

STEEL AUTHORITY OF INDIA LIMITED
Durgapur Steel Plant
DURGAPUR – 713 203 (W.B.)
(A Govt. of India Enterprise)



Purchase Department
[Fax : 0343 2583668]

NO. SAIL/DSP-PUR/CPA/HC-FeCr/II-SM/2013-14/9000007821

Dtd. 29/10/2013

Dear Sirs,

Steel Authority of India Ltd. intends to procure a projected quantity of **20,370 tonne** of High Carbon Ferro Chrome through Advertised Global tender from the Domestic/Overseas manufacturers or importers of HC Ferro Chrome. Accordingly the RFQ (Request for Quotation) is enclosed herewith indicating the details of requirement along with the Methodology for participation.

You are requested to read carefully the instructions contained in our RFQ and submit your Quotation in line with our requirement indicated in the enclosed RFQ. The quotation is required to be submitted as follows:

Cost of each Tender Document	The tender can only be down loaded free of cost from SAIL's website
Date of commencement of downloading of Tender Documents	30/10/2013
Date of closure of downloading of Tender Documents	25/11/2013
Last Date & Time for Submission of Offers through SRM portal of DSP Website link : https://srm.saildsp.co.in	On or before 12 Hrs. (IST) 26/11/2013.

Bid Bond (Earnest money deposit):

Bid Bond for Rs.7,50,000/- or US \$ 12,500 in the form of Bank Guarantee or Demand Draft is to be submitted along with the techno-commercial bid. **Scanned copy of EMD BG/draft to be attached while submitting techno-commercial bid electronically in the SRM portal. However, it will be the responsibility of the bidder to send the original copy of the EMD BG/DD so as to reach the same in the tender cell section (Room No. 303-A, 3rd floor, Ispat Bhawan, Durgapur Steel Plant) on or before the due date of opening of the tender in order to consider their offer for further processing.**

The tender documents is available on the SAIL website www.sailtenders.co.in or in the SRM portal of DSP. . The tender documents can be downloaded free of cost. The offers without conforming to tender document's terms & conditions are liable for rejection. SAIL/DSP reserves the right to reject any offer or cancel the tender without assigning any reason thereof.

Please note that the quotations shall only be received electronically through the SRM platform of DSP. A copy of the techno-commercial bid may be sent through post. However, quotation received through post/courier without proper submission in the SRM platform on or before the due date and time of submission shall not be considered as a valid tender and shall be considered rejected as non-responsive..

However with a view to ensure that tenders are submitted in the prescribed format, the following may please be noted:-

“It shall be the responsibility of the persons submitting the tender to ensure that the tenders have been submitted in the formats and as per the terms & conditions prescribed in the SAIL Website and no change is made therein before submission of their tender. In the event of any doubt regarding the terms & conditions / formats the person concerned may seek clarification from the authorised officer of SAIL. In case any tampering / unauthorised alterations is noticed in the tender submitted from the tender documents available on the SAIL Website , the said tender shall be summarily rejected and the Company shall have no liability whatsoever on the matter. However deviations if any proposed by the tenderer may be separately indicated for acceptance or otherwise of SAIL. Such proposed deviations will not be treated as tampering for the purpose of application of this clause”.

Thanking you

Yours faithfully
For Steel Authority of India Ltd.

(C.R.Mishra)
AGM(MM-Purchase)
Durgapur Steel Plant

Request For Quotation (RFQ) for High Carbon Ferro Chrome

RFQ No. SAIL/DSP-PUR/CPA/HC FeCr/II-SM/2013-14/9000007821

Dated : 29/10/2013

Due on : 12 Hrs. (IST) Dated 26/11/2013

Steel Authority of India Ltd.
Durgapur Steel Plant
Durgapur-713203

Preface – Description of RFQ

The term RFQ stands for “Request For Quotation”. It is a tender document which provides options to SAIL and the suppliers to mutually arrive at the most optimal arrangement for supply of HC Ferro Chrome to SAIL. The RFQ document consists of two parts – Part A (main document) and Part B (Work Sheets).

Part A contains all the information required by the supplier for understanding the RFQ and preparing the bid. It contains seven sections:

1. **Introduction** – Provides an overview of the new purchasing process at SAIL and a brief description of how to use the RFQ document.
2. **Commercial Terms and Conditions** – Explains the contractual terms and conditions legally applicable for the supply of HC Ferro Chrome to SAIL.
3. **Supplier Information Required (for Domestic Quotations)** – Lists specific information, required for Domestic Quotations, which SAIL will use for supplier selection and bid evaluation. All suppliers need to provide complete and correct responses for information requested in this section.
4. **Supplier Information Required (for International Quotations)** – Lists specific information, required from suppliers giving international quotations, which SAIL will use for supplier selection and bid evaluation. All suppliers need to provide complete and correct responses for information requested in this section.
5. **Instructions for Option Worksheets** – Gives detailed instructions for filling the worksheets provided to the supplier in Part B of the RFQ. All suppliers should understand these instructions before filling the option sheets in Part B.
6. **Special instructions** – Provides guidelines/information regarding tender finalisation process which tenderer should note.
7. **HC Ferro Chrome Requirements** – Provides data on the specifications and projected requirements of SAIL in each market.

Part B contains a collection of forms and worksheets for filling the bids and supplier information. All these forms and worksheets are to be filled by the bidder and a scanned copy of the same is to be attached along with other scanned documents requested in Part A while submitting techno-commercial bid electronically in the SRM portal of DSP.

Annexure-I Proforma of Bank Guarantee for BID BOND (Earnest Money Deposit) for Domestic Quotations.

Annexure-II Proforma of Bank Guarantee for BID BOND (Earnest Money Deposit) for International Quotations.

Annexure –III Proforma of Bank Guarantee for Security Deposit.

Annexure – IV – Integrity Pact

Annexure – V – Terms & conditions of Reverse Auction

Annexure – VI– List of Banks

Annexure – VII – SRM Portal Bidders’ Manual

Contents

Part A

- Section 1: Introduction
- Section 2: Techno-Commercial Terms and Conditions
- Section 3: Supplier Information Required (Domestic Quotations)
- Section 4: Supplier Information Required (International Quotations)
- Section 5: Instructions for Option Worksheets
- Section 6: Special Instructions
- Section 7: Projected HC Ferro Chrome Requirements

Part B

- Form B.1 Acceptance of RFQ terms & conditions
- Forms B.2 Taxes & Duties
- Forms B.3 – B.6 Supplier Information
- Form B- 7 Supply Status

Section 1: Introduction

1.1. Overview of SAIL and Procurement Changes

1.1.1 Purchasing objectives at Steel Authority of India Limited

- ¶ Steel Authority of India Limited (SAIL) is the largest Indian producer of steel. It produces a variety of steel and iron products including pig iron, flat and long products and special steels at its plants spread over India.
- ¶ SAIL has been taking a company wide initiatives to reduce the overall cost of its purchases. The objectives of this initiative are to reduce the Total Cost of Ownership (TCO) of the purchased items while maintaining or improving their quality, services and delivery. At the same time, SAIL is using this initiative to establish long term relationships with key suppliers.
- ¶ To achieve these objectives, SAIL proposes the following changes in the procurement process for HC Ferro Chrome:
 - Use overseas sources in addition to domestic suppliers
 - Ask suppliers to bid for specific quantities
 - Order placement with a view to achieve lowest cost for each plant and SAIL as a whole.

1.1.2 Implications for current and future suppliers

- ¶ Suppliers will play a significant role in SAIL's ability to successfully implement the RFQ initiative. This initiative will be a transparent process wherein suppliers and SAIL will need to share their operational and financial data with each other.
- ¶ The RFQ process will reward the more competitive suppliers with a significant share of the purchases made by SAIL.

1.2. SAIL Requirements for HC Ferro Chrome

- ¶ SAIL will require about **20,370 tonne** of HC Ferro Chrome during the period **December' 2013 – May'2014.** :
- ¶ **The projected requirement of 20,370 tonne is for supply to the following plants :-**
 1. Salem Steel Plant (SSP) at Salem
 2. Bhilai Steel Plant (BSP) at Bhilai
 3. Bokaro Steel Plant (BSL) at Bokaro
 4. Alloy Steels Plant (ASP) at Durgapur
- ¶ The specifications and quantity required for each plant in respective markets are shown in the HC Ferro Chrome Requirements (Section 7 in Part A of RFQ). The projected quantities are estimates based on projections of steel production, inventory levels and usage. Hence, these quantities represent our current estimates only and may be revised prior to final order placement.

1.3. Overview of RFQ process

1.3.1 Timeline for the RFQ Process

¶ The likely schedule for RFQ process for HC Ferro Chrome is as follows

<u>Date(on or before)</u>	<u>Activities to be Completed</u>
29/10/2013	Issue of RFQ
26/11/2013	Last day to receive bids back from suppliers and Opening of Techno-Commercial Bids*
10/12/2013**	Evaluation of Techno-Commercial Bid, Reverse Auction & placement of order.
15/12/2013**	Commencement of supply

** Indicative Dates : SAIL can change these dates without intimation to suppliers.

1.3.2 Eligibility Criteria

(i) The bidder should be either an indigenous manufacturer or overseas manufacturer or Indian Importer (including Central PSU or trading house)

The following documents are to be submitted along with techno-commercial bids in support of fulfilling the eligibility criteria

- **Indigenous manufacturer** - manufacturing licence issued by Govt. authority / certificate issued by pollution control board indicating the installed capacity / any other certificate issued by Govt. authority in support of being a manufacturer of Ferro Chrome. The above certificate must be duly certified / notarized by Notary public.
- **Overseas Manufacturer or their Indian Agent** – Company's registration certificate/Trade Licence shall be duly authenticated by the Embassy concerned of the tenderer's country. The documents shall either in English or authentic translation in English. In case offer is submitted by the Indian Agent of the overseas manufacturer then due authorization letter should be submitted from the overseas manufacturer. An Indian agent can submit offer on behalf of only one principal and in case the said foreign principal also submit offer directly against this tender then offer of the foreign principal shall only be considered.
- **Indian Importer** - A list containing purchase order no & date, invoice no & date, invoice quantity, bill of lading no & date for any of the last three financial years or the current financial year duly certified by a chartered accountant in support of supply of 10,000 tonne HC Ferro Chrome per annum.

(ii) The bidder must quote for all SAIL plants requirement without any restriction and must offer a minimum quantity of 50 % of the projected requirement as indicated in the RFQ for six months period to be supplied @ 1700 tonne minimum per month. 50% offered quantity shall be considered for the 1st phase procurement of three months and the balance offered quantity shall be considered for 2nd phase procurement of three months..

(iii) Earnest Money Deposit of Rs.7,50,000/- or USD 12,500 (for overseas bidders) must be accompanied in the form of Bank Guarantee / Demand Draft along with the techno-commercial bid.

(Micro or Small Scale Enterprise registered with MSME for manufacturing of Ferro Chrome and Central Govt./State Govt. PSUS shall be exempted from submission of Earnest Money Deposit. Supporting documents to be submitted for claiming exemption.)

1.3.3 Ground Rules for Participation

- (i) The bidder is required to enter in to an “Integrity Pact” with the Principal i.e. SAIL. The integrity pact has to be signed by the Proprietor/Owner/Partner/Director or by their duly authorized signatory. The scanned copy of the integrity pact has to be submitted along with the techno-commercial bid through SRM platform. In case of failure to submit the integrity pact duly signed by the authority mentioned above along with the techno-commercial bid , the bid may stand disqualified.
- (ii) The Techno-commercial terms and conditions shall be as incorporated in this RFQ . Each bidder shall hold their techno-commercial bid valid for a period of six months from the date of tender opening. Each bidder shall hold their on line/ Reverse Auction price firm and valid for acceptance by SAIL for a period of 30 days from the date of completion of Reverse Auction or 45 days from the date of opening of on-line sealed bid submitted in the SRM Platform . The Supplier should provide complete, clear and thorough responses to all information requested in the RFQ. If the RFQ response is incomplete in any respect, the bids may not be considered for acceptance.
- (iii) In case of withdrawal of a valid offer whatsoever be the reasons, the tenderer shall not be eligible for participating in any tender of SAIL Plants for that Commodity (HC Ferro Chrome) for a period of 12 months from the date of withdrawal of that tender. In addition to above, in case of withdrawal of a valid offer, the EMD amount of the tenderer shall be forfeited without prejudice to the rights of SAIL to take other legal actions as may deemed fit. The decision of SAIL is final & binding in this regard.
- (iv) Price discovery through reverse auction shall be conducted in two phases of three months each. In both the phases, the bidders will be allowed to submit price bid in the SRM portal. The SRM price bids of only techno-commercially acceptable bidders shall be opened . In case no bid is received in the reverse auction or the reverse auction fails , SAIL reserves the right to re-launch the reverse auction or the case shall be processed on the basis of rankings (on WALCNS basis) derived from the price submitted by the techno-commercially acceptable bidders in the SRM platform. Provision may be kept for elimination of highest bidder/s for participation in the reverse auction.
- (v) The price will be evaluated on the basis of weighted average landed cost net of set off (WALCNS) basis. However, order will be released on plant wise L-1 basis. Multiple source may be engaged in any plant. The WALCNS bidder/s may be given option to match the plant wise L-1 LCNS price if they are not plant-wise L-1 LCNS bidder for any / all plants. Matching is to be done for the full quantity requirement of the respective plants. However, distribution of order quantity shall be on WALCNS rank basis subject to the offer quantity given by the bidder in the techno-commercial bids.

1.4. Instructions for preparing bids

1.4.1 Background

¶ SAIL for the first time inviting bids for CPA procurement of HC Ferro Chrome electronically through the SRM Portal of DSP. In order to submit bid electronically through DSP’s SRM Portal, you are required to visit the website <https://srm.saildsp.co.in>. **The detailed instructions of submitting bids in SRM portal is narrated in the bidders’ manual** which is enclosed at annexure-7.

1.4.2 Supplier Categories

¶ For the purpose of bidding for HC Ferro Chrome, SAIL will be considering two categories of suppliers. The currency of quotation is the basis for this categorisation. Therefore, the two categories of suppliers for the purpose of this RFQ will be:

1. Domestic Quotations
2. International Quotations

¶ **Domestic Quotations** – This category includes those indigenous manufacturers/importers who will be supplying HC Ferro Chrome with their ex-works prices in Indian rupees. However, order will be released on FOR respective plant basis.

- ¶ **International Quotations** – This category includes those overseas manufactures or their authorised selling agent who will be delivering the overseas supply of HC Ferro Chrome to SAIL at the wharf of Kolkata/Chennai/Visakhapatnam Port. Therefore, this category of suppliers will need to quote on CFR basis giving break-up of FOB price (in US Dollar) and Ocean freight (in US Dollar) from loading port to Kolkata or Haldia/Chennai/Visakhapatana port India. However SAIL reserves the right to place order either on FOB basis or CFR basis. However, for price evaluation purpose CFR price quoted by tenderers shall be considered.

