

GUJARAT ALKALIES AND CHEMICALS LIMITED



P. O. PETROCHEMICALS – 391 346, DIST. : VADODARA

GACL : PETROCHEMICALS

PURCHASE PROCEDURE

**This Purchase Procedure will be applicable for both
Baroda Complex and Dahej Complex**

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Chapter : 1

GENERAL

1.0 SCOPE

1.1 This Purchase Procedure described upto Chapter-20 shall be followed for procurement of all the items required for operation & maintenance as well as for capital items. A broad list is given below:

- a) Raw Materials & Auxiliary chemicals
- b) Packing materials
- c) Project items, specifically indented to purchase deptt.
- d) Capital Items
- e) Steel & cement
- f) Consumable items
- g) Replacement of equipments & Spare Parts
- h) Items required for repairs and maintenance of building, plant & machinery etc. and other equipments
- i) Contracts for clearing, handling, loading and transportation of incoming materials
- j) Procurement of materials under Annual Rate Contract
- k) Safety Items, Employee Welfare Items & others items of administrative nature

1.2 This purchase procedure meets requirement for purchase functions for Purchase Department, in general and procedures for purchase of salt, raw materials, aux. chemicals and packing materials, imported materials as well as procedures for Administrative jobs & Maintenance jobs.

1.3 No item, other than specified in this procedure should be purchased directly by the user department. However, in exceptional cases, user department may carryout purchase activities directly. Approval of competent authority is to be obtained for the purchase activities carried out directly by user department.

1.4 RESPONSIBILITY

1.4.1 The purchase functions shall be the responsibility of HOD of the Materials Management Department. All indents for purchases duly processed in accordance with the procedure laid down, herein after, should be forwarded to Head Of Deptt, [MM] for necessary action. The indentors from various departments shall not send enquiries, invite quotations, or enter into correspondence or negotiations with suppliers.

However, in case of extreme urgency, user department may enter into correspondence asking only technical clarifications/confirmations with

all copies of the same to Purchase Deptt. This can be exercised only with due approval of HOD of the concerned user department.

1.4.2 Project Group during Project execution stage, may carry out purchase functions themselves as per the procedure described in Chapter-24.

However project items for which indents will be generated, the purchase procedure as mentioned in subsequent chapters for general items will be followed.

1.4.3 As per the present practice, purchase function for following are taken care by the department concerned in view of nature & urgencies of the activities. However, for transparency & better coordination there shall always be a committee with nominee of Finance department & Purchase department at appropriate level.

- | | |
|--|---------------------------|
| 1) Contracts for transportation of Finished goods | Marketing Deptt. |
| 2) Printing of balance sheet & Chairman's Speech for A.G.M. | Secretarial Deptt. |
| 3) Procurement activities for A.G.M. | Secretarial/Admin. Deptt. |
| 4) Miscellaneous Administrative items Like Crockery, Calculators, Visiting Cards, Greeting Cards | Administration Deptt |

Procedure described under chapter 21, 22, 23 & 24 shall be followed for various services by the designated departments authorised to carryout activities for purchase and service / sales contracts.

Chapter : 2

VENDOR QUALIFICATION & REGISTRATION

2.0 VENDOR LIST

2.1 The selection of suppliers for various requirements can be done by following means:

- A) Presently available updated approved vendor list.
- B) Suggested suppliers by the indentors/Purchase Deptt. for items not covered under approved vendor list.
- C) Introduction letters & catalogues from new suppliers & the visits of their representatives, approaching GACL.

2.2 The responsibility of registration of suppliers shall be with MM Deptt. They will prepare a list of Approved Vendors capable of supplying various types of equipments, materials and services, confirming to specific requirements of the departments concerned. The list is to be approved by HOD (MM) & HOD of respective user deptt. Purchase department shall update this list from time to time based on past performance of the suppliers and recommendation/concurrence of HOD of respective user department for existing & newly registered suppliers.

2.3 The Approved Vendor List shall be compiled for the following groups but not limited to them.

- a) Industrial Salt
- b) Other Raw Materials & Auxiliary chemicals
- c) Packing materials
- d) Imported materials including spare parts etc
- e) Mechanical Items – indigenous
- f) Electrical Items – indigenous
- g) Instrument Items – indigenous
- h) Civil items – Indigenous
- i) Calibration contractors for weighing machines
- j) Administrative Items, TK Office & Security items
- k) Safety & Environment Connected items
- l) Computer & MIS related items
- m) Printing & Stationery items
- n) Any other group/requirement relevant to purchase functions
- o) Annual rate contract for supplies & services

2.4 REGISTRATION OF NEW SUPPLIERS

2.4.1 At present there are a large number of vendors for supply of various requirements/services. However there also exists a need of registering new Vendors to the existing Approved Vendor List in order to have a

broader base of suppliers, whenever so essential, keeping in view around six suppliers desirable for a particular group of items.

New suppliers can approach MM Department for getting registered as approved vendors. User departments can also suggest names of new vendors whom they feel can qualify for registration, to MM Department.

For items where adequate no.of vendors (4 to 6) are already there & their performance is satisfactory, the vendors approaching company for registration may be asked to give details for pre-qualification and may be kept in waiting list if they are found to be acceptable so that the same can be considered if performance of any existing vendors is not found to be satisfactory.

A detailed introductory letter consisting of items dealt with, reference list of customers, turnover for last three years, details of plant & machinery etc. may be submitted to Materials Management Deptt. The introductory letter may be sent to user department for their preliminary recommendations / comments. Materials department based on these recommendations can consider the supplier for further registration procedure.

2.5 New Vendors shall be issued the appropriate Form A for Traders & Form B for Manufacturers for Vendor Registration (placed at Annexure I & II as enclosures) by the relevant sectional head of the MM Department subject to their being considered suitable for registration based on preliminary discussions by the concerned group and depending upon the need to include new vendors. The new vendor shall fill the questionnaire and give it to MM Department.

2.6 Depending on the nature of supply, the new vendor's application will be further scrutinized by Officers of MM Deptt & put up to HOD of MM. If found suitable it with his clearance, he may forward for comments of the HOD of user department. If required, the supplier may be called for personal discussions and for submitting clarifications on the application and such other information as may be considered necessary including visit to the vendor's works/premises etc. If the supplier is a manufacturer/trader then visit by the concerned officials of user department & purchase department as proposed by their respective HOD's can be done.

After satisfactory discussions on various technical & commercial aspects and approval by the committee, the Purchase Department shall register the party for only specified items as per approval and

shall then obtain computerized party code for the supplier. Purchase department shall intimate the supplier concerned about registration.

- 2.7 The newly registered vendor may be kept on probation till its actual performance is established to the satisfaction w.r.t. Quality of goods & timely delivery. Initially a trial order for minimum quantity, if possible, shall be placed on the new party for its performance evaluation. However, the newly registered supplier can be also taken as approved vendor, for bulk order instead of smaller value trial order, if the reputation of the supplier is already found satisfactory and reliability can be judged by MM deptt. with such remarks while proposing for order.
- 2.8 In case the vendor application is rejected, reasons for the same shall be recorded. However the vendor development process can be continued with the same party, if it is in the interest of the Company, till the vendor achieves required quality of material.
- 2.9 For various project items, imports substitution items, R&D requirements, development items etc., the above procedure may not become applicable. Also for non-regular items, which are of one time requirement or proprietary spares or special capital equipments or special laboratory equipments, for which vendor list is not available,

vendor approval as per above procedure is not required. In above cases, suggested vendors by the Indentor shall be considered as the approved vendor for sending the enquiry for such specific category items. Purchase Division may suggest vendors in the suggested vendor list based on its feedback so as to have competitive prices.

- 2.10 For the reputed Companies (known for supplying quality products) or Central/State Government undertaking or Public Sector undertaking normal registration procedure is not considered essential & they can be directly registered as per our requirements for quality products available from them.
- 2.11 In case the purchases have to be made from a vendor who is not on Approved Vendor List, under exceptional cases due to emergency, the said vendor can be approved by Head, MM Department in his capacity as being the competent authority.
- 2.12 The list of approved vendors/suppliers shall be regularly updated. This list shall be followed for procurement. Indentors should refer this list and for non regular items not covered in the list of probable potential suppliers can be given in the Indent, which can be added in the vendor list if required.

- 2.13 There will be no need to keep records of registration for presently approved vendor list.

Records of registration for newly registered suppliers in the last one-year shall be maintained and all such records shall be kept atleast for two years. This procedure shall be followed for new vendor registration also.

2.14 EVALUATION OF PERFORMANCE:

- 2.14.1 The suppliers on the Approved Vendor List shall be evaluated for their performance, based on laid down performance assessment methods as per ISO Procedure, covering the parameters of Quality & Delivery, in general. The procedure for Performance Evaluation with respect to vendor rating is applicable to suppliers of raw materials, auxiliary chemicals, packing materials and other items/services covered under ISO, where data/documents are generated in prescribed manner.

- 2.14.2 This evaluation shall be done on complete execution of Purchase Order (or earlier if Order is not fully executed). The same shall be carried out within two-months period, after all relevant details including GRV & invoices for order completions are cleared.

2.15 DE-REGISTRATION / HOLIDAY OF SUPPLIERS

2.15.1 DE-REGISTRATION FOR SUPPLIERS

2.15.2 It may become necessary to delete the name of an Approved supplier from approved vendor list for many reasons. Some of which are:

- 1) Repeated unsatisfactory operating experience/performance, or fall in vendor rating.
- 2) As per directive of Board / Govt. Deptt. / Financial Institution / Court etc.
- 3) Arbitration/Litigation by or against the Supplier.
- 4) Death of Proprietor, in case of proprietary firm / bankruptcy / insolvency of the supplier.
- 5) Adoption of unethical business practices by the supplier and/or persons associated with supplier.
- 6) Intimation of De-registration of the supplier by other companies, with convincing reasons thereof.

