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Subject: Revision of 'Guidelines for Reverse Auction', Circular no. 11 of 2016-17
Attachments: RA-2016_issued.pdf

CIRCULAR No. 11 of 2016-17

Dear Sir,

Sub: Revision of 'Guidelines for Reverse Auction'

The 'Guidelines for Reverse Auction' were last revised in Sept'13. Based on its implementation feedback from the Units/ Regions and deliberation with various agencies, the competent authority has approved the revised guidelines as per attachment.

Following are the major changes:

1. Business Rules made part of Guidelines.
2. Rank of RA committee members as per DOP of negotiation committee.
3. The calculation sheet to arrive at total cost to BHEL to be prepared by MM and vetted by Finance.
4. Removal of multiple H1 bidders has been dispensed with, instead additional 15 minutes bidding time to be given to break the tie.
5. Bidders will see on their screen their rank and running lowest bid during bidding as well as at the close of auction.
6. Conditions for failure of RA and treatment of failed RA cases have been explicitly defined.
7. The envelope sealed price bid of successful L1 bidder in RA, will also be opened after RA and the order will be placed on lower of the two bids (RA closing price & envelope sealed price).
8. Punitive action in terms of warning letter/ banning of business dealings with the bidder who is found to quote higher in online sealed bids as compared to envelope sealed price bid.
9. In case of splitting or compliance to Deity/ Public Procurement Policy 2012 for MSEs notifications, H1 bidder to be considered for counter offer subject to other conditions of these notifications.

You are requested to circulate it to all concerned departments of your Unit/ Region.

Competent Authority has approved that these guidelines would be applicable for all tender enquiries issued after two months from the date of issue i.e. 26.09.2016 and hence will be applicable for all NITs issued on or after **26.11.2016**. All ongoing cases would be dealt as per existing guidelines.

The revised guidelines are also being uploaded on SS&P intranet page.

With kind regards,

Pk jain

GUIDELINES FOR REVERSE AUCTION-2016

enabling

Execution, Consolidation, Simplification (ECS)



(AA:SSP:RA:03)

Issued on 26.09.2016

(Applicable for all NITs issued on or after 26.11.2016)

**Sourcing Strategy & Policy
Corporate Operations Management
BHEL, New Delhi**

1.0 Scope

This document describes the guidelines to be followed by each Unit/ Division/ Region for conducting reverse auction for procurement of material/ services/ works. These guidelines will be applicable for all purchases/ contracts to be awarded under Purchase/ Works policy and the Reverse Auction shall follow the philosophy of English Reverse (No ties). Based on these guidelines, Units/ Divisions/ Regions (hereinafter referred as 'units') may issue their own Departmental Procedures without changing the intent and spirit of the guidelines contained in this document. These guidelines will supersede earlier guidelines issued vide AA:MM:RA:02 dtd. 30.09.2013 amdt 01 dtd 22.11.2013.

English Reverse (No ties) is a type of auction where the starting price and bid decrement are announced before start of online reverse auction. The interested bidders can thereupon start bidding in an iterative process wherein the lowest bidder at any given moment can be displaced by an even lower bid of a competing bidder, within a given time frame. The bidding is with reference to the current lowest bid in the reverse auction. All bidders will see the current lowest quoted price and their rank. The term 'No ties' is used since more than one bidder cannot give an identical price, at a given instant, during the reverse auction. In other words, there shall never be a tie in the bids.

2.0 Intent of Reverse Auction (RA)

To derive maximum benefit in cost savings through competitive bidding.

3.0 Terms to be declared in NIT

Wherever it is felt that procurement may be done through Reverse Auction, the bids shall be invited in two parts/ three parts or single part bid (Price Bid) where Techno-Commercial MoU already exists. Wherever, the evaluation is done for individual line item, separate envelope sealed price bid for each line item shall be taken.