1.4.3 Basic instructions on completing the worksheets and submission of techno-commercial bids in SRM Portal.

- Scanned copy of EMD BG/DD
- Scanned copy of Integrity Pact.
- Forms B.1 - Acceptance of RFQ Terms & Conditions. – Scanned copy to be attached.
- Form B2- – Duties & Taxes applicable – Scanned copy to be attached.
- Form B.3 to B-5 - supplier information necessary for a supplier bid to be eligible for consideration. – scanned copy to be attached..
- Scanned copy of the documents as requested in Part – A and as per eligibility criteria.

1.4.4 **BID BOND (Earnest Money Deposit)**

- Each international/overseas bid should be accompanied by Bid Bond in the form of a bank guarantee as per Proforma at Annexure – II of the RFQ or in the form of Demand Draft. . No change in the prescribed proforma of the bank guarantee for Bid Bond is acceptable. The Bid Bond should be established in favour of Steel Authority of India Ltd. , Durgapur Steel Plant through any nationalised Indian Bank or through Branch of a Foreign Bank operating under rules of Reserve Bank of India or through State Bank of India, Corporate Account Group Branch, Vijaya Building, 17, Barakhamba Road, New Delhi-110001, India. The Bid Bond shall be kept valid and in full force and **effect till 31st July'2014** .
Domestic bidders are required to submit the bid bond in the form of Bank Guarantee (as per proforma at Annexure-I) valid and in full force and **effect till 31st July'2014** or in the form of Demand Draft. The BG / Demand Draft should be established in favour of Steel Authority of India Ltd. A/c Durgapur Steel Plant through any Scheduled Bank except Co-operative Banks and Gramin Banks.
- A bid which is not accompanied by Bid Bond of requisite value shall be rejected by the Purchaser as non-responsive.
- An unsuccessful Bidder's original Earnest Money Deposit BG/DD will be returned to the Bidder.
- The successful Bidder's original Earnest Money Deposit BG/DD will be returned after placement of order and submission of requisite Security Deposit Bank Guarantee (SDBG).
- The Bid Bond shall be forfeited:
 - (a) If a Bidder withdraws or modifies its Bid during the period of Bid validity specified by the Bidder.
 - (b) In the case of a successful bidder, if the Bidder does not accept the Contract in accordance with RFQ terms and conditions.

1.5 Evaluation methodology

1.5.1 Steps in evaluation process

- ❖ SAIL will conduct a two-stage evaluation of the bids submitted by the suppliers:
 - Stage 1: Techno-commercial evaluation
 - Stage 2: Price evaluation.

1.5.2 Techno-commercial Evaluation:

- ❖ The techno-commercial evaluation will be used to assess the supplier's capability and ability to supply as per the information / details submitted by the tenderer in the enclosed Forms of this RFQ and the details entered in the SRM PORTAL.
 - Eligibility of the Supplier as per clause no. 1.3.2.
 - Completeness of the response including detailed answers to RFQ.
 - Offered quantity against this RFQ .
 - Past supply performance to SAIL , if any .
 - Information furnished by the supplier for his operations (e.g. company background, cost structure, freight structure and other details asked within Section - 3).
 - Continued ability and willingness of the supplier to support and upgrade the product and reduce user's costs.
 - In case any specific adverse report is received at any stage of tendering against a tenderer , as an information or upon enquiry made by SAIL, in respect of capabilities and performance of the tenderer, the quotation / tender of that tenderer shall stand rejected.
- ❖ After the techno-commercial evaluation, a list of eligible suppliers will be made for the second stage of evaluation. The Reverse Auction/ on-line sealed price bids submitted in the SRM PORTAL of the techno-commercially acceptable suppliers will be opened and considered for price evaluation and order finalisation as per the existing purchase procedure of SAIL.

1.5.3 Price Bid Evaluation:

- ❖ Price bids will be evaluated on the basis of “ weighted average landed cost net of SETOFF” (WALCNS) per tonne for each market on 60% Cr scale basis. The steps involved in price bid evaluation are given below:

- I. The ex-works / CFR price for HC Ferro Chrome as quoted in the on-line SRM price bid / Reverse Auction will be the base line quotation.
- II. discounts/premiums(BSP & BSL only) for the variations in the size specification will be considered for price bid evaluation and preparation of comparative statements.
- III. the landed cost net of SETOFF per MT at each plant for each bidder will be worked-out on the basis of Basic Price in Rs./T on 60% Cr scale after loading of premium/discount (for BSP * BSL only) + packing(if payable extra) + ED + ST/VAT + insurance charges(if payable extra) & freight or any other taxes / charges like entry tax where ever applicable less Cenvat, less setoff amount on VAT and other setoff , if any.). At present DSP avails 50% setoff against VAT amount, , BSP avails 47.8 % setoff against VAT amount, ASP avails 75% setoff against VAT amount, VISL avails 66% SET OFF against VAT amount. . However the actual amount of setoff prevailing on the date of price evaluation shall be applicable. All the taxes, duties, setoff etc. ruling on the date of price evaluation shall be applicable to arrive at LCNS.
- IV. The landed cost at each plant (as arrived in step – III) will be multiplied by the respective quantity of that plant to arrive at the total landed cost.
- VI The total landed cost (as arrived at step – IV) divided by the total quantity of that market will give the weighed average landed cost net of Setoff and the offers are ranked accordingly.
- VII For the purpose of calculating the Landed cost, net of Setoff in case of overseas suppliers (international quotation), all the applicable duties /downstream cost/charges shall be loaded on CFR prices. The Landed cost net of cenvat (LCNCNS) will be worked out considering the Price of Cr on CFR Discharge port basis in USD as offered by tenderer multiplied suitably to work out per T price on 60% cr content * exchange rate +marine insurance on warehouse to warehouse basis (@ 0.011% of CFR Price) + Landing charges (@ 1%) + Customs Duty + Antidumping duty (if any) +

CVD with Education cess + Education Cess on Duty of Customs + additional Custom Duty @4% + Banking Charges applicable for payment against Documents + Rs per T inland freight & other Misc clearance Agent charges from Discharge port to respective plants considering transportation by road in 20' container on full container load + Interest **loading for 45 Days @ 12.% p.a.** for total cost of material with Taxes and duties for comparison with domestic Quotation's payment term (against GARN) to bring at par + any other charges/taxes/loading as applicable till material reaches plant store site LESS cenvatable CVD & SCD & cess. The detailed calculation sheet for arriving the landed cost for overseas suppliers will be intimated before the reverse auction event.

ii) The evaluation of LCNCNS rates shall be done at the prevailing rates under various heads as indicated above and if there is any change in the same, it shall be communicated to eligible tenderers before price bidding.

The TT selling exchange rate for USD as may be applicable, as published in 'The Economic Times' (kolkata Edition) or as ascertained from Reserve Bank or Any Authorised Dealer Bank of RBI as applicable, on the previous date of Online sealed Price bid Opening /Reverse Auction shall be adopted for Exchange Rate to evaluate import quotation. Besides the details of the factors which will be used in the calculation of WALCNS, Hedging Cost shall also be considered for price bid evaluation of overseas suppliers. The methodology for including the hedging cost is explained below :-

1. On the date of opening of price bids/RA. RBI Reference Rate shall be considered for exchange rate conversion and the forward premium rate would be added for the period i.e. date of opening of price bid/RA and the date of schedule delivery of the shipment. In case of staggered delivery the forward premium rate of the average period would be considered.
2. The forward premium rate of all the currencies are available period-wise on each date in Reuters Screen or NW18 Screen. Since the premium rate moves continuously during the business hours, the opening rate of the day would be considered.
3. The forward premium rate would be added to Exchange Rate for translating the price in INR for evaluation purpose.

VIII Order distribution will be done as per the established purchase procedure of SAIL. In this regard the following may please be noted :

- The order will be placed on the basis of Plant wise L-1 quotation However if required, negotiation will be held with the WALCNS L-1 tenderer only. The order quantity shall be distributed at matched L-1 price, on multiple sources as per the original ranking of WALCNS in the comparative statement of prices. (in this regard kindly refer clause 1.3.3 (V) of RFQ. The ratio of order distribution will be maintained as per procedure subject to capacity and offered/matching quantity of the suppliers. For each plant orders will be placed only at final plant wise L-1 LCNS rates. The ordered price shall remain firm during the pendency of the contract
- SAIL reserves the right to modify/change this evaluation process at any stage.
- **Agency Commission:** It is not the policy of SAIL, per se, to encourage or engage agents. Hence, as far as practicable, engaging agents be avoided. However where it is necessary to engage/employ Indian agents by the supplier, the following requirements shall have to be complied with:
- The Indian agent should necessarily have to get registered with respective SAIL plant. Proforma for application for registration shall be sent to the Indian agent along with enquiry. The details of agent such as name, postal address, contact phone, FAX, e-Mail numbers should be provided in the offer. All particulars relating to agency commission should be reported to Enforcement Directorate. It may be noted that unless the Indian agent gets itself registered, as stated above, the agency commission will not be payable.
 - Authenticated Photostat copies of agency agreement giving status being enjoyed by agent and the commission/remuneration/salary/relationship with the principal is to be compulsorily enclosed with the offer.
 - The amount of agency commission / remuneration, if any included in the price for such agent / representative in India should be furnished in the offer .
 - It should be confirmed that the agency commission / remuneration, if any, shall be paid separately to the Indian agent, after receipt of materials in good condition as evidenced by GRN, in Indian currency as per the exchange rate prevailing on the date of the order at TT buying rate. No agency commission will be payable on partial shipment. As such, while opening LC, the amount in the LC will be order value minus the agency commission.
 - In case of failure to furnish correct and detailed information as called for in the tender, the concerned offer shall be liable for rejection or in the event of contract materialising the same shall be liable to termination by SAIL plant and actions as per practice followed in SAIL plants will be taken.
- For overseas tenders, the closing selling exchange rates ascertained from Reserve Bank of

India or any authorised agency as applicable on the previous working date of the date of price bid opening shall be adopted for evaluation..

1.6. Contacts

¶ To assist you in ensuring an accurately completed RFQ, please direct your queries to the persons mentioned below:

<u>NAME & DESIGNATION</u>	<u>DEPARTMENT</u>	<u>Phone No.</u>	<u>Fax No.</u>
S.Chakraborty,ED(MM)	MM Deptt	0343-2574374	0343-2583668
S K Bairagi , DGM(MM)	Purchase	0343-2574342	0343-2574342
C.R.Mishra, AGM(Purchase)	Purchase	0343-2740906	0343-2583668

Section 2: Commercial Terms and Conditions

- 2.1 Projected Quantity
- 2.2 Delivery
- 2.3 Packing and Marking
- 2.4 Sampling and Analysis
- 2.5 Analysis Report
- 2.6 Taxes and Duties
- 2.7 Payment
- 2.8 Weighment
- 2.9 Insurance
- 2.10 Rejection
- 2.11 Penalty
- 2.12 Diversion of supplies
- 2.13 Liquidated Damages
- 2.14 Risk Purchase
- 2.15 Security Deposit Bank Guarantee
- 2.16 Force Majeure
- 2.17 Conciliation and Arbitration
- 2.18 Legal Jurisdiction
- 2.19 Exception to the Tender Document
- 2.20 Integrity Pact.

2.1. Projected Quantity

2.1.1 20,370 MT in six months (December'13 to May'14) as mentioned in HC Ferro Chrome Requirements (Section 7 in Part A of RFQ).

2.2 Delivery**For Domestic Quotations**

2.2.1 Delivery will be completed within 3 months from the date of placement of back-up orders by individual SAIL plants. The delivery period may be extended by a further period of 3 months, at Buyer's option, on the same price, terms and condition. The buyer shall exercise this option before the expiry of the original delivery period.

The material has to be delivered as per the delivery schedule given by the respective plants. While issuing the back-up orders, individual steel plants shall give monthly delivery schedules. The quantity to be supplied monthly shall be evenly staggered over the period of four weeks as per the requirement of the individual steel plant. In case the monthly schedules are not pro-rata, the same be worked out with mutual agreement.

2.2.2 The Purchaser shall ensure at least 75% off take of the ordered quantity on pro-rata monthly basis.

2.2.3 Mode of despatch will be by road. The seller shall be responsible for making all transportation arrangements for timely supply of materials to fulfil the delivery schedule. Materials shall be despatched by road in full truck-loads, fully covered on freight pre-paid and door delivery basis. Transportation shall be arranged by the supplier for which freight charges should be quoted for each plant. The freight to be quoted inclusive of transportation, handling, unloading, and other miscellaneous charges, on door delivery basis. Road transportation charges on door delivery basis shall be paid by the Buyer after delivery of the materials along with payment towards materials. Any other statutory levy including service tax on freight shall be borne by the supplier. However, unloading of 1 MT bag shall be arranged by the respective SAIL Plants and the same shall be to the account of respective SAIL Plants.

For International Quotations

2.2.4 Mode of despatch will be by ship in container load of 20 MT approx per 20' end opening container.

Shipping Arrangements :-

For dispatches by sea, shipping arrangements will be made by the secretary, Shipping coordination and chartering Division, Ministry of Shipping and Transport (transport wing) , Govt. of India, New Delhi (Telegraphic address : TRANSHART, NEW DELHI . Telex : VAHN ND 2312,2443 and 3104) through their respective forwarding agents / nominees as mentioned below to whom adequate notice of not less than six weeks about the readiness of cargo for shipment, should be given by the seller from time to time for finalizing the shipping arrangements.

<u>Country from which material being shipped</u>	<u>Forward Agent/ Nominee</u>
a) UK including Northern Ireland (also Eire) , The north continent of Europe namely West Germany, Holland,Belgium, France, Germany	M/S Schenker International Deutschland GmbH, POB 110313 D-20403 , Hamburg,
Norway, Sweden, Finland and Denmark & ports of the Continental sea, board of the Mediterranean (i.e. French also Ports)	email Michael.Schulz@schenker.com Fax : 004940-36135509, Adriatic Tel :0040-36135537
b) USA, Canada & Mexico	M/S OPT Overseas Project

9887833	Transport Inc, 46 Sellers Street, Kearny,New Jersey 07032. (Tel 201-998-7771, Tlx 673-3586, Fax 201-
c) Japan	The First Secretary (Commercial) Embassy of India , 2-11 Kudan Minami, 2-chome chiyoda- Ku Tokyo 102 Tel : 03-3262-2391,Fax: 03-3234-4866
d) Australia	The shipping Corporation of India Limited Shipping House, 254 Madame Cama road Mumbai 400021 (cable : shipindia,Bombay)
e)South Korea	Embassy of India San-2-1,Rokwang-Dong,Yongsan-Ku (Behind Bowling Centre) Seoul, South Korea Tel : 793-4142
f) Other Places not specified above	Shipping Corporation of India Ltd shipping House, 245 Madame Cama Road Mumbai Tel : 022-202666/ 2026785

The seller should arrange shipment of goods by vessels belonging to the member lines of the India-Pakistan-Bangladesh conference. If the seller finds that the space on the conference lines vessels is not available for any specific shipment, he should take up with India Pakistan Bangladesh Conferences, Conferity house, East Grinstead,Sussex U.K. for providing shipment space and also inform the shipping coordination Officer, Ministry of Shipping and Transport, New Delhi (cable : TRANSHART NEW DELHI, Telex : VAHAN ND-2312,2248,3104).

