

**BHARAT DYNAMICS LIMITED
HYDERABAD**

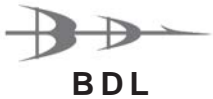


**INTEGRATED MATERIALS
MANAGEMENT MANUAL
2015**

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CHAPTER – I

VENDOR MANAGEMENT

1.1 VENDOR REGISTRATION:

Vendors are required to possess requisite facilities, skills, sound financial position, and fulfill statutory requirements as applicable and above all, commitment to quality. There should be consistent quality of supplies adhering to committed delivery schedule. To ensure conformance of the vendor to these requirements, following procedure will be adopted for including a firm into registered list of Vendors.

It is essential to have a comprehensive list of vendors both for production and non-production requirements, fabrication of components / assemblies and for service. This list of vendors is called as “Registered Vendor Master” and the same is to be maintained by CC. This Master shall serve as a guide for the divisional IMMs to select the sources for sending enquires. This vendor master is common for all divisions / units of BDL.

For registration, a vendor has to submit an application Online / Manual mode. CC scrutinize the application by verifying the documents submitted by the vendor along with registration fees. Vendors are classified as Supplier / Sub-Contractor / Service Provider / Civil Contractor / Foreign Supplier. Applications of all the different classifications are placed in Annexure.

a) SUPPLIER:

Vendors who supply items like raw materials, items with common specifications, branded specifications, machinery and equipment, items to industrial & defence specification are classified as Suppliers.

b) SUB-CONTRACTORS:

Manufacturers of production components and assemblies as per BDL specifications and fabricators of jigs & fixtures and tools as per drawings are classified as Sub-Contractors.

c) SERVICE PROVIDERS:

Maintenance contractors for machineries / equipments / computers, consultants, forwarding and clearing agencies, transport contractors, inspection / calibration agencies etc. are classified as Service Providers.

d) CIVIL CONTRACTORS:

All those who execute civil / electrical works for the purpose of construction / modifications of buildings and factory premises are classified as civil contractors.

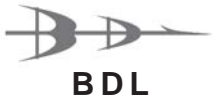
e) FOREIGN SUPPLIERS:

Foreign vendors who supply goods are classified as Foreign Supplier. However, application for registration may not be feasible in respect of foreign firms. CC shall register foreign vendors dealing in various types of items based on their satisfactory experience or published information or market survey.

Some organisations are required to be registered in the interest of BDL, Large organisations, who are reputed in India or Abroad and Govt. departments / Govt. Agencies / PSUs / may be registered with approval of Head CC, without any formal application.

1.1.1 ONE TIME REGISTRATION:

One time registration is done for the purpose of accounting for the vendors from whom the items are



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procured on petty purchase basis or through committee purchase. No record of such vendors shall be maintained and details, to the extent required for the purpose of accounting only are collected.

1.2 MARKET SURVEY AND ENLISTMENT OF NEW SOURCES:

CC shall organise vendor meets / exhibitions to invite new vendors to register. CC shall advertise products for which vendors are required, in news paper and / or hosting details in website. CC shall maintain regular interaction with National Small Industries Corporation (NSIC) / Micro Small & Medium Enterprise (MSME) to develop new vendors.

Limited tender enquiries are sent only to registered vendors. Vendors available in vendor master are not sufficient the following sources are referred to include additional vendors.

- a) Written suggestions from Defence Research & Development Organisation (DRDO) and other labs scientists after proper verification and market survey.
- b) DGS & D registration / RC
- c) Industrial directories / trade journals.
- d) Advertisement through renowned media sources.
- e) Technical literature circulated by firms.
- f) Responses received against 'Open Tender Enquiries'.

Wherever an enquiry is to be sent to additional vendors identified, IMM shall submit a Vendor Enrollment form with basic details of the vendor along with justification duly approved by Divisional Head to CC. CC will enroll such vendors on Temporary basis to send enquiries. In case of sub-contract items, the enquiry should be sent in two bid system only. The assessment of the vendor shall be done before opening price bids. Their quotation shall be considered if the vendor is found suitable on assessment.

Successful bidders in Open / Global tenders are registered with necessary information for a particular item only, if they are un-registered & do not apply for registration.

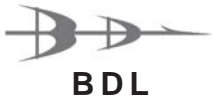
1.3 OUT SOURCING AND VENDOR DEVELOPMENT:

Out sourcing is defined as the act of sourcing goods and services that go into the production of various products.

BDL is shifting from vertical integration business model to system integration business model. Out sourcing will add to capacity enhancement, attain cost effectiveness and improve competitiveness in the market. It will enable in building technological and manufacturing capability inside the country.

In order to attain higher level of outsourcing, identify categories of goods and services, which can be considered for outsourcing. SEG / Methods departments in each division / project categorizes the items in Bill of Material (BOM) into mechanical subassemblies, electrical & electronic subassemblies etc. The grouping will help to identify suitable vendors for manufacture these items. Each vendor will be identified with specific category / group of items. Similar exercise would be conducted for services required for the product manufacturing, supply, installation & maintenance.

The assemblies and components are categorized based on the technology required and investment needed. Outsourcing strategy changes based on these factors and technology available across the country.



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In all the cases the assemblies / sub-assemblies / components which are strategic and are technically sensitive will be identified as in-house manufacturing category by SEG / Methods department. However the components in these in-house assemblies or sub-assemblies may be outsourced.

Category A: They are high technology and high investment items. These items require specific vendor development and even vertical integration.

These items require specific / focused vendor development. Technology providers also need to be identified in these cases. Collaboration with foreign OEM, Design agencies in India, focused in house R & D effort or joint development partnering with foreign OEM, design agencies in India could be ways to acquire technology.

If the technology has off shoot of larger orders in other products and markets other than the specific product in consideration Joint venture may be formed. Such JV will be formed based on SoP / Guidelines issued by MoD / Govt. from time to time.

Vendors suitable for absorbing such technology shall be identified based on the market survey while considering the existing registered vendors for BDL. Such selection would consider all aspects of the vendor Technical strength, Experience in relevant area of technology, financial soundness, experience and qualifications of the key persons, existing customer base, risks involved etc. In case of JV a consultant capable to prepare a business proposal may be engaged. In other cases where vendor partnering may require large financial investment, BDL shall support vendor in establishing the manufacturing facility and / or inspection facility and / or support engineering efforts and / or financial support. In all these cases, hand holding by BDL will be ensured to achieve the objectives of Organisation.

This process being techno commercial a committee nominated by FD shall be constituted with D &E, CC, Divisional representative, finance member and any other member(s) required on case to case basis. D & E or the concerned division shall initiate necessary proposal.

Category B: They are high technology and does not require large financial investment. These items require specific vendor development.

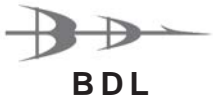
The process of selecting technologically suitable vendor is, by a committee constituted at divisional level or at corporate may evaluate vendors against various parameters and select the vendors. Wherever required D &E representative shall be involved.

Developments of these items require support of development agency like DMSRDE, HEMRL etc. In such cases vendor manufactures items under the guidance of development agency. Vendors are selected jointly by development agency and BDL in such cases.

Category C: They are medium technology and does not require large financial investment. No specific vendor development is required but vendors are registered based on their capabilities and categorised based on technology and processes.

Vendors are selected based on the requirement by committee / SEG of the division. However BDL shall provide necessary technical assistance to ensure that product is realised.

Category D: These are generic items which are manufactured by the vendors as made to stock items and there is no specific vendor development is needed. However to ensure sustained quality needs of the product, suppliers are also approved for these items and procurement would be made from them.



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1.4 DEVELOPMENT OF SOURCES FOR STANDARD ITEMS:

- a) Vendors approved by LCSO will be included in the vendor master for the specific product on approval by Head CC, as per requirements.
- b) Vendors are identified based on present and anticipated requirement of BDL in standard items other than electronic items. The requirement is consolidated by CC. Development of Sources for Standard Items shall be done as per the following procedure:
 - i. Reputed vendors are identified by CC.
 - ii. D&E shall be informed by CC to evaluate them.
 - iii. D&E will collect samples randomly to cover the range of products manufactured by the vendors.
 - iv. Samples will be tested by D&E.
 - v. On approval of samples, a pilot batch will be obtained, tested and validated based on the criticality.
 - vi. On approval of pilot batch the vendor will be approved for specific products / range of products as recommended by D&E and Vendor master will be updated accordingly by CC.

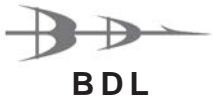
1.5 DEVELOPMENT OF ITEMS:

- a) The items are ordered with an initial development quantity of 25 Nos. or minimum quantity required for development. (Not to be linked with the quality required for the production)
- b) For category B, C & D the number of vendors required for each item is pre-determined by the concerned division and division shall ensure sufficient competition exists.
- c) Category A items may fall under single vendor situation hence long term business agreement shall be entered into, to ensure vendor has sufficient assurance in terms of orders.
- d) In case the requirement of quantity does not allow development of second vendor due to commercial or technical reasons, such exceptions requires the approval of FD. This would be applicable for all categories of items namely A,B,C&D.

1.6 LONG TERM BUSINESS AGREEMENT:

The object of entering into long term contract is to ensure vendor is provided reasonable assurance and sustained supply is maintained while encouraging competition among vendors.

- a) LTBA will be entered with vendors for a period of 3 to 4 years or more as case may be. The LTBA includes quantity proposed to be ordered, price, escalation if any, Quality requirements and other terms and conditions as normally included in a purchase Order.
- b) Each year Purchase Order is placed for one year requirement only, based on LTBA. However PO is placed early based on lead time required for the vendor to procure items and supply the product.
- c) The LTBA includes condition, that yearly order is based on previous performance. The vendor who did not supply full quantity in the previous year will be ordered with lesser quantity. Quantity for other vendor(s) would be enhanced.



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- d) Security Deposit if any is applicable will be for one year order only but not for quantity indicated in LTBA.
- e) LTBA will be entered with vendors who need to supply items to another vendor of BDL who supply sub-assembly/ assemblies. These vendors are either developed by BDL or development / design agency. The details of LTBA, the vendor from whom item is to be sourced, price, quality and other important terms and conditions are indicated in the tender while ordering sub-assembly/assembly.