Decision to go for RA would be taken after evaluation of techno-commercial bids. The NIT would contain following **clause**:

"BHEL reserves the right to go for Reverse Auction (RA) (Guidelines as available on www.bhel.com) instead of opening the sealed envelope price bid, submitted by the bidder. This will be decided after techno-commercial evaluation. Bidders to give their acceptance with the offer for participation in RA. Non-acceptance to participate in RA may result in non-consideration of their bids, in case BHEL decides to go for RA.

Those bidders who have given their acceptance to participate in Reverse Auction will have to necessarily submit 'Process compliance form' (to the designated service provider) as well as 'Online sealed bid' in the Reverse Auction. Non-submission of 'Process compliance form' or 'Online sealed bid' by the agreed bidder(s) will be considered as tampering of the



tender process and will invite action by BHEL as per extant guidelines for suspension of business dealings with suppliers/ contractors (as available on www.bhel.com).

The bidders have to necessarily submit online sealed bid less than or equal to their envelope sealed price bid already submitted to BHEL along with the offer. **The envelope sealed price bid of successful L1 bidder in RA, if conducted, shall also be opened after RA and the order will be placed on lower of the two bids (RA closing price & envelope sealed price) thus obtained. The bidder having submitted this offer specifically agrees to this condition and undertakes to execute the contract on thus awarded rates.**

If it is found that L1 bidder has quoted higher in online sealed bid in comparison to envelope sealed bid for any item(s), the bidder will be issued a warning letter to this effect. However, if the same bidder again defaults on this count in any subsequent tender in the unit, it will be considered as fraud and will invite action by BHEL as per extant guidelines for suspension of business dealings with suppliers/ contractors (as available on www.bhel.com).

As a reminder to the bidders, system will flash following message (in RED Color) during the course of 'online sealed bid':

"Bidders to submit online sealed bid less than or equal to their envelope sealed bid already submitted to BHEL"

4.0 Aspects to be considered for RA

RA may be considered where there are at least four techno-commercially qualified bidders. Following aspects may be considered by the competent authority (empowered to approve the ordering) to arrive at the decision to go for RA or otherwise:

- RA acceptance by number of techno-commercially qualified bidders vis-à-vis total techno-commercially qualified bidders.
- Price volatility of the item(s) under consideration.
- Past purchase experience of similar item(s).
- Tender Value of the item(s) under procurement.
- Any other aspect which may be specific to tender.

Note: Decision to go for RA or not will be on case to case basis with recorded reasons.

5.0 Constitution of RA Committee

In case, decision to go for RA is taken by BHEL, Purchase/ Tender committee, if already in place, may also act as RA committee. If required, the Product Manager/ MM Head/ Department Head, shall constitute RA committee (in consultation with respective Head of departments) consisting of representatives (rank as per DOP of tender/ negotiation



committee) from departments of Engineering/ Indenter/ User, Purchase and Finance. Purchase representative will be the convener. This committee will work for a specific tender. In case RA committee has not been constituted, the functions of RA committee will be performed by MM and Indenter and vetted by Finance.

6.0 Business rules for RA

Business rules (annexure-I) and other annexures II to VII are attached. MM shall prepare and fill in the required details in the annexures at appropriate places like:

- Enquiry/ Request For Quotation (RFQ) number
- Name and Addresses of the bidders
- Items description, quantities/ weight, specification
- Date and time of opening and closing of RA
- Extension conditions
- Loading Criteria/ Formulae
- Foreign Exchange (FE) rates for evaluation
- Taxes & Duties
- Freight & Insurance
- Bidders' training, if required, etc.

The calculation sheet e.g. excel sheet (which will help to arrive at 'Total Cost to BHEL') which is communicated to respective bidders of RA, will be prepared by MM and vetted by Finance. This calculation sheet will be finalized based on the evaluation criteria specified in the NIT.

MM shall issue a mandate (annexure-II) to the service provider covering business rules etc. and inform about event, calculation sheet etc. to all techno-commercially accepted bidders who have agreed to participate in Reverse Auction.

