Tender Documents for Supply of Ferro-Molybdenum under Rate Contract

Central Foundry Forge Plant (CFFP), a unit of Central PSU BHEL, is planning to procure Ferro Molybdenum under long term contract (Rate Contract with price variation clause) with validity of one year from the date of entering into the contract. Details will be as under:

Material : Ferro Molybdenum

CFFP Specification no : FF 05009 Rev. 05

CFFP BHEL Material Code : FF1135190011

Annual Quantity in MT : 100 ± 25

Contract Validity for placement of order by CFFP: One year from Rate Contract date

Techno Commercial Terms & Conditions for tender enquiry for entering into Rate Contract

1. Ferro-Molybdenum shall be supplied as per specification no. FF 05009 Rev 05 in all respects and the bidder confirms agreement of all the clauses of the said specification.

2. Material is required as per chemical composition specified in clause no. 6 of specification no. FF 05009 Rev 05. CFFP may consider acceptance of material under exceptional circumstances with deviation in **Molybdenum content only** provided all other clauses of specification are met subject to following conditions:

- Material with Molybdenum contents greater than 58.00% but less than 60% may be accepted with deductions. Deduction for lower Molybdenum content (Molybdenum between 58.00% to 60%) shall be on pro rata basis with equal penalty. For example, in case of material with 59% Molybdenum content, deduction will be 3.34% (1.67% on pro rata + 1.67% as penalty). The deduction will be made on the basic rate of Invoice or payable basic rate for the lot with full payment of Taxes & duties.

- Material with Molybdenum content greater than 65% will be accepted without any pro rata on agreed PVC rate.

- Material with Molybdenum content found below 58.00% will be rejected.

3. Size of Material is required within the permissible limits of specification no FF 05009 Rev 05. During final inspection of material at CFFP no Payment will be made for material found beyond permissible limits of size as mentioned in clause 3 of the specification no FF 05009 Rev 05. For example, as against the permitted undersized material of 5% if the undersized material in any lot of supply is found 8%, then no payment will be made for 3% which is beyond the permissible limit of 5%. Also material found undersized & oversized will not be returned to seller due to operational issues.

4. Guarantee Certificate shall be provided by the seller along with despatch documents that in case of any non-conformity with respect to the specification No. FF 05009 Rev 05, the supplied material shall be replaced free of cost.

5. Material shall be supplied in original manufacturer's packing with marking as per specification FF 05009 Rev 05. Packing size is required to be kept preferably in 50 / 100 / 200 Kg, limited to 250 Kg.

6. Original Manufacturer's Test Certificate with linkage to supplied material shall be provided along with despatch documents.

7. Third party inspection (before despatch) from any one of the following seven inspection agencies shall be arranged by seller at their cost. Inspection report in original to be submitted to CFFP along with despatch documents. Agencies are:

    a. LLOYDS

    b. TUV-SUD

    c. DNV

    d. Bureau Veritas / Inspectorate

    e. Alfred.H.Knight

    f. SGS

    g. Alex-Stewart

8. Third party inspection report should include test results as per requirement of clause 8 of specification FF 05009 Rev 05. Scope of Third party inspection shall be as under:

    a. The inspection is to be carried out as per the ordered specification no FF 05009 Rev 05 ensuring original manufacturer's packing, Original manufacturer test certificates etc as per specification and its linkage.

    b. The material should be identified as per the specification and details like original manufacturer's name, Batch/lot no, Net weight, material name to be mentioned on each drum. The material should be packed as per specification and sealed by the inspection agency. The seal details should be mentioned in the inspection report.

    c. The inspection report should contain the complete witnessing of the chemical analysis of material as per IS1472 for numbers of test required in a lot and their testing methodology for evaluating. All elements and verification of size of the inspected material required to be checked, tested & reported in report. Also it should carry details of specification no, purchase order no, Batch/lot no of material, seal details of the inspector along with corresponding packing (packing list).

9. Acceptance of material shall be after final inspection at CFFP BHEL Haridwar as per specification FF 05009 Rev 05 and shall be binding on seller. Material not found in conformance with applicable specification & purchase order conditions will be rejected.

10. In case material gets rejected during final inspection at CFFP, the same shall be replaced by supplier within 45 days of rejection memo date. All the charges (like To & Fro freight, insurance

etc.) for replacement shall be borne by supplier. Date of receipt of replacement material, if accepted, shall be considered as actual delivery date with respect to the PO delivery date for calculating penalty for Late Delivery.

11. Delivery of material

    a. For Indian sellers - Door delivery basis i.e. FOR Destination (Destination being Central Stores/CFFP/BHEL Haridwar). Offer must be clear & including all the charges like freight (including service tax), insurance, packing & forwarding etc.

    b. For Foreign sellers – CIF Nhava Sheva, India basis. Offer must be clear & including all the charges like sea freight, sea insurance, packing & forwarding etc upto Nhava Sheva port. Free time at landing port should be minimum 21 days.

