



ANNEXURE – A

GENERAL TERMS & CONDITIONS OF TENDER FOR GALVANIZING

The following are general requirements for Hot Dip Galvanizing Works Contract for Socket Caps, Ball Pins, Insert & Flanges, Zinc Sleeving & De-galvanizing of Socket Caps & Ball Pins which in turn after galvanizing used for manufacturing of Porcelain Insulators under the proposed annual rate contract 2017-18.

The offer should be submitted in a sealed cover super scribing tender number & due date addressed to:-

DGM/ MM

Bharat Heavy Electricals Ltd
Insulator Plant, BHEL
Industrial Area, Jagdishpur
Sultanpur-227817, U.P.

So as to reach here within 2:45 P.M. on the due date and the tenders will be opened at 3:00 P.M. on the scheduled date in the presence of those vendors or their authorized representatives who wish to be present.

Sealed bids are invited under Two Part Bid System from the suppliers with sound technical and financial capabilities fulfilling the requirements stated in the bid document.

Interested and eligible suppliers may study the tender document carefully and offer their bids.

"BHEL reserves the right to go for Reverse Auction (RA) instead of opening the sealed envelope price bid, submitted by the bidder. This will be decided after techno-commercial evaluation. All 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 to go for RA.

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. Non-submission of „online sealed bid“ by the bidder will be considered as tampering of the tender process and will invite action by BHEL as per extant guidelines in vogue."

If BHEL decide to conduct Reverse Auction, the terms condition of reverse auction (TC/RA 2016-17) and business rules for Reverse Auction (BR/RA/2016-17) will be applicable(copy attached).

The two parts bid system comprising as below:

Part-I: TECHNO-COMMERCIAL and
Part-II: PRICE.

The vendor should submit offer comprising of TECHNO-COMMERCIAL as well as PRICE BID on or before the scheduled due date mentioned. The both bid shall be put in a separate **sealed cover** and then put into **one sealed envelope**. The cover of **all the envelopes** should have the **Corresponding Party Name, Tender Enquiry Nos , Subject of Tender and Due Date written on it**. If the offer is found in opened condition, the same offer will be summarily rejected.



IP/ARC/Galvanizing Contract/2017-18

PART-I: TECHNO-COMMERCIAL: The terms and conditions of tender should be thoroughly understood and confirmed in the Techno-Commercial offer.

- The Following documents (self attested copy) shall be submitted along with offer in a same sequence as given below & also indicate page No on it.

1. Registration certificate under SSI/MSMED Act
2. Service tax registration certificate
3. Latest balance sheet
4. Last ITR
5. Valid Pollution Certificate
6. Organization chart
7. Commercial terms
8. Capacity per month for IP, Jagdishpur
9. Details of litigation with govt. dept., if any
10. Details of litigation with BHEL Units, if any.
11. Phone Nos and Complete address of workshop and office, along with name of contact person who will coordinate with BHEL for execution of the contract.
12. Contact details along with Landline & Mobile Phone Number, e-mail address etc of preferably two person. This will be forwarded to reverse auction service provider appointed by BHEL. The detail shall be clear & legible

The commercial terms as under shall be specifically mentioned in techno commercial bid:-

FOR Terms : BHEL, Jagdishpur

Service Tax : % _____ Extra/Not applicable
(Reason for Not applicable shall be mentioned)

Offer Validity For : 90 days

Payment Terms : As per clause 10 given below

Total galvanizing Capacity / Month (For BHEL) :
Min Qualifying Capacity: 120 MT/Month

Acceptance of general terms & conditions and
Business rule of reverse auction, Terms condition of RA
as provided:

Yes / No

Acceptance for participation in RA :

Yes / No

Offer is liable to rejection due to non-submission of above documents and non acceptance of above already mentioned commercial terms.

PART-II: PRICE: Prices to be quoted item wise, as per enclosed price bid format (Annexure-B)

- The rates should be quoted on the basis of items per Nos as per enclosed format for Price Bid.



The terms and conditions specified herein are to be strictly adhered during execution of proposed Annual Rate Contract.