The seller shall send two sets of nonnegotiable copies of shipping documents to the secretary, Shipping Coordination & Chartering Division, Ministry of Shipping and Transport (Transport Wing) , Government of India, New Delhi.

The bill of Lading/ Airway Bill should be drawn so as to show: the Consignee & ultimate consignee which will be communicated during placement of back up order by respective plants

The seller should avoid the use of over aged vessels i.e. more than **25** years old for the shipment of goods under the contract and if so used, the cost of additional insurance , if any shall be borne by the seller. The vessel should be registered within approved classification equivalent to the LLOYDS 100 AL. **A certificate to this effect should be submitted along with documents.** The vessel should also be engaged in regular liner service.

Material to be shipped in 20' (end opening) closed containers on FCL basis. (Each FCL shall be containing approx 20 MT of material if not otherwise indicated by vendor). (Purchase orders shall be finalized on FCL basis)..

2.3 Packing & Markings

2.3.1 Packing

SSP & ASP	In bulk bags containing 500 Kg/ 1 MT Approx.
BSP & BSL	50 Kg double bags, one gunny bag and one HDPE bag stitched and properly sealed

2.3.2 Marking : The following mandatory information must be given on each packing for proper identification

- Material Name – HC Ferro Chrome
- Cr %
- Name of the consignor (may be given in abbreviated form)
- Name of the SAIL Plant
- Package No.
- Gross Weight
- Net Weight

2.3.3 *Packing and marking for various lots shall be as indicated in clause 2.3.1 & 2.3.2 & it should be such that as is customary for export ,properly sealed and it should withstand ocean transit, handling at ports and transportation by rail/ road upto ultimate consignee. Drums/ Bags etc. should be properly sealed and palletised and cross wise strapped upto 2 MT .Phytosanitary (Fumigation) certificate to be provided for wooden materials as per Govt. Of India Notification.*

2.3.4 In case of supply from international suppliers, the material shall be packed in 50 kg/500Kg/ 1000kg sea worthy bags. In case of packing in 50Kg bags, the bags then should be packed in 1 MT PP bags before stuffing the bags into containers. The bags should be machine stitched and properly sealed. All packages shall be clearly and properly marked in English Language with indelible paint with the name of the supplier, item name & Size, Gross weight , net weight, package no., Order no. and Port of Loading & Unloading. For international suppliers, Load port weightment certificate issued by third independent inspection agency shall be final for all purposes.

2.3.5 Completion of ordered quantity – During the process of execution of the ordered quantity by any supplier, if there is any left over balance quantity of less than a full truck load of 15 MT but more than or equal to 7 MT, then the ordered quantity of the tenderer shall automatically stand increased to full truck load of 15 MT. In case, left over quantity is less than 7 MT, then the left over order quantity will stand automatically short closed.

2.4 Inspection, Sampling & Analysis

2.4.1 Inspection : Supplier will provide their own test and Guarantee Certificate along with 3rd Party Inspection Certificate wherever applicable .

a) For International Supply (Direct Import Orders) :- For direct Import orders, 3rd Party Inspection Agency certificate for Inspection done at load port is must for each consignment.

3rd Party Inspection Agency certificate -

Sellers shall provide certificate for assay, size,wt,sealing of bags,drums & containers. Neutral Third Party Inspection Agency's certificate for all parameters as above is also required from any of our listed agencies as under or their authorised group company in different country (appearing in prevailing Import Policy by Govt of India) at seller's cost:-

- a. Alex Stewart International Corporation BV , Rotterdam
- b. Alfred H. Knight Ferrous Ltd., U.K.
- c. Bureau of Indian Standard, New Delhi
- d. Bureau Veritas
- e. Director General, STQC Directorate, New Delhi
- f. Gulf Inspection International Co, Kuwait
- g. Indian register Quality System, Mumbai
- h. Inspectorate International Ltd, U.K.
- i. American Quality Assurance India Pvt. Ltd, Hyderabad
- j. Japan Quality Assurance Organisation, Japan

Under the normal circumstances inspection certificate from 3rd party shall be the basis for accepting the material at SAIL stores. However SAIL plants reserves the right to inspect & analyse material on receipt at respective plant stores.

In case some adverse deviation compared to the supplier's test result/ 3rd party analysis considered for payment, is found on analysis at respective steel Plant, the supplier will be informed within 7 days of receipt of material by respective plant at their stores for remedial action/ financial recovery from the concerned supplier.

Supplier may depute their representative for joint sample and analysis at respective Plant. The result of such joint analysis shall be considered final and binding on both parties. In case supplier doesn't depute their representative within 15 days of such intimation, SAIL plant at their discretion may use material, accept material as per the analysis received and advise the supplier to reimburse the deductible amount as may be appropriate. In case of any rejection for material found beyond the specification stated in Purchase Order, material shall stand rejected and supplier will have to replace material on DDP basis

For Domestic Supply (Indigenous supply) -

Material shall be inspected & analysis be done at respective SAIL plant after receipt of material.

Note- Cr content found as per analysis report of respective steel plant (including final analysis) or as per supplier's test certificate, whichever is lower, shall be considered final for acceptance and for payment.

If on analysis at respective buyer plant, the Cr content is found lower than the supplier's test result submitted by them along with supply, but within the acceptable range of Cr i.e. within 57-63%, following shall be applicable –

a) if variance in Cr content is found more than (-) 2% than content indicated in supplier's analysis report, respective plant shall send a written intimation to the supplier within 3 days of such analysis. Acceptance certificate in such case will be raised only on clearance of supplier accepting variation or on expiry of 7 days from the date of such intimation of variation sent by plant, whichever is earlier.

In case, the supplier raises any dispute on Cr content analysis found by respective plant,, joint testing/ analysis shall be done on receipt of written request from supplier provided such request is received within 7 days of intimation on deviation sent by the buyer plant. The prevailing procedure at respective plant in this regard shall be followed.

b) If the variation is found to be within (-) 2% of Cr content compared to the Cr content as per supplier's analysis, acceptance certificate will be issued as per analysis of respective plant immediately & no request for joint analysis /testing shall be entertained.

c) The Testing of material after receipt will be done through XRF.

2.4.2 Sampling & Analysis (After receipt of material)

Samples shall be collected on representative basis and testing of material shall be done after receipt of material at respective plants by respective sections of Chemical laboratory as per procedure prevailing in respective plants. The prevailing procedure at ASP is as under

Sample is collected by Sampling section of R & C Lab in presence of the representative of Inspection agency of plant as per the sampling plan of R & C laboratory. The analysis result is communicated by the R & C lab to Stores & Inspection and SMS.

Size Verification: For conformance of size of lumps/ Chips to the specification, about 5 % material of the lot, selected at random basis is checked.

In case of doubt arising during the above verification, further size analysis is carried out with about 20% material of the lot (selected at random basis) and actual percentage value (by weight) of oversize and undersize are noted.

SAMPLING & SAMPLE PREPARATION - For lumps, At least 30% of the 500 kg to 1 T single layer bags having sufficient space around be selected at random and 3 to 4 pcs of lumps to be taken from each bag. In case of drum, 30% of the drums to be selected at random and each drum is to be opened at one point (either at the top, middle or bottom part) at random at the discretion of the sampling in-charge and from each opening 3 to 4 pcs of lumps are to be taken. The crushed samples should be mixed thoroughly and reduced in volumes by coning and quartering system. Finally 200 gms of material approximately is to be taken by grinding in disc grinder and by passing through 100 mesh sieve.

Chips: Chips alloys should be sampled as in the case of lump except that 20% of the total lot to be chose at random for taking sample.

For below 500Kg drum 10% of the total drum to be taken at random for sampling.

Packet are then prepared as mentioned below

Drillable samples are drilled by drilling machine. Non drillable samples are crushed by hammering and then pulverized. Crushable samples are powdered by crushing machines, pulverisor or by hammering as per requirement and finally are passed through 100 mesh sieve.

For analysis purpose the prepared samples are divided into two portions of approx 10 gms to 100 gms of weight as per the requirement of testing and kept in sealed packets. One packet is for Chemical Analysis and the second packet is kept as a reference sample in RMSS (Raw Materials Sampling Section).

While sampling serious errors may occur for contamination of the samples by previously prepared samples, oil, grease, dust etc. Therefore special precautions should be taken to avoid the source of errors by cleaning and washing the crusher machines, disc grinder and other allied tools with a part of the material to be sampled.

Re-sampling/ Joint Sampling: In case any material fails for off composition as informed by stores RCL can reconfirm it by taking another two samples from the same lot before declaring the result. In case materials declared fail for off composition joint sampling can only be done within 15 days of reporting the analysis with proper document and in the presence of supplier's representative , MMD –Stores and sampling I/c and this time two samples will be taken from that particular lot and same procedure of sampling to be adopted. If both the samples result are OK as informed by stores then only lot will be passed. If one is OK and the other one is not OK then the lot will be rejected. The result of Joint sampling of any failed material can be done with the written request from MMD-Stores on the same day itself and the rechecking has to be done within next day.

Retention Period of sample:

All Ferro Alloys : 1 Month

In case of dispute raised by the vendor on the inspection results (except to the variance in Cr within acceptable range of 57-63% as per detailed at cl 3.05), joint sampling and analysis is done in presence of Vendor's Representative, ASP's Inspection agency & R & C Laboratory. No request for Joint sampling is entertained after 15 days from the date of issue of Inspection certificate.

Material dispatched with composition different from the order specification is not accepted.

Analysis Report

The respective plant shall send the plant analysis report to the Seller separately for each consignment. Rounding off shall be done as per IS 2 (1960)

Plant analysis result for Cr (as detailed vide clause 3.05) or as per supplier's TC, whichever is lower shall be considered final for acceptance and payment.

In case any dispute is raised by the vendor in writing on the inspection results & if agreed by respective steel plant, joint sampling and analysis can be done in the presence of vendor's representative at the plant's RCL or reanalysis can be done by an umpire analyst, at the sole discretion of the buyer. The Umpire analyst will preferably be any Govt Test laboratory. The analysis result of such testing shall be binding and final for all-purpose for the buyer and the seller. The cost of retesting shall be borne by the loser

However due to reasons beyond the control of buyer, if the rejected material is not returned to the seller and is consumed due to operational requirement, the decision of the buyer's respective Steel Plant shall be final for the purpose of commercial settlement of such rejected material. In case the material is usable (as decided by user Dept.), SAIL Plant at their discretion shall put up the matter to Material Review Board who will decide the amount to be recovered from the supplier and supplier shall remit that amount to the plant on receiving intimation from such plant. The seller shall provide additional rebate/diminution in price in subsequent invoice or by direct remittance to plant's account.

However, If such deviations from A/T(Purchase Order) specifications persist in any 2 consignments (i.e. Shipments), SAIL plant shall have the right to terminate the contract/ A/T(Purchase Order) without prejudice to its rights under the contract.

2.5 Taxes & Duties (For Domestic Quotations only)

2.5.1 Excise Duty - The Seller shall indicate the rate of excise duty, the relevant tariff item number applicable for the items offered, and the central excise registration number. The seller shall produce documentary evidence – i.e. duty paying documents (invoice copy).

2.5.2 Sales Tax & VAT – The Seller shall indicate sales tax rate and registration number. Form C, if required, shall be provided by the respective steel plants.

2.5.3 Turnover Tax (T.O.T.) – The seller shall indicate T.O.T., if applicable, with the rate applicable currently and the registration number.

2.5.4 Other Taxes – The seller shall indicate if any other taxes are applicable for any particular state.

2.5.5 All tax rates currently applicable should be indicated in the techno-commercial bid. Duties and taxes, however, will be reimbursed against documentary evidence at the rates applicable at the time of despatch. In case VAT is applicable the supplier should separately indicate the rate of VAT applicable in their offered price. The Seller should submit stamp on the invoice / challans VAT registration no. along with bills for claiming payment against the bills.

2.7 Payment

For Domestic Quotations

2.7.1 For DOMESTIC SUPPLIERS (Including DTA sales) : 100% against Goods Acceptance & rejection Note (GARN)/GRN/SRV/Inspection cum receipt certificate (RC) payable within 30 days of receipt of Bill. In case you are quoting for any other payment term, the same should be clearly mentioned. SAIL/DSP reserves the right to reject quotation with unfavorable payment terms. Suitable loading however shall be done for evaluating offers with payment term deviating from GARN payment term.

Documents to be submitted for payment are:

Invoice / Bills in triplicate,

Excise gate Pass – Consignee copy,

Manufacturer's Test Certificate & Guarantee Certificate

Inspection cum receipt certificate for accepted material. / RC /GARN / GRN/ SRV

Payment shall be made on Cr content basis found within the range as specified. For Cr content found above 63% , payment shall be restricted to max 63% Cr content only. **In no case the payment shall exceed the claim made by supplier as per original invoice.**

2.7.2 FOR INTERNATIONAL SUPPLIERS SUPPLYING ON DIRECT IMPORTATION BASIS-

Payment are to be quoted as **100%** on CAD basis payable on 30th day of B/L date or on arrival of vessel, whichever is earlier through banking channel as indicated by individual SAIL units with bank charges in respective account. In case you are quoting any other payment term, SAIL reserves the right to reject quotation with unfavorable payment terms or to load the price for the purpose of evaluation for different payment term as per prevailing procedure. **Payment shall be made on Cr Content basis limited to the range of Cr as specified..** For Cr content found above 63%, payment shall be restricted to max 63% Cr content only.

For Direct Import ,following documents shall have to be submitted in original through bank for payment: -

- a. Full set of **clean shipped on Board** ocean Bill of Lading for despatchesd by sea./ Air Way Bill for despatch by Air, consigned and blank endorsed to the buyer, freight paid (For CFR Despatches).
- b. Signed material invoice showing the amount payable in foreign exchange after deduction of agency commission , if any.
- c. Packing list showing the package wise Gross and Net weight.
- d. 'Certificate of origin 'issued by the local chamber of Commerce and Industry.
- e. Test Certificate, 3rd party Inspection Certificate.
- f. Certificate to the effect that action has been taken by the seller to inform underwriter for marine Insurance against buyer's ope Insurance Policy.
- g. Certificate to the effect that material shipped are strictly as per the contracted specification and size by seller.
- h. Certificate to the effect that seller has sent six sets of non negotiable copies of the documents to the buyer and their representative within 15 days of Bill of Lading/AWB as the case may be.

The seller must send a signed copy of document through International courier service within 15 days of B/L date to the ultimate consignee to be indicated by respective plants while placing the back-up order. . Respective steel plants will indicate the paying authority

Note:

i) The individual Steel Plants reserve the right to make any recoveries including penalties, short receipt and rejection from any of Seller's subsequent bills.

ii) The payment for Cr content in no case shall exceed the claim made by supplier as per original invoice .