12. Price discovery:

    a. BHEL reserves the right to go for Reverse Auction (RA) instead of opening the sealed envelope price bid/ Price bid in e-portal, submitted by the bidders. This will be decided after Techno-Commercial Evaluation. All the bidders to give their acceptance for participation in RA. Non-acceptance to participate in RA may result in non-consideration of their bids, in case BHEL decides for price bid opening through RA. Detailed guidelines available at our site www.bhel.com.

    b. In case BHEL decides to go for Reverse Auction, only those bidders who have given their acceptance to participate in RA will be allowed to participate in the Reverse Auction. Those bidders who have given their acceptance to participate in Reverse Auction will have to necessarily submit 'online sealed bid' in the Reverse Auction. Online sealed bid during reverse auction must be same or lower than the price quoted for the tender (LCNC cost i.e. landed cost to CFFP for which sample calculation sheet shall be provided by BHEL). In case RA sealed bid price is found higher than the price quoted for the tender, BHEL will take action against vendor as per company policy. Also Non-Submission of 'online sealed bid' by the bidder will be considered as tempering of the tender process and will invite action by BHEL as per extant guidelines in vogue.

    c. Highest bidder during online sealed bid will not be permitted to participate further in Reverse Auction of the tender enquiry.

    d. After declaring L1 bidder upon completion of RA, CFFP/BHEL will open the price submitted by L1 bidder in e-procurement portal during tender submission. Order will be placed at lower of the two rates.

    e. Evaluation of price bids will be on the basis of delivered cost i.e. total cost to Buyer

    f. CFFP, BHEL also reserve its right to negotiate with L1 bidder, established after price discovery.

13. Seller is required to quote the premium correctly as per unit of measurement mentioned in the tender. In case of any mistake done by seller while quoting their price /rate, responsibility will rest completely with seller. BHEL decision will be final.

14. Currency of contract:

a. For Indian Seller – Only in Indian Rupee

b. For Foreign seller – Only in USD, Offer in any other currency will not be considered

15. BHEL prefers to deal directly with the vendors. In case foreign vendor engages any Indian agent or takes services of any Indian agent, copy of agency agreement will be required to be submitted along with offer in line with the attached document of this tender. Payment to Indian agent agreed is required to be clearly mentioned in the agreement along with other commercial terms between them. In case commission / payment is not declared in the agreement, same shall not be acceptable. Non submission of agreement will result into ignoring the offer of seller.

16. Payment Terms –

a. For Indian sellers - 100% payment will be made to the seller within 30 days after receipt & acceptance of material at CFFP / BHEL, Haridwar through e-payment by the Buyer. In case of non-acceptance of payment term, loading on prices will be done for the period relaxation is sought for. Rate of loading will be 6% above Base rate of SBI (as applicable on the date of technical bid opening). Payment term involving payment of material before receipt & acceptance of material at CFFP will not be acceptable and bids will be ignored.

b. For Foreign sellers – Payment through USANCE LC payable on 70^{th} day of Bill of Landing (BL) date. Bank charges on either side (i.e. In India by BHEL and in Seller Country by seller). In case seller does not agree to 70^{th} day payment, proper loading will be done. Loading will be @ 6% above base rate of SBI on the date of technical bid opening date. Seller will be required to provide one negotiable copy of BL directly to BHEL to avoid delay in clearance of consignment. Due to delay in submission of documents to Bank & one negotiable BL to BHEL, if any detention or demurrage is levied on BHEL by shipping company/port, same shall be to sellers account & will be deducted from payable LC.

c. Offers with advance payment term or Supply linked to payment of earlier lots shall not be accepted.

d. Interest shall not be paid for late / delayed payment if any.

17. Criteria for determining offered rate of bidder:

a. For Indian Bidder:

i. Offered rate will be calculated using following:

Premium quoted by bidder in INR + 0.6 X (Average cash official seller price of Molybdenum at LME of previous fortnight of tender opening (1^{st} part bid) in USD) X TT selling rate of SBI of tender opening date (1^{st} part bid)

ii. Bidder is required to quote only their premium in their price bid on e-procurement portal for basic price in the unit of tender enquiry and this will remain firm during the contract period.

iii. Average cash official seller price of Molybdenum at LME will be taken from www.metalprices.com

iv. TT selling rate of USD by SBI will be taken of 1^{st} part bid opening date

Example:

