

PREAMBLE TO THE DOA FOR PROCUREMENT & CONTRACTS – VERSION 2011**1. DELEGATION OF AUTHORITY**

NRL is currently carrying out procurement of goods and services based on an approved Delegation of Authority (DOA) prepared in December, 2004. This DOA was broadly based on a principle practiced in Indian Oil Corporation (single point authorities) and the authorities delegated at various levels were finalized at a time when the Company was in the initial stage of stabilization and in the process of consolidating systems and procedures. It is now felt that the DOA needs to be revisited in view of the experience gained over the years, implementation of SAP with associated audit mechanisms, to offset the effect of inflation and also to entrust executives with greater responsibilities commensurate with industry practice. The matter has been examined and deliberated upon at length internally involving executives in all job groups in the Commercial function and job groups 'D' and above from Finance and user departments and a revised DOA has been prepared where the authorities delegated (at the operating levels) and the principle followed are in line with the Manual of Authority of BPCL refinery (committee based authorities), which is in vogue since the year 2003. However, NRL being a subsidiary of BPCL, the authorities delegated beyond the operating levels, i.e., SCBT have been kept significantly lower than those at BPCL. The current DOA at NRL has separate proviso for catering to the requirements of operational needs and those for Mega Projects costing more than Rs. 50 Crores. The varied authorities for Mega Projects are unified.

As stated above, it is proposed to adopt the revised DOA which is in line with the existing BPCL Manual of Authorities along with clarificatory notes / guidelines as existed in February, 2003 (with appropriate modification to match NRL specifics). Accordingly, sub-delegated authorities are as per Annexure – I for approvals at the levels of Board / SCBT and Annexure II (with clarificatory notes / guidelines) for approvals at Operating / Functional levels.

2. SUB DELEGATION OF AUTHORITIES (PROCUREMENT & CONTRACT SERVICES)

- i. The document contains the powers sub-delegated by the Managing Director to other officers of the company for discharging various functions relating to contracts for works, purchase, maintenance and services and other miscellaneous matters.
- ii. These powers will be subject to the provisions of the various statutory enactments pertaining to the company, the Memorandum and Articles of Association of the Company, the directives issued by Government and the policy laid down by the Company / Board from time to time.
- iii. In view of the substantial increase in sub-delegation and changes in internal processes due to implementation of ERP system (SAP), it is necessary that the following points are kept in mind while exercising the authorities:
 - a) The delegation of authority to the various staff members / committees imposes commensurate responsibility and accountability.
 - b) In exercise of the delegated authorities, the staff must observe all laid down procedures and instructions.



- c) Authority has been delegated to the Chief Emergency Coordinator as per approved prevailing organogram for Onsite Emergency Preparedness Plan for dealing with Emergencies as described therein.

Onsite Emergency/Disaster:

Onsite Emergency/disaster is an unpleasant event of such magnitude which may cause extensive damage to life and property due to plant emergencies resulting from deficiencies in Operation, Maintenance, Design and Human error, Natural Calamities like Flood, Cyclone and Earthquake; and deliberate and other acts of man like Sabotage, Riot and War etc. An Onsite Disaster may occur all of a sudden or preceded by a Major Fire.

Offsite Emergency /Disaster:

Offsite Emergency Disaster is an unpleasant event of such magnitude, which has potential to harm Life, Property and Environment outside the Boundary wall of the Refinery.

- d) The powers of the approving authority are limited to sanction of expenditure only in respect of those items which are already included in the approved annual revenue budget / capital budget. The value of the orders should not be split up so as to keep within the sanctioning powers of the delegated authority. Where the contracts are awarded in phases, the total value of the contract for the specific item should be taken into account for the limits of powers of sanctioning authority even in cases where the contract is awarded breaking into individual components.
- e) There should be no system of substituting unbudgeted items against budgeted items. Unbudgeted items will have to be funded solely out of contingency funds.
- f) In view of the fact that all transactions are, and will continue to be subject to close scrutiny, it is essential that this aspect is borne in mind and adequate records maintained to avoid queries at a later date.

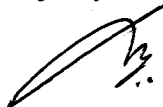
iv. These powers are to be exercised adhering to the Guidelines indicated below:

- a) The concerned officer has to exercise these powers relating to his unit / Deptt. only
- b) The officers to whom these powers have been sub-delegated are not authorized to further sub-delegate these powers to any other officers.
- c) In case due to administrative reason, an officer is to be empowered to exercise higher responsibilities, specific approval will have to be obtained from the Managing Director giving due justification and after obtaining Financial Concurrence. This is intended to facilitate the role based authority in view of compact manpower of NRL.



