Annexure B - Special Terms & Conditions for Framework Agreement for BW Fittings (CS & AS) for Enq no 4101900035 dt 29.8.2019

BHEL Terms

1) Offer Validity

a) This is an annual Framework Agreement (FA) Enquiry for supply of BW Fittings (CS & AS). The quoted rates shall be valid for **15 months** from the date of technical bid opening. Offers not conforming to this requirement will be summarily rejected.

2) Ordering Quantity

a) The item quantity indicated in “List of items” is tentative. Based on actual requirement during the FA, the total ordering quantity against each item may vary from few numbers to a maximum of 3 times the Enquiry quantity.

b) BHEL will place order for the items usually in small lots as and when requirement arises during the contract period.

c) Minimum Order Quantity (MOQ) / Minimum Order Value (MOV) condition is **NOT** acceptable. **Bids of vendors who do not accept this condition will be rejected.**

d) Ordering will be done on item level only and **NOT** on package basis. **Bids of suppliers who do not accept this condition will be rejected**.

3) Comparison of bids and Counter Offering

a) Initially, Comparative Statement (CS) will be prepared on ‘FOR’ BHEL Trichy basis considering “Nil customs duty” for foreign vendors (since projects will be unknown). Exchange rate (SBI TT Selling rate) as on Technical Bid opening date, freight and other miscellaneous charges as applicable from Chennai port to BHEL Trichy will be considered for foreign vendors. For indigenous vendors, applicable GST will be considered. The ranking on total cash outflow basis as per CS will be used for counter offering and entering into FA.

b) Item wise L1 rates will be Counter Offered to all other vendors **except H1 vendor of the respective item**.

c) Item wise counter offering will be done on total cash out flow basis (Base Price inc of P&F, F&I + Taxes & duties) to all vendors **except H1 vendor**. FA will be entered with 3 vendors accepting counter offer in the order of original ranking.

d) Least quoted MSE vendor will be ensured 25% order quantity provided such MSE vendor matches the counter offer rate.

4) Entering into FA, Splitting logic and Lot ordering

FA will be entered to with L1 and all the vendors who have accepted the counter offer for a tenure of **12 months**. Post entering into FA, subsequent ordering will be made considering the splitting logic as indicated below-

1. Scenario I – Incase FA is available with only indigenous vendors

a) As and when requirement arises, item quantity split will be done in the following ratio and ordering will be done limiting to 3 vendors-
- L1:L2:L3 - 45:30:25 (if 3 or more vendors are available in FA).
- L1:L2 - 60:40 (if only 2 vendors are available in FA).

- L1 - 100% (if only single vendor is available in FA).

2. Scenario II – Incase foreign vendor is also available in FA

a) As and when requirement arises, fresh CS will be prepared among the vendors with whom FA has been entered and ordering will be done based on the vendor with the lowest net cash outflow to BHEL. Exchange Rate (SBI TT Selling rate) as applicable on the 1st day of the month of preparation of CS, project specific customs duty and prevailing freight rate as per BHEL's inland transportation contract will be considered for calculating net cash outflow for foreign bids.

b) In case only one vendor emerges as L1, entire quantity of the respective item shall be ordered on the L1 vendor against ordering lot. No splitting will be done for such cases.

c) In case more than one vendor emerges as L1, then the quantity will be split in the ratio of 45:30:25 (if 3 vendors are L1) or 60:40 (if two vendors are L1) as the case may be, giving major preference to original L1 vendor and MSE vendor (if any) will be given preference of minimum 25% order quantity. Also splitting will be limited to three vendors only inclusive of MSE vendor, if any, in the order of ranking as per original CS.

3. Scenario III – Incase FA is available only with foreign vendor

a) As and when requirement arises for an item for which FA is entered only with foreign vendors, fresh CS will be prepared and ordering will be done on L1 vendor. Exchange Rate (SBI TT Selling rate) as applicable on the 1st day of the month of preparation of CS, project specific customs duty and prevailing freight rate as per BHEL's inland transportation contract will be considered for calculating net cash outflow for foreign bids.

5) Other considerations for Ordering

a) L1 vendor will always be given major preference during ordering.

b) Splitting shall be done only if quantity under consideration is
   - For OD upto 220 mm, quantity > 30 nos
   - For OD > 220 mm, quantity > 15 nos

c) If item level quantity pertains to one project, 100% ordering will be done on L1 vendor. This supersedes the condition stated in points 4.1.a, 4.2.c and 4.3.a.

d) In case of projects where ordering has to be done on customer approved vendors, CS will be prepared only for Customer approved vendors with whom FA is available and ordering will be done as indicated is para 4.

e) In case of emergency requirements
   - In case of 4.1.a, order shall be placed on the supplier who gives the best delivery.
   - In case of 4.2.c, order shall be placed on the L1 vendor who gives the best delivery.

In case vendor fails to deliver within the delivery period, BHEL reserves the right to cancel the order and place the order on next vendor with whom FA is available.

Entering into Framework Agreement does not mean that all the items indicated will be ordered. Ordering will be done only when actual requirement arises after ascertaining L1 vendor / price or both (if required) for each requirement lot.