

Price bids of only technically suitable bidders will be opened. Date, time and venue of opening of price will be advised separately.

- 4.3.3 The technical bid and the price bid may be kept in a Master Envelope and forwarded / couriered at the address para 14.7, so as to reach on or before 11am on Sept. 11, 2009. The tender received late or received unsigned or in open condition by Fax or as Emails are liable to be rejected.
- 4.3.4 Earnest Money of Rs.10,000.00 (Rs. Ten thousand only) in the form of Demand Draft / Pay Order / Banker's Cheque in favour of Bharat Heavy Electricals Limited, payable at Bhopal, should be submitted along with the Technical Bid. EMD will be refunded within 30 days of award of the Job in favour of the successful Valuer. EMD will be forfeited in the event of a Valuer withdrawing or modifying his bid after opening of the tenders and till completion of the tender process, and / or in the event of the successful valuer declining to accept the Job, or to pay the Security Deposit. The Technical Bid would be rejected if it has been received without the proof of payment of EMD.

The Valuer who qualifies for award of Order will have to deposit with BHEL 10% of the total value of the Fees agreed towards interest free Security Deposit, within 1 week of award of job. The Security Deposit is to be paid by a Bank Draft or Banker's Cheque in favour of Bharat Heavy Electricals Limited, payable at Bhopal, or by execution of a Bank Guarantee for an equivalent amount. In case the Security Deposit is submitted by way of BG, the BG format shall have approval of BHEL. The expenses incurred towards submission of Security Deposit / Bank Guarantee will have to be borne by the Valuer. The Security Deposit / Bank Guarantee will be refunded / returned after 2 months of successful completion of job assigned after adjusting for penalties, if any, that may be imposed.

- 4.4 The Bidders may visit the site to acquaint himself with the assessment of work in order to prepare the quotation for Scope of Work.
- 4.5 Any clarification on the tender specification shall be sought by the bidder before Sept. 5, 2009. In case no clarification is sought, it shall be presumed that all specifications laid there in have been understood by the tenderer. Any clarifications provided would be considered part of tender specifications.
- 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 a lump sum 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 expert/consultant(s) appointed by the Valuer shall be borne and paid by the Valuer. Also, the Valuer will bear the travel related expenses and all the other expenses including those related to due diligence assistance, 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 75% of the lump sum fee would be paid after submission of the comprehensive Valuation Report and its acceptance by KEL & BHEL and 25% after completion of Due Diligence exercise. No advance will be paid for this assignment.
- 5.4 Quotations should be valid for a period of 60 days from the closing date for submission of bids

6.0 Duration for Completion

- 6.1 The submission of a comprehensive 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 KEL/ 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 BHEL through KEL will furnish to the Valuer all necessary information for timely completion of the assignment. BHEL/KEL will keep the Valuer advised of all material developments affecting the assignment. The receipt

and use by the Valuer of the information referred to above for the purpose of the assignment would not be in contravention of any confidentiality agreement.

- 8.2 BHEL/KEL shall provide the Valuer with all reasonable assistance and information required for the valuation. KEL shall also co-ordinate between its employees and representatives of the Valuer.
- 8.3 BHEL is not bound to accept the lowest or any or all of the bids received. Further BHEL reserves the right to accept or reject any or all offers in part or in full at its sole discretion, without assigning any reason whatsoever and as decided by GM/TBD, and no correspondence or complaints of any nature will be entertained in this regard.

9.0 Confidentiality

- 9.1 KEL, 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 KEL/ BHEL to any third party / person either directly or indirectly, except as required by law or regulatory authority or order of Court.
- 9.2 KEL/ 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.
- 9.3 The KEL/ 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.
- 9.4 No person/expert shall be allowed / permitted to assist the Valuer in the assignment under this offer unless that person has signed a suitable confidentiality undertaking.
- 9.5 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 KEL and BHEL (including their affiliates, subsidiaries, group companies etc.) which is received by them during this assignment.

10.0 Termination of work order

- 10.1 BHEL may terminate the Contract by giving 7 days prior written notice to that effect. On the expiry of the said period from the receipt of the notice, the Contract shall stand terminated.
- 10.2 In the event of termination of the Contract, all the terms and provision thereunder relating to indemnity, confidentiality and the dispute resolution

shall survive such termination.

10.3 In the event of termination of the Contract, the Valuer shall immediately deliver BHEL all documents / papers / properties belonging to KEL/ BHEL that may be in possession of the Valuer.

10.4 Under such termination, BHEL may compensate the Valuer suitably on a mutually agreed basis after due consideration of the actual expenses incurred by the Valuer.