2.15.3 In the above events, a note for de-registration shall be initiated by the concerned group of MM Department and the same, if approved by the HODs of MM & user departments, vendor shall be de-registered with Company & it's Computerized code will be deleted.

2.16 **“HOLIDAY” FOR SUPPLIERS:**

2.16.1. In the following cases, supplier may be put on “Holiday” for a specified period with the approval of HODs of MM & the user departments.

- a) Poor performance with respect to delivery schedule, quality and workmanship.
- b) In case of problems such as labour, finance, legal etc, at vendors premises/office etc.
- c) Any other reasons as thought fit by HODs of MM & the user department, in the interest of Company & it's procedure.

2.16.2. An intimation of vendor Deregistration or kept on Holiday, shall be circulated to the concerned officers of Purchase deptt. and user deptt. of both complexes and also heads of each of the complex. This is essential to have clarity of purchase functioning at organizational level.

2.16.3. A list of parties deregistered / on holiday shall form part of the Annexure of vendor list with an objective that reference of such vendors is always available.

2.17 Review & updating of Vendor List

2.17.1 The vendor list would be reviewed periodically & updated keeping in view the performance of approved vendors & credentials of new vendors. The updated vendor list will be prepared based on addition of new vendors & deletion of vendors not having satisfactory performance.

Chapter : 3

PURCHASE INDENT

3.0 There are two categories of purchase indents

- A) Regular indents to be raised by user department directly.
- B) Min-Max to be raised by Stores department for engineering items of consumable nature and where some minimum stock is required to be maintained in the stores.

3.1 For items not covered under Min-Max list the indentors from various departments will raise indent for purchase in the form of designated computerized Purchase Indent as enclosed at Annexure-III and forward it to Purchase Deptt.

3.2 For items covered under Min-Max list, Stores Deptt. will raise computerized indent emerging out of planning/review based on past consumption, inventory levels, minimum/record level etc., and forward to Purchase Department.

The Indenting Deptt shall also raise indents for items, though covered under Min/Max that may be required in abnormal quantities and/or for specific jobs/schemes on the basis of requirements given by concerned users.

3.3 COMPLETENESS OF PURCHASE INDENTS:

3.3.1 The indents shall be complete & clear in all respects with regard to item description/specifications, its unique relevant item code number, physical dimension as applicable, with relevant drawings whenever required to be enclosed, indent no. & date, project head, budget head, cost center, capital/revenue/min-max, technical evaluation required or not, vetting of purchase order required or not, imported or local, last purchase order reference, stock quantity, pipe line quantity, current year consumption quantity & last year consumption quantity, required date of delivery, estimated value, indenter's signature, approving authority's signature, suggested vendors (For items not covered in approved vendor list) special remarks etc., The third party inspection certificate requirement / guarantee / warrantee certificate requirements shall also be mentioned in the indents.

The suggested vendors shall be only for the items which are not listed in vendor list. For all other items vendor list shall be strictly followed by Purchase Deptt.

3.3.2 The time schedule for various procurement activities is enclosed as ANNEXURE-11. The indenter shall raise indent in time, keeping in view the lead time required for placement of order & delivery period required by supplier

- 3.4** The indents with non-coded items may be raised by users for non-regular or one time requirement, items after consulting Materials dept. to ascertain whether the indents are complete in all respects & to give temporary code & to suggest the use of alternate items/substitutes if these are available in the stock.

For such non-regular items, details regarding stock, pipeline quantity, last Purchase order detail etc will not be available. However indenter is required to give estimated cost of the items covered in the indent.

- 3.5** Before raising purchase indents, the indenter shall check regarding availability of the indented material whether it is available as surplus material anywhere in the Company.

All the indents received will be thoroughly checked by respective sections of Purchase Department & only thereafter indents raised by the indenter will be registered at Purchase Deptt reference of this registered Purchase Indent No. & Date, will be essentially required to be given to Purchase Deptt. for all future follow up by the indenter.

The complete indents will now be processed by the Purchase Department for procurement activities.

- 3.6** The responsibility of completeness in all respect lies with HOD of the user department and only HODs are the final authority to approve the indent.
- 3.7** The approximate value of capital item / high value item covered under the intent placed for procurement, should be prepared on the basis of scientific principles by detailed exercise considering all relevant factors including prevailing prices. The estimate should not be solely based on the previously awarded contracts, though these would certainly be one of the factors for arriving at fairly accurate estimates.

Chapter : 4

ENQUIRY

4.0 SENDING ENQUIRIES – GENERAL

4.1 Upon receipt of the indents from various indentors enquiries shall be issued by the Purchase Deptt., as per the procedure laid down below. The normal practice that shall be adopted is closed limited tendering system.

4.2 Vendors to whom enquiries are to be sent are selected from the Approved Vendor List or otherwise based on the provisions laid down in Chapter-2.

4.3 An enquiry in relevant prescribed standard format (Annexure-IV) for enquiries for indigenous suppliers is prepared in detail on the selected vendors in general. In case of urgency, enquiry can be sent by Fax or E-mail also. For Imported items, enquiry can be prepared as per Standard format (Annexure-V) or letter form or Fax/E-mail form. The enquiry shall include detailed technical specifications, general commercial terms and conditions alongwith required delivery period, mode of transport etc., for the items/material for which enquiry is

floated. The enquiry is signed by competent authority as per delegation of powers. The duly signed enquiries are then sent to the selected vendors as per vendor list.

All the enquiries should be sent, by courier/Speed post with recorded delivery. Wherever Courier/Speed post services are not available, enquiry may be sent by Regd. A.D. Acknowledgement details should be available, so as to ensure that enquiry is received by all bidders.

The enquiry is subject to the Terms and Conditions printed on the overleaf of enquiry sheet or as may be specified in the main format as per requirement from time to time.

- 4.4** In all enquiries, offers shall be invited in two parts in two separate sealed envelopes:

Part-I Technical Unpriced bid containing the following:

Complete technical specifications of items offered.

All the commercial terms & conditions like payment terms, delivery period, guarantee etc.

Part-II: Priced bid quoting the following:

Unit rates of each item & total value

Applicable taxes & duties.

Packing, forwarding & freight charges

However, for normal routine items like fuses, gaskets, fasteners, lighting fittings, relays, other hardware items, consumables etc. and/or for small value items upto Rs.50000=00 parties are not required to submit separate technical unpriced bids and only commercial offers can be considered.

4.5 While issuing the enquiries it should be ensured that it shall not be issued to the vendor who are deregistered or put on HOLIDAY.

4.6 It shall be clearly indicated in enquiry

- a) Negotiations may or may not be held. Therefore parties should quote best prices based on which order can be finalized. (Further negotiations, if required, may be held with limited parties based on offers received).
- b) Deviations from standard commercial terms of GACL will have negative impact on consideration of the selection of the offer. The offer can either be rejected or can be loaded suitably on prices, at the discretion of the management.

4.7 NO. OF SUPPLIERS TO WHOM ENQUIRIES TO BE SENT

4.7.1 As far as possible it should be attempted that, minimum number of enquiries to be issued should be five vendors and minimum number of

bids to be opened should be three. The idea for prescribing a minimum number of enquiries is to create competition amongst bidders so that the company is able to procure the material at the most economical prices. However in certain cases the number of approved vendors available may be less and in such cases, the enquiry can go to less than five vendors.

4.7.2 However for OEM/Proprietary items, the enquiry shall be sent to single party. If for certain items more than one technically suitable vendor are not available, the enquiry can be sent to a single party. For cases other than OEM/Proprietary, if enquiry is to be sent to a single party, prior approval of HOD (MM) should be obtained giving reasons thereof.

4.7.3 In case of OEM/Proprietary suppliers, enquiry can be sent, on approval of HOD (MM) to other likely substitute suppliers too, for price comparison purpose and/or as part of substitution/vendor development

4.8 EMERGENCY REQUIREMENTS

4.8.1 In cases of emergency situation, to meet any eventualities and to ensure that plant operations do not suffer for want of material, Purchase Deptt can procure material without any indent & without inviting bids/offers. Such purchases shall be from Approved Vendors on verbal order basis, with or without repeat order considerations. The

proposal for regularization on post-facto basis should be put up to HOD of the purchase dept. & HOD of user department if the order value is above Rs.50,000/-.

4.9 DUE DATE FOR ENQUIRY & OBTAINING QUOTATION

- 4.9.1 Normally 10 days to maximum 15 days time shall be given to vendors for submitting their bids/offers & this needs to be clearly spelled as “due date” on envelope of GACL. However, this time can be increased/decreased depending on the particular circumstances. In such a case, the intimation shall be sent to all the vendors to whom enquiry has been floated.
- 4.9.2 The suppliers should be asked to send their bids in sealed covers sent by GACL. As far as possible, the receipt of bids through Fax/Telex /E-mail shall be discouraged. However, under the present conditions, such faster means of communication can be utilized for taking faster decisions, when requirements of quick deliveries of materials are essential. The enquiry shall clearly mention enquiry no., enquiry date, brief subject & due date.
- 4.9.3 The bidders shall be advised to indicate on the envelopes (in case of their own envelopes price bid or unpriced bid), enquiry number, the enquiry date and due date of opening of the bid. The bid should be

addressed to concerned authority of MM Department who has sent the enquiry.