General terms and conditions of contract

- 1) The Galvanizing / Zinc Sleeving / De-galvanizing work is to be done on job work basis. Zinc will be arranged by galvanizers themselves, in any case Zinc will not be provided by BHEL
- 2) The average likely load for Galvanizing is approx 3000 MT (12 Lacs Caps & Ball Pin each) per annum. This may further vary depending on BHEL requirement during period of contract.
- 3) The offer should be valid for acceptance for 90 days from the date of opening. The rates quoted for Galvanizing / Zinc Sleeving / De-galvanizing separately and will be variable for term of the proposed annual rate contract. The quoted rates will be for all components including loading/ unloading , transportation, Labour, Fuel and Zinc .
- 4) Party will have to purchase Zinc directly from M/S Hindustan Zinc Limited only and party will have to submit Test Certificate of material received from M/S HZL to BHEL. As ED/VAT is being paid on Zinc used by party. Parties will submit a certificate that CENVAT/VAT benefit has not been availed by party,
- 5) The galvanizer will be required to submit test certificate for purity of Zinc (99.95%) procured for every purchase of Zinc from third party lab preferably M/S Spectro Analysis lab (P) Ltd. New Delhi or M/S Sriram Institute of Industrial research Delhi or any NABL approved Lab. Above this BHEL shall conduct the testing for purity of Zinc from galvanized component weekly/monthly/ basis on randomly selected samples.
- 6) Earnest Money of Rs 3.50 lakhs (Rs. Three Lakhs Fifty thousand only) is to be paid by each tenderer to ensure that the tenderer does not refuse to execute the work after it is awarded to him.

The EMD may be accepted only in the following forms:

(i) Cash deposit as permissible under the extant Income Tax Act (before tender opening)

(ii) Electronic Fund Transfer credited in BHEL account (before tender opening)

EMD by the Tenderer will be forfeited if :-

- After opening the tender, the tenderer revokes his tender within the validity Period or increases his earlier quoted rates.
 - The tenderer does not commence the work within the period as per LOI / Contract. In case the LOI / contract is silent in this regard then within 15 days after award of contract.
 - EMD given by all unsuccessful tenderers shall be refunded normally within fifteen days of acceptance of award of work by the successful tenderer.
 - EMD shall not carry any interest.
- 7) **Security Deposit-** The total amount of Security Deposit will be 5% of the total contract value. EMD of the successful EMD of the successful tenderer shall be converted and adjusted towards the required amount of Security Deposit. The balance amount to make



up the required Security Deposit of 5% of the contract value may be accepted in the following forms:

- i) Bank Guarantee from Scheduled Banks/ Public Financial Institutions as defined in the Companies Act. The Bank Guarantee format should have the approval of BHEL
- ii) Fixed Deposit Receipt issued by Scheduled Banks/ Public Financial Institutions as defined in the Companies Act (FDR should be in the name of the Contractor, a/c BHEL)
- iii) Securities available from Indian Post offices such as National Savings Certificates, Kisan Vikas Patras etc. (held in the name of Contractor furnishing the security and duly endorsed/ hypothecated/ pledged, as applicable, in favour of BHEL)

or NOTE: BHEL will not be liable or responsible in any manner for the collection of interest renewal of the documents or in any other matter connected there with.

- 8) An insurance policy for **Rs. 5.00** lakhs favoring BHEL shall be submitted by party to cover risk of fire, damages and theft etc. for BHEL material.
- 9) Rates are to be quoted as per Price Bid Format enclosed. Rates quoted in any other format will not be accepted. Item Wise L1 will be calculated on landed cost basis. The price negotiation, if considered necessary will be done with Item wise L1 bidder. Finalized L1 rates will be counter offered to other vendors for acceptance.
- 10) **Payment Terms:** 45 days credit after receipt of material at BHEL stores for accepted quantity.
- 11) **Distribution of Load Share:** The load will be distributed among 5 (five) most competitive vendors in the ratio of 35:25:20:10:10 subjected to more than five technically suitable offers received. The eligible vendors will be asked to match negotiated L1 price. However the load sharing is subject to acceptance of counter offer that is calculated with reference to the negotiated L1 price and linked with the vendor performance and capacity. In case of more than one vendor having same ranking, the load share corresponding to the ranking and the next ones will be clubbed together and will be equally distributed among such vendors. In case, any eligible vendor does not accept the counter offer, opportunity will be given to the next ranking vendor.
 - If only three more vendors are accepting L-1 rate, order will be distributed in ratio of 40:30:20:10.
 - If only two more vendors are accepting L-1 rate, order will be distributed in ratio of 45:35:20.
 - If only one more vendor is accepting L-1 rate, order will be distributed in ratio of 60:40.
 - If No other vendor is accepting L-1 rate, 100% share will be allocated to L1 vendor.
- 12) No minimum load is assured on per month basis. BHEL reserve the right to enter into contract with more than one vendor and distribute the load for galvanizing against availability of black metal parts & depending on the performance in quality and timely delivery of the party during contract validity period. Load distribution may vary depending on party's delivery and quality performance.