1.7 ASSESSMENT:

Vendor assessment for Suppliers / Service Providers / Foreign Supplier / Civil Contractors is done primarily on the basis of documents submitted by the vendors to assessment committee. In cases of sub-contractors the assessment includes physical verification of the facilities of the vendor by the assessment committee.

The assessment committee includes representatives of CC, Corp Finance along with member with relevant technical experience, nominated by FD.

Assessment is done using necessary formats to select suitable vendors capable of meeting the product quality required. Vendors are registered on approval by assessment committee duly endorsed by Head CC. Any exception has to be approved by Head CC.

The vendors recommended by Designers, Licensors, Technology Collaborators etc, are registered for specific component / assembly only. They will be considered for supply of those items only, if they do not register themselves in BDL.

The vendors shall be categorized as per product group to select the relevant source.

Vendors having R&D facilities are clearly identified in the vendor master for selecting them for development of new items / D&E initiatives.

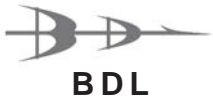
1.8 RENEWAL OF VENDORS:

Vendors are requested to submit their balance sheets, changes in contact details, tax particulars, addition of machinery and quality certifications added in the last year to update data in the vendor master. If the vendors fail to supply this data even after two years they will be short listed for review by CC.

If the vendor seeks the change of ownership, status etc, the firm shall furnish required documentary evidence. If the change is only in the address, the vendor shall furnish a copy of the declaration filed with the Sales Tax authorities.

Whenever a registered vendor seeks amendment to the name of his firm, the vendor shall furnish a copy of the Certificate of Incorporation / Certificate of Registration with SSI etc. to the effect that the same are also amended. Vendor shall also give a Certificate that the change of name does not in any way affect the composition, constitution, and capacities. Based on this, CC shall obtain approval from Head of CC and allot new vendor code in the Vendor Master. Whenever there is change in the status of the company (ex: - Partnership to Private Limited) the CC will amend the name against the vendor code.

The vendor master shall identify Micro / Small / Medium Scale Industries to enable selection of vendors. The monetary limit for each vendor is also defined which is equivalent to average turnover of previous three years of the vendor.



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1.9 TIER TWO AND TIER THREE VENDORS:

In case of Sub-contractors the efforts will be directed to improve the performance of the vendors and their sub-contractors. A specific clause shall be mentioned in terms and conditions where the product items are being tendered, with value above Rs. 50 Lakhs, that the vendor shall provide the list of their sub-contractors and activities outsourced to them and BDL reserves the right to audit the vendor premises and the premises of their sub-contractors. Separate record of Tier two / Tier three vendors shall be maintained at CC.

Tier two vendors are those who supply the items / extend services to BDL (sub-contractors).

Tier three vendors are those who supply items / extend services to tier two vendors.

1.10 VENDOR RATING:

Vendor Rating is the system of rating the vendors based on their performance parameters. Quality, quantity, time and service provided are the performance parameters.

Rating shall be updated online through CIM for purpose of monitoring the performance of the existing registered vendors.

Corporate vendor rating shall be aggregate of all the ratings of the divisions for a given vendor. The existing registered vendors shall be given a rating based on the actual performance, against every order annually.

Three different types of orders like supply orders, development orders and service contracts, exist for which vendor rating needs to be different due to the expected performance parameters being different.

1.10.1 VENDOR RATING FOR PROCUREMENT OF ITEMS THROUGH SUPPLIERS / SUB-CONTRACTORS:

- | | |
|---------------------------|----|
| a) Quality Rating (RQ) | 50 |
| b) Quantity Rating (RQTY) | 15 |
| c) Delivery Rating (RD) | 25 |
| d) Service Rating (RS) | 10 |

a) QUALITY RATING (RQ):

In case of 100 percent inspection of the material in the lot, quality rating will be computed as follows:

$$RQ = (Q_1 + 0.8Q_2 + 0.5Q_3) * 50 / Q$$

Where

Q_1 = Quantity accepted,

Q_2 = Quantity accepted with deviation,

Q_3 = Quantity accepted with rectification,

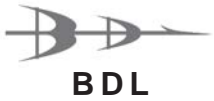
Q_4 = Quantity rejected,

Q = Total quantity supplied ($Q_1 + Q_2 + Q_3 + Q_4$),

Demerit factor when material is accepted with deviation = 0.8

Demerit factor when material is accepted with rectification = 0.5

In case of sample / batch inspection RQ = 50 for accepted lots and RQ = 0 for rejected lots.



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CIM will capture the quantity supplied and qty accepted, accepted with deviation / rejection from IGQC and perform the rating.

b) QUANTITY RATING (RQTY):

$$RQTY = \frac{\text{Total Qty supplied}}{\text{Total Qty scheduled}} \times 15$$

CIM will capture the total quantity ordered from P.O. and Qty supplied from PRV and perform the rating.

c) DELIVERY RATING (RD):

Delivery rating = If the vendor completes supplies within the scheduled delivery dates he gets full rating of 25 or NIL. CIM will capture the delivery date from PO and date of delivery challan from PRV.

The rating will be done PO wise for all the Divisions and the average rating will be arrived. The entire rating process is carried out through CIM.

The CIM data entry at the time of PO placement should clearly indicate the delivery schedule with dates and quantity. In case of vetting or acceptance of PO which is pre-requisite for supply of items, delivery dates and quantities are specified at that time of bill / invoice recommendations. In case of FIMs the delivery dates and quantity shall be specified at the time of recommending for External Issue Voucher (EXIV).

d) SERVICE RATING (RS):

Service Rating (RS) is to be assigned by the IMM department as in Table 1 for each consignment.

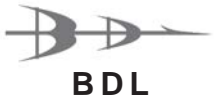
Table 1 Service Factors and Scores

Parameter	Maximum Score
Co-operative and readiness to help in emergencies	S ₁ = 2
Readiness to replace rejected material	S ₂ = 2
Providing support documents in time	S ₃ = 2
Promptness in reply	S ₄ = 2
Co-operation in delivering and implementing measures or avoiding recurrence of defects / complaints	S ₅ = 2
Total	10

e) COMPOSITE VENDOR RATING:

PARAMETER	RATING
i. Quality Rating (RQ)	50
ii. Quantity Rating (RQT)	15
iii. Delivery Rating (RD)	25
iv. Service Rating (RS)	10

$$\text{Vendor rating} = RQ + RQTY + RD + RS$$



1.10.2 VENDOR RATING FOR PROCUREMENT OF ITEMS THROUGH DEVELOPMENT IN D&E MODE.

PARAMETER	RATING
a) Quality Rating (RQ)	40
b) Delivery Rating (RD)	25
c) Service Rating (RS)	35

a) QUALITY RATING (RQ) :

Quality rating is computed as per the procedure detailed below:

Accepted first time	40
Accepted with rework	25

CIM will capture the quantity supplied and qty accepted, accepted with deviation / rejection from IGQC data and perform the rating.

b) DELIVERY RATING (RD):

Delivery rating = If the vendor completes supplies within the scheduled delivery dates he gets full rating of 25 or 100 % otherwise NIL.

c) SERVICE RATING (RS):

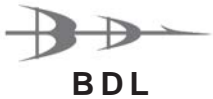
Service Rating (RS) is to be assigned by the IMM department with the support of project in charge, as in Table 1 for each consignment.

Parameter	Maximum Score
Co-operative and readiness to implement modifications.	$S_1 = 10$
Promptness in submitting the test reports / inspection details.	$S_2 = 10$
Supply of Design documentation / drawings / circuit diagrams etc.	$S_3 = 10$
Packing Quality.	$S_4 = 5$
Total	35

d) COMPOSITE VENDOR RATING:

PARAMETER	RATING
i. Quality Rating (RQ)	40
ii. Delivery Rating (RD)	25
iii. Service Rating (RS)	35

$$\text{Vendor rating} = \text{RQ} + \text{RD} + \text{RS}$$



1.10.3 VENDOR RATING FOR CONTRACTS / ORDERS WHERE SERVICE ARE

ACQUIRED: PARAMETER RATING

- a) Quality Rating (RQ) 40
- b) Service Rating (RS) 60

a) QUALITY RATING(RQ):

Parameters like meantime between failures, promptness in calibration, prompt assessment or meeting the contract objectives shall be considered for quality rating.

The evidence for the same has to be maintained by the department concerned and rating is done manually and entered in the CIM system.

b) SERVICE RATING (RS):

Service Rating (RS) is to be assigned by the PED / IMM department with the support of user department, as in Table 1 for each bill / invoice.

Parameter	Maximum Score
Promptness in attending the regular or planned activities / visits / calls	$S_1 = 25$
Co-operative and readiness to help in emergencies	$S_2 = 20$
Co-operation in delivering and implementing measures or avoiding recurrence of defects / complaints	$S_3 = 15$
Total	60

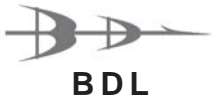
c) COMPOSITE VENDOR RATING:

- | PARAMETER | RATING |
|-------------------------|--------|
| i. Quality Rating (RQ) | 40 |
| ii. Service Rating (RS) | 60 |
- Vendor rating = RQ + RS

For specific order / contract meant for development of new item or for acquiring services the parameters for rating shall be different from the regular procurement orders. This is identified clearly against the PO. For these orders the supplies or service rendered shall be rated separately. In case of parameters like service rating where subjectivity cannot be avoided at least three independent opinions are obtained an average of three opinions is taken as

Based on the vendor rating score obtained by each vendor, the rating will be arrived.

- | VENDOR SCORE | RATING |
|------------------|---------------------|
| i. Above 80 | Very Good (A) |
| ii. 65 to 80 | Good (B) |
| iii. 50 to 65 | Satisfactory (C) |
| iv. Less than 50 | Un-satisfactory (D) |



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The vendor rating is done for each PRV / IRV at the time of forwarding the bill to Finance section by Divisional IMMs. The delivery date based on the conditions specified in PO like issue of FIMs etc., are taken into consideration by IMM and actual deliver date by which the supplies should have been realised are entered in CIM system at this stage. The rating is done annually in the month of April for supplies made in the previous financial year.

In case of sub-contractor, vendor rating is communicated by divisional IMM annually.

Annual vendor rating also is communicated to CC by Divisional IMMs. This information is consolidated and company wise vendor rating is done vendor wise and is communicated to the vendors appropriately.