7.0 Role of Service Provider

- Acknowledge the receipt of mandate from BHEL.
- Contact the bidders, provide business rules and train them, as required.
- Get the process compliance form (annexure-III) signed by all the participating bidders before RA event.
- Conduct the event as per the contract and business rules.
- Submit the login reports, results, history sheet and authorized final bid from the bidders.
- To obtain price breakup including that of line items (wherever required) from successful bidder and submit the same to BHEL.



8.0 Receipt of Techno-Commercial Bids & Evaluation

Suppliers are required to submit their best price bid in a separate sealed cover along with techno-commercial bid. After evaluation of Techno-Commercial Bids:

- a) In case BHEL decides not to conduct RA, the envelope sealed price bids of all techno-commercially qualified bidders, along with price impact, if any, should be opened and processed as per extant Purchase/ Works Policy.
- b) In case BHEL decides to conduct RA, business rules of RA will be sent to service provider.

9.0 Role of RA committee

- Committee to check that all the bidders (who have agreed to participate in RA) have submitted their online sealed bid. If any bidder does not submit online sealed bid, then the same shall be recorded specifically for further course of action as per extant Guidelines for suspension of Business dealings (as available on www.bhel.com).
- To decide and record the “Start Price” as well as “Bid Decrement” in line with RA guidelines.
- To observe the RA process and declare the RA as successful or failed.

10.0 Start price for RA shall be lower of:

- a) Lowest online sealed bid and
- b) Estimate

Note: Wherever more than one lowest online sealed bids are identical and lower than the estimate, RA committee shall declare the start price, by reducing the lowest online sealed bid by maximum of one decrement.

11.0 Witnessing Auction

Access to witness the RA shall be available to the concerned officials of BHEL (Indenter/ Finance Officials/ Purchase Officials), nominated by Head MM/ Purchase/ Contracts.

12.0 Reverse Auction Process

- 12.1 Reverse auction process is deemed to have been started upon receipt of ‘Online Sealed Bids’ from the bidders within the prescribed time frame as per Business Rules. After receipt of ‘online sealed bids’, start price & bid decrement will be decided by BHEL RA Committee and the same shall be communicated to the service provider, to start the bidding process. Only those bidders who have



submitted the 'online sealed bid' within the scheduled time shall be eligible to participate further in RA process. However, the H1 bidder (whose quote is highest in online sealed bid) will not be allowed to participate in further RA process provided minimum three bidders are left after removal of H1 bidder.

In case of tie for H1 bid (identical online sealed bids), 15 minutes additional time shall be provided and all the participating bidders shall be informed by mail/message on bidding screen to enable bidders submit revised online sealed bids so as to break the tie.

- 12.2 If the lowest online sealed bid is the starting price, then the lowest bidder in online sealed bid shall be shown as current L1 automatically by the system. System shall have the provision to indicate this bid as current L1 for further bidding.

If the start price is lower than the lowest online sealed bid (in line with clause 10.0), on acceptance of such start price by any bidder this bid would be indicated as current L1 for further bidding.

In case of no further bidding, RA will deemed to have been successful with current L1 bidder.

All bidders who had given online sealed bid will see their rank and L1 price and their ranking L1, L2 etc. would be based on their last quoted price irrespective of quote received in RA or online sealed bid.

13.0 Failure of RA

RA shall be treated as failed in the following scenarios:

- a) In cases where the start price is (a) estimate or (b) one decrement (maximum) lower than the lowest of the online sealed bids and no bidder accepts the start price.
- b) In cases where the number of online sealed bids are less than four before removal of highest bidder.
- c) In cases of tie among H1 bidders, even after extension of submission of online sealed bids once by 15 minutes.

Wherever, the evaluation is done for individual line items, RA shall be treated as failed only for those line item(s) for which any of the above a), b) or c) satisfies.

14.0 Treatment of RA failed scenarios:

In cases of failure of RA, sealed envelope price bids (of item(s) for which RA has failed) of all the techno-commercially qualified bidders shall be opened and the tender shall be processed accordingly. However, the envelope sealed bid(s) of techno-commercially acceptable bidder(s) who had agreed to participate in the RA and had failed to submit the online sealed bid shall not be opened.



