

CENTRAL U.P. GAS LIMITED

A) PROCEDURE FOR EVALUATION OF PERFORMANCE OF VENDORS/ SUPPLIERS/ CONTRACTORS/ CONSULTANTS

1.0 GENERAL

A system for evaluation of Vendors/ Suppliers/Contractors/ Consultants and their performance is a key process and important to support an effective purchasing & contracting function of an organization.

Performance of all participating Vendors/ Suppliers/Contractors/ Consultants need to be closely monitored to ensure timely receipt of supplies from a Vendor, completion of an assignment by a Consultant or complete execution of order by a contractor within scheduled completion period. For timely execution of projects and meeting the operation & maintenance requirement of operating plants, it is necessary to monitor the execution of order or contracts right from the award stage to completion stage and take corrective measures in time.

2.0 OBJECTIVE

The objective of Evaluation of Performance aims to recognize, and develop reliable Vendors/ Suppliers/Contractors/ Consultants so that they consistently meet or exceed expectations and requirements.

The purpose of this procedure is to put in place a system to monitor performance of Vendors/ Suppliers/Contractors/ Consultants associated with CUGL so as to ensure timely completion of various projects, timely receipt of supplies including completion of works & services for operation and maintenance of operating plants and quality standards in all respects.

3.0 METHODOLOGY

i) Preparation of Performance Rating Data Sheet

Performance rating data Sheet for each and every Vendor/ Supplier/Contractor/ Consultant for all orders/Contracts with a value of Rs. 40 Lakhs (excluding GST) and above is recommended to be drawn up. These data sheets are to be separately prepared for orders/ contracts related to Projects and O&M. Format, Parameters, Process,

responsibility for preparation of Performance Rating Data Sheet are separately mentioned.

ii) Measurement of Performance

Based on the parameters defined in Data Sheet, Performance of concerned Vendor/ Supplier/Contractor/ Consultant would be computed and graded accordingly. The measurement of the performance of the Party would be its ability to achieve the minimum scoring of 60% points in the given parameters.

iii) Initiation of Measures:

Depending upon the Grading of Performance, corrective measures would be initiated by taking up the matter with concerned Vendor/ Supplier/Contractor/ Consultant. Response of Vendor/ Supplier/Contractor/ Consultant would be considered before deciding further course of action.

iv) Implementation of Corrective Measures:

Based on the response of Vendor/ Supplier/Contractor/ Consultant, concerned Engineer-in-Charge for the Projects and/or OIC in case of O&M would recommend for continuation or discontinuation of such party from the business of CUGL.

v) Orders/contracts placed on Proprietary/OEM basis will be evaluated and, if required, corrective action will be taken for improvement in future.

4.0 **EXCLUSIONS:**

The following would be excluded from the scope of evaluation of performance of Vendors/ Suppliers/Contractors/ Consultants:

- i) Orders/Contracts below the value of Rs. 40 Lakh (excluding GST).
- ii) Orders for Misc./Administrative items/ Non stock Non valued items.

However, concerned Engineer-in-Charge /OICs will continue to monitor these cases so as to minimize the impact on Projects/O&M plants due to non performance of Vendors/ Suppliers/Contractors/ Consultants.

5.0 **PROCESS OF EVALUATION OF PERFORMANCE OF VENDORS/ SUPPLIERS/ CONTRACTORS/ CONSULTANTS**

5.1 FOR PROJECTS/O&M and other Functions/departments.

- i) Evaluation of performance of Vendors/ Suppliers/Contractors/ Consultants in case of PROJECTS shall be done immediately with completion of contract/period/commissioning of any Project. In Case of O&M and other departments, the same shall be done immediately after execution of order /contract. Such evaluation can be also be done mid-term or on need basis in case of financial/commercial activities of company is affected.
- ii) On commissioning of any Project, EIC (Engineer-in-charge)/ Project-in-charge shall prepare a Performance Rating Data Sheet (Format at Annexure-1) for all Orders and Contracts.
- iii) Depending upon the Performance Rating, following action shall be initiated by Engineer-in-charge/Project-in-charge:

Sl.No.	Performance Rating	Action
1	POOR	Seek explanation for Poor performance
2	FAIR	Seek explanation for Fair performance
3	GOOD	Letter to the concerned for improving performance in future
4	VERY GOOD	No further action

- iv) Reply from concerned Vendor/ Supplier/Contractor/ Consultant shall be examined. In case of satisfactory reply, Performance Rating data Sheet to be closed with a letter to the concerned for improving performance in future.
- v) When no reply is received or reasons indicated are unsatisfactory, the following actions need to be taken:

A) Where Performance rating is "POOR":