- 4.9.4 For imported Items enquiry can be floated through Email and offers can also be received by Email, as a normal practice. Otherwise the postal time duration is very high.
- 4.9.5 The bidders should be intimated to submit their bids indicating clearly the validity. In general the validity of price should be for 45 days from the date of offer. But in view of the volatility in the prices of various materials like Steel, Cement, Exotic Metal (Nickel, Titanium etc.) and fuel etc, it is not possible to get all offers valid for 45 days. Therefore company will have to finalize orders within the validity period. In such cases purchase dept. to put all the efforts to finalize order within the validity period of offers.
- 4.9.6 In case, after opening the bids, it is necessary to change the specifications, these revised specifications must be circulated to all the bidders and fresh bids will be obtained from all the bidders. However, the need to change specifications necessitating bidders to bid fresh shall be exceptional in nature and for all such cases prior approval of Head, MM Deptt. / Head of user deptt. must be obtained.

4.9.7 The bidders should not be allowed to revise/alter their priced bids after opening of the bids and within the validity period of the bids. However, in cases where there is substantial increase/decrease in the prices of raw material, fuel, other input etc, vendors may be allowed to revise their price bid. In case of genuine calculation error/mistake, the negotiating committee may take appropriate decision for consideration or rejection of revised bid based on the data & explanation submitted by the party. In such cases all the bidders shall be given chance to give ranged bids. All such cases where prices are required to be increased, concurrence of HOD of Purchase / User dept. is to be obtained. Wherever the bidder without any justifiable reasons intends to revise the prices upward, the committee may take decision to put the party on blacklist.

4.10 REMINDERS AGAINST ENQUIRY

In case of receipt of less than two offers against & specific enquiry after 4 days of the due date, one reminder is to be sent to the vendors for submission of offer within 7 days period & if offer is not received even after reminder, further procurement action can be taken based on offer received. However, for emergency indents, decision for opening bids can be obtained from HOD of purchase department.

Chapter : 5

EVALUATION OF OFFERS & CONSIDERATIONS FOR COMPARATIVE STATEMENT

5.0 Opening of Offers

- 5.1 The technical unpriced offers received against enquiries shall be opened not later than four working days of the due date or after receipt of all the offers whichever is earlier, by the concerned purchase group. No finance representative shall be necessary for opening these unpriced offers.

Offers received after four days of due date will not be considered. In case late received offers are required to be considered, approval from HOD (MM) is to be obtained giving the detailed justifications for the same.

These unpriced offers are to be sent for technical evaluation to the user department.

Simultaneously, Purchase Deptt will examine the commercial terms offered by parties and if parties have not agreed to company's terms & conditions, they can persue with party to agree for the same and can

consult Finance Division for rejection of offer or suitable loading before opening the Price Bid.

- 5.2 User department will forward their technical recommendation confirming technical acceptability of Part-I Technical unpriced bids. In case any offer is not technically acceptable, reasons for the same is to be mentioned clearly. Otherwise it would not be fair to reject any party, if that particular party becomes L1 on commercial basis.

For technical evaluations by user department in case some technical clarifications/confirmations are required, user dept can obtain the same directly from parties under intimation to Purchase. But if there is major change/revision in the specifications which has got price implications, the same shall be informed to purchase department. Any revision in prices shall be submitted in a sealed envelope as Revised Part.

- 5.3 If required, new indent may be generated in place of earlier indent which may be cancelled. Against subsequent fresh indent released by the user department, Purchase department shall refloat the enquiry.
- 5.4 Technical Deptt. shall send its technical recommendation within 7 days so that procurement process is completed within the time schedule as given under Annexure-II.

5.5 Only after receipt of Technical Evaluation against unpriced offers (Part-I), from user department, Priced bids (Part-II) of technically acceptable parties will be opened by a Committee consisting of authorized Officers of Purchase Department and Finance Department. Price bids of unacceptable party shall not be opened. Price bids shall be opened thrice a week as a normal practice. However, to meet urgency, officer in purchase department may request on unspecified day also & finance department will extend their co-operation.

In case of revision in technical specification, which may happen in few cases, revised bids will be obtained from all the parties. Only revised bids will be considered for further evaluation. Earlier bids will not be opened & considered for order decision.

5.6 The original copy of Part-II bids opened must be initialed and dated on all pages including envelope by the Committee members who attend opening of offers. Any overwriting or unclear portion of price part, alterations, erasing, cutting & corrections may be encircled by pen with initials of committee members.

5.7 The bidders will have all options to revise the price in the Priced bid before the Due Date. In case any bidder wants to revise/alter the bid, he can do so and submit the changes in the prices in sealed envelope

before the due date only and not thereafter. Only after ensuring the technical acceptability of the bidders, price bid will be opened.

No mistakes due to calculation error or typographical error shall be entertained, after Due date is over.

5.8 Action for Late Offers

5.8.1 Offers received after the stipulated deadline for submission of [i.e. due date] as indicated in the enquiry, may be rejected. Offers which are not accompanied by prescribed EMD or any other accompaniment like Bank Guarantee/Security [though specified in enquiry] shall be treated as "Unsolicited Bid" and will be endorsed as such.

5.8.2 Unsolicited bids even though they may be the lowest, should not be accepted. Late offers, if agreed by higher authorities and in case found to be lower or the lowest may be considered for further actions. But there can be two situations.

a) When technical evaluation is over/not over and priced bid have not been opened, such late offers can be considered after confirmation of HOD (MM) & can be forwarded to user department for technical evaluation and all priced bids to be opened only after technical evaluation of late offers is also received.

b) When technical evaluation is over and price bids are opened, such late offers can be considered, only if HOD (MM), HOD (User deptt.) and finance representative from HOD(Finance) agree and make noting for consideration of late offers and on their clearance, such late unpriced bids can be sent for technical evaluation and their offer be considered. However, only in exceptional case, such approval should be granted, when there is significant reason for such consideration.

5.9 OTHERS:

5.9.1 All priced and unpriced bids shall be received by administrative dept. at GACL. Proper record (Enquiry No., Due Date, Party's Name, Date of Receipt) of all the offers received shall be maintained by administration department. Thereafter, offers will be forwarded to purchase department after proper record in the register and acknowledgment of purchase department is to be obtained.

However, only for major items like common salt where there are many suppliers [more than 10 Nos.], use of tender box shall be made, where in all suppliers can put in their offers.

In case offers are received at Purchase Deptt directly, it should be routed and received through administration department. In case of

urgency offer can be received in purchase department or it can be collected personally also. All the offers received directly in Purchase Dept. as well as collected personally, should be recorded properly on the office copy of the enquiry kept in the Dept.

- 5.9.2 The offers will not be opened in public or in presence of suppliers, considering confidentiality and closed tendering system adopted at GACL.

5.10 PREPARATION OF COMPARATIVE STATEMENT:

- 5.10.1 After opening of Priced bids, a comparative statement will be prepared by the purchase department. Any valid bids will be listed in a separate statement and attached to the comparative statement. Once the offers are opened, information relating to scrutiny, clarifications, evaluation and recommendation shall not be disclosed to the bidder or any other person officially not concerned with the process until placement of order is announced i.e. the process is to be kept confidential.
- 5.10.2 Based on unpriced bids opened first, the Purchase Department shall ensure that the offers received as Priced bid are generally in order and meet with the terms & conditions and specifications etc., as stated in the enquiry. Any offer which contains any deviations from the terms, conditions and specifications as mentioned in enquiry, may not be

considered. The bidder shall not be permitted to correct or withdraw deviations or reservations on his own once the offers have been opened. However, if the party is on L1, chance can be given to party to withdraw deviations etc. in the interest of the company.

5.10.3 Payments through Bank, Proforma Invoice, Advance payments to be discouraged depending upon receipt of other offers.

5.10.4 The following details from offers received are compiled in the comparative statement, in case of computerized statement.

- a) Enquiry reference No. and Date
- b) Date of Comparative statement.
- c) Brief Specification/Quantity of items.
- d) Name/code no of the Supplier with respective prices.
- e) Details of prices, Packing and Forwarding, Transportation, Excise Duty and Taxes, Place of delivery, delivery time, Indian Agents Commissions if any, FOB/C&F and /or CIF, Customs duty elements and incidental charges etc.
- f) The last order rate if available.

5.10.5 A Comparative Statement is generated, through computer system. Alternatively, a manually prepared comparative statement shall also be acceptable.

5.10.6 For the purpose of evaluation, adjustment should be made for cost to the Company for quantifiable non-material deviations/reservations. Factors which can be considered include interalia, the cost of transportation and transportation incidentals, payment schedule, delivery time, operating cost, the efficiency, equipment compatibility, availability of service and spares parts etc. with passage of time and as experiences is gained, it should be possible to determine the factors to be used to decide the lowest evaluated bid/offer, which should be practicable as possible and can be expressed in monetary terms, or given a relative weightage in the evaluation. In future it should also be possible for Purchase department, Indenting Dept and Finance Department to specify these factors in monetary terms.

For supply of the goods, the comparative statement can be prepared on the basis of landed cost after modvat.

For payment terms such as through Bank/Proforma/Advance etc., if party does not agree to our payment terms, loading of additional cost to the company towards such deviations shall be decided by the purchase committee keeping in view the accounting principle and other factors as felt necessary by the committee and the same shall be spelled out to all the vendors to maintain transparency and to discourage vendors to put such payment terms in future.