15.0 Processing of case after RA

- 15.1 After declaring L1 upon completion of RA, the envelope sealed price bid of L1 bidder shall also be opened for placement of order on lower of the two bids (RA closing price & envelope sealed price) and file is to be processed as per extant Purchase/ Works policy provisions. Action as per NIT terms is to be taken if online sealed bid is higher than the envelope sealed bid.
- 15.2 Relative position of bidders (for usage in cases of predefined splitting the quantities) shall also include bidders who have given 'online sealed bids' but have not given further bids in auction. In case of splitting requirement, H1 bidder may also be considered for counter offer if the pre-stated (NIT) numbers of suppliers do not accept the counter offer. However, principle of splitting to N-1 bidder shall be maintained in line with extant Purchase Policy/ Work Policy.
- 15.3 In case H1 bidder happen to be MSE and was removed from further bidding but is within L1 + 15% band, then this bid shall also be considered and to be processed in line with 'Public Procurement Policy for Micro & Small Enterprises (MSEs) order, 2012'.
- 15.4 For providing preference to Domestically manufactured Electronic Products, in accordance with Department of Electronics and Information Technology (DeitY) Gazette Notification No. 33(3)/2013-IPHW dated 23.12.2013 and its related notifications issued from time to time, H1 bidder removed from further bidding may be considered for counter offer to meet domestic bidder requirement for the item(s) under procurement.

16.0 Payment to the Service Provider

Payment shall be made as per the agreed terms of the Framework Agreement with the service provider based on the mandate issued and service provider's invoice certified by the respective MM.

If the RA event is conducted as per the mandate given by BHEL and agreed procedure, payment shall be made to the service provider irrespective of the auction outcome.

17.0 Processing of cases where RA is not done

In case BHEL decides not to go for Reverse Auction for the tender enquiry, the Price bids and price impacts, if any, already submitted and available with BHEL shall be opened as per BHEL's standard practice.



18.0 Others

- 18.1 If RA is being conducted for multiple line items and L1 is to be decided for individual items, number of items in single screen be restricted to 10 (ten) to avoid scrolling by the bidders.
- 18.2 In case of enquiry through e-Procurement, the sealed electronic price bid (e-bid) is to be treated as sealed envelope price bid.
- 18.3 BHEL will inform bidders the details of service provider who will provide business rules, all necessary training and assistance before commencement of online bidding on internet.
- 18.4 Bidders are advised to read the 'Business Rules' indicating details of RA event carefully, provided by the Service provider, before reverse auction event.

Note: Model annexures and format for warning letter (annexure-II to VII) are enclosed. However, to suit specific requirement of the Units changes in the annexures may be done with the approval of respective MM Head of Unit. Such changes shall specifically be communicated to the service provider before the RA event.



Annexure – I

Business Rules for Reverse Auction

This has reference to tender no {tender number....date...}. BHEL shall finalise the Rates for the supply of {item name} through Reverse Auction mode. BHEL has made arrangement with M/s. {Service provider}, who shall be BHEL's authorized service provider for the same. Bidders should go through the instructions given below and submit acceptance of the same.

The technical & commercial terms are as per (a) BHEL Tender Enq. No. {...} dated {...}, (b) Bidders' technical & commercial bid (in case of two part bid) and (c) subsequent correspondences between BHEL and the bidders, if any.

1. Procedure of Reverse Auctioning

- i. **Online Sealed Bid:** This duration of online sealed bid will be {...} minutes. All bidders to submit their online sealed bids during this period.
- ii. **Online Reverse Auction:** The 'opening price' i.e. start price for RA and 'bid decrement' will be decided by BHEL.
- iii. If BHEL decides the lowest online sealed bid as the starting price, then the lowest bidder in online sealed bid shall be shown as current L1 automatically by the system and no acceptance of that price is required. System shall have the provision to indicate this bid as current L1.
- iv. Bidders by offering a minimum bid decrement or the multiples thereof can displace a standing lowest bid and become "L1" and this continues as an iterative process.
- v. After the completion of the online reverse auction, the Closing Price (CP) shall be available for further processing.