CC organises trainings to the vendors and their sub-contractors who are doing the jobs for BDL as part of vendor development, incase their rating is C / D.

“D” rated vendors list is submitted to a committee headed by Head CC for review and further action.

1.11 EVALUATION OF VENDOR:

The vendor’s performance and responses are monitored and considered for suspension in case of following:

- a) Vendor Rating is low and falls under ‘D’ category in any of the divisions.
- b) Failure to execute orders placed on them.
- c) The firm no longer has the required technical manpower / equipment / machines which is identified through visits by BDL officers and verified by CC.
- d) The firm is declared bankrupt or insolvent.
- e) The firm fails to furnish the income tax clearance certificate or any other document when called for.
- f) The registration of a firm is cancelled under a Government notification (from list of vendors) by another Government department organisation.

The vendors shall be reviewed by CC when considered for necessary action.

Outcome of above reviews would be:

- i. Organise meeting with vendor and inform them to take necessary corrective actions and monitor implementation and give a feedback on results of the corrective actions taken.
- ii. Training the vendor in Quality.
- iii. Restrict the vendor product categorisation.
- iv. Not sending further enquiries for the vendor.
- v. Restricting the vendor for supply of specific items only.
- vi. Recovery of amounts from pending bills / Encashment of BG submitted etc...
- vii. Suspension of the vendor.
- viii. Listing the vendor as suspended in vendor master.

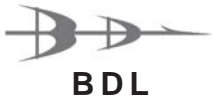
Any or some of the above points may be implemented in each individual case.

Normally punitive actions referred above are for a specific period of time which is two years unless otherwise specified.

1.12 BLACKLISTING OF FIRMS:

Vendors from Master List shall be blacklisted on the following grounds:

- a) A Government Order to that effect.



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b) If the firm is found guilty of malpractices such as bribery, corruption, fraud, substitutions etc.,

Data of blacklisted firms shall be maintained by CCommercial and is placed in BDL website for the benefit of vendors. BDL Vendors are advised not to outsource any job to the black listed vendors.

On receipt of the orders from Government of India, CC shall put up the case to concerned Functional Director and with necessary approval, blacklist the firm and communicate the same to the firm if it happens to be a registered vendor of BDL.

The details of all blacklisted vendors are hosted in the BDL website and accordingly marked in vendor master in case of a BDL registered vendor and no further enquiries are floated on them.

1.13 GRIEVANCES:

Vendor grievances are resolved promptly by the division and grievance and action taken are reported to CC by the division. CC would analyse the grievance and take action to avoid recurrence. There would be unit level grievance addressing cell appointed by unit head in case of units with multiple divisions and in other units head of the unit shall head grievance redressal committee.

1.14 INTELLECTUAL PROPERTY:

The items which are specifically developed / manufactured as per requirement of BDL, where Tooling charges / Engineering Charges / Development Charges are paid by BDL, intellectual property lies with BDL. The vendor can supply these items to other, only after obtaining consent of BDL.

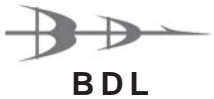
1.15 STATUS CODES OF THE VENDOR:

The following status codes shall be used in the Vendor Master:

- “Y” - Registered Vendor.
- “U” - Unregistered Vendor, No enquiries to be sent to these vendors.
- “B” - Black listed vendor. No enquiry to be sent to these vendors.
- “A” - Vendor data is archived in the computer database as there is no response for communication. No enquiries to be sent to these vendors.
- “T” - Vendor is registered on temporary basis until evaluation is completed.
- “S” - Suspended. No enquiries to be sent these vendors.
- “O” - Vendor is kept under observation and hence no further enquiries will be sent to them.

1.16 VENDOR CODIFICATION:

- 0001 – 3999 series - Supplier / Sub-Contractor
- 5000 – 5999 series - Foreign Vendors
- 6000 – 6999 series - Civil Contractors
- 7000 – 7999 series - Service Providers
- 9000 – 9999 series - One Time Vendors



CHAPTER - II

TENDERING PROCEDURE

2.1 PURCHASES THROUGH TENDERING :

Different types of tendering procedures for procurement of items & services are:

- a) Global / Open Tender,
- b) Limited Tender,
- c) Proprietary / Single Tender,

IMM shall ensure that all the columns of the tender enquiry are fully and correctly filled, in appropriate proforma for indigenous and foreign enquiries. The relevant general terms and conditions for the enquiry, IP and other formats are to be enclosed. The due date for submission of quotation shall be specified clearly. All communications with regard to the tender should be in writing only.

2.1.1 OPEN TENDERING:

The Open Tendering system should be the preferred mode for procurement of common use items of generic or commercial specifications which are readily available off-the-shelf in the market from a wide range of sources / vendors within India. It is to be adopted where the estimated value of the tender is more than Rs. 50 Lakhs, subject to the exceptions as provided for in this Manual.

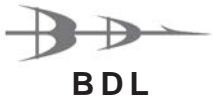
2.1.2 GLOBAL TENDERING:

Global tendering shall be adopted where, the goods / services of the required quality, specifications, etc., may not be available in the country and it is necessary to also look for suitable competitive offers from abroad. The paper advertisement and other processes of tendering applicable to open tenders shall be followed for Global tenders also.

2.1.3 LIMITED TENDERING:

Limited Tendering is required to be adopted where:

- i. The value of items / services is less than the stipulated limits for Open tender or limit notified from time to time.
- ii. The tenders need to be sent only for approved vendors in case of production Items where vendors are developed and established.
- iii. Items are to be manufactured specifically to the specifications detailed in the tender and where vendor's capability is critical for supply of item.
- iv. There are sufficient reasons, to be recorded in writing, indicating that it will not be in public interest to procure the goods through open / global tenders.
- v. There is a need to process the items on urgency and open / global tenders will delay the process of procurement.



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A list of registered sources of supply will be compiled, maintained category wise with details of their products, turnover and placed on CIM by CC and made accessible to all divisional / unit IMM. The divisional IMM while floating Limited tenders from the list of registered vendors who are capable supplying the goods / services. The details maintained for each vendor in the CIM system shall include the contact information, MSME status, NSIC certification, tax details, e-payment details, turnover, type of business etc.

Limited tender enquiries are sent to only registered vendors. The number of vendors to be contacted in case of non production items shall be minimum 5. However efforts shall be made to include more number of vendors to get competitive bidding.

In case of production items potential vendors are selected from the vendor master by SEG / committee to whom enquiries are to be sent where approved sources are not developed or to develop alternate / additional sources. However IMM shall ensure that number of vendors being contacted are minimum 5 and that sufficient competition exists.

Where sufficient number of sources is not available in vendor master the following processes is to be followed:

- a) Vendors are sourced through trade journals, Industrial product finders, Internet, NSIC etc.. and the divisional IMM request CC to register these vendors on temporary basis in a prescribed format. CC registers them on temporary basis and send mail / letter to the vendor requesting them to register in BDL. In case of production items, tenders are sent in two bid systems. The assessment of these vendors is done prior to opening the price bid. If the vendor is found not suitable during assessment their tender is rejected at that stage.
- b) In spite of such effort if there are limited number of vendors open tendering may be resorted to with relevant qualification criteria or EOI may be floated.

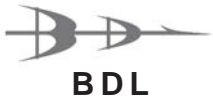
2.1.4 LIMITED TENDERS ON APPROVED SOURCE(S) :

In case of items which are developed, specifically for use in the product, by sub-contractors / manufactures of ingredients, enquiries are sent to approved vendors only to ensure the quality of the product.

These items thus developed are subjected for qualification and acceptance test which may include elaborate test as part of the product. On successful supply of two batches, the vendor is considered as approved source on recommendation of SEG / Methods / Project group and quality control which is duly approved by divisional head. The list of approved vendors for each item is maintained by divisional IMM and in CIM system, with details of basis for approval.

2.1.5 LIMITED TENDERS ON DESIGNER APPROVED SOURCE(S):

The design agencies like DRDO, HEMRL, D&E etc may identify few vendors based on the technologies and capabilities required for the vendors for certain components and systems. List of such vendors against each item / Technical Co-ordination Authority (TCA) or equivalent agency approved list is maintained by each division and in CIM system.



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In such cases enquires may be restricted to only these vendors. The MPR / Note sheet shall clearly indicate the authority by which the selection of vendors is done.

However on recommendation of IMM / SEG / Project incharge, the vendors registered in BDL are referred to design agency for inclusion in the list, if they are capable of supplying such items.

Items ordered on approved vendors are reviewed quarterly by divisional IMM to avoid the possibility of single vendor situation and to increase competition.

2.1.6 SINGLE TENDERING:

Single tendering is required to be adopted where:

- a) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
- b) In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.
- c) On account of any other operational or technical requirement, which should, however, be clearly recorded.
- d) For the purpose of standardisation.

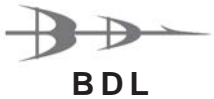
In all these cases PR is to be accompanied with single tender certificate. A committee headed by Head CC, academic member and Industrial member will review quarterly single tender situations to identify alternate sources / products.

2.1.7 PROPRIETARY TENDERING:

Spare parts, items which are proprietary in nature can be purchased on proprietary basis. Proprietary tendering is required to be adopted where the item(s) / services called for procurement is proprietary in nature. In all such cases proprietary certificate in prescribed format shall be enclosed to the PR. A proprietary certificate is valid for a period of two years to facilitate procurement of recurring items. To the extent possible the tender is limited to the Original Equipment Manufacturer (OEM) and their authorized dealers / distributor / stockiest only. The bidder shall be requested to submit valid dealership certificate along with the bid. The enquiry can be sent to other vendors only after including OEM, and authorized dealers / distributors / stockiest. The restriction of number of vendors to be contacted as per limited tenders is not applicable in this case.

2.1.8 EXCEPTIONAL TENDERING PROCEDURE TO AVOID BREAK DOWN OF MACHINERY, PRODUCTION HOLD UP ETC., ON ACCOUNT OF SANCTIONS:

In view of the sanctions imposed by some countries, problems may at times be faced in importing spares, components etc from OEMs. In such cases the IMM by virtue of their experience after conducting market survey may contact other potential sources-import / Indian irrespective of the proprietary nature of the item. If the situation warrants, they may exclude OEMs from the enquiry. The objective of the relaxation is to avert breakdown of machinery / equipment for long periods and to avoid production hold ups. The approval of CFA has to be obtained recording the reasons in all such cases, before issue of enquiry.