Chapter : 6

FINALIZATION OF ORDERS FOR GENERAL ITEMS

6.1 For order value less than Rs.5.00 Lacs

6.1.1 Based on the technical recommendations and prices quoted by parties, Purchase Deptt. will prepare proposal recommending placement of order on the lowest party (L1) among the technically acceptable parties. Details of last purchase price, if available, is also to be mentioned and in case of significant change in the prices as compared to last prices is there, reasons for the same should be recorded properly. However, when the lowest offer eventhough technically confirming the specifications is not accepted, complete justifications for accepting the other than the lowest offer should be recorded in writing. No negotiations shall be held. However, Purchase Deptt may negotiate with the lowest bidder for further reduction. In case the lowest bidder does not accept company's terms & conditions, delivery period etc., purchase dept can negotiate with second lowest (L2) bidder if required. Final proposal will be put up for approval to committee as authorized by Management & as mentioned in APPENDIX-II.

6.1.2 For order value more than Rs.5.00 Lacs & Specific Items

For items having order value more than Rs.5.00 lacs, limited parties i.e. three parties (L1, L2 & L3) will be called for negotiations. Negotiations will be attended by HOD of MM Deptt & HOD of Finance Deptt or their representatives (Dy.G.M. / Sr. Manager / Manager). Negotiations to be attended by at least by one HOD of any department i.e. Purchase, Finance or User Department.

For large value of Rs.20 Lacs or more TA / Sr.ED / ED may also attend the negotiations.

During the negotiations, all the parties will be called at a time & relative position i.e. status L1, L2, L3 will be declared. Parties will be asked to give their revised price/discount within stipulated time in a sealed envelopes. If any party does not submit their revised offer within specified time, the same shall not be considered & original offer will only be considered.

In cases where parties ask for submission of final bid by next day, negotiating committee may decide, if it feels necessary, for transparency to declare prices of all the parties and parties may be asked to submit revised bids in sealed envelop. These sealed envelopes shall be opened in the presence of purchase representative

& finance representative after receipt of all the revised bids. No revised bids are to be accepted in open condition.

After negotiations a revised comparative statement will be prepared jointly by Purchase representative & Finance representative.

Based on revised comparative statement, Purchase Deptt will prepare proposal recommending placement of order on the lowest party (L1). Details of last purchase price if available is also to be mentioned and in case of significant change in the prices as compared to last prices, reasons for the same should be recorded properly. The proposal will be put up to the approving Committee as authorized & mentioned at Appendix – II.

- 6.1.3 In case purchase deptt or the committee strongly feels the need to recommend placement of order on party other than L1, in the interest of the company, detailed reasons with proper justifications need to be given.
- 6.1.4 The general guidelines by Government on reservation of items & price preference to SSI units and purchase preference to PSU's is not possible due to commercial nature of GACL's business. If they are found to be L1, they shall be considered on their merit only.

Chapter : 7

FINALIZATION OF ORDERS FOR STEEL & CEMENT

As prices of Steel & Cement are very volatile and are subject to change very frequently, it is desirable to finalise order for these items as fast as possible. Even price validity of offers in some cases is less than 7 days. Obtaining separate unpriced and priced bid is not necessary in this case. Hence only priced bid shall be obtained. In emergency enquiry for these items can be floated by Fax/Email & Offers can be received by the same mode.

7.1 FOR ORDER VALUE LESS THAN Rs.5.00 LACS

For order value less than Rs.5.00 Lacs, Purchase Department will finalize with the lowest Bidder (L1) if the lowest bidder does not accept company's terms & conditions, delivery period etc., Purchase Department can negotiate with second lowest Bidder (L2), if required. Final proposal will be put up for approval to committee as authorized by the management and as mentioned in Appendix-II.

7.2 FOR ORDER VALUE MORE THAN Rs.5.00 LACS & LESS THAN Rs.10.00 LACS

For order value more than Rs.5.00 Lacs but less than Rs.10.00 Lacs, negotiations in person will not be held. However, Fax/E-mail to be sent to three parties (L1, L2 & L3) to offer the best revised prices/discount for finalization of order. Order is to be finalized on lowest Bidder based on the revised offer. Final proposal shall be put up to the committee for approval, as authorized by the management and as mentioned in Appendix-II. In case of urgency, if best price is asked at enquiry stage, subsequent fax/e-mail negotiation may not be essential and party can be proposed for ordering.

7.3 FOR ORDER VALUE MORE THAN Rs.10.00 LACS

For order value more than Rs.10.00 Lacs, three parties (L1, L2 & L3) to be called for negotiations in person. If quantity is large and only one party cannot supply the total quantity in the required delivery period, the committee may decide to call more than three parties for negotiations so that order can be divided into 2/3 parties so as to ensure the timely delivery to avoid delay in construction activities/project schedule. Negotiation procedure will be same as described in Chapter-6 for general items. Final proposal shall be put up to the committee for approval, as authorized by the management and as mentions in Appendix-II.

Chapter : 8

FINALIZATION OF ORDERS FOR IMPORTED ITEMS

- A) The postal procedure is time consuming & it may lead to delay in procurement activities, whereas Fax & Email are not only faster & economical mode of communications, in addition receipt of communication/message can also be ensured. Therefore enquiry for Imported items can be floated through Fax/E-mail & offers can also be received by Fax/E-mail. As it is not economical for foreign supplier to attend most of the negotiations & they may not attend the same, E-mail/ Fax may be sent to parties to look into the possibility of any reduction in the prices quoted in original offers.

In selected cases where Purchase Department finds the need of negotiations and if it is feasible, then the procedure mentioned in Chapter-6 for negotiations shall be followed.

Purchase department shall prepare proposal recommending placement of order on lowest party (L1) & the same can be put up for approval of Committee as authorized & mentioned in Appendix-II & III.

In case Purchase Deptt or the Committee strongly feels the need to recommend placement of order on party other than L1, in the interest of the company, detailed reasons with proper justifications need to be given.

For Imported raw material like Potassium Chloride & Rock Phosphate where annual contract for supply is required to be entered into with staggered shipment, parties can be called for negotiation & negotiations can be held by authorized committee. Negotiations can be carried out simultaneously with all the parties or in isolation with individual party to avoid any possibility of making cartel by suppliers. Negotiating committee can also give counter offer to get the lowest possible prices.

Purchase Department shall put up proposal recommending placement of order based on recommendation of negotiating committee keeping in view the price offered by various supplier, total quantity required, quantity offered by various supplier & assessment of committee w.r.t. Capacity of party for timely and quality supply etc

Chapter : 9

FINALIZATION OF ORDERS FOR RAW MATERIALS, AUXILIARY CHEMICALS & PACKING MATERIAL

The requirement of Raw Materials, Auxiliary Chemicals & Packing Materials is of continuous nature depending on production & product mix of finished goods. Therefore Contract/Purchase orders for the same are required to be made on Annual basis with staggered delivery as per consumption/requirement.

Based on budgeted production of finished goods, annual requirement of these items shall be worked out by Production Deptt & indent for next financial year shall be raised sufficiently in advance (About three months in advance) so that purchase procedure can be completed before expiry of earlier contract.

The requirement of raw materials, Auxiliary Chemicals & Packing materials are high & it cannot be meet by any one supplier. Therefore more than one supplier may be required. To split the order, more than three parties can be called for negotiations. After completing the procedure of Indent, Enquiry, Technical evaluation, Comparative statement as described in earlier chapters, the parties shall be called for negotiations.

Negotiations can be held by authorized committee consisting of HOD of MM Deptt, HOD of Finance & HOD of Production Deptt or their representatives (Dy.GM / Sr.Mgr. / Manager). Negotiations to be attended by atleast one HOD of any department i.e. HOD of Purchase, HOD of Finance or HOD of User Department.

Negotiations can be carried out simultaneously with all the parties or in Isolation with individual party to avoid any possibility of making cartel by suppliers. Negotiating committee can also give counter offer to get the lowest possible prices.

Purchase Department shall put up proposal recommending placement of order, based on recommendation of negotiating committee, keeping in view the price offered by various suppliers, total quantity required, quantity offered by various suppliers etc. and order need not be given to all the parties. The distribution of quantity and timely delivery shall be the sole responsibility of Purchase Division.

Proposal shall be put up to the authorized committee as mentioned in Appendix-II.

Chapter : 10

FINALIZATION OF ORDERS FOR INDUSTRIAL SALT

1. Industrial Salt is to be procured from different pockets like Dahej, Gandhar, Jambusar, Bhavnagar, Jamnagar, Maliya Miyana, Surendranagar etc.
2. The vendors for salt procurement shall be number of manufacturers and traders who have supplied salt in the previous year and those who have approached for enquiry for new tenders.
3. Before floating enquiry, previous tender documents shall be circulated by Purchase Deptt., among Finance and Production Deptt. to update the tender documents and after updating the same, a revised tender document shall be prepared.
4. After receipt of offers from the Salt Manufacturers, the tenders shall be opened in presence of Finance representative and Purchase representative. Then the comparative statements shall be prepared on pocket wise basis and the parties shall be called for negotiations in subgroups keeping in view area of supply, procurement strategy etc. The negotiations shall be conducted before the Salt Purchase Committee constituted by MD. After negotiations with the parties, they shall be

advised to submit their revised offers or confirm the rates agreed upon by them before the committee in writing immediately. The parties then shall submit their revised offers or confirm the rates in writing immediately after negotiations.

In order to avoid any cartelisation, HOD (MM) or committee may decide to call the parties in isolation also and offer counter bids.

