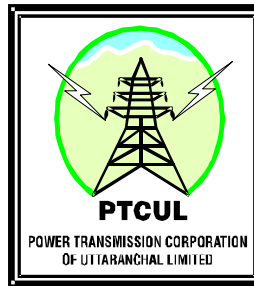


POWER TRANSMISSION CORPORATION OF UTTARANCHAL LIMITED



PURCHASE AND CONTRACTS MANUAL

*This manual consists of 109 pages
(Excluding Covering)*

11TH May 2007

PART – A : PRE – TENDER & AWARD ACTIVITIES

A 1.0 Introduction

- 1.1 As a policy, all Projects & Purchases in PTCUL will eventually be sourced out by tendering and awarding of Contracts. Such Projects and Purchases will include:-
- (i) All Purchases of equipments/materials and Construction/Civil works during the Project work and Operation & Maintenance (O&M) of Transmission lines & substations.
 - (ii) Repair and maintenance of substation buildings & premises and residential office buildings, guesthouses and other utilities, refurbishment & repairs, gardening & landscaping, running & maintenance of guesthouses, watch & ward, kitchen & food services, housekeeping and such others where available in-Company services are inadequate or are not available. Such Projects and Purchases may also include works/services/purchases for consultancy, deposit works and routine clerical/office works as the case may be.
- 1.2 However, certain works of urgent nature and of smaller extent and value can be executed within Company resources wherever it is acceptable and necessary, with the approval of Competent Authority and in line with approved guidelines, **as per DOP**.
- 1.3 Following are major activities identified and considered as 'Pre-Tender & Award' activities for the purposes of this Manual. Any activity or portion of an activity, which is part of activity mentioned herein and is required to be carried out to complete that activity / preceding / succeeding activity, will be considered as a part of that main activity. Respective Groups / Sub-groups responsible for these major heads of activities are detailed herewith:

<u>Major Activity</u>	<u>Predominant Responsible Group / Subgroups</u>
1. Projects concepts & Project feasibility	Engg. – System & Network planning Engg. – Costing
2. Project funding & finance	Engg. – Systems & Network Planning Finance
3. Contract Packaging	Engg. – Technical & Design Contract Services. Finance - Budgeting
4. Master Network L-1, L-2 & L-3 Networks	Contracts – Planning & Monitoring

5. Contract – Packagewise cost estimation	Engg. - Costing
6. Prequalification & Postqualification Requirements for Tenders	Engg. - QA & I
7. Tendering process selection	Engg – Tech. & Design Contracts Services
8. Finalisation of Tender Documents i) Technical Specifications, GTPs, Layout drawings etc. ii) Commercial Conditions of Contract – GTCs, STCs and ITTs.	Engg. - Tech. & Design Contracts Services Commercial
9. Calling for Tenders	Contracts Services
10. Sale of Tender documents i) Tender receipt ii) Tender opening by Tender Opening Committee iii) Tender Committee formation	Contracts Services Coordination by Contracts Services Coordination by Contracts Services
11. Pretender discussion / clarification - Technical - Commercial	Engg. – Technical & Design. Contracts Services Finance – Commercial
12. Tender receipt	Contracts Services
13. Tender Evaluation & Evaluation reporting.	Coordinated by Contracts Services
14. Post-tender discussions	Contracts Services. Finance Engg. - Technical & Design

A. 2.0 Project Conceptualization and Project Feasibility:

Engg.- Systems & Network Planning group is responsible for all activities of project concept and feasibility.

- 2.1 Project Conceptualization Report (PCR) is a preliminary report furnishing basic technical and commercial details of a Project indicative of Project viability and performances. Such a Report is finalized based on system requirements by PTCUL in consultation and in coordination, wherever required, with Central Tr. Utilities PGCIL / NREB / CEA / Generators and Bulk Users / Purchasers of Electricity. This Report shall be forwarded to concerned Authorities like the GOU and others or to any other stipulated Authority for obtaining a Project in-principle clearance.

The Report will comprise of the scope of work, dimensioning and description of equipments, Bill of Quantities and Technical / Cost estimates of the Project with benefits & funding requirements. The Report shall invariably have the following minimum details:

- (i) Description of existing system.
- (ii) Description of proposed project.
- (iii) Technical feasibility, calculations, and notes in terms of:-
 - (a) System viability.
 - (b) Technical dimensioning in terms of electrical characteristics, such as voltage selection, conductor selection, evaluation of corona, RIV, TVI, etc.
 - (c) Approximate costing based on recent cost data / executed actuals.
 - (d) Commercial and technical benefits of the Project.
 - (e) Clear recommendations on cost-benefit, funding sources, budget details, such as Plan funds, APDRP ADB or any other multilevel Agency funding.

Project essentiality and system improvement / adequacy must also be provided.

- 2.2 This proposal along with the investment approval shall be put up to PTCUL Board, as the case may be, depending on the value and the funding criteria for the Project. The Responsible Groups / Sub-Groups for this will be –
- (i) Engg-System and Network Planning.
 - (ii) Engg-Costing.

2.3 The following will be the sequence of activities

- (i) To finalise Project Conceptualization Report based on system requirements; extensions requested by interested Transmission Utilities and requirements as made out by independent IPPs and Power Traders. The Project Concept finalized by the Group will be approved by concerned authorities as per DOP and the same will be informed to Contracts-Planning and Monitoring and Finance.
- (ii) To advise Projects Operations to take actions for primary walkover survey of Transmission network or preliminary survey of the S/S site within a week of the approval by the concerned as per No. (i) above.
- (iii) To identify details required for the BOQ and the salient features of the line-forest stretches / river / railway / highway / other power line crossing and to identify the line take-off from the existing S/Ss of TLs as the case may be.
- (iv) To initiate action through Contract Services to get approval for works and expenditures for preliminaries such as survey of line route & detailed identification and survey of forest stretches, railway / river crossings, survey and measurement S/S land, actions for and measurement S/S land, actions for limited / open tenders from Competent Authority as the cases may be based on the value of the preliminary expenditures.
- (v) To convey approvals as above to Projects Operations within four weeks of the approval of Project Conceptualization Report with the advise to complete the work of preliminaries with 15 weeks of this approval.
- (vi) To receive from Project Operations, the report of the preliminary Survey and forward the same to Engg. – Tech & Design for onward preparation of Tender BOQ etc.
- (vii) Notification of line route and S/S siting & filing papers as per provisions of Electricity Supply Act 1948 (Engg. – Costing will be concurrently responsible for this work in assisting Engg. – System & Network planning in the preparation of Project Conceptualization Report).

2.4 Contracts – Planning & Monitoring will obtain approval for incurring the Cost of preliminary works detailed as above and also for investment proposal on the subject Project.

2.5 Commercial group in Finance will be responsible for concluding purchase agreements with beneficiaries of the proposed Project for supply and carriage of power.

A. 3.0 Project Zero Date:

- 3.1 As a matter of general policy and procedure, pre-tendering action for Contracts and Purchase for a project (hereinafter referred to as 'Project Purchase') shall commence immediately after the 'In-Principle Clearance of the Project/Scheme'-a zero milestone data which shall be intimated by Corporate Engineering – Tech & Design to all concerned. The date of in-principle clearance shall be called Project Zero Date and shall be the reference date for monitoring all subsequent project activities within PTCUL, unless MD / Board decides any other date as the Project Zero Date, taking into consideration the various other aspects of the project.
- 3.2 This is to ensure that timely action for difference Project activities ('pre-tender & award' activities) shall be taken by all concerned, ultimately leading to finalization of contracts for works and procurement and hence implementation of the post tender and award activities can be done within the given time schedule.
- 3.3 The general policies and procedures in regard to difference pre-tender & award are outlined from A 4.0 – Contract Packaging. Various issues, that might crop-up during the pre-tender stage and the methodology to tackle these issues, are discussed.

A 4.0 Contract Packaging :

- 4.1 **Engineering – Tech. & Design group at Projects Operations has predominant responsibility for Contract Packaging.**
- 4.2 Immediately after the receipt of intimation of in-principle clearance as mentioned earlier, the concerned Engg. – Tech. & Design of Project shall initiate action to finalise a complete contract package list for the Project procurement i.e., grouping of equipments goods/works/services into an optimum number of well defined manageable units for procuring goods, works and services of right quality at a competitive price, within a given time schedule, as well as for better planning, engineering, and execution of the project as a whole. In case of projects funded by multilateral financial institutions, packaging would be done keeping in mind the guidelines, if any, prescribed by the concerned funding agency.
- 4.3 The size and scope of packages will normally depend on the magnitude, nature and location of the Project, for which cost estimate in the Project Conceptualization Report will be taken as the basis. For Projects requiring large quantities of similar items, for which procurement under single package is not feasible, more that one package for such similar items will be desirable for better compensation and adherence to the project completion schedule.

- 4.4 The package list, so finalized by Engineering – Tech. & Design will be processed by them for approval of Competent Authority through Contracts Services and Finance.
- 4.5 Considering the repetitive nature of power transmission business handled by PTCUL, it is desirable that Standard Package List for Transmission Line and Sub-station Projects are prepared by Engineering-Technical Design and its approval by MD is obtained for which the proposal will be processed by Engineering–Tech. & Design through Contracts Services and Finance, so as to expedite pre-award activities. Once the Standard Package List is approved, effort will be made to adopt the same. If the proposal is for adoption of Standard Package List for specific project, the same will require the approval of Director(s) only and such proposal will be processed by the concerned Engineering–Tech. & Design Contracts Services and Finance. However, if Standard Package List cannot be adopted in a particular project, separate package list for such project will be prepared by Engineering–Tech. & Design indicating the reasons for such deviation & approval of MD will be obtained in a manner as mentioned at 4.1.
- 4.6 In case of package lists for Projects funded by multi-lateral financial institutions, concurrence of the funding agency is required to be obtained after the same is approved by MD. Necessary correspondences in this regard will be done by Contracts – Planning & Monitoring Group (CPM) on receipt of necessary advice from Contracts Services and the matter will be taken up with funding agency. Engg. – Tech. & Design for Transmission project shall, however, be required to furnish clarifications / comments on observations / queries, if any, that the funding agency may raise in regard to the package list of the project which is under consideration for concurrence of funding agency.
- 4.7 The nominal time schedule, reckoned from the date of in-principle clearance of activities related to finalization of Contract Packaging will be as follows:
- (i) If the package list is based on Standard Package List, Six (6) weeks for internal approval and further 2 weeks, if concurrence of funding agency is required.
 - (ii) If the package list is not based on Standard package List, Eight (8) weeks for internal approval and further 2 weeks, if concurrence of funding agency is required.

Thus, the Contract Package List shall be finalized within 8 to 10 weeks from the date of in-principle clearance.

- 4.8 Upon approval of the Contract Package List by Competent Authority, it will be immediately communicated (a copy of approved note shall be enclosed with the communication) to Contracts Services, CPM, Finance By Engg. Tech & Design.

- 4.9 Any modification to the approved package list will required the approval of the Competent Authority who originally approved the same Proposal in this regard will be prepared by Engg. – Tech. & Design through Contracts Services & Finance.
- 4.10 In case of Power Transformers, it is preferable to commission the transformer by bidder. As such, quotation may be called along with erection and commissioning along with mandatory spares.

A 5.0 Finalisation of Master Network and Monitoring Schedules

- 5.1 Contracts – Planning and Monitoring Group (CPM) at Projects Operations has the predominant responsibility and Contracts Planning and Monitoring at Corporate level will have a concurrent role.**

- 5.2 CPM, immediately on receipt of communication from Engg. – Systems & Network Planning that the concept of the project/ scheme has been finalized, be called Zero Level Network, of the Project, indicating overall completion period of the Project after identifying commencement and completion of all activities, including investment approval, environment clearance etc., but excluding package-wise break up of the project. A copy of the same shall be furnished to Engg. – Systems & Network Planning.

On receipt of approved package list, CPM shall develop a draft detailed Master Network (MN) based on the preliminary network, indicating therein all activities including package-wise network schedule for all pre-tender and post-tender activities of the project, in line with the commissioning schedule indicated in Project Concept Report. The draft detailed MN will be circulated by CPM to all concerned groups in Operations for their comments. On receipt of the comments from all concerned, MN will be finalized.

- 5.3 The MN finalized by CPM, as above, will be processed for approval of MD through Director / ED. The normal time schedule reckoned from the date of finalisation of package list for all activities related to the MN will be as follows:
- i) 1(one) week, for developing draft MN.
 - ii) 3(three) weeks, for obtaining comments on draft MN from respective Dept., from the date of circulation of draft MN. And for finalizing MN and obtaining approval of Competent Authority, from the date of comments received from various departments, and circulation to all concerned departments/operations.

Thus, MN shall be circulated by CPM within about 4(four) weeks of finalization of the Contract Package List. Once the MN circulated by CPM is received, all actions for pre-award activities, which are already in progress, shall be taken-up in right earnest by concerned groups.

- 5.4 The completion schedule of different activities of each contract package as indicated in MN, will be the basis for monitoring, control and expediting all activities identified therein including pre-award activities.
- 5.5 While finalizing the MN, the time period for completion of different pre-award activities in respect of main packages (viz, the total Line Package(s) and Sub-station/ Switchyard Erection Package(s)), reckoned from the Internal Zero Date, will be decided in line with standard practices and previous projects. However, it may be endeavored that the placement of Contract award generally for all major work packages – TL & SS – will be 30 weeks from the Project Zero Date.
- 5.6 The time periods derived as above for different activities in respect of the main package(s) of a project are indicative and may vary depending on actual project requirements and nature of a particular package and its funding.
- 5.7 While finalizing the MN, commencement and completion of various pre-award activities of different packages will be suitably staggered, keeping in view the overall project completion schedule as per MN, completion schedule for each package and the sequence of requirement of different packages.
- 5.8 Upon approval of the MN by Competent Authority, as mentioned earlier it will be communicated to Contracts groups and Engg. groups by CPM (by an Executive not below the level of EE).

Once the investment approval of the project/ scheme is available, the final MN shall be developed by CPM taking into account the investment approval date as Zero date and circulated to all concerned, after its approval by MD through Director.

- 5.9 Any modification in approved MN without extending the Project commissioning schedule indicated in project concept shall be done with the approval of the Director-concerned. If the modification entails extension of the commissioning schedule, it shall require the approval of MD. Modification of MN, if required, will be processed by CPM, bringing out the reasons for proposed modification. Upon approval of modification, the same shall be communicated to concerned groups by CPM.

A 6.0 Finalisation of packagewise Cost Estimation

- 6.1 **Engineering – Costing group in Projects has the responsibility for this.**
- 6.2 Immediately after Contract Package List of the Project is received, the concerned group as above, shall initiate action for preparation of cost estimate for different packages, as per the BOQ received by them from the Engg. – Tech & Design group. For the above purpose, the Engg. – Tech & Design group shall furnish a BOQ, on the basis of the inputs received from Engineering Cost

within 2 weeks of receipt of inputs from them i.e., 10 weeks from Project Zero Date.

- 6.3 The cost estimates prepared by the Engg. - Costing will be processed by Projects group for approval of the Competent Authority, as per the Delegation of Powers (DOP), through the associated Finance. DoP for this is to be issue who will approve the cost estimate.
- 6.4 The Cost estimate (Tender Cost estimate) will be prepared by Engg. – Costing group as per the guideline provided in the Cost Estimate guidelines and updated SOPs approved.
- 6.5 The time schedule, reckoned from the project zero date, for activities related to the cost estimate of the main package will be as follows:
- i) Eighteen weeks, for supply cum erection packages involving substantial erection and civil works and turnkey packages taking into account the inputs from operations (i.e., within 2 weeks from receipt of BOQ).
 - ii) Further, two weeks for concurrence by Finance and for obtaining approval of Competent Authority.

Thus, approval of cost estimates of the main packages under a project shall be obtained by Engg. – Costing within about 20 weeks from project zero date (i.e., within 4 weeks from receipt of BOQ). However, for other packages, predominantly involving supply of goods and materials like sub-station equipments/line material/other similar packages, the Cost estimate for such packages will normally be completed in about 2 to 4 weeks after the receipt of BOQ from the Engg. Group.

- 6.6 With a view to minimize the time taken in preparing cost estimate and its subsequent concurrence by Finance, Executive(s) in Finance group and the originating group will be identified for associating with the concerned Engg – Costing at the cost estimate preparation stage itself.
- 6.7 Upon approval, the approved cost estimate in original shall be retained in Engg – Costing and a copy of the same (including the note) complete in all respects, shall be forwarded to Contracts Services with a copy to concerned group of Corp. Engg. by Engg – Costing (by an executive not below the level of EE) within the normal time schedule stated above and at least 2 weeks prior to the scheduled date of Tender Opening of the package.
- 6.8 Any change in the approved cost estimate shall be on recommendation from Costing, Engg. Group with the approval of the Authority who had approved the same, provided the revised cost estimate falls within his powers. If the change leads to increase in the cost estimate exceeding the power of the Authority who approved the original cost estimate, the Competent Authority to approve such

increased Cost Estimate shall be as per DOP. However, the changes in the cost estimate, if any, previously approved by the Board, shall be approved by MD change in cost estimate will be processed by the Engg – Costing only when the originating group forwards to them a note bringing out the reasons necessitating the change along with the details of the change, duly approved by the Competent Authority.

- 6.9 Except under exceptional circumstances, no change in the approved cost estimate shall be done after the tenders for the concerned package are opened. However, if there is substantial difference between the tenderers price and cost estimate, review of cost estimate will be done by Engg – Costing at the request of Contracts Services based on the advice of Tender Committee.
- 6.10 To facilitate maintaining of a Database by Engg.-Costing, a copy of Letter of Awards/ Contract Agreements of all packages shall be forwarded by Contracts Services to Engg. – Costing.

In case of Contracts, for which Letter of Award has been issued by Corporate Contracts but subsequent amendments are issued by Operations a copy of all such amendments shall be sent to Engg. – Costing directly by the Contracts Services group of Projects concerned.

A 7.0 Tender Qualifying Requirements :--

Tender Qualifying requirements are essentially the part of Standard Tender documents (STD). The explanation below is only illustrative in nature to facilitate the preparation of STD in a constructive and cogent manner.

- 7.1 **Engineering – Tech. & Design is predominantly responsible for devising Technical Qualifying Requirement (QR) whereas Contracts Services & Finance are predominantly responsible for devising Financial QR for all Tenders.**
- 7.2 Setting proper QRs to Contractors/Service providers/Suppliers for services/supplies respectively is essential to enable adequate participation of competent agencies who are capable of executing delivering such works/services/supplies.
- 7.3 Majority of tenders in PTCUL shall be with Post-qualification Requirements (PoQRs). In this method of QR, the qualifying requirements will be detailed in the Tender documents. It is expected that the tenderers who can meet these requirements will submit the information and documents as sought in the tender to be assessed and accepted by PTCUL.

7.4 The proposal-origination groups responsible for this shall initiate action for preparation of draft QR of Tenders to enable that the approved QR is ready before invitation of Tenders.

7.5 The following shall be the procedure:

[THE GIVEN TECHNICAL AND FINANCIAL REQUIREMENTS ARE ONLY INDICATIVE AND ILLUSTRATIVE AND CAN CHANGE FROM CASE TO CASE. THESE REQUIREMENTS CAN ONLY BE USED AS GUIDELINES AND SUITABLE AMENDMENTS SHALL BE MADE ON THE BASIS OF SPECIFIC TENDER REQUIREMENT]

A. Technical Qualifying Requirement

1. The tenderer must have adequate experience and satisfactory past performance on similar contracts for the last two years
2. The tenderers should furnish the details of their experience and statement of past/current supplies of similar items to this tender in the following form. Photostat copies of order and performance reports of these items from various State Electricity Boards/other Govt. Departments also be given.

S. No.	Name & Address of ordering authority	Order contract No. and date	Particulars of order material with brief specification	Order Qty	Quantity supplied with date	Remarks

B. Financial Requirement

For the purpose of this particular bid, bidders shall meet the following minimum criteria:

I) Minimum Average Annual Turnover (MAAT):

- a) Domestic Funding: $(\text{Cost Estimate in Rs.}) \times (1.5) \div (\text{Completion Period In Years})$
- b) ADB Funding: $(\text{Cost Estimate in Rs.}) \times (2) \div (\text{Completion Period In Years})$
- c) World Bank Funding: $(\text{Cost Estimate in Rs.}) \times (2.5) \div (\text{Completion Period In Years})$

II) For calculation of the Liquid Assets., following formula may be used:

- a) Domestic Funding: $(\text{Cost Estimate in Rs.}) \times (3) \div (\text{Completion Period In Years})$
- b) ADB Funding: $(\text{Cost Estimate in Rs.}) \times (3) \div (\text{Completion Period In Years})$
- c) World Bank Funding: $(\text{Cost Estimate in Rs.}) \times (4) \div (\text{Completion Period In Years})$

For above, present exchange rate to be considered to calculate in equivalent US \$.

- (III) While carrying out the QR analysis of the bidders, it is inter-alia required to ascertain the turnover, liquid assets etc. of the bidder to determine whether he fulfils the stipulated financial QR applicable for the package.
- (IV) Now-a-days, the bidders include such incorporated companies which are subsidiaries of other companies or member of a large group of companies, particularly in case of multinationals. In such a case, the turnover of the company, which has submitted its bid, shall only be taken. However, if the bidder company is engaged in more than one business, its total turnover accruing from different business streams shall be considered for the purpose of QR analysis.
- (V) There are cases where the bidder, who is a subsidiary company, has furnished the Audited Financial Statements of its holding/ parent company in support of its turnover. Further, in case of the bidder being a holding company, the turnover mentioned in the Audited Financial Statements, may include the turnover of various group companies/ subsidiary companies. In both aforesaid cases, it may be very difficult to ascertain separate turnover and other financial figures of the particular bidder company from the Audited Financial Statements of the group holding/ parent company. It is also claimed by various foreign bidders that the laws in their countries do not require publication of Audited Financial Statements of subsidiary companies. In view of above, if the bidder (either a group holding/ parent company or a subsidiary company) is not able to furnish separate Audited Financial Statements of its own in respect of its financial performance, the bidder company shall be required to furnish its own separate balance sheet, income statements and other requisite information, duly certified by its statutory auditor or by a certified public accountant, as the case may be, which shall be acceptable for the purpose of analysis of financial QR. Suitable provisions in this regard may be made in the bidding documents/QR.
- (VI) One of the financial criteria included in the QR shall pertain to annual turnover achieved by the bidders in the recent past, generally extending up to 3 years. It has been observed that different bidders follow different accounting years for the purpose of their financial statements viz. Balance Sheet, Profit and Loss Account etc. Therefore, for ascertaining the annual turnover of a particular bidder, the accounting year followed by the bidder for the purpose of his financial statements shall be considered by PTCUL for QR purpose.

- (VII) The bids of only those parties would be considered whose annual turn over for the last 3 years is at least 30% of the estimated cost. For this purpose the bidders should submit a photocopy of the Annual Report (balance sheet and profit & loss account) for last 3 years.

The proposed originating group will make the draft QR and submit the approval by Director through Contract, Services and Finance. Once approved by Director, the same will be put up to QR Committee consisting of members (not below the rank of Dy. General Manager) from Projects, Finance and Engineering chaired by Director (Projects).

- 7.6 The Tender cost estimate shall be the basis for QR financial requirements.
- 7.7 As Packages for Projects – TL & S/S – are standardized, it is logical and necessary that QRs are also standardized. Such standard QRs can be prepared and approved as per the same procedure detailed in the forgoing as a onetime exercise. Once the QRs are standardized, QR for each Project Tender may be for approved by COO Projects Operations.
- 7.8 However, if in any Tender there is any deviation to be made to Standard QR then such a revised new QR will go to the QR Committee as per procedure under 7.5.
- 7.9 The QR shall be ready by the time Tender documents are ready to be put up. Copies of QR shall be forwarded to Contracts Services, Engg. – Tech. & Design and Finance.
- 7.10 Prequalification Requirement (PrQR) can be implemented in instances where the projects are complex and specialized in nature. In such instances, expressions of interest (EOI's) are called from prospective tenderers who can meet the QR as per brief notifications/descriptions made in this regard. These EOI's are shortlisted and evaluated to make up for the list of tenderers to whom the tender documents are sent to enable them to participate in the Tender. Procedures for such PrQRs can be evolved in due course.
- 7.11. **Structure of price:**
- (i) Bids for all packages having completion schedule of more than 12 months, shall be invited on variable price basis except the bids for telecommunication packages, LD&C packages and other similar packages involving electronics items and software, which shall be invited on firm price basis.
 - (ii) Bids for all packages having completion schedule less than 12 months, shall be invited on firm price basis.

- (iii) For Power transformers & Transmission line packages, supply of towers and conductors shall be on variable prices only, irrespective of the completion schedule.

A 8.0 Tendering Process :

8.1 Engg. – Tech & Design will be the predominant responsible group for this activity.

8.2 Generally Contracts services will go in for single stage two envelope Tenders.

As a matter of general policy, tenders will be done in a two-part Open Bidding process:

- (i) In such a case, the bidders shall be required to submit their bid in three separate envelopes, as per following:

- (a) First Envelope shall contain EMD
- (b) Second Envelope shall contain Techno-Commercial bid.
- (c) Third Envelope shall contain the price bid.

All the envelopes shall be submitted together at the same time before the specified deadline for bid submission. The EMD and Techno-Commercial bid Envelope only shall be opened on the scheduled date of bid opening at the specified time. The Price Bid Envelope of only those bidders shall be opened, who are found to satisfy the technical, commercial and financial requirements.

- (ii) Single stage single envelope system for limited tender or proprietary in such a case, the bidders shall be required to submit techno-commercial and price bid together at the same time.

8.3 However, Engg-Tech & Design may advise for a two-stage tender when requirements of quality and / or specifications of equipments works / services under a particular package varies substantially depending upon design and / or technology that prospective tenderers may offer.

Also this may be adopted for procurements of new items for which technology is fast changing and for which discussions between PTCUL and the prospective tenderers may be required, on technical bid, to arrive at the scope and precise specification requirements.

8.4 This may be adopted in case of Contracts for large complex plant or work of specialized nature where quantities and specifications of substantial part of the Contract's scope are dependent on tenderers design and technology and or the

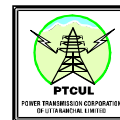
procurement in question is subject to rapid technological advances. In such cases, if required, services of experienced consultants / consultancy firms may be hired.

- 8.5 Under the two-stage tendering process, in the first stage, un-priced techno-commercial tenders shall be invited on the basis of conceptual / basic design and / or performance specifications given in the tendering documents. Based on technical as well as commercial clarifications and mutual agreement (through correspondence and / or by holding meeting) amendments to the tendering documents shall be issued and compliance of the tenderers to the amendments shall be obtained. In the second stage, the price bid shall be invited from those qualified tenderers whose first stage bid is found responsive.
- 8.6 In the Pre-Bid Conference before the opening of the tender, only those bidders will be allowed who have purchased the tender documents for clarifications on details of the scope, specifications and other relevant issues. Minutes of Meeting shall be prepared on the agreed terms and conditions during pre bid conference and issued to all the attending firms. The minutes of these meetings shall be part of the tender documents. No clarification shall be entertained after the pre-bid conference. In case of Two-Bid system, Techno-Commercial negotiations may be conducted with all the bidders to clarify the deviations vis-à-vis tender specifications/requirements. After bringing the acceptable offers on a common evaluation basis, all the commercial terms/conditions and technical specifications shall be frozen. In case, some changes are made in terms/conditions or technical specifications, the bidders will be given a fair chance to revise their price bids accordingly.
- 8.7 If the system of tendering proposed to be adopted for a particular package is other than that described above, the same shall be identified by Engg.-Tech. & Design in the proposal for approval of the Package List of each project. A justification in regard to the above shall also be given in the proposal.
- 8.8 Any modification in approved system of tendering will require the approval of the Competent Authority who had approved the package list so far as Corporate contract packages are concerned.