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2.2 PURCHASE WITH OUT TENDERING:

2.2.1 REPEAT ORDERS:

Repeat order without calling for fresh tender may be placed against previous order within the time specified in the DoP provided there has been no downward trend in prices and the quantity is not exceeding 100% of the original order. This requires the approval of CFA as per DoP.

The repeat order is applicable only once in each case. In case the requirement is recurring RC may be considered.

The taxes and transportation charge as applicable on the date of placement of repeat order are to be considered.

2.2.2 OPTION CLAUSE:

The purchaser retains the right to place orders for additional quantity up to a maximum of 50% of the originally contracted quantity at the same rate and terms of the contract within 50% of the delivery period specified in the PO / Contract. This clause has to be incorporated in the original terms and conditions of the tender and in PO / contract.

- a) Option clause can be exercised with the approval of CFA. This option is normally exercised only when there is no downward trend in prices.
- b) In case provision of option clause has been opted, repeat order option will not be applicable.

2.2.3 PURCHASE FROM COLLABORATORS / THEIR LICENCEE:

Purchase from companies' collaborator and their license covered by collaboration / Price Agreement do not come under tender system.

2.2.4 PETTY PURCHASE:

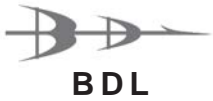
Purchase of goods and services up to the value prescribed in DoP on each occasion may be made without inviting quotations, upto Rs 5,000/- for each item or obtaining minimum three quotations for items above this value with approval of CFA. This is referred as petty purchase. The officer procuring the items should certify in the following format

"I, _____, am personally satisfied that these goods / services purchased are of the requisite quality and specification and have been purchased from a reliable Supplier / Service Provider at a reasonable price." However it shall be ensured that the purchase price does not exceed MRP.

IRV shall be prepared for all production items irrespective of the value and for all non-production items value exceeding Rs.5,000/-.

2.2.5 COMMITTEE PURCHASE:

Committee purchase is permissible for maintenance spares, tools, medical, welfare, sports items, one-time purchase or any other purchase approved by CFA.



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Purchase may be made on the recommendations of a duly constituted Purchase Committee consisting of three members at an appropriate level with one financial representative as decided by the CFA. The committee will be required to survey the market to ascertain the reasonableness of price, quality and specifications and identify the appropriate supplier and obtain quotations. The committee shall open the quotations and sign on all quotations, prepare CST if required. Before recommending placement of the PO, the members of the committee should jointly record a certificate as under:

“Certified that we, _____, members of the purchase committee are jointly and individually satisfied that the goods / services recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question.”

IMM will place order on the lowest bidder based on the quotations obtained by the committee.

For procurement of welfare items if deemed fit the committee may obtain single quotation and will initiate necessary action for procurement.

2.3 MAINTENANCE CONTRACT :

The maintenance contracts will be regulated as per the procedure applicable to POs. To derive maximum benefit and to ensure sustained serviceability of equipment, such contracts should be assigned to original manufacturers / representatives, who have successfully performed during warranty / guarantee period or to reputed third parties. Effort should be made to club the maintenance contracts of similar equipment held by different divisions in a unit.

The maintenance contracts shall be placed for 3 years with an option for placement of contract for one year initially and to be extended for further two years upon satisfactory support.

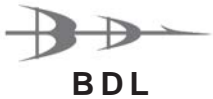
In cases where the tender is floated for more than one year requirement the CFA is decided based on total contract value basis but not on annual contract value basis. In cases where contract is extended for additional year CFA is decided based on contract value of previous year / years and present proposal.

2.4 PROCUREMENT THROUGH RATE CONTRACT:

2.4.1 RATE CONTRACT BY BDL:

RC is entered with suppliers by CC based on expected annual consumption for recurring items. Normal limited / open tender process is adopted to enter into rate contract. Concerned IMMs shall refer to the RC and procure the items by placing orders. A RC is valid for a specific period of time and clearly indicating price and payment and other terms.

In cases where the tender is floated for more than one year requirement the CFA is decided based on total contract value basis but not on annual contract value basis. In cases where contract is extended for additional year CFA is decided based on contract value of previous year/years and present proposal.



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The types of items which may be considered for RC are:

- a) Items required by several users on recurring basis and having clear specifications.
- b) Fast moving items with short shelf life or storage constraints.
- c) Items that take long gestation period to manufacture and for which there is only one source for manufacturing.

2.4.2 DGS & D RATE CONTRACT:

- a) DGS & D enters into RCs for various items to cater to the requirement of different Govt. organizations. List of stores on rate / running contract is published by DGS & D from time to time for the use of DDO. This list is available on DGS & D website (<http://dgsnd.gov.in/>).
- b) BDL is not on the list of DDOs. However, many RC holding firms are normally offering DGS & D RC prices to BDL and the same shall be availed. Orders are to be released on the normal BDL PO form on DGS & D RC prices as per mutually agreed commercial terms. When there is more than one DGS & D RC for the same item, order shall be released to any one of them offering better commercial terms.

Where the firm, on whom the RC exists, recommends that order shall be placed on their representative without any change in terms and conditions of the RC, orders shall be placed accordingly. Where a firm is not ready to offer DGS & D RC prices to BDL, these prices may be utilised for negotiation purpose while finalising the PO.

2.5 FALL CLAUSE:

In cases where contracts have to be concluded with the firms, whose RC with DGS & D / BDL has expired and renewal of RC is awaited, a 'fall clause' should be incorporated in the Supply Order / Contract to the effect that during the currency of the Supply Order / Contract, in case rates are found to be lower on conclusion of RC, the lower rates shall be applicable.

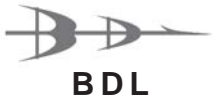
2.6 PRICE AGREEMENT (PA):

While procuring goods and services, it may be convenient to enter into a PA / Fixed Price Quotation (FPQ) with the OEM / Licensors. The PA / FPQ may be finalized after due negotiation.

Purchase from our collaborator and their licensee covered by collaboration / price agreement do not come under tender system but the sanction on MPR for procurement and approval on PO of the CFA as per DOP have to be obtained as in the case of indigenous procurement.

2.7 OPEN ORDERS:

Open Orders are those POs that are issued with indicative price. Mostly such orders are issued where the prices are to be confirmed by the controlling agencies or for first time development items undertaken by



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Government Agencies like Ordnance Factories. These orders are placed on approval of CMD for a specific procurement / development. CFA for such orders is CMD for the first time. However once the initial supplies are made wherein the price is confirmed the CFA is fixed based on the annual requirement and cost thereof based on DoP. Further procurement is carried out on approval of CFA.

2.8 PRODUCT RESERVATION, PURCHASE / PRICE PREFERENCE AND OTHER FACILITIES:

Government may issue directions from time to time laying down policies for price preference to be given to purchase from Public Sector Undertakings, Small Scale Industries. The CC will circulate the methodology of price preference to be adopted while carrying out price comparisons.

2.8.1 KHADI VILLAGE INDUSTRIES COMMISSION (KVIC), ETC.:

Government of India, through administrative instructions, has reserved all items of hand spun and hand woven textiles (khadi goods) for exclusive purchase from KVIC. It has also reserved all items of handloom textiles required for exclusive purchase from KVIC and or the notified handloom units of Association of Corporations and Apex Societies of Handlooms. BDL would endeavour to procure such reserved goods and items from these units.

2.8.2 MICRO AND SMALL ENTERPRISES (MSEs):

Government of India has also reserved some items for purchase from registered MSEs by PSUs. However BDL has certain exemptions as it is a weapons manufacturing unit. However, BDL would endeavour to procure general items from MSEs only. A list of 358 such items is provided.

As per Government of India guidelines issued from time to time BDL extends various facilities / concessions to vendors registered with NSIC under its Single Point Registration Scheme:

- a) Issue of Tender documents free of cost.
- b) Exemption from payment of EMD.
- c) Price Preference of 15% over the quotation of large-scale units. In case the MSE happens to be within 15% range above the L1 price who is not an MSE, MSE unit shall be provided with a counter price to reduce to L1 price. A quantity of up to 20% shall be ordered on MSE on acceptance of L1 price.

2.9 CONTRACT FOR SERVICES:

There may be occasions to enter into a contract for services, which is revenue in nature like AMC for Computer and printers, Xerox machines, Fax machines, Window A/C etc. or any other services by department indicated as under or as decided by the management from time to time.



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a. P&A:

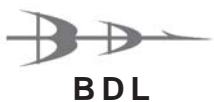
Nature of Contracts	User/ Indentor	Ordering Agency	Certifying Agency for releasing the payment
i. Labour Contract	Dept / Divns	TSD / PED	Dept / Divns
ii. Repairs of Cars & Vans	Transport	TSD / PED	Transport
iii. Labour Contracts for material handling	Divns.	Corp P&A	Divisional P&As
iv. Repairs of Telephones	Dept / Divns	CS P&A / BU P&A	Tel. Exchange / Electronic Lab
v. Contracts for vehicle hiring	Dept / Divns	CS P&A / BU P&A	P&A
vi. Security Services for Township	Estate Office	BU P&A	Security Officer / Manager, Estate
vii. Fire Services (Manpower)	Fire Services, KBC	CS, P&A	Fire Department
viii. Repair of Furniture	Dept / Divns	Corp P&A	Dept / Divns

b. CIVIL ENGINEERING:

Nature of Contracts	User/ Indentor	Ordering Agency	Certifying Agency for releasing the payment
i. Construction Contracts (Civil, Electrical & Air Conditioning)	Note: Separate contracts wing, QC/wing to be established within Civil Engg. Noting regarding technical auditing will be notified separately.		
ii. Special furniture along with building			
iii. Contract for repairs of plumbing sanitary & other Roads etc.	Civil		
iv. Contracts for Horticulture			
v. Consultancy connected to construction	Civil	Civil	Civil

c. TECHNICAL SERVICE DIVISION (TSD) / PED:

Nature of Contracts	User/ Indentor	Ordering Agency	Certifying Agency for releasing the payment
i. AMC for Substations	TSD / PED of units	IMM, CS	TSD / PED of units
ii. AMC for common items like water coolers, Air Cools, Deep Freezers, AC Plants etc.	TSD / PED of units	IMM, CS	TSD / PED of units
iii. Term Contract for Electrical Works	Depts	TSD / PED of units	User Dept
iv. Repairs for Electrical installations	Depts	TSD / PED of units	User Dept



