GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 2016/ RS(I)/ 874/69/1802 New Delhi, dated : 08.06.2016

M/s. FAG Bearings India Ltd.,
P.O. Maneja,
Vadodara
Gujarat 390013

Dear Sirs,

DEVELOPMENTAL ORDER

Sub : Developmental Contract No. 2016/RS(I)/874/69/1802 dated 08.06.2016 for manufacture and supply of Class 'K' Cartridge Tapered Roller Bearings (CTRB).

Ref : (i) Tender No. 2015RSI8743TC opened on 28.12.2015.
(ii) Your e-offer against this tender.

1.0 In consideration of your e-offer, the President of India, acting through Executive Director, Railway Stores (S), Ministry of Railways (Railway Board), hereafter called the "Government" is pleased to enter into a Running developmental contract on you for manufacture and supply of 1,200 Sets of Class 'K' (6 ½" x 9") Cartridge Taper Roller Bearings complete for use on freight stock wheel and axle assembly as per details given hereunder :

2.0 PARTICULARS OF ORDER:

DESCRIPTION	SPECIFICATION	QUANTITY (IN SETS)	TOTAL BASIC RATE PER UNIT (₹)
AAR approved Cartridge Taper Roller Bearing Class K (6 ½" x 9") including double cup cones, rollers, retainers, spacer, wear ring, grease seals and grease:	AAR specification NO. M-934-2012 or latest.	1,200	19,140/-

2.1 **PRICE BREAK UP:**

The price of one set of Class 'K' CTRB consists of following:

	Description	Basic price (in ₹)
1.	AAR approved CTRB Class 'K', 6 ½ " x 9", including Double Cup, Cones, Rollers, Retainers, Spacer, Wear Rings, Grease Seals & Grease to AAR specification NO. M-934-2012.	17,460/-
2.	Side frame key with Nuts & Bolts, Washer & Split Pins as per RDSO Drawing No. SK 13012-S-04, Alt. Nil(drawing item nos. 2 & 4).	250/-
3.	Locking Plate to RDSO drawing No. WD-06085-S-02, Alt. Nil.	40/-
4.	Backing Ring.	350/-
5.	Narrow jaw Adapter to RDSO drawing No. WD-15020-S-3, Alt.1	1,000/-
6.	Labour charge for mounting	40/-
	Total Basic rate	**19,140/-**
	All inclusive rate	**22,607.68/-**

2.2 **Total Contract Value:** ₹ 2,71,29,216/- (Rupees Two crore, Seventy one lakh Twenty nine thousand Two hundred and Sixteen only) including Excise Duty @ 12.5%, VAT @ 5% on total cost except labour charge for mounting, labour charges for mounting and service charge @ 14.5% on mounting charge.

2.3 Railways reserve the right to procure CTRBs without Adapters & without Accessories within overall contract quantity. Firm will source all the accessories from the approved sources of their respective OEMs.

3.0 Prices are on FOR Vadodara basis. No price variation is applicable.

4.0 Prices indicated in column 4 at para 2.0 & column 3 at para 2.1 above are exclusive of Excise Duty @ 12.5% and Sales Tax/VAT @ 5%. Excise Duty & Sales Tax/VAT will be applicable on the above price excluding mounting charge and will be reimbursed against documentary evidence, as may be legally applicable at the time of dispatch. Further CENVAT benefits available, if any, are to be passed on to the purchaser. For interstate supplies, CST @ VAT of seller's state will be applicable. Similarly for intra-state supplies VAT net of input tax credit will be applicable. Claim for Excise Duty on each bill should be supported by the following document:

"The rate of ED is ad-valorem. The ED at present legally leviable in this case is ₹ _____, i.e., ____% of ₹ _____, being the unit value of the stores assessed by the concerned authority of the Excise Department.

Certified that the amount of ₹____ claimed as ED in this bill is in accordance with the provision of the rules in all respects and the same has been actually paid to the excise authorities in respect of the stores covered by this bill."