Agency commission due to the Indian agent, if any, shall be payable in equivalent Indian Rupees at the exchange rate as per the telegraphic transfer rate , ruling on the date of order , after receipt & acceptance of goods by respective plants and after registration with the plant. This rate will not be subject to any further exchange rate variation. Payment to overseas suppliers will be made for the price (CFR /FOB, as per contract directly in foreign currency) minus the Indian

agency commission if any. Agency commission will be payable to the Indian agent in Indian Rupees after receipt of the cargo in plant stores and issue of GRN.

Tenderer shall quote Agency Commission payable to them in their offer. Also tenderer will specify freight element included in CFR price. SAIL at its option reserves right to place order on FOB dispatch Port basis after deducting freight element from the finalized CFR price.

Supplier should mention their status as Micro/Small/ Medium as may be applicable on the top of their invoices.

2.8 Weighment

For **International supply** , The weight mentioned in the third party inspection Agency certificate or the Bill of Lading/ supplier's challan weight , whichever is less, shall be final for the payment purposes.

For **Domestic supply** All the trucks shall be weighed at destination at the respective Steel Plant's Weighbridge(s) . If the weighment at Steel Plant for that truck is within tolerance range of minus 0.5 percent of the Supplier's Challan weight, The supplier's challan weight shall be final.

If the weighment at respective Steel Plant is found to be more than the Challan weight, the payment shall be restricted up to the Challan weight.

In case the weighment at respective Steel Plants is found to be less by more than 0.5 percent of the challan weight, the weighment found at respective steel plant shall be final for the purpose of payment.

2.9 Insurance

The insurance in respect of the import of the materials supplied is covered under the buyer's open policy The seller should forward a copy of the invoice and a non negotiable copy of bill of lading/ Airway Bill as the case may be each by Air courier service to the buyer's under writers . The intimation regarding shipment should be given to the underwriters and the buyers & BTSO or Clearing Agents (as nominated by Individual plant as specified in back up orders) over cable/email/ fax also.

Indigenous supply will be made on FOR respective plant stores basis. The Insurance if required, will be on supplier's account.

2.10 Rejection

2.10.1 For Domestic Quotations – Only materials conforming to the specifications mentioned in the Order should be loaded. Materials not conforming to the order specifications beyond the penalty limits specified in clause 2.11 herein below, as per destination analysis results, shall stand rejected. The Seller shall ensure to lift such rejected material, within 10 working days from the date of the destination analysis report. In case the Seller fails to lift such materials within the stipulated time the rejected materials shall lie at the risk and cost of the Seller.

In case rejected materials cannot be returned at the Buyer's end or the Buyer could not return the rejected materials or the rejected material is consumed due to the operational requirements of the plant, the amount of penalty to be imposed for the purpose of commercial settlement of such rejected material shall be mutually settled between the Buyer and the supplier.

2.10.2 For International Quotations – Only materials conforming to the specifications mentioned in the Order should be loaded. Materials not conforming to the order specifications beyond the penalty limits specified in clause 2.11 herein below, as per Load Port analysis results, shall stand rejected. The Seller shall ensure to lift back such rejected material within 10 working days and ensure supply of right quality material on DDP respective plant store.

basis. In case the Seller fails to lift such materials within the stipulated time the rejected materials shall lie at the risk and cost of the Seller.

In case rejected materials cannot be returned at the Buyer's end or the Buyer could not return the rejected materials or the rejected material is consumed due to the operational requirements of the plant, the amount of penalty to be imposed for the purpose of commercial settlement of such rejected material shall be mutually settled between the Buyer and the supplier.

2.11 Penalty

Element	Specification required as per order	Acceptance Limit with Penalty	Applicable Rate of Penalty	Name of the plant where penalty is applicable
Carbon	6 – 8 %	More than 8 % but up to 8.5 %	@ 1% on basic price	ASP, BSL VISL, SSP. For BSP acceptable limit is up to 8.2 % and above 8.2% the material will be rejected.
		More than 8.5%	Rejected	
Sulphur	0.04 % Max	More than 0.04% & up to 0.06%	@ 2% on basic Price	BSP, BSL, ASP VISL, SSP
		More than 0.06% & up to 0.08%	@ 4% on basic Price	
		More than 0.08 %	Rejected	
Phosphorous	0.05% Max	More than 0.05% & up to 0.06%	@ 2% on basic Price	BSP, BSL & SSP
		More than 0.06% & up to 0.07%	@ 4% on basic Price	
		More than 0.07 %	Rejected	
Silicon	4.00 % Max	More than 4.00 % & up to 4.50 %	@ 2 % on basic price	BSP only
		More than 4.50 % & up to 5.00 %	@ 4 % on basic price	
		More than 5.00 %	Rejected	

Note : 1. For ASP if there is any deviation in phosphorus content than specified in the ordered specification., the total consignment shall be rejected.

2. For SSP, there will be no penalty as long as Sulphur & phosphorous content together is within 0.085%. However, if these two contents together exceeds 0.085%, then individual penalty for sulphur and phosphorous as per the above shall be applicable.

2.12 Diversion of Supplies

2.12.1 In case of necessity, it shall be at the option of DSP, SAIL to divert supplies to destination(s) other than incorporated in the order.

2.13 Liquidated Damages

2.13.1 Liquidated Damages, not by way of penalty, @1% per month or part thereof subject to maximum of 5% , on the basic price of the materials (excluding taxes & duties) shall become recoverable and recovered from the supplier. Liquidated Damages shall be applicable on the qty. of materials delivered after the expiry of the delivery period mentioned in the purchase order. The date of receipt of material at respective SAIL Plants shall be considered for the purpose of LD calculation for indigenous suppliers. For overseas suppliers, the date of receipt of material at destination port on CIF basis shall be considered as date of receipt at respective SAIL Plants for the purpose of LD calculation.

2.14 Risk Purchase

2.14.1 Should the seller fail to deliver the materials or any consignments thereof, within the period prescribed for such delivery, the Purchaser shall be entitled at his option to cancel the contract, either fully or partly, at the risk and cost of the Seller.

2.14.2 In the event of the Purchaser terminating the contract in whole or in part, the material may be procured on such terms and in such manner as deemed appropriate, materials similar to those so terminated, and the supplier shall be liable to the purchaser for any excess costs for such similar supplies. However, in case of part termination of the contract by the Purchaser, the supplier shall continue to perform the contract to the extent it is not terminated under the provision of this clause.

2.14.3 If the Seller fails to supply materials as per the delivery schedule, resulting in diversion of supplies, risk purchase action shall be levied on the defaulting Seller, to the extent of the quantity not supplied and additional freight incurred thereon, if any.

2.15 SECURITY DEPOSIT BANK GUARANTEE (SDBG) :

2.15.1 Within 15 (fifteen) days from the date of Placement of Order, the successful Bidder should furnish Security Deposit in the form of a bank guarantee as per proforma at Annexure-III of the RFQ, for an amount covering 5% (five percent) of the Basic Value (excluding taxes, duties & freight) of the contract. No change in the prescribed proforma of the bank guarantee for Security Deposit is acceptable. The SDBG should be established in favour of SAIL through any eligible scheduled Bank (refer list at Annexure-VI) except Co-operative and Gramin Banks and should be received in the office of respective steel plant within 15 (fifteen) days of the date of Placement of order. The scheduled bank should have a branch at the place where the plant/unit is located or at the place where the plant/unit has its unit office. The Stamp Paper shall be purchased in the name of the concerned Bank and stamp paper shall be of appropriate value. In case of extension/amendment of the BG, the same should also be made on stamp paper of appropriate value purchased in the name of the bank. The name, designation and the authorisation number of the person issuing the Bank Guarantee(S) must be clearly indicated in the document.

2.14.2 The SDBG shall be kept valid and in full force and effect till a period of three months from the date of delivery of the last consignment of the Purchase order. However the SDBG shall be released on application by the seller after the seller has discharged all his obligations under this contract. The SDBG shall be operable at the local Branches of issuing Bank located at the respective SAIL Plants. The indicative format of SDBG is enclosed in this RFQ. However, the SDBG format issued by respective plants (either purchase/finance) shall be final.

2.16 Force Majeure

2.16.1 If in the event either or both the parties to the contract is/are prevented from discharging its/ their obligation(s) under the contract by reason of one or more of the events such as arrest(s), restrain(s) by Government or people, blockade(s), revolutions(s), insurrection(s), mobilisation(s), strike(s), lockout(s) , civil commotion(s) , riot(s) ,accident(s) , Act(s) of God or other natural calamities or on account of any other act(s) beyond the control of the parties to the contract , the time of delivery shall be extended by the period equal to the period of delay/ constraints occasioned by one or more of the aforesaid Force Majeure conditions.

2.16.2 On the occurrence of any of the above Force Majeure conditions, the party concerned shall notify the other party in writing of such concurrence(s) within 10 days of occurrence(s) stating therein (I) the date of occurrence(s) of Force Majeure disability, ii) the nature of such Force Majeure disability along with a certificate from the appropriate Statutory Authority and / or Chamber of Commerce of the concerned State certifying the fact of the Force Majeure condition during the relevant period.

2.17 Conciliation and Arbitration

2.17.1 Conciliation :- All questions, claims disputes or difference of any kind whatsoever arising out of or in connection with or concerning this contract at any time, whether before or after determination of the contract, shall be referred by the parties here to for conciliation before a conciliatory Forum / Body.

The Conciliatory forum /body will be composed of the following members :-

- i) Nominee of SAIL Plants – Independent of officer handling the contract. (to be nominated by the head of Materials Management Department of respective plant)
- ii) Nominee of the Contractor /Supplier

The parties in dispute would place their facts in writing before the Body / Forum and the process of conciliation would be completed within the period of three months from the date of reference to the Conciliatory Forum / Body.

On failure of the conciliation , the aforesaid questions , claims, disputes and / or differences shall be referred by the parties here to for the decision by a sole arbitrator to be appointed as here in after mentioned.

2.17.2 Arbitration:-

2.17.2.1 Matters in question, claims, dispute and or difference in respect of the contract to be submitted to arbitration as aforesaid shall be referred for decision to as Sole Arbitrator to be appointed by MD, DSP/BSP/BSL/RSP/ISP(SAIL). Before appointing the Sole Arbitrator MD, DSP/BSP/BSL/RSP/ISP(SAIL) shall nominate three names out of which the contractor shall give his consent for one of them for appointment as Sole Arbitrator, failing which after 30 days of the issuance of the letter informing three names MD, DSP/BSP/BSL/RSP/ISP(SAIL) shall have the power to appoint one of the three notified persons as the Sole Arbitrator.

2.17.2.2 In case the designation of MD, DSP/BSP/BSL/RSP/ISP(SAIL) is changed or his office abolished, the officer who for the time being is interested with the functions of Managing Director, DSP/BSP/BSL/RSP/ISP(SAIL). By what ever designation such officer is called shall be the person designated to appoint the Sole Arbitrator. The Arbitrator so appointed shall adjudicate upon the disputes between the parties hereto.

2.17.2.3 The Sole Arbitrator appointed as stated above, shall from the time of his appointment and throughout the Arbitration proceedings, without any delay disclosed to the parties in writing any circumstances likely to give rise to justifiable doubts as to his independence or impartiality provided that the mere fact that such sole arbitrator is an employee of SAIL shall not be regarded as such circumstances. The Arbitrator shall decided the questions, claims, disputes or differences submitted to him by the parties in accordance with the substantive law for the time being in force in India.

2.17.2.4 The arbitrator shall hear the cases independently and impartially and shall not represent the interest of any party. Any arbitrator having personal interest indicts at the time of his appointment and at any time subsequently there after must withdraw from his office himself and the parties have also the right to ask him to do so. The venue of the Arbitration shall be (For domestic tenders, the place where plant/Unit is located; and for international tender Delhi)

2.17.2.5 The question or procedure for conduct of the arbitration proceedings shall be decided by the arbitrator, in consultation with the parties before proceeding with reference. The arbitrator may hold preparatory meeting(s) for this purpose. In the

preparatory meeting(s) as aforesaid, the arbitrator/s as the case may be in consultation with the parties shall also determine the manner of taking evidence, the summoning of expert evidence, and all such matters for the expeditious disposal of the arbitration proceedings.

2.17.2.6 The provision of the arbitration and Conciliation Act 1996 and the rules framed there under, if any and all modifications/amendments thereto shall deemed to apply and / or be incorporated in this contract and when such modification/ amendments to the Act/Rules are carried out.

2.17.2.7 Works/supply under the contract shall be continued by the contractor/supplier, under the contract, during the arbitration proceedings and recourse to arbitration shall not be a bar to continuance for the work or supply unless otherwise directed in writing by DSP/BSP/BSL/RSP/ISP(SAIL).

2.18 Legal Jurisdiction:

All suits and legal proceedings by or against steel plants in any matter arising out of the tender shall be triable only by the appropriate civil court at the place where the steel plants are located.

2.19 Exception To The Tender Document

2.18.1 SAIL, in its sole discretion, unconditionally and without having to assign any reason, reserves to itself the right:

- a) To accept or reject the lowest bid or any other tender or all the tenders
- b) To accept any tender in full or in part.
- c) To apportion the total quantity amongst different tenderers.
- d) To order for the quantities in any size/plant or combination of sizes/plants mentioned in Section 7.
- e) To allocate the quantity ordered for supply to any of the Steel Plants.
- f) To revise the RFQ quantity at any stage of tendering, before placement of order.
- g) The ordered prices will remain firm till the entire ordered quantity is supplied by the Seller.

2.18.2 Condition – As contained in the general conditions of the contract governing Purchase contracts of SAIL (Revised SAIL-P1) shall apply except to the extent it is amended herein. Revised SAIL-P1 can be downloaded from our website www.sailtenders.co.in.

2.20 Integrity Pact

2.20.1 The bidder(s) will be required to enter into an “ **Integrity Pact** “ with SAIL in case of contract value of Rs.20 Crores or above. The integrity pact has to be signed by the proprietor / Owner /partner /Director or by their duly authorized signatory of the bidder(s). with authorized representative of SAIL. The bidder(s) if feel aggrieved may raise complaints/ pass on information, if any to the competent authority / operating authority of the tender or to the Chief Vigilance Officer (CVO), SAIL, Ispat Bhawan, Lodo Road, New Delhi. The integrity pact is enclosed at annexure – IV. You are required to sign the Integrity Pact & return the same along with the techno-commercial bid else your offer will not be considered for acceptance. The Independent External Monitors for this tender is Shri Janki Ballabh , Shri S K Tuteja and Smt Chitra Chopra

Section 3: Supplier Information Required (for Domestic Quotations)

3.1 Detailed Information about the Supplier

Answers to the following questions will help us better evaluate the supplier capability to meet our overall current and future needs. Please answer in detail **all** questions listed below. **Thoroughness of response to these questions will be one of the major evaluation criteria used in this RFQ process.**

3.1.1 Describe your manufacturing/supply capabilities (in Form B.3) indicating the major manufacturing facilities, installed capacities, capacity utilisation and/or the supplied quantity in the last three years, and the present level of order booking.