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d. DIVISIONAL PEDs:

Nature of Contracts	User/ Indentor	Ordering Agency	Certifying Agency for releasing the payment
i. AMC for equipment in the Divs other than common items	PED	Divisional IMM	PED
ii. Contracts for Calibration of Equipment	PED	Divisional IMM	PED
iii. Contracts for repair of equipment (Mechanical Electrical, Electronics)	PED	Divisional IMM	PED

e. HUMAN RESOURCE DEPARTMENT (HRD) :

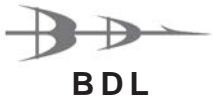
Nature of Contracts	User/ Indentor	Ordering Agency	Certifying Agency for releasing the payment
i. Contracts for Training Programme	Individual	CC	HRD
ii. Lunch arrangements Contracts	Individual	Guest House	HRD
iii. Consultation Contracts	HRD	CC	HRD
iv. Management Training Programme	Trainers	CC	HRD

f. CMO:

Nature of Contracts	User/	Ordering Indentor	Certifying Agency for Agency releasing the payment
i. Medical Purchases	All Employees	CMO / Committee of Medical Dept (IMM,CS or IMM, BU Rep & Finance Rep.	Medical Officer
ii. Medical Checkup contracts	All Employees	CC	Medical Officer

g. CC:

Nature of Contracts	User/ Indentor	Ordering Agency	Certifying Agency for releasing the payment
i. Corp Offices requirements	Dept / Divns.	CC	User
ii. Rate Contracts, Xerox Contract, Consolidation, Road, Transport etc.	Dept / Divns	CC	User
iii. Requirements of Common tools, Stationery, Hardware(POL), Tool R/M, Fire Services, P&A, Canteen, Welfare etc., Contracts for AMCs for common items	Dept / Divns	IMM,CS/ IMM,BU	IGQC
iv. Production requirements subcontract items etc.	Dept / Divns	Divisional IMM	IGQC



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h. FINANCE:

Nature of Contracts	User/ Indentor	Ordering Agency	Certifying Agency for releasing the payment
i. Insurance	Divisions	Corp Finance	User

Note: The classification of services shown above may be modified to suit special requirements.

As far as possible, the repair / reconditioning work of plant and machinery should be done by the vendor within our factory premises. If it is warranted to get the work done at the vendor's place, there should be a work order opened authorizing the dispatch of plant and machinery identified for repairs / reconditioning. The item shall be sent under a "Gate Pass" duly indicating "Returnable". Parts drawn from stores for fitment while servicing / reconditioning shall also be indicated in the gate pass as "Returnable", if it is required to be sent to vendor's place. Worn out parts removed are to be store-credited to salvage Stores under proper documentation and acknowledgement. A control register shall be maintained in the department awarding the contract indicating, inter alia, the gate pass number and date, date on which the equipment is received back after repairs and date of handing over to shop / department, store-credit reference for worn out parts removed and store-credited to salvage. A certificate for satisfactory completion of work / re-commissioning of the equipment has to be furnished by the department awarding the contract, duly coordinated by the User Department which forms the basis for arranging payment.

The normal Purchase Procedure shall be followed in the matter of sending enquiries, obtaining quotations, opening the quotations in the presence of Finance Representative, availing the lowest offer etc. For this purpose, a list of reputed / reliable vendors shall be maintained in the Department awarding the contract and enquiry should be sent to a minimum of six firms from the list. If for any reason the prescribed minimum number of firms are not maintained, specific approval of CFA is required for relaxation. All such contracts shall be in the prescribed format.

A copy of the approved contract shall be sent to accounts to regulate payment on receipt of claims from the contractors.

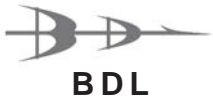
2.10 HIRING OF EQUIPMENTS:

Hiring equipment like material handling equipment, vehicles, storage / accommodation, office equipment (e.g. furniture, computers etc photocopyers), production & test equipment, water, coolers, air coolers / conditioners etc, when needed for a specific period covering maintenance during the lease / hiring period, the prescribed tender procedure covered under services shall be followed. The decision to lease / hire or procurement shall essentially be governed by the cost benefit analysis carried out for the proposed period by the indenter. Such justification essentially forms part of proposal for hiring.

2.11 TYPE OF ENQUIRY:

2.11.1 SINGLE BID:

For standard revenue items such as standard tools, standard gauges, raw materials, fasteners, consumables, bought out components or made to order items from approved sources etc., procured as per drawings or as per laid down standards like BIS, BS, DIN etc or, branded products, enquiries are floated on single bid basis are floated. The main idea in this tender is that there can be no variance in the technical specifications between the parties. The bid consists of techno commercial and price details.



2.11.2 PRE-BID MEETING:

To obviate the possibility of the tender fetching no response, resulting in a single vendor situation or resulting in generation of limited competition, technical specifications should be firmed up in a pre-bid meeting in two-bid tender, particularly where the goods / services to be procured are not available commercially off-the-shelf or are of highly complex technical nature. No fresh commercial bids should be invited after opening of technical bids, in such cases.

2.11.3 TWO BIDS:

This system is to be adopted when the parties are asked to quote specifically for a given item / equipment, where technical specification / composition / drawing / QA plan, of complexity is involved in the item(s) being procured. In such cases the Bidders should be invited to furnish techno commercial bids and price bid simultaneously in separate sealed covers, super scribing the sealed covers as techno commercial bid and price bid. The techno commercial bid shall contain all details of the complete offer excepting the price. The main idea in obtaining the techno commercial bids is to bring all the bidders to the same acceptable level (both technically and commercially) so that one of them whose price is lowest is selected for placement of order.

Broadly the techno commercial bid shall contain the following details as applicable, except price details.

- a) Full and complete technical specifications.
- b) Conformance and deviation statement with remarks in comparison with tendered specification.
- c) Delivery period.
- d) Payment terms.
- e) Any other commercial terms which have bearing on procurement cost like duties, taxes, advances etc.,.
- f) Time for development and supply of prototype / samples.
- g) Q A plan / test certificates.
- h) Minimum Order Quantity (MOQ) / batch size.
- i) Warranty / after sales service.
- j) Erection and commissioning
- k) Training requirements.
- l) Mode of delivery like FOB, Ex-works.
- m) Tooling / Development cost and advances

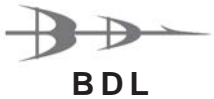
2.12 EXTENSION OF DUE DATE:

In case of Open / Limited Tenders, due date shall not be extended normally. However, if it is required due to any reason, concern divisional IMM may obtain prior approval of Divisional Head. In such cases the extension shall be intimated well in advance to all bidders and / or published in the website and not in news papers.

Wherever any bidder submits a revised bid, the revised bid only is considered.

2.13 e-TENDERING:

The e-tendering is the tendering done using the computers and internet. The process of sending the NITs, receiving the tenders, Technical evaluation, bid sharing with bidders are all done through e-tendering portal. The details of e-procurement are elaborated in subsequent chapters.



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2.14 e-REVERSE AUCTION:

e-Reverse Auction will be conducted for techno commercially qualified bidders without opening price bids. e-Reverse auction will be conducted through e-auction portal. Wherein the engineering estimate is used as start price with 0.5% to 2% as a decremental value as discount. All the qualified bidders are allowed to participate simultaneously without each other knowing who offered a particular price, they can only see their ranking and prices quoted by others with pseudo names. The reverse auctions are organized as per guidelines issued by CC.

2.15 e-BIDDING:

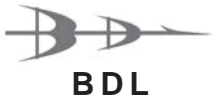
Where BDL cannot estimate the base price and there is sufficient competition by way of, three or more, technically qualified bidders, the e-auction shall be conducted where in the bidder will be able to see his price and whether he is L1 or not. No start price and decremental value are provided in such cases. The price quoted by the first bidder shall be considered as start price. The any other bidder if quotes same price as L1 bidder during the bidding process his rank will be—"2" as the first bidder who quoted the amount will be considered as L1. e-biddings are organised as per guidelines issued by CC.

- a) e-bidding shall be only mode of auction to be undertaken
- b) IMM should ensure that MPR values are calculated as landed cost and are reasonable i.e. Bench marking of landed cost is to be established at MPR stage only.
- c) The L1 price after e-bidding is compared with estimated / MPR value and if the variation is within + 15% to -20% the order can be finalized with the approval of CFA.
- d) If the variation is beyond these limits the file is approved by CFA who is one level above the normal CFA. However, if CFA is CMD the approvals when variation is higher than these limits the approval in such cases shall also be approved by CMD.

2.16 GLOBAL / OPEN TENDERS:

METHODOLOGY WHERE PAPER ADVERTISEMENT TENDER NOTICE IS INVOLVED:

- a) It may be noted that the purpose of issuing advertisement for open / global tender is to accord wide publicity.
- b) Copies of tender advertisement / details may be forwarded to the registered / past / potential suppliers / contractors by divisional IMM / Civil / CPED etc.
- c) In case of imported items / global tender, countries from where such stores (items) can be imported may be forwarded to corporate commercial department so that the embassies can be informed.
- d) The invitation to tenders for procurement under Open / Global tenders / EOI shall be published in the Indian Trade Journal (ITJ), published by the Director General of Commercial Intelligence and Statistics, Kolkata and at least in one national daily with wide circulation.
- e) The tender notice to be published in the papers shall be as per the prescribed format indicating tender ID and reference to the e-Procurement portal / necessary details.
- f) The tender shall be published on the BDL website, procurement portal, and provide a link with CPPP web site.
- g) The complete bidding document shall be made available in BDL web / procurement portal, to permit prospective bidders to make use of the document downloaded from the website. Wherever required



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access to the document shall be given after login which shall be permitted on purchase of tender document. applicable in the case of Global / Open Tender and the tender fee is payable along with techno-commercial bid, normally.

2.17 TENDER FEE:

This is applicable in the case of Global / Open Tender and the tender fee is payable along with techno-commercial bid, normally.

However the bids if sold, in such case the tender fees has to be paid to obtain necessary tender documents.

The details of Tender fee to be collected for different tender values are provided in table below, which can be paid through online payment, account payee demand drafts, banker cheques or through Online transfer to BDL account as detailed in terms and conditions. SWIFT transfer charges, if any, shall be to BDL's account.