4.1. **SERVICE TAX:** Service Tax on mounting charge will be payable extra on actual subject to documentary evidence. The present rate of Service Tax is 14.5%, net of input tax credit.

4.2 Any statutory variations during the original currency of the contract will be on purchaser's account.

5.0 **OCTROI DUTY:** No octroi duty is payable. If required, only Octroi exemption certificate will be issued by the Consignees. Entry Tax will be borne by the firm.

6.0 **CENVAT:** The price mentioned above is net and inclusive of CENVAT and other set off as is currently applicable. You will have to pass on such additional duties as set offs to the purchaser as may become available in future in respect of all the inputs used in the manufacture of the final product on the date of supply under CENVAT SCHEME by way of reduction in price.

You will have to submit following certificate with your bills for payment.

"We hereby declare that additional set offs/ input tax credit to the tune of ₹ _____ has accrued and accordingly, the same is being passed on to the purchaser, and, to that effect, the payable amount may be adjusted."

7.0 **TERMS AND CONDITIONS:** The contract shall be governed by Indian Railway Standard Conditions of Contract, conditions indicated in the Bid Document in so far as these are not in agreement with the conditions given in the contract:

7.1 **PLACE OF DELIVERY** : Will be intimated by CMM/BI, Eastern Railway, Kolkata.

7.2 **PLACE OF MANUFACTURE** : VADODARA (GUJARAT)

7.3 **PAYING AUTHORITY** : FA & CAO (WC), Northern Railway.

7.4 The above order is also subject to the following:

(i) Bulk manufacturing will commence only after assessment of capacity and capability of the firm and their manufacturing facility at Vadodara by AAR.

(ii) You will get your drawings & Quality Assurance Plan (QAP) approved by RDSO before commencement of supply against this contract.

(iii) All references, clarifications, amplifications regarding technical matters pertaining to specifications, drawings, design etc. as required by Director General, RDSO, Manak Nagar, Lucknow may be furnished to them.

(iv) The payments for supplies will be made only after receipt of the complete sets and not in parts.

(v) Initial greasing of CTRB as recommended by AAR/OEM must be done.

(vi) **MAINTENANCE MANUALS & MECHANICAL TRACING:** You will have to submit one set of "as made drawings" & maintenance manual to RDSO, notwithstanding past supplies.

(vii) Any statutory variations during the original currency of the contract will be on purchaser's account.

8.0 **DELIVERY:** Supplies will commence within 8 months after placement of the contract. **However, bulk manufacturing will commence only after assessment of capacity and capability of the firm and their manufacturing facility at Vadodara by AAR.**

9.0 **MODE OF DELIVERY:** Material to be dispatched by Road/Rail. Preferred mode of dispatch is by road.

10.0 **FREIGHT:** Freight up to destination will be borne by the firm.

11.0 **INSPECTION:** Inspection will be done by authorized representative of DG/RDSO at Vadodara (in M/s.FAG's premises) before dispatch of material.

11.1 The cost of test at Government Test House or other institution will be to contractor's account.

11.2 On the original copy of the Inspection Certificate the word "COPY FOR PAYMENT" and on all other copies "NOT FOR PAYMENT" should be printed.

11.3 Accessories mentioned at Sr. No. 2 to 5 of Para 2.1 will be sourced from the approved sources of respective OEMs.

12.0 **MOUNTING:** Director Wagon (I&L), RDSO, Manak Nagar, Lucknow or his nominee or CME's of all Indian Railway or their authorized representative will issue mounting certificate.

12.1 **REJECTION DURING MOUNTING:** Adequate packing of bearings should be provided to withstand the vagaries of transit and storage. All bearing rejected during mounting should be replaced by you free of cost.

12.2 **SERVICE ENGINEER:** The Contractor shall make available at their own cost, competent technical personnel for mounting the Roller Bearings and Technical Services.