3.1.2 In Form B.4 describe significant relationships that you have had with any of your customers. (Define significant relationships as greater than 25% share of your production for the particular Ferro Alloy)

- ¶ Customers currently served
- ¶ Type of Ferro Alloys supplied
- ¶ Duration of the relationship
- ¶ **Explicitly** describe the benefits the customer obtains with significant source relationship

3.1.3 Operations Cost Structure

¶ Please specify the following information in Form B.5. Provide estimates of key component of your cost structure, i.e. what component (in Rs/ton of HC Ferro Chrome) of your current cost structure of HC Ferro Chrome is due to:

- Raw Materials
- Consumable
- Power

¶ We are interested in above information to truly judge which of the suppliers have an effective cost structure and can be expected to be competitive in the long run and be partners with SAIL. We do not require exact numbers but rough estimates are essential. Not supplying this information will indicate lack of willingness to act as a true partner with SAIL.

3.1.4 The following scanned documents should also be attached while submitting your offer in the SRM portal.

- Attested photo copy of sales tax registration certificate
- Attested photocopy of latest valid Income Tax clearance certificate
- Certified true copy of Registration Certificate under the Indian Partnership act along with photocopy of the partnership deed, for partnership firm

OR

- Copy of the certificate of registration along with the Memorandum of Association, for public Limited Company.

3.1.5 Quality Activities/Processes (Form B.6)

- ¶ State quality systems that are currently in place, for e.g. QS/ISO certification or other
- ¶ State processes that are in place to ensure customer specification compliance
- ¶ List quality process improvements anticipated for next 2-5 years.

3.1.6 Suppliers are also required to fill in form B-1 (RFQ confirmation) and form B-2 (the Taxes & Duties worksheet).

Section 4: Supplier Information Required (for International Quotations)**4.1 The following documents should also be submitted along with the offer:**

- Country of origin certificate
- Port of shipment and its distance from the Ferro Chrome Plant along with the mode of transportation from the Plant to the port. Further, enclose the details of intended mode of shipment of Ferro Chrome from loading port to the wharf of Kolkata / Chennai/ Visakhapatnam port.
- A recent Test and analysis certificate from a reputed international test house for the HC Ferro Chrome offered.
- Letter of Authority of the Ferro Chrome Producer, specifically authorising the said supplier to make an offer in response to this invitation to offer.
- SAIL would not like the tenderer to appoint any Agent. In case the tenderer has an Agent, the following details shall be furnished in the offer:
 - (a) the name and complete address of the Indian Agent, if any. In case the agent/representative be a foreign company, it shall be confirmed whether it is a real substantial company and details of the same shall be furnished. Indian agents have to fill up the form no.DSP/PUR/IMP/I-1 and submit the same.
 - (b) What services the Agent renders. Extent of authorisation and authority given to commit the Principal. The amount of commission/remuneration included in the quoted price(s) for such Indian Agent.
 - (c) The Indian agent commission per MT (if any) should be included in the quoted prices and indicated separately.
 - (d) Confirmation of the Tenderer that Commission/remuneration, if any, payable to his Indian Agent, shall be paid by SAIL in Indian Rupees. Such commission/remuneration payable to the Indian Agent will be converted to Indian Rupees at the telegraphic transfer (market) rate of selling, ruling on the date of award of contract and shall not be subject to any further exchange variation.

In addition, any other relevant detail as may be asked for by the Purchaser subsequently, shall also be furnished by the tenderer.

Section 5: Instructions for Option Worksheets

Instructions to fill the work sheets

5.2.1 Basic Price Quote

SAIL understands that different suppliers would like to book specific quantities with SAIL in order to ensure optimal utilisation of their capacities. Such levels of utilisation will also result in cost minimisation for the suppliers. Hence, SAIL is willing to book optimal quantities with different suppliers in order to derive mutual benefits.

- ¶ Fill in your quote for ex-works/ex-go down price in Rs/ton of HC Ferro Chrome in specific line item provided for each plant in SRM price format portal. You have to quote for same basic price/ex-works price for each plant.
- ¶ Fill in the premium/ discount in Rs per MT (for those plants where it is allowed.). – Optional
 - Positive (+ve) quotes implies additional premium on your quoted ex-works/ex-go down prices for different size.
 - Negative (-ve) quotes implies an additional discount on your quoted ex-works/ex-go down price for different size.

5.3 Instructions to fill in option sheets for International Quotations

Basic Price Quote on FOB basis

- ¶ SAIL understands that different suppliers would like to book specific quantities with SAIL in order to ensure optimal utilisation of their resources. Such levels of utilisation will also result in cost minimisation for the suppliers. Hence, SAIL is willing to book optimal quantities with different suppliers in order to derive mutual benefits.
- ¶ Fill in your quote on the basis of both FOB/ton naming port of Loading. Indicate your quote in US\$/ton of HC Ferro Chrome.
- ¶ This quote is the FOB price offered by you. SAIL however, reserves the right to settle the contract on FOB or C&F basis.
 - Agent's commission, if any, included in the quoted FOB prices, should also be indicated. Please note that the agency commission to the Agent shall be paid in Indian Rupees.
- ¶ Fill in the premium/ discount in USD per MT for different size (where ever applicable) ..
 - Positive (+ve) quotes implies additional premium on your quoted FOB and C&F prices for different size
 - Negative (-ve) quotes implies an additional discount on your quoted FOB and C&F price for different size.

6. Special Instruction

1. While distributing the total order, SAIL/DSP reserves the right to exercise the Purchase preference to Central Govt. PSU or Joint venture with Central Govt. PSUs as per prevailing guidelines.
2. The supplier is to declare whether the proprietor or any partner of the firm or director of their company as the case may be has any relation with any employee working in

plant/unit concerned and if so give the name of the employee and the relationship and also whether any of them has relationship within the meaning of Section-6 of the Companies Act 1956, with any of the Directors of Steel Authority Of India Ltd(In case of CFP of those companies) and if so give details.

- 3. The tender not conforming / not agreeable to the payment terms as indicated in this RFQ shall stand rejected.**
- 4. Punitive actions to be taken against Agencies who submit False/Forged documents to SAIL :**
If it comes to the notice of SAIL at any stage from request for enlistment / tender document or any other document that any of the certificates / documents submitted by applicants for enlistment or by bidders are found to be false /fake/doctored , the party will be debarred from participation in tenders including termination of contract, if awarded. EMD/Security Deposit etc. , if any, will be forfeited. The contracting agency in such cases shall make good to SAIL for any loss or damage resulting from such termination. Decision of SAIL management will be final and binding in this regard

Section 7: Projected HC Ferro Chrome Requirements

7.1 Projected Requirements for HC Ferro Chrome, for six months period (December'13 To May'14)

SAIL Plants	Size (mm)	Monthly requirement(MT)	Projected Requirement (MT)
SSP	10-70	3000	18,500
BSP	10-70	85	510
ASP	10-70	220	1300
BSL	25-70	10	60
Total		3315	20,370

7.2 Chemical Specifications for HC Ferro Chrome

Chromium(Cr)	60% +/- 3% (i.e. 57% to 63%)
Carbon (C)	6 – 8 %
Silicon (Si)	4 % Max
Phosphorous (P)	0.05% Max
Sulphur (S)	0.04 % Max
For SSP the S + P together should not exceed 0.085%	

7.3 Size specifications for HC Ferro Chrome

SSP & ASP

Size : 10-70 mm

30% can be in the range of 70-100 mm(to be packed & identified separately)

> 100 mm - NIL

BSP

Size : 10-70 mm

(+) 80 mm – NIL

(+) 70mm – 5 % Max

(-) 10 mm – 5 % Max . No payment for fraction beyond 5%.

BSL

Size : 25-70 mm

(+) 80 mm - NIL

(+) 70 mm – 5 % Max

(-) 25 mm – 15 % Max out of which below 10 mm is 5 % MAX

ANNEXURE-I

PROFORMA FOR BANK GUARANTEE FOR BID BOND (EARNEST MONEY DEPOSIT) TO BE GIVEN ON NON JUDICIAL STAMP PAPER OF Rs.100/-

This deed to guarantee made this day oftwo thousand ----- between

.....(Name of Banker), having its registered office at -----(Place) and one of its local offices at -----(hereinafter referred to as the Surety), and Steel Authority of India Limited , Durgapur Steel Plant , a Company registered under the Companies Act, 1956 and having its registered office at Ispat Bhawan , Lodhi Road , New Delhi-110003 , India (hereinafter referred to as the Purchaser).

WHEREAS(Tenderer’s Name) (hereinafter referred to as “tenderer”), a Company registered under(Name of the Act) and having its registered office at is bound to deposit with the purchaser by way of Earnest Money Rs.....(Rupeesonly) in connection with its Tender for with reference to Purchaser’s Invitation to Tender No.datedas per specification and terms and conditions enclosed therein.

WHEREAS the supplier as per clause No.of Invitation to Tender has agreed to furnish a Bank Guarantee valid upto(Date) instead of deposit of earnest money in Demand Draft.

Now this witnesseth

That the Surety in consideration of the above Tender made by the Tenderer to the Purchaser hereby undertakes to guarantee payment on demand to the Purchaser without any protest or demur , the said amount of which the Tenderer is bound to deposit with purchaser by way of earnest money in connection with this tender.

Notwithstanding anything contained in the foregoing , the Surety’s liability under the guarantee is restricted to Rs.(Rupeesonly).

The guarantee shall remain in force and effective upto and shall expire and become ineffective on intimation thereof being given to the surety by the purchaser in which event this guarantee shall stand discharged.

This guarantee shall not be affected by any change in the constitution of the purchaser , Tnederer or the Surety.

The purchaser shall be eligible to make any claim under this guarantee only if the Tenderer , after submitting his Tender , resiles from his offer or modifies the terms & conditions thereof in a manner not acceptable to the purchaser or expresses his unwillingness to accept the order after the purchaser has decided to place order on the Tenderer for on mutually agreed terms & conditions . The purchaser’s decision in this regard shall be final and binding.

The surety cannot revoke this guarantee during its currency except with previous consent of the purchaser in writing.

Notwithstanding anything contained herein above , unless a demand or claim under this guarantee is made on the Surety in writing on or before the surety shall be discharged from all liabilities under this guarantee thereafter.

For and on behalf of

(Banker’s Name and Seal)

ANNEXURE - II
BANK GUARANTEE FOR BID BOND (Earnest Money Deposit)

TO BE ESTABLISHED THROUGH ANY SCHEDULED BANK EXCEPT COOPERATIVE BANK & GRAMIN BANK OR THROUGH BRANCH OF A FOREIGN BANK OPERATING UNDER RULES OF RESERVE BANK OF INDIA OR THROUGH STATE BANK OF INDIA, CORPORATE ACCOUNT GROUP, VIJAYA BUILDING, 17, BARAKHAMBA ROAD, NEW DELHI . TO BE GIVEN ON NON JUDICIAL STAMP PAPER OF Rs.100/-.

To,
Steel Authority Of India Limited
Durgapur Steel Plant ,Purchase Department, 3rd Floor, Ispat Bhawan,
Durgapur, West Bengal-713203, INDIA

Bank Guarantee No.

Dated:

LETTER OF GUARANTEE

WHEREAS Steel Authority of India Limited (hereinafter referred to as SAIL) have invited bids vide Global Tender No. dated, (hereinafter referred to as the said Request for Quotation-RFQ) for purchase of about (.....) metric tons of HC Ferro Chrome

AND WHEREAS the said Request for Quotation requires that any eligible Bidder wishing to make an offer in response thereto shall establish an irrevocable Bid Bond in favour of SAIL in the form of a Bank Guarantee of US \$ 15000 (United States Dollars fifteen thousand only), valid upto 31/03/2013 as a guarantee that the bidder:

(a) shall keep his offer firm and valid for acceptance by SAIL upto

(b) shall, in the event of the offer being accepted by SAIL, within 30 (thirty) days from the date of submission of offer SAIL will place Purchase Order for supply of HC Ferro Chrome.

AND WHEREAS Messrs_____ (hereinafter referred to as the said Bidder) wish to make an offer in response to the said Request for Quotation for the supply of HC Ferro Chrome on the basis of FOB named port(s) of loading/C&F Calcutta /Chennai/Vishakhapattanam port.

NOW THIS BANK HEREBY GUARANTEES that in the event of the said Bidder failing to abide by any of the conditions referred to in any of the preceding paragraphs, this Bank shall pay to Steel Authority of India Limited (SAIL), NEW DELHI, INDIA on demand without SAIL having to substantiate its demand, and without protest or demur US \$ 12,500 (United States Dollars fifteen thousand only). This Bank further agrees that the decision of SAIL as to whether the said Bidder has committed a breach of any of the conditions referred to in the preceding paragraphs, shall be final and binding.

THIS BANK FURTHER undertakes that this Guarantee shall remain irrevocably valid and in force initially upto 31/07/2014 and that the same shall be extended further according to the provisions contained hereinabove.

For and on behalf of

(Name of the Bank)

Signature:
Duly Constituted Attorney and
Authorised Signatory

Name: ()
Designation _____

Name and Address_____

Annexure – III

FORMAT FOR SECURITY DEPOSIT BANK GUARANTEE

(The Stamp Paper shall be purchased in the name of the concerned Bank and stamp paper shall be of appropriate value)

.....Bank Ltd.
Address
Bank Guarantee No.A/Cs Messers Date of
ExpiryAddress Limit of liability Rs.
.....
Ref. Tender No. Dated For (Name of work)
.....
Subject : SECURITY DEPOSIT Dated
To
Steel Authority of India Ltd.
Respective SAIL Plants

Dear Sirs,

In consideration of your agreeing to accept the security deposit of Rs. furnishbale to you by Messers ----- of (hereinafter referred to as the “Contractor”) in terms of their contract with you for as per their Tender no. dated pursuant to your invitation to such tender and your General Conditions of Contract governing supply contracts of SAIL (SAIL-P1) and other tender documents relating thereto subject to the additions and alterations mutually agreed upon and set forth or referred to in your letter of Acceptance no..... dated (hereinafter referred to as “the said contract” which expression shall , in case of execution of any formal agreement between you and the contractor in terms of mean and include the said agreement) in the form of guarantee from us in the manner hereinafter contained.