S.No	Estimated Value of Item (Rs. in Lakhs)	Tender Fee	
		Indian Vendors (in Rs.)	Foreign Vendors (in US \$)
1	50 to 100	4000	80
2	100 and above	5000	100

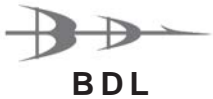
2.18 EARNEST MONEY DEPOSIT (EMD):

In the case of the Open / Global tenders where the MPR value is above the value prescribed in DoP, EMD shall be collected. The EMD shall be paid by the bidder in the form of Online Payment / Account Payee Demand Drafts / Banker Cheques from Nationalized Banks or other Banks specified in the form tender documents. SWIFT transfer charges, if any, shall be to BDL's account.

S.No	Estimated Value of Item (Rs. in Lakhs)	EMD	
		Indian Vendors (in Rs. Lakh)	Foreign Vendors (in US \$)
1	50 to 100	0.75	1500
2	101 to 250	1.75	3500
3	250 and above	3.00	6000

The following guidelines may be observed while calling for EMD:

- The foreign bidders shall be asked to submit the EMD amount in US \$ or Euro.
- The EMD shall be valid / held with BDL till the tenders are finalised
- Bidders whose techno commercial bids are rejected the EMD is returned at that stage.
- If the tenders are not finalised within 180 days from the closing date of tenders the EMD shall be returned to the bidders with the approval of CFA.
- EMD shall be returned by IMM as per the above guidelines without any formal request from the bidder.



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2.19 SECURITY DEPOSIT (SD):

The successful bidder will have to deposit immediately on, placement of order, towards SD by way of Online Payment / Demand Draft / Bankers Cheque / Bank Guarantee from a nationalized Bank for 10% of the order value. SD shall be included in all tenders where EMD is sought or other tenders wherever required. This condition shall be specifically mentioned in terms and conditions wherever applicable. The SD shall be included while procuring Capital items and other items where BDL wants to enforce performance of the bidder which is also called as performance guarantee.

Where successful bidder fails to furnish the SD within the time specified, the order is cancelled and EMD shall be forfeited.

The EMD to the successful bidder shall be refunded only after the SD is furnished / adjusted against SD where required.

PSUs / Govt. organizations, MSEs registered with NSIC are exempted from the Tender fees / EMD / SD subject to monetary limits.

SD is returned on successful completion of the order as per the terms and conditions laid down.

2.20 RISK AND EXPENSE PURCHASE:

2.20.1 RISK & EXPENSE PURCHASE:

Risk and expense purchase clause may be included in the NIT and the contract, if considered necessary. Risk and Expense purchase is undertaken by the purchaser in the event of the supplier failing to honor the contracted obligations within the stipulated period and where extension of delivery period is not approved. While initiating risk purchase at the cost and expense of the supplier, the purchaser must satisfy himself that the supplier has failed to deliver and has been given adequate and proper notice to discharge his obligations.

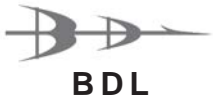
Whenever risk purchase is resorted to, the supplier is liable to pay the additional amount spent by BDL, if any, in procuring the said contracted goods / services through a fresh contract, i.e. the defaulting supplier has to bear the excess cost incurred as compared with the amount contracted with him. Factors like method of recovering such amount should also be considered while taking a decision to invoke the provision for risk purchase.

2.20.2 ALTERNATIVE REMEDIES TO RISK & EXPENSE PURCHASE CLAUSE:

In case of foreign contracts, risk and expense clause is generally not applicable.

The other remedies available to the purchaser in the absence of the Risk and Expense Clause are as follows:

- a) Deduct the quantitative cost of discrepancy from any of the outstanding payments of the supplier.
- b) Avoid issue of further NITs to the firm till resolution of the discrepancy.
- c) Bring up the issue of discrepancy in all meetings with the representative of supplier.
- d) Obtain adequate Bank Guarantee to cover such risks.
- e) In case of foreign contracts, finally approach the Government of the Supplier's country through the Ministry of Defence, if needed.



2.21 TIME SCHEDULE:

2.21.1 GLOBAL / OPEN TENDERS:

A period of 50 days from the date of issue of NIT is to be allowed for submission of quotations. The tenders should be kept open for sale just till one day prior to the last date of tender submission. The quotations shall have a minimum validity period of 90 days from the due date for submission.

2.21.2 TENDERS OTHER THAN GLOBAL / OPEN TENDER:

A period of 21 days from the date of enquiry is allowed for the bidders to submit their quotation, valid for a minimum period of 60 days for indigenous enquiries. For foreign enquiries or enquiries for both Indian and Foreign sources, a period of additional 14 days i.e. 35 days from the date of enquiry is allowed for submission of quotations by both Indian and Foreign sources.

If delay in placement of order is inevitable due to procedural formalities, the validity of the quotation should be sought.

In case of urgency or Single Tenders, sufficient period of time not less than 10 days shall be provided for the Bidders to respond, with approval of CFA.

2.21.3 BID MODIFICATION:

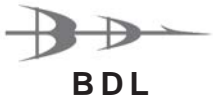
Bidders are allowed to submit multiple bids before due date and last submitted bid shall be considered as final in manual mode. In case of e-procurement bidder is allowed to withdraw the bid and resubmit again before due date.

2.22 RE-TENDERING:

Re-tendering is not to be resorted to in the normal course. However, re-tendering shall be considered in the following exceptional cases:

- a) When the prices quoted are considered very high / very low.
- b) When it is suspected that cartel exists.
- c) Changes in the basic specification have been introduced after receipt of tenders.
- d) None of the offers meets the required specifications.
- e) Firms withdraw the offers or do not agree for extension of validity after opening the price bids when it becomes necessary.
- f) When the L1 Bidder backs out. In such cases the L1 bidder is not considered while re-tendering. In case of Global / Open tenders their tender shall be disqualified at the initial stage itself.

Approval of the CFA has to be obtained with proper & adequate justification to discharge the tenders without awarding to any bidder. Specific approval of the CFA is once again to be obtained for re-tendering.



2.23 SINGLE OFFER:

ACTION TO BE TAKEN IN RESULTANT SINGLE OFFER SITUATIONS:

There can be cases when only a single quote or a single acceptable quote is received against Limited / Open tenders. This situation may arise in single bid tendering as well as in two-bid tendering before or after technical evaluation.

Such cases are referred to a review committee constituted for this purpose, if recommended by CFA. The committee recommends for further course of action.

In these cases the approval shall be accorded by a level above CFA. However if CFA is CMD, approval in such cases shall be accorded by CMD.

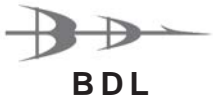
2.24 INTEGRITY PACT (IP):

All the bidders, wherever the estimated procurement cost exceeds the threshold value, are required to enter into an IP agreement with BDL, which shall be specified in the tender document. The threshold values are decided by the management from time to time.

2.25 PROCUREMENT THROUGH IMPORT:

Occasions may arise for importing production items and plant and machinery contacting foreign sources through a tender. The following requirements are to be complied with for placement of PO.

- a) Normal tendering procedure to be followed wherever possible.
- b) If the required items fall under "Restricted" or "Negative" list import licence to be obtained from Director General of Foreign Trade.
- c) MPR with the sanction of competent authority as per DoP.
- d) As far as possible quotation should be directly obtained from foreign sources. In the absence of response from foreign sources quotation from Indian representatives on behalf of their foreign principals can be entertained. However PO should be directly placed on the foreign source and no agency commission should be paid to the Indian representative. This procedure is subject to the guidelines from the Ministry from time to time.
- e) Order is placed and after concurrence is forwarded by fax / mail along with a ink signed copy by courier.
- f) Order acknowledgement is received from the vendor.
- g) On request from the vendor along with copies of PO, order acceptance is forwarded to bank through finance for opening of LC. In case of sight draft the information from cargo agent is shall also to be sent to the bank for release of documents.
- h) Ensure the terms of payment and price: accordingly select freight agent, mode of transportation, freight charges, insurance, payment terms and bank charges.



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2.26 NON-DISCLOSURE OF CONTRACTUAL DOCUMENTS-INFORMATION:

Non-disclosure agreement shall be entered into wherever required. Such requirement is included in tender document upfront. The agreement shall be obtained along with bids or at the time of placement of order.

2.26.1 NON-DISCLOSURE OF SPECIFICATIONS ETC.:

Except with the written consent of BDL, the Seller shall not disclose the contract or any provision, specification, plan, drawing, pattern, sample or information thereof, to any person, other than a person employed by the seller for executing the contract.

2.26.2 DISCLOSURE IN CONFIDENCE:

Any disclosure to any person permitted under the above clause shall be made in confidence and shall extend only so far as may be necessary for the purposes of contract.

2.26.3 NON-DISCLOSURE OF INFORMATION GIVEN BY BDL:

Except with the written consent of the BDL, the Seller shall not make use of any information supplied by the BDL for purposes of the seller. Any specifications or other details mentioned in above clause are for the purpose of manufacturing the articles and the Seller shall not use any such information to make any similar article or part thereof for any other purpose.

2.27 DEVIATION IN TENDERING PROCESS:

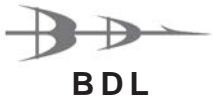
The tendering process shall be followed strictly as per the manual and guidelines issued from time to time. Any deviation to the process the CFA shall be one grade above the level specified in the manual or DoP. However if CMD is CFA the deviation shall also be granted by CMD on recommendations of D(F).

2.28 TERMS AND CONDITIONS IN THE TENDER:

General terms and conditions issued by CC shall be included in the tender. Special requirements to suite the item being procured / service being acquired shall be included in the tender. Any other terms felt necessary shall be indicated upfront in the tender document.

2.29 Duration for accepting the grievance should be kept as 10 days. Any query beyond 10days after publishing technical bid results will not be considered. The technical evaluation committee will give reply to the aggrieved bidders within 20 days from the date of receipt of query / complaint.

2.30 The name and designation of the person to be contacted for technical clarification is to be provided in NIT & clarification sought shall be provided in writing through letter/email by the concerned.