13.0 **TERMS OF PAYMENT:** Subject to recoveries, if any, under the Liquidated Damages Clause 0702 of the Indian Railways Standard Conditions of the Contract, payments will be made as under:-

13.1 For dispatches to Zonal Railways

13.1.1 95% payment for the stores or each consignment (excluding mounting charges) thereof will be made against Inspection Certificate and proof of dispatch. For dispatch of material by road, it is the challan of the supplier duly certified by the consignee Gazetted Officer towards receipt of material in good condition at consignee's end will constitute the proof of dispatch for the purpose of payment. For rail dispatch, clear and unqualified RR/ PWB may be considered as the proof of dispatch.

13.1.2 Balance 5%, payment will be made on receipt and acceptance of stores by the consignee, signified by granting of Receipt Note. In other words, balance 5% payment shall be made against Receipt Note.

13.2 For dispatches to Wagon manufacturers

13.2.1 100% of the value of the invoice will be made against inspection certificate and receipt documents issued by authorized representative of Wagon manufacturers certifying that the material has been received and accepted in good condition.

13.3 Mounting charges @ ₹ 40 (being part and parcel of unit price) per CTRB with service tax @14.5% will be paid after the CARTRIDGE TAPERED ROLLER BEARING have been satisfactorily mounted on the wheel-sets, the claim for which should be supported by a certificate from the authorities indicated in

clause 13.0 above that the "Cartridge Tapered Roller Bearings have been satisfactorily mounted".

14.0 **PENALTY FOR DELAY IN SUPPLIES:** In case of failure on your part to arrange supplies as per the delivery schedule/installments fixed in advance, save force majeure conditions or delays attributable to Purchaser, the purchaser reserves the right to levy Liquidated Damages which shall be levied as under:

Liquidated damages and not by way of penalty, a sum of equivalent to 2% (two percent) of the price of any stores (including elements of taxes, duties freight etc.) which the contractor has failed to deliver within the period fixed for delivery in the contract or as extended for each month or part of a month during which the delivery of such stores may be in arrears where delivery thereof is accepted after expiry of the aforesaid period, subject to a maximum of ten percent of value of the delayed supplies. This is in addition and without prejudice to other rights under the terms of contract.

15.0 **SECURITY DEPOSIT:** The contractor shall deposit as security a sum of ₹ 20,00,000/- (Rupees twenty lakhs only) with the paying Authority. In case, this is done through a Nationalized Bank Guarantee Bond, it should be in a format approved by the Paying Authority and a copy thereof should be sent to this office. Security deposit bond should be valid for a period of 60 days beyond the terminal date of Delivery Period. In case of failure on your part to execute the contract, save Force Majeure conditions, the above security deposit shall be forefeited.

16.0 **GURANTEE / WARRANTY:** The bearings complete and their components (in case supplied individually) shall be guaranteed for satisfactory performance for a period of 48 months after supply or 36 months after putting into service whichever is later. The guarantee shall cover design, material and workmanship. The contractor at his own expense shall replace the defective lot of materials supplied against relevant contract, in case of pre-mature failure of any component/sub assembly.

16.1 **Bank Guarantee towards Guarantee obligation** : You will have to furnish a bank guarantee of 10% of Material value to cover their guarantee obligation. The format of the Guarantee bond is annexed. Bank Guarantee (BG) to be submitted by suppliers/contractors should be sent directly to the concerned paying authorities by the issuing bank under Registered Post AD.

17.0 **PAYMENT & MAINTANCE OF ACCOUNTS:** Paying Authority indicated in para 7.3 will maintain accounts and arrange all the payments in terms of clause 2300 and 2302 of the Indian Railway Standard Conditions of the contract.

18.0 **PACKING:** The Cartridge Bearings shall be suitably packed to protect them against ingress of dust, dirt and moisture. The supplier will be responsible for proper packing methods and should ensure that these packing methods are adequate for handling at Indian Ports and Inland Rail/Road Transport.

19.0 The Contract is issued by order and in the name of the President of India.

20.0 Copies of the dispatch particulars of all the consignment along with copies of inspection certificate should be sent to this office.

21.0 Monthly Progress Report of supplies should be submitted, indicating supplies made during the month, cumulative, supplies upto the month quantities outstanding. This Progress Report should reach this office by 7th of every month.