- 13) In case of unsatisfactory performance in quality as well as delivery BHEL shall have full right to discontinue the contract in part or full.
- 14) BHEL shall also have the rights to terminate the contract at party's risk and cost on account of the continuous failure in giving the satisfactory performance and non adherence to the terms and conditions of the contract.
- 15) Technical requirement of Galvanizing process and inspection / acceptance norms of galvanized component has to be as per our specification no. **JP:TP 10 Rev. 02** and PGCIL approved **Quality Plan(attached)**. The parties are required to make their own quality plan for in process inspection as per format already in use and get approved from BHEL. Any other contractual requirement / specification specified by ultimate customer shall also be required to be met. Wherever inspection of ultimate customer is involved, the final acceptance of lot will depend on ultimate customer irrespective of BHEL quality inspection and lot acceptance, it is legal and statutory requirement to meet requirement of ultimate customer, in case of any failure(by ultimate customer) lot will be treated as rejected and only galvanizer will be held responsible for this , BHEL shall not be responsible in any manner.
- 16) If the material taken for galvanizing is lost/ rejected/damaged due to its improper processing/handling or in the case of the fire / theft etc. of the material the cost in full shall be recovered / with held from party's bills till the insurance claim not settled with Insurance Company.
- 17) Party will have to lift their rejection to rectify/segregate/re-galvanizing at their cost. In any case segregation/Rectification at our works will not be allowed. In case of Re-Galvanizing after rejection, party will have to do at their own cost. Rejected lot will be directly handed over by our store to party for segregation/rectification/Re-galvanizing at their works after receipt of SRV or rejection.
- 18) Lifting of black material as well as delivery of galvanized metal parts from and to BHEL Stores will have to be arranged by party at their own risk and cost.
- 19) Party shall be responsible for identification of pickling rejection. All pickling rejections should be intimated by parties to BHEL Purchase Deptt. / Quality Deptt. In writing. The counter verification for each lot shall be done by QC periodically preferably once in a month. All sort of rejections observed either through naked eyes or after pickling shall be returned on SMRN.
- 20) Any metal parts issued shall be acceptable to party for galvanizing.
- 21) Normally issued quantity shall be returned after galvanizing in one stroke and for major short fall written explanation shall be submitted along with concerned challans . It will be responsibility of galvanizer to avoid overstocking of BHEL material at their workshop. It may be allowed only in some special cases but with written permission of appropriate authority (Purchase or Store executive). L1 Galvanizer can keep maximum 8.00 MT of BHEL material at their workshop at a time and this maximum quantity for other galvanizers will be calculated on pro-rata basis based on their load share as per clause 11. It will be advisable for galvanizer to keep in mind the balance stock of BHEL material at their workshop before taking fresh material. For unauthorized overstocking Rs.



- 250.00/MT for complete stock (at their workshop) may be deducted from galvanizer's bills.
- 22) The party should maintain an issue – receipt / dispatch register including records of pickling rejection.
- 23) Acknowledgement of BHEL stores deptt. shall be the only legal document towards receipt / issue of material quantities. Even samples if asked by BHEL Quality Control deptt. should be handed over only against written authorized letter of purchase deptt.
- 24) The material after galvanizing should be returned in separately identifiable condition. Fresh, re-galvanized and salvage materials are not to be mixed and should be brought separately.
- 25) The party should first do inspection of galvanized material thoroughly at their works and only acceptable quantities shall be dispatched to BHEL. The galvanization Test Certificates should accompany all consignments brought after galvanizing. No rework / segregation shall be allowed once galvanized lots are received in BHEL and after inspection they get rejected.
- 26) Entries to vehicle for delivery / lifting shall normally be allowed after 8.30 AM but before 2:00 PM however time can be relaxed in some special cases (as per requirement of BHEL)
- 27) For any lot rejected more than 2 times, deduction of Rs. 200/- per MT shall be made for concerned lots.
- 28) Loading of black metal parts and unloading of galvanized metal parts from BHEL stores shall be arranged by party. In addition to that it will be party's responsibility to segregate the Black Metal Parts Item wise/Heat wise for testing purpose.
- 29) Material to be counted from 25th to 24th for issue of black metal parts and 1st to 30th / 31st for galvanizing receipts (accepted quantity linked to date of challan)
- 30) PV will be calculated according to the following method :
- (a.) PV formula for all socket cap
$$P = 0.29 + 0.13 * F1 / F0 + 0.58 * Z1 / Z0$$
- (b.) PV formula for all Ball pins
$$P = 0.43 + 0.20 * F1 / F0 + 0.37 * Z1 / Z0$$
- (c.) PV formula for all Zinc Slewing
$$P = 0.38 + 0.18 * F1 / F0 + 0.44 * Z1 / Z0$$
- P= PV Percentage Increase/ Decrease
F0= Fuel rate on the day of Publication of tender (09/01/17) (As per office of the Economic Adviser)
F1= Fuel rate on the date of delivery (As per office of the Economic Adviser)
- Z0= Zinc rate on the day of Publication of tender (09/01/17) exclusive of excise duty, sales tax and other statutory levies as applicable (HG at Sahibabad Stock Point as per price circular/master of M/S Hindustan Zinc Limited)
Z1= Zinc rate on the date of delivery exclusive of excise duty, sales tax and other statutory levies as applicable (HG at Sahibabad Stock Point as per price circular/master of M/S Hindustan Zinc Limited)