2. Schedule for Reverse Auction: The Reverse Auction is tentatively scheduled on {date}: and the duration of online sealed bid will be {...} minutes. All bidders to submit their online sealed bids during this period.

- Online Sealed Bid:-

- {Start Time:
- Close Time: }

- Online Reverse Auction:-

- {Start Time:
- Close Time: }



3. **Auction extension time:** If a bidder places a bid in the last {...} minutes of closing of the Reverse Auction and if that bid gets accepted, then the auction's duration shall get extended automatically for another {...} 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 {...} minutes and if that bid gets accepted as the lowest bid. If the bid does not get accepted as the lowest bid, the auto-extension will not take place even if that bid might have come in the last {...} minutes. In case, there is no bid in the last {...} minutes of closing of Reverse Auction, the auction shall get closed automatically without any extension. However, bidders 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.

The above process will continue till completion of Reverse Auction.

Complaints/ Grievances, if any, regarding denial of service or any related issue should be given in writing thru e-mail/ fax to M/s. {Service provider} with a copy to BHEL within 15 minutes prior to initial closing time of Online Reverse Auction.

4. **Bid price:** The Bidder has to quote the {...} Price inclusive of Packing & Forwarding charges, all the routine & type tests as per tender scope, ED + cess, CST against C-form, Freight (bidder to provide original Freight paid receipt), insurance charges, etc. including loading (if indicated by BHEL due to deviations in technical/ commercial terms) for the Items specified. Details are as shown in Excel Sheet for calculation of total cost to BHEL (To be specified by Unit as per NIT conditions).

5. **Bidding currency and unit of measurement:** Bidding will be conducted in *Indian Rupees per Unit* of the material as per the specifications {...}

In case of foreign currency bids, exchange rate (TT selling rate of State Bank of India) as on scheduled date of tender opening (Part-I bid) shall be considered for conversion in Indian Rupees. If the relevant day happens to be a Bank holiday, then the forex rate as on the previous bank (SBI) working day shall be taken.

6. **Validity of bids:** Price shall be valid for {... days} from the date of reverse auction. These shall not be subjected to any change whatsoever.
7. **Lowest bid of a bidder:** In case the bidder submits more than one bid, the lowest bid at the end of Online Reverse Auction will be considered as the bidder's final offer to execute the work.
8. Bidders shall be assigned a **Unique User Name & Password** by M/s. {Service provider}. Bidders are advised to change the Password and edit the information in the Registration



Page after the receipt of initial Password from M/s. {Service provider} to ensure confidentiality. All bids made from the Login ID given to the bidders will be deemed to have been made by the bidders/ bidders' company.

9. **Post auction procedure:** BHEL will proceed with the Lowest Bid in the Reverse Auction for further processing.
10. Any commercial/ technical loading shall be intimated to bidders prior to RA. The excel sheet provided in this regard shall cover all these aspects. Commercial/ technical loading if any, shall be added by the respective bidder in its price during online sealed bid & Online Reverse Auction. Modalities of loading & de-loading shall be separately intimated to the bidders. The responsibility for correctness of total cost to BHEL shall lie with the bidders.
11. Computerized reverse auction shall be conducted by BHEL (through M/s. {Service Provider}), on pre-specified date, while the bidders shall be quoting from their own offices/ place of their choice. Internet connectivity shall have to be ensured by bidders themselves.

During the RA process if a bidder is not able to bid and requests for extension of time by FAX/ email/ phone then time extension of additional 15 minutes will be given by the service provider provided such requests come before 5 minutes of auction closing time. However, only one such request per bidder can be entertained.

Despite this extension if bidder fails to upload his prices due to 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 M/s. {Service provider}, furnishing the price the bidder wants to bid online with a request to the service provider to upload the faxed price online so that the service provider will up load that price online 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 uploaded 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 or loss of connectivity at the premises of bidders 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 M/s. {Service provider} is responsible for such eventualities.