A 9.0 Tender Documentation

- 9.1 i) **Engg. – Tech & Design will be the Responsible Group for compilation of the technical portion of the tender documents comprising mainly if not limited to, the following:**
- a. Detailed Technical specifications & particulars of equipments / materials / site works.
 - b. Bill of quantities (BOQ) of equipments / materials / site works with quantities & units and columns for rates, supply / erection price breakups such as ex-

- factory, duties / taxes etc. (in consultation with Contract Services and Finance groups).
- c. Guaranteed Technical particulars and Technical Data sheets (incl. Technical Conditions of Contract, if any).
 - d. QR formats.
 - e. Schedules of construction equipments site personnel etc.
- iii) Contracts Services and Finance will be the predominant Responsible Groups for compilation of the Financial / Commercial portion of the Tender documents comprising mainly, if not limited to, the following:
- a. Invitation for Tender (IFT).
 - b. Instruction to Tenderers (ITT).
 - c. General Conditions of Contract (GCC) and Special (or Specific) Conditions of Contract (SCC).
 - d. Tender proposal sheets and formats of Performance guarantees, Bid Guarantees etc.
 - e. Any other commercial / financial / legal document as part of Tender documents.
- 9.2 The Tender **documents** which are Standard Tender Documents (STDs) in PTCUL will comprise essentially the following:
- i) Invitation for Tender (IFT).
 - ii) Instruction to Tenderers (ITT).
 - iii) General Conditions of Contract (GCC) and Specific Conditions of Contract (SCC).
 - iv) Detailed Technical Specifications (DTS).
 - v) Tender Proposal Sheets (TPS).
 - vi)
 - a) BOQ sheets (BOQ) incl. Price Schedules and Bid formats.
 - b) Guaranteed Technical Particulars (GTP) and Technical Data Sheets (TDS).
 - c) Mandatory Spares Schedules.
 - d) QR Sheets and details of Construction equipments, personnel and others.
- 9.3 In case of changes in the STDs, the changes have to be minor and specific to a particular work package. Such changes have to be incorporated clause wise / section wise or they have to be made part of Specific Conditions of Contract.
- 9.4 Documents specified in 9.2 are generally the documents used in all domestic and plan-funded projects. However for ADB or other Multilateral Funding Agency Projects, the guidelines and formats prescribed by them will hold good and Tender Documents will be prepared accordingly.



- 9.5 STDs can be prepared for any or all the portions of the Tender Documents depending on the easiest of standardization and understanding. Preparation of such STDs, with a timeframe stipulated by MD / Director(s) shall be the responsibility of the respective groups specified as above.
- 9.6 STDs, in the first instance, will be reviewed and vetted by the respective groups and approved by a Committee of Three (not below the rank of Dy. GM's) from Engg., Contracts and Finance. The final approval for a STD will be accorded by MD in consultation with Director(s).
- 9.7 In case of non-standard documents or portions of documents to be incorporated in the STDs, the same procedure as under 9.6 shall be followed.
- 9.8 Any amendment to Tender Documents once put on tender shall be initiated by the respective group responsible for the portion to be amended and will be approved with the same procedure as under 9.6. (However, any typographical error can be amended with the approval of Director(s)).
- 9.9 The time schedule for complete Tender Documentation shall normally be as under:
- i) Preparation of STD Eight weeks from the date of approval to start preparation of STD.
 - ii) Project Tender Documentation Six weeks from Project Zero date.
 - iii) Additions / Deletions to Tender Documents Six weeks from Project Zero date.
 - iv) Amendments after Tenders are invited. One week of initiating the proposal

A 10.0 Calling of Tenders

- 10.1 **Contracts Services will be the predominant Responsible Group for proposal, approval from respective Director(s) / MD and calling the Tenders.**
- 10.2 The Cost of Tender documents shall be fixed keeping in view the costs of preparation and finalization of the Tender documents. It shall be reasonable enough to attract qualified tenderers. The cost shall be as under :--

SR. NO.	ESTIMATED VALUE OF WORK	TENDER DOCUMENT & ANALYSIS FEE
1	Up to Rs. 1.00 Lac	Rs. 100/-
2	Above Rs. 1.00 Lac to Rs. 5.00 Lacs	Rs. 250/-
3	Above Rs. 5.00 Lac to Rs. 10.00 Lacs	Rs. 500/-
4	Above Rs. 10.00 Lac to Rs. 25.00 Lacs	Rs. 1,000/-
5	Above Rs. 25.00 Lac to Rs. 50.00 Lacs	Rs. 2,000/-

6	Above Rs. 50.00 Lac to Rs. 100.00 Lacs	Rs. 5,000/-
7	Above Rs. 100.00 Lac to Rs. 250.00 Lacs	Rs. 10,000/-
8	Above Rs. 250.00 Lac to Rs. 500.00 Lacs	Rs. 15,000/-
9	Above Rs. 500.00 Lac to Rs. 1000.00 Lacs	Rs. 20,000/-
10	Above Rs. 1000.00 Lac	Rs. 25,000/-

Note : In case two or more package are covered in the same Tender Documents, the cumulative values of all such packages shall be taken as the package value for the above purpose.

On completion of Tender Documents and receipt of costing sheets, Contracts Services will process the proposal for obtaining approval of Competent Authority as per DOP for calling of tenders. The proposal shall contain details of method of tendering, tender process, text of invitation for Tender, Tender Bid Bond and cost of documents, etc.

Following guidelines shall invariably be followed on method of tendering and the tender process.

- 10.3 The amount of EMD/ Bid Bond to be indicated in the IFT/ITT, shall be equal to **1% to 2%** of the cost estimate for the Tender rounded off to nearest thousands.

For all domestic Tenders the tenderers shall be required to submit the EMD/ Bid Security/ Bid Guarantee in a separate sealed envelope (duly super/scribed) along with the Tender. For packages, funded by multi-lateral funding agencies their guidelines shall apply.

- 10.4 Modes of tendering / bidding :

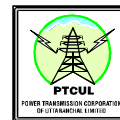
The mode of tendering depends on the funding mode for the Project. Accordingly, the mode of tendering is decided by Contracts Services in consultation with the Engg. – Tech & Design and Finance. The different modes of tendering, to be adopted under various circumstances, are discussed below:

(i) Domestic Competitive Tendering

The normal mode of public procurement of all packages, covering equipments/ goods/ works which are domestically available and are funded through PTCUL own resources or Govt. plan funds and domestic resources will be through Domestic Competitive Tendering Tenders from within India (including foreign firms/ MNCs registered in India), shall be eligible bidders for such tendering.

(ii) Global Competitive Tendering

If the equipments/ goods/ services to be procured, under domestic funding, are not readily available domestically or for any other justified reason, tenders on global basis may be invited for packages other than those funded by multilateral financing agencies. Tenderers from all the countries in the world, barring those with whom business is specifically banned or against whom



sanction is imposed by Govt. of India or such is the position by virtue of GOI's Policy and Procedure, shall be eligible tenderers for such global Tendering. Such Tendering shall be resorted to only with the approval of MD for which the proposal shall be initiated by Contracts Services based on input from Engg. Tech & Design in consultation with Finance and routed through the Director(s).

(iii) International Competitive Tendering

It is the normal mode of procurement by multilateral financing agencies like World Bank (WB), Asian Development Bank (ADB), and others. As such this mode of tendering will be followed for all project procurements funded by these agencies as well as by such other funding agencies/ countries/ institutions etc with whom the funding arrangement stipulates such International Tendering to be adopted. The guidelines prescribed by the Funding agencies shall be followed for such Tendering.

(iv) e-Tendering (E-T):--

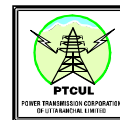
W.e.f 01.06.2007 all tenders of procurement of any material and stock, Civil works, Erection and Installation, Services and carrying out of any work, of estimated value above Rs. 1.00 lac compulsorily is required to be hosted on the website of the Company "www.ptcul.org"

- E-T (i) The Executive Engineer responsible for issuing the tender document should clearly mention the cost of the downloaded Tender Document as per table given below which has to be submitted together with the specified earnest money alongwith the bid :

SR. NO.	ESTIMATED VALUE OF WORK	TENDER DOCUMENT & ANALYSIS FEE
1	Up to Rs. 1.00 Lac	Rs. 100/-
2	Above Rs. 1.00 Lac to Rs. 5.00 Lacs	Rs. 250/-
3	Above Rs. 5.00 Lac to Rs. 10.00 Lacs	Rs. 500/-
4	Above Rs. 10.00 Lac to Rs. 25.00 Lacs	Rs. 1,000/-
5	Above Rs. 25.00 Lac to Rs. 50.00 Lacs	Rs. 2,000/-
6	Above Rs. 50.00 Lac to Rs. 100.00 Lacs	Rs. 5,000/-
7	Above Rs. 100.00 Lac to Rs. 250.00 Lacs	Rs. 10,000/-
8	Above Rs. 250.00 Lac to Rs. 500.00 Lacs	Rs. 15,000/-
9	Above Rs. 500.00 Lac to Rs. 1000.00 Lacs	Rs. 20,000/-
10	Above Rs. 1000.00 Lac	Rs. 25,000/-

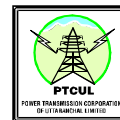
- E-T (ii) The above fee is non-refundable under any circumstances.

- E-T(iii) The Tender Documents / Tender Analysis fees as stated above should be deposited in the form of DD drawn in favour of PTCUL, payable at the place of tender issue.



- E-T(iv) The above tender documents/tender analysis fees is exclusive of sales tax, which shall be payable extra as per applicable rates by the tenderer.
- E-T 2 Approved NIT in hard copy as well as soft copy with complete set of tender documents is required to be sent to Website Administrator (presently M/s Weblines Infosoft, 1st Floor, Abhishek Tower, Dehradun) for uploading the tender on the website.
- E-T 3 NIT has to be published in the newspaper only after tender has been uploaded / hosted on web site by Web Administrator.
- E-T 4 On receipt of the tender uploaded report/intimation/information from the Web Administrator the concerned Executive Engineer/any other official shall release the tender advertisement in the newspapers through empanelled advertising agencies.
- E-T 5 CORRIGENDUM
- In instances of amendments to NIT, the Tender Issuing Authority will inform the Web administrator alongwith the prescribed "Standard form for uploading of tender document" & Web Administrator will ensure to get it amended in the NIT at the earliest. In the original advertisement, tenderers will be advised to look up for amendments if and when they are issued. No separate advertisement will be issued notifying the amendment(s).
- E-T 6 The tender issuing office will clearly mention the starting date and closing date of downloading of tender document. This information will be given in the "Standard Form of Uploading of Tender Document" in the following format which accompanies the tender :-

Sl. No.	Description	Entry
1	NIT Number	
2	Title of Tender	
3.a	Starting Date for Downloading Tender Document (dd/mm/yy)	
3.b	Closing Date for Downloading Tender Document (dd/mm/yy)	
4.a	Last Date for Submission of Tender Document (dd/mm/yy)	
4.b	Opening Date of Tender (dd/mm/yy)	
5	Address & Place of Tender issuing office	
6	Contact Telephone Number (Land Line)	
7	E-mail Address of Tender Issuing Office	



ET 7 Tender issuing office shall clearly mention the following information in the NIT / Instructions to Tenderers :-

- a. The cost of downloaded Tender Document must be submitted alongwith the Offer.
- b. The system facilitates the tenders to download and use the Tender Documents for the purpose of submitting the bids. However, it will be the responsibility of prospective bidders to ensure the use of complete Tender Documents available on the website **www.ptcul.org**
- c. The tender issuing office has to ensure that the tender document has been submitted duly signed on each page and in original even in case the document has been downloaded by the tenderer. Photocopy of the downloaded tender document will not be accepted in any case and in such events the tender will be summarily rejected.

ET 8 Hard Copy of “Tender Set” which will be sent to the Office of Web Administrator for the purpose of uploading should have a clear marking on each page as “Not For Sale – For Web Based Tendering Only” .

ET 9 The tender sets shall be automatically removed by the Office of Web Administrator from the web site on expiry of the last bidding date. All tenders must be made with extreme care so that there is no need for issuance of corrigendum.

ET10 The downloaded Tender Documents will be considered equally legal and valid for participation in the tender process as manual documents obtained from PTCUL.

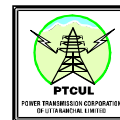
ET 11 Website Administrator shall not necessarily diversed during the Tender period to anyone including the Tender Issuing Authority details of the firms who have downloaded the Tenders. They can inform for sake of retendering purposes whenever necessary the number of downloads done as a feedback of degree of response for the subject tender.

ET 12 THE DATE AND TIME SCHEDULE FOR WEB-BASED TENDERING

NIT and Tender Document for uploading should be sent on the same date. The NIT shall be uploaded immediately which will in no case will be later then 5 (five) days of receipt of soft copy by the Office of Web Administrator while the Tender Document shall be uploaded not later to 10 (ten) days of receipt. Similarly, corrigendum, if any, should be sent 5 (five) days in advance for uploading on the Web Site.

10.5 Under the different modes of tendering described above, tenders shall be invited with approval of Competent Authority as per DOP, under one of the following procedures:

(i) Open Tender

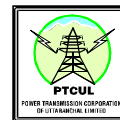


- a) Under this procedure of tender invitation, which shall normally be followed for project procurements, the invitation for tenders is extended to prospective tenderers by advertisement through newspapers. Keeping in view the high cost of advertisement, this shall generally be adopted only for economically packages. However, there shall be no objection to invite tenders through press advertisement for packages having estimated cost less than Rs.1 lac if overall economy in advertisement is achieved by including more than one packages.

In addition, a copy of IFT is mailed (through speed post for destinations within India and by Air Mail for destinations abroad) directly for wide publicity to the known prospective sources of procurement, trade/manufactures/ service providers/ other organizations, foreign embassies (in case of **International**/Global Tenders updated list of which (to be approved at the level of Dy. GM) shall be maintained with Contracts Services group. The text of IFT shall be concurrently uploaded on PTCUL's website, and the address of website shall be given in the IFT published in Newspapers alongwith information in regard to the same.

Tenders invited from all the parties pre-qualified or empanelled/ enlisted through newspaper advertisements with the approval of Competent Authority, shall be deemed as open tender for all purposes.

- b) Normally, a period of 15-30 days for all packages will be kept between the commencement and close of sale of tender documents. In case of packages funded by external agencies, this period shall be as per guidelines of respective funding agencies. Tenders shall be opened not later than six days of close of sale of Tender Documents. In exceptional cases, the time period may however be reduced with the approval of Director (Projects) in consultation with Finance.
- c) In cases where only two parties subscribed the tender, the tender closing date requires extension in the first instance. However, if the position remains unchanged even after the date extension it is at the discretion of the DGM to further extend the date or close the tender. In all such cases the authority shall remain with DGM who shall communicate this to Executive Engineer with valid reasons in writing.
- d) In cases where only two parties submits/bid for the tender(whereas tender documents were sold to more than three parties) then in all such cases for opening of tender documents prior approval of General Manager is mandatory. The G.M. shall communicate the approval in writing to the DGM with valid reasons in this regard.
- e) IFT shall be published in newspapers as per following guidelines:



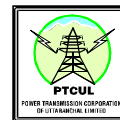
- i) All tenders pertaining to procurement of any material and/or works with estimated value of upto Rs. 15,000/- need not be advertised in the newspapers or hosted on the Website of the company..

The indenting officer shall have to submit the certificate in this regard as under :-

“I am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.”

Purchases/contracts of similar nature under this clause shall not be allowed to repeat during a month, otherwise it will termed as spilt of order to utilize the purchase power under this Clause.

- ii) All tenders pertaining to procurement of any material and/or carrying out of works, of estimated value above Rs. 15,000/- and upto Rs. 1.00 lac need not be advertised in the newspaper or hosted on the Website of the Company. The material proposed to be procured and/or works to be carried out, of estimated value above Rs. 15,000/- and upto Rs. 1.00 lac be procured on “Limited tender basis”, after obtaining necessary approvals as per “Delegation of Powers” (DOP). The indenting officer must ensure that the tender document is issued to atleast 5 nos of vendors on “Limited tender basis” and the tender to be decided only, when at least three valid bids are received against the proposed tender.
- iii) All tenders, pertaining to procurement of any material and/or carrying out of works of estimated value above Rs. 1.00 lac shall be hosted on the Web Site of the Company at **www.ptcul.org**.
- iv) All tenders pertaining to civil works, erection & installation, electromechanical works and procurement of material, services and other purchases of items with estimated value above Rs. 1.00 lac and upto Rs. 10.00 lacs need to be advertised only in edition of two leading dailies, Hindi newspapers having largest circulation within the State of Uttarakhand.
- v) All tenders pertaining to Civil works, erection & installation, electromechanical works and procurement of material, services and other purchases of items with estimated value above Rs. 10.00 lac need to be advertised as follows :
 - a) Two editions of leading National English Dailies having largest circulation in the country.
 - b) Two editions of leading daily Hindi Newspapers having largest circulation in the State of Uttaranchal.



In case of packages funded by World Bank/ADB or other agencies, the IFT shall be published in compliance with their guidelines (updated guidelines shall be advised by Contracts Services).

- f) The list of newspapers for above purpose will be decided by Corporate Secretariat/PRO/Establishment with the approval of Director(s) and MD.
- g) Based on the copy of approved note for calling of tenders, which Contract Services forward to Corp. Secretariat / PRO a proposal will be put up by them, recommending newspapers in which IFT is proposed to be published. The proposal shall be approved by Competent Authority in Projects as per DOP after concurrence of Finance.
- h) Company Secretariat / PR will also ensure that IFT is released by rotation in different newspapers published by different newspaper groups maintaining a healthy balance.
- i) Contract Services and the Company Secretariat / PR will ensure that the text of IFT is properly scrutinized for its overall presentation, incorporation of essential details and brevity to the extent possible, to keep the advertising cost to a minimum.
- j) Timely publication of IFT in approved newspapers, will be ensured by Company Secretariat / PR who shall promptly furnish proof copies with artwork if any etc. in sufficient numbers, as may be required, to Contracts Services. Further, a full page of newspapers, wherein IFT has been published, shall be kept in their records by Comp. Secretariat a copy of the same shall be forwarded to Contracts Services as a proof of publication thereof.

(ii) Limited Tenders

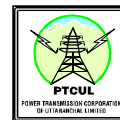
- a) Under this procedure, direct invitation to tender for a particular package without open advertisement is extended to certain firms / parties whose names shall be selected from the database of tenderers who had in past participated in tendering or who had been pre-qualified / empanelled for similar package(s). In case database of prospective tenderers for a particular work is not available with PTCUL, name of the parties may be obtained from other organizations of similar nature in the activity. As a last resort, a brief advertisement informing only the salient details of the tenders may be given in local newspapers, with the approval of the Authority not less than Dy. GM.
- b) Limited tender shall normally be followed where (i) the estimated cost of the package is small (ii) there are only limited number of contractors /

suppliers for the procurement in question, or (iii) other reasons justifying departure from open tendering procedures including urgency.

- c) In all cases where such a Tender is resorted to, tenders shall be invited from three or more firms. Depending on the approved Tender cost estimate of the package, it should be ensured that the list of firms shall be such that Tender is broad enough to assure competitive prices. Higher the tender Cost Estimate, more should be the number for firms. Further, it should also be ensured that sufficient number for firms (three or more) of comparable standing are included in the list.
- d) The list of firms for Limited Tender shall be approved as **per DOP**. The note in this regard shall be put up by Contracts Services, through Engg. – Tech & Design and Finance, taking into account input, if any, from Engg. – Tech & Design.
- e) Normally, the Limited Tender documents shall be issued to the approved firms directly along with the IFT free of cost. However, when parties are more (say more than 10), there shall not be objection to send only the IFT to the approved firms and inviting them to purchase the tender documents, if interested. In such a case, documents can be issued to interested tenderers against a token cost of Rs. 100. A period 15 days or more from the date of issuance of IFT / tender.

Documents shall be allowed for submission of tenders and opened on the same date. The time period may, however, be reduced with the approval of Director(s) and Dy. GM's.

- f) For works/services/contracts values below Rs. 100,000/- but above Rs. 15,000/-, enquires will be floated to all the registered parties on the Approved list of that group or at least ten nos. if registered parties are more than ten in Nos. The quotations should give full description of works and specification, materials to be supplied and the date and time upto which quotations will be received. Quotations may also be invited from others, if required by PTCUL, however reasons shall be recorded by the concerned authority in which case the other suppliers may be required to deposit earnest money not exceeding 2 per cent of the tender value for the supplies exceeding Rs.15,000/-. However, in no case there shall be less than three parties in cases of limited tender.
- g) In case where the firms are short listed for issuing of tenders on limited basis, the techno commercial competence and other credentials are required to be scrutinized thoroughly. After the offers from such short listed firms are received, there should normally be no occasion to reject them on technical grounds. Further, since limited tenders are issued to the empanelled firms dealing in a specific item/job on the basis of their



capacity and performance it is imperative to up-date the panel periodically for which a standing committee shall be formed.

(iii) Single Tender

No purchase shall be made on a Single Tender basis, except in the circumstances prescribed hereinafter:

- a) Where the material to be purchase is of a proprietary brand and there is no other party manufacturing materials of the same or of equivalent specifications, Single Tender Purchases will be permitted. In exceptional case, where there is strong justification which will be recorded in writing, it will be permissible to procure standardized brand of items on single tender basis.
- b) The Engineering-Technical Design Department shall satisfy themselves that items proposed as proprietary purchases are in fact of proprietary nature and there are no alternate sources of supply. Finance concurrence shall be required in respect of items which are processed as proprietary purchases for which Competent Authority will give the certificate.
- c) Spares for a particular brand of equipments can only be obtained from a single source (OEM) shall be classified as proprietary items.
- d) Purchases from Public Sector Companies can be made on Single Tender basis provided the reasonability of rates is established by the Competent Authority as per DOP.
- e) Where a Single offer is received in response to a regular enquiry floated to a number of parties, such offer will not be classified as single Tender. However, acceptance of such offers will be decided by the next higher authority than the authority under whose powers such acceptance falls in general terms of DOP.
- f) When there is no adequate response (at least three offers) to a full fledged enquiry floated, it will be permissible to procure materials on the available response with the approval of Competent Authority as per DOP.

(iv) Sundry Purchases

- a) Here purchases are made by a duly constituted Committee authorized to finalise the purchase directly as per provisions of DOP by direct shopping.
- b) Procurement by such shopping shall be restored to (i) in exceptional cases for procurement of items of which PTCUL has no previous knowledge. (ii) for purchase of low value off-the-shelf branded items, office consumables, or items with differentiation in features and quality,

but serving the same purpose. Purchases as per DOP may be made by a Committee authorized for the purpose to be known as “Spot Purchase Committee”.

- c) The Purchase shall be commenced after authorization of the same by Directors/M/D/CMD, for which the note shall be initiated by the originating group bringing out reasons for the procurement by shopping. The note upon approval by an Authority not below the rank of Dy. GM shall be forwarded in original to Contracts Services / Materials Management, who shall put up the note for nomination of the Committee members to carry out procurement, and approval.
- d) As a matter of general guidelines, the sundry purchases will be made by Committee after determining the reasonableness of the price taking into account other considerations viz, quality, after-sales services, maintenance requirements etc. Normally, spot quotations, preferably from three or more parties, may be obtained and orders placed after analyzing all relevant aspects. Purchase may be carried out either by making cash payment or by cheque / draft after issuing a brief letter order. Prior cash advance in such cases may be sanctioned by the Authority competent to sanction the sundry purchases as per DOP.
- e) Purchases through “Spot Purchases” shall be referred to Audit department for post Audit .

(v) Purchases from single agency as per Govt. directives:

Purchase of items / equipments / service from a Public Sector Undertaking or any other agency / firm as per documented Government directives / Policy and Procedure of PTCUL on single agency basis, will be finalized generally as per the procedure applicable for single tender invitation. In such cases, the award shall be approved by the authority competent to approve the award of same value against Limited Tender as per DOP.

(vi) Rate Contracts:

- (a) Wherever it is advantageous to have supply of goods / execution of works at a steady or regular pace over a period of time, rate contracts may be entered into, after following the procedure of invitation of tenders either on open or limited tender basis, as the case may be.
- (b) The Competent Authority, for the purpose of DOP, for approval of award of such rate contracts shall be on the basis of the estimated cost to be incurred under such rate contracts. The extent of expenditure that may be incurred under the rate contract shall also be specified in the rate contract as estimated contract price.

(vii) **Repeat Orders**

Where the same material has been purchased before, Repeat Order may be placed provided the following conditions are satisfied and so recorded:

- a) That the original order against which Repeat Order is being considered was not placed more than six months prior.
- b) Quantity proposed to be purchased is equal to or less than the originally ordered.
- c) That there has been no reduction in the rates of similar stores since the original order was placed. (The proof of this has to be furnished from validated/authorized sources).
- d) The original order was placed as a result of a regular enquiry.
- e) This will be applicable only for general purpose material purchases of value not more than Rs. 1,00,000/- (Rupees One Lakh only)

(viii) **Cash Purchase/Contracts Without Tender bids**

Purchase of goods upto the value of Rs.15,000/-(Rupees Fifteen Thousand) only on each occasion, on the strength of minimum 3 quotations, may be made without inviting quotations or bids on the basis of a certificate to be recorded by the Competent authority in the following format:

"I am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

Similar nature purchases/contracts under this clause shall not be allowed to repeat during a month otherwise it will termed as spilt of order to utilize the purchase power under this clause.

The purchases/contracts under this clause need not to be posted on web-site or require any newspaper advertisement.

(ix) **Emergency Purchase :**

Emergency Purchases/Contracts can be made after obtaining specific approval of the competent authority. In such cases, the reasons for emergency shall be recorded in writing and the procedure to be followed in each case shall be decided by the competent authority taking into consideration the nature of emergency.

For emergency purchase a committee shall be formed having the representative of Finance, Store and user department. Committee shall obtain quotation from not less than three suppliers. The committee shall obtain the quotation and make the comparative list.

- b) For emergency cases, some of the procedural steps shall be waived. The enquiries need not be advertised in newspapers. Tender enquiries should be handed over in person to a minimum three parties; the suppliers should have the material ex-stock. Quotations be obtained in sealed covers and should be opened on the same day in the presence of the Emergency Procurement Committee. The user department should also give its recommendations on the same day. It should be responsibility of the user department to justify the emergency of the requirement and it should be approved by the Head of the user group. The power to sanction power, in the Purchase/User Department for such emergency purchases should be one step higher than in the normal cases. All emergency purchases shall be referred to Audit department for post Audit .

10.6 The time frame, immediately after receipt of approved Qualifying Requirements related to calling of tenders will be as follows (other those specifically mentioned in single tender contracts etc.).

- i) Two weeks for putting up IFT note and obtaining approval of Competent Authority for calling of tenders, by Contracts Services.
- ii) Two weeks, after (i) above, for publication of IFT in newspapers, in case of open tender invitation, by Company Secretariat / PRO.
- iii) Additional two weeks for packages under multilateral funding for release of IFT though the publications prescribed by them.

Thus, the entire activity of calling of tenders including issuance of IFT in newspapers and through publication prescribed by funding agency, wherever required, for all major packages(s), shall be completed by concerned groups. Within about 20-22 weeks from the Project zero date, by which time the concurrence of tender documents from the funding agencies is also expected to have been obtained as discussed the foregoing.

10.7 The Draft IFT put up to and approved by Competent Authority along with the note for calling of tenders will normally indicate difference dates for various activities / events in the tender process, considering that the note will be approved within the normal time. However, if the approval takes some more time and minor adjustments to the said dates are required, the same may be made with the approval of SE.

- 10.8 As describe above, the proposal for calling of tenders shall be initiated by Contracts Services after receipt of approved Tender Cost Estimate. However, in cases where approval of Cost Estimate is likely to take sometime, Contracts Services shall proceed ahead with the action for calling tenders pending approval of Cost Estimate. In such a situation, the estimate to be considered for the purpose of deciding the value of EMD/ Bid security and tender fee shall be intimated to Contracts Services by Engg. – Tech & Design not below the level of SE (or DGM), on the basis of Project Concept cost Estimate or the proposed Cost Estimate yet to be approved. However, the tenders shall be opened only after the receipt of the approved cost estimate. In case of two-stage tenders, the first stage tender shall also be opened only after the receipt of Tender Cost Estimate.

A 11.0 Sale of Tender Documents

- 11.1 **Contracts Services will be the Responsible Group for sale of Tender Documents.**
- 11.2 Tender documents shall only be downloaded through web site of the company at www.ptcul.org against payment of cost of documents (normally in the form of Demand Draft / FDR), wherever applicable. The Tender documents shall not be sold physically or manually. Before tender documents are put on sale on website, a master-set of the same, duly bound, shall be kept on record. Such a set shall be signed on first and last page by the Contracts Services Executive (for documents related to Commercial / Financial portion of the Tender) and by Engineering Executive Deputy Engineer. In case of tenders estimated value above Rs. 5 crores, the same shall be done by an Executive not below the level of Executive Engineer.

All amendments / clarifications, issued before the tender opening, must be initiated, as above, on each and every page and filed with the master-set before uploading it on the website.

- 11.3 **The period of sale of documents (through web only)shall normally be kept as follows:**
- (a) Domestic : about 30 days from the first date of issue.(as per CVC)
 - (b) Multilateral Funding: 45 to 60 days (however conforming to funding agencies stipulations).