IP/ARC/Galvanizing Contract/2017-18

- 31) All material at party's works are to be stored under covered shed in a proper way. Even pickling rejected metal parts are to be stored under covered shed in such a manner that it does not get mixed up with routine materials. In case of damages to the materials due to poor storage, the actual cost of the materials shall be recovered from party's bills.
- 32) The party should submit the metal parts statement report daily to the Purchase / Stores deptt. about the metal parts lying at their works, issued on previous day, brought after galvanizing, and balance available with them including rejections as on date.
- 33) BHEL shall have the right to physically verify zinc, black and galvanized metal parts at any point of time at party's works. BHEL may also bring sample of Zinc (on random basis) from vendor's workshop and get it tested for purity from third party lab on vendor's cost.
- 34) Party will have to submit ED certificate for CENVAT claim and relevant documents for availing ITC benefits if VAT is applicable and service tax details.
- 35) TDS , work contract tax & other taxes will be deducted as per existing rules.
- 36) Party will have to ensure fulfillment of all legal / statutory requirements of State and Central government and other bodies and their rules issued time to time. BHEL will not be responsible in any manner if they are fined or penalized due to non-fulfillment of these requirements. BHEL will cancel the contract, in case party is found violating any government rules.
- 37) Settlement of dispute if any arises , at anytime between the company and the vendor upon or in relation to or in connection with the vendor, the same shall be referred to the sole arbitration of the Head of Unit BHEL, IP, Jagdishpur or to person appointed by him. The award of Unit Head of BHEL IP Jagdishpur shall be final and binding on the company and the vendor. The arbitration proceedings will be held at BHEL. IP ,Jagdishpur, Sultanpur U.P.
- 38) **PREFERENCES/BENEFITS FOR MSEs:** preference/benefits to MSEs Vendor will be given as per annexure MSE/2015-16 after submission of valid certificate.
- 39) **Legal Jurisdiction:** In case of any legal proceedings, area of jurisdiction will be Amethi, UP ie District head quarters.
- 40) The tender not meeting the above conditions may not be entertained.
- 41) The contract will be valid for one year from the date of issuance with provision for further extension on the same terms and conditions with mutual consent of both the parties for mutually agreed period.
- 42) It is compulsory for all the vendors to take clearance certificate from pollution department. The vendors not having clearance certificate from pollution control board are advised to get it within 6 months. BHEL will review the status after six months and decide further regarding termination/continuation of contract.
- 43) The Bidder along with its associate/ collaborators/ sub-contractors/ sub-vendors/ consultants/ service providers shall strictly adhere to BHEL Fraud Prevention Policy displayed on BHEL website <http://www.bhel.com> and shall immediately bring to the



IP/ARC/Galvanizing Contract/2017-18

notice of BHEL Management about any fraud or suspected fraud as soon as it comes to their notice.

- 44) The Guidelines for suspension of business dealings with suppliers/ contractors' has been uploaded on www.bhel.com on "supplier registration page"
- 45) It is compulsory for all the vendors to get PGCIL approval (if not approved) within 3 months of finalization of contract. During this period they will get only Non PGCIL material for galvanizing.
- 46) ISO – Requirement- informed by BHEL time to time should be followed.
- 47) Parties to ensure following points :
- (a) Compliance of all applicable regulations
 - (b) Treatment facility for waste acids
 - (c) Provide water sprinkler near acid bath
 - (d) Ensure usage of personal protective equipments by workers
 - (e) Ensure availability of First Aid Box.
 - (f) No employment of child labour.
 - (g) Compliance of all pollution Norms

(Rana Rashmirathi)

Sr. Engineer (MM)

Enclosure:

1. Purchase specification No. JP/TP/10 REV 02, FOR GALVANIZING
2. Purchase specification No. JP/TP/13/Gen REV 00, FOR Zinc Sleeving
3. PGCIL approved Quality Plan
4. Price Bid Format