- 12.** Proxy bids: Proxy bidding feature is a pro-bidder feature to safeguard the bidder's interest of any internet failure or to avoid last minute rush. The proxy feature allows bidders to place an automated bid in the system directly 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 bidder. This obviates the need for the bidder participating in the bidding process until the proxy bid amount is decrementally reached by other bidders. When proxy bid amount is reached, the bidder (who has submitted the proxy bid) has an option to start participating in the bidding process.

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 of the fact whether the competing bids are submitted as proxy or standard bids. However, it may please be noted that if a manual bid and proxy bid are submitted at the same instant manual bid will be recognized as the L1 at that instant.

In case of more than one proxy bid, the system shall bid till it crosses the threshold value of 'each lowest proxy bid' and thereafter allow the competition to decide the final L1 price.

Proxy bids are fed into the system directly by the respective bidders. As such this information is privy only to the respective bidder(s).

- 13.** Bidders are advised to get fully trained and clear all their doubts such as refreshing of screen, quantity being auctioned, tender value being auctioned etc from M/s. {Service provider}.
- 14.** M/s. {Service provider}, shall arrange to demonstrate/ train the bidder or bidder's nominated person(s), without any cost to bidders. M/s. {Service provider}, shall also explain the bidders, all the business rules related to the Reverse Auction. Bidders are required to submit their acceptance to the terms/ conditions/ modalities before participating in the Reverse Auction in the process compliance form as enclosed. Without this, the bidder will not be eligible to participate in the event.
- 15.** Successful bidder shall be required to submit the final prices (L1) in prescribed format (Annexure-VI) for price breakup including that of line items, if required, quoted during the Online Reverse Auction, duly signed and stamped as token of acceptance without any new



condition (other than those already agreed to before start of auction), after the completion of auction to M/s. {Service provider} besides BHEL within two working days of Auction without fail.

16. Any variation between the final bid value and that in the confirmatory signed price breakup document will be considered as tampering the tender process and will invite action by BHEL as per extant guidelines for suspension of business dealings (as available on www.bhel.com).
17. Bidders' bid will be taken as an offer to execute the work/ supplies of the item as per enquiry no. {...} dt. {...}. Bids once made by the bidder, cannot be cancelled/ withdrawn and bidder shall be bound to execute the work as mentioned above at bidder's final bid price. Should bidder back out and not execute the contract as per the rates quoted, BHEL shall take action as per extant guidelines for suspension of business dealings (as available on www.bhel.com).
18. Bidders shall be able to view the following on their screen along with the necessary fields during Online Reverse Auction:
 - a. Leading (Running Lowest) Bid in the Auction (only total price of package).
 - b. Bid Placed by the bidder.
 - c. Start Price.
 - d. Decrement value.
 - e. Rank of their own bid during bidding as well as at the close of auction.
19. BHEL's decision on award of contract shall be final and binding on all the Bidders.
20. BHEL reserves the right to extend, reschedule or cancel the Reverse Auction process at any time, before ordering, without assigning any reason, with intimation to bidders.
21. BHEL shall not have any liability to bidders for any interruption or delay in access to the site irrespective of the cause. In such cases, the decision of BHEL shall be binding on the bidders.
22. Other terms and conditions shall be as per bidder's techno-commercial offers and other correspondences, if any, till date.
23. If there is any clash between this business document and the FAQ available, if any, in the website of M/s. {Service provider}, the terms & conditions given in this business document will supercede the information contained in the FAQs. Any changes made by BHEL/ service provider (due to unforeseen contingencies) after the first posting shall be deemed to have been accepted if the bidder continues to access the portal after that time.



24. Bidder shall not divulge either his Bids or any other exclusive details of BHEL to any other party. If the Bidder or any of his representatives are found to be involved in Price manipulation/ cartel formation of any kind, directly or indirectly by communicating with other bidders, action as per extant BHEL guidelines for suspension of business dealings (as available on www.bhel.com), shall be initiated by BHEL.



Annexure – II

Mandate to Service Provider

Ref :

Date :

To,

M/s. {Service provider}

Sub: Providing of Services for Reverse Auction.