5. The placement of orders shall be determined after completion of discussions with all the parties and their revised bids are scrutinized. The distribution of quantity and timely delivery shall be the sole responsibility of Purchase Division.
6. After determining the placement of salt orders by the Salt Purchase Committee, a proposal note shall be initiated by the Purchase Deptt duly signed by the Committee Members for the approval of Managing Director from time to time.
7. After getting approval from MD, Purchase Deptt. shall place the orders on the approved parties as per the quantity, rates indicated in the said proposal, stipulating the delivery based on the quantity ordered.

Chapter : 11

ANNUAL RATE CONTRACT FOR REGULAR REQUIREMENT OR MAX – MIN ITEMS

Some of the spares & general consumable items like Mechanical Seals, Bearings, Valves, Fuses, Contactors etc are required on regular basis. Therefore it may be beneficial and also administratively convenient to enter into rate contract for procurement of materials or services.

The user department shall forward a list/Indent for the items for which Annual Rate Contract is required to be entered. The list/Indent may be forwarded well in advance (about 90 days) to enable Purchase Department to complete purchase procedure for timely issue of Contact/Purchase order. User Department will also give details about Min & Max quantity to be maintained in Stores all the time. The list of Min-Max Items should be reviewed every year by User Deptt. & Stores Deptt. keeping in view following:

- (i) Consumption pattern
- (ii) Replacement schedule
- (iii) Use of machinery for which spares are meant
- (iv) The lead time for procurement

For Min-Max list items indent will be raised by Stores Department. For other items, Indent will be raised by User Deptt as and when requirement comes up.

The tenders in this case shall be issued or enquiries sent to vendors depending on the quantum of annual value of purchase and who are on "Approved Vendor List". It should be ensured as far as possible that at least 3 bids/offers are obtained except for proprietary / OEM Items.

The rate contract should normally be entered into for a period of not less than one year. If prices are steady and have not fallen downward by mutual consent the rate contract can be extended for further period of one more year. However, it shall be ensured that the supplier/vendor has fulfilled the conditions and provisions of existing Annual Rate Contract in respect of quantities of suppliers/services.

The bids/offers received for rate contract shall be processed in the same manner as laid down for procurement of other materials.

As & when indents are received from either Stores or User Department, Purchase Department shall issue Purchase Order/LOI against ARC and no separate procurement procedure is to be carried out for individual indents.

For Annual Rate Contracts, No Finance Concurrence is required. As concurrence will be obtained on the proposals approved based on actual requirement from time to time. ARCs are for rate approval to cut down procurement lead time.

Chapter : 12

LOCAL / CASH PURCHASE

- 12.1 As far as possible local/cash purchase of material should be avoided. However, such a purchase should be made only to meet the plants emergency or in such cases where it would not be economical to call for quotations/offers in view of small value of purchase.
- 12.2 The limit of cash purchase and sanctioning of imprest funds for such cash purchase of items in order to meet urgent day-to-day needs of plants shall be as specified in the Delegation of Authority.
- 12.3 Cash purchase for single item shall be limited to Rs.2000/- max, in normal circumstances.
- 12.4 In case of cash purchase more than Rs.2000/- approval of HOD of MM Deptt. shall be obtained but in no case cash purchase should be carried out for item, the value of which is more than Rs.10,000/-.

Chapter : 13

FINANCE CONCURRENCE

The approved budget shall be made available on the on-line computer system as soon as it is approved. The respective budget head is to be given from the indent stage & the same would be incorporated in the proposal put up for approval. The amount of approved proposal will get adjusted against the amount available in the approved budget. As soon as proposals are approved by the competent authorities/committees, Purchase Dept. will issue the purchase orders to ensure the timely delivery. Simultaneously the approved proposal will be sent to Finance Department for their noting. Finance Department will reconcile on the On-line system & will confirm the availability of funds in the approved budget amount.

Sometime because of abnormal inflation or increase in the prices of basic materials like Crude, Fuel, Steel, Nickel, Precious Metal, Petroleum Products/ Derivatives, Chemicals etc. the actual cost of material may be higher than the budgeted value. In such cases, Finance Dept. shall book the proposal amount with overrun in the cost. A compiled statement of overrun shall be prepared by Finance Deptt. on monthly basis and it will be informed to User Deptt. as well as Purchase Deptt.

For proposal having value less than Rs.1.00 Lac, there is no need to send this proposal to Finance Deptt. for concurrence. However, the amount approved in these proposals will get adjusted against the approved budget available on On-line computer system.

Chapter : 14

PURCHASE ORDER

- 14.1 Upon receipt of financially concurred proposal, the purchase department shall initiate the activities for placement of order to the successful bidder. In case, of any further clarification regarding validity extension, terms and conditions etc. are required, then these may be obtained from the party. After receipt of related clarifications, the formal Purchase Order is prepared in detail giving all the details like Specifications of each item with acceptable deviations, prices of each item, total order value, payment terms, other charges, taxes & duties, delivery schedule etc. If required, purchase order can be vetted by Finance deptt/User deptt. The relevant order formats are enclosed as Annexure-6 & 7. The Purchase Order should be checked, verified and signed by the competent authority of Purchase Department as per Delegation of Powers and formally issued to the party. If necessary, order commitment by way of Letter of Intent (LOI) / fax / e-mail / verbal order / letter order is also issued to the successful party followed later on by the detailed formal purchase order, so that the supplier can commence order execution activities & delivery period can be maintained. The advance payment shall also be released based on LOI as delivery commitments are from the date of LOI.

- 14.2 The Purchase Order should be prepared in quadruplicate and copies are distributed as follows.

Original		Party
1st copy	_____	Purchase Dept
2nd copy	_____	Finance Dept
3rd copy	_____	User/Indentor

- 14.3 The Purchase Order shall be accompanied by all relevant Annexures/enclosures/Drawings as may be necessary. Wherever required the standard GACL format for Advance Bank Guarantee and Performance Bank Guarantee shall also be attached.
- 14.4 Repeat orders without inviting fresh bids may be placed against Previous Orders within one year from the date of issue of original order. No repeat order shall be placed against the Purchase Order, which was placed at higher price in the interest of early delivery. Normally, the quantity and value of repeat order should not exceed 150% of the quantity and value which existed in the original order and as a practice such repeat order should be placed only not more than three times in one year. It should also be ensured that price have not gone downward since the original order was placed. Repeat Orders shall be placed with

proposals approved by prevailing Delegation of Powers only. However in case of urgency, Head of MM may approve repeat Order for higher quantity and value.

For items of proprietary nature, repeat orders can be released for any value, after obtaining confirmation from supplier for acceptance of last prices including other terms & conditions (except delivery) as per last order. Purchase Deptt. should ensure that there is no downward market trend during the period of repeat order.

14.5 AMENDMENT TO PURCHASE ORDER:

14.5.1 If it becomes necessary, changes / amendments to the Purchase Order can be issued, in writing after it has been approved by Head, Materials Management Department and in consultation with the Indentor. In case such changes/amendments are having financial implications w.r.t. price etc. then proposal for amendment shall be put up to Purchase Committee prevailing as per Delegation of Power. The amendment to the Purchase Order will also be raised in same number of copies in which the original Purchase Order was raised and distributed in similar manner as the Original Purchase Order as per normal practice.

14.5.2 EXTENSION OF DELIVERY PERIOD

14.5.2.1 If due to valid reasons, the party requests for extension of time beyond stipulated delivery period in the Purchase Order, it can be considered, if received before the expiry of stipulated delivery period and if considered reasonable it may be granted by HOD of Material Deptt. in consultation with User Department w.r.t. material requirement/stock etc

14.5.2.2 In case there is any delay in delivery of material beyond scheduled delivery date, and as per order, penalty is applicable. Purchase Division shall recommend waiver/recovery of penalty while giving proper and practical reasons, keeping in view past performance of the vendor. However, such recommendation shall be forwarded through Purchase Committee as per prevailing Delegation of Powers through Head of Purchase Department. For computation of penalty, the date of release of advance payment shall be considered in place of letter of intent/purchase order, in case where advance is paid after due date and delay is on account of GACL.

14.5.2.3 The amendment for extension of delivery period, should clearly indicate that due to the extension of the delivery period, there will not be any revision in the prices as well as other charges and taxes & duties which might get revised during the extended period. In case of force majeure

conditions or reasons arising out of GACL then any increase in statutory taxes/levies shall be borne by GACL.

14.5.3 FOLLOW UP FOR PURCHASE ORDER

14.5.3.1 The Purchase Department shall receive all the information about order position on order release from the suppliers and reply to them in consultation with the concerned department as and when necessary. The Purchase Department shall keep the indenting department informed of the status of the supplies, as they get intimation for supply position.

14.5.3.2 The Purchase Department shall be responsible for following up of the Purchase Orders with vendors and transporters until the material is received at the Plant/Site.

14.5.4 NON-EXECUTION OF ORDER

If any party shows their inability to execute the order after receipt of the same, it will be viewed very seriously and the concerned party will be put on HOLIDAY LIST OR ON BLACK LIST.

In such event, the only next higher party (L2) should be called for reduction in the prices quoted by them and order may be finalized in their favour. In case L2 party ask for any increase in the prices quoted earlier, the negotiating committee may decide to call L3 or refloat enquiry, on case to case basis depending upon the position.