1. We (indicate the name of the Bank) at the request of contractors (s) do hereby undertake to pay to you an amount not exceeding Rs. Claimed by you irrespective of whether any loss or damage has been caused to or suffered by you by reason of any breach by the said contractor of any of the terms or conditions of the said agreement.
2. We (indicate the name of the Bank) do hereby undertake to pay the amounts due and payable under this guarantee without any protest or demur merely on a demand from you stating that the amount claimed is due by reason of breach by the said contractor (s) of any of the terms or conditions contained in the said Agreement or by reason of the contractor (s) failure to perform the said Agreement. Any such demand made on shall be conclusive as regards the amount due and payable by us under this guarantee. However , our liability under this Guarantee shall be restricted to an amount not exceeding Rs.....
3. Notwithstanding anything to the contrary we agree that your decision as to whether the Contractor has made any such default or defaults and the amount or amounts to which you are entitled by reason thereof will be binding on us and we shall not be entitled to ask you to establish your claim or claims under this Guarantee but shall pay the same forthwith without any objection or excuse.
4. We undertake to pay to you any money so demanded notwithstanding any dispute or disputes raised by the contractor(s) / suppliers (s) in any suit or Proceeding pending before any Court or Tribunal or arbitration relating there to our liability under these presents being absolute and unequivocal. The payment so made by us under this Guarantee shall be a valid discharge of our liability for payment there under.
5. This guarantee shall continue and hold good until it is released by you on the application by the Contractor after expiry of the relative guarantee period of the said contract and after the contractor has discharged all its/his/their obligations under the said contract, and produced a certificate from your Organisation certifying the due completion of the work under the said contract and submitted a “No Demand Certificate” provided always that this Guarantee shall in no event remain in force after the date of Without prejudice to your claim or claims arisen and demanded from or otherwise notified to us in writing on or before the said date or within six months thereafter which will be enforceable against us notwithstanding that the same is or are enforced after the said date. Should it be necessary to extend this Guarantee beyond the said date on account of any extension of time being granted by you to the contractor in respect of completion of the works under

the said contract or otherwise we undertake to extend forthwith the period of this Guarantee on your request till such time as may be required by you.

6. We , (indicate the name of bank) further agree with you that you will have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Agreement or to extend the time of performance by the said contractor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by you against the said contractor(s) and to forbear or enforce any of the terms and conditions relating to the said agreement and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said contractor(s) or for any forbearance , act or omission on your part or any indulgence shown by you by the said contractor(s) or by any such matter or thing whatsoever which under the law relating to sureties would , but for this provision , have effect of so relieving us.
7. All compositions and payment that may be received by you from the contractor or any person, firm or company whomsoever for or on account of the contractor in any way in respect of the said contract shall be regarded as payment in gross and you will be entitled to prove against the assets of the Contractor, should, the Contractor be wound up or dissolved or declared insolvent in respect of the whole of the Contractor's indebtedness to you without any right on our part to stand in your place in respect of or to claim the benefit of such composition or payment or any security that may be held by you until you shall have received the full amount of your claims against the contractor.
8. This Guarantee shall not in any way be affected by your taking or varying or giving up any securities from the contractor or any other person , firm or company on its behalf or by the winding up , dissolution , insolvency or death as the case may be of the contractor.
9. In order to give full effect to the Guarantee herein contained you shall be entitled to act as if we are your principal debtors in respect of all your claims against the contractor, hereby guaranteed by us as aforesaid and we hereby expressly waive all our suretyship and other rights if any , which are in any way inconsistent with the above or any other provisions of this Guarantee.
10. This Guarantee and the powers and the provisions herein contained are in addition to and not by way of limitation of or substitution for any other guarantee or guarantees heretofore given to you by us (whether jointly with other or alone) and now existing uncanceled and that this Guarantee is not intended to and shall not revoke or limit such guarantee or guarantees.
11. This Guarantee shall not be affected by any change in the constitution of the contractor or us nor shall it be effected by any change in your constitution or by any amalgamation or absorption thereof or therewith but will ensure for and be available to and enforceable by the absorbing or amalgamated company or concern.
12. We (indicate the name of bank) lastly undertake not to revoke this Guarantee during its currency except with your previous consent in writing.
13. We have power to issue this Guarantee (under our Memorandum and articles of Association) and the undersigned has full power to sign this Guarantee.
14. The claim period will be 2 months after the expiry of the validity of the bank guarantee (S) and on lodging claim for encashment, the Bank Guarantee should be encashed immediately by the bank without stipulating a minimum period.

Yours faithfully

- 1.
- 2.

Dated: day of 200

For
(INDICATE THE NAME OF BANK)

Annexure - IV

INTEGRITY PACT

Between

Steel Authority of India Limited (SAIL) hereinafter referred to as **“The Principal”**,

and

..... hereinafter referred to as **“The Bidder/ Contractor”**

Preamble

The Principal intends to award, under laid down organizational procedures, contract/s for HC Ferro Chrome The Principal values full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness / transparency in its relations with its Bidder(s) and / or Contractor(s).

In order to achieve these goals, the Principal will appoint an Independent External Monitor (IEM), who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

Section 1 – Commitments of the Principal

(1.) The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles:-

- a. No employee of the Principal, personally or through family members, will in connection with the tender for , or the execution of a contract, demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
- b. The Principal will, during the tender process treat all Bidder(s) with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential / additional information through which the Bidder(s) could obtain an advantage in relation to the tender process or the contract execution.
- c. The Principal will exclude from the process all known prejudiced persons.

(2) If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the IPC/PC Act, or if there be a substantive suspicion in this regard, the Principal will inform the Chief Vigilance Officer and in addition can initiate

disciplinary actions.

Section 2 – Commitments of the Bidder(s)/ contractor(s)

- (1) The Bidder(s)/ Contractor(s) commit themselves to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.
 - a. The Bidder(s)/ Contractor(s) will not, directly or through any other person or firm, offer, promise or give to any of the Principal's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he/she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.
 - b. The Bidder(s)/ Contractor(s) will not enter with other Bidders into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelisation in the bidding process.
 - c. The Bidder(s)/ Contractor(s) will not commit any offence under the relevant IPC/PC Act; further the Bidder(s)/ Contractor(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
 - d. The Bidder(s)/Contractors(s) of foreign origin shall disclose the name and address of the Agents/representatives in India, if any. Similarly the Bidder(s)/Contractors(s) of Indian Nationality shall furnish the name and address of the foreign principals, if any. Further details as mentioned in the "Guidelines on Indian Agents of Foreign Suppliers" shall be disclosed by the Bidder(s)/Contractor(s).Further, as mentioned in the Guidelines all the payments made to the Indian agent/representative have to be in Indian Rupees only. Copy of the "Guidelines on Indian Agents of Foreign Suppliers" is placed at (page nos. 6-7)
 - e. The Bidder(s)/ Contractor(s) will, when presenting his bid, disclose any and all payments he has made, is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.
- (2) The Bidder(s)/ Contractor(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

Section 3- Disqualification from tender process and exclusion from future contracts

If the Bidder(s)/Contractor(s), before award or during execution has committed a transgression through a violation of Section 2, above or in any other form such as to put his reliability or credibility in question, the Principal is entitled to disqualify the Bidder(s)/Contractor(s) from the tender process or take action as per the procedure mentioned in the “Guidelines on Banning of business dealings”. Copy of the “Guidelines on Banning of business dealings” is placed at (page nos. 8-17).

Section 4 – Compensation for Damages

- (1) If the Principal has disqualified the Bidder(s) from the tender process prior to the award according to Section 3, the Principal is entitled to demand and recover the damages equivalent to Earnest Money Deposit/ Bid Security.
- (2) If the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminate the contract according to Section 3, the Principal shall be entitled to demand and recover from the Contractor liquidated damages of the Contract value or the amount equivalent to Performance Bank Guarantee.

Section 5 – Previous transgression

- (1) The Bidder declares that no previous transgressions occurred in the last three years with any other Company in any country conforming to the anti-corruption approach or with any Public Sector Enterprise in India that could justify his exclusion from the tender process.
- (2) If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or action can be taken as per the procedure mentioned in “Guidelines on Banning of business dealings”.

Section 6 – Equal treatment of all Bidders / Contractors / Subcontractors

- (1) The Bidder(s)/ Contractor(s) undertake(s) to demand from all subcontractors a commitment in conformity with this Integrity Pact, and to submit it to the Principal before contract signing.
- (2) The Principal will enter into agreements with identical conditions as this one with all Bidders, Contractors and Subcontractors.
- (3) The Principal will disqualify from the tender process all bidders who do not sign this Pact or violate its provisions.

Section 7 – Criminal charges against violating Bidder(s) / Contractor(s) / Subcontractor(s)

If the Principal obtains knowledge of conduct of a Bidder, Contractor or Subcontractor, or of an employee or a representative or an associate of a Bidder, Contractor or Subcontractor which constitutes corruption, or if the Principal has substantive suspicion in this regard, the Principal will inform the same to the Chief Vigilance Officer.

Section 8 – Independent External Monitor / Monitors

- (1) The Principal appoints competent and credible Independent External Monitor for this Pact. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.
- (2) The Monitor is not subject to instructions by the representatives of the

parties and performs his functions neutrally and independently. It will be obligatory for him to treat the information and documents of the Bidders/Contractors as confidential. He reports to the Chairman, SAIL.

- (3) The Bidder(s)/Contractor(s) accepts that the Monitor has the right to access without restriction to all Project documentation of the Principal including that provided by the Contractor. The Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to Subcontractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder(s)/ Contractor(s)/ Subcontractor(s) with confidentiality.
- (4) The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.
- (5) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the Principal and request the Management to discontinue or take corrective action, or to take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.
- (6) The Monitor will submit a written report to the Chairman, SAIL within 8 to 10 weeks from the date of reference or intimation to him by the *Principal* and, should the occasion arise, submit proposals for correcting problematic situations.
- (7) If the Monitor has reported to the Chairman SAIL, a substantiated suspicion of an offence under relevant IPC/ PC Act, and the Chairman SAIL has not, within the reasonable time taken visible action to proceed against such offence or reported it to the Chief Vigilance Officer, the Monitor may also transmit this information directly to the Central Vigilance Commissioner.
- (8) The word '**Monitor**' would include both singular and plural.

Section 9 – Pact Duration

This Pact begins when both parties have legally signed it. It expires for the Contractor 12 months after the last payment under the contract, and for all other Bidders 6 months after the contract has been awarded.

If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged / determined by Chairman of SAIL.

Section 10 – Other provisions

- (1) This agreement is subject to Indian Law. Place of performance and jurisdiction is the Registered Office of the Principal, i.e. New Delhi.
- (2) Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
- (3) If the Contractor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.
- (4) Should one or several provisions of this agreement turn out to be invalid, the remainder

of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

- (5) In the event of any contradiction between the Integrity Pact and its Annexure, the Clause in the Integrity Pact will prevail.”

(For & On behalf of the Principal)

(For & On behalf of
Bidder/ Contractor)

(Office Seal)

(Office Seal)

Place -----

Date -----

Witness 1:

(Name & Address)

Witness 2:

(Name & Address)

GUIDELINES FOR INDIAN AGENTS OF FOREIGN SUPPLIERS

- 1.0 There shall be compulsory registration of agents for all Global (Open) Tender and Limited Tender. An agent who is not registered with SAIL Plants/Units shall apply for registration in the prescribed Application –Form.
 - 1.1 Registered agents will file an authenticated Photostat copy duly attested by a Notary Public/Original certificate of the principal confirming the agency agreement and giving the status being enjoyed by the agent and the commission/remuneration/salary/ retainer ship being paid by the principal to the agent before the placement of order by SAIL Plants/Units.
 - 1.2 Wherever the Indian representatives have communicated on behalf of their principals and the foreign parties have stated that they are not paying any commission to the Indian agents, and the Indian representative is working on the basis of salary or as retainer, a written declaration to this effect should be submitted by the party (i.e. Principal) before finalizing the order
- 2.0 DISCLOSURE OF PARTICULARS OF AGENTS/ REPRESENTATIVES IN INDIA. IF ANY.**
- 2.1 Tenderers of Foreign nationality shall furnish the following details in their offer:
 - 2.1.1 The name and address of the agents/representatives in India, if any and the extent of authorization and authority given to commit the Principals. In case the agent/representative be a foreign Company, it shall be confirmed whether it is real substantial Company and details of the same shall be furnished.
 - 2.1.2 The amount of commission/remuneration included in the quoted price(s) for such agents/representatives in India.
 - 2.1.3 Confirmation of the Tenderer that the commission/ remuneration if any, payable to his agents/representatives in India, may be paid by SAIL in Indian Rupees only.
 - 2.2 Tenderers of Indian Nationality shall furnish the following details in their offers:
 - 2.2.1 The name and address of the foreign principals indicating their nationality as well as their status, i.e, whether manufacturer or agents of manufacturer holding the Letter of Authority of the Principal specifically authorizing the agent to make an offer in India in response to tender either directly or through the agents/representatives.
 - 2.2.2 The amount of commission/remuneration included in the price (s) quoted by the Tenderer for himself.
 - 2.2.3 Confirmation of the foreign principals of the Tenderer that the commission/remuneration, if any, reserved for the Tenderer in the quoted price (s), may be paid by SAIL in India in equivalent Indian Rupees on satisfactory completion of the Project or supplies of Stores and Spares in case of operation items .
 - 2.3 In either case, in the event of contract materializing, the terms of payment will provide for payment of the commission /remuneration, if any payable to the agents/representatives in India in Indian Rupees on expiry of 90 days after the discharge of the obligations under the contract.
 - 2.4 Failure to furnish correct and detailed information as called for in paragraph-2.0 above will render the concerned tender liable to rejection or in the event of a contract materializing, the same liable to termination by SAIL. Besides this there would be a penalty of banning business dealings with SAIL or damage or payment of a named sum.

Guidelines on Banning of Business Dealings

CONTENTS

S.No.		<u>Page(s)</u>
1.	Introduction	42
2.	Scope	42
3.	Definitions	42-43
4.	Initiation of Banning / Suspension	43
5.	Suspension of Business Dealings	44-45
6.	Ground on which Banning of Business Dealing can be initiated	45-46
7.	Banning of Business Dealings	46-48
8.	Removal from List of Approved Agencies-Suppliers/ Contractors etc.	48
9.	Show-cause Notice	48
10.	Appeal against the Decision of the Competent Authority	48
11.	Review of the Decision by the Competent Authority	48-49
12.	Circulation of the names of Agencies with whom Business Dealings have been banned	49

1. Introduction

- 1.1 Steel Authority of India Limited (SAIL), being a Public Sector Enterprise and 'State', within the meaning of Article 12 of Constitution of India, has to ensure preservation of rights enshrined in Chapter III of the Constitution. SAIL has also to safeguard its commercial interests. SAIL deals with *Agencies*, who have a very high degree of integrity, commitments and sincerity towards the work undertaken. It is not in the interest of SAIL to deal with *Agencies* who commit deception, fraud or other misconduct in the execution of contracts awarded / orders issued to them. In order to ensure compliance with the constitutional mandate, it is incumbent on SAIL to observe principles of natural justice before banning the business dealings with any Agency.
- 1.2 Since banning of business dealings involves civil consequences for an Agency concerned, it is incumbent that adequate opportunity of hearing is provided and the explanation, if tendered, is considered before passing any order in this regard keeping in view the facts and circumstances of the case.