Recommend such defaulting Vendor/ Supplier/Contractor/ Consultant for putting on Holiday for a period from one to three years as given below:

- (i) Poor Performance due to reasons other than Quality :
Six Months
- (ii) Poor Performance on account of Quality (if any mark obtained against Quality parameter is less than 30):
One Years
- (iii) Poor Performance leading to termination of contract or Offloading of contract due to poor performance solely

attributable to Vendor/ Supplier/Contractor/ Consultant
or Repeated Offence: **Two Years**

(B) Where Performance rating is "FAIR":

Issuance of warning to such defaulting Vendor/
Supplier/Contractor/ Consultant to improve their performance.

vi) On receipt of recommendations of Engineer-In-Charge/Project – Manager, DC/MD will constitute a committee of Project, C&P and Finance to examine the recommendations forwarded by the Engineer-In-Charge.

vii) In case committee recommends putting party on holiday, the Project Manager/EIC will put up the recommendation of committee to the DC/MD through C&P department along with a draft show cause notice providing a final opportunity to defend his case. The draft show cause notice should be vetted by Legal Department.

The show cause notice should contain all the allegations towards the breach committed by party including mentioning the provisions of the tender so breached and seeking explanation as to why the action should not be taken against the party as per provisions of tender. All the supporting documents also need to be provided to the party along with show cause notice.

If the party desires for personnel hearing to the committee prior to submission of reply to show cause notice, the same can also be given. However, this para shall not be made a part of Show cause notice.

viii) After obtaining approval from DC/MD, C&P department will issue the show cause notice to the concerned party giving an opportunity to respond within 15 days.

On receipt of reply in response to SCN, C&P department will forward the same to the concern EIC who after taking opinion from legal department will prepare a proposal for keeping the vendor on Holiday list through committee members for obtaining the approval from DC/MD. In case the committee recommends for putting the party on holiday, the draft speaking order to be issued to the party with reasons for putting on holiday will also be submitted along with the recommendation.

In case Law department makes any contrary observation, the file may be referred back to the committee for deliberations and recommendation.

In case the Competent Authority (DC /MD) does not agree with recommendation of the committee, it will record the reasons for the same. The decision of competent authority will be final.

- x) After obtaining approval from DC/MD, C&P department will issue a letter in form of speaking order to the party conveying the decision of putting it on holiday for a specific period.
- xi) A list of all parties put on holiday will be communicated to all concerned department.
- xii) However, Holiday restrictions shall not apply on Vendor/Supplier for procurement of spares from the on proprietary basis.
- xiii) It may however be noted that the even during the holiday proceeding is continuing these Vendor/ Supplier/Contractor/ Consultant where non – performance has lead to the termination of the contract/order such Vendor/ Supplier/Contractor/ Consultant shall also not be considered for any new / ongoing tender for same/similar job.

5.2 FOR CONSULTANCY JOBS

Monitoring and Evaluation of consultancy jobs will be carried out in the same way as described in para5.1 for Projects except the functions of Project Manger will be performed by concerned In-charge of user Departments such as, Business Development, HR, Finance, HSE etc. The provision of para 5.1 (xii) will not be applicable for consultancy jobs.

6.0 REVIEW & RESTORATION OF PARITES PUT ON HOLIDAY

- 6.1 An order for Holiday passed for a certain specified period shall deemed to have been automatically revoked on the expiry of that specified period and it will not be necessary to issue a specific formal order of revocation.

Further, in case Vendor/ Supplier/Contractor/ Consultant is put on holiday due to quality, and new order is placed on bidder after restoration of Vendor/ Supplier/Contractor/ Consultant, such order will be properly monitored during execution stage by the concerned user/department.

7.0 EFFECT OF HOLIDAY

- 7.1 If a Vendor/ Supplier/Contractor/ Consultant is put on Holiday, such Vendor/ Supplier/Contractor/ Consultant shall not be considered in ongoing tenders/future tenders.
- 7.2 However, if such Vendor/ Supplier/Contractor/ Consultant is already executing any other order/ contract and their performance is satisfactory in

terms of the relevant contract, should be allowed to continue till its completion without any further increase in scope except those incidental to original scope mentioned in the contract.

7.3. Effect on other ongoing tendering:

7.3.1 After issue of the enquiry /bid/tender but before opening of Technical bid, the bid submitted by the party shall be ignored.

7.3.2 After opening Technical bid but before opening the Price bid, the Price bid of the party shall not be opened and BG/EMD submitted by the party shall be returned to the party.

7.3.3 After opening of price, BG/EMD made by the party shall be returned, the offer of the party shall be ignored & will not be further evaluated. If the party emerges as the lowest (L1), then such tender shall also be cancelled and re-invited.