In case of limited tenders and in exceptional cases, the time period will be according to provisions detailed here before and with approval of the Competent Authority.

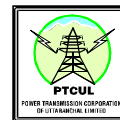
- 11.4 Any change in the bidding program, i.e., sale of documents, extension of tender opening etc. from the specified in the IFT, for reasons whatsoever, shall require the approval of Director(s).

A 12.0 Tender Opening Committee and Tender Committee Formation

12.0 All coordination activities for formation and nomination of Tender Opening Committee and Tender Committees shall be the Responsibility of Contract Services Group.

- 12.1 The tenders received shall be opened by a Committee (to be called Tender Opening Committee) comprising of representatives, not below the level of Executive Engineer
- 12.2 The concerned Contracts Services Coordinator shall accordingly initiate separate proposals for construction of Tender Opening Committee and Tender Committee at least 21 days before the schedule date of Tender opening, so as to ensure the formation of said Committees prior to opening of tenders. The proposal for constitution of Tender Committee shall also be accompanied with the schedule of activities, reckoned from the date of tender opening, leading to the award of the Contract.
- 12.3 The representatives in the Tender Opening Committee from the different Groups shall be nominated by the concerned executive not below the level of Dy. General Manager in the respective Groups / Depts. The nomination shall be approved by the concerned Dy. General Manager in Contracts Group. There shall not be any objection to nominate an alternative representative to take care of any last minute exigencies. However, this fact should be clearly mentioned in the note that is put up for this purpose.
- 12.4 The nomination of representatives in Tender Committee from the different groups shall be as per DOP. The Tender Committee so nominated shall be approved by the authority competent to approve the award (based on IFT cost estimate). However, for awards requiring approval of the Board of Directors or Sub-committee of the Board, the nomination shall be approved by Director(s). Normally, once nominated, the members of Tender Committee shall not be changed except in case of transfer, prolonged leave, medical exigencies or other justifiable reasons. In such a case, a note bringing out the circumstances for change of Tender Committee member shall be put up by Contracts Services through the concerned groups to the Competent Authority, as per above, for nomination of an alternative member. The Tender Committee, once nominated, shall remain valid till finalization of the Contract or cancellation of tenders / annulment of tender process.
- 12.5 Immediately after the approval as described above, the Tender Opening Committee and the Tender Committee members shall be informed of their nomination by the concerned Contracts Services Coordinate. The schedule for award shall also be informed to the members of Tender Committee.

A 13.0 Tender Receipt and Opening :



- 13.1 **Contracts Services called herein as Contracts Services Coordinator will be the Responsible Group for coordinating Tender receipt and Tender opening activities with the Tender Opening Committee.**
- 13.2 The last date for submission of tenders shall be 5-6 days after the close of sale of tender documents. The Tenders shall normally be received upto 15.00 hours on the specified day and shall be opened after thirty minutes on the same day.
- 13.3 All tenders shall be received only through Registered post (RAD) and shall be acknowledged in writing by the concerned Contracts Services Coordinator, stating clearly the number of envelopes / packets / boxes received. In case, as per the tender documents for a particular package, the tenders are required to be received along with the EMD / Tender Security / Bid Guarantee in a separate envelope but **if** no such separate envelope is received, the same shall also be recorded in the acknowledgement.
- 13.4 Immediately on close of the deadline for tender submission, the concerned Contracts Services Coordinator shall record the name of the Tenderers, from whom the tenders are received in the Tender Opening Register indicating the particulars of Tenders, envelopes / packets / boxes received from each tenderer. The tenders received along with the Tender Opening Register will be handed over to the Tender Opening Committee who will also sign the Tender Opening Register. Tenders submitted late will be rejected. The opening of tenders **shall be in the presence of Tenderer's** representatives who are present. The name of the Tenderers representatives who are present shall be entered into the Tender Opening Register and their signatures shall be taken thereon.
- 13.5 In two **stage** envelope tendering, while both **the** envelopes are required to be submitted together before the deadline specified in the IFT, only the 'First Envelope' shall be opened on the stipulated date and time. The date and time of opening of the second envelope shall be intimated separately to the tenderers, as explained in subsequent paras. The 'Second Envelope', containing the Techno-commercial and Price Bid, duly authenticated by the Tender Opening Committee at the time of opening of the 'First Envelope', shall be kept in safe custody under lock and key. "Second Envelope" will be opened subsequently only for those tenderers who are found to satisfy the requirement in respect of EMD / Bid Guarantee / Bid Security, Important Terms and Conditions and Qualification requirements submitted in the 'First Envelope'.
- 13.6 Whenever a tender is opened, invariably all relevant documents shall be signed on all pages by all members of the Committee. All cuttings / over-writings / erasures, if any, shall be encircled and authenticated by initials of the Committee Members. Further, if it is observed that all pages including schedules are not serially numbered, the same shall be numbered serially. However, it shall not be mandatory to number Tender volumes containing technical details / literatures / drawings and other historical documents of a firm viz, Balance Sheets / Articles of Association etc.

- 13.7 Whenever a Tender is opened, the relevant particulars, to the extent applicable, shall be read out / informed during Tender opening. These particulars shall generally include : (i) whether the EMD / Bid Guarantee has been submitted or not; (ii) total amount as quoted by the Tenderer in the price schedule; (iii) Rebates / discounts and conditions, if any, related thereto. (in ‘Second Envelope’)
- 13.8 Immediately upon completion of Tender opening, a Tender opening statement shall be prepared by the Tender Opening Committee wherein following particulars, to the extent applicable depending upon the type of tendering, tenderer wise, shall be entered:
- i) Names of Tenderer’s Representatives present.
 - ii) Brief particulars of EMD / Bid Guarantee / Bid Security.
 - iii) No. of Volumes forming the Tender and reference of covering letter and other letters forming part thereof.
 - iv) Total price, including component-wise break-up, wherever applicable as indicated in the Tender.
 - v) Discount / rebate along with conditions if any, related thereto, as indicated in the Tender.
 - vi) Total Price, net of discount / rebate, as indicated in the Tender.
 - vii) Any other point considered relevant by the Tender opening officials.
- 13.9 Whenever a Tender is opened signatures of the Tenderer’s representative present shall be taken on the Tender Opening Statement evidencing the reading out of, interalia, the details contained therein. The Tender broad Opening Statement shall be signed by Tender Opening Committee.
- 13.10 Immediately after the Tender opening statement is available and, in any case, not later than two working days after the Tenders are opened, the Tender Opening Statement shall be put up through a covering note by the concerned Contracts Services Coordinator for information of the MD / Director(s) through the Tender Committee, Finance and Engg. – Tech & Design or any other originating group as applicable bringing out the following details:
- i) Funding of the package and the Tender Cost Estimate.
 - ii) Actual Tendering procedure followed.
 - iii) Tender Response i.e. details of purchase and submission of tenders.
 - iv) Programme of evaluation of Tenders.
 - v) Change of any Committee member, if any, due to last minute exigency.
- 13.11 In case of single stage single envelope tendering, where it is specified in the tender documents that EMD / Bid Security / Bid Guarantee has to be submitted along with the tender in a separate sealed envelope, duly super-scribed failing which the **tender** shall not be opened and **shall** be returned unopened to the tenderers, the following procedure shall be followed:

The said envelope shall be opened first. In case it is found that the envelope does not contain EMD / Bid Security / Bid Guarantee or the EMD / Bid Security / Bid

Guarantee that has been furnished is not in the specified form, the fact shall be recorded by the Tender Opening Committee in the Tender Opening Register. Thereafter, the Tender envelopes shall be returned unopened to the Tenderer and the receipt of the Tenderer's representative, if present, shall be taken on the Tender Opening Register.

If the said envelope has not been received from the tenderer, the fact shall be recorded by the Tender Opening Committee in the Tender Opening Register. Thereafter, the Tender enveloped shall be returned unopened to the Tenderer and the receipt of the Tenderer's representative, if present, shall be taken on the Tender Opening register. However, if at that moment, the Tenderer's representative confirms in writing that by mistake they have enclosed the EMD / Bid Security / Bid Guarantee in the Bid envelope, their tender shall be opened to verify the said confirmation and, thereafter, similar procedure as described as above shall be followed.

If Tenderer's representative is not present, the Tender envelope can be opened to ascertain whether it contains EMD / Bid Security / Bid Guarantee even without the confirmation mentioned as above. However, subsequent procedure would remain the same. This deviation will be allowed considering that, for some packages, well-established contractors may not always be available if such packages are of smaller value.

As Tenders for major package are voluminous, the tenders shall be received against written acknowledgement as a matter of general policy, as mentioned above. However, tenders, that are not so voluminous can be received in a Tender Box. In such a case, written acknowledgement of tenders received shall not be required. However, the Tender Box shall be sealed by the Tender Opening Committee, immediately after deadline for tender submission is over.

A 14.0 Tender Evaluation and Report of Evaluation with Recommendations:

14.1 Contracts Services will coordinate with Tender Evaluation Committee and will be the Responsible group for this stage of pre-tender activity.

14.2 The Tenders received and opened shall be taken up for evaluation by the Tender Committee constituted as per the foregoing. The Contracts Services member of the Committee shall be the Coordinator of the Tender Committee. The tender evaluation shall be carried out as described here below:

14.3 Guidelines for packages with Domestic funding:

The examination and evaluation of tenders, for which single stage two envelope tendering process is adopted, shall be carried out in accordance with the provisions of tender documents. The general guidelines in this regard shall be as follows:

Firstly the Tenders shall be checked for computational error, if any, to arrive at the computed price, as per provisions of tendering documents. Arithmetical errors will be rectified on the following basis:

If there is a discrepancy between the unit price and the total price, which is obtained by multiplying the unit price and quantity of any item, or between sub-total and the total price, the unit or sub-total price shall prevail, and figures, the amount in words will prevail. Further, if there is a discrepancy between the quantity specified by PTCUL in the tender document and that indicated by the tenderer in his tender, the former shall be taken to arrive at the computed price. In case the unit rate of an item is not quoted and only the total price is indicated, the same shall be taken to arrive at the computed price. The computed price arrived at, as above, shall be considered for the purpose of award also. If the tenderer does not accept the correction of errors, such tender will be rejected. A tender meeting the above requirements shall be taken up for preliminary evaluation. Other tenders shall be treated as non-responsive.

14.4 Preliminary Tender Evaluation:

A preliminary evaluation of all the tenders, except those treated as non-responsive, will be carried out covering the following aspects:

Invariably, in the Tendering documents, critical provisions relating to certain clauses in the tendering conditions are **identified**, from which the tenderers are not permitted to take any deviations. It is also stipulated in the tendering documents that the Tenders containing deviations from the same shall be considered as non-responsive. Such clauses generally relate to 'Governing Law', 'Settlement of Disputes', 'Terms of Payment', 'Performance Security', 'Taxes and Duties', 'Completion Time Guarantee', 'Defects liability', 'Functional Guarantees', 'Patent Indemnity' and 'Limitation of Liability' etc.

During preliminary evaluation, it shall be examined whether any deviation from the critical provisions, as aforesaid, has been taken by the Tenderers. Any tender containing such deviation without indicating its withdrawal price, will be considered as non-responsive. All other tenders shall be taken up for further preliminary evaluation as indicated in the following paras. If the tenderer has taken a deviation to critical provisions and has indicated a cost for withdrawal, the same shall be considered for the purpose of cost compensation during detailed evaluation state only.

Wherever, as per the tendering documents, any shortfall in the rating and performance requirements of equipment / material / systems attracts consideration of different price factor and the value of differential loss for evaluation, the same shall be worked out as per the methodology given in the tendering documents, for adding the same to the computed price of the tenderers.

Further, if it is observed that any tenderer has erroneously included price for some items / components not covered in the scope of the Tenderer as per tendering documents, the price as quoted by the tenderer for such extra scope shall be worked out for off-loading the same from computed price of the tenderer. However, where such scope has not been priced separately by the tenderer, the off-loading / reduction will not be considered.

The value of the differential loss will be added to the computed price of each tenderer and the price quoted by the Tenderer for extra Scope of Work will be deducted, as discussed above, to arrive at the preliminary evaluated price. The same shall be considered for short-listing of Tenderers as mentioned in subsequent para.

14.5 Short-listing of Tenderers:

Initial ranking of the tenderers shall be determined on the basis of prices arrived at as described above. Based on the ranking, 2 to 4 tenders, which are likely to come under the zone of consideration for award, shall be short-listed for detailed evaluation.

14.6 Detailed Evaluation of Short-listed Tenders:

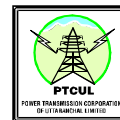
Technical and Commercial examination of tenders short-listed for detailed evaluation shall be carried out thoroughly by the Tender Committee to bring out :

- i) technical deviations / exceptions and additional conditions / stipulations.
- ii) commercial deviations / exceptions and additional conditions / stipulations,
- iii) observations, if any, on the price schedule and prices of the tenderers, and
- iv) any other detail considered relevant by the Tender Committee.

For the above purpose, the Tender Committee will be assisted by the concerned groups in Engg. – Tech & Design, Finance and Contracts Services who shall prepare / check the statements / schedules pertaining to the facts / aspects, as per the directions of the Tender Committee. The statements / schedules pertaining to their respective areas shall be prepared by the Contracts Services and Engineering – Tech & Design groups and checked by the Finance group. The said statements / schedules shall be signed by all the Executives involved in the process and finally by the Tender Committee.

All deviations / exceptions, observed anywhere in the short-listed tender, which can be quantified in monetary terms, shall be considered for cost compensation provided the tender remains responsive in spite of the deviation / exception.

For arriving at the amount of loading cost compensation on account of deviations or scope deficiencies, the following methodology shall be adopted in case of Item-rate Contracts, i.e. where PTCUL has provided the BOQ with description of items along



with quantities and tenderers are required to quote unit rate for each items and indicate the amount.

- i) If a tenderer has indicated BOQ item (both description and the quantity) but has not quoted (left blank or indicated '--' its unit rate and amount, the price of such item(s) will be deemed to be included in the price of other items. While evaluating the tenders, no loading / cost compensation will, therefore, be done on this account. However, during post-tender discussions, it shall be informed to the tenderer that the Contractor has to execute such item (s), up to the quantity provided in BOQ, without any payment against the said item separately. This fact shall be recorded in the minutes / record notes of post-tender discussions.

In case, during actual execution, the quantity of such item(s) exceeds the quantity originally provided in the BOQ, payment for such additional quantity shall be made as per rate to be decided in items of provision of the contract, treating it as a new item. In case the final quantity as per actual execution remains within the quantity originally provided in the BOQ, no adjustment in Contract Price shall be effected on account of the same.

In order to avoid complications, suitable provision in regard to the above shall be made in the tendering documents for which necessary action shall be taken by Contract Services.

- ii) If a tenderer, who is required to quote his price conforming to specification requirements/terms and conditions, has taken a deviation and indicated price for withdrawal of the same in the tender, the withdrawal price shall be taken to arrive at the amount of cost compensation / loading for the purpose of a evaluation. Further, if the deviation taken by the tenderer is not acceptable to PTCUL it is decided to award the contract on such tenderer, the said amount shall be included in the recommended award price and considered for the purpose of award also.
- iii) If a tender, who is required to quote his price conforming to specification requirements/items and conditions, has quoted his price for an item(s) / sub-item(s), deviating from specification requirements/terms and conditions without indicating the withdrawal price, the amount of cost compensation/loading will be arrived at in the following manner:
 - a The cost compensation/loading amount for that item shall be derived from the tender itself.
 - b If (a) is not possible, average of rates of other tenderers, who have quoted for that item conforming to technical specifications, shall form the basis for cost compensation/loading. While working out the average of rates, as above, if any of the tenderer has mentioned

‘NIL’/Free of Cost/—’ or left blank against the item in question, the same shall not be taken into account.

- c If none of tenderers has quoted rate for that item conforming to specification, the rate as per Tender cost estimate shall form the basis for cost compensation/loading.
- d In case the rate of that item is not available in the FIT cost estimate, the amount of cost compensation/loading shall be assessed by the Tender Committee taking into account all such data as is considered relevant for reasonable assessment.

If it is decided to award of the contract on such tenderer, the amount of cost compensation/loading worked out as above shall not be included in the recommended award price. Such deviations will be resolved with the tender during the post-tender discussions and adjustments, if any, on account of such resolution will be made in the recommended award price. However, such adjustment shall, ***in no such*** circumstance, be higher than the price considered for cost compensation/ loading during evaluation.

- iv) If a tenderer has not included, in his tender, an item of BOQ (provided by PTCUL) or has indicated only its description without the quantity and rate/amount, cost compensation/loading shall be done as per para (iii) above.
- v) If the deviation taken by the tenderer involves interest liability on the Company, in such cases, the cost compensation shall be arrived at based on the prevailing Prime Lending Rate of leading Banks.
- vi) If the bidder has deviated from the completion period of the supply/project the following may be added to arrive computed price:

“In order to meet the project requirement, it would be prudent to incorporate an acceptance range of delivery period with the stipulation that no credit will be given for earlier deliveries and offers with delivery beyond the acceptable range, for the purpose of evaluation, an adjustment per month say @ 2% could be added to the quoted prices of bidders offering deliveries later than the earliest delivery period specified in the bid documents.”

- vii) Loading in bid evaluation towards delayed delivery/completion:

Suitable clauses shall be ensured to be included in bid documents for the following.

Complete material/works have to be supplied/completed within stipulated months from the date of placement of order/contract. The offer with delivery beyond the delivery period of NIT will be loaded at the rate of 2% (Two Percent) of the quoted price per month for bid evaluation. However in no case

the delivery schedule should exceed stipulated months plus two months failing which offer shall be treated as non-responsive.

The levy of 2% per month will be on ex-works price only exclusive of taxes and other charges on this amount for supplies. However, for turnkey projects, the 2% loading shall be on landed cost.

- viii) If the bidders ask for advance, the same shall be paid to the party with the following conditions; however advance payment shall not exceed 10% of the contract value:
 - a) BG of equivalent amount from any of the listed schedule Bank of RBI to be furnished by the contractor.
 - b) Interest at the rate of 11.5 %. p.a. shall be charged.
 - c) Pro rata recovery along with the interest from running payment.
- ix) In case of the power transformers, the performance bank guarantee is asked generally for five years. In case the bidder quotes for the lesser period, the following loading criteria may be adopted:

“The performance guarantee in case of power transformers is asked for 5 years i.e. up to guarantee period. In case party take the deviation in this regard they shall have to quote the cost of withdrawal of performance bank guarantee at the rate of per year which shall be loaded for price comparison for the balance period if the party quotes for lesser period against performance bank guarantee for 5 year. In case the bidder does not withdraw the deviation proposed by him, if any, at the cost of withdrawal stated in his bid, his bid shall be rejected and EMD forfeited.”

Time of the Contract Performance Guarantee for Power Transformers shall be specified as five years.

- x) If the bidder quotes a variable price without mentioning the ceiling limits, then 20% of ex works price will be loaded for comparison purpose or as per the ceiling limit quoted by the party.
- 14.7 Based on the detailed evaluation, the evaluated price of the short-listed tenderer shall be arrived at. Further, it shall be ascertained that the lowest evaluated price is not exceeding the computed price of the tenders not short-listed for detailed evaluation. If it exceeds, such other tenders shall also be taken up for detailed evaluation.

Based on the evaluated price of the tenderers, as mentioned above, and taking into account the applicable margin of preference, if any, as per tendering documents, the lowest evaluated responsive tender shall be determined.

- 14.8 The qualified tenderer, whose tender is determined as the lowest evaluated, techno-commercially responsive and, who is considered to have the capacity and capability to perform the Contract based on the assessment, if carried out, will be recommended for award and the recommended price shall be compared with the approved cost estimate. The comparison shall be done only between total

recommended price and the total Cost estimate. Price of individual items will not be compared for the above purpose.

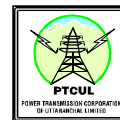
- i) if the recommended award price of the Tenderer is not higher than the approved cost estimate by more than 10% or is lower than the cost estimate, the award shall be recommended on the said tenderer.
- ii) if the recommended award price is higher than the approved estimated cost by more than 10%, the cost estimate shall be reviewed by Engg. –Costing on receipt of communication from the concerned Contracts Services Coordinator, based on the advice of Tender Committee. The Cost estimate thus received will be forwarded to Director(s) after approval of concerned Engineering & Costing Head.

In case, the change in the value of cost estimate upon review is only on account of updation to the current level by way of price-adjustment/variation or due to change in the quantity of items for which rate is already available in the approved cost estimate, no financial concurrence shall be required for approval of the reviewed cost estimate. In other cases, financial concurrence shall be required for approval of the reviewed cost estimate.

If, on comparison, the recommended award Price is not higher than 10% of the reviewed cost estimate, the award shall be recommended on the Tenderer.

If the recommended award price is higher than the reviewed estimated cost by more than 10%, award shall be recommended on the tenderer subject to satisfactory negotiations. If the project is funded by multilateral funding agency, the award recommendation, after approval of PTCUL Management, has to be sent to them for concurrence as per agreed standard procedure. If the funding agency does not allow negotiation the matter shall again be taken up with them reiterating PTCUL's viewpoint. If the funding agency does not agree even then, the matter shall be reviewed by PTCUL to explore different options to award the package. Only in exceptional circumstances, the package shall be taken out of the funding provided it does not adversely affect the funding of the overall project.

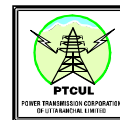
- iii) There may be situations that tenders are invited simultaneously for different packages covering similar type of equipments / material / works/ services and the unit price for the same equipment / material / works / services, quoted by the lowest tenderer in different packages, is not the same. This may also happen even if the same tenderer is lowest in more than one such package. Since such differences may be because of market forces and the pricing strategy followed by tenderers, the same shall not form the basis of negotiations unless otherwise negotiation is warranted as at (ii) above.



- iv) During price negotiations, the prices recommended for award shall not be compared with the prices quoted by a tenderer whose tender is found to be techno-commercially non-responsive.
- 14.9 The Evaluation report, containing recommendations, shall be put up to the Competent Authority by the Tender Committee through the hierarchy in Engg. – Tech & Design, Contracts Services & Finance.
- 14.10 For awards which are within the approving powers of the sub-committee of the Board of the Board Directors, the evaluation report containing award recommendation should be accompanied with a background note initiated by Director(s). A draft resolution that the Board is expected to pass, should also accompany the background note. After clearance of MD, the background note along with draft resolution and such other documents as may be desired by Board, in requisite copies, shall be forwarded by the concerned Contracts Coordinator to Company Secretary, for including in the Board/Sub-Committee agenda. The said documents should normally be sent to Company Secretary at least 10 days prior to the date of the Board meeting in which the case is to be taken up for deliberation and decision.
- 14.11 The Tender Committee shall complete the evaluation of tenders and submit the evaluation report within a normal time-frame of 2 months. The report shall be dealt with on priority at different levels in the hierarchy of Contracts Engineering Finance, so that the approval of Competent Authority is obtained in 2-4 weeks time for packages.
- 14.12 In case of packages funded by the World Bank or any other multi-lateral funding agencies, wherever required, concurrence of the funding agency is required to be obtained immediately after the award is approved by the Competent Authority. Necessary correspondence in this regard will be done by Contracts Planning on receipt of necessary advice from Contracts Services who would also furnish necessary documents to Planning and Monitoring Group for taking up the matter with funding agency.
- 14.13 The EMD/Tender Guarantee/Tender Security, QR Data/ documents and confirmation of acceptance of Import terms and Conditions where necessary, as submitted by the tenderers in the First Envelope' of their tender which has been opened on the scheduled date and time of tender opening, shall be taken up by the Tender committee for examination.
- 14.14 It shall be first examined whether requisite EMD in the prescribed form has been furnished in the tender or not. If requisite EMD, as per the tendering documents is found not furnished, no further examination shall be done and the tender shall be rejected.

- 14.15 All tenders, which are found to contain requisite EMD, shall thereafter be examined for Tenderers acceptance of important/critical terms and conditions. Tenders, not containing unequivocal acceptance of important/critical terms and conditions as per tendering documents, shall be rejected.
- 14.16 All the tenders, acceptable after the above two steps, shall further be examined and evaluated towards QR compliance status of tenders. All the data and documents submitted by the tenderer in this regard shall be examined. In case any clarifications or additional data/ documents from the tenderers are considered necessary, the same shall be sought. The Tenderers shall be allowed a period not exceeding 15 days for furnishing the clarifications /additional data/ documents. In case the Tenderers do not furnish clarifications /additional data/ documents within the specified time, it shall be presumed that they have nothing further to say.
- 14.17 Based on all data/ documents as above, the tenderers meeting the QR shall be finalized. In this regard, the recommendations of the Tender Committee, covering all relevant aspects including examination of EMD/tender security/tender guarantee, acceptance of Important Terms and Conditions by the Tenderers QR of tenderer, shall be put up to the Competent authority for approval to open the 'Second Envelope' containing Techno-Commercial and Price Bid of the tenderers meeting the QR. The Competent Authority shall be the award approving authority, except in cases where approval of award lies in the power of Board/Sub-committee, for which the Competent Authority shall be the MD.
- 14.18 Upon approval of the Competent Authority, as explained above, the time date and venue of opening of the 'Second Envelope' of qualified tenderers decided by the concerned SE in Contracts Services and intimated to the concerned tenderers at least 7 days in advance. The 'Second Envelope' of qualified tenderers shall then be opened as scheduled by the same Tender Opening Committee who had opened the 'First Envelope' of the tenderers. Further evaluation of such tenders shall be carried out in the following manner lowest evaluated tenderer.
- 14.19 In case where Single **stage** Two envelope tendering process has been adopted, the Tender Committee shall, after seeking clarifications / data / documents from the tenderers, as may be required in respect of QR, submit its recommendation for approval to open the 'Second Envelope', within 5 weeks from the date of opening of 1st envelope. The approval will be obtained within 1 week thereafter. The 2nd envelope in respect of qualified tenderers shall be opened within 1 week thereafter. The 2nd envelope in respect of qualified tenderers shall be opened within 7-10 days after approval.

Further evaluation of tenders of qualified will be completed and the tender Committee will put up recommendation for award within 4 weeks from the date of opening of 'Second Envelope', in cases not requiring assessment. In cases



requiring assessment the process shall be completed within 6 weeks. The approval of the Competent Authority shall be obtained within in 2 weeks thereafter.

The entire process till approval of the award recommendations shall be completed within about 3 ½ months from the date of opening of the 'First Envelope'.

- 14.20 Non-submission of documents pertaining to historical data / fact with regard to general compliance with the bidding requirements would not, in the normal course, be sufficient ground to consider a tender as non-responsive or to reject the same. In so far as the same is merely a matter of record or publicized information or does not in any way decrease the tenderers liability and obligations, the same may be obtained by PTCUL through its own sources or from its other records, and considered. Such information may also be asked from the tenderers by way of clarifications. In this regard, the Tender Committee, through the Originating groups and the Finance group shall put up necessary recommendations for approval of Director(s) or the award approving authority whichever is lower. The request for clarification, based on the above, approval, shall be made to the tenderer in writing by the concerned Contracts Coordinator not below the level of Dy. General Manager / EE (based on Contract value being higher than / lower than Rs. 5 Crores).
- 14.21 Minor non conformities/ deviations/ exceptions observed in the tenders, including those with regard to form/formats used, may be waived off, provided the same are not assessed to imply incidence of additional monetary liability, direct or indirect, on PTCUL.
- 14.22 It shall be ensured by the Tender Committee and the concerned Coordinator that all activities related to or connected with examination/ evaluation of tenders is completed and the evaluation report with recommendations is put up to the Competent Authority will within the initial validity period of the tenders taking into account the time required for subsequent activities before the contract can be awarded. Extensions beyond the initial period of tender validity should be avoided to the extent possible. However, extension of Tender validity, if required, shall be requested by the concerned Contracts Coordinator, in writing, form all tenderers well before the expiry of validity.
- 14.23 Confidentiality of **these** files during there movement shall be ensured by the respective groups who shall also ensure safe delivery of file from one group to another.
- 14.24 In case where, as per DOP, Tender Committee is not required, the responsibility for evaluation of tenders shall be that of Originating group for technical evaluation. Contracts Services taking into account the technical evaluation will do commercial evaluation. The complete evaluation report with recommendations shall be put up by Contracts Services to the Competent Authority through the Originating group and Finance.

- 14.25 Evaluation of the tender should not be based on conditional Discoms for coverage within a shorter period, for early inspection/payment etc.
- 14.26 It is preferable that for the high valued items / high-tech items, the price should be called valuable from the date of opening of the tender up to finalization of the contract and computed price may be arrived accordingly covering the price variation from the date of opening to finalization. However, order/contract shall be placed on firm price arrived after adjusting the price variation from date of opening to date of finalization.