22.0 No technical & commercial deviations are acceptable.

23.0 **FORCE MAJEURE CLAUSE:**

Force Majeure means an event beyond the control of the contractor and not involving the contractor's fault or negligence and which is not foreseeable. Such events may include, but are not restricted to acts of the purchaser either in its sovereign or contractual capacity, wars or revolutions, hostility, acts of public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts and freight embargoes, however, it should not be used by a party to effectively escape liability for bad performance.

If there is delay in performance or other failures by the contractor to perform its obligation under its contract due to event of a Force Majeure, the contractor shall not be held responsible for such delays/failures.

If a Force Majeure situation arises, the contractor shall promptly notify the purchaser in writing of such conditions and the cause thereof within twenty-one days of occurrence of such event with reasonable evidence thereof. Unless otherwise directed by the purchaser in writing, the contractor shall continue to perform its obligations under the contract as far as reasonably practical and shall seek all reasonable alternate means for performance not prevented by the Force Majeure event.

If the performance in whole or part or any obligation under this contract is prevented or delayed by any reason of Force Majeure for a period exceeding sixty days, either party may at its option terminate the contract without any financial repercussion on either side.

There may be a Force Majeure situation affecting the purchase organization also. In such a situation, the purchase organization is to take up with the supplier on similar lines as above for further necessary action.

24.0 **ARBITRATION** :

(a) In the event of any question, dispute or difference arising under these conditions or any special condition of contract, or in connection with this contract (except) as to any matters the decision of which is specially provided for by these or the special conditions) the same shall be referred to the sole Arbitration of a Gazetted Railway Officer appointed to be the arbitrator, by the concerned Member of the Railway Board. The Gazetted Railway Officer to be appointed as arbitrator however will not be one of those who had an opportunity to deal with the matters to which the contract relates or who in the course of their duties as railway servant have expressed views on all or any of the matters under dispute or difference. The award of the arbitrator shall be final and binding on the parties to this contract.

(b) In the event of the Arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his award being set aside by the Court for any reason, it shall be lawful for the authority appointing the Arbitrator to appoint arbitrator in place of the outgoing in the manner aforesaid.

(c) It is further a terms of this contract that no person other than the person appointed by the authority as aforesaid should act as Arbitrator and that if for any reason that is not possible, the matter is not to be referred to Arbitration at all.

(d) The Arbitrator may from time to time with the consent of all the parties to the contract enlarge the time for making the award.

(e) Upon every and any such reference, the assessment of the cost incidental to the reference and award respectively shall be in the discretion of the Arbitrator.

(f) Subject as aforesaid, the Arbitration and Conciliation Act, 1996 and the rules there under and any statutory modifications thereof for the time being in force shall be deemed to apply to the Arbitration proceeding under this clause.

(g) Supply under the contract shall, if reasonably possible continue during the arbitration proceedings and no payment due to or payable by the President of India shall be with held on account of such proceedings.

(h) The venue of arbitration shall be the place from which the contract is issued or such other place as the arbitrator at his discretion may determine.

(i) In this clause the authority to appoint the arbitrator includes, if there be no such authority the officer who is for the time being discharging the functions of that authority whether additional to other functions or otherwise.

25.0 Other terms & conditions will be as per tender document and IRS conditions of contract so far as these are not in agreement with the conditions given in the contract.

26.0 Please convey your unconditional acceptance addressed to the President of India within 15 days from the date of issue of this Contract through "Executive Director, Railway Stores(S), Ministry of Railways (Railway Board), Rail Bhavan, New Delhi", endorsing a copy of the same to the Paying & Inspecting Authorities as well as Chief Material Manager (BI), Eastern Railway, Kolkata. One copy of the Contract signed on each and every page as a token of acceptance should be returned to this office for record.