Ref: No {...} date {...}

Dear Sirs,

Please conduct Reverse Auction as per the following details:

- **Scope:** Auction event management with training of BHEL and its bidders.
- Ensure process compliance form from all the bidders before start of RA event. In case of postponement of event to some other date, ensure acknowledgement from each bidder.
- Price: Rs. {.....}/- . No other duties, Taxes, levies etc. except service tax @ {.....}% shall be payable for conducting reverse auction. This price is firm.
- Payment Terms: 100% payment after successful completion of Auction.
- Completion of Auction: The auction shall be deemed to have been successfully completed on receipt and acceptance of final report including hard copy of the final bid with price break up including that of line items, if any, duly signed by the successful bidder who has participated in the reverse auction. The bill shall be submitted along with the completion report to the undersigned.
- Business Rules of the Reverse Auction are as per Annexure-I
- The list of bidders with their contact details is given in Annexure-IV. and the details of the item (s) to be Reverse Auctioned are as per Annexure-V.
- Please acknowledge receipt of this letter order and also confirm that final report (duly signed and stamped by M/s. {Service provider}) including hard copy of the final bid with breakup of prices including that of line items duly signed by the successful bidder (duly endorsed by M/s. {Service provider}) shall be submitted within **four** working days of conclusion of auction.

Yours sincerely,

(for and on behalf of BHEL)

Note:

- i) The case of rescheduled auction event will be considered separate event for the purpose of payment.
- ii) If the event has been conducted as per mandate, you shall be paid irrespective of RA outcome.



Buyer Name	- <i>Name of BHEL Unit</i> - <i>Full postal address</i> - <i>Fax:</i> - <i>Phone:</i> - <i>Email:</i> - <i>Contact person name:</i> - <i>Phone:</i> -
Auction to be conducted by	- <i>Name of Service provider</i> - <i>Full postal address</i> - <i>Fax:</i> - <i>Phone:</i> - <i>Email:</i> - <i>Contact person name:</i> - <i>Phone:</i> -
Date of Auction	- <i>Date of Auction</i> - <i>Online sealed bid auction time:</i> - <i>Online reverse auction time:</i> - <i>Online auction website:</i> -
Documents Attached: (To be sent to the bidders)	1) Business rules for Reverse Auction (Annexure-I) 2) Process Compliance Form (Annexure-III) 3) Details of item (s) to be Reverse Auctioned (Annexure-V) 4) Post RA Price confirmation by bidder (Annexure-VI)



Annexure – III

Process Compliance Form

(The bidders are required to print this on their company's letterhead and sign, stamp before RA)

To

- M/s. {Service provider
- Postal address}

Sub: Agreement to the Process related Terms and Conditions

Dear Sir,

This has reference to the Terms & Conditions for the Reverse Auction mentioned in the RFQ document for {Items} against BHEL enquiry/ RFQ no.{.....} dt. {.....}

This letter is to confirm that:

- 1) The undersigned is authorized official/ representative of the company to participate in RA and to sign the related documents.
- 2) We have studied the Reverse Auction guidelines (as available on www.bhel.com), 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, in case we become L1 bidder, we will FAX/ email/ the price confirmation & break up of our quoted price (including that of line items) as per Annexure-VI within two working days (of BHEL) after completion of RA event, besides sending the same by registered post/ courier both to M/s. BHEL and M/s. {Service provider}.
- 5) We also confirm that in case we become L1 bidder, the envelope sealed price bid submitted by us shall be opened by BHEL and we agree to accept the lower of the two bids (RA closing price & envelope sealed price) for placement of order and we have understood that in case online sealed bid placed by us is found higher than envelope sealed price bid submitted by us, then BHEL may take action as stipulated in NIT.

We, hereby confirm that we will honor the Bids placed by us during the auction process.

With regards

Signature with company seal

Name –

Company / Organization

Designation within Company / Organization

Address of Company / Organization

- Sign this document and FAX/ email it to M/s. {Service provider} at {.....} prior to start of the Event.