A 15.0 Post Tender Discussions

15.1 Following shall be the collective Responsible Groups for post-tender discussions

- **Contracts Services**
- **Finance**
- **Engg. – Tech & Design**
- **Originating group (if other than Engg. – Tech & Design) under the overall supervision of Tender Committee members.**

Also for Quality Assurance & Inspection issues and issues related to sub-vendor approval of non QR items, the responsible group shall be QA&I group. Similarly, for works-schedule related aspects, the responsible group shall be Contract Planning & Monitory Group. These will be represented by respective group heads.

- 15.2 Immediately an approval of award recommendations by Competent Authority (for packages under domestic funding) and receipt of concurrence / no objection form the funding agencies (for packages funded by multi-lateral funding agencies), wherever required, the concerned Contracts Services Coordinator will invite the Tenderer, approved for award, for post-tender discussions.
- 15.3 All post-tender discussions with the successful Tenderers shall be conducted in the presence of the Contracts Services Coordinator.

The post-tender discussions on commercial issues shall be undertaken by Contracts Services and the Finance group; on Technical Issues, by Engg. – Tech & Design or any other originating group as the case may such as on QA&I issues, by QA&I and; on work schedule aspects, by CPMG. During post-tender discussions, all the issues for resolution, as brought out in the evaluation report and / or indicated in the tender of the recommended Tenderer, shall be discussed and resolved Relevant issues including those related to QA&I and Work schedule shall be suitably tied up.

Joint discussions involving the representative of all concerned groups shall be held to sort out common issues. A common minutes of meeting incorporating the

agreements reached with all groups shall be signed with tenderer at the designed venue and time.

- 15.4 However, price negotiations shall be conducted only specifically brought out in the evaluation reports / award recommendations and approved by the competent authority.
- 15.5 During post-tender discussion, efforts shall be made to finalize sub-vendors for different items of supply. However sub-contractors for erection works shall be finalized during post-award state, unless the names of sub-contractors are proposed by the tenderer in the tender. In regard to finalization of sub-contractors / sub-vendors, the post-tender discussions between the tenderer and QA&I shall be held only after the discussions with the originating groups are concluded. In view of above, as a matter of procedure, either the representatives of the originating group (not below the level of Executive Engineer) shall be associated during the discussion between the tenderer and QA&I group, or the draft minutes of post tender discussion finalized between the tenderer and Engg. Group shall be furnished to QA&I group by them.
- 15.6 If it is not possible to approve a sub-vendor / sub-contractor, either for QR or non-QR items, without carrying out the assessment, the same shall be done during post-tender stage.
- 15.7 The list of sub-vendors / sub-contractors, finalized during post-tender discussions, shall be included in the minutes of post-tender discussions appropriately in the portions pertaining to technical / QA&I issues, as the case may be.

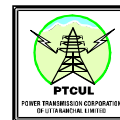
The detailed procedure for finalization of sub-vendors / sub-contractors has been elaborated elsewhere.

- 15.8 A detailed network for submission / approval of design / drawing, finalization of sub-vendor & quality plans, manufacturing, supply and installation / construction, testing and commissioning or other relevant activities, important for project completion to be incorporated as a part of each contract, will be finalized with the tenderer during post-tender discussion, by CPMG.
- 15.9 The discussions shall be duly recorded and signatures of the authorized representative of the tenderer shall be obtained. It shall be specifically brought out in the minutes of post tender discussions that except for the specific deviations recorded therein, all other deviations / exceptions to the terms and conditions of tender documents, taken by the tenderer in the tender or in any other communication, whether implicit or explicit, shall be deemed as withdrawn. It shall also be recorded that the signatures of the tenderer on the minutes of meeting will signify tenderer's unequivocal acceptance of the same and any subsequent communication / clarifications from the tender, except sought by PTCUL IN writing, shall be treated as unsolicited and shall not be given any cognizance.

- 15.10 It should be ensured by the Tender Committee that during post-tender discussion, no agreement should be reached with or commitments given to the successful tenderer, by which the tenderers get certain financial advantages beyond the provisions of tender documents or beyond the deviations permitted as per the approved evaluation report.
- 15.11 The Tender Committee shall put up the proposals / recommendations, based on the minutes of post-tender discussions, immediately after the same are signed by the tenderer, for approval of the Competent Authority as per DOP. However, for cases falling in the award-approving powers of any Sub-committee of the Board / Board of Directors, the approval of MD shall be taken, as may be authorized while approving the award. Salient points including those resulting in extra financial liability, over and above brought out in the evaluation report, shall be indicated in the note put up by the Tender Committee.
- 15.12 Normally, the value of award, except where negotiations are involved, after post-tender discussions shall be the same as per the approved evaluation report / resolution of the Board or Sub-committee. However, if there is a difference, the reasons for the same shall be specifically brought out by the Tender Committee in the proposal for approval for post-tender discussions.
- 15.13 The post-tender discussions would be completed by concerned groups and approval of the same shall be obtained within about 4 weeks for domestic funded packages, and 6 weeks for packages funded by multilateral funding agencies, reckoned from the date of approval of award.

A 16.0 Letter of Award and Signing of Contract

- 16.1 Contracts Services Group will be the responsible group for this stage of pre-tender activities.**
- 16.2 Normally for the Contracts a standard letter of Award (LOA) and Contract Agreement shall be devised and prepared for all Contracts. Till such standard formats are made existing formats may be used. The draft standard formats shall be prepared by Contract Services in coordination with Finance / Commercial / Legal Groups and approved by Director(s) / MD / Board.
- After the issuance of LOA, the Contract Agreement shall be signed within the period specified in the Tender Documents. Efforts shall be made to ensure that the Contract agreement is signed within one month of the issuance of LOA.
- 16.3 The LOA and the Contract Agreement shall be issued after vetting by Engg. – Tech & Design, (Originating Dept. alternately). The vetting shall be done by an Executive in concerned group not below the level of (i) Dy.GM for packages approved for

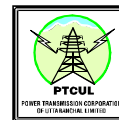


award by MD and above; (ii) EE for packages approved for award by Director (iii) by AE in all other cases.

- 16.4 In case of any major deviations from the “Standard” LOA are necessitated due to circumstances, Contracts Services may, if required, send the draft of the same for Legal vetting highlighting the areas of difference. In such a case, the Legal group shall necessarily return the draft LOA after vetting within 3 days of its receipt from Contract Services.
- 16.5 The concerned Contracts Services (not below the level of EE) and other officers in the hierarchy, shall ensure that the LOA and Contract Agreement being put up for signature of the Authorized Officers, are properly checked and are in accordance with the drafts vetted by various groups. Further, the office copy of such documents must be initiated by the Concerned Contract Services Coordinator and other officers in the hierarchy, before they are put up to the Authorized Officer for signature and issue.
- 16.6 The LOA shall be issued within 2 weeks after the approval of post-tender discussion by the Competent Authority.
- 16.7 Contracts Services shall follow up with the Tenderer towards timely receipt of acknowledgement of LOA. On receipt of the same, copies of LOA shall be distributed to all concerned.
- 16.8 The LOA shall be acknowledged by the authorized signatory of the tenderer.

A 17.0 Review and Monitoring of Pre-Award Activities:

- 17.1 **Contracts Planning & Monitoring Group (CPM), Construction Management Group (CMG) will be the Responsible Groups for this stage of pre-tender activities.**
- 17.2 The progress of all the pre-award activities of different projects shall be regularly reviewed commencing from the Zero Date of the Project. All such review meeting, that may be taken by MD / Director(s), as the case may be, shall be coordinated by CPM. These meetings shall be attended by the respective representatives of Contracts, Finance and Engineering.
- 17.3 A pre-award review meeting chaired by Director(s), wherein Head of Engg. Shall also be present, will be held on a monthly basis. The minutes of the review meeting shall be prepared by CPM and circulated within a week. CPM shall also put up an exception report, based on the review to MD, Director(s) and Head of Finance.
- 17.4 CPM shall also arrange a review of progress in critical areas by Director(s) at least once in two months. Action plans decided in such review meetings shall be



circulated by CPM to all concerned and the actions taken by them shall be monitored by CPM for apprising the Management.

- 17.5 MD will review the progress generally once in four months unless the situation warrants an earlier review.

PART - B: POST – TENDER & AWARD ACTIVITIES

Introduction

Post – Tender and Award activities comprise of activities from signing of Contract Agreement upto and including completion of delivery and acceptance of goods for purchases and completion of execution and commissioning of projects/works/services, as respectively applicable, culminating in Contract closure including preclosure /termination/ cancellation of a Contract.

Responsibility for all such Post Tender & Award activities will be with Projects, Operations through its Engineering, Contracts, Finance, HRD and Construction Management Groups/Subgroups. However Projects Operations will interact and be supported by Corporate Group through respective Corporate Engineering, Finance and HR Groups/Subgroups for all Corporate Group-concluded Contracts (as per approved DOP) in the following:

- i) Contract Performance Guarantee by Contractor
- ii) Payment of initial advance.
- iii) Verifying of Drawing/layout/calculations and QRs, type best approvals, technical variation approvals as detailed, worked out and submitted by Projects Operations Groups/Subgroups.
- iv) Field Quality plan, implementation and control.
- v) Funds release for the Contract.
- vi) HR and IR issues having Company wide impact.

Thus Projects Operations Group will be predominantly responsible for all Post Tender & Award activities of

- i) **Contracts awarded at Operations level except for assistance from Corporate Group in extraordinary circumstances.**
- ii) Contracts awarded at Corporate Group level excluding activities detailed as above.

Based on this following shall be the activities performed Post Tender and Award in seriatim with respective responsible Groups/Subgroups :

Activities	Predominant Responsible Groups/ Subgroups (Corporate or Operations Groups as applicable)
1. Contract Agreement with Contractor	Contracts services
2. Performance Guarantee acceptance and release initial advance	i) Contracts Services ii) Finance

3. Projects kick off meetings and scrutiny of Projects Planning Networks and documents (L-2 Networks.)	Contracts Planning & Monitoring Group in coordination with Finance, Engineering & Contracts Services.
4. Engineering/Designs/Dwgs/approvals (Incl. ROW dwgs/Proposals for TL) etc.	Engineering - Tech. & Design.
5. Funds Management w.r.t. Project requirements and Release of Payment	Finance Contract Services.
6. Sub-contractor & Sub vendor Approvals for major works and major supplies respectively.	Engineering _ QA&I.
7. IR and Employee guarantees & welfare	HRD & Administration.
8. Change orders i) Change of works/plant of supplies ii) Change of quantities iii) Change of sub vendor / subcontractor iv) Any other change order (any changeable entity as per Contract agreement)	Engineering – Tech. & Design Engineering - QA&I.
9. Quality Plans-acceptance, approval and implementation including inspection, FAT and despatch clearance for equipments/materials.	Engineering – QA&I.
10. Project Execution and Construction Management (planning site working, Controlling activities included)	Construction Management Group of Projects Operations and concerned Project Area subgroup.
11. Project Monitoring.	Contracts Planning & monitoring Group.
12. All payments for advance, supplies erection etc. as per T.O.P on processing of bills.	Finance
13. Approvals for Qty. variations & change orders. i) Technical app. ii) Admn. app.	Engineering – Tech. & Design Contracts Services Finance

14. Time Extensions & liquidated Damages	Contracts Services.
15. Erection completion, Testing, pre-commissioning / commg. & take over	Construction management Group. Project Area Group.
16. Revised Cost estimates.	Engineering- Costing
17. Dispute resolution & Arbitration.	Construction Management Legal and Arbitration
18. Projects Closure	Contracts Services.
19. Project 'as built' Dwg/Manuals/ Documents approvals	Construction Management Group.

B POST TENDER & AWARD ACTIVITIES

B 1.0 Contract Agreement

1.1 Contracts Services is the predominant Responsible Group for this activity along with Finance.

1.2 (i) **A Letter of Acceptance of Tender (LAT) is offered to and accepted by the Contractor. Thereafter a Contract Agreement is signed between PTCUL and the Contractor as per time schedule fixed in the Tender Documents.**

(ii) **For Contracts valued less than Rs. 2 lacs, no Contract Agreement need be signed; the LAT acknowledged and signed by PTCUL and the Contractor will be the contract document along with signed copies of the Tender Documents.**

(iii) **Copies of contracted LAT or Contract Agreement shall be distributed to (a) Contracts Services (original) (b) Finance (c) Engg. - Tech. & Design (d) Engg QA&I (e) Contracts – Planning & Monitoring (f) Construction Management / Project Area. Tech. & Design, Engg- QA&I, Contracts – Plng. & Monitoring, Construction Management shall also contain copies of Technical Specifications as well.**

B 2.0 Contract Performance Guarantee (CPG)

- 2.1 Contracts Services with Finance is the predominant Responsible group for this activity.**
- 2.2 The Contractor shall ensure submission of CPG within the period stipulated in the Tender documents. It will also be ensured that the validity period of the EMD/Bid bond exists till the CPG is submitted, in case the same may have to be forfeited/invoked respectively. A notice may be issued a week prior to the stipulated date to ensure submission of CPG.
- 2.3 The CPG shall be checked by the Contracts Services Coordinator for completeness and verbal conformity of the CPG (however changes specific to certain Bank requirements may be allowed if essential conditions are satisfied). Within 48 hours of receipt, the CPG will be forwarded to Finance / Legal for verification and scrutiny which will include verification with the Bank of Issue. The acceptance of the CPG will be intimated to Contracts Services by Finance / Legal within 08 days of its receipt. Advance payment to the Contractor will not be made till the acceptance of the CPG.
- Any minor change in the CPG will be got approved by Contracts Services / Finance with the COO's. However, such changes shall not be essential / material to the requirements of the CPG. No change as regards stipulated Bank of issue shall be acceptable.
- 2.4 The CPGs will be in custody of Finance – Operations eventhough the scrutiny and verification in respect of Contracts valued more than Rs. 5 crores is done by Finance – Corporate. The CPGs will be serialized, recorded and securely kept by the Finance .
- 2.5 On being informed by the Finance of the acceptance of the CPG, the Contracts Services will advise relevant Finance group for releasing the EMD / Bid bond to successful / unsuccessful tenderers.

B 3.0 Project Network

- 3.1 Contracts – Planning & Monitoring (CPM) will be the predominant Responsible group for finalizing the Project network (hereinafter called L-2 Network) with the Contracts for all contracted activities.**
- 3.2 In respect of all Contracts, CPM shall finalize the L2 network with the Contractor within 15 days from the date of acknowledgement of the award letter by the contractor, if not already finalized during post tender discussions. The L2 network shall be in line with the work completion schedule specified in the Contract and

indicate the schedule for all major and critical activities covered under the Contract, taking into account inter-linkages and interfacing among different packages of a project. The L2 network will cover different areas such as finalization of Sub-vendor, Quality Plan, Engineering activities, Inspection, Manufacturing & Supply of equipments and Materials, Civil and Erection works, Testing & Commissioning and PTCUL's obligations etc. Keeping the above in view, CPM will standardize the format for L2 network for each type of contract so that the same for a particular contract could be expeditiously finalized taking into account the quantum of workload involved therein and the time schedule specified in the contract. The network thus finalized for each contract should not contradict in any manner the schedule provided in the contract.

An authority not below the level of EE in CPM will approve the L2 Network finalized with the contractor. The L2 network shall also be the contractual schedule for purpose of regulating Price variation provisions, if any, in the Contract.

- 3.3 CPM shall develop standardized progress-reporting format for repetitive type of contracts with the approval of COO's. The Contractor shall be required to furnish the monthly progress reports in the format standardized as above for repetitive nature of business. However, for unique packages not frequently handled by PTCUL, such formats may be developed on a case-to-case basis in consultation with the Contractor. The progress reporting shall cover the activities under the broad heads of (i) Engineering, (ii) Sub-vendor approval, (ii) Inspection, (iv) PTCUL's obligation viz, site data, site facilities, statutory approvals, etc. (v) Supplies, (vi) Site activities, (vii) Financial and Budgetary targets, (viii) Payment status and (ix) Status of BGs. It shall also cover milestone and milestone payments if and where made applicable by the Contract.
- 3.4 CPM will also develop standardized formats for progress reporting under a Contract by different Groups within PTCUL. Such standardized formats shall be approved at the level of COO's and circulated to all concerned by CPM at a level not below Ex. Engineering. The same shall be used for furnishing the monthly progress to CPM by different Groups. CPM shall be the coordinator for compiling progress in respect of the project areas, and shall furnish the same to COO's.
- 3.5 The concerned executive not below the level of EE in CPM shall forward a copy of the approval L2 network along with the relevant progress reporting formats to all concerned.
- 3.6 During finalization of L2 network, in case some activities are to be advanced from the schedule provided in the contract, for which the successful tenderer has also agreed, the same shall be done with the approval of COO's. The proposal for the same shall be initiated by the concerned executive of CPM and routed through Contracts Services before obtaining approval of COO's. In all cases, L2 network shall be based on the advanced schedule agreed with the contractor.

- 3.7 In case postponement from contractual schedule is required keeping in view developments subsequent to invitation of tender, the same shall be done only with the approval of CEO, after concurrence of the contractor. The proposal for the same shall be initiated by the concerned Executive in CPM and routed through Finance & COO's before obtaining the approval. In all cases, L2 network shall be based on the postponed schedule agreed with the Contractor. Whenever change vis-a-vis contractual schedule has been effected after approval as explained above, the same shall be specifically informed to the Construction Management group while forwarding the bar chart/network schedule.
- 3.8 Once L2 network has been finalized, no revision shall normally be permitted therein as long as the basic scope of work remains unchanged. However, in such a case, increase in quantities, while executing the work as per original scope, shall be suitably adjusted without affecting the overall completion schedule. The revision in quantities in L2 network for aforesaid reasons for corporate packages shall be done with the approval of COO's. Such cases shall not be required to be routed through Finance. Upon the approval of the Competent Authority, the revised L2 network will be intimated by CPM to the Construction Management group concerned Contracts Services group and Finance Contracts Services will inform details to the contractor in this regard.
- 3.9 If the basic scope of work undergoes changes during execution stage resulting into additional scope over that originally provided for which the contractor insists additional/separate completion period /schedule, such extra completion schedule along with L2 network for the same shall be finalized in consultation with the contractor while obtaining approval for ordering additional scope of work/amendment to the contract, with the approval of authority competent to order such extra scope.
- 3.10 In case the scope of work does not change but the contractual completion period is extended because of delay in commencement/ execution of the work on account of non-fulfillment of obligations PTCUL or any other reason not attributed to the Contractor, L2 network shall be suitably revised as per the extended completion period. Once the contractual completion period has been extended with the approval of Competent Authority as per DOP, revised L2 network shall be finalized as per procedure described in the foregoing.
- 3.11 Once the approved L2 network has been informed, the concerned responsible groups shall finalize L3 network for the portion pertaining to them for detailed monitoring.

B 4.0 Initial Advance to Contractor

4.1 Contracts Services and Finance will be the Predominant Responsible groups for release of initial advance against supplies/supplies portion of EPC Contracts.

4.2 Before release of initial advance (supply), the Contractor shall generally be required to complete the following formalities:

- i) Unconditional acknowledgement of the letter of award,
- ii) Submission of Contract Performance Guarantee,
- iii) Submission of Invoice,
- iv) Submission of BG of equivalent serve, and
- v) Finalization of Project Network.

4.3 The Contractor will be required to submit the bill for initial advance containing relevant documents including Bank Guarantee for an equivalent value to the Contracts Services group.

On receipt of Bank Guarantee for initial advance, the Contracts Services shall scrutinize the same in line with the procedure outlined in the foregoing. (for CPG) In case of any unacceptable non-conformity in the BG with respect to the prescribed format and Contract provisions, the same shall be taken up with the Contractor for rectification. Once the BG is considered acceptable, Contracts Services shall forward to Finance, the BG for initial advance along with Payment Advice note, CPG (if not already sent) and other requisite documents as per Contract, within 3 days after receipt from the Contractor. Within one week from the date of receipt of the above documents from Contracts Services, Finance shall release payment, after completing all necessary formalities including acceptance of BGs. TDS towards income tax, etc. However, it shall be ensured jointly by Contract Services and Finance that the advance is released to the Contract Services and Finance that the advance is released to the Contractor within the time stipulated in the Contract.

4.4 The process of verification/acceptance of BG for initial advance and forwarding the same to Finance, for safe custody and further action shall be as per the forgoing stipulation on CPG.

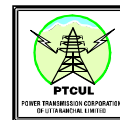
4.5 On release of advance by Finance, relevant details/documents along with Bank Guarantee shall be forwarded to Finance under intimation to Contracts Services. The details in all cases will be informed to the Contracts and construction Management Groups.

4.6 Under Clause B.4.0 regarding Initial advance to the Contractor, a suitable clause policy be added that advance payment if any will attract interest @ 11.5 % per annum.

All subsequent advances under the Contract, such as advance on mobilization, completion of engineering activates etc, shall be dealt with as discussed subsequently.

B 5.0 Detailed Engineering Design & Drawing approval and Type Testing.

- 5.1 Engg. – Tech & Design will be predominant Responsible group for these activities.**
- 5.2 An Engineering Coordinator will be designated for each project by the Engg. Tech & Design group. The Coordinator, not below the level of Executive Engineer shall ensure that Detailed Engineering Records including dates of receipt of drawings/ design calculations/ other technical details from Contractor and its approval by PTCUL and the intermediate activities i.e., dates of various activities pertaining to type tests, pertaining to approval of sub-vendor items involving QR, etc. are properly maintained. A status in regard to all the aforesaid details indicating actual dates vis-à-vis scheduled alongwith the quantum of delay and responsibility center (whether PTCUL or the Contractor) shall be furnished by the Engineering Coordinator to the Contractor Head and through him to the COO's , Construction Management and CPM groups. The proforma of such status report shall be standardized by CPM in consultation with Engg. – Tech & Design keeping in view that all relevant data, which are necessary for them to analyze and decide Time Extensions/ L.D. cases, are contained therein.
- 5.3 In respect of designs carried out by the contractor, drawings / technical documents, that are conforming of Contract specification, may be approved at Engg. – Tech. & Design level ensuring at least one level of review prior to approval.
- 5.4 The Schedule for all engineering activities viz, drawing approval, Test and approval of type tests including witness/ review of test prior to type test etc. , as tied up in the post tender discussions (under pre-tender stage)and reflected suitably in the overall contractual work schedule and / or as finalized in L2 network, shall be the reference to monitor progress of Engineering activities. Based on the L2 network, L3 network shall be finalized by Engg. – Tech & Design group, incorporating detailed break-up of all the drawings to be approved, schedule of submission by the Contractor, approval by PTCUL including sequential release as required for construction/ manufacturing. The L3 network so finalized shall become the basis for all further monitoring within Engg. Group. Copies of L3 network so finalized will be forwarded to CPM.
- 5.5 The progress of engineering activities of a Contract shall be reviewed on a fortnightly basis by the concerned SE in Engg. He will submit progress review report to COO's. Monthly review of engineering activities will be taken by COO's for which CPM will be the Coordinator. On the basis of this review meeting, monthly package-wise status report of Engineering activities bringing out exceptions and critical issues, shall be submitted by the CPM to CEO.



- 5.6 In-house designs of transmission line towers including special river crossing towers & special foundation will approved by Engg. – Tech & Design ensuring design verification and review at appropriate levels.
- 5.7 The in-house design of substation structures including their foundations and foundation of Transmission Line Tower will be approved at the level of Head of Engg. Design, verified and reviewed at appropriate levels.
- 5.8 Variation in quantity of item (s) specified in the Contract or requirement of substituted /new items and changes / deviations in make /mode/specification of an item, necessitated during detailed engineering stage on account of engineering requirement, shall require technical approval of Competent Authority as per DOP. If DOP is not clear in this regard, it would require approval of COO's. For seeking such approval, the concerned Engg. Coordinator shall put up a detailed proposal, bringing our reasons for changes / deviation including estimated cost implication of the same.

For type tests to be witnessed within India, an Executive of Engineering Group will be nominated at level not below DE of Engg. For type tests to be witnessed abroad, the Executive shall be nominated by COO and the nomination shall be approved by CEO PTCUL's acceptance of type test reports and clearance for commercial production shall be conveyed to the Contractor by the concerned Engineering Coordinator, not below the level of Executive Engineering with the approval of the head of the Engineering group.

- 5.9 As & when engineering activities are in progress, the concerned Engg. Coordinator shall ensure that proposals for technical approval pertaining to change item and / of quantity / specification/ makes /model of item (s) are expeditiously processed and the approval of the Competent Authority is obtained. Further, it shall also be ensured that such technical approvals are forwarded in original to Contracts Services by the concerned Engineering Coordinator not below Executive Engineer for further processing towards administrative approval for issue of change order.
- 5.10 The availability of construction drawings being the basic input for proceeding ahead with site activities, all care shall be taken to ensures that different activities under this head are completed within the time frame specified in the Contract/L2/L3 network or the same, in a sequential manner. Since timely completion of engg activities to a large extent shall depend upon the promptness in submission of necessary data/drawings by the contractor as and when required, the Engg. Coordinator shall be constantly following up with the contractor for early submission of detail and shall maintain dates pertaining to communication to the contractor and receipt of details from him. All such detail shall be include in the status repost to be furnished by the Engg. Coordinator as per the foregoing.

- 5.11 In order to ensure that single point coordination is carried out with outside agencies or operations an Executive from Engineering not below the rank of Executive, to be referred to as Coordinator, shall be identified by COO in respect of each package.

B 6.0 Manufacturing Quality Plan Approval/Factory Acceptance Tests (MQP/FAT)

- 6.1 Engg - QA&I will be the predominant Responsible group for all QA&I issues including MQP/FAT.
- 6.2 Since Manufacturing Quality Plan (MQP) may not be required for all equipment/materials, identifying the items, for which MQP will be applicable, will be finalized and approval by QA&I group with the approval of COO's & CEO (As a **general** rule MQP will be insisted for projects works more than Rs. 10 crores.
- 6.3 Once sub-vendor / sub-contractor has been finalized, the MQP wherever applicable, shall be finalized expeditiously with concerned manufacturers for different equipments/ materials to be supplied.
- 6.4 The MQP for a particular equipment/materials wherever finalized with the manufacturer, which may be either main contractor or sub-vendor, shall generally be valid for a period of 03 years. Any deviation from the same shall require specific approval of Head of QA&I group.
- 6.5 In case the manufacturer is from approved list of sub-vendors maintained by PTCUL and is having valid Quality Plan if applicable, the same shall be followed, for which confirmation shall be given by the Head of QA&I group.
- 6.6 In case the manufacturer is from the approved list of sub-vendors maintained by PTCUL but the validity of its Quality Plan has already expired, the Quality Plan shall be finalized with the approval of Head of QA&I executive based on the request of the concerned manufacturer of sub-vendor.
- 6.7 In case the manufacturer is not from the approved list of sub-vendors maintained by PTCUL the Quality Plan, wherever applicable, shall be finalized with the approval of Head of (QA&I) in a similar manner as described above. The finalization shall be completed within 30 days of finalization of Sub-vendor.
- 6.8 Keeping in view the fact that the extend of involvement of PTCUL in Inspection would depend upon the importance/criticality of equipment/material as well as vendors' won commitment to quality, a system of vendor ratings needs to be developed to ensure optimum utilization of resources. Requisite guidelines in this regard will, therefore, be finalized QA&I with the approval COO's CEO.