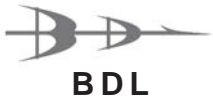


CHAPTER - III

TENDER RECEIPT, OPENING AND EVALUATION

3.1 TENDER RECEIPT:

- a) All Quotations / Tenders to be submitted by firms against enquiries from all IMM Departments of Kanchanbagh Unit of BDL should invariably be addressed to the Officer In Charge, General Administration Department (GAD) only and not to any Division / Department / person.
- b) All quotations (other than Open / Global) relevant to BG unit and Vizag unit to be submitted to concerned unit IMM.
- c) All sealed covers containing quotation / tender documents addressed as above, should be super scribed in bold letters giving the BDL enquiry/ tender No. and closing date. Sealed covers received without mentioning such information on the top of cover is liable to be rejected.
- d) All Divisional IMMs of Kanchanbagh Unit should forward a copy of enquiry/ tender along with a list of firms to whom the enquiry is floated, to CC immediately after the enquiry/ tender is posted. CC shall ensure copy of the enquiry is received before proceeding with tender opening.
- e) There will be a tender box placed in the custody of CC / unit IMMs. The tenders received through post or personal submission by firms at GAD up to 11.00Hrs shall be handed over by GAD to CC on the same day before 12.00Hrs and the tender received after 11.00Hrs shall be handed over before 12.00Hrs on the subsequent working day. The quotations received up to 4.30PM on due date against limited tenders are considered as valid offers and all such valid quotations shall be opened by Standing Tender Opening Committee on the subsequent working day. Further , if the due date specified in the enquiry happens to be holiday for BDL, the next working day shall be considered as due date for receipt of quotation. Wherever quotations are received after due date, such quotations shall be returned to the concerned IMM in sealed condition for record.
- f) The Quotation/ Tender received from GAD shall be acknowledged by CC on the designated Register and all such Quotations/ Tenders shall be dropped in the appropriate slot of the tender Box. The Quotations / Tenders, which are voluminous and cannot pass through the slot of Tender Box, shall be preserved in the safe custody of CC till they are submitted to Tender Open Committee.
- g) A record of particulars such as date and time of receipt of Tender, location (whether placed in Tender Box or Safe Custody), details of firms to whom quotations are floated, whether the quotation is received against our tender enquiry or tender documents down loaded from website, Due date for opening etc., will be maintained by CC for the verification of Tender Open Committee.
- h) Bidders who intend to submit their offers personally in BDL, can hand over such documents in a sealed cover in GAD / BG unit IMM or Vizag unit IMM (other than Open / Global) duly obtaining the acknowledgement with endorsement of date& Time of receipt in BDL.
- i) All Divisional IMMs should ensure to fix the closing day of offers against enquiry / tender to match Tuesday or Thursday and closing time 3.30 PM in respect of all proprietary, single and limited tenders.



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3.2 TENDER OPENING PROCEDURE:

3.2.1 STANDING TENDER OPENING COMMITTEE:

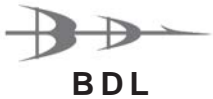
- a) Standing Tender Opening Committee, (STOC) shall consist of one officer each from CC and Internal Audit/ Finance and one officer nominated by CC from Divisional IMMs on rotation basis for every month shall perform the tender opening in KBC.
- b) In other units, the Standing Tender Opening Committee shall consist of one officer from Internal Audit / Finance and one officer from IMM on rotation basis shall be formed by divisional head.
- c) Open / Global tenders sent on manual mode shall be opened at CC. The limited tenders pertaining to KBC are opened at CC and those pertaining to other units are opened at the respective units. The Open/ Global tenders are normally opened a day next to the closing date, unless otherwise specified in the bid document. In case of Open / Global tenders the bidders are allowed to be present during techno commercial bid opening.
- d) The tenders opened are duly signed by the members and the tender summary sheet is prepared.
- e) The single / proprietary tenders shall be opened by Standing Tender Opening Committee, on the advice of IMM, without waiting till the closing date. However if the quotation is received by telex / fax in open condition the same shall be so endorsed by Head IMM. There is no need for tender opening and the quotation can be processed further by IMM.
- f) The tender summary sheet shall consist of bidders contacted, bidders responded, bidders regretted and the bids rejected due to reasons like unsolicited, non-submission of tender fee / EMD, delayed submission.
- g) In case of IPBG / EMD / Tender fee submitted from banks other than nationalised banks or banks indicated in tender document approval may be obtained from divisional head to accept the deviation.

3.2.2 TECHNO COMMERCIAL COMPARATIVE STATEMENT:

- a) In the case of two-bid system IMM shall prepare techno commercial CST after opening techno commercial bids in association with the user/ indenting department.
- b) Firm's willingness to accept LD for late delivery as well as BDL's Standard Terms and Conditions of Contract.
- c) Specifications offered are the same as demanded / alternative offered and benefits claimed for it.
- d) Assurance / Methods to replace defective supplies.
- e) After - sales - service arrangement and cost of such services, if any.
- f) Samples if required are submitted with the offer or alternatively party agrees to submit samples as required in the enquiry.
- g) Validity period is adequate.
- h) Commercial parameters.

3.3 TENDER EVALUATION:

In order to evaluate the offers TEC shall be formed by the concerned divisions with the approval of CFA consisting of members from indenting / user department, PED / SEG / Methods and QC with suitable technical knowledge. This shall be formed before opening the bids, preferably IMM member shall be included



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who will act as member secretary for the committee. In cases where CFA does not specify IMM member explicitly, head IMM shall nominate the same.

- a) The CST is to be passed to TEC / User Department for further study and their recommendations.
- b) The TEC's report shall bring out in detail, compliance report of each technical feature of the tender, deviations if any, and the reasons for acceptance / rejection of bids duly signed by the members of the Committee. In case the bidder quotes for higher specifications than what has been sought, which does not compromise the functional requirement in any way, shall be considered as acceptable parameter.
- c) The report shall bring out acceptance or otherwise without any ambiguity and make clear recommendations. The TEC shall evaluate both technical and commercial aspects of the bid. Wherever required they may seek clarifications from the bidder if required they may be called for discussion and such discussion shall be recorded duly signed by the members and the bidder which shall be annexed to the report.
- d) The offers shall not be rejected on performance / capability grounds, in the case of Limited Tenders.
- e) However in case of production items where, the vendor has been added on temporary basis and assessment reveals that he is not suitable, the bid shall be rejected.
- f) Any increase in quantity at this stage is limited to 10% of the tendered quantity.
- g) IMM of the concerned division shall also publish a corrigendum to include these aspects in the tender document for the benefit of other bidders.
- h) Tender, Evaluation committee should inform to all the bidders about their status i.e accepted or rejected of technical bid.

3.4 COMPARATIVE STATEMENT PREPARATION FOR CAPITAL AND OFF SHELF ITEMS.

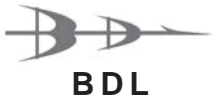
Counter terms & conditions provided by the bidder are considered if they are beneficial or not. Suitable loading factors shall be applied to compare bidders.

Normal BDL payment term is "payment within 30 days after receipt and acceptance of goods at BDL", but Bidder may submit counter terms & conditions to payment terms, keeping in view, payments from BDL, their working capital position and other circumstances prevailing on the day of submission of quotation. Vendor may seek payment terms as 100%, 90% or 80% payment against, Delivery / Collection / Dispatch of Document / Cash on Delivery (CoD) / Pre Dispatch Inspection Report (PDI Report) / Letter of Credit (LC) / Site Draft etc.,

In view of the above while preparing CST, to bring vendors into common platform in net price calculation, suitable weightage shall be added:

For net price calculation:

- (a) For normal payment terms of within 30 days of receipt and acceptance of goods at BDL **Net Price = Quoted Price + Taxes Extra**



(b) For against delivery payment

Net Price = Quoted Price + (Quoted Price X % of payment sought against delivery X % of interest per month) + Taxes etc.

Example:-

i. If 90% is sought against delivery

Net Price = Quoted Price + (Quoted Price X 90/100 X 10.25/100/12) + Taxes etc.

ii. If 50% is sought against delivery

Net Price = Quoted Price + (Quoted Price X 50/100 X 10.25/100/12) + Taxes etc.

(Prime lending rate: at present 10.25% per annum. BDL to discourage vendors from seeking payment terms other than standard payment term of BDL).

(a) Advance Payment:

In case bidder seek advance payment the additional cost is calculated at SBI Prime Lending Rate applicable on the due date of the tender + 2% extra for the anticipated period in which the item would be delivered, to arrive at the net price & Taxes others as quoted.

(b) EX-Works:

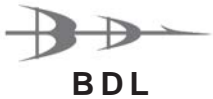
Instead of free delivery at BDL if vendor quotes EX-Works price, for all inland supplies 2% shall be added to the quoted price for overseas supplies cost for Freight & Forwarding is calculated and added to arrive at net quoted price(finance support can be availed to arrive at value), Taxes others as quoted.

3.5 COUNTER TERMS AND CONDITIONS:

IMM should persuade the bidder to accept BDL's standard terms and conditions. However, in cases when the bidder insists on their terms and conditions CFA may accept bidder's terms and conditions after examining the implications, with Finance concurrence. IMM shall include these points in the note initiated for technical acceptance of the bids on recommendation of TEC / Indenter.

3.6 REVISED PRICE BIDS IN TWO BID SYSTEM:

In case of procurement involving two-bid system, it may not be practicable to incorporate all possible details in the technical specification(s), thereby requiring elaborations / clarifications during technical discussion. This may necessitate submission of revised price bids consequent upon discussion during TEC. This can also occur when one or more bidders do not extend the validity. In such cases, if the original price bids have not been opened, it would be advisable to give equal opportunity to all technically acceptable vendors to give their revised price bids in a sealed cover. The Price Negotiation Committee (PNC) would take into account the revised commercial bids to arrive at L1. However, this shall not be applicable in cases where pre-bid meeting is held.



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3.7 PRICE BID CST:

The bids of technically accepted bidders are considered for price bid opening. On approval of CFA the price bids are opened by Tender Opening Committee. CST with the prices quoted, the terms and conditions, delivery period of all the quotations is prepared by IMM.

For uniform comparison, the prices quoted and the landed price (i.e. adding freight, insurance, taxes and duties etc) shall be indicated in the CST. Duties and taxes entitled for input credits need not be included in the computation of landed cost. The conditional discounts such as cash discount etc shall not be considered for CST. While seeking the recommendations from the user / indenting department the CST & quotations shall be sent to them by IMM for recommendations.