Chapter : 15

BANK GUARANTEES & INDEMNITY BONDS

- 15.1 The Purchase Department will obtain from the suppliers, Bank Guarantee if advance payment is required to be made as per order. For advance payment the format of Bank Guarantee is enclosed as Annexure-8. If as per order Performance Bank Guarantee is required for release of final payment (Equivalent to BG value), Purchase Deptt. will obtain PBG before recommending final payment. Format for PBG is enclosed as Annexure-9. The Bank Guarantee should be issued by any nationalized bank or other scheduled bank or foreign bank.
- 15.2 For any free issue materials indemnity bond is to be obtained from the contractor. Indemnity Bond in respect of free issue materials may be waived by the approving committee, in such a cases where they are satisfied that the material issued to the supplier will not be moved out of the factories/secured work site.
- 15.3 The Finance Department shall be responsible for safe custody of Bank Guarantee received from vendors. The Finance Department shall maintain separate register for keeping records of Bank Guarantee obtained against advance payment, performance bond, free issue of

materials etc. These records shall be reviewed every month to ensure that all the guarantee which are found to be maturing/expiring will be reviewed in consultation with respective department to ascertain any further revalidation if required. Normally, the validity of the bank guarantee should be as under:

- a) **Advance Bank Guarantee** - From the date of making Advance Payment till the schedule of delivery plus two months & 3 months Claim period.
- b) **Performance Bank Guarantee** - A period of 18 months from the date with one month grace & 3 months Claim period.

However, these will be finalized based on commercial negotiations with vendors.

- 15.4 Finance Department shall keep Purchase Division informed for extension of BG wherever required and Purchase Division shall organize for extension of existing bank guarantee, before expiry of the claim period. All bank guarantees are required in GACL format only. The bank guarantee shall be discharged based on recommendation of Purchase Division. If the vendors fail to fulfill the bank guarantee conditions, the Finance Department will invoke the bank guarantee

before expiry of the claim period after written confirmation from respective User Department & Purchase Department.

- 15.5 For advance payment of Rs.50,000/- or less, no Bank Guarantee shall be taken. However, party shall give corporate commitment for the same.

For Bank Guarantee value upto Rs.5.0 Lacs, no confirmation from the Bank shall be taken.

For Bank Guarantees with a value between Rs.5.0 Lacs to Rs.25.0 Lacs, Bank Guarantee confirmation shall be taken but payment shall be released without waiting for the confirmation from Bank.

The procedure for Bank Guarantee or its confirmation from the bankers of the parties shall be as under:

For Bank Guarantee value of more than Rs.25.0 Lacs, Finance Deptt. shall ensure confirmation from the Bankers within 10 days by deputing people, if required so that payments are released in time.

In case the order value is more than Rs.10 Crores, split Bank Guarantees shall be accepted.

Bank Guarantee received from vendors shall not be returned to vendors for minor changes/mistakes etc. if same in any way does not affect right of GACL.

Chapter : 16

INSPECTION OF MATERIAL

- 16.1 If inspection of material is required at vendor's shop prior to despatch, the same shall be mentioned in the indent & purchase order. The Purchase dept. shall coordinate with user department about the requirement of inspection of material at vendor's shop prior to despatch. If inspection at vendor's shop is required, User Dept. shall depute the inspectors for inspection of the material with intimation to purchase department. Purchase Dept. will coordinate further with vendors for the inspection.
- 16.2 In other cases inspection of material shall be carried out after receipt of material at site. As and when material is received Store Deptt. shall intimate concerned Indentor/User Deptt. for inspection of the material. Indentor/User Deptt. shall carry out preliminary inspection within three days of receipt of material at site. If any test certificates, Analysis report or any other documents are required for acceptance for material, User Deptt. shall inform Purchase Deptt. to arrange the same. Purchase Deptt. will take up the matter with vendor for submission of test certificates/Analysis Report or any other documents as per the requirement of the inspectors. After completion of the inspection in all

respect the material will be accepted or rejected by user dept. In case the material is required to be tested the same shall be issued to User Department for testing in the laboratory. Only after successful test material will be accepted by the User Department. Overall procedure of inspection shall be completed normally in five days but in exceptional case this period can be extended depending upon the material and inspection/testing requirements.

- 16.3 In some of the cases the material can be made acceptable after some modifications/repair. In such cases after Inspection, material can be taken for modifications/repair. After completing modifications/repair, if material is found to be acceptable, material will be accepted. If the reasons for requirement of modifications/repair are attributed to the supplier, the cost incurred by the company towards Repair/modifications will be recovered from the supplier.

Chapter : 17

CLEARING AND TRANSPORTATION OF MATERIAL

- 17.1 The stores section of Materials Management Department will be responsible for clearance of material from Railways, Transporters and Airlines and their transportation to the GACL plant/sites. Upon receipt of the dispatch documents/LR, the stores will hand them over to the handling contractors for arranging transportation of material.
- 17.2 On receipt of material at plant/site, the stores shall arrange for inspection from indenter/user. It should be ensured that the material received are inspected in 3 working days of their arrival at the plant/site and the goods accepted are taken on charge.
- The indenter shall ensure inspection within this period. Necessary follow up shall also be done by stores for clearance of Goods Receipt Vouchers (GRV) with Indenter/user deptt. Purchase Deptt. shall ensure that all necessary documents needed for inspection shall be made available from Supplier to user department.
- 17.3 If the packages received at a railway station or road carriers godown, are broken, open delivery should be obtained. The stores shall ensure that suitable endorsement shall be obtained on the carriers receipt of the damages/shortages of material at the time of delivery.

Chapter : 18

DAMAGES/SHORTAGES/REJECTED MATERIAL

- 18.1 If upon inspection, materials are rejected, the stores department will raise Goods receipt voucher for rejection in full/part quantity and forwards a copy of Goods Receipt Voucher to Purchase Deptt for further action.
- 18.2 A record is also to be made in the Register of Material Rejection and Dispatch Register maintained for rejected material. The stores shifts the rejected material to Rejection Location, puts identification tags and in case of rejected items which cannot be stored at rejection area due to any limitations, same are stored at appropriate location with suitable marking on the rejected item itself.
- 18.3 The stores will send Rejection Memo to the supplier and ask them to lift the materials. Subsequently the Purchase Department will take up the issue of rejected material with the supplier. On receipt of written intimation from Purchase Department for items for which payment is made in advance / through bank / against Proforma Invoice, Stores shall return/hands over the rejected material to supplier or offer it for re-inspection, if required.

18.4 The intimation to the vendor and Insurance Company for material receipt of short/damaged or rejected material should be sent as early as possible after the material is rejected but in any case not later than a week from the date of their receipt at plant/site. For this a copy of intimation issued by the stores will be sent to Finance Department for lodging the insurance claim and to the Purchase Department for following up the replacement supplies or obtain the non delivery quantity or for making suitable recovery from the vendor. The Material Department shall be responsible for following up with the vendors for the replacement of the material rejected or supplied short. In case of Insurance Claim, Purchase Department will intimate Vendor to re-supply item on chargeable basis. This shall be based on the comments by Indenting Division on damages/short supply of material. The comments shall be obtained by Stores from the Indenting Division.

Chapter : 19**INSURANCE CLAIM**

The Finance Department on receipt of intimation issued by stores shall lodge Insurance Claim. The Finance Department shall coordinate with other departments wherever necessary and collect the details of materials and other costs as may be required for the processing of insurance claim.

After settlement of Insurance claim with Insurance company, Finance Department shall inform immediately to Purchase Department as well as to Stores Department about the same.

Chapter : 20**PAYMENT**

Payment Recommendations Advice and other finance related Purchase Activities shall be as under:

- 20.1 Purchase department shall raise Payment Recommendation Advice to the Finance within 7 days of receipt of invoice and clearance of GRV whichever is later. Purchase department shall ensure receipt of invoice immediately within 10 days of receipt of materials.
- 20.2 In case where there is a difference from amount recommended and Finance Department is convinced of some additional deduction, the same shall be done in consultation with Purchase Department.
- 20.3 Finance department shall arrange to release payment, as far as possible, as per the payment terms. Payment through bank shall be released within 7 days of receipt of intimation from bank and payment recommendation advice.
- 20.4 Necessary Forms such as "Form C", Form H", Form 26", Form 40" etc. shall be released in time, preferably with payment. Finance Deptt. shall

keep record of "Form C", "Form H", "Form 26","Form 40" etc pending for issue due to procedural problems.

- 20.5 For imported items, wherever payment shall be through Letter of Credit, purchase department shall send note to Finance to establish L/C immediately on receipt of Order acceptance/Proforma Invoice etc. Finance department shall take up the matter with Bank to establish L/C as per agreed format with the supplier at the earliest (in 3 working days) to avoid any adverse implication on price/delivery schedule.
- 20.7 For custom duty, purchase department will send note to Finance department after Bill of Entry (BOE) is passed by Customs Department or intimation of passing of BOE. Payment for Custom duty shall be made expeditiously by finance department (1 or 2 working days) to avoid any demurrage.
- 20.8 Advance payment to parties, & payment through Bank etc. shall be made expeditiously, to meet urgent requirement of material & to avoid demurrage charges.
- 20.9 In case of payment against dispatch documents through bank, alternatively despatch document can be exchanged against payment (cheque) directly with party as and when required. Cheque can be made ready based on proforma invoice. No order amendment shall be required in such cases.

Chapter : 21**PROCEDURE FOR CONTRACTS FOR
ADMINISTRATIVE JOBS**

There are various jobs for which company is required to take services from outside agencies. A brief list is given below:

- (A) Transport contracts for Buses &Taxies

- (B) Canteen

- (C) Unskilled labour for handling of various materials like Salt, Barium Carbonate, Soda Ash etc.