8.0 While putting the Vendor/ Supplier/Contractor/ Consultant on holiday as per the procedure, the holding company, subsidiary, joint venture, sister concerns, group division of the errant Vendor/ Supplier/Contractor/ Consultant shall not be considered for putting on holiday list.

Any bidder, put on holiday, will not be allowed to bid through consortium route also in new tender during the period of holiday.

9.0 If an unsuccessful bidder makes any vexatious, frivolous or malicious complaint against the tender process with the intention of delaying or defeating any procurement or causing loss to CUGL or any other bidder, such bidder will be put on holiday for a period of six months, if such complaint is proved to be vexatious, frivolous or malicious, after following the due procedure.

10. **ERRANT BIDDER**

In case after price bid opening the lowest evaluated bidder (L1) is not awarded the job for any mistake committed by him in bidding or withdrawal of bid or modification of bid or varying any term in regard thereof leading to re-tendering, CUGL shall forfeit EMD paid by the bidder and such bidders shall be debarred from participation in re-tendering of the same job(s)/item(s).

Further, such bidder will be put on holiday for a period of six months after following the due procedure.

Central U.P. Gas Limited
PERFORMANCE RATING DATA SHEET

- i) Project/Work Centre :
- ii) Order/ Contract No. & date :
- iii) Brief description of Items Works/Assignment :
- iv) Order/Contract value (Rs.) :
- v) Name of Vendor/Supplier/ Contractor/ Consultant :
- vi) Contracted delivery/ Completion Schedule :
- vii) Actual delivery/ Completion date :

Performance Parameter	Delivery/ Completion Performance	Quality Performance	Reliability Performance#	Total
Maximum Marks	40	40	20	100
Marks Allocated				

Note:

Remarks (if any)

PERFORMANCE RATING ()**

Note:

(*) Allocation of marks should be as per enclosed instructions

(**) Performance rating shall be classified as under:

Sl. No.	Range (Marks)	Rating
1	60 & below	POOR
2	61-75	FAIR
3	76-90	GOOD
4	More than 90	VERY GOOD

Signature of
Authorized Signatory:

Name:

Designation:



11. In case GST department brings to the notice of CUGL that a Party has not paid to the credit of the Government the GST collected from CUGL, then party will be put on holiday for a period of six months after following the due procedure.



Instructions for allocation of marks

1. Marks are to be allocated as under :

1.1 DELIVERY/ COMPLETION PERFORMANCE 40 Marks

Delivery Period/ Completion Schedule	Delay in Weeks	Marks
a) Upto 3 months	Before CDD	40
	Delay upto 4 weeks	35
	" 8 weeks	30
	" 10 weeks	25
	" 12 weeks	20
	" 16 weeks	15
	More than 16 weeks	0
b) Above 3 months	Before CDD	40
	Delay upto 4 weeks	35
	" 8 weeks	30
	" 10 weeks	25
	" 16 weeks	20
	" 20 weeks	15
	" 24 weeks	10
	More than 24 weeks	0

1.2 QUALITY PERFORMANCE 40 Marks

For Normal Cases: No Defects/ No Deviation/ No failure:40 marks

i) Rejection/Defects	Marks to be allocated on prorata basis for acceptable Quantity as compared to total Quantity for normal cases	10 marks
ii) When quality failure endanger System integration and safety of the System	Failure of severe nature	0 marks
	- Moderate nature	5 marks
	- Low severe nature	10-25 marks
iii) Number of Deviations	1. No deviation	5 marks
	2. No. of deviations ≤ 2	2 marks
	3. No. of deviations > 2	0 marks

1.3 RELIABILITY PERFORMANCE**20 Marks**

A.	FOR WORKS/CONTRACTS	
i)	Submission of order acceptance, agreement, PBG, Drawings and other documents within time	4 marks
ii)	Mobilization of resources as per Contract and in time	4 marks
iii)	Liquidation of Check-list points	4 marks
iv)	Compliance to statutory and HS&E requirements or Reliability of Estimates/Design/Drawing etc. in case of Consultancy jobs	4 marks
v)	Timely submission of estimates and other documents for Extra, Substituted & AHR items	4 marks
B.	FOR SUPPLIES	
i)	Submission of order acceptance, PBG, Drawings and other documents within time	5 marks
ii)	Attending complaints and requests for after sales service/ warranty repairs and/ or query/ advice (upto the evaluation period).	5 marks
iii)	Response to various correspondence and conformance to standards like ISO	5 marks
iv)	Submission of all required documents including Test Certificates at the time of supply	5 marks