B 7.0 Sub-Vendor / Sub –Contractor's approval

- 7.1 Engg.- QA&I will be the predominant Responsible group for all QA&I issues including sub-Vendor / Subcontractor's approval.**
- 7.2 Under any Specific Contract, tie-ups in post tender discussion on QA&I issues and deflected suitably in the over-all contractual work schedule/L2 network, shall be the basis for monitoring progress of QA&I activities which shall also include approval of sub-vendors, quality plans, and inspections of material etc. Accordingly, QA&I group shall finalise L3 network containing detailed break-up above activities for monitoring within the group.
- While overall project review will be coordinated by CPM for apprising the Management, the progress of QA&I activities of a Contract shall also be monitored on a fortnightly basis by the group Head in QA&I. Monthly, package-wise status reports of QA&I activities, bringing out the exception and critical issues, **shall** be submitted by the group Head to COO's and CEO.
- 7.3 Attempts shall be made to finalize sub-vendor / sub-contractor for supply item, as far as possible, before award of contract. The finalization of sub-vendor/sub-contractor not decide during pre-award stage within the time limit tied up during post bid discussions or that indicated in L2 network. The finalization of a new/additional sub vendor/change of sub-vendor shall be carried out in the manner as already described.
- 7.4 For non-QR Supply items, if the sub-vendor / sub-contractor proposed is as per the approved list maintained by PTCUL, QA&I shall approve the same at a level not less than SE.
- 7.5 For non-QR supply items, if the proposed sub vendor / sub-contractor is found to meet the QR and is acceptable on the consideration that either he has made supplies to PTCUL previously or is as per the approved list, the sub-vendor shall be accepted by QA&I, at a level not less than SE.
- 7.6 For non QR related supply items, if the proposed sub-vendor / sub-contractor is new to PTCUL, the Contractor shall be required to furnish details/documents in support of his claims regarding Plant & Machinery, Testing facilities, sources of raw material, manpower, third party approval status, type test status etc. along with the report on assessment of the sub-vendor by the main contractor. The details / documents shall be reviewed by QA&I group to decide whether the sub-vendor can be approved/rejected, based on the review of the documents submitted by the Contractor. If based on the review of documents submitted by the Contractor, QA&I is able to ascertain whether the sub-vendor proposed can be accepted or rejected, decision shall accordingly be taken. However, if the acceptance of documents, assessment may be required to be carried out to arrive at the decision. In case assessment is required, QA&I shall do the same in association with Engg. For critical items and alone for other items.

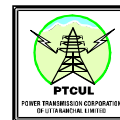
The proposal in respect of finalization of the sub-vendor shall be put up by the concerned QA&I Coordinator within one week from the date of receipt of requisite documents from the contractor. If the proposal is for approval/rejection of the proposed sub-vendor based on review itself, the same **shall be** put up for approval of EE/Dy. General Manager (QA&I) Decision for basis of the assessment report submitted by QA&I representative. If the proposal is for assessment in association with Engg, the same shall be routed through Engg and approved by concerned COO's

- 7.7 For QR related supply items, if the sub-vendor/sub-contractor proposed is found to meet the QR but neither he has made supplies of PTCUL in the past nor is from PTCUL's approved list, Engg. May, in consultation with QA&I, who shall take care QA aspects as above, based on the details/documents that the Contractor shall be required to furnish, decide whether the sub-vendor /sub-contractor can be approved on the basis of review itself of assessment by PTCUL is required to be done. In case assessment is required, the same shall be done in association with QA&I

The proposal for approval/rejection of proposed sub-vendor based on review or where assessment of the facilities and capacity of the proposed sub-vendor / sub-contractor is required, shall be put up by Engg. Through QA&I for approval of COO's within one week from the date of receipt of requisite documents from the contractor.

- 7.8 Wherever assessment is proposed, the proposal shall be initiated by QA&I or Engg, as mentioned above, respectively bringing out the terms of reference of assessment and the time period for submission of Assessment Report, which in the normal course, shall not exceed two weeks. An Assessment Committee comprising representatives of QA&I and Engg at a level not below EE, shall be nominated in the same note by respective groups. Once it is decided to carry out the assessment, the Assessment Committee shall finalise and put up recommendations for approval/rejection of the sub-vendor within a week to COO's through the other groups. The concerned QA&I or Engg. Coordinator, as the case may be, not below the level of EE, shall communicate the decision to the contractor with copy to Engg/QA&I.
- 7.9 The sub-contractor proposed by the main contractor for erection / civil portion of packages, except where already approved during pre-award stage, shall be finalized by QA&I and approved by COO's. The concerned shall be required to furnish details/ documents in support of sub-contractor's qualification/experience along with the report on assessment of the sub-contractor by the main contractor, for PTCUL's review. The details/ documents shall be reviewed by concerned Project Area to decide whether the sub-Contractor can be approved / rejected based on review itself or an assessment by PTCUL is required to be done.

In case the sub-contractor has previous working experience in the same area with PTCUL or other organizations of repute, and is generally considered to be capable



of executing the works proposed to be sub-contracted, assessment of sub-contractor would not be required and the request of the contractor shall be accepted.

In case of the proposed sub-contractor having no prior experience with PTCUL or other organization of repute, the assessment of the capability of the sub-vendor / sub-contractor may be carried out depending on the criticality and the volume of work involved. In such a case, the proposal initiated by the concerned Project Area shall also bring out the terms of reference for assessment and the time period for submission of Assessment Report, which in the normal course shall not exceed two weeks.

The proposal for approval/ rejection of proposed sub-contractor based on review or for assessment, shall be put for approval of COO's by the concerned Project Area through the concerned Construction Management Group within 1(one) week from the date of receipt of requisite documents from the Contractor. If assessment is proposed, the assessment committee shall be approved by COO's. The committee shall comprise of at least 02(two) members, not below EE, preferably one from the Project Area and other from Engg and/or any other group as may be decided by COO's. Once it is decided to carry out the assessment, necessary communication shall be sent to the contractor by the concerned Project Area Coordinator who shall also intimate the assessment committee members of their nomination through an office order enclosing therewith a copy of the approved note.

On completion of the assessment, the assessment report containing recommendation for approval/rejection of the sub-contractor shall be submitted by the Assessment committee for approval of COO's through the CMG group/Engg. Group (if respective heads are not in the Committee) and the concerned QA&I group. The decision shall be below the level of Executive Engineer.

- 7.10 It may so happen that the contractor, at the time of actual execution, requests for change of sub-vendor / sub-contractor approved for a particular supply item or civil / erection work, during pre-award or post-award stage, or for appointment of new sub-contractor / sub-vendor after the time limit specified in the Contract. The Contractor's request in this regard shall be examined and dealt with as discussed below.
- 7.11 In case the proposed sub-vendor / sub-contractor is on the approved list of PTCUL and meets the QR (in case of QR items only) , the same shall be accepted as explained earlier.
- In case the proposed sub-vendor / sub-contractor is new to PTCUL, further action shall be taken as above.
- 7.12 In case of change of sub-vendor / sub-contractor, the associated commercial implication, which are linked with (a) freight & insurance (b) taxes & duties, shall be dealt with as described hereunder :

(a) Inland freight & insurance

It has generally been observed that for most of the bought out items and sometimes for items manufactured by him, the contractor proposes more than one sub-vendor at the tender stage. However, the quoted inland freight and insurance charges for each item irrespective of the number of sub-vendors proposed and the geographical location of their works, remain the same. As such, irrespective of the geographical location of the source of supply, the Contractor is entitled to a fixed freight & insurance charges. Considering the above and the fact that a tenderer/ contractor is entitled to propose any number of sub-vendors in his tender or new sub-vendor during post-award stage, the question of any price implication on account of inland freight & insurance in case of changes of sub-vendor/source shall not arise.

(b) Issued of Taxes & duties

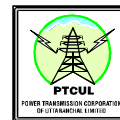
Normally, as per contracts awarded by PTCUL, the contract price for items to be supplied through sub-vendor is inclusive of taxes and duties. The contractor proposes a number of sub-vendors for each item and quotes only one price for the item in the tender. Therefore, irrespective of the sub-vendor, the price (inclusive of taxes and duties) for any item is fixed. Hence, the price, that is applicable to any sub-vendor out of those appearing in the tender / LOA/ shall also be applicable to any other sub-vendor proposed during post award stage but meeting specification requirement.

Therefore, there shall not be any financial implication on account of taxes, duties in case of changes sub-vendor during post award stages, Further even in case all the sub-vendors appearing in the Award letter are in **tax payable** zone and during post award, a sub-vendor from **tax free zone** is proposed or vice versa, the proposed sub-vendor shall be accepted without any price implication keeping the liability of PTCUL unchanged.

- 7.13 It may also sometimes happen that the main contractor might hence envisaged supplying a particular item himself as per the contract, but during actual execution he proposes to supply that item through a sub-vendor/sub-contractor. There may be a vice-versa situation also. While such a change shall normally be discouraged, the following lines in case of compelling circumstances.

In case the proposed sub-vendor / sub-contractor is in the approved list of PTCUL and meets QR and meets QR (in case of QR item only), the same shall be accepted as explained as above.

In case the proposed sub-vendor / sub-contractor is new to PTCUL, further action shall be taken as detailed above.



In case of changes from main contractor to sub-vendor / sub-contractor or vice-versa, the issue of commercial implications, which are linked with (a) freight & insurance (b) taxes & duties, shall be dealt with as described hereunder:

(a) Inland Freight & Insurance

There shall not be any price implication on this account as the instant case is similar to the case explained in the foregoing.

(b) Taxes & Duties

For understanding the implication on account of the change under deference, it is pertinent to understand the treatment of taxes and duties during the evaluation of tenders as under.

In case of packages under Domestic funding, the taxes and duties, indicated. Separately in the bid, on the items to be supplied by the main contractor, are considered for the purpose of evaluation. However, the same are not included in the Contract Price but are reimbursed as per actual, unless otherwise mentioned in the Contract. In case of items supplied through sub-vendor, the taxes and duties are already included in the quoted price and are thus accounted for in the evaluation of tenders. Further, the contract price for such items is inclusive of taxes and duties. Therefore, for item proposed to be supplied either by the main contractor or through sub-vendors, the implication on account of taxes and duties is included in the evaluated price. Hence, in case of change of source of supply of an item from main contractor, as per actual restricted to the amount of taxes and duties as originally payable to the main contractor in terms of the contract. However, in the reverse case i.e., change of source of supply of an item from sub-vendor, as originally envisaged in the contract, to main contractor, no additional payment/reimbursement shall be made by PTCUL towards taxes and duties, as the same are deemed to be included in the contract price.

However, liability of PTCUL towards taxes and duties is there in both the cases i.e., in case of sourcing from main contractor as well as from sub-vendor. By reimbursing the taxes as per actual restricted to amount originally payable as per contract, neither the liability to PTCUL increases nor it provides any additional monetary benefit to the Contractor. Further, it is unlikely that a tenderer, who himself have the ultimate intention of supplying the item form a sub vendor during execution stage. Considering this, in case of changes of source of supply of an item form main contractor to sub-vendor, one time reimbursement of taxes and duties shall be made as per accruals, restricted to the amount of taxes and duties originally payable to the main contractors per contract. In the reverse case i.e., change of source of supply form sub-vendor to main contractor, no additional payment shall be made by PTCUL as the taxes and duties are already included in the contract price.

- 7.14 There may be a case when the main contractor proposes changes of works of himself **or a** sub-vendor, who owns more than one works at different locations for supply of an item. In such a case, the request of the contractor shall be considered on the following lines.

In case the proposed works of main contractor/ sub-vendor is in the approved list and meets the QR (for QR items only), the same shall be accepted as explained earlier.

In case the proposed works of main contractor/ sub-vendor is new to PTCUL, further action shall be taken again as detailed earlier.

For such a change, the commercial implication which are linked with (a) freight & Insurance and (b) taxes & duties, shall be dealt with as described below.

(a) Inland Freight & Insurance

There shall not be any price implication on this account as the instant case is similar to the case explained earlier.

(b) Taxes & Duties

The price implication on this account shall be dealt with on the similar lines as described above (b) in case of change of works of sub-vendors. In case of change of works of the contractor from tax payable zone to tax free zone, the consequential benefit of taxes shall get passed on to PTCUL wherever the taxes for direct transactions between the contractor and PTCUL are reimbursable as per the terms and conditions of the tendering documents. In the reverse case i.e., changes of works of the contractor from tax free zone of tax payable zone, no additional payment toward reimbursement of taxes, over and above the taxes reimbursement for original works (as per the tender and considered in evolution), shall be made.

8.0 Inspection & Dispatch Clearance

Engg. – QA&I is the Predominant Responsible Group for this activity and it is mandatory that material is got inspected by independent third party along with the official/officers of PTCUL.

- 8.1 Immediately on the award of a contract, QA&I shall finalize a detailed schedule/L3 network for various QA&I activities based on the L2 network/tie ups on QA&I issues during post-tender discussions and reflected suitable in the overall contractual work schedule as explained earlier.
- 8.2 The inspection activities shall be monitored against the aforesaid detailed schedule/L3 network. Inspection call given by the Contractor shall be responded to promptly. Slippages, if any either attributable to PTCUL or to the Contractor, along with corrective action plan, shall be reported by the concerned COO's with a copy to QA&I Executive of Engg. QA&I and CPM.

- 8.3 The following two documents namely IP and MICC, are common documents for inspection of the material. :

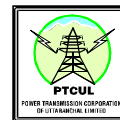
(a) IP (Inspection Point)

This is certificate issued by the Inspector immediately after inspection either as a technical acceptance/rejection of material/equipment or as a clearance of 'Stage inspection as per Quality Plan. (Simple IP to be developed)

(b) MICC (Material Inspection Clearance Certificate)

This is a certificate issued by the concerned Inspection Office of Billable item after checking necessary IP(s) and ensuring that all other contractual condition like type testing, finalization of BOM etc. have been fulfilled. . (Sample MICC proforma to be developed) It is normally issued fro BOQ/BOM items appearing in contract as supply items.

- 8.5 Conditional MICC can be issued with the approval of Head of QAUI for despatch of products/systems where major portion has been successfully remaining parts can be fitted/ supplied at site at a later stage. Such permission can be granted in view of exigencies such as expediting the supply schedule, site progress etc. In such cases, a part payment can be withheld by site till the considered necessary, the same will be done as per the guidelines to be finalized and issued by QA&I with the approval of Head of QA&I.
- 8.6 Deficiently if, any, in the material / equipment with reference to the datum provided in the specification but acceptable as per contract with a financial compensation (such as Iron / Copper loss in case of Transformer and Reactor) will also be reflected in IP and MICC so as to effect applicable recovery.
- 8.7 The concerned QA&I Coordinator, of below the level of EE, Shall maintain QA&I records, which shall include scheduled and actual dates of various QA&I activities, viz., sub-vendor and quality plan quality plan approval, issuance call by the contractor and actual inspection by PTCUL including issuance MICC etc., indicating the quantum and responsibility (whether PTCUL or Contractor) of delay in each activity. A status in regard to all the COO's the Construction Management and CPM groups on three monthly basis.
- 8.8 During course of inspection, if a contractor / sub-vendor, who has made more than one contract concurrently for supply of material of same design and specification from the same can be allowed with the approval of Head of QA&I group in the overall interest of the project, if permissible as per relevant standards without number of test and / or wastage of material, cost of the same will be worked out with the approval of Head of QA&I group and recovered from the contractor.



- 8.9 During implementation of a Contract, the following situations may be encountered :
- (a) Material offered for inspection at manufacturer's works is not conforming to specification.
 - (b) Document furnished in support of quality requirement is found to be false one, or the contactor is found to have indulged in any other Corrupt and / or Fraudulent practice.
- 8.10 In case the quality of the material offered for inspection is not observed to satisfy specification requirement / quality standards, the offered material shall be rejected as per norms/standards by the Inspector. An opportunity and offering the material again for inspection. An opportunity may also be given to the vendor/ sub-vendor for re-work / re-engineering and offering the material again for inspection after approval of Head of QA&I group regarding rework/re-engineering procedure.

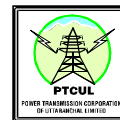
If situation is repeated, PTCUL's representative carrying out the Inspection shall refer the same to QA&I and the vendor / sub-vendor shall be advised to investigate the cause of failure, submit the report and take appropriate measures to improve the quality up to required level. The measures may include change in source of raw material, modification in manufacturing process etc. Apart from above, QA&I group of PTCUL may carry out quality audit /quality surveillance and prescribe additional tests to be carried out during inspection.

In case the various measures described here above fail to yield desired results, the approval of Material quality Plan (MQP), accorded to the vendor/sub-vendor by PTCUL for the product and the manufacturing unit in question, may be kept in abeyance or withdrawn depending on the magnitude of the problem. In case the MQP is Kept in abeyance, the manufacturer would be required to submit corrective action plan within 3 months, failing which MQP approval shall be withdrawn. However, if the corrective action plan is to PTCUL's satisfaction, the abeyance would be revoked. The proposal for keeping the approval in concerned QA&I Executive for the approval of Head of QA&I group.

In case the approval of MQP is withdrawn, the name of the product from the concerned manufacturing unit of vendor/sub-vendor shall be deleted from the list of approved vendors maintained by PTCUL.

If the vendor in question is a sub-vendor of the main contractor, the letter shall be asked to propose alternative sub-vendor forthwith preferably from approval list of PTCUL so as to avoid delay in various formalities towards approval of vendor leads of delay in project. The sub-vendor, on approval of Head of QA&I Group be allowed to complete the supplies of the ongoing project but with stringent inspection checks.

In case the vendor in question happens to be main contractor, he too shall be asked to make immediate arrangement to supply the material through alternative sources



acceptable to PTCUL. In case of lack of prompt response, cancellation of the contract can be resorted to in terms of provisions of the contract, for which the proposal initiated by the concerned QA&I executive shall be sent through Head of QA&I group and COO's for further proceeding ahead in the matter.

In case the vendor/sub-vendor, whose name has been deleted from the approved list carries out modification in the manufacturing process, by virtue of which he hopes to manufacture goods of required quality, he shall, in that case, make a written request along with related documents including third party test report to QA&I Deptt. for review of the decision. On examination of the request and documents, if considered appropriate, assessment of the 'Works can be carried out with the approval of Head of QA&I.

Notwithstanding the withdrawal of MQP approval and consequent deletion of name from the approved list as explained above, such Vendor/Sub-vendor shall be allowed to participate in the tenders of future packages. However, in case he the product at the concerned manufacturing unit for which MQP approval has been withdrawn, his tender shall not be considered for award.

In case it is detected during the process of inspection of material that the documents furnished by the vendor/ sub –vendor in support of quality requirement are. Is forged or any other corrupt and fraudulent practice is detected, the same shall be viewed very seriously as vendor/sub-vendor has resorted to corrupt and fraudulent practice. Under such a situation, extreme steps like banning of business and termination of the contract can be resorted to. In case the main contractor is himself involved, withdrawal a MQP approval vendor leading to banning of business can be considered for future packages as well.

However, in case of ongoing contract, termination of contract/banning of business can be kept in the interest of the timely completion of the project, but in such a case, inspection would be carried out with extra and caution.

In case sub-vendor is involved, the main contractor shall be asked to replace the sub-vendor preferably with someone from PTCUL's approved list so as not to affect the supply schedule. In case it is not possible to go in for such an option keeping in view exigency of work, PTCUL may continue to take material from the same source but with greater alertness. Moreover, deletion of the name of such sub-vendor from the approved list can be consider list can be considered for future packages as well.

Once the instance of such fraudulent practice is detected, it shall be examined as to how serious is that and as whether such a case has occurred in the past also. If the practice resorted to is found to be grave or such an instance is found to have been repeated, MQP approval shall be withdrawn forthwith and proposal shall be initiated of banning of business.

For withdrawal of MQP approval, the proposal shall be initiated by the concerned Executive of QA&I and the approval of Head of QA&I group obtained. Concurrently,

the proposal shall be moved by the concerned QA&I executive for banning / suspending of business as per the methodology prescribed above. While moving the proposal for MQP withdrawal and suspending / banning business, period of proposed banning shall also be **interalia** be indicated depending upon facts of the case.

For the cases of minor nature and a first time happening it can be viewed leniently provided it can be viewed leniently provided the otherwise generally found to be acceptable. In such a case, a warning letter only by given.

Once MQP approval has been withdrawn on this ground and banning of business is in progress, tender documents shall not be issued in respect of award of the contract, MQP approval is withdrawn on this ground and /or suspending /banning of business proceeding is to commence, the concerned tenderer shall not be considered for award.

B 9.0 Execution of Site/ Construction works.

9.1 The Project Area Group and Construction Management Group will be the Predominant Responsible Groups for this activity.

9.2 The activity center for successful and smooth efficient execution of the Site Works shall be the concerned Area Group (PAG) based at big project locations or at a central location for 2-3 small Project Sites. It shall be the responsibility of the concerned PAG to ensure implementation of the Site Works in line with the provision of the Contract, within the specified time schedule. However, necessary assistance shall be extended to the PAG by Construction Management Group (CMG) of Project Operations and all other concerned groups, & timely execution of the Contract.

9.3 Under each Contract, the progress of supply of materials/ equipments and site activities shall be closely monitored by the concerned Construction Management Group. In order to effectively review the progress of the project, CMG shall finalize L3 network with the Contractor, in consultation with the PAG, based on the approved L2 for all packages. The Head of CMG shall inform L3 network so developed to the Contractor and the PAG.

The progress of various activities related to a Contract will be reviewed with the Contractor by the concerned PAG on weekly basis. The critical areas shall be promptly communicated **to** the CMG and the Contractor on weekly basis.

9.4 The CMG will review different Contractors the progress of activities under respective Contracts, based on the L3 networks, on fortnightly basis. On the basis of the based of the revise, the slippages in all areas of supply/erection/testing/commissioning shall be identified. In case the review with the Erection Contractor bring out deficiency/inadequacy in mobilization of manpower/equipment by the Contractor at the site to be the primary reason for

shortfall in progress, a detailed program for augmenting resources and improving progress shall be tied up with the Contractor and recorded

Communication to different Contractors including OEM/OSM suppliers, advising them to take remedial measures for arresting/making up the delays, shall be regularly sent each review.

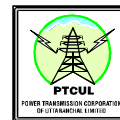
In case deficiency/inadequacy in supply of OEM/OSM by different suppliers is likely to become critical for progress of work at site, the matter shall be taken up with the concerned supplier and closely followed up. Depending upon the criticality of supplies in question, a representative from the site may also be sent to Supplier's works to physically ascertain the status and to expedite the supplies. A meeting with the Supplier's representative may also be called at PAG/CMG office.

In case of delay in activities, for which the Groups, other than the concerned sites, are responsible, COO's and Contracts – Planning & Monitoring group (CPMG), the concerned Group Heads shall be promptly apprised of by the CMG so that necessary corrective action could be taken at the earliest.

- 9.5 PAG shall ensure that before an item is cleared for erection it has the clearance of QA&I/ group under category 'A' CIP wherever application and further, required quality control checks are carried out regularly in terms of provisions of the Contract and Field Quality Plans. Apart from the routine checks prescribed in the Contract / FQP/ the PAG and the Field (operations) Quality Group, in order to assure the implementation of quality control systems and implementation of quality control systems and **procedures** shall also carry out surprise checks on random basis. All tests/checks witnessed/carried out shall be properly recorded in the prescribed format developed by Field Quality Group prescribed in Contractor Management Manual.

PAG shall also ensure that different site activities of a project are carried out by the Contractor sequentially as per the specification /requirement of the Works. The Contractor shall be required to take express clearance of PAG/CMG before carrying any important activity. For example, before concreting is done, the details in regard to excavation level, placement of reinforcement, if any, shall be checked and cleared by PAG/CMG. All such details shall be chronologically recorded in a prescribed format, along with the measurement of all items.

- 9.7 Items/equipments, inspected & cleared for dispatch but received at site in defective condition, shall be reported to QA&I within 10 days of receipt of material by the PAG with a copy to CMG. In case the material received in good QA&I for investigation and erection, the same shall also be referred to material /equipments is in progress, the work at site may, however, continue in the interest of the project with the help of materials/equipments replace by the supplier after proper inspection and dispatch clearance by replaced by the supplier after proper inspection and dispatch clearance by QA&I.



- 9.8 Apart from the surveillance checks carried out by Field (Operations) Quality Assurance (QA&I) may also carry out surveillance checks during execution of work.
- 9.9 PAG shall ensure that a hindrance register is maintained and entries are made therein on daily basis. The hindrance register should record all the hindrances in scheduled progress of work, such as delay in releases of work fronts due to non completion or work by another agency doing associated work, delay in supply of infrastructure, facilities by PTCUL as per Contract, delay in receipt of material, delay in deployment of trained/adequate manpower, non-availability of Site Engineer/Project-in-charge of Contractor etc, apart from the day-to-day delay. These records also shall be reviewed during the fortnightly review of the progress of work by the CMG, as mentioned above, and corrective measures shall be taken. Moreover, the entries/records in the register will be used/referred while analyzing LD cases/arbitration cases/other claims of the contractor.
- 9.10 PAG shall extend necessary assistance to the Contractor on matters requiring cooperation from Local Authorities, District Administration, and other Govt. officials.
- 9.11 The PAG/CMG shall issue despatch instructions for delivery of materials / equipment by Supplier to different stores within one week of receipt of request from the Supplier for the same. An Executive not below the level of EE shall issue such instruction. Despatch instruction in respect of Contracts for supply of equipments and materials for more than one TL & SS projects (exceeding Jurisdiction of one site PAG) shall be issued by CMG in consultation with concerned PAGS.
- 9.12 There may be instances when, despite repeated reminders/follow-up at various levels, desired improvement in progress of work/ supplies is not observed and it is apprehended that the overall project schedule is going to be adversely affected because of the same. In such a situation, option of issuing a notice of default to the Contractor, in line with the provisions of the Contract, can be exercised and subsequent action can be initiated. Such a notice shall be issued by an Executive of the concerned PAG/CMG authorized and designated as per Contract. If nothing is specified in the Contract, it shall be issued by an Executive of the PAG/CMG at a level not below SE.

While 'Cancellation / Termination' of any Contract shall be resorted to as the last recourse only, nevertheless all concerned handling the contract from PTCUL's side need to be alert and vigilant by taking prompt and careful action right from beginning so as to avoid, to the extent possible, any last minute crisis. 'Cancellation /Termination' of a Contract is dealt with in detail separately.

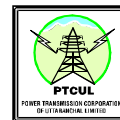
B10.0 Project Monitoring

- 10.1 Contract – Planning & Monitoring Group (CPM) will be the Predominant Responsible Group for this activity.**

- 10.2 The monthly progress reports to be furnished by different contractors, in the prescribed format, as discussed in foregoing, shall be example by CMG taking into account the Progress Reports received from different Groups viz. Engg, QA&I etc. and the concerned PAG. Based on the above, CMG shall compile a monthly progress report. In Corporate and the Project Operations shall be finalized. A copy of the complied progress repost together with Exception Report shall be sent to CPM in Project (Operations).
- 10.3 The Progress and the Exception Reports as above shall be reviewed by COO's on monthly basis. The for review shall generally include status in regard to the following:
- (i) Engineering activities
 - (ii) Sub-vendor's approval
 - (iii) PTCUL's obligation viz Site approvals/ facilities statutory approvals, etc.
 - (iv) Supplies
 - (v) Supplies
 - (vi) Site activities
 - (vii) Financial and Budgetary targets
 - (viii) Payment status
 - (ix) Status of BGs
 - (x) Contract closing.

Based on the said review, the action plan on different thrust areas shall be prepared by CMG and sent to all concerned CPM. The successive review by COO's shall also include the Action Taken Report in respect of the action plan decided in the previous review meeting.

- 10.4 The monthly Progress Report, Exception Repost and the action plans for different thrust areas, as received from different Project Areas, shall be analyzed by CPM who shall put up a summarized MIS report (indicating only milestone and critical areas), Project Area Group-wise to COO's or CEO, and CEO, as the case may be of various activities falling under the responsibility CPM. Action plans decided in such review meetings shall be circulated by CPM to all concerned and the action taken by them shall be monitored by them shall be monitored by monitored by CPM for apprising the Management.
- 10.5 For better coordination amongst various Groups and the PAG/CMG towards smooth execution of Projects, a Project Review Meeting (PRM), which shall be chaired by COO's shall be held normally once in two months. However, the frequency of the meeting may be increased to a month if so decided, keeping CPM and shall be attended by the CMG, the concerned Groups of Projects (operations), not below the level of SE, for respective areas of their responsibility. The groups, whose participation is required in the PRM, shall be intimated of the same by CPM after consulting the COO's. The minutes/ record of PRM shall be issued by CPM.