1st part bid opening date taken as 08.11.2016

Applicable period for taking average LME price will be 16.10.2016 to 31.10.2016

Currency Conversion rate will be of date 08.11.2016

Indian bidder

Cost head	Values per Kg
Average LME price (cash official seller) for Molybdenum for 2nd fortnight of Oct 16 in USD	15.25
Conversion rate (TT selling rate of SBI) of USD of 8.11.2016	67.47
Effective price of Molybdenum in INR	1028.92
Applicable rate for 60% Molybdenum content	617.35
Premium quoted by vendor (Rs per Kg)	**100.00**
Total basic rate of bidder on the date of tender opening (1st part)	717.35
Packing & forwarding charge	0
Freight including service tax & transit insurance	0
Sub Total	717.35
ED @ 12.5%	89.67
Sub Total	807.02
Sales Tax @ 2% against form C	16.14
Sub Total	823.16
MODVAT / CENVAT	89.67
Landed price net of Cenvat at CFFP	733.49

b. For Foreign Bidder:

i. Offered rate will be calculated using following:

Premium rate quoted by bidder in USD + 0.6 X (Average cash official seller price of Molybdenum at LME of previous fortnight of tender opening (1st part bid) in USD) X TT selling rate of SBI of tender opening date (1st part bid)

ii. Bidder is required to quote only their premium rate in their price bid on e-procurement portal for basic price in the unit of tender enquiry and this will remain firm during the contract period.

iii. Average cash official seller price of Molybdenum at LME will be taken from www.metalprices.com

iv. TT selling rate of USD by SBI will be taken of 1st part bid opening date

Example:

1st part bid opening date taken as 08.11.2016

Applicable period for taking average LME price will be 16.10.2016 to 31.10.2016

Conversion rate will be of date 08.11.2016

Foreign bidder

Cost head	Values per Kg
Average LME price (cash official seller) for Molybdenum for 2nd fortnight of Oct 16 in USD	15.25
Conversion rate (TT selling rate of SBI) of USD of 8.11.2016	67.47
Effective price of Molybdenum in Indian Rupee	1028.92
Applicable rate for 60% Molybdenum content	617.35
Premium quoted by vendor in USD per Kg	**1.00**
Conversion rate (TT selling rate of SBI) of USD of 8.11.2016	67.47
Vendor premium in INR	67.47
Total basic rate of bidder on the date of tender opening (1st part)	684.82
Packing & forwarding charge	0
Sea Freight including sea transit insurance	0
Sub Total (cost at Nhava Sheva port) CIF Cost	684.82
Port Handling charge @ 1%	6.85
Sub Total	691.67
Custom Duty @ 5%	34.58
CVD @ 12.5%	90.78
Educational Cess @ 3%	3.76
Additional Duty @ 4%	32.83
Sub Total	853.63
Inland Freight (1616 kmX2.78X15)/14000	4.81
Sub Total	858.44
Inland Insurance @0.1064% of (110% of CIF cost + Actual Duties)	0.97
LC Charge @ 0.04%	0.27
Sub total	859.69
MODVAT / CENVAT	90.78
Additional duty Credit	32.83
Landed price net of Cenvat at CFFP	736.07

18. Invoice / Payment rate for supplied material:

a. Indian supplier:

i. Payment to supplier will be on PVC basis for each supply.

ii. Payment will be at fixed value of Moly content in supply i.e. for 60% within & above specified range of Moly content in supplied material.

iii. For Moly content between 58.00% to 60% deduction will be as detailed at point 2 above.

iv. **Premium quoted** by seller during price discovery will **remain fixed** for contract period which will be one year from the date of Rate Contract.

v. Average cash official seller price of Molybdenum for previous fortnight from the schedule date of supply at LME in USD will be used for calculating supply rate i.e. for supply schedule date of 25.12.2016, average rate will be for the period 01.12.2016 to 15.12.2016.

vi. USD / INR exchange rate (TT Selling rate of SBI) of last working date of previous fortnight shall be taken for conversion i.e. for supply schedule date of 25.12.2016 currency conversion rate shall be taken of 15.12.2016

vii. In case of delay in supply, rate applicable for schedule delivery date (in case of revision in delivery schedule by CFFP then revised schedule date) or date in which actual delivery made, whichever is lower, will be taken.

viii. In case, CFFP request for early delivery or postponing delivery then the rate of the revised schedule date will be taken.

ix. Taxes & duties shown above sample table are for illustration. Payment will be made on actual basis.

x. Date of receipt of material at CFFP shall be considered for payment calculation.

b. Foreign suppliers:

i. Payment to supplier will be on PVC basis for each supply.

ii. Payment will be at fixed value of Moly content in supply i.e. for 60% within & above specified range of Moly content in supplied material.

iii. For Moly content between 58.00% to 60% deduction will be as detailed at point 2 above.

iv. **Premium quoted** by seller during price discovery will **remain fixed** for contract period which will be one year from the date of Rate Contract.

v. Average cash official seller price of Molybdenum for previous fortnight from the schedule date of supply at LME in USD will be for calculating supply rate i.e. for supply schedule date of 25.12.2016, average rate will be for the period 01.12.2016 to 15.12.2016.

vi. In case of delay in supply, rate applicable for schedule delivery date (in case of revision in delivery schedule by CFFP then revised schedule date) or date in which actual delivery made, whichever is lower, will be taken.

vii. In case, CFFP request for early delivery or postponing delivery then the rate of the revised schedule date will be taken.

viii. Date of Bill of Lading shall be considered as date of supply for payment calculation & LD purpose.