- (D) Unskilled labour for handling of various products like Chlorine, Chloromethanes, Caustic Soda Flakes etc.

- (E) Security

- (F) Maintenance of telephone system, fax machines etc.

21.1 VENDOR QUALIFICATIONS:

As for these kinds of jobs timely services to the satisfaction of Company is very important, the vendor evaluation should be done in detail so that during the execution, problems can be avoided. For vendor qualification, the following may be considered but these are not limited.

Resources available with Vendor & its associated companies so that in emergencies adequate resources can be mobilized. Financial capacity, turnover for last 3–5 years.

Reference list specifically for similar kind of jobs in reputed & neighbouring companies.

Administrative deptt. / Personal deptt. or the Deptt. concerned may take into consideration other qualifications based on experience & the same should be recorded properly in detail with due justifications.

A broad based vendor list should be prepared & should be got approved from the Competent authority.

21.2 TENDER / ENQUIRY DOCUMENT

The tender document should be prepared considering all the aspects so that at a later date problem does not arise. The tender/enquiry

should contain Detailed Scope of work, Estimated quantity for all items, Schedule of rates prescribed by company, Time schedule, Rules & regulation of Company, All commercial terms, Arbitration clause, Legal jurisdiction of Contract etc.

The tender document should be got vetted by the departments concerned.

The tender documents shall be released to the approved vendors & their acknowledgement should be obtained.

All the vendors should be clearly advised that:

Terms & Conditions of the tender documents are NON – NEGOTIABLE and these are to be accepted in TOTO.

Whether price negotiations will be held or not. If it will be held, procedure of negotiations & whether all parties will be called for negotiations or limited parties will be called for Negotiations.

Offers should be submitted in two parts in two separate sealed envelopes. On Part-I should contain Confirmation of tender condition & deviation if any, Schedule of rates without prices and other details.

Part-II should contain Schedule of rates i.e. Unit rates for individual items, Item wise total value & Grand total. On the sealed envelopes Part no (I or II) Enquiry No, due date, Name of the job etc should be clearly mentioned.

If any calculation error is there in the schedule of rates it will be on Vendors account.

Offers should be submitted before due date & late received offers will not be considered.

In case before due date adequate no of offers are not received & due date is required to be extended, the same can be given only after approval of competent authority.

21.3 OPENING OF OFFERS & COMPARATIVE STATEMENT

All the offers shall be received by Inward department of the company & date of receipt shall be recorded clearly on the offers.

Firstly only Part-I of the offers shall be opened & the same is to be evaluated in detail by all the deptt. concerned.

If any clarifications/confirmations are required from any vendor the same shall be obtained.

Part-II of the only acceptable vendors is to be opened after getting approval from competent authority & in the presence of representative from Finance & Purchase Dept. All the pages of Part-II should be counter signed by all the members of tender opening committee.

A comparative statement is to be prepared based on offers.

21.4 FINALISATION OF CONTRACT

(i) For order value less than Rs.5.00 Lacs

Personnel/Administration Deptt will prepare proposal recommending placement of order on the lowest party (L1). Details of last price if available is also to be mentioned and in case of significant change in the prices as compared to last prices is there, reasons for the same should be recorded properly. No negotiations shall be held. However concerned Deptt. can negotiate with lowest bidder for further reduction, from the initial offers as opened. It will be put up for approval to committee as authorized by Management and as mentioned in Appendix – II.

(ii) For order value more than Rs.5.00 Lacs & SPECIFIC ITEMS

For items having order value more than Rs.5.00 lacs, limited parties (Max three parties L1, L2 & L3) will be called for negotiations.

Negotiations will be attended by HOD of concerned deptt, HOD of MM deptt & HOD of Finance deptt or their representatives (Dy. G.M. / Sr. M

/ Manager). Negotiations to be attended by atleast one HOD of any department i.e. Purchase, Finance or User Department. For very large value orders (above Rs.20.00 Lacs) TA / Sr.ED / ED may also attend the negotiations.

During the negotiations, the parties shall be called at a time & relative position w.r.t. Prices will be declared & parties will be asked to give their price within specified time (Approx. 30 mins). If any party do not submit it's revised offer within specified time the same shall not be considered & original offer will only be considered.

After negotiations a revised comparative statement will be prepared jointly by representative of concerned department & Finance representative.

Based on revised comparative statement, concerned Deptt.will prepare proposal recommending placement of order on the lowest party (L1). Details of last price if available is also to be mentioned and in case of significant change in the prices as compared to last prices, reasons for the same shall be recorded properly. The proposal will be put up to the Committee/MD as authorized & mentioned in APPENDIX-II

21.5 FINANCE CONCURRENCE

The proposals duly approved by committee, as per prevailing delegation of Powers shall be sent to finance deptt for their noting, availability of funds under approved budget heads and any suggestions/comments for according financial concurrence. The financially concurred proposal shall be sent back to concerned department. In case there are any queries raised by Finance Department, concerned Department shall try to meet such queries to the satisfaction of Finance Department. The Finance department shall clear the proposals for F.C. within 3 days so that Orders can be placed within validity period of the Offers.

For the proposal having value less than Rs.25000/- Finance concurrence is not required.

21.6 PREPARATION OF WORK ORDER/CONTRACT/AGREEMENT AND SIGNING OF THE SAME

-For value less than Rs.2.00 lacs

The concerned department will issue the work order to the selected Approved party for the particular job. The work order is to be signed by Sr. Manager / Dy. General Manager of concerned department,

-For value more than Rs.2.00 lacs

The concerned department will prepare the Contact for Job & the same will be signed by GM/ED of the concerned department on behalf of the company & authorised signatory of selected/approved party for the particular job.

21.7 PAYMENT

Based on the agreed payment terms the party will submit their bills. The bills will be certified by Manager/Sr.Manager of concerned department & payment recommendation advice will be sent to Finance Department for releasing payment. For PRA up to Rs.2.00 lacs Manager/Sr.Manager will sign the PRA & for value more than Rs.2.00 lacs GM/ED will approve PRA.

In case any clarifications are required by Finance, the same may be obtained from concerned department. Payment will be processed by finance within 10 to 15 days. If any deductions are required to be made the same shall be informed to party as well as to concerned department.

Chapter : 22

PROCEDURE FOR CONTRACTS FOR MAINTENANCE JOBS

The company is required to get certain repair & maintenance jobs from outside contractors. For the repair & maintenance jobs of regular nature, annual rate contract can be entered in to. For non-regular repair & maintenance jobs, offers can be invited as & when job is required to be carried out.

The procedure described below is limited only to the repair & maintenance job and it is not applicable for procurement of any item. For procurement of any item concerned department shall raise indent and the purchase procedure as described in earlier chapters shall be followed by purchase division.

(A) ANNUAL RATE CONTACT FOR MAINTENANCE JOBS

For annual rate maintenance contact, procedure similar to rate contact for Administrative jobs as described in previous chapter is to be followed.

(B) NON-REGULAR REPAIR & MAINTENANCE JOBS

For Non-Regular maintenance jobs the following procedure is to be followed.

22.1 ENQUIRY

- As & when any repair & maintenance job is required to be carried out within the company premises or outside company premises, detailed scope of job with Specifications of Job shall be prepared. Other commercial terms & conditions for these kinds of jobs shall be finalized in advance by concerned engineering department in consultation with Finance department.
- Enquiry shall be floated to 5 to 6 parties depending upon the nature of job by the concerned engineering department.
- The enquiry shall be signed by Manager/Sr.Manager of concerned engineering department.
- If job is to be carried out at site, details of site condition, Safety rules & regulations, payment terms, time schedule required, other conditions shall be sent alongwith enquiry. If required, parties shall be called & job shall be explained in detail.
- If job is to be carried out at vendor's shop, payment terms, time schedule required, other conditions shall be sent alongwith the enquiry. If required, parties can be called & job may be explained in detail.
- The enquiry should also specify due date which can be from 24 hrs to two weeks depending upon the urgency of job. The concerned engineering deptt. shall prepare estimated value of the job based on quantum of job, nature of last prices, prevailing market trends etc. by using appropriate scientific method.

22.2 OFFERS

All the vendors should be clearly advised that:

- Whether price negotiations will be held or not. If it will be held, procedure of negotiations shall be followed.
- Offers should be submitted in two parts in two separate sealed envelopes. Part-I should contain Confirmation of tender conditions & deviations if any, Schedule of rates without prices and other details. Part-II should contain Schedule of rates i.e. Unit rates for individual items, Item wise total value & Grand total. On the sealed envelopes Part No (I or II), Enquiry No, due date, Name of the job etc should be clearly mentioned.
- If any calculation error is there in the schedule of rates it will be on Vendor's account.
- Offers should be submitted before due date & late offers will not be considered.
- After scrutinizing the Part-I of offers, clarifications/confirmation from parties may be obtained.
- Part-II of technically acceptable parties shall be opened in presence of Finance representative, All the pages of Part-II of offer should be signed by representatives of Finance & concerned engineering department.
- A comparative statement shall be prepared based on the offers.

22.3 FINALIZATION OF ORDERS

(a) For order value less than Rs.5.00 Lacs

The concerned engineering deptt.will prepare proposal recommending placement of order on the lowest party (L1) among the technically acceptable parties. Details of last price if available is also to be mentioned and in case of significant change in the prices as compared to last prices is there, reasons for the same should be recorded properly. However when the lowest offer even though technically confirm the specifications/requirement is not acceptable, complete justifications for accepting offer other than the lowest offer should be recorded in writing. No negotiations shall be held. However concerned engineering deptt. can negotiate with lowest bidder for further reduction, from the initial offers as opened and put up the proposal for approval to authorised committee as per delegation of power.