2. Scope

- 2.1 The General Conditions of Contract (GCC) of SAIL generally provide that SAIL reserves its rights to remove from list of approved suppliers / contractors or to ban business dealings if any Agency has been found to have committed misconduct and also to suspend business dealings pending investigation. If such provision does not exist in any GCC, the same may be incorporated.
- 2.2 Similarly, in case of sale of material there is a clause to deal with the *Agencies* / customers / buyers, who indulge in lifting of material in unauthorized manner. If such a stipulation does not exist in any Sale Order, the same may be incorporated.
- 2.3 However, absence of such a clause does not in any way restrict the right of Company (SAIL) to take action / decision under these guidelines in appropriate cases.
- 2.4 The procedure of (i) Removal of Agency from the List of approved suppliers / contractors; (ii) Suspension and (iii) Banning of Business Dealing with *Agencies*, has been laid down in these guidelines.
- 2.5 These guidelines apply to all the Plants / Units and subsidiaries of SAIL.
- 2.6 It is clarified that these guidelines do not deal with the decision of the Management not to entertain any particular Agency due to its poor / inadequate performance or for any other reason.
- 2.7 The banning shall be with prospective effect, i.e., future business dealings.

3. Definitions

In these Guidelines, unless the context otherwise requires:

- i) '*Party / Contractor / Supplier / Purchaser / Customer/Bidder/Tenderer*' shall mean and include a public limited company or a private limited company, a firm whether registered or not, an individual, a cooperative society or an association or a group of persons engaged in any commerce, trade, industry, etc. '*Party / Contractor / Supplier / Purchaser / Customer/ Bidder / Tenderer*' in the context of these guidelines is indicated as '*Agency*'.
- ii) '*Inter-connected Agency*' shall mean two or more companies having any of the following features:

- a) If one is a subsidiary of the other.
- b) If the Director(s), Partner(s), Manager(s) or Representative(s) are common;
- c) If management is common;
- d) If one owns or controls the other in any manner;
- iii) *'Competent Authority'* and *'Appellate Authority'* shall mean the following:
 - a) For Company (entire SAIL) Wide Banning
The Director (Technical) shall be the *'Competent Authority'* for the purpose of these guidelines. Chairman, SAIL shall be the *'Appellate Authority'* in respect of such cases except banning of business dealings with Foreign Suppliers of imported coal/coke.
 - b) For banning of business dealings with Foreign Suppliers of imported coal/coke, SAIL Directors' Committee (SDC) shall be the *'Competent Authority'*. The Appeal against the Order passed by SDC, shall lie with Chairman, as First Appellate Authority.
 - c) In case the foreign supplier is not satisfied by the decision of the First Appellate Authority, it may approach SAIL Board as Second Appellate Authority.
 - d) For Plants / Units only

Any officer not below the rank of General Manager / Addl Director appointed or nominated by the Chief Executive of concerned Plant / Unit shall be the *'Competent Authority'* for the purpose of these guidelines. The Chief Executives of the concerned Plants / Unit shall be the *'Appellate Authority'* in all such cases.
 - e) For Corporate Office only

For procurement of items / award of contracts, to meet the requirement of Corporate Office only, Head of CMMG shall be the "Competent Authority" and Director (Technical) shall be the "Appellate Authority".
 - e) Chairman, SAIL shall have overall power to take suo-moto action on any information available or received by him and pass such order(s) as he may think appropriate, including modifying the order(s) passed by any authority under these guidelines.
- iv) *'Investigating Department'* shall mean any Department or Unit investigating into the conduct of the Agency and shall include the Vigilance Department, Central Bureau of Investigation, the State Police or any other department set up by the Central or State Government having powers to investigate.
- v) *'List of approved Agencies - Parties / Contractors / Suppliers / Purchasers / Customers / Bidders / Tenderers'* shall mean and include list of approved / registered Agencies - Parties/ Contractors / Suppliers / Purchasers / Customers / ***Bidders / Tenderers***, etc.

4. **Initiation of Banning / Suspension**

Action for banning / suspension business dealings with any Agency should be initiated by the department having business dealings with them after noticing the irregularities or misconduct on their part. Besides the concerned department, Vigilance Department of each Plant / Unit /Corporate Vigilance may also be competent to initiate such action.

5. Suspension of Business Dealings

- 5.1 If the conduct of any Agency dealing with SAIL is under investigation by any department (except Foreign Suppliers of imported coal/coke), the Competent Authority may consider whether the allegations under investigation are of a serious nature and whether pending investigation, it would be advisable to continue business dealing with the Agency. If the Competent Authority, after consideration of the matter including the recommendation of the Investigating Department, if any, decides that it would not be in the interest to continue business dealings pending investigation, it may suspend business dealings with the Agency. The order to this effect may indicate a brief of the charges under investigation. If it is decided that inter-connected Agencies would also come within the ambit of the order of suspension, the same should be specifically stated in the order. The order of suspension would operate for a period not more than six months and may be communicated to the Agency as also to the Investigating Department. The Investigating Department may ensure that their investigation is completed and whole process of final order is over within such period.
- 5.2 The order of suspension shall be communicated to all Departmental Heads within the Plants / Units. During the period of suspension, no business dealing may be held with the Agency.
- 5.3 As far as possible, the existing contract(s) with the Agency may continue unless the Competent Authority, having regard to the circumstances of the case, decides otherwise.
- 5.4 If the gravity of the misconduct under investigation is very serious and it would not be in the interest of SAIL, as a whole, to deal with such an Agency pending investigation, the Competent Authority may send his recommendation to Chief Vigilance Officer (CVO), SAIL Corporate Office alongwith the material available. If Corporate Office considers that depending upon the gravity of the misconduct, it would not be desirable for all the Plants / Units and Subsidiaries of SAIL to have any dealings with the Agency concerned, an order suspending business dealings may be issued to all the Plants / Units by the Competent Authority of the Corporate Office, copy of which may be endorsed to the Agency concerned. Such an order would operate for a period of six months from the date of issue.
- 5.5 For suspension of business dealings with Foreign Suppliers of imported coal/coke, following shall be the procedure :-
- i) Suspension of the foreign suppliers shall apply through out the Company including Subsidiaries.
 - ii) Based on the complaint forwarded by ED (CIG) or received directly by Corporate Vigilance, if gravity of the misconduct under investigation is found serious and it is felt that it would not be in the interest of SAIL to continue to deal with such agency, pending investigation, Corporate Vigilance may send such recommendation on the matter to Executive Director, Coal Import Group (ED, CIG) to place it before a Committee consisting of the following :
 1. ED (F&A)/Head of Corporate Finance,
 2. ED, CIG/Head of CIG – Convenor of the Committee
 3. ED, CMMG/Head of CMMG, Corporate Office
 4. ED (Law)/Head of Corporate Law

The committee shall expeditiously examine the report, give its

comments/recommendations within twenty one days of receipt of the reference by ED, CIG.

- iii) The comments / recommendations of the Committee shall then be placed by ED, CIG before SAIL Directors' Committee (SDC) constituted for import of Coal. If SDC opines that it is a fit case for suspension, SDC may pass necessary orders which shall be communicated to the foreign supplier by ED, CIG.
- 5.6 If the Agency concerned asks for detailed reasons of suspension, the Agency may be informed that its conduct is under investigation. It is not necessary to enter into correspondence or argument with the Agency at this stage.
- 5.7 It is not necessary to give any show-cause notice or personal hearing to the Agency before issuing the order of suspension. However, if investigations are not complete in six months time, the Competent Authority may extend the period of suspension by another three months, during which period the investigations must be completed.

6. Ground on which Banning of Business Dealings can be initiated

- 6.1 If the security consideration, including questions of loyalty of the Agency to the State, so warrants;
- 6.2 If the Director / Owner of the Agency, proprietor or partner of the firm, is convicted by a Court of Law for offences involving moral turpitude in relation to its business dealings with the Government or any other public sector enterprises or SAIL, during the last five years;
- 6.3 If there is strong justification for believing that the Directors, Proprietors, Partners, owner of the Agency have been guilty of malpractices such as bribery, corruption, fraud, substitution of tenders, interpolations, etc;
- 6.4 If the Agency continuously refuses to return / refund the dues of SAIL without showing adequate reason and this is not due to any reasonable dispute which would attract proceedings in arbitration or Court of Law;
- 6.5 If the Agency employs a public servant dismissed / removed or employs a person convicted for an offence involving corruption or abetment of such offence;
- 6.6 If business dealings with the Agency have been banned by the Govt. or any other public sector enterprise;
- 6.7 If the Agency has resorted to Corrupt, fraudulent practices including misrepresentation of facts and / or fudging /forging /tampering of documents;**
- 6.8 If the Agency uses intimidation / threatening or brings undue outside pressure on the Company (SAIL) or its official in acceptance / performances of the job under the contract;

- 6.9 If the Agency indulges in repeated and / or deliberate use of delay tactics in complying with contractual stipulations;
- 6.10 Willful indulgence by the Agency in supplying sub-standard material irrespective of whether pre-despatch inspection was carried out by Company (SAIL) or not;
- 6.11 Based on the findings of the investigation report of CBI / Police against the Agency for malafide / unlawful acts or improper conduct on his part in matters relating to the Company (SAIL) or even otherwise;
- 6.12 Established litigant nature of the Agency to derive undue benefit;
- 6.13 Continued poor performance of the Agency in several contracts;
- 6.14 If the Agency misuses the premises or facilities of the Company (SAIL), forcefully occupies, tampers or damages the Company's properties including land, water resources, forests / trees, etc.

(Note: The examples given above are only illustrative and not exhaustive. The Competent Authority may decide to ban business dealing for any good and sufficient reason).

7 Banning of Business Dealings

- 7.1 Normally, a decision to ban business dealings with any Agency should apply throughout the Company including Subsidiaries. However, the Competent Authority of the Plant / Unit except Corporate Office can impose such ban unit-wise only if in the particular case banning of business dealings by respective Plant / Unit will serve the purpose and achieve its objective and banning throughout the Company is not required in view of the local conditions and impact of the misconduct / default to beyond the Plant / Unit. Any ban imposed by Corporate Office shall be applicable across all Plants / Units of the Company including Subsidiaries.
- 7.2 For Company-wide banning, the proposal should be sent by ACVO of the Plant / Unit to the CVO through the Chief Executive of the Plant / Unit setting out the facts of the case and the justification of the action proposed alongwith all the relevant papers and documents except for banning of business dealings with Foreign Suppliers of imported coal/coke.

The Corporate Vigilance shall process the proposal of the Plant / Unit for a prima-facie view in the matter by the Competent Authority nominated for Company-wide banning.

The CVO shall get feedback about that agency from all other Plants / Units. Based on this feedback, a prima-facie decision for banning / or otherwise shall be taken by the Competent Authority.

If the prima-facie decision for Company-wide banning has been taken, the Corporate Vigilance shall issue a show-cause notice to the agency conveying why

it should not be banned throughout SAIL.

After considering the reply of the Agency and other circumstances and facts of the case, a final decision for Company-wide banning shall be taken by the Competent Authority.

- 7.3 There will be a Standing Committee in each Plant / Unit to be appointed by Chief Executive for processing the cases of “Banning of Business Dealings” except for banning of business dealings with foreign suppliers of coal/coke. However, for procurement of items / award of contracts, to meet the requirement of Corporate Office only, the committee shall be consisting of General Manager / Dy. General Manager each from Operations, Finance, Law & CMMG. Member from CMMG shall be the convener of the committee. The functions of the committee shall, inter-alia include:
- i) To study the report of the Investigating Agency and decide if a prima-facie case for Company-wide / Local unit wise banning exists, if not, send back the case to the Competent Authority.
 - ii) To recommend for issue of show-cause notice to the Agency by the concerned department.
 - iii) To examine the reply to show-cause notice and call the Agency for personal hearing, if required.
 - iv) To submit final recommendation to the Competent Authority for banning or otherwise.
- 7.4 If the Competent Authority is prima-facie of view that action for banning business dealings with the Agency is called for, a show-cause notice may be issued to the Agency as per paragraph 9.1 and an enquiry held accordingly.
- 7.5 Procedure for Banning of Business Dealings with Foreign Suppliers of imported coal/coke.
- i) Banning of the agencies shall apply through out the Company including Subsidiaries.
 - ii) Based on the complaint forwarded by ED (CIG) or received directly by Corporate Vigilance, an investigation shall be carried out by Corporate Vigilance. After investigation depending upon the gravity of the misconduct, Corporate Vigilance may send their report to Executive Director, Coal Import Group to be placed before a Committee consisting of the following :-
 1. ED (F&A)/Head of Corporate Finance,
 2. ED, CIG/Head of CIG – Convenor of the Committee
 3. ED, CMMG/Head of CMMG, Corporate Office
 4. ED (Law)/Head of Corporate Law

The Committee shall examine the report and give its comments / recommendations within 21 days of receipt of the reference by ED, CIG.
 - iii) The comments / recommendations of the Committee shall be placed by ED, CIG before SAIL Directors’ Committee (SDC) constituted for import of Coal. If SDC opines that it is a fit case for initiating banning action, it will direct ED (CIG) to issue show-cause notice to the agency for replying

within a reasonable period.

- iv) On receipt of the reply or on expiry of the stipulated period, the case shall be submitted by ED (CIG) to SDC for consideration & decision.
- v) The decision of the SDC shall be communicated to the agency by ED (CIG).

8 Removal from List of Approved Agencies - Suppliers / Contractors, etc.

- 8.1 If the Competent Authority decides that the charge against the Agency is of a minor nature, it may issue a show-cause notice as to why the name of the Agency should not be removed from the list of approved Agencies - Suppliers / Contractors, etc.
- 8.2 The effect of such an order would be that the Agency would not be disqualified from competing in Open Tender Enquiries but LTE may not be given to the Agency concerned.
- 8.3 Past performance of the Agency may be taken into account while processing for approval of the Competent Authority for awarding the contract.

9 Show-cause Notice

- 9.1 In case where the Competent Authority decides that action against an Agency is called for, a show-cause notice has to be issued to the Agency. Statement containing the imputation of misconduct or mis-behaviour may be appended to the show-cause notice and the Agency should be asked to submit within 15 days a written statement in its defence.
- 9.2 If the Agency requests for inspection of any relevant document in possession of SAIL, necessary facility for inspection of documents may be provided.
- 9.3 The Competent Authority may consider and pass an appropriate speaking order:
 - a) For exonerating the Agency if the charges are not established;
 - b) For removing the Agency from the list of approved Suppliers / Contractors, etc.
 - c) For banning the business dealing with the Agency.
- 9.4 If it decides to ban business dealings, the period for which the ban would be operative may be mentioned. The order may also mention that the ban would extend to the interconnected Agencies of the Agency.

10 Appeal against the Decision of the Competent Authority

- 10.1 The Agency may file an appeal against the order of the Competent Authority banning business dealing, etc. The appeal shall lie to Appellate Authority. Such an appeal shall be preferred within one month from the date of receipt of the order banning business dealing, etc.
- 10.2 Appellate Authority would consider the appeal and pass appropriate order which shall be communicated to the Agency as well as the Competent Authority.