19. Validity of offers should be minimum 45 days from tender opening date.

20. Seller is required to quote minimum 70% of tender enquiry quantity. Any offer quoted for lower than 70% quantity will be ignored.

21. Quoted rate should not be linked to order quantity. In case it is linked to order quantity, offer will be ignored.

22. Rate Contact will be entered with two vendors with ordered quantities split in ratio of 70:30. L1 vendor will get 70% of quantity for every ordering schedule. Balance 30% quantity will be ordered on 2nd vendor. All ordering will be at L1 landed rate only. L1 equivalent price (on the delivered cost or total cost to Buyer basis) obtained during tendering will be counter offered to L2 vendor and on acceptance ordering will be done accordingly.
In case of non-acceptance of counter offer by L2 vendor, same will be counter offered to L3, L4, L5… respectively on the basis of their ranking.

23. Buyer will release Orders under rate contract to seller at regular interval as per requirement. For each ordering- quantity will be 20 MT, 14 MT for L1 vendor & 6 MT for 2nd vendor.

24. Delivery schedule will be minimum 45 days from PO date.

25. Delivery in the promised period is the essence of contract. Requests for delivery extension from the seller in lieu of Non availability of transport / inspection agency etc. will not be entertained by the buyer.

26. Purchase orders placed against this RC shall be subject to normal clauses for imposing Penalty for Late Delivery, Risk purchases, Cancellation, Arbitration in case of delay in effecting supply and or other defaults as per following conditions:

    a. Penalty for Late Delivery: The delivery of the goods shall be made strictly as per time limit specified in delivery schedule, failure to supply within this period will make the seller liable to a penalty of 1/2 (half) percent of the price of the goods in arrears per week subject to a maximum of 10% on the basic rate. Any correspondence regarding waiver of LD shall not be entertained. In case of non-acceptance of late delivery penalty, price will be loaded for the unaccepted portion.

    b. Risk Purchase: In case of delays in supplies / defective supplies or non-fulfillment of any other terms and conditions given in the Purchase Order by the seller, the Buyer reserves the right to cancel the purchase order in full or part thereof, and may also make the purchase of such material from alternative source at the risk and cost of the seller.

27. In the event of any dispute arising out of contractual obligation, the order being finalized at Haridwar, India will be subject to Indian Laws and falls under jurisdiction of the court of Law at Haridwar, India for Indian seller and Delhi for foreign seller.

28. During the validity period of RC entered through this tender enquiry, vendor's performance shall be reviewed as per BHEL rules & guidelines.

29. In case of failure to supply material in time or supply of inferior quality / defective material, CFFP, BHEL will be free to take suitable action against seller as per company policy which includes (but not limit to) cancellation of PO / RC, arranging material on Risk Purchase basis, etc.

30. Bidder will be required to sign & submit integrity pact along with their offer. Copy of the same is available with the tender enquiry.

31. Weighment at CFFP shall be final and binding on supplier. No variation shall be accepted. Payment shall be made for the lower of Invoice Quantity or actual quantity received at CFFP.

32. Conditional offer clashing with the tender conditions shall be liable to get ignored in case vendor does not withdraw the same.

33. **Non-negotiable conditions**: Risk Purchase clause, Third party Inspection at Vendor end & any other clause stated in this document for non-consideration of offers.

34. During tender enquiry vendor will submit the following in their offer :

    a. **1st part bid - Techno Commercial Bid and PQC**

        i. Submit signed scanned copy of this Terms & condition along with offer submitted on e-procurement portal. Signature required on all pages.

        ii. Applicable taxes & duties at the time of tender opening

        iii. Replica of Price –bid (without rates)

        iv. Validity of rates minimum 45 days from opening date

    b. **2nd part bid – Price Bid**

35. Terms & conditions not specified in RC shall be as per tender enquiry / General Terms & condition document No CFFP/Pur/GT/01 Rev. 00 dated 01.11.2016.

We hereby confirm our acceptance for compliance of Terms & Conditions stipulated above.

For & on behalf of

Name of Seller

Signature of Authorized Signatory

Company Seal

Name & Address

Phone No.

Email id.

Date