In case where there are limited vendor (one or two), the concerned engineering deptt. shall check the reasonability of the prices and confirm the same. Justifications of prices may be recorded suitably.

(b) For order value more than Rs.5.00 Lacs

For items having order value more than Rs.5.00 lacs, limited parties (Max three parties L1, L2 & L3) will be called for negotiations.

Negotiations will be attended by HOD of concerned deptt, HOD of MM deptt & HOD of Finance deptt or their representatives (Dy.G.M. / Sr.M / Manager). Negotiations to be attended by at least one HOD of any department i.e. Purchase, Finance or user department. For very large value orders (above Rs.20.00 Lacs) TA / Sr.ED / ED may also attend the negotiations.

During the negotiations all the parties shall be called at a time & relative position w.r.t. Prices will be declared & parties will be asked to give their price within specified time (About 30 mins). If any party do not submit their revised offer within specified time the same shall not be considered & original offer will only be considered.

After negotiations a revised comparative statement will be prepared jointly by representatives of concerned department & Finance Department.

In cases where parties ask for submission of final bid by next day, negotiating committee may decide to declare prices of all the parties and parties may be asked to submit revised bids in sealed envelopes. These sealed envelopes shall be opened in the presence of purchase representatives & finance representative after receipt of all the revised bids. No revised bids are to be accepted in open condition.

Based on revised comparative statement, concerned Deptt will prepare proposal recommending placement of order on the lowest party (L1). Details of last purchase price if available is also to be mentioned and in case of significant change in the prices as compared to last prices is there, reasons for the same should be recorded properly. The proposal will be put up to the authorised Committee/as per delegation of power (Annexure-II).

**22.4 PREPARATION OF WORK ORDER / CONTRACT / AGREEMENT
AND SIGNING OF THE SAME**

-For value less than Rs.2.00 lacs.

The concerned department will issue the work order to the selected / Approved party for the particular job. The work order is to be signed by Sr.Manager / Dy. G.M. of concerned department.

**PREPARATION OF WORK ORDER / CONTRACT / AGREEMENT
AND SIGNING OF THE SAME**

-For value more than Rs.2.00 lacs.

The concern department will prepare the Contact for Job & the same will be signed by GM/ED of the concerned department on behalf of the company & authorised signatory of selected/approved party.

22.5 PAYMENT

Based on the agreed payment terms, the party will submit its bills. The bills will be certified by Sr.Manager/ Dy General Manager of concerned department & payment recommendation advice will be sent to Finance Department for releasing payment. All PRA upto Rs.2.00 Lacs Sr.Manager / Dy General Manager will sign the PRA and for value more than Rs.2.00 Lacs GM/ED will approve PRA.

In case any clarifications are required by Finance the same may be obtained from concerned department. Payment will be processed by finance as per payment terms. If any deductions are required to be made the same shall be informed to party as well as to concerned department.

Chapter : 23

PROCEDURE OF SCRAP DISPOSAL

23.1 The scrap generated during the year as regular phenomenon shall be sent by the concerned user departments to the scrap yard, having separate designated area for scrap such as M.S. scrap, M.S. light scrap, FRP scrap, used HDPE bags, Lead, Brass, Barrels, Carboys, Glass Bottles, Fused tube lights etc.

- Stores Deptt. shall arrange to dispose off through M/s.MSTC Ltd. with whom we have selling contract.
- The tentative quantities in the tender shall be based on information given by the concerned department.
- Stores Deptt. shall inform M/s.MSTC the scrap quantity available and likely to be generated on annual basis. Based on this MSTC will float the tender through press advertisement.
- The tenders shall be opened in presence of MSTC, GACL representative & bidders.
- MSTC shall send their recommendation for approval by GACL.
- MSTC shall release sale orders in favour of H1 (Highest No.1) bidders after getting approval from GACL.

The total period of contract shall be 13 months from the last date of lifting ground stock quantity as indicated in the list of items. For items wherein no ground stock is mentioned, the period of contract shall be 13 months from the date of payment of 1st installment towards material value + taxes for phased delivery quantity.

- Stores Deptt. shall inform M/s. MSTC Ltd. the quantity generated time to time, based on this MSTC shall issue payment instruction letter to the party.

23.2 As regards certain typical items like used oil & batteries which need GPCB or other approvals in favour of purchaser MSTC shall issue limited tenders to the vendors on their list.

23.3 In case of various items of scrap, which is not regularly generated, stores Deptt. shall invite limited offers from 8 to 10 parties as part of spot sales. The disposal procedure to be followed through a committee constituted by the management as per APPENDIX-VI.

- The committee shall show materials to all the parties & shall take offer on the spot.
- Negotiations will be held in presence of committee & the highest rates of individual items shall be announced to bidders. All bidders

shall be given opportunity to revise rates upwardly in writing on the spot.

- The committee shall be authorised to take decision for disposal of individual items having value upto Rs.10,000/- immediately.
- For individual items having value more than Rs.10,000/- the committee shall put up note for approval of M.D.
- Sale order of disposal of scrap will be prepared & issued by stores department.
- Stores department will coordinate for payment and other activities related to disposal of spares.

23.4 In case of scrap of various exotic material like Nickel, Titanium, Hastalloy etc. where normal scrap dealers may not be interested in procurement of scrap. For disposal of such kind of scrap, limited enquiry can be floated to 5-6 parties dealing in this type of scrap in consultation with M/s.MSTC or other such agency. Store department shall receive offers / tender against the enquiry. Based on the offers received negotiations can be held with limited three parties (H1, H2 & H3) by the scrap disposal committee. In the negotiations, relative position can be declared & parties can be asked to submit revise offer. Parties will be allowed only for increase in the value. Based on the revised offers, sale order can be finalized in favour of party offering highest prices.

Chapter : 24

PROCEDURE OF PROJECT PROCUREMENT

24.1 VENDOR APPROVAL:

Compilation of vendor list for approval:

1. Names suggested by the consultant for the project. Back-up credentials and recommendations are obtained from the consultant for those vendors who are new to GACL.
2. Names from approved vendors from previous projects, who had performed satisfactorily
3. Names from currently approved vendors from purchase department
4. Names of new vendors who have approached the company with their credentials for consideration. The consultant is requested to carry out appraisal of these new vendors.

If the consultant has any negative remark on any of the names under (2) or (3) they are dropped during the short listing.

The vendors are short listed by a committee of senior executives of the company and recommended for approval by the Managing Director for participation in the tender/enquiry.

24.2 OFFERS:

Tenders/enquiries are issued to the approved vendors by the consultant requesting for technical offers to be submitted by specified deadline.

The consultant scrutinizes the technical offers, obtains/provides clarifications from/to vendors through technical meetings/email/letters/fax, and then issues a technical recommendation to GACL, clearly indicating technically acceptable offers. GACL team (technical & commercial) along with the consultant's team hold a techno-commercial discussions with technically acceptable vendors to freeze the scope, acceptable deviations, delivery schedule, payment terms and other commercial aspects. At this techno-commercial negotiation, the vendors are explained on the methodology of loading for acceptable deviations so that the bids can be evaluated at techno-commercial parity. The bidders are also briefed on the method of selecting the lowest bid for final negotiation.

GACL then invites the price bid from the technically acceptable bidders to be submitted in double sealed covers on or before 2 days prior to the set date for commercial negotiation.

24.3 PRICE NEGOTIATIONS:

A committee made up of representatives of Projects, Finance and Purchase departments opens the price bids. An officer, not less than the level of general manager, chairs the proceedings. The price bids are compared on the basis of net of Modvat price plus loadings for acceptable technical and commercial deviations, if any.

The committee announces the relative positions to the bidders in the form of L1, L2, L3, L4 ect. The numerical values of the prices are not announced. When there are more than three bidders participating in the proceedings, only lowest three bidders, i.e. L1, L2 & L3 are selected for further participation. The bidders eliminated in the bid opening are advised to stay till the signing of the minutes of the negotiation session. L1, L2 & L3 are advised to review their prices and submit revised bids in the form of discounts, say within 30 minutes, so as to improve their relative positions.

The committee compares the revised three bids, as before, and the relative positions are once again announced to the bidders. At this stage, the lowest bidder i.e. the current L1 is selected for the final price negotiation.

The committee, in the presence of all the bidders who had participated in the bidding procedure, announces the name of the bidder with the final lowest price and its value. All the bidders are requested to compare their own final prices with the announced final L1 price and voice discrepancy, if any, so that the calculations can be re-checked and inadvertent mistakes, if any, can be corrected before calling the negotiation session to an end. On ensuring that none of the participants in the bid have any objection on the final L1 price is the lowest bid obtained in the negotiation session, the minutes are signed by all the participating bidders and committee members before calling an end to the negotiation session. All the bidders participated in the negotiation are provided with a copy of the signed minutes.

24.4 PROPOSAL FOR AWARD:

The committee puts up the proposal for award along with all the back-up papers for the approval of the Managing Director.

24.5 ISSUE OF LOI:

LOI is issued, in duplicate, to the successful bidder after approval of the proposal by the Managing Director.

The successful bidder returns the duplicate copy of the LOI, duly endorsed, as a token of acceptance of the order.

24.6 ISSUE OF PURCHASE/WORK ORDER:

The consultant for the project prepares and issues a detailed purchase/work order based on the confirmations obtained from the successful bidder during the negotiation and the copy of the LOI issued to him by GACL.