

### **Business Rule for finalization of order through Reverse Auction Mode**

BHEL shall finalize the Rates for the supply of Items of enquiry through reverse auction mode. BHEL has made arrangement with Reverse Auction Agency, who shall be BHEL's authorized service provider for the same. Please go through the guidelines given below and submit your acceptance of the same.

1. Computerized Reverse Auction shall be conducted on behalf of BHEL, on pre-specified date, while the vendors shall be quoting from their own offices/ place of their choice. Internet connectivity shall have to be ensured by each agency themselves. In extreme case of failure of Internet connectivity, (due to unforeseen circumstances- not power failure), fax communication shall have to be made immediately. BHEL / Reverse Auction Agency may decide to extend the bidding time, at their discretion, but not as a right.
2. Reverse Auction Agency shall arrange to demonstrate/ train your nominated person(s), without any cost to you. They shall also explain you, all the Rules related to the Reverse Auction/ Business Rules Document to be adopted along with bid manual. You are required to give your compliance on it before start of bid process.
3. **For indigenous vendors:** total price should be inclusive of Packing & Forwarding Charges, Freight & Insurance charges up to BHEL HYD on FOR destination basis inclusive of service taxes on freight and ED & CST/VAT,

The formula for arriving landed cost = Basic price {inclusive of Packing & Forwarding Charges}+ {Freight & Insurance charges up to BHEL HYD including service taxes}+ ED & CST/VAT

Note : Prices Shall be evaluated on landed cost basis i.e., TOTAL COST TO BHEL, considering all applicable statutory duties and taxes after deducting the eligible benefits towards CENVAT/ VAT or any other statutory benefit /duties, taxes etc. and the loading factors. All the loading factors in NIT are used only to arrive at the tender priorities (L1, L2 etc.). PO will be placed on L1 vendor as arrived after considering the loading factors. The prices of the PO shall be as per prices quoted in the breakup prices after the Reverse Auction.

4. The prices quoted should be firm.
5. **Procedure of Reverse Auctioning**

- i. **Sealed Bid Reverse Auction:** The opening bid (In the initial auction) of the bidders shall be same as that quoted in their Final Sealed price submitted to BHEL. The bidders shall confirm in writing to BHEL that their **opening bid shall be same as that quoted in their final sealed price** bid submitted against enquiry. If it is found to be otherwise at a later date, the bidder will be suitably warned and appropriate action will be taken. This will usually have duration of **30 minutes**.
- ii. **English Reverse (no ties) {Dynamic Reverse Auction}** : The L1 price in the Sealed Bid Auction or our Estimate whichever is lower will be the opening price for the Dynamic Reverse Auction at BHEL discretion, which will be visible to all the

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vendors during the start of the Dynamic Reverse Auction. You shall be required to start dynamic bidding by offering a bid decrement or multiples thereof.

- iii. If BHEL chooses other than L1 price as opening price, then the values entered in the screen after the opening price, alone will be considered for the purpose of deciding the outcome of RA. In such a case, all the vendors need to participate in RA after the opening price is given by BHEL. In case there is no response after the start price, RA will be treated as closed “with out participation by vendors”. BHEL will decide further course of action.
  - iv. If BHEL start price is same as L1 price in sealed bid, System should not permit the opening price given by BHEL as bid value by any vendor. In other words, the bidders can enter only opening price with at least one bid decrement.
  - v. The bid decrement amount shall be specified by BHEL before start of bidding through Reverse Auction Agency.
  - vi. After the completion of English Reverse (no ties), the **Closing Price (CP)** shall be available for further processing.
6. Successful vendor shall be required to submit the final prices, quoted during the English Reverse (no ties) in BHEL format, provided before auction after the completion of Auction to Reverse Auction Agency, besides BHEL, duly signed and stamped as token of acceptance without any new condition other than those already agreed to before start of auction.
7. English Reverse (no ties) shall be for a period of **30 minutes** (BHEL reserves option to extend RA for further period if necessary). If a bidder places a bid in the last 5 minutes of closing of the Reverse Auction and if that bid gets accepted, then the auction's duration shall get extended automatically for another 5 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 5 minutes and if that bid gets accepted. If the bid does not get accepted, the auto-extension will not take place even if that bid might have come in the last 5 minutes. In case, there is no bid in the last 5 minutes of closing of Reverse Auction, the auction shall get closed automatically without any extension. **However, vendors are advised not to wait till the last minute or last few seconds to enter their bids during the auto-extension period to avoid complications related with internet connectivity, network problems, system crash down, power failure, etc. Suppliers in their own interest are recommended to avail the proxy bid facility. Neither the Service Provider nor BHEL will be responsible for any lapses /failure on the part of the vendor, in such cases.** As for internet connectivity, bidders are advised to be ready with other computer / Laptop with different internet connection. In case of power failure, It is advisable that the bidders have an option of UPS / Diesel Generator etc. so as to ease the bidding process Bidding in the last minutes and seconds should be avoided in the bidders own interest. Neither the Service Provider nor BHEL will be responsible for any lapses /failure on the part of the vendor, in such cases.