Following points shall be paid special attention while compiling information on the tender evaluation sheet:

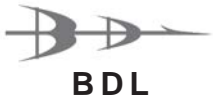
- a) Whether the price is firm and/ or any escalation formula is offered.
- b) Foreign exchange conversion on the last date of tender shall be considered.
- c) Sales Tax, Excise Duty and any other imposts / taxes that are payable.
- d) Terms of delivery i.e. ex-factory, BDL stores and other terms and conditions.
- e) Packing and Forwarding charges.
- f) The terms of payment and request for advance payments & willingness to offer Bank Guarantee.
- g) Due price preference to Public Sector Undertakings, Ancillaries, MSEs and Indigenous manufacturers as per Govt. Directives, issued from time to time.
- h) Taking into consideration the above factors, a net price comparison of the valid tenders only shall be prepared and tender evaluation sheet(s) shall be endorsed L1, L2, L3 etc., to indicate 1st lowest, 2nd lowest, 3rd lowest and so forth.

3.8 REASONABLENESS OF PRICES IN COMPETITIVE TENDERING:

3.8.1 DETERMINING REASONABILITY OF PRICES:

In the case of competitive tendering where two or more vendors are competing independently to secure a contract, the competitive bids form the basis for determining reasonableness of prices. Database maintained on cost, based on concluded contracts, price of the product available through market, etc. should also be used to assess reasonableness of the price offered.

- a) Evaluation of tenders is to be made on the basis of the ultimate cost to the user.
- b) As a general principle, no offer involving any uncertain or indefinite liability or any condition of unusual character should be considered.
- c) The reasonableness of the price proposed has to be established by taking into account the competition observed from the response of the trade to the enquiry, LPP, estimated value as given in the indent, database maintained on costs based on the past contracts entered into, market price, wherever available and changes in the indices of various raw materials, electricity, whole sale price index, and statutory changes in wages rates etc.
- d) For procurement of spare parts, consumables and small value contracts which are supplied in the



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past, the price reasonableness can be determined after comparing with last purchase price and factoring in changes in price indices published by the Government sources.

- e) The reasonableness of price may also be examined by resorting to Cost Analysis in situations where there is a wide variance over the Last Purchase Price (LPP), not explained by corresponding changes in indices.
- f) Effort should be made to check cost break up details which include raw material cost (Import and Indigenous) rejection, conversion cost, testing and other charges to the extend possible.

3.8.2 LAST PURCHASE PRICE (LPP):

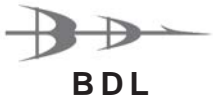
LAST PURCHASE PRICE AS A DETERMINANT OF REASONABLE PRICE:

LPP is one of the relevant factors in deciding price reasonableness. However, following needs to be considered while comparing the quoted rates with the LPP:

- a) LPP of more than three years vintage is not a real scale for comparison. However, such LPP could be used as an input for assessing the rates by adding yearly escalation, if considered necessary. The rate of escalation may differ from case to case depending on the type of goods being procured.
- b) LPP should pertain to a past successfully executed order of similar magnitude and scope of supply.
- c) Factors like basket price and bulk discount offered need to be taken in to account while using LPP as a scale for comparing prices.
- d) Price variation clause, if any, and the final cost paid by the user in respect of last purchase to which LPP pertains needs to be considered.
- e) Factors like items supplied against LPP being of current production or ex-stock supply need to be taken into account.
- f) Market conditions and other factors like re-starting production lines due to Obsolescence may also have to be considered.
- g) Where no other option to assess reasonable rate is feasible, LPP of more than three year vintage may also be taken into account but such situations should be rare.

3.9 SAMPLES:

- a) Where samples are required the same shall be specifically indicated in the PR / MPR / Enquiry and the sample shall form part of the technical bid. Such samples should be obtained in two sets. One set should be with the concerned IGQC and the second set with the concerned Divisional IMM duly marked by the tender committee or IGQC and IMM.
- b) The samples such as office stationery, shop consumables like cotton waste etc., received with the technical bid will be marked and signed by the Tender Opening Committee, either on the samples or on the pack containing samples. Where the samples are to a standard specification, the samples will be analysed / inspected by QC / LAB to form the basis for suitability of the bid. If the items are of non-standard nature, a committee constituted by CFA will examine the samples and recommend suitability. The samples shall be sealed and preserved by the QC as reference sample till the supplies against the PO are totally received.
- c) Samples of items having shelf life, hazardous nature, requiring conditioned storage will be held at



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an appropriate place and will be preserved till the life expiry date or as per the decision of experts in the field.

- d) Any other samples: The policy for the verification / acceptance / preservation of the samples shall be examined case to case and approval to be obtained from CFA.
- e) In the case of non-consumable samples and If the bidders wish to take back the samples, the same will be returned to the unsuccessful bidders after finalisation of the order. This would necessitate a communication to the effect that the tender has been awarded and the addressee, being an unsuccessful bidder may collect his samples within 30 days from the date of receipt of the said communication beyond which M/s. BDL will not be responsible for the safe custody of the said samples. Any dispute by unsuccessful bidder towards selection of samples, will not be entertained after return of samples.
- f) In case the Order is not finalized within 120 days the samples may be returned with the approval of CFA.

3.10 QUOTATIONS RECEIVED THROUGH FAX / E-MAIL:

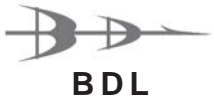
Quotation received through Fax / E-mail within stipulated period can be considered provided the enquiry was sent only to one party. The fax/email quotations of the foreign bidders shall be considered valid if it is followed by an ink signed copy by post.

3.11 CORRESPONDENCE WITH VENDORS:

Indenter / User should not carry out any correspondence with the vendors on matters relating to the procurement under progress. They may correspond with various manufacturers / sources in order to firm up their specifications etc. before finalising the PR. Once a PR has been raised and sent to IMM for processing, correspondence with vendors concerning with related procurement should be carried out by IMM department only.

3.12 NEGOTIATIONS:

- a) There should be no post-tender negotiations with L-1 except in certain exceptional situations. Such exceptional situations would include procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation. The justification is recorded and on approval of CFA negotiations shall be conducted by PNC. PNC shall record the proceedings of the negotiation. In case the bidder is not in a position to attend PNC, the chairman of PNC at his discretion may conduct PNC through video conferencing / tele conferencing and obtain discount and clarification in writing.
- b) In cases where a decision is taken to go for re-tendering, but the requirements are urgent, negotiations may be under taken with L1 bidder(s) for the supply of a bare minimum quantity in accordance with para 2 of CVC instructions dated 3rd March 2007.
- c) While concluding RCs, it is preferable to conduct price negotiations by the PNC in order to obtain best value for money and also to clarify all aspects of the RC to avoid ambiguity and dispute at a later stage. All RC s and PA s should be processed through the PNC on approval of CFA so as to ensure best value for money, quality assurance and transparency.



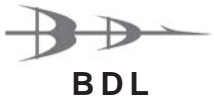
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- d) Participation of Finance member in all deliberations, particularly regarding the pricing and conditions of contract, is mandatory.
- e) Where a group of items is tendered, with a condition that items will be ordered as a group, a combined L1 counter offer can be made picking up all the L1 rates to the lowest bidder (group L1), based upon which contract will be finalised. Similarly in case of disposal action, instead of L1 the exercise will be done on H1 basis.
- f) The constitution of negotiation committee shall be as per the DoP.

3.13 SPLITTING OF ORDERS TO MULTIPLE SOURCES:

To reduce procurement risk it is necessary to have multiple sources. In such cases the splitting of order shall be indicated in the tender document as indicated in MPR. After opening the price bids L2 and/ or L3 vendors shall be called for negotiations or by sending a counter offer through mail / fax / letter to the bidders to accept L1 price. Order is split on the vendors as per planned splitting of orders. If L2 / L3 do not agree for L1 price and if it is essential to split the orders on multiple sources, order is recommended on L2 with difference in price not exceeding 5% with approval of FD.



CHAPTER - IV
e-PROCUREMENT

4.1 e-PROCUREMENT :

Electronic Procurement is the business-to-business or business-to-consumer or Business-to-government purchase and sale of supplies, work and services through the Internet as well as other information and networking systems, such as Electronic Data Interchange and Enterprise Resource Planning. e-procurement offers the benefits of greater transparency, wider geographical reach and lesser time of transaction and better pricing.

e-Procurement is done with a software application that includes features for supplier management and complex auctions. The new generation of e-procurement is now on-demand or a software-as-a-service.

e-Procurement includes various e-features such as:

- ✎ e-Tendering
- ✎ e-Auction/ E-Reverse Auction
- ✎ e-Payments
- ✎ e- Sourcing
- ✎ e- Catalogues
- ✎ e-Billing / e- Invoices

4.2 e-TENDERING:

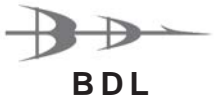
4.2.1 PREPARATION OF NOTICE INVITING TENDER (NIT):

IMM shall fill NIT as per standard format, inserting CIM generated enquiry number as tender reference number. Open / Global / Limited tendering is decided based on value of MPR and IMM manual.

In case of Limited tenders, the list of vendors with contact details along with e-mail id are to be sent to Service Provider, for sending mails inviting them to participate in the tender and the bidders are mapped against the tender by the IMM officer

The necessary documents to be accessed by the vendor are uploaded in to e-procurement portal, by IMM. The typical lists of documents are provided below.

- a) Technical specifications and requirements.
- b) Drawings and documents if any.
- c) Pre-qualification requirement if any.
- d) Relevant General terms and conditions.
- e) Special terms and conditions, if any like Integrity Pact etc.
- f) Price bid format.



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11.3 e-BIDDING:

Wherever required and if sufficient competition is available, by way of more than 2 technically qualified bidders e-bidding shall be conducted. No start price and decrement value are provided in such cases. The price quoted by the first bidder shall be considered as start price. The other bidder, if, quotes same price / higher price than L1 bidder during the bidding process his rank will be "—/2" as the first bidder who quoted the amount will be considered as L1. The bidders will be able to see his price and whether he is L1 or not(L2..).

In case of e-reverse auction or e-bidding results shall be reviewed and in case of any technical issue in the auction / bidding the event will be re-organised. In case the auction / bidding fails, price bids are opened on approval of CFA.