B 11.0 Payment of Erection Advance, Opening Of LC (wherever necessary), Processing of Bills and Release of Payment

- 11.1 Finance Group at Projects (Operations) shall be the predominant Responsible Group for this activity (except Foreign Currency Payment).
- 11.2 Timely release of payment is the basic prerequisite for successful completion of any contract. The timely release of payment shall not only facilitate expeditious implementation of the contract in question but will also convey the right message to the entire bidding community resulting in enhanced competitiveness of prices in future bidding. Therefore, it will be the policy of PTCUL to ensure timely release of payment due to the contractor.
- 11.3 All payments under the Contract shall be released within the **time** schedule specified in the Contract. The responsibility for timely release of all payment under the contract, shall be that of the Finance **Group at** Projects (Operations). However, the payment to the Contractor in foreign currency and payment to a foreign contractor in any currency shall be released by Corporate Finance for which necessary advice, after passing the bills received from PAG/CMG or directly received from the Contractor, as may be the case, shall be given by Finance Project Operations. Notwithstanding this, any payment in foreign currency or to a foreign contractor in respect of awards placed by Operations during O&M stage whenever necessary will be released from Finance Operation, after taking care of formalities, if any, on account of statutory requirement.
- 11.4 The bill along with a copy of the Bank Guarantee for Initial / Mobilization advance for Erection Contract, Erection Portion of Supply-cum-Erection Contract shall be required to be sent by the Contractor to the concerned PAG/CMG. The original Bank Guarantee along with a copy of the bill will be required to be sent by the Contractor. The PAG shall authorize the payment of advance pending acceptance of BG subject to fulfillment of all other requirements as per the contract and forward the same to the Finance within 03 receipt of bills from the Contractor.
- 11.5 Immediately upon receipt of BG from the Contractor, the Finance shall forward a copy of the same to the concerned Contracts Services. The same shall be checked in Contracts Services of its general conformity to **the** specified format. If the Bank Guarantee is generally found to be in order, the finance shall accordingly be intimated within 2 days. Concurrently, the Finance shall also scrutinize the BG and take action for its verification from issuing bank. This activity shall be completed by Finance within 15 days except in the month of March of every year when the same may have to be done on top priority, if required through a special messenger, so that the payment of advance can be released in the financial year in order to meet the budget commitment.

- 11.6 Any change in BG format, from that specified in the Tender documents, would be approved by COO's/CEO through a proposal, bringing out the details along with justification, to be put up by Contracts Services through Law and Finance.**

BG from a Bank other than that specified in the Tender documents shall be accepted only under exceptional circumstances with the approval of COO's and Corporate Finance. In such cases, a proposal bringing out details and justification shall be put up with recommendations by Contracts Services.

- 11.7 Immediately after acceptance of the BG and receipt of authorization for advance payment from the concerned PAG/CMG, Finance shall release the payment to the Contractor under intimation to the PAG/CMG.
- 11.8 Wherever LC is required to be opened, as per Contract, for release of progressive payment/despatch payment, the action for the same shall be taken immediately on receipt of request of the Contractor to that effect, along with programme of despatch, which can be either contractual schedule or any other programme considered achievable by the Contractor. The request of the Contractor, containing Banker's details and programme of despatch, shall be required to addressed to Finance with a copy to the PAG/CMG. Finance shall forward the request to CMG to examine the request with reference to the schedule. Based on advice from CMG, Finance shall take further necessary action including taking up the matter with Corporate Finance wherever payment is to be released to foreign contractor or payment is to be released in foreign currency in respect of any contractor. For LCs involving foreign currency payment, approval of Head of Finance shall be obtained by Corp Finance.

Normally, all payment to be released though LC will be dealt with by Regional Office irrespective of type of package (Operations or Corporate). However, till the time Regional Accounts Office is not equipped with adequate professional manpower the L/C and B/G related work shall be handled by Corporate Accounts office directly.

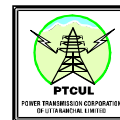
- 11.9 Normally, LC shall be opened for a quarter on revolving basis for an amount arrived at on the basis of supplies to be made as per programme as indicated by the Contractor while making the request for opening, except to the extent modified by PTCUL during subsequent examination thereof. LC for a period of more than three months, if so requested by the Contractor, can be opened only with the approval of Head of Finance for LC to be opened at Corporate Finance and COO's and Operations Finance for LC to be opened in Operations.
- 11.10 If a LC is required to be extended due to non-utilization of the same by the Contractor, the charges shall be to Contractor's account, if not otherwise provided in the Contract.

- 11.11 It shall be ensured by PTCUL that LCs are opened and kept valid as per contractual schedule for which necessary follow-up action and monitoring shall be done by CMG. Further, CMG shall also take up with the Contractor the cases of non-utilisation of LC and other matters related to LC, for which Operations Finance shall provide all necessary details/inputs to it.
- 11.12 All bills pertaining to payment through LC will be submitted by the contractor directly to the bank enclosing relevant documents under intimation to Operations Finance.
- 11.13 In order to minimize the scope for confusion and related delay towards details/documents required from contractor for opening of LC, Corporate Finance will devise a standardized format, in consultation with Contracts Services, for the request letter to be obtained from the Contractor for opening of LC. The said format, which will also specify the documents required to be enclosed therewith, may be made a part of tender documents.
- 11.14 All bills pertaining to despatch payments, to be released directly, against RR/receipted LR for all types of contracts shall be required to be submitted by the Contractor directly to the Finance (in 2 copies) with a copy to the PAG/CMG for their reference and record. As a matter of policy, if the bill is in order, the same shall be processed and payment shall be released by Finance within 10 days of receipt of bill in Finance. The deductions effected in the bill, indicating the break-up under different heads, shall be informed by the concerned Finance Executive not below the level Sr. AO to the Contractor in the letter forwarding the payment, under intimation to the PAG/CMG. Alongwith the copy of communication to the Contractor, the PAG/CMG shall also be provided with one copy of invoice duly corrected by Finance based on which the PAG will accordingly record payment details in their register so that bills for subsequent stage, to be processed by PAG could be properly correlated.

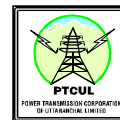
If the concerned Finance from where payment is being released, is headed by an Executive of the level lower than that specified above, the communication in such cases shall be sent by the Executive heading the Finance.

- 11.15 In case deficiencies or discrepancies, if any, are observed by Finance in the bills as mentioned above, the same, along with required corrective action, shall be brought either directly to the notice of the contractor (with intimation to the PAG) or to the PAG/CMG, depending upon the nature of deficiency/discrepancy, through a written communication by the concerned Finance executive not below the level of Sr. AO within 05 days of receipt of bill from the Contractor. The matter shall also be informed to the concerned Head of Finance. Further, in case major discrepancies or deficiencies are observed by Finance, the bill shall be returned to the Contractor within 07 days of receipt of the bill, for which prior approval of the Head of Finance. HOF will keep the concerned COO's duly informed on the matter.

If the concerned finance from where payment is being released, is headed by an Executive of the level lower than that specified above, the communication in such case shall be sent by the Executive heading the Finance. Further, in case the bill is to be returned the same shall be done with the approval of Head of Finance, keeping the Head of PAG/CMG duly informed.



- 11.16 All RA bills/Final bill, except those pertaining to despatch payments against RR/receipted LR for all types of Contracts, shall be required to be submitted by the Contractor to the concerned PAG. As a matter of policy, if the bill is in order, the same shall be processed and forwarded by the PAG to concerned Finance, after authorization for payment within 15 days of receipt of bill. The concerned Finance shall process the bill, as authorized for payment by the PAG and ensure release of payment to the Contractor within 10 days of receipt in Finance PAG. The deductions effected in the bill, indicating break-up under the different heads, should be positively informed by the concerned Finance Executive not below the level of Sr. AO to the contractor in the letter forwarding the payment, under intimation to the PAT/CMG. If the concerned Finance from where payment is being released, is headed by an Executive of the level lower than that specified above, the communication in such case shall be sent by the Executive heading the Finance.
- 11.17 If, on general Scrutiny of the bill, the PAG finds discrepancies or deficiencies, the concerned Executive not below the level of EE shall inform the same, along with required corrective action, to the Contractor through a written communication within 07 days of its receipt. The matter shall also be informed to the concerned CMG. Further, in case of major discrepancies or deficiencies, the bill shall be returned to the Contractor within 10 days of its receipt, with prior consent of the CMG.
- 11.18 The aforesaid bills, after necessary scrutiny/rectification as above, shall be authorized for release of payment by the PAG/CMG as per DOP and forwarded to concerned Finance along with measurement books in two copies.
- 11.19 The bills, received as above from the concerned PAG, shall be scrutinized in Finance towards expeditious release of payment. In case deficiencies or discrepancies, if any, are observed by Finance, the same, along with required corrective action, shall be brought to the notice of the PAG through a verbal or written communication, depending upon the nature deficiency/discrepancy, by the concerned Finance executive not below the level of Sr. AO within 05 days of receipt of authorized bill from PAG. The matter shall also be informed to the concerned Head of Finance. Further, in case major discrepancies or deficiencies are observed by Finance, the bill shall be returned to the PAG within 07 days of receipt of the bill, for which prior approval of the Head of Finance, shall be taken. HOF will keep the concerned COO's duly informed on the matter.
- If the concerned Finance from where payment is being released, is headed by an Executive of the level lower than that specified above, the communication in such a case shall be sent by the Executive heading the Finance. Further, in case the bill is to be returned the same shall be done with the approval of Head of Finance of Project office, keeping the CMG/PAG duly informed.
- 11.20 After necessary scrutiny/rectification as explained above, payment would be expeditiously released. On release of payment, one copy of MB duly corrected, shall be sent back by concerned Finance to the PAG.



- 11.21 Wherever payment is to be released in foreign currency or is to be released to a foreign party, Operations Finance, after verification, shall forward the bills to Corporate Finance, which will ensure release of payment within 10 days of receipt.
- 11.22 PAG and the concerned Finance shall maintain a Bill Register (preferably computerized) wherein date of receipt of bill, date of return of bill/intimation of discrepancies of deficiencies to the Contractor/PAG (if applicable) with reasons thereof in brief, date of forwarding of authorized bill (for PAG only) and date of release of payment (for finance only) shall, inter alia, be recorded. Concerned in -change of the PAG and Head of Finance shall furnish the status as above, in regard to bills being paid by Operations Finance on monthly basis to COO's. All cases involving release of payment after period mentioned above shall be reviewed on monthly basis by the concerned COO's along with Corporate Head of Finance once in 02(two) months.
- For bills being paid from PAG, Head of the PAG will review the status on monthly basis and the CMG on quarterly basis.
- Wherever payment is to be released directly by Finance based on receipted LR, I/C or works or a Project Authority not below EE will countersign the LR.
- 11.23 The payment released under a Contract shall be periodically reconciled with the Contractor by the concerned Finance, from where the payment is being released. As a matter of procedure, such reconciliation, apart from on completion of works, shall be carried out progressively on completion of approximately 25%, 50% and 75% of the Contract Price.

B 12.0 Technical Approval for Quantity variation including New items

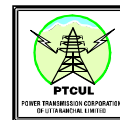
- 12.1 **Engg. - Design & Tech will be the Responsible group for variations on account of engineering requirements.**
- CMG will be the Responsible group for variations on account of site conditions.
- 12.2 Variations/deviations in the Contract may be encountered during its implementations stage, necessitating revision in Contract price, as the items and quantities thereof in the BOQ/Price Schedule attached with the Contract Agreement are based on estimates made while finalizing Tender/BOQ. Therefore, the actual requirements in may cases are different that those provided in the Contract. In some cases change in scope of work, vis-à-vis that originally envisaged in the Contract, does take place causing variations/deviations in the contract. Such variations/deviations in the Contract may be in form of (a) variation in quantities of different items available in the BOQ/Price Schedule attached with the Contract Agreement (such items to be termed as Contract items hereinafter); (b) requirement of some items, which are not available in the BOQ/Price schedule attached with the Contract Agreement or there is a change in specification/make/model of existing/available items. All such items, generated in the manner described in (b) above, will be termed as new items. A new item may be required either for substituting, fully or partly, a contract item (generally referred to as

substituted items) or for supplementing contract items to successfully complete the scope under the contract (referred to as supplementary or additional items).

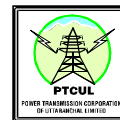
- 12.3 It shall, however, be the endeavor of GETCO to minimize post-Tender & Award variations/deviations to the Contract and necessary controls in respect of its shall be exercised by concerned responsible groups in their respective areas.
- 12.4 In order to exercise proper control in this regard, all such variations encountered in a Contract will be processed in two stages: first Technical Approval for variations will be obtained and then Administrative Approval for issue of change order will be processed. While the processing of technical approval has been dealt with in paras hereunder, the processing of administrative approval has been dealt with subsequently.
- 12.5 The technical approval for variation in respect of quantities provided in the Contract and/or requirement of any new items or change in specifications/make of any item/equipment because of engineering requirements shall be approved by Engg.-Tech & Design, as per DOP, bringing out the estimated cost implication, as and when the variations/deviations are identified. The cost implications in such cases shall be worked out by the concerned group of Engg.-Tech. & Design only and not by Engg.-Costing. However, relevant data, if required, can be collected from Engg.-Costing or other sources.

The technical approval shall then be furnished to the Operations who shall take further action for administrative approval for issuance of amendment. In all cases, the estimated cost of variation covering all items, contract items as well as new items, shall be brought out, clearly indicating the estimated rate of new items.

- 12.6 As and when variations are anticipated on account of Site conditions, the Contractor shall be required to submit to the PAG its request for approval of such variations alongwith all relevant details such as the anticipated quantity, the proposed rate in case of new items and estimated financial implications, either for variation in quantity in Contract items or new items without the basic scope of the contract undergoing a change. The same shall be examined by the PAG/CMG and a proposal containing details of variations, estimated financial implications, reasons thereof, shall be initiated by the concerned PAG/CMG and sent to Engineering - Tech. & Design for further action towards obtaining the approval of the Competent Authority, Engineering - Tech. & Design shall forward the same to Contracts Services for further action towards administrative approval for issuance of change order. However, if any design or drawing is required to be developed to execute such variation of work, the same shall be finalized and approved by Engineering - Tech. & Design, and then issued to PAG at a level not less than SE.
- 12.7 If the basic scope of the work, vis-à-vis that specified in the Contract changes, either due to site conditions or due to engineering requirements, Technical Approval, including development and approval of design/revision of drawing, shall be processed and accorded by Engg. - Tech. & Design.



- 12.8 The estimated financial implications in all cases shall be worked out on the basis of unit rates available in the Contract for contract items and estimated rate for new/substituted items.
- 12.9 The estimated rates/financial implications indicated for the purpose of technical approval shall, however, not form the basis of negotiation for deciding the rate of new item. The rate of new item shall be decided as per methodology described hereafter.
- 12.10 Since processing the proposal of Technical Approval indicating financial implications may be time-taking in some of the cases, clearance to proceed ahead with the work, on case to case basis, can be accorded, pending formal Technical Approval by Head of Engg. - Tech & Design & COO's to avoid delay in the progress of work for which proposal, without indicating any financial implication, will be initiated by Engineering/PAG, as the case may be.
- 12.11 Keeping in view the fact that in the same Contract, technical approval may be required to the accorded by Engineering as well as PAG/CMG depending upon the type of variations, technical approval accorded/processed by one responsible group shall be forwarded/informed to the other so that the responsible group processing the proposal for technical approval is aware of the cumulative value of variation so far approved/processed.
- 12.12 Once the PAG initiated a proposal for technical approval, the approval of the same, in the normal course, should not take more than a fortnight to be approved. Whenever the proposal for Technical Approval is initiated at CMG, the total process should not take more than 15 days.
- 12.13 The proposal for technical approval shall be initiated as and when variations are encountered so that the scope for proceeding ahead with the work pending Technical Approval could be avoided to the extent possible. Once construction drawing are issued to the PAG, Technical Clearance/Approval will be deemed to have been accorded.
- 12.14 In case of Transmission Line package, after completion of detailed survey, the proposal for approval of route alignment and the (revised) route length shall be initiated by the concerned PAG/CMG, explaining the reasons of variations vis-à-vis the order, and put up to COO's for approval through Engineering - Tech. & Design. However, pending completion of detailed survey for the entire line, foundation work in the stretch where the survey work is completed, shall taken up with the approval of Head of PAG/CMG.
- 12.15 Based on the said approval of route alignment, the proposal containing details in respect of tower quantities viz, type and no. of towers, line materials etc. shall be immediately processed for technical approval through Engg. - Tech. & Design. On approval of the Competent Authority as per DOP, Engg - Tech. & Design, in order to enable the Contractor to take up fabrication of structures, will communicate



- 12.16 The revised tower & line material quantities and other relevant details in writing to the Contractor pending issuance of formal amendment. In order to expedite fabrication of towers, the contractor may be advised by the PAG/CMG, at a level not below SE, to fabricate 90% of quantities recommended by them, pending technical approval from the Competent Authority.
- 12.17 Proposals for technical approval of variations other than as stated above in case of a Transmission Line package shall be processed as and when variations are encountered. Once all the foundations are completed, when quantities of most of the items of a transmission line contract is generally known, a pre-final variation proposal shall be initiated so that proposal for Technical Approval towards final amendment could be processed within one month of completion of total works under a Contract.
- 12.18 It shall be ensured by the concerned Responsible group that proposals or technical approval are processed and technical approvals are obtained expeditiously, wherever variations are anticipated. To ensure that the payment to the Contractor for the variations is not unduly held up, the proposal as above should be initiated by the concerned Responsible Group well in time keeping in view the quantum of variation involved and the anticipated time for processing of the case within PTCUL till issuance of amendment to the Contract.
- 12.19 It shall be ensured by the concerned PAG/CMG and all concerned that final proposal in respect of Technical Approval of variations in a contract is normally processed within one month of completion of 'Works' and approval of the same is positively obtained within a month thereafter.
- 12.20 In order to properly identify whether proposal pertains to interim or final amendment, it shall be ensured by PAG/Engg. - Tech. & Design that whenever a proposal for Technical Approval is being moved, Interim or Final, as the case may be, is clearly mentioned in the beginning with the serial number thereof.
- 12.21 The proposal for Technical Approval need not be routed through Finance.

B 13.0 Administrative Approval for issue of Change Order (Amendment to the Contract)

- 13.1 Contracts Services Group shall be the predominant Responsible Group along with Finance.**
- 13.2 On receipt of Technical Approval, further action shall be taken by the Contracts Services for obtaining Administrative Approval for issue of Change Order/Amendment. Efforts shall be made to expeditiously process the proposal for administrative approval for issue of change order/amendment to the Contract on account of variations. In case the technical approval covers variation in Contract items including requirement of new items, efforts shall be made to process the proposal for administrative approval in two parts, if practicable. The first part shall cover variations in quantity of Contract items where finalization of new rate is not required. The same shall be processed for

approval of Competent Authority by Contracts Services through concerned Finance. The second part shall cover new items as well as contract items requiring finalization of new rate as per Contract, for which Contracts Services shall initiate a proposal for constitution of a Committee to negotiate and finalise rates with the Contractor. The Committee shall comprise of representatives, not below the level of EE, from Contracts Services, Engineering - Tech. & Design or PAG/CMG and Finance and nomination shall be approved by COO's. The committee shall forward its recommendations indicating the rate finalized with the Contractor to Contracts Services who shall, based on the rate of new items finalized by the Committee, process the proposal for obtaining administrative approval for issue of change order from Competent Authority as per DOP. The proposal for administrative approval, containing Committee's recommendation for rates, shall be routed through all concerned Heads of groups that are represented in the Committee, in case the Approving Authority is at a level of SE.

13.3 The rate of new item(s) shall be finalized in the manner as provided in the Contract. In case the Contract does not stipulate any specific methodology, the rate shall be finalized in the following manner.

- (a) If possible the rate shall be arrived at on the basis of similar items available in the contract.
- (b) In case similar item is not available in the Contract Agreement, the rate shall be mutually discussed and decided. In order to ascertain the reasonableness of rate, market rate analysis will be carried out, wherever possible based on date base/procedure established for such type of works. If market rate analysis cannot be carried out in the manner describe above, reasonableness of the same shall be kept in view based on the rates of that item available in other contracts. For this purpose average of rates of that item available in other awards placed during last 02 years for the same Area, after suitable extrapolation, wherever required, to bring it to current level and after effecting price adjustment, if any, required on account of mismatch of specifications may be used. In case such items are not available in the Contracts awarded for the same Area in last 02 years, Contracts awarded for other Areas will be taken into account for which Contracts Services will render requisite assistance.
- (c) In case the same is not possible, lowest budgetary quotation from various manufacturers/suppliers can also be used as basis. 15% shall be taken to cover Contractor's profit and overhead wherever required.

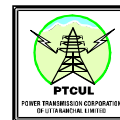
In many cases, finalization of new rate will be based on combination of more than one of the guidelines described as above.

13.4 In case the rate of new item is finalized on the basis of that of similar item available in the Contract; such rate shall be subject to further adjustment as per the Price Variation Formula, if any, applicable to the Contract item based on which the new rate has been arrived at. However, the rate finalized on the basis of market rate shall not be subject to any further adjustment as per the Price Variation Formula.

- 13.5 All proposals for issuance of change order, on the basis of Technical Approval, to be processed as explained above, shall interalia contain the cost implications of the proposal in question and the cumulative cost implications taking into account all previous change orders, processed/issued. Further, the total cumulative cost implications will be broken up under the head of contract items and new items separately so as to provide clarity in regard to nature of variations. The total variations in contract items will be further broken up indicating variation within contract's limit and variation beyond contract's limit. All such proposals shall be routed through Finance before obtaining approval of the Competent Authority as per DOP.
- 13.6 During processing of administrative approval for issue of change order/amendment, the revised ranking of tenderers in the tender in view of variations may be ascertained, and it may be ensured that rankings will remain the same.
- 13.7 There may be a situation during execution of a particular contract that approval of CEO has been obtained as per requirement of DOP for an interim amendment proposal and the cumulative variation as per final amendment proposal is found to be on lower side vis-à-vis that already approved earlier, though still exceeding the powers of COO's. In such a situation there will not be requirement of again seeking approval of CEO and the final amendment will be issued with the approval of COO's.
- 13.8 Processing and obtaining approval of the proposal for administrative approval for change order/amendment to the Contract should normally be completed within two months of receipt of the same in Contracts Services for all cases within powers of Operations. However, processing and obtaining approval of cases exceeding powers of COO's should normally be completed within 03 months.
- 13.9 It shall be ensured in all cases that the final amendment to the Contract, if required, is issued within three months after physical completion of supplies/works.
- 13.10 All changes to the original Contract will be notified by Contracts Services, at a level not below EE by way of amendment/change order, to be serially numbered for each Contract. The amendment will be got vetted by Finance, in line with the administrative approval, before issuance. It shall be ensured that the amendment/change order is issued within a week from receipt of administrative approval.

B 14.0 Time Extension and Liquidated Damages (LD)

- 14.1 Contracts Services will be the Predominant Responsible group along with Finance for this activity.**
- 14.2 The time remains the essence of all major contracts awarded by PTCUL and all works/supply under a Contract needs to be completed within the stipulated time schedule. Therefore, a provision has been kept in the Contract that in case of delay in completion, for the reasons attribute to the contractor, he is required to pay to the owner, a sum, as LD, calculated at a specified rate generally for each week of delay but limited to the ceiling mentioned in the Contract. The ceiling limit in the Contract is generally 5% or 10% price.



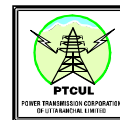
- 14.3 Notwithstanding the fact that time is the essence of the Contract, a number of cases of delay in completion of projects are encountered. Though the reasons for delay are diverse, the contracts finally get completed beyond the contract completion period. In order to keep the contract alive, it is also necessary that extension of time is granted to the contractor for the extended period of completion. While communicating the approval of extension time, a decision on imposition/waiver of LD, fully or partly, on account of delay in completion of work is also required to be indicated. Since the reasons for delay are generally mixed up i.e., attributable to both PTCUL & Contractor, the issue of time extension with imposition/waiver of LD needs to be dealt with meticulously and delicately taking into account all the relevant aspects. The relevant aspects to be considered include the reasons for delay, the period of delay attributable to either parties and the loss or damages, if any, suffered by PTCUL.
- 14.4 Since the above exercise can normally be taken up only after physical completion of works, Provisional time extension will be granted with the approval of competent authority as per DOP so that the contract is alive and delayed supplies/works can be accepted by PTCUL. A written communication in this regard, the standardized Proforma for which will be finalized by Contracts Services and circulated to Operations, will be issued by concerned Contracts Services. Such Provisional time extension will be without prejudice to all the obligations of the contractor under the contract and further without prejudice to PTCUL's right to levy LD and other right under the contract. Above facts will be clearly indicated in proforma of provisional time extension letter, finalized by Contracts Services.
- 14.5 In normal course, the proposal for Provisional/Interim time extension or Final extension of time along with settlement of LD shall be initiated upon receipt of request form the contractor of that effect.
- 14.6 In case of Interim/ Provisional time extension, the recommendation shall be put up by the concerned PAG/CMG to the competent Authority through Contracts Services and Finance. This exercise will be started at least 01 month before the expiry of schedule completion period so that provisional extension letter is issued before expiry of the Contract period.
- 14.7 While finalizing final time extension, if LD is levied in each and every contract undergoing delay in completion period, without examining the merit of the case and the taking relevant aspects into account, such a decision will not only be against the spirit of the contract but may not ultimately be in the interest of against the spirit of the contract but may not ultimately be in the interest of PTCUL. At the same time, cases involving losses/damages to PTCUL due to delays by contractor should not be dealt with leniently. Hence, in order to safeguard the long term and larger interests of PTCUL, the cases for imposition of LD need to be dealt with logically and rationally, maintaining consistency in approach. Accordingly, in the normal course, the cases of Time extension/LD will be dealt with as per guidelines given hereunder:
- 14.8 The losses/damages suffered by PTCUL due to delays by the contractor is the basic criteria for deciding a case for imposition of LD Damages, with reference to a Contract, in the context of LD, can be defined as the amount adjudged to be paid by Contractor

to the company as compensation for the loss sustained by the letter in consequence of the breach of contractual obligations pertaining to time schedule. The fundamental principle underlying the theory of damages is not punishment but compensation.

- 14.9 PTCUL Contracts will have a provision for recovering compensation as LD from the Contractor for delays attributable to him in performance of the Contract, in form of a predetermined sum for each unit of time delay subject to an overall limit. In fact, the spirit of LD clause is that recovery towards loss, if any, suffered by PTCUL, on account of reasons attributable to the Contractor, can be effected from the Contractor upto the extent of actual loss or upto the limit of the predetermined sum as mentioned in the Contract, whichever is lower. Here it is relevant to point out that Indian Courts have, in some cases, insisted upon for the evidence/estimate of the loss/damages incurred/suffered, as a prerequisite for implementing this clause. Therefore, recovery towards compensation under the clause should take place when loss/damage has actually taken place on account of delay caused by the Contractor. Even if there is a delay in execution of the Contract and reasons for delay are attributable to the contractor but PTCUL has not suffered any loss specifically due to delay in performance of the contract, no sum as LD is recoverable from the Contractor, However, in such cases, a token LD, the amount of which will be determined in the manner as elaborated subsequently, will be recovered.
- 14.10 In PTCUL Contracts, delay in performance of the Contract may be on account of one or more for the following:
- (i) Reasons attributable to the Company viz, delay in providing the work front, approval of drawings/sub-vendors, issue of owner supplied material and/or fulfillment of PTCUL's other obligations as provided in the Contract, etc. Increase in Contract price beyond the quantity variation limit can also be considered, it felt justified.
 - (ii) Reasons attributable to " Force Majeure" conditions as defined in the contract.
 - (iii) Reasons attributable to the contractor viz, delay in mobilization submission of drawings, finalization of sub-vendors, supply of material/equipment, fulfillment of the contractor's other obligations under the contract, etc.
- 14.11 The proposal for time extension and decision on LD shall, accordingly, contain a detailed analysis indicating reasons & periods of delay on each account as outlined above, along with documentary evidence thereof to the extent feasible and relevant. Based on the analysis, the period of delay due to ' Force Majeure' and for reasons attributable to PTCUL shall be identified. The idea of the exercise is to find out the net delay, which is attributable to the contractor. Exercise indicates that all the three types of delay mentioned above are mixed up/intermingled, with one running concurrently with another, at intermittent stages, that it becomes extremely difficult to directly identify the delay attributable to the contractor. As such, a practical approach for working out the net delay attributable to the contractor, as described below, can be adopted:

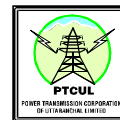
- (i) Total delay that has occurred in a Contract = A.
- (ii) Cumulative period of delay on account of "Force Majeure" = B.
- (iii) Cumulative period of delay on account of PTCUL = C.
- (iv) Concurrent cumulative period in (ii) & (iii) = D.
- (v) Cumulative period of delay on account of "Force Majeure" and PTCUL = B+C-D.
- (vi) Net period of delay attributable to the Contractor, $E = A - (B + C - D)$

- 14.12 While calculating the period of delay, which should be considered for extending the Contract completion period, for the reasons attributable to PTCUL or due to Force Majeure, all efforts will be made to objectively work out/analyse whether a delay in a particular activity has really contributed in extending the completion period of the Contract. This is important in view of the fact that a number of activities of a contract undergoing delay may not have impact on overall delay as subsequent site activities are not entirely dependent upon them. All such delays, which are not found to be directly contributing in extension of completion period, will therefore be ignored. Moreover, there may be a situation in which the impact of some of delays in intermediate activities may not be feasible to be objectively determined. In all such cases, a practical view will be taken and a judicious assessment of overall impact will be made on the basis of normal prudence.
- 14.13 In case of period, arrived at as above, is not positive, the time extension, till the actual completion of the works/supplies, shall be allowed without any LD. In case the period, arrived at as above, is positive, action will be taken as described hereunder.
- 14.14 It will, thereafter, be examined whether PTCUL, on account of the delay E, has suffered loss i.e., extra payment to other contracts/agencies on account of delay; cost of transportation for diversion of material required in order to continue progress in the event of delay in supply; payment of additional insurance premium on account of the delay; loss on account of delay in return on investment and/or compensation payable to generating companies in a situation, when, despite readiness of all other associated system power flow could not take place because of delay in execution of the contract in question; wherever applicable, after taking into account the impact of negative price variation as on contractual schedule vis-à-vis actual delivery.
- 14.15 If no loss has occurred, the time extension, till the actual completion of the works/supplies shall be allowed but with a token LD to cover incidental expenses that PTCUL may have incurred because of the delay but are not exactly quantifiable.
- 14.16 To arrive at the amount of token LD, the ration E/T , where T is the contractual completion period, shall be the basis. If we call the aforesaid ration as 'X' the token LD shall be worked out in the manner indicated hereunder:
- (i) If $'X' \geq 1$, the amount of token LD shall be 10% of the amount of LD as worked out for a period of delay E, based on the provisions of the Contract.
 - (ii) If $'X' < 1$, the amount of token LD shall be $'X' \times 10\%$ of the amount of LD as worked out for a period of delay E, based on the provisions of the Contract.