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8. During English Reverse (no ties), if no bid is received within the specified time, **BHEL**, at its discretion, may decide to revise Opening price/ scrap the Reverse Auction process/ proceed with conventional mode of tendering.
9. Your bid will be taken as an offer to execute the work. Bids once made by you, cannot be cancelled/withdrawn and you shall be bound to execute the work as mentioned above at your final bid price. **Should you back out and not execute the contract as per the rates quoted, BHEL shall take action as appropriate.**
10. You shall be assigned a **Unique User Name & Password** by BHEL or/ Reverse Auction Agency. You are advised to change the Password and edit the information in the Registration Page after the receipt of initial Password from BHEL/ Reverse Auction Agency to ensure confidentiality. All bids made from the Login ID given to you will be deemed to have been made by your company.
11. You shall be able to view the following on your screen along with the necessary fields in the English Reverse (no ties) { Reverse Auction} :
  - a. Leading Bid in the Auction (only total price of package)
  - b. Bid Placed by you
  - c. Opening Price.
12. At the end of the Reverse Auction, BHEL will decide upon the winner. BHEL's decision on award of Contract shall be final and binding on all the Bidders.
13. BHEL shall be at liberty to call the lowest bidder for negotiations / cancel the Reverse Auction process / tender at any time, before ordering.
14. BHEL shall not have any liability to bidders for any interruption or delay in access to the site irrespective of the cause.
15. Other terms and conditions shall be as per your techno-commercial offers and other correspondences till date.
16. You are required to submit your acceptance to the terms/ conditions/ modalities given above before participating in the Reverse Auction in the process compliance Form which will be provided before reverse auction.
17. If there is any clash between this business document and the FAQ available, if any, in the web site of Reverse Auction Agency, the terms & conditions given in this business document will supercede the information contained in the FAQs.

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## **ANNEXURE**

### **Terms & Conditions of Reverse Auction**

1. **LOG IN NAME & PASSWORD:** Each Bidder is assigned a Unique User Name & Password by Reverse Auction Agency. The Bidders are requested to change the Password and edit the information in the Registration Page after the receipt of initial Password from Reverse Auction Agency. All bids made from the Login ID given to the bidder will be deemed to have been made by the bidder.
2. **BIDS PLACED BY BIDDER:** The bid of the bidder will be taken to be an offer to execute the work. Bids once made by the bidder cannot be cancelled. The bidder is bound to execute the work as mentioned above at the price that they bid. Should any bidder back out and not make the supplies as per the rates quoted, BHEL and / or Reverse Auction Agency shall take action as appropriate.
3. **LOWEST BID OF A BIDDER:** In case the bidder submits more than one bid, the lowest bid will be considered as the bidder's final offer to execute the work.
4. **AUCTION TYPE:**
  - 1) Sealed bid Reverse Auction / Initial Auction.
  - 2) English Reverse No Ties (refer Bidder Manual for details) / Dynamic Reverse Auction.
5. **DURATION OF AUCTION:** The duration of Dynamic Reverse Auction will be for 30 Minutes. If somebody bids 05 minutes before Auction closing, the Auction will get extended for another 05 minutes. (THIS SCHEDULE IS TENTATIVE. IN CASE OF CHANGE IN SCHEDULE, THE SAME SHALL BE COMMUNICATED TO YOU)
6. **BID DECREMENT:** The minimum Bid decrement shall be available to the Bidders at the start of the Dynamic Reverse Auction. The bidder can view the same by clicking on the Item details at the start of the auction. The bidder can bid lower than the opening Bid in the auction by decrement/multiples of the minimum Bid decrement.
7. **VISIBILITY TO BIDDER:** The Bidder shall be able to view the following on his screen along with the necessary fields during English Reverse –No ties Auction:
  - Leading Bid in the Auction
  - Bid Placed by him
8. **AUCTION WINNER:** At the end of the Reverse Auction, BHEL will evaluate all the bids submitted and will decide upon the winner.
9. **PROXY BIDS:** Proxy bidding feature is a pro-supplier feature to safe guard the supplier's interest of any Internet failure or to avoid last minute rush. The Proxy feature allows Bidders to place an automated bid against other Bidders 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 supplier.

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- 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 if 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.

**10. GENERAL TERMS & CONDITIONS:** Bidders are required to read the “Terms and Conditions” section of the auctions site of Reverse Auction Agency, using the Login Ids and passwords given to them by the service provider before reverse auction.

**11. OTHER TERMS & CONDITIONS:**

- The Bidder shall not involve himself or any of his representatives in Price manipulation of any kind directly or indirectly by communicating with other suppliers / bidders.
- The Bidder shall not divulge either his Bids or any other exclusive details of BHEL to any other party.
- BHEL’s decision on award of Contract shall be final and binding on all the Bidders.
- BHEL along with Reverse Auction Agency can decide to extend, reschedule or cancel any Auction. Any changes made by BHEL and / or Reverse Auction Agency, after the first posting will have to be accepted if the Bidder continues to access the site after that time.
- Reverse Auction Agency/BHEL shall not have any liability to Bidders for any interruption or delay in access to the site irrespective of the cause.
- Reverse Auction Agency/ BHEL is not responsible for any damages, including damages that result from, but are not limited to negligence. R.A. agency will not be held responsible for consequential damages, including but not limited to systems problems, inability to use the system, loss of electronic information etc.

**N.B.**

- All the Bidders are required to submit the Agreement Form (provided before auction) duly signed to Reverse Auction Agency, by (AUCTION DATE). After the receipt of the Agreement Form, Log in ID & Password shall be allotted to the suppliers (bidders).
- After the completion of the Auction event, successful bidder has to submit the Prices in the BHEL format, provided before auction, immediately to Reverse Auction Agency, for further proceedings.

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