Annexure – IV

List of bidders and their address/ contact person details

Sl. No.	Address	Contact Person
1	- Name of bidder - Full postal address - Fax: - Phone: - Email: -	- Contact person name: - Phone: - Email: -
2		
3		
..		
..		



Annexure – V

Details of item (s) for Reverse Auction

1. {Details of items including quantity, specification, Enquiry no. & date

1.

2.

..

..

..

}

The offers of all the bidders are technically & commercially frozen as submitted by the bidders and clarified in subsequent correspondence, if any, with the bidders.



Annexure – VI

RA price confirmation and breakup

(To be submitted by L1 bidder after completion of RA)

To

- M/s. Service provider
- Postal address

CC: M/s BHEL

{Unit-
Address-}

Sub: **Final price quoted during Reverse Auction and price breakup**

Dear Sir,

We confirm that we have quoted.

**Rs.{ _____ in value & in words _____ } for item(s) covered under tender enquiry
No. {...} dt.{...}**

Total price of the items covered under above cited enquiries is inclusive of {Packing & forwarding, E.D., C.S.T., freight and insurance charges up to {.....} District,{.....} State and Type Test Charges etc., (exclusive of service tax), other as per NIT}

as our final landed prices as quoted during the Reverse Auction conducted today {date} which will be valid for a period of { ____ in nos. & in words ____ } days.

The price break-up including that of line items is as given below.

Total

=====

- Rs. in value & in words

=====

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

Yours sincerely,

For _____

Name:

Company:

Date:

Seal:



Annexure – VII

{Unit/Region}
Bharat Heavy Electricals Limited
{Address}:

Ref:

Date:

To,

M/s. {Name and Address of the Bidder}

Kind Attention {Name of the contact person}

Dear Sir,

Subject: Warning Letter

This is with reference to our tender enquiry no. {...} dated {...}, your offer no. {...} dated {...}, your acceptance dated {...} to participate in reverse auction process and process compliance form dated {...}.

The reverse auction for procurement against subject tender enquiry was conducted on dated {...}.

You had accepted the NIT terms and clause no. {...} of the said NIT states that *Bidders to submit online sealed bid less than or equal to their envelope sealed bid already submitted to BHEL* and a message to this effect was also flashed on the screen at the time of submitting online sealed bid. However, ignoring these you chose to bid higher in online sealed bid in comparison to envelope sealed price bid submitted by you with offer documents and which was opened on dated {...}

in your presence

OR

and you chose not be present during envelope sealed price bid opening.

This act of yours is in violation of NIT terms accepted by you in your offer documents and hence in line with NIT terms you are hereby warned not to repeat such act in future. Further, if you again default on this count in any subsequent tender, it will be considered as fraud and will invite banning action by BHEL as per extant guidelines for suspension of business dealings with suppliers/ contractors (as available on www.bhel.com).

Yours sincerely,

{Name}

{Designation}

On behalf of BHEL

CC: HEAD/ SDC, for keeping records.

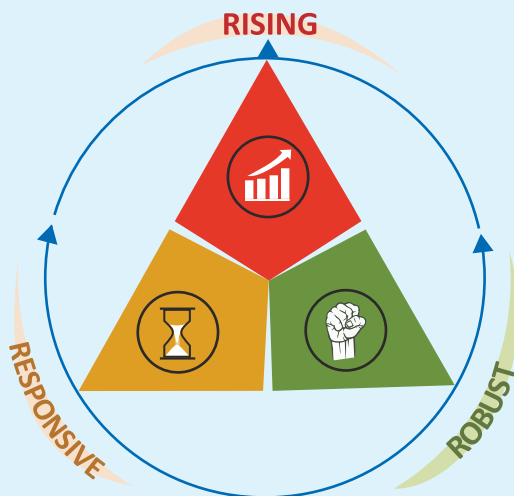


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Creating **BHEL** of tomorrow



Maharatna Company

BHARAT HEAVY ELECTRICALS LIMITED

Regd. Office: BHEL House, Siri fort, New Delhi – 110049, India

Website: www.bhel.com



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