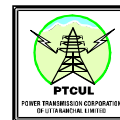
Notwithstanding the general methodology described above to work out the amount of token LD, an amount different from that arrived at as above may be recovered towards token LD with the approval of COO's/CEO in exceptional cases, if facts and circumstances of the case so warrants.

- 14.17 In case, PTCUL has suffered loss, the time extension, till the actual completion of the works/supplies shall be allowed with imposition of LD as described below:
- (i) If the amount loss/damages suffered by PTCUL is more than the full LD as applicable for delay of period E, in terms of provisions of the Contract, the latter shall be the amount of LD to be levied.
 - (ii) If the amount of loss/damages suffered by PTCUL is less than the LD as applicable for a delay of period E, in terms of provisions of the Contract, the sum of the amount of loss/damages and LD, worked out in the manner explained above, shall be the amount of LD to be levied. However, the total amount arrived at in this manner shall not exceed the full LD amount applicable as per Contract for the period E.
- 14.18 In the normal course, the settlement of LD along with final time extension shall be done after physical completion of supplies/works as per the Contract, and entire processing including approval and issuance of letter to the Contractor will be completed within 2-3 months of physical completion.
- 14.19 However, in cases where the works/supplies extend beyond the contractual completion, amount from the RA bills, pending settlement of LD, shall not be withheld/retained in case of Contracts if adequate retention payment (over and above security deposit) remains to be released as per Contract. In case, it is not so, it shall be examined whether BGs/other securities (excluding PG/Security Deposits) furnished by the Contractor are available with PTCUL which have partly or fully served their purpose, and can therefore be utilized by PTCUL to recover LD, if finally levied. If available, it will be further checked whether the contractor is willing to furnish a suitable undertaking authorizing PTCUL to retain those BGs/security (for such value which along with retention payments remaining with PTCUL is considered to be sufficient to take care of maximum leviable LD) to be kept valid till 6 months beyond the anticipated completion of the works/supplies under the Contract. If the Contractor gives the undertaking as above and validity of BG is suitably extended wherever required, amount from RA bills, pending settlement of LD, shall not be withheld/retained. The above aspects shall be deliberated in the proposal for interim/provisional time extension by the PAG/CMG.
- 14.20 In a Contract, if on examination of relevant aspects as deliberated above, it is required to withhold/retain amount pending finalisation of LD from RA bills, the same shall be done with the approval of COO's/CEO. The reasons for the same, along with recommendations, shall be brought out in the proposal for interim/provisional time extension by PAG/CMG or Finance, as the case may be. For example, if considerable recovery is apprehended on account of negative PV, Finance shall bring out the relevant aspects; in case of apprehending considerable recovery on



account of issues pertaining to Project Site, the PAG/CMG shall bring out the relevant aspects.

- 14.21 The proposal for final time extension including decision on LD shall be initiated by concerned PAG/CMG after obtaining comments of the concerned groups on whose account delays have been identified/pointed out by the Contractor in his request for time extension. Concerned PAG/CMG, after preliminary examination of the Contractor's request, shall seek comments from the concerned Groups, if details have not already been provided, within 10 days of receipt of the Contractor's request. In cases where comments of Corporate Groups are sought, the concerned PAG/CMG shall also forward a copy of their communication to CMG for further follow up. Concurrently, the PAG shall ask the Contractor to furnish additional details/documents, if any, within a specified time limit.
 - 14.22 The concerned Corporate groups shall forward their comments to the PAG, as aforesaid, through an Executive not below the level of EE within a period of 15 days from the receipt of communication from PAG.
 - 14.23 The case containing recommendation for settlement of LD along with final time extension, taking into account the comments of concerned groups, shall then be processed for approval of Competent Authority as per DOP. The case shall include the analysis of delays and other relevant details as already discussed above and shall be routed through Contracts Services and Finance.
 - 14.24 Upon approval of the Competent Authority, the original approved note in respect of interim/provisional as well as final time extension /LD, shall be forwarded to contracts services who shall issue necessary communication to the contractor with a copy to PAG/CMG and Finance.
 - 14.25 Once a time extension (Final or Provisional) is granted, the completion period for purposes of extension of validity of BGs, securities shall be determined by the extended period of completion except if other wise provided in the Contract.
 - 14.26 In case where, because of initial delay in providing fronts at site due to problems in land acquisition or other local problems or any other valid reasons not attribute to the Contractor, the commencement of work by the Contractor is delayed and consequently contractual completion period needs to be extended, there will be no objection to grant extension to the completion period in the initial stage itself.
 - 14.27 In order to properly carry out analysis of delays in execution of a contract/project, it is imperative that datewise record of various activities right from award of contract to completion of works/supplies is meticulously and systematically maintained by concerned groups in respect of areas under their responsibility. In line with this, the same shall be ensured by Contracts Services.
- (i) **Detailed Engineering Records:** These shall include receipt of drawings/design calculations/other technical details from the Contractor and its approval by PTCUL, type tests, approval of sub-vendor items involving QR; etc. Accordingly, actual and



scheduled dates in respect of various activities related to above shall be maintained, clearly indicating quantum of delay and to whom it is attributable (PTCUL or Contractor).

Responsible Group: Engg. - Tech & Design for projects.

- (ii) **QA&I Records:** These shall include approval of sub-vendor of non QR items, approval of quality plan of different manufacturer, inspection of material including issuance of MICC based on inspection call received from contractor; etc. Accordingly, actual and scheduled dates in respect of various activities related to above shall be maintained, clearly indicating quantum of delay and to whom the delay is attributable (PTCUL or Contractor).

Responsible Group : QA & I Group

- (iii) **Site Execution Records :** These shall include details as per hindrance register as discussed earlier.

Responsible Group: PAG/CMG

- (iv) **Payment Details Records :** These shall include, apart from details as per Bill register to be maintained by concerned Finance and the PMG / CMG as discussed earlier, the various dates pertaining to opening of LC including its utilization right from request by the contractor.

Responsible Group: Finance

- 14.28 As already mentioned earlier, the status containing records mentioned at (i) and (ii) above shall be regularly forwarded to the Operations COO's on quarterly basis.

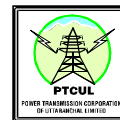
B 15.0 Completion, Testing, Commissioning and Taking Over including Release of Payment thereon.

15.1 PAG / CMG will be the predominant Responsible group for this activity.

- 15.2 Immediately upon receipt of a written communication from the Contractor intimating that the works have been physically completed as per technical specifications or are nearing completion (within a period not exceeding 15 days), the PAG shall take further necessary action, depending upon the nature of 'works' under a particular Contract, towards taking over. The actions, required to be taken by PAG, have been broadly described hereunder. For this purpose, the ' Works' have been categorized as follows:

- (a) 'Works' not involving Commissioning.
- (b) 'Works' involving Commissioning.

15.3 For ' Works not involving Commissioning



- 15.3.1 Within 15(fifteen) days of intimation from the Contractor regarding completion or 'Works', the PAG shall inspect the 'Works' to verify the completion status, in presence of the Contractor's representative.

If the 'works' are found to be completed and acceptable in all respects (except for minor defects and deficiencies, if any), Completion Certificate / Taking Over Certificate (TOC) shall be issued by the PAG /CMG, at a level not below superintending Engineer, within 30 days of Contractor's intimation. The completion certificate shall generally contain details of (a) Date of Completion; (b) Minor defects to be rectified; (c) Items not conforming to specifications but can be accepted at a reduced rate.

- 15.3.2 If, on inspection, 'Works' are not found to be completed or rectification of major nature is required, the PAG (not below the level of Ex. Engineer) shall, within 21 days of Contractor's intimation, inform the incomplete works / defects and deficiencies to the Contractor's in writing advising him to take necessary action and to inform PTCUL after completion/ rectification. However, if the Contract purpose of taking over, completed certificate/ TOC shall be issued in respect of portion of works that are completed and are acceptable.
- 15.3.3 For issuance of completion certificate, it shall be a prerequisite that the contractor clears the 'works' premises, so that the owner could use the same. However, the materials reasonably required for pending rectifications maybe allowed to be suitably kept so that rectification works could be carried out without adversely affecting the intended use of premises.

Moreover, the Contractor shall be required to complete the rectification works within a reasonable time which shall be mutually agreed prior to issuance of TOC.

15.4 For ' Works' involving Commissioning

- 15.4.1 Commissioning is the last phase of physical activity in execution of ' Works' under a Contract. It involves checking of equipments, systems and subsystems provided under the Contract for proper erection / installation, quality and standards to ensure their suitability for the intended purpose (e.g. energization at rated voltage and loading without any risk of failure or without any safety hazards, in case of transmission projects). For the Transmission Line & the Sub-Station packages, the major steps involved in commissioning and taking over are described herein.
- 15.4.2 During execution of 'Works' the concerned Executives, looking after respective works, shall ensure that Location-wise/ Equipment-wise details of various activities are maintained meticulously. The records containing such details shall be reviewed by the concerned SE/ EE on quarterly basis.
- 15.4.3 In order to avoid delays in ascertaining the readiness of ' Works' for commissioning, the practice of carrying out pre-commissioning checks/ tests on individual equipments/

stretches of transmission lines (hereinafter referred to as part of 'Works'), as and when the same are ready, shall be followed. On receipt of communication from the Contractor informing that the 'Works' / part of 'Works' are physically complete/ nearing completion and installation is ready for carrying out pre-commissioning checks/ tests, the PAG shall take further action, as described below, towards declaring the 'Works ready for commissioning'

- 15.4.4 The 'Works' / part of 'Works', as above, shall be thoroughly inspected/ checked by the PAG at different levels within 15 days of Contractor's intimation. Wherever pre-commissioning checks / tests are involved, the same shall be witnessed jointly with the Contractor's representative. On such verification, once the entire 'Works' under a particular Contract are found to be complete and acceptable (except for minor defects and deficiencies, if any), the PAG shall request the 'Commissioning Team' (as defined next), to commence further verification as subsequently describe.

If, on inspection/ checking, the 'Works' / part of 'Works' are not found to be complete or rectification of major nature is required, PAG (not below the level of EE) shall, within 21 days of Contractor's intimation, inform the incomplete works/ defects and deficiencies to the Contractor in writing advising him to take necessary action and to inform PTCUL after completion/ rectification. However, if the Contract specifies separate completion period for different parts of works for the purpose of taking over also, further action as described above shall be taken in respect of portion of works that are complete and are acceptable.

- 15.4.5 In order to ensure operation of the system after 'Taking Over', a 'Commissioning Team' shall be constituted for discharging responsibilities generally identified next during pre-commissioning and commissioning stage. It shall consist of the following:

(a) For Substation

- (i) I/C of Substation Construction in PAG.
- (ii) O&M executive not below EE.
- (iii) T&C executive not below EE.

(b) For Transmission Line

- (i) I/C of Transmission Line Construction in PAG.
- (ii) O&M executive not below EE.

In order to ensure timely constitution of the Team, the PAG shall request CMG who shall get the Team constituted with the approval of COO's atleast one month before it is tentatively required and intimaee all concerned. Two linemen drawn from other group/ site shall assist the Commissioning Team for transmission lines.

- 15.4.6 The responsibilities of the Commissioning Team shall be as under:

- (i) Inspection of finished works under a particular Contract (be it a substation, a bay or a transmission line), bring out deficiencies and suggest corrective measures well ahead of initial charging.
- (ii) Go through the storage history of each and every equipment and major materials, list out repair/ renovation work, if any, carried out on them and document the observations for development of data base for future reference.
- (iii) Go through pre-commissioning test results on equipments and system installed in the project and clear and the equipment for energisation.
- (iv) Go through statutory clearances and standing instructions before putting the new equipment to initial charging.
- (v) Witness final of equipment during test charging and document the observation.
- (vi) Investigate failure of equipment during test charging and document the observation.
- (vii) Declare commencement of trial operation and evaluate guarantee test result and recommended acceptance as may be provided in the contract.
- (viii) List out deviations / exception / incomplete work, for acceptance / rejection.

15.4.7 For discharging above responsibilities, actions shall be taken as described below:

- (i) As and when the 'Works' (which shall also mean such parts of Works under a particular contract for which separate completion period is specified for the purpose of taken over) is considered to be complete and acceptable by PAG (as explained above), the member in the Commissioning Team from PAG shall plan and inform the date(s) of inspection of the 'Works' to other members of the Team. The inspection by the Commissioning Team shall be planned preferably 02 months before the expected date of test charging.
- (ii) In case of transmission line packages, the Commissioning Team shall test check at least 5% of total number of spans on random basis. The various check points for inspection by the Team shall include availability of copper bonds, V.D. / S.D. tightening of bolts and nuts on sample basis, missing members, existence of trees in electrical clearance zone, ground clearance etc. The report of the Team shall cover findings on the checkpoints and bring out deviation, if any, with respect to the records of PAG.
- (iii) The Commissioning Team shall also crosscheck the length of Transmission Line with the help of suitable instrument like Off-Line Fault Locator. If the length of the transmission line arrived at by the Commissioning Team in the above manner is within a variation limit of 1%, the length as declared by the PAG will be accepted and certified. In case of variation being more than 1%, the length of the line shall again be checked with the help of same instrument after ascertaining its accuracy. If the variation of more than 1% still exists, the length of the line will be physically checked again by the PAG jointly with the Contractor. The length so arrived at shall be considered as final length.

- (iv) In case of sub-station packages, the results of all pre-commissioning tests after erection of individual equipments as per requirement of Company guidelines or in line with manufacturer's recommendations, carried out jointly by the PAG / CMG in association with T& C Executive and Testing engineer of manufacturer/ erection agency (including clearance for charging given by the manufacturer) shall be put up to the Commissioning Team for its acceptance and clearance for charging. The team shall note exceptions, if any. In case, the exceptions are not expected to have any bearing on the performance of the equipment during initial charging, the team shall recommend test charging in consultation with O&M.
- (v) The commissioning Team shall examine the following statutory clearance obtained by PAG prior to clearance for test charging of the equipment / transmission line at rated voltage.
 - a) Electrical inspector's Clearance (provisional or final) for charging transmission line/ bay equipment as per I.E. rules.
 - b) P.T.C.C. clearance.
 - c) Charging instruction from Engg.- Tech & Design and Engg. – Systems & N.W. Planning.
 - d) Relay setting details from Engineering- Tech & Design.
 - e) Copy of notification informing public/ administration regarding charging of the line.
- (vi) The Team shall also examine observations of concerned authorities while issuing such certificates and review the compliance of the observations.
- (vii) The Team shall also go through the factory test reports. If such test have been repeated during pre-commissioning, the Team shall list pot deviations, if any, in the results of pre-commissioning tests with respect to the factory tests.
- (viii) After all pre-commissioning checks and tests are found to be acceptable taking into account permissible deviation limits, the commissioning team, in consultation with O&M, shall give clearance for commissioning test (in case of a sub-station) and test charging (in case of transmission line) and witness the same. In case of a substation, test charging shall commence after successful commissioning tests. All tests on totally connected & integrated system at the sub-station level shall be considered as commissioning test. These tests shall be conducted only after completion of all primary connections and secondary connections of all the equipment for its protection, communication and control and taking into account provisions of the contract/OS guidelines manufacturer's instructions. The commissioning tests shall ensure correctness of wiring of individual equipment and its control, protection communication and monitoring panels. The tests shall also ensure stability & sensitivity of protection, control, and communication equipment. It shall also include calibration of measuring & recording instruments. If any incomplete works is put to rated operating conditions during commissioning, the same shall be done, with the approval of the COO's, after taking into account all the relevant aspects, ensuring that it

does not involve any safety and operational risk. In this regard the proposal shall be initiated by the PAG/CMG based on the report from Commissioning team which shall be put up to the Competent Authority through COO's.

- (ix) In case of deviation in commissioning test results beyond permissible limit as per guidelines/standards in vogue, the commissioning team shall submit its report along with recommendations to the concerned EE/SE. In such an event, the test charging will be carried out only after obtaining approval of O&M of the Area based on a proposal of PAG/CMG.

15.4.8 On successful completion of commissioning test/ test charging and upon request of the Contractor for taking over the 'Works' and issuance of TOC, the PAG/ CMG, not below the level of SE, shall issue TOC ascertaining the following:

- All the works under the contract have been satisfactorily completed by the Contactor as per the provisions contract.
- The Contractor has cleared the site of all the surplus materials, removed all scaffoldings, shuttering materials, T&P, labour huts/sheds any other kutcha dwelling unit/ arrangement except those required for carrying out rectification works, cleaned the dirt from part of building, sanitary arrangement, water supply connection and all electrical gadgets / equipments / switches, wiring, any wood work or any such item, to the satisfaction of the concerned PAG/ CMG.
- All the defects have been rectified to the complete satisfaction of the concerned PAG/ CMG.

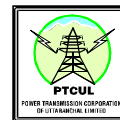
15.4.9 Notwithstanding what has been stated above, the issuance of TOC shall not be held up for delay in completion/ rectification of works of minor nature that do not affect the performance/ use of the building/ installation/ equipment/ subsystem/ system at rated parameters. In such a case the Contractor shall however be required to give an undertaking that in case he fails to complete/ rectify within a mutually agreed period, the Company shall be at liberty to carry out the work at his risk and cost, and deduct an amount as may be considered appropriate by the Company.

15.5 In some of the Contracts where, particularly Supply-cum –Erection Contracts, the total price against each item is generally paid in three stages; a portion is paid in advance, a portion as progressive / running payment on completion of respective activities and the balance portion is paid on successful completion of entire scope of work under the contract and taking over of 'Works'. Sometimes, it however happens that though all the activities under the contract are physically completed, the commissioning, upon which only taking over by PTCUL can take place, is held up. As a result of the same, the last stage payment remains held up. Some of such specific cases are discussed subsequently.

B 16.0 Revised Cost Estimate (RCE)

16.1 Engg. – Costing and Contracts- Planning & Monitoring one are the predominant Responsible groups for this activity.

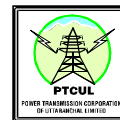
- 16.2 Once main packages of a project are awarded, the revised Cost estimate of the project shall be worked out, taking into consideration the anticipated price variation. Whenever there are variations with reference to original estimate, the reason for variations and the basis of revised estimate will also be indicated. While working out the revised cost estimate, the cost of site packages and the expenditure incurred for land acquisition and other related works shall also be taken into account. For this purpose, the CPM in the Operations shall compile the Contract price of all the packages already awarded, estimated cost of packages, if any, yet to be awarded, actual/ estimated expenditure on land acquisition and other related works, and forward the same to Engg. – Costing. The group shall examine the details furnished and work out the Revised Cost Estimate (RCE).
- 16.3 The RCE shall again be reviewed when the actual expenditure incurred is approximately 50% of the approved cost estimate of the project (Project Conceptualization). For this purpose, CPM shall keep track of the expenditure under the project on monthly basis, for which the necessary details shall be furnished to them by Finance and PAG, as the case may be. As and when the actual expenditure is approximately 50% of the approved cost estimate, the revised cost estimate of the project shall be worked out taking into account the actual expenditure incurred under each Contract and further expenditure anticipated to be incurred (based on Contract price and the price variation admissible as per contract). While working out the revised cost estimate, the cost of site packages and the actual/ estimated expenditure on land acquisition and other related works shall also be taken into account. Further, if some of the site packages are still to be awarded, the estimated cost of the same shall be considered. In case the estimated cost is not available, CPM shall assess the same based on the details those may be available with them/ Engineering. The details as aforesaid shall be forwarded to Engg. – Costing who shall take further necessary action in line as detailed.
- 16.4 The RCE shall be reviewed again 6 (six) months prior to the anticipated completion of the project in the manner described as above. The same shall be based on audited figures in respect of expenditure already incurred/ to be incurred. This is required for filing petition to ERC for fixation of provisional tariffs as and when required.
- 16.5 Based on actual expenditures already incurred as well as expenditures to be incurred further for completion of the project, the RCE (final) shall be prepared by CPM within 06 months from the date of completion of the project. The same shall be forwarded to Engg. – Costing who shall process the same for approval of the Competent Authority.
- 16.6 Notwithstanding above, if at any time during execution, the project completion is anticipated to be delayed beyond the schedule committed to government or revised cost is expected to exceed the approved cost, CPM shall prepare RCE and forward the same to Engg. – Costing in the manner as explained above. All such cases will be informed to trigger off action wherever required. For an effective monitoring in regard to above, CPM will collect details from respective sites in a prescribed format on quarterly basis. Engg. – Costing will finalize necessary formats in this regard in consultation with CPM.



- 16.7 In all cases, where revised cost estimate of the project is exceeding the approved Cost estimate (Project Concept) Engg. – Costing shall take necessary action towards management's approval expeditiously for furnishing the same to CPM for obtaining approval as per requirement.
- 16.8 Even in cases, where revised cost estimate of the project is not exceeding the approved Cost Estimate but there is variation in scope vis-à-vis that in approved FR, approval from appropriate authorities shall be required to be taken. For this purpose, details shall be provided to Engg. – Costing by concerned group of Engg.
- 16.9 If revised cost estimate exceeds the approved cost estimate of the approved Project cost by more than 20% and/ or the anticipated completion period is expected to overshoot the approved completion period of the project by more than 10%, CPM shall take necessary actions towards convincing the Standing Committee/ relevant body as per Govt. guidelines, after obtaining required details from concerned groups.
- 16.10 Detailed guidelines alongwith relevant proforma in this regard shall be as per Cost Manual being finalized for approval of PTCUL's Management.

B 17.0 Resolution of Disputes and Arbitration.

- 17.1 **Construction Management Group (CMG) in Projects Operations and Legal/ Arbitration group in Corporate shall be the predominant Responsible Groups for this activity.**
- 17.2 All efforts shall be made by PTCUL for amicable settlement of disputes, if any, which may arise in the course of execution of a Contract. In this regard, it is necessary that any issue that a Contractor raises be dealt with promptly. While some of the Contracts provide for reference of such issue/ disputes by the Contractors, at the first instance, to the PTCUL's Authorized Representative, the process of mutual consultations to resolve such dispute of difference is envisaged in some other contracts. Accordingly, the concerned CMG/ PMG shall bring such disputes/ issues promptly to the notice of the concerned authority unless otherwise provided in the Contract. The concerned authority i.e., PTCUL's Authorized Representative for the purpose of dealing with settlement of disputes prior to arbitration (including any alternate dispute resolution mechanism identified in the Contract) shall be the CMG Head under whose jurisdiction the execution of the Contract in question falls. The Authorized Representative once claims/ disputes, whether of Contractor or PTCUL, are referred to him shall get the same examined promptly by concerned groups for a final view. Based on views of concerned groups decision shall be taken by the Authorized Representative and informed to the Contractor or the concerned Responsible group in PTCUL. Such



decision should be informed within a reasonable time of about 04 weeks from the date the issue/ dispute is raised in writing by the Contractor.

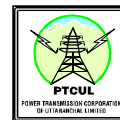
- 17.3 Normally, the PTCUL's Authorized Representative shall be identified in the Contract itself. However, in case the same is not identified or in case of change in the identified PTCUL's Authorized Representative, the COO's shall nominate the Authorized Representative and the same will be communicated to the Contractor within seven days from the date of his raising claim, by CMG.
- 17.4 In normal course, only after the decision as above is conveyed to the Contractor and the Contractor does not find the same acceptable, it is likely that the arbitration or alternate dispute resolution process (if identified in the Contract) would start.
- 17.5 In all Contracts prior to Arbitration (or alternate dispute resolution process if provided in the Contract) or during it, as a matter of policy, at least one attempt for amicable settlement of disputes with the Contractor shall be made by a Standing Committee comprising COO's, with Heads of Contracts, Engineering, Construction Management & Legal groups.
- 17.6 Wherever alternate dispute review mechanism (e.g. Arbitrator/ Adjudicator etc.) exists in the Contract, the representative of PTCUL on the same shall be nominated with the approval of CEO., However if as per Contract PTCUL is also required to convey its acceptance of Contractor's representative, the same may be done with the approval of COO's. The coordination in such cases shall be done by Head of CMG that will be assisted by nodal officers from concerned groups, to be nominated as explained subsequently for arbitration cases. The decisions arrived at in the alternate dispute review forum shall be implemented after approval of CEO and COO's. The proposal in this regard shall be initiated by PAG/ CMG and shall be routed through concerned group to whom the issue pertains (e.g., Engg/ Contracts, etc.) and Finance at appropriate level before obtaining the approval of the Competent Authority.
- 17.7 In case PTCUL, on its own, wants to invoke arbitration provisions, prior administrative approval of the Competent Authority shall be obtained. For all packages the proposal in regard to the same shall be initiated by the Head of CMG/ PAG and put up for the approval to to the Competent Authority through Law and Arbitration group. In this respect, CEO shall be the Competent Authority and the proposal shall be routed through COO's and Corporate Law and Arbitration group. Upon receipt of the administrative approval, the notice invoking Arbitration shall be issued to the Contractor by the concerned Head of CMG with a copy to concerned Arbitration.
- 17.8 Upon receipt of arbitration notice from the Contractor, the concerned Construction Management/ concerned Project Area Group shall immediately send an advance copy of the said notice alongwith the arbitration clause applicable to the parties to the Legal Group for examination with the remarks that the comments of the Project Area group alongwith relevant documents and facts would follow within seven days. The concerned Construction Management/Project Area Group while dealing with the arbitration notice for appointment of arbitrator shall, within seven days of the receipt of the said notice, put up a note indicating status of disputes. The note shall interalia contain relevant details such as : (a) Name of work and Area; (b) Name and address

of the Contractor; (c) Contract Agreement details alongwith Contract price including details of amendments, if any; (d) Brief Scope of Work; (e) Commencement and Completion date (schedule and actual); (f) Jurisdiction as per the contract. Further, the said note should also critically examine different aspects such as when the dispute was first raised, whether disputes have been raised within the time period specified in the Contract and Statutory limitation period, whether any recoveries on account of LD, risk and cost amount to be made etc.

The Legal group will examine the disputes legally and accordingly, if necessary, recommend the case for invocation of arbitration and appointment of arbitrator within seven days from the date of receipt of the note from the concerned PAG for approval of the appointment of arbitrator, to the Competent Authority mentioned under the Contract. In case the appointing authority is CEO the advance copy of the arbitration notice (immediately upon its receipt) followed by recommendations of the Construction Management/ Project Area shall be sent to Legal group for its recommendation for going into arbitration and appointment of arbitrator.

The approval for the appointment of the arbitrator under a contract shall be obtained within 21 days of the receipt of the arbitration notice and the appointment of the arbitrator shall be communicated to the arbitrator (with a copy to the 'Contractor') for his acceptance within three days by the Legal group and circulated to concerned Project Areas/ Construction Management Groups.