11.0 Risk Purchase:

If the Valuer contravenes any of the provisions of the Contract or neglects to carry out his obligations under the Contract, BHEL may give notice in writing thereof requiring the Valuer to remedy the breach within seven days or within such period as BHEL may consider to be reasonable and in the event of Valuer failing to do so, BHEL will be at liberty to get the Scope of Work done from elsewhere at Valuer's risk & cost. In such an event BHEL shall have the right to terminate the Contract without payment of any charges.

12.0 Dispute Resolution

12.1 All dispute or disagreement (including the interpretation of the Contract) amongst the parties, arising in relation to or in respect of the Contract or with respect to any and all incidental matters thereto, during or after the work 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, and provided no understanding can be reached for the settlement of the differences, it shall be referred to a sole arbitrator to be appointed by CMD/BHEL. 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. Award made therein shall be final and binding on the parties. Venue of Arbitration shall be at Bhopal.

In case the Valuer is a PSU, the dispute resolution will be done as per the government guide lines in this regard.

12.2 Notwithstanding any pending reference to arbitration, both parties shall continue to perform their respective obligations as envisaged under the Contract.

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 Bhopal.

14.0 Miscellaneous

- 14.1 No amendments, modifications or supplement to the 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 shall not assign or sub-contract any of its rights or duties under the Contract 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 11.09.2009 for consideration of BHEL at the following address:

General Manager (TPTN & CET),
Transportation Division
Block-9, Annexe,
Bharat Heavy Electricals Ltd.
Piplani, Bhopal- 462 022

Email: gdverma@bhelbpl.co.in

Fax: 0755-2500330

Ph: 0755- 2500583

The techno-commercial bid (Part I) of the tender shall be opened on Sept. 11, 2009 at 14:30 Hrs at BHEL Office, Piplani, Bhopal- 462 022. Bidder/s, if required, may be invited for any further discussion, negotiations and for seeking 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

General Manager

**CONFIRMATION/ ACCEPTANCE OF TERMS AND CONDITIONS
(on Valuer's letter head – to be attached to Technical Bid)**

To:
General Manager (TPTN & CET),
Heavy Electrical Plant,
Bharat Heavy Electricals Ltd.
Piplani, Bhopal- 462 022

Sir,

This is to confirm that we have studied and understood the terms and conditions of Tender Enquiry No. MM-Tptn./BHEL-KEL-2009 and we herewith agree to abide by the same unconditionally.

We herewith also confirm that there is no hidden cost to BHEL/KEL for this transaction and the price quoted by us is inclusive of all taxes, levies, duties, etc except for service tax applicable in India.

Thanking you.

AUTHORISED SIGNATORY

COMPANY SEAL

TECHNICAL BID DETAILS - QUALIFICATION CRITERIA :

1. The bidder on his own capacity 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. 50 Crore each.
2. The Bidder must be a reputed Government approved valuer/Financial Institution having experience of conducting valuation of plant, machines, equipments, land and buildings of large industry. The bidder must be in existence for such/ similar business / services for atleast 5 years.
3. Bidder must have a team of qualified professionals to carry out such valuation work.
4. Bidder must have positive net-worth.

Non-fulfillment of above will lead to disqualification of technical bid.

OTHER DETAILS FOR THE TECHNICAL BID:

SN	PARAMETER	FACTOR	
1.	Past experience of the Valuer	Number of years of experience. Past experience of completed valuation for similar Scope of Work. Past experience in carrying out valuation in other sectors (disinvestment projects, merger / acquisitions, brand acquisitions, Real Estate valuations, Turnkey projects) Past track record of time bound completion of valuation. Type of Clientele (Govt. / PSU/ MNCs/ Pvt. Sector)	
	Experience of Key Personnel	No. of Key Personnel employed with Valuer and their Qualifications and relevant experience in similar valuation.	
	Proposed Plan to carry out subject assignment	Methodology to carryout the assignment and biodata of persons to be associated.	
	Time lines / milestones for completion of assignment	Bidder to confirm completion of the assignment of valuation within the 30 days of award of Contract. Detailed Schedule for completion of the valuation is to be given with the offer.	

Annexure -'C'

PRICE BID FORMAT (On Valuer's Letter Head –To be attached To Price Bid)

To:
General Manager (TPTN & CET),
Heavy Electrical Plant,
Bharat Heavy Electricals Ltd.
Piplani, Bhopal- 462 022

BRIEF DESCRIPTION OF JOB	TOTAL LUMP SUM FEES INCLUSIVE OF ALL TAXES, LEVIES, DUTIES, ETC. BUT EXCLUDING SERVICE TAX.
Lumpsum Fee for carrying out valuation of assets of Kasaragod unit of KEL as per Scope of Work	Total (Rs. In figure) _____
	Total (Rs. In words) _____

AUTHORISED SIGNATORY

COMPANY SEAL