11 Review of the Decision by the Competent Authority

Any petition / application filed by the Agency concerning the review of the banning order passed originally by Chief Executive / Competent Authority under the existing guidelines either before or after filing of appeal before the Appellate Authority or after disposal of appeal by the Appellate Authority, the review petition can be decided by the Chief

Executive / Competent Authority upon disclosure of new facts / circumstances or subsequent development necessitating such review. The Competent Authority may refer the same petition to the Standing Committee for examination and recommendation.

12 Circulation of the names of Agencies with whom Business Dealings have been banned

- 12.1 Depending upon the gravity of misconduct established, the Competent Authority of the Corporate Office may circulate the names of Agency with whom business dealings have been banned, to the Government Departments, other Public Sector Enterprises, etc. for such action as they deem appropriate.
- 12.2 If Government Departments or a Public Sector Enterprise request for more information about the Agency with whom business dealings have been banned, a copy of the report of Inquiring Authority together with a copy of the order of the Competent Authority / Appellate Authority may be supplied.
- 12.3 If business dealings with any Agency has been banned by the Central or State Government or any other Public Sector Enterprise, SAIL may, without any further enquiry or investigation, issue an order banning business dealing with the Agency and its inter-connected Agencies.
- 12.4 Based on the above, Plants / Units may formulate their own procedure for implementation of the Guidelines **and same be made a part of the tender documents.**

Annexure --V**General Rules and Regulations governing conduct of On-line Reverse Auctions****1. Service Provider:**

For conducting the Reverse Auction, Steel Authority of India Limited (SAIL) has engaged the services of **mjunction (hereinafter referred to as Service Provider or SP)** for conducting the Reverse Auctions. SP is fully authorized to give clarifications / coordinate with the supplier on behalf of SAIL w.r.t. conduct of Reverse Auction. Their address and contact details are as given alongside.

mjunction services limited,
Tata Centre
43, Jawarharlal Nehru Road
Kolkata – 700 071
Phone : 033-66133212
Fax : 033 - 66133222
Email: kaushik.sarkar@mjunction.in

2. Introduction to General Rules & Regulations:

The General Rules and Regulations provided herein govern the conduct of On-line Reverse Auctions operated by mjunction services Ltd. These rules cover the roles and responsibilities of the parties in the On-line Reverse Auctions on the Mjunction platform. **Acceptance in-toto to these General Rules and Regulations is a prerequisite for securing participation in the On-line Reverse Auctions on the mjunction platform.**

3. Role of Service Provider

Mjunction is the agency (operator) primarily providing the platform for conducting the Reverse Auction. As the agency providing the auction engine, the role of Mjunction would include:

- Setup the auction based on item details and price evaluation methodology as mentioned in tender document.
- Providing access through user-id protected by password to the approved bidders to participate in the auction.
- **Enhancing bidder awareness by providing them the details / steps of auction process to enable them to participate in Reverse Auction and to make them comfortable with the auction mechanism and bidding rules.**
- Summarizing auction proceedings and communicating of the outcome.

4. ROLE OF THE BIDDER

The role of the bidder is outlined below:

- Give online consent to General Rules and Regulations. Access to auction mechanism shall be provided only after such consent.
- Ensure that user-id and password to access the auction is not revealed to unauthorized persons.
- Participate in the Reverse Auction with the aim of bidding to secure the auctioned item in the auction (being selected for supplying SAIL's requirement in a Reverse Auction).
- Convey last quoted price in writing to SP, immediately after closure of Reverse Auction.
- Provide breakup of quoted price within stipulated time as mentioned in tender document or otherwise communicated.
- In the event of winning an allotment, fulfill all obligations under the contract.

5. Bidding Rules:

The Bidding Rules refer to the information and terms defined specifically for a particular Reverse Auction. The purpose of the Bidding rules is to provide approved bidder with the information and terms specific to the auction in which they are bidding. This would include:

- Start Time and duration of the Reverse Auction
- Any extension of the duration of the auction in the event of bids being received towards the end of the pre-specified duration
- Start Bid Price (if specified)
- Auction Quantity
- Price Decrements ((if specified)
- Other attributes (informational/non-negotiable in nature)

Participation in the auction process presumes complete awareness and understanding of the bidding rules.

6. Conduct of the Reverse Auction

The Reverse Auction shall be conducted on pre-specified date & time.

Mjunction retains the right to cancel or reschedule the Reverse Auction on any of the followings reasons:

- Some of the confirmed bidders are unable to access the module due to infrastructure problems such as sustained power failure or telecommunication breakdown.
- Bids are received but above the Start Bid Price

The duration of the Reverse Auction may also vary from the pre-specified period of time on account of termination of the auction by Mjunction:

- On the advice of the SAIL, or,
- On its own accord in case of situations where it is felt that continuance of the auction proceedings is prejudicial to the smooth conduct and / or integrity of the auction process.

7. PROBLEMS DURING THE CONDUCT OF THE REVERSE AUCTION

In the event of any problems being faced in the smooth conduct of the auction, Mjunction shall have the right to undertake one or more of the following steps:

- Cancellation of a bid
- Locking of bidders account (suspension of operations in the account) etc. Such intervention may even happen without seeking prior concurrence of SAIL.

MJ shall inform SAIL, clearly stating reasons, of such cancellation / suspension.

8. ENSURING PARTICIPATION & LOSS OF CONNECTIVITY

The bidders has to participate in the RA from their own office/ own arrangement. The bidder has to make arrangement for ensuring Internet connectivity throughout RA. For this, the bidder shall be solely and exclusively responsible for ensuring continuance of connectivity. SAIL or Service Provider shall in no way be responsible for ensuring Internet connectivity or the consequences arising out of disruption of Internet connectivity.

8. Liability of Service Provider:

mjunction shall not be liable to the SAIL / bidders in the auction or any other person(s) for:

- any breach of contract by any party in the fulfillment of the underlying contract.
- Any delays in initiating the online auction or postponement / cancellation of the online auction proceedings due to any problem with the hardware / software / infra structural facilities or any other shortcomings.

9. Confidentiality Clause:

Mjunction undertakes to handle any sensitive information provided by the SAIL or confirmed bidders for the Reverse Auctions conducted on the Mjunction platform with utmost trust and confidentiality.

10. JURISDICTION:

Any disputes relating to the online Reverse Auction module shall be subject to the sole jurisdiction of the district court of Kolkata.

11. RIGHT OF SAIL:

SAIL reserves the right to fully / partly accept or reject any or all bids placed in the online Reverse Auction without assigning any reason whatsoever. SAIL also reserves the right to allot the tendered quantity to one or more bidders.

Definition of Key Terms

1. **Reverse Auction** : Reverse Auction refers to a forum where the requirement for one/more Lots of an item is stated and the participants are required to bid down the price to be selected to supply the requirement.
2. **On-line Reverse Auction** : On-line Reverse Auctions refer to those Reverse Auctions conducted through the Internet with simultaneous bidding (from one or more locations). In other words, the venue for the auction is on an Internet website/ platform. The Mjunction website (<http://auction.buyjunction.in>) or any other URL assigned by Mjunction would constitute the venue for the purpose of the On-line auction.
3. **Award at the Reverse Auction**: The bidder quoting the lowest price is normally allotted the item unless otherwise specified by the SAIL.
4. **Buyer i.e. SAIL**: SAIL is the individual/business entity who has contracted Mjunction to conduct such Reverse Auction. In case of Reverse Auction, the purpose would be to meet their requirement for item/s from among the sellers desiring to sell the items to the SAIL.
5. **Bidder**: Bidder is the individual/business entity participating in the Reverse Auction, intending to supply the item/s to the SAIL. To become a Bidder in the auction, a business entity has to secure SAIL's approval for participation and also provide written assent to the General Rules and Regulations.
6. **Auction Engine**: Auction Engine refers to the software that encapsulates the entire auction environment, processing logic and information flows. Mjunction is the sole owner of the auction engine and retains exclusive right over the utilization of the same.
7. **Preview Time** : Preview Time refers to the period of time that is provided prior to the commencement of bidding. This is to facilitate approved participants to view the auction details such as item specifications, bidding details and bidding rules. The purpose is also to familiarize participants with the functionalities and screens of the auction mechanism. It is not mandatory for Mjunction to provide Preview Time.
8. **Start Time** : Start time refers to the time of commencement of the conduct of the On-line auction. It signals the commencement of the Price Discovery process through competitive bidding.
9. **Duration of the Reverse Auction**: It refers to the length of time the price discovery process is allowed to continue by accepting bids from competing bidders. The duration of the auction would normally be for a pre-specified period of time. However, the bidding rules may state the conditions when the pre-specified duration may be extended/ curtailed. The conditions include:
 - Curtailment of auction duration in the event of no bids for a specified period of time (Inactivity Time)
 - Automatic extension in the event of bids being entered towards the end of the scheduled duration to facilitate the other bidders to view and react to the bid.
10. **Auto Extension of the Auction Timings** : In the event of bids in the last few minutes of the scheduled bid time, the Bid Timings are automatically extended for a specified period from each such bid. Such Auto Extension shall continue until no bids are placed for the specified period (Engine remains inactive for the specified period). The Inactivity Time for Auto Extension purpose is normally 5 minutes. Mjunction however retains the right to change the same. The Inactivity time applicable for the particular On-line Bid shall be

communicated to the bidder if it will be set to a value other than 5 minutes.

11. **End of the Reverse Auction** : End of the Auction refers to the termination of the auction proceedings signaling an end to the price discovery process.
12. **ID and Pass Word**: Pass Word and ID shall be given to all the eligible tenderers by the Service Provider for enabling them to participate in the Reverse Auction.
13. **Start Bid Price**: Wherever indicated, Start Bid Price, is the Maximum Price, which will be accepted by the Reverse Auction engine. Supplier have to quote a price lesser than the Start Bid Price for participating in the Reverse Auction. The computer shall not accept Price higher than Start Bid Price for a lot. Bidding will start at start Bid Price to be Intimated to the vendors eligible for bidding at the start of the auction. This will be put up on the site .
- 14 **Minimum Decrement**: Minimum decrement is the minimum amount by which, a supplier has to reduce his bid value in order to beat the latest lowest bid. For example if a bidder bids Rs 10,00,000/- for a Lot, others, in order to beat this bid, have to quote a lower price with a minimum decrement say of Rs 2,500/- i.e. in order to be eligible they have to quote Rs. 9,97,500/- (or lower) for the same Lot. This minimum decrement shall be pre-decided by SAIL and will be in-built in the RAevent.
- 15 **Proxy Bid** is a bidding option through which, the system places bids on your behalf. you need to check (click) the proxy bid box on the screen and place the lowest value to which you can bid and then place submit button and confirm. Once the proxy is activated the bids are placed automatically as per the minimum decrements. The lowest value of your proxy bid amount is not visible by any other bidder / observer / auction controller.

When a bidder exercises the proxy option, the proxy bid remains L1 till the lower bid value fed in the auction machine is exhausted i.e. a lower bid, less than the lower bid value offered by the bidder exercising the proxy, is offered by another bidder. If a bidder bids a price equal to the lower limit of the proxy bid, the proxy bidder gets precedence over him at that price.

Example : Suppose, the current bid in the market is Rs.10000 and the min. decrement is Rs.100 and you have activated proxy till Rs.9500. Now say a bidder places a bid of Rs.9800, the system automatically bids Rs.9700 on your behalf at the same time and keeps you as a leading bidder.

In the following circumstances, a bidder may opt for proxy bidding.

1. *Where the bidder is not confident of a reliable Internet Connectivity*
2. *Where the speed of Internet Connection is slow and unable to catch-up with the speed of competitor's bids*
3. *To remain a leading bidder till the lowest bid value fed in the auction machine.*
4. *Where the bidder is required to put bids in more than one Market/Lot at a time*
5. *Bidder is pre-occupied and not in a position to put bids live as the auction is going on.*

16. **Rank Bidding** :-- As the name describes here bidders will be shown their rank depending upon their bid value placed in the auction engine. In this type of auction there will be no tie bid in the L1 position; for all other positions from L2 onwards ties bids are possible. However in case bids in a non L1 position gets tied at the same value the ranking will take into consideration the time of registration of bids in the system. For example If the current L1 price of a auctions is Rs 5500, the system will only accept a price that is not equals Rs 5500 and lower by atleast one bid decrement of previous bid of the bidder. However for a price that is more than Rs 5500 in multiples of the bid decrement the system can accept two or more bids at the same price; the bids will be ranked on the basis of their time of registry in the system with the bid registered first getting the lowest rank.

In rank bidding there is no provision for "proxy" activation as the bidder will not lowering the current market price, hence the range for "proxy" can't be set.

Annexure – VI

List of eligible schedule Commercial Banks for acceptance of BG

Sl No.	Bank Name	Sl No.	
	SBI & Associate banks of SBI		Foreign Banks
1	State Bank of India	41	ABN Amro Bank NV
2	State Bank of Bikaner & Jaipur	42	American Express Banking Corporation
3	State Bank of Hyderabad	43	Bank of America
4	State Bank of Indore	44	Bank of Tokyo-Mitsubhisi Ltd
5	State Bank of Mysore	45	Barclays Bank Plc
6	State Bank of Patiala	46	BNP Paribus
7	State Bank of Saurashtra	47	Citi Bank N.A.
8	State Bank of Travancore	48	Calyon Bank
	Nationalised Banks	49	Deutsche Bank
9	Allahabad Bank	50	DBS Bank Ltd
10	Andhra Bank	51	The Hongkong & Sanghai Banking Corpn.
11	Bank of Baroda	52	J.P. Morgan Chase Bank Ltd.
12	Bank of India	53	Mizuho Corporation Bank Ltd
13	Bank of Maharastra	54	Societe Generate
14	Canara Bank	55	Standard Chartered Bank
15	Central Bank of India		
16	Corporation Bank		
17	Dena Bank		
18	Indian Bank		
19	Indian Overseas Bank		
20	Oriental Bank of Commerce		
21	Punjab National Bank		
22	Punjab & Sind Bank		
23	Syndicate Bank		
24	UCO Bank		
25	Union Bank of India		
26	United Bank of India		
27	Vijaya Bank		
	Other Public Sector Banks		
28	Industrial Development Bank of India		
	Private Sector Banks		
29	Federal Bank		
30	HDFC Bank Ltd		
31	ICICI Bank Ltd.		
32	Indusind Bank		
33	ING Vysya Bank Ltd.		
34	Jammu & Kashmir Bank Ltd.		
35	Karnataka Bank Ltd.		
36	Karur Vysya Bank Ltd.		
37	Kotak Mahindra Bank Ltd.		
38	South Indian Bank Ltd.		
39	Axis Bank Ltd.		
40	Yes Bank Ltd.		

PART-B (RFQ FORMS)

RFQ No. SAIL/DSP-PUR/CPA/HC FE-CR/II-SM/2013-14/9000007821

Dated : 29/10/2013

DUE ON 26-11-2013 at 12.00 hours