- 17.9 Upon receipt of the intimation from the arbitrator for starting of arbitration proceedings by way of entering upon the reference, the concerned Legal group shall notify the concerned Project Area / Construction Management Group About the date of entering upon the reference by the arbitrator. Thereafter, the concerned COO's shall be requested by the Legal group for nomination of Representing Officer (RO),
- 17.10 Further necessary action for nomination of the RO group and the nodal officers, who shall assist the Legal by furnishing facts of the case shall be taken by PAG/ CMG. An Executive (not below the level of Executive Engineer) shall be nominated as the RO and Executives from the Groups to whom the issues pertain, viz. Engg., Contracts, QA&I, Finance, Project Area / Construction shall be nominated as nodal officers to assist the RO.
- 17.11 The proposal for nomination of the RO shall be processed by the concerned PAG/CMG Normally an Executive who is conversant with the issues referred for arbitration shall be nominated as Representing Officer i.e.; if issue mainly pertains to execution of works, and Executive from the PAG/ CMG shall be nominated; if issues mainly pertain to design/ engineering stage, an Executive from the concerned Engineering- Tech. & Design group shall be nominated; if issues mainly pertain to taxes and duties, an Executive from Finance Group shall be nominated. The nomination of RO shall be approved by COO's and the proposal for nomination shall be routed through Legal group and the concerned Head of the concerned group before obtaining approval of COO's. In case the issues referred for arbitration necessitates a RO from Corporate, the proposal containing the recommendation of COO's to that effect, indicating reasons thereof, shall be sent for approval of the concerned group at Corporate level.



- 17.12 The nodal officers from respective Corporate and Project (operations) Groups shall be nominated by the concerned Heads of Group promptly within a week of request to that effect from the concerned Head of the PAG/ CMG. Upon approval of the nomination of RO and the Nodal Officers, the Head of the PAG/ CMG shall intimate the name of the representing Officer and the nodal officers to the Head of the concerned Law & Arbitration Group who shall then be responsible for further coordination of the Arbitration case.
- 17.13 The Legal group shall initiate the note for appointment of the counsel/ senior counsel, if required, depending upon the nature of the case and approval will be obtained as per the DOP.
- 17.14 If, for valid reasons, it is not possible/ feasible for R.O. /Nodal Officer to be associated, he can be substituted with the approval of the Competent Authority to approve the nomination.
- 17.15 After the arbitrator enters the reference and a claim is filed by the Contractor, the detailed factual parawise comments on the claims, specifically admitting/ denying or clarifying the para under reply, duly supported with documents, shall be prepared by the RO in consultation with nodal officers. The said parawise comments shall be sent to the Legal & Arbitration group for finalization of the reply to the claim in consultation with the legal counsel, if appointed (otherwise the Legal & Arbitration group shall finalise the reply). Concurrently, the RO in consultation with Nodal Officers shall also prepare the counter claims alongwith supporting documents if any, to be filed, and forward the same to Legal & Arbitration Group for filing the same.
- 17.16 In case the sole arbitrator is an employee of PTCUL, the fee payable to him shall be as per the prescribed schedule of fee to the Arbitrators. However, in case the Arbitrator is from outside PTCUL, a note for approval of the terms of payment of the Arbitrator, as decided by the Arbitrators in the Arbitration Meetings, shall be processed by the Legal and Arbitration Group for approval of CEO. All payments to the arbitrator shall be processed and authorized by the Legal and Arbitration Group.
- 17.17 All the arbitration meetings and conferences with the advocate \ legal counsel shall be attended by an Executive of Legal Arbitration group and the RO, jointly. RO shall be assisted in the meetings and conferences by other Nodal Officers of the concerned groups involved in the disputes raised, if required. All payments to the legal counsel/ advocate shall be processed and authorized by the Law and Arbitration group.
- 17.18 The coordination between the Arbitrator, Advocates and RO shall be maintained by the Law and Arbitration Group.

All written statements, replies, claims, counterclaims, issues, rejoinders and other pleading or proceedings etc. in the case, to be filed by PTCUL, shall be finalized, by Legal and Arbitration Group, in consultation with Legal Counsel based on the parawise facts and comments and supporting documents furnished by the Representing Officer, with the approval of Head of Legal Group through concerned COO's. For expediting the aforesaid process and for ensuring factual correctness of documents/ replies, the Arbitration Coordinator and RO shall adopt a practice of

continuous consultation with each other. Further the documents/ reply finalized by Legal & Arbitration Group as above, shall be vetted by the RO and concerned Nodal Officers in regard to facts for their respective portions, before it is put for approval of Competent Authority as above.

After the documents are finalized as above, the Legal and Arbitration Group shall, after getting the same signed by the RO, file the documents with Arbitrator and distribute the copies to all concerned, the complete set of pleadings and the parallel records of the case shall be maintained by both Legal & Arbitration Group and RO.

- 17.19 All correspondence between the Legal Counsel/ Arbitrator and PTCUL shall be through Legal and Arbitration Group on behalf of PTCUL. The Legal and Arbitration Group shall intimate the Legal Counsel / Arbitrator accordingly.
- 17.20 Once the award is given by the arbitrator(S), the same shall be forwarded by Legal Group, alongwith their advice/ opinion to the concerned RO and PAG/ CMG within 07 days for arbitration cases under Arbitration Act 1940. The recommendations for its review/ acceptance and further course of action in the matter shall be processed by PAG/ CMG through Legal Group for approval of Competent Authority expeditiously so that the approval is obtained within twenty one days of receipt of award and filing the award in the court is done within stipulated period. However, awards in respect of arbitration cases under Arbitration Act 1996, shall be examined for further course of action in the matter by the concerned Legal Group and a proposal for the same shall be put up by them to Competent Authority for approval. In respect of all Contracts, the approval at the level of CEO shall be required.

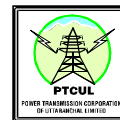
B 18.0 CONTRACT CLOSING

- 18.1 **Contracts Services Group will be the predominant Responsible Group as a Coordinating agency.**
- 18.2 Contract closing is a milestone, which symbolizes that liabilities of either parties stand settled i.e. works/ supplies have been completed in terms of the provisions of the Contract and all the due payments have been released and no guarantee/ claim is outstanding with/ against either party.
- A Contract is said to be completed in all respects only after successful completion of the Warranty Period. A Contract shall therefore be considered to be closed only after the Warranty Period is successfully completed and Performance Guarantee/ Security Deposit of the Contractor is returned/ discharged.
- 18.3 The Contract Closing is a very important milestone, since it is after the closing of various Contract under a project that the total financial outlay against a project is known with certainty. The total financial outlay against a project is a vital input not only for annual financial accounting but also for finalization of the tariff. It is therefore imperative that the closing of contracts under a project is expeditiously completed. This aspect has become all the more important after the ERC (Electricity Regulatory Commission) has come into existence.

- 18.4 It is clear from foregoing that efforts need to be made to ensure timely closing of various Contracts under a project. As a matter of policy, while all the Contracts under a project shall be closed immediately after the expiry of defect liability period/ warranty period of respective Contracts, various activities pertaining to Contract Closing, except release of Performance Guarantee/ Security Deposit, shall generally be completed within 06 (Six) months of the completion of the respective Contracts. In order to achieve this, it should also be ensured that packages pertaining to project infrastructure, such as colony, which are not critical for commissioning of the project, are also awarded and executed in time.
- 18.5 The Closing of a particular Contract shall be said to have taken place in time if the CPG is released immediately after successful completion of warranty period. The associated activities, including release of CPG, required to be completed for closing of the contract, are outlined below:
- (i) Receipt of As-built drawings, QA documents and O&M Manuals,
 - (ii) Pre-commissioning checks,
 - (iii) Physical completion of scope of work,
 - (iv) Commissioning & Taking Over Certificate,
 - (v) Material Reconciliation,
 - (vi) Performance Guarantee Test,
 - (vii) Processing of scope variation covering quantity variation, extra items/ claims & Issuance of final amendment,
 - (viii) Time extension & settlement of LD if any,
 - (ix) Extra claims and settlement of disputes, if any,
 - (x) Processing & release of final bill,
 - (xi) Successful completion of warranty,
 - (xii) Release of Performance Guarantee.
- 18.6 To achieve the above objective, as soon as the Contractor's scope of work under a Contract approaches completion (i.e. say about 60% of the scope is complete), the said Contract shall be included in the list of Contracts about to close which shall be intimated by CMG to Contracts Services. The list shall contain salient particulars of the Contract including the expected date of physical completion/ taking over and the warranty period. In respect of all such Contracts, the progress of various activities mentioned above shall be reviewed on monthly basis by COO's.
- 18.7 The various activities, to be monitored for Contract Closing , as indicated hereabove, are briefly described as below:

Submission of all manuals/ documents/ As- built drawings

- 18.7.1 Once the Works/ Contracts/ Supplies are completed, it is absolutely necessary that proper documentation of all Manuals, As built drawings, Test certificates, various approvals, amendments and other relevant papers is mad so that any difficulty in carrying out maintenance is not encountered. For equipments, the supplier/Contractor is supposed to submit a prescribed number of sets of Instruction Manuals (for installation and O&M), approved erection drawings, other technical literatures and Test certificates to Engg.- Tech. & Design/ QA&I;



Similarly for Transmission Lines, Tower Schedules, Bill of materials for tower quantities, Sag tension charts, H/ W fittings drawings, Test certificates (if any), topo sheets, Detailed survey reports, soil investigation reports, Foundation classifications, Tower erection drawings, route profiles, Insulator drawings, Tower spotting data, Foundation drawings, Shop floor drawings for towers etc. are required to be retained at PAG/ CMG.

Therefore, after the works are completed and TOC is issued, the concerned Responsible group shall check regarding availability of such documents and in case any relevant document is found missing/ not available, the same shall be issued as checklists/ punchlist to the Contractor and collected from them. These documents/ drawings etc. should be in hard binding/ files in a systematic manner for their handling during the O&M period. Atleast, two copies of each such set should be kept with the concerned PAG and Engg. – Tech. & Design separately. One copy of such set shall be maintained with the Records & Documentation Centre.

18.7.2 Pre- commissioning checks/ tests

These activities as explained elsewhere in Testing & Commissioning Manual shall be conducted and records made.

18.7.3 Physical Completion of Scope of Work

Once the 'Works' are notified to be completed by a contractor, PAG/ CMG shall take immediate action towards through checking of the same as described as above.

18.7.4 Commissioning / Taking over

After Works are completed/ test charged at rated parameters, TOC shall be issued as explained. The issuance of TOC is an important milestone in Contract Closing as it signifies completion of Works and commencement of Defects liability/ warranty period.

B 19.0 Miscellaneous Works

19.1 Material Reconciliation (Company supplied materials)

- 19.1.1 The PAG/ CMG periodically carry out material reconciliation with Contractor checking each and every receipt. The statement shall accordingly be prepared and a watch on the consumption of Company Supplied Material if any shall be kept by enclosing a material reconciliation statement (provisional) with every RA bill to avoid situations of abnormal recovery at the end.
- 19.1.2 On completion of works, the material reconciliation shall be given the final shape jointly by the PAG/ CMG and the Contractor. The Contractor shall be required to return the balance Company materials in terms of provisions in the contract.

Project Stores shall accept the material after verifying its quantity, make, and physical appearance. While accepting material, it will be ensured that quantities of various materials are in multiple of units acceptable as per Contract. For example, if the Contract provides acceptance of only sealed drums of conductor, the same has to be followed. Anything different shall be taken over / retained by the Contractor. However, for the purpose of working out the total consumption, no extra credit shall be allowed on this account.

In order to ensure that only materials in good condition and acceptable units, keeping the provisions of the Contract in view, are taken over from the Contractor, one representative of PAG will check & verify the materials suitable for use in works. Further, a copy of drawings, BOM, instruction manuals and tech. specification should be provided to the stores. On the basis of actual receipt of materials from the Contractor and verification from the site representative, store will issue the Materials Return Note (MRN). One copy of the MRN for the returned materials shall be provided to the PAG for finalizing reconciliation and effecting necessary recoveries, if any.

While taking back materials, the following shall generally be checked.

a) Hardware fittings

- i) Make of fittings,
- ii) Type of fitting,
- iii) No. of components matching with the drawings,
- iv) Condition of components,
- v) If any component has been replaced with the locally fabricated component.

b) Insulators

- i) Make,
- ii) Type-glass/ porcelain,
- iii) Strength,
- iv) Any crack or surface,
- v) Conditions of packing,

c) Conductor/ Earthwire

- i) Make & Marking on drums,
- ii) Length of conductor/ Earthwire,
- iii) Condition of standards,
- iv) Condition of drum etc,
- v) Sealed or Unsealed,

d) Sub- Station equipments

- i) Make of the item & quantity,
- ii) Condition of packing,
- iii) Condition of Bushing,

- iv) Condition of Metering Instruments,
- v) Overall appearance & condition,
- vi) Health of equipments-after conduction site tests such as tan-delta, meggering, etc.

19.1.3 While making final reconciliation statement, the total allowable consumption of Company-Supplied Material (CSM) shall be worked out taking into account the quantities actually erected/ required as per specifications including allowable working wastage. Based on the material issued to the Contractor and consumption as worked out as above, balance materials to be returned will be arrived at. If the material returned by Contractor is less than that arrived at as above, necessary recovery will be effected from the Contractor's final bill or other bills/ payment etc, unless otherwise provided in the Contract. However, if the Contractor wishes to replenish the excess consumed materials, the same shall be allowed from sources approved by PTCUL. The materials in all such cases shall be as per the approved Quality Plan of PTCUL and shall be dispatched only after Inspection and clearance by PTCUL.

Joint reconciliation of CSM shall be completed within 02 months of completion of 'Works'

19.1.4 The rate, which recovery for shortage of CSM has to be effected, shall be arrived at in the manner provided in the Contract. In case the Contract does not stipulate clear-cut guidelines or it is simply mentioned that recoveries are to be effected at procurement price, the following course of action shall be taken.

- (a) The recovery rate shall be finalized as on the date of Taking Over of "Works" i.e. the date of issuance of TOC for the 'Works/ Contract' to which CSM was issued.
- (b) The rate of such items (excepting cement and steel) whose recovery rates are to be finalized, shall be based on the Contract Agreement under which the procurement of the same was made. If procurement of such items has been made under more than one Agreement, highest of all rates will be considered for this purpose. Further adjustment to the rate shall be made towards price variation (if positive) applicable as on date of Taking Over of Works (to which CSM was issued). There shall not be a limit to PV amount for this purpose even if provided in the original contract. The rate so obtained shall be the procurement price plus 15%, to take care of PTCUL' s overhead expenditure, to arrive at recovery rate.
- (c) In case such items (excepting cement and steel) have not been procured for that project but have been used from buffer stock available in the Project Area or diversion from other Areas, rates of the same shall be taken from Contract placed for the same Area (preferably under domestic funding) around the date of Taking Over, within last 02 years. In case such rates are not available for the same Area, the same available for other Areas may also be used. The Contract rate, so obtained, shall be subject to further adjustment on account or price

variation applicable for the time elapsed between the contract date and the date of TOC. If the contract, from where the rate is taken, is based on tenders opened within two months before or after the date of TOC, the Contract rate shall, in that case, be taken as it is. The rate so obtained with or without effecting price adjustment, as the case may be, shall be raised by 15% to take care of PTCUL's overhead expenditure as aforesaid. The rate thus obtained shall be the recovery rate.

- (d) For cement, steel, (where supplied as CSM) procurement price, as on date of the TOC, shall be based on the latest Contract against which cement and steel were supplied to the 'Works', by escalating the contract rate @ 10% per annum for the lapse of time. The rate, so arrived at, shall be enhanced by 15% to take of PTCUL's overhead expenditure.
- (e) The rate in all cases shall be all-inclusive i.e. including basic rate, duties, taxes, freight etc. Irrespective of the type of funding, duties and taxes that are applicable for packages under domestic funding shall be taken. Moreover, wherever deemed export benefits are applicable, recovery rate arrived at as above shall be further enhanced by 10% to notionally take care of the possible impact of such benefits on rates obtained.
- (f) No penal recovery shall be made unless otherwise provided in the Contract.

19.1.5 It may also sometimes happen during execution of works that the Contractor demands material much more than that is required for actual erection including allowable wastage, probably because of negligence on his part. In such a situation, if PTCUL has to issue material through additional procurement, replenishment of such additional quantity will not be allowed. For such additional quantities recovery will be made as per procedure described above.

19.2 PG (Performance Guarantee) Tests

19.2.1 This is generally required to be performed only in case of packages like Air Conditioning & Ventilation, Fire Protection System, DG sets etc. The contractor in line with the provisions of the contract will carry out this in presence of the representative of PAG/ CMG.

19.2.2 Proposal of Qty variation, extra items & Issuance of Final Amendment.

19.2.3 As and when variations are anticipated during execution of works, action shall be taken by the concerned Responsible group towards processing and obtaining technical approval for the same, as already explained. Based on the technical approval, the Contracts Services group shall obtain administrative approval for issue of the change order and issue amendment from time to time again as already explains.

On completion of works, PAG shall examine as to whether some variations are yet to be approved and final amendment to the Contract is to be issued. If all variations are

found to have been covered by the amendments already issued, the PAG shall confirm to concerned Contract Service group that effect. In case it is observed that some further variations, over and above those covered in the last amendment, if any, remain to be processed/ approved action shall be taken by PAG and responsibility groups, as explained here before towards issuance of final amendment. In such a case the PAG shall clearly indicate in its proposal for technical approval of variations that the same pertains to final amendment to the Contract, as already prescribed.

The PAG shall ensure processing of proposal for final amendment, if required, within 30 days of completion of works. All Responsible groups shall ensure that final amendment is issued within 02 months of the completion of works.

- 19.2.4 During execution of the Contract the Company has a right to increase or decrease the quantity indicated in the LOA and for which the amendment to the Contract shall be based on the final requirement of the Company. But there may be a situation in pure supply packages that the total quantity actually received/accepted is slightly different from the quantity indicated in the Contract or the amendment last issued. Such variations occur generally on account of breakages/ damages/ thefts during transit and storage and technical limitations in supplying the exact quantity indicated in the Contract. Therefore, in such a situation, variations plus or minus upto 2% shall be acceptable provided the execution of work is not going to be adversely affected by accepting minus variation. The proposal for technical and administrative approval towards final amendment to the contract on this account too shall be processed in the same manner as explained earlier.
- 19.2.5 The processing of final amendment to the contract shall not be withheld for non-completion of minor works, which do not affect issuance of TOC\ Completion Certificate or performance of the system. However, the express understanding shall always be that all such works, howsoever minor those may be, shall be completed by the contractor within a time schedule mutually agreed at the time of issuing TOC/ Completion Certificate. If such works are not finally completed/ carried out by the contractor, PTCUL may consider closing of the contract, if it is feasible/ workable to complete the balance works through other sources, by effecting appropriate recovery towards carrying out such works in the final bill. In order to finalise recoverable amount, a cost estimate of balance works at prevailing market rate will be prepared which will also include PTCUL's overhead charges of 15%. The amount payable to the Contractor as per Contract if he would have completed the balance works will also be worked out. For arriving at the recovery amount, estimate prepared at market rate and tow times the amount payable to the contractor for balance works at Contract rates, whichever is higher, will be taken into account. For this the proposal shall be moved by PAG and approval of COO'S/CEO shall be taken through Engg., Contracts, Finance groups.
- 19.2.6 There may be a situation that there is considerable delay in commencement/ completion of PG tests. Irrespective of the reason for which it is delayed/ held up, the processing of final amendment proposal shall not be kept under hold. If at a subsequent date PG test is waived off or relaxed because of reasons attributable to

the Contractor, suitable recovery towards the same shall be finalized and the contractor will be required to deposit the recoverable amount if final bill has already been paid. In case the contractor fails to deposit the said amount, necessary adjustment will be made while releasing Performance Guarantee.

19.3 Time Extension & Settlement of LD

- 19.3.1 PAG/CMG shall initiate the proposal on this matter within 02 months of completion of works as explained earlier. Its further approval, if approving authority as at Projects Operations should be obtained in a month's time.

19.4 Extra Claims and Settlement Disputes

- 19.4.1 It may so happen that the Contractor, in course of execution of work, puts forth extra claims with respect to any provision of the Contract. In such a case attempts have to be made to mutually resolve such claims/ disputes within a reasonable time, say, 03 months of the completion of works. If such mutual settlement is not arrived at and any party to the dispute chooses to seek redressal under the relevant provision of the contract i.e. invoking Dispute Resolution Panel/ Arbitration clause, expeditious action shall be taken in that regard in line with that explained earlier.

19.5 Processing & Release of Final Bill

- 19.5.1 After final amendment to the Contract is issued, the Contractor shall be required to submit final bill, along with all the relevant details such as summary of all the previously paid bills including PV bills, quantities executed/ recorded, total value of the RA Bills, retention money, adjustment of mobilization advance, materials & other advances, recoveries, due and drawn statement etc. The final bill shall be properly checked as per the comprehensive checklists proposed and necessary action shall be taken to ensure that all the relevant details are taken care of before payment is recommended for release. Along with final bill, the PAG/CMG shall enclose the necessary certificates.
- 19.5.2 The final bill shall be prepared and forwarded to Finance so as to facilitate release of payment within a period as provided in the contract. After the final bill is forwarded to Finance, the same shall be thoroughly checked there and thereafter the payment shall be released.
- 19.5.3 There may be situation, when all other formalities required for release of final bill are complete but DRM (Dispute Review Mechanism)/ Arbitration proceedings are going on. In such a situation final bill and PG cannot be released to the Contractor till settlement of disputes. However, if final bill amount is sufficient to take care of the amount expected to be settled out of claims & counterclaims, PG will be released. In case the contractor still insists for release of payment otherwise due to him, without taking into account claims and counterclaims, the same can be released against BG of equivalent amount with the undertaking that BG will be encashed whenever required by PTCUL. Proposal in regard to release of PG and release of balance

payment against BG will be initiated by PAG/ CMG and same will require approval of COO's through Contracts Services & Finance.

- 19.5.4 Existence of DRM/ Arbitration proceedings shall not be a ground for non-processing of proposals pertaining to final amendment, LD settlement, finalization of recovery rates etc.

19.6 Warranty Completion

- 19.6.1 With satisfactory completion of warranty period/ defects liability period, which is linked with the date of Taking Over, the liability of the Contractor under a Contract comes to an end as all other activities are supposed to be completed much before it. In case any defect is observed during this period, the same is required to be rectified/ replaced by the contractor free of cost and the warranty period for that portion stands extended as may be specified.

19.7 Release of PG.

- 19.7.1 The release of PG (Performance Guarantee) is the last activity in the contract closing and takes place after successful completion of the warranty period. Since the release of PG is the last activity before the contract is declared as closed, compliance in regard to completion of the required formalities is ascertained in form of issuance of certificates called CCC's which are discussed here below:

19.8 Contract Closing Certificates (CCC's)

- 19.8.1 In order to ensure that entire scope under the Contract is completed and obligations/liabilities of either parties are properly settled before a particular contract is declared close, confirmation from concerned authorities in respect of satisfactory completion of respective activities shall be taken in form of issuance of Contract Closing Certificates (CCC's). The CCC's are devised in a manner so as to cover all aspects of a Contract. These CCC's, which can be devised are as below, indicating the responsible groups for the respective certificates.

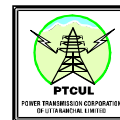
Sl.No.	Description	Responsible Group.
CCC 01	Final Amendment to Contract	Contracts Services
CCC 02	Receipt of Drawings from Contractor	Engg. – Tech & Design
CCC 03	Receipt of QA Documents	Engg. – QA & I
CCC 04	Receipt of Q& M manuals	Engg. – Tech & Design
CCC 05	Confirmation of Scope completion	PAG/ CMG
CCC 06	Settlement of LD	Contracts Services
CCC 07	Eqpt PG test	PAG/ CMG
CCC 08	Material Reconciliation	PAG/ CMG
CCC 09	Payment Reconciliation	Accounts
CCC 10	Fulfillment of statutory requirements	Contractor
CCC 11	No Demand Certificate	Contractor
CCC 12	Warranty completion	PAG/ CMG
CCC 13	Release of Performance Guarantee	Accounts

- 19.8.2 It is possible that some of the above mentioned CCC's are not relevant to a particular Contract. For example, CCC 07 is not relevant for Tower Packages, Civil Packages etc. and the same therefore will not be applicable in such packages. Hence, one a particular contract comes for consideration monitoring of Contract Closing, the responsible group identified as Overall Coordinator shall propose and obtain approval of the competent authority, through CMG, as to which are the CCC's those will be applicable to that contract. On approval, the same be informed to PAG/CMG and Finance, preferably in a consolidated tabular form covering all the Contracts being monitored for Contract closing at a time.
- 19.8.3 CCC's 1-10, to the extent applicable as discussed above, shall be obtained before release of final payment by Accounts. While the overall responsibility for coordination shall be with responsible groups mentioned as above, the concerned Responsible groups as mentioned elsewhere shall ensure that they issue these certificates in time. The issuance of CCC 10 and CCC 11, both to be given by contractors, shall be coordinated by PAG/ CMG and Accounts respectively. As a matter of procedure, the concerned Responsible group shall issue respective certificates within 10 days of completion of a particular activity. Except CCC 10 and 11, all other certificates shall be issued at least in two copies with original being sent to/ retained by the Contracts Services which is the overall coordinator, and copy to be given to PAG.
- 19.8.4 From Contractor's side, a representative, duly authorized to sign such documents, shall sign CCC's. From PTCUL's side, it shall be signed by an Authority not less than EE and forwarded through the concerned Incharge of the works not below SE. However, CCP- 12, shall always be forwarded through the head of PAG thro' CMG. All such details shall also be brought out in respective CCC's proposed to be designed.
- 19.8.5 Once all the contract closing activities are completed and the required certificates are obtained, the concerned Contracts Services shall put up a note confirming the same and declare closing of a particular Contract for information of COO's and as MIS to CEO/ Board.

2.9 Black-listing of the firm:

In case of default on the part of the party blacklisting of the supplier/contractor shall be resorted to under the following circumstances.

- 2.9.1 The supplier fails to supply the material without proper reason.
- 2.9.2 The supplier regularly tries to supply inferior quality material with an intention to cheat.
- 2.9.3 After supplying inferior quality material or damaged materials, the supplier refuses to replace/rectify the same, in spite of repeated reminders and does not return the advance payment collected from PTCUL.
- 2.9.4 The supplier tries to obtain order by illegal or immoral means.
- 2.9.5 The supplier is declared insolvent.



- 2.9.6 The supplier is blacklisted by the Government of India.
- 2.9.7 The supplier indulges in criminal activities like forgery, impersonation, unauthorized dealings, intentionally submitting forged documents as genuine etc.
- 2.9.8 The supplier misbehaves with the staff of PTCUL and purposely acts against the norms laid down by the Company.
- 2.9.9 Any party making post tender development ? directly or indirectly may be blacklisted for a period of upto 3 years.
- 2.9.10 In case tenderer amends/modifies/revise/withdraws the prices/price structure of the offer without the consent of PTCUL, after the tender opening and during the period of validity of their offer(i.e. 120 days), the Earnest Money in full or part deposited by them shall be liable to be forfeited or their offer liable to be rejected. They shall also be debarred from participating in future tenders of PTCUL for the period ranging from 1 to 5 years and shall be placed under Black list.
- 2.9.11 If the supplier fails to supply the material in full or in part within stipulated delivery period specified in the purchase order or material/equipment is found to be defective or failing to fulfill the Guaranteed Performance of the contract as specified in the Purchase Order, they shall be debarred or blacklisted from participating in future tender of PTCUL for the period ranging from 3 to 5 years.
- 2.9.12 In case tenderer amends/modifies/revise/withdraws the prices/price structure of the offer without the consent of PTCUL, after the tender opening and during the period of validity of their offer (i.e.120 days), the Earnest Money in full or part deposited by them shall be liable to be forfeited or their offer liable to be rejected. They shall also be debarred from participating in future tenders of PTCUL for the period ranging from 1 to 5 years and shall be placed under Black List.
- 2.9.13 If the supplier fails to supply the material in full or in part within stipulated delivery period specified in the purchase order or material/equipment is found to be defective or failing to fulfill the Guaranteed Performance of the contract as specified in the Purchase Order, they shall be debarred or black listed from participating in future tender of PTCUL for the period ranging from 3 to 5 years.
- 2.9.14 Any deviation, without proper permission, from the standard clauses shall be unacceptable and will tantamount to breach of Company Rules. Action shall be taken against the erring.
- 2.9.15 If due to any reason, the implementation of any clause of this manual becomes inoperative or difficult then a Manual Review Committee shall be constituted to give its comments by way of recommendation to Apex Management for suitable changes. The same will be constituted with the approval of the Managing Director of the Company concurrent to the implementation date of this Manual.

2.9.16 In case of inconsistency with any other documents relating to Contracts & Purchases this manual shall prevail and supersede all other documents on any or all the subject matter defined and explained in this manual.

All the clauses of this Manual shall become operative for all the tenders to be released on or after 1st June 2007