Yours faithfully,

(R.L. Bharadwaj)
Director, Railway Stores (W)
Railway Board
For and on behalf of the President of India

No. 2016/ RS(I)/ 874/ 69/ 1802 New Delhi, dated : 08.06.2016

Copy to:

1. FA& CAO (WC), Northern Railway, Baroda House, New Delhi. Payment may be made only after receipt of unqualified acceptance from the firm, submission of security deposit as per Clause 16.0, submission of BG towards warranty obligation as per clause 17.1 and against submission of bills supported by the original Inspection Certificate inscribed with the words "COPY FOR PAYMANT" from RDSO and on proof of delivery/ receipt. Debits of payments made for supplies made for wagon manufacturing activity should be raised to RSP number indicated in the Supply Orders. Debits of payments made for supplies against maintenance activity should be raised to respective Zonal Railways against their indents.
2. Dy. CA&G (Railways), Room No.224, Rail Bhavan, New Delhi.
3. Director of Audit, Northern Railway, New Delhi.
4. A/Cs.IV(BO), RS(B), RS(T), F(S)I & RS(PF&EC) Branches of Board's office.

for Financial Commissioner/Railways

No. 2016/ RS(I)/ 874/ 69/ 1802 New Delhi, dated : 07.06.2016

Copy to:-

1. CMM(BI), Eastern Railway, 3, Koilaghat Street (Top Floor), Kolkata-700001 (with 2 spare copies). For deliveries to be made to the wagon manufacturers, RSP details of the wagon contract may be indicated in the Supply Orders so that debits for the payments made may be raised accordingly.
2. Executive Director (QA), RDSO, Manak Nagar, Lucknow-226011
3. Executive Director(Standard)/Wagon, RDSO, Manak Nagar, Lucknow.
4. Director General (I&L), RDSO, Manak Nagar, Lucknow-226011.
5. Director Standard Wagon, RDSO, Manak Nagar, Lucknow-221160.
6. Director (I&L), RDSO, behind Shankar Market, New Delhi-110001. Inspection may be undertaken only after receipt of unqualified acceptance from the firm and to inscribe the words "COPY FOR PAYMENT" on the original copy of inspection certificate and on all others "COPY NOT FOR PAYMENT".

Yours faithfully,

(R.L. Bharadwaj)
Director, Railway Stores (W)
Railway Board

Annexure-X

GUARANTEE BOND (for Security Deposit and Warranty Obligation)

In consideration of the President of India (hereinafter called "the Government") having agreed to exempt..... [hereinafter called "the said Contractor(s)"] from the demand, under the terms and conditions of an Agreement dated ..... made between ..... and ..... for .....(hereinafter called "the said Agreement"), of security deposit for the due fulfillment by the said Contractor(s) of the terms and conditions contained in the said Agreement, on production of a Bank Guarantee for Rs..... (Rupees.....only), we, ...Bank Ltd., (hereinafter referred to as "the Bank") do hereby undertake to pay to the Government an amount not exceeding Rs.....against any loss or damage caused to or suffered or would be caused to or suffered by the Government by reason of any breach by the said Contractor(s) of any of the terms or conditions contained in the said Agreement.

2. We, ...Bank Ltd., do hereby undertake to pay the amount due and payable under this guarantee without any demur, merely on a demand from the Government stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by the Government by reason of any 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 the Bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding Rs.....

3. We, ... Bank Ltd., further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Agreement and that it shall continue to be enforceable till all the dues of the Government under or by virtue of the said Agreement have been fully paid and its claims satisfied or discharged or till ..... (Office/Department) Ministry of ..... certifies that the terms and conditions of the said Agreement have been fully and properly carried out by the said Contractor(s) and accordingly, discharges the guarantee. Unless a demand or claim under this guarantee is made on us in writing on or before the ....., we shall be discharged from all liability under this guarantee thereafter.

4. We, ...Bank Ltd., further agree with the Government that the Government shall have the fullest liberty without our consent and without effecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Agreement or to extend 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 the Government 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 the part of the Government or any indulgence by the Government to 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.

5. We, ... Bank Ltd., lastly undertake not to revoke this guarantee during its currency except with the previous consent of the Government in writing.

Dated the ..... day of 2016

For ..... Bank Ltd.