3. **BROAD PRINCIPLES OF OPERATION OF DOA**

- i. Powers/decision rights are vested with officers at various levels with value limits.
- ii. It should be assumed that authorities covered in the DOA can be automatically exercised by officers higher up in the hierarchy in the related area of responsibility. For instance, the authorities of a Chief / Sr. Manager can be exercised by the DGM in the relating function / hierarchy
- iii. Managing Director is authorized to reconstitute a committee if such reconstitution is warranted owing to non-availability of member / members in the specified JG for a Committee on account of long leave or when the post is vacant for any reasons including elevation of post. However, in such reconstituted committee there can be a maximum of 02 alternate members if the committee comprises of more than 03 members and a maximum of 01 alternate member if the committee comprises of up to 03 members.
- iv. Authorities are applicable to all Departments unless specified. The Manual consists of several sections representing various functions to enable decision making. These sections do not pertain to particular department (unless specified) but represent specific functions / activities. For instance, the section on "Legal" does not necessarily pertain to the Legal dept but is intended to cover all legal matters
- v. Notes and remarks are part of DOA and should be read in conjunction with DOA clause as well as the relevant clause in the Guidelines for Procurement & Contract Services
- vi. In deciding upon the award of contracts and / or placement of orders, there must be commercial prudence to ensure that, firstly, the Company receives value for money, and secondly, there is transparency, fairness and equity in our dealings with Contractors / Suppliers.
- vii. Emphasis is to be on completion of all jobs within Budgeted Cost and agreed time frame and to the specified quality
- viii. In all proposals put up to approving authority, all material facts should be mentioned and there should be no suppression / alteration / mis-interpretation of any facts. The approving authorities should be able to take a decision based on the records / data / facts placed before them. Any failure to report the proper facts would be construed as lapse on the part of relevant dealing committee / official(s) responsible for the item.
- ix. In case of any dissenting note by any member of a Committee, the approving authority should ensure that the requirements pointed out by the dissenting functionary are fully met before approval is accorded. If, however, the approving authority chooses to overrule the dissenting note, he can do so by recording the justification.
- x. All proposals are to be put up as per Guidelines for Procurement & Contract Services and routed through ERP unless otherwise specified.
- xi. The Commercial Dept. shall be the nodal agency for procurement, material storage and inventory (except product inventory), award of contract for services, payment and asset disposal, activities unless otherwise specified.
- xii. All requirements of IT equipments will be coordinated by / channelized through IIS dept.
- xiii. Finance Dept shall be the nodal agency for Capitalization of procured assets



- xiv. Any or all the powers sub-delegated herein may be revoked, modified or amended by Managing Director and such revocation, modification or amendment shall be in writing.
- xv. Anything above the sub-delegated authorities or items not specifically covered under the DOA shall be referred to the Committee of Functional Directors (CFD) for guidance.
- xvi. Any item which is not specifically covered in the manual and is outside the policy shall be referred to Director (F) for guidance.
- xvii. Any doubt concerning the interpretation of delegation should be referred to GM (F).

4. PURCHASE PREFERENCE TO MSME

The Government policy towards Micro, Small & Medium Enterprises provides for facilities as noted below:

- a) Issue of tender sets free of cost
- b) Exemption from payment of earnest money
- c) Waiver of security deposits up to the monetary limit for which the unit is registered and
- d) Price preference up to 15% over the quotation of large-scale units.

In this regard while facilities as mentioned at sl. no. 4a, 4b & 4c above shall be complied with in line with the Government policy, however, the facility at sl. no. 4d i.e. "Price preference up to 15% over the quotation of large-scale units" is to be kept in abeyance to encourage competitive tendering and to realize the most economic prices against goods and services.

5. MOBILIZATION ADVANCE

The Central Vigilance Commission has been monitoring the matter of Mobilization Advance and has issued several Office Memoranda and Circular stipulating certain mandatory requirements and conditions for release of Mobilization Advance (copies enclosed as Annexure-IV). The Central Vigilance Commission is of the opinion that provision of Mobilization Advance should essentially be need based. Decision to provide such advance should rest at the level of Board (with concurrence of Finance) in the organization. In view of the foregoing and as a practice, Mobilization Advance is generally discouraged at NRL. However, should there be any compulsion to provide for Mobilization Advance in a specific-tender this will be brought under the purview of Special Conditions of Contract (SCC) forming part of tender document i.e. notice inviting tender wherein detailed terms & conditions applicable for providing Mobilisation Advance shall be stipulated as per existing guidelines and norms stipulated by CVC. If need arises, then there will be corresponding loading on account of this in bid evaluation.

Release of Mobilisation Advance shall however be taken up with the approval of the Board in line with para 1 of CVC Office Memorandum / Circular No. 4CC-1-CTE-2 dated 10.04.2007.



6. **IRR NORMS FOR UNBUDGETED ITEMS TO BE MET OUT OF "CONTINGENCY FUND" OR "COUNTERVAILING SAVINGS" DURING THE YEAR ON OTHER ITEMS**

a) Classification of Appropriation Request for Capital Expenditure

Appropriation Requests have been classified into following six categories:

- i. ***Performance/Profitability Improvement (PI)***: This category of schemes should necessarily have an Internal Rate of Return (IRR) of 15% or higher.
- ii. ***Business/Operation Necessity (BN)***: Scheme under this category are required to be implemented irrespective of their IRR in order to sustain existing level of operations in a changing environment and considering long term perspective of the company in an emerging competitive environment. Board had expressed concern about very high percentage of proposal under this category. Hence, it is suggested that a very few and extremely necessary cases are to be categorized under this head. However, where applicable, IRR workings must be furnished.
- iii. ***Replacements and Renewals (RR)***: These schemes are required to be implemented for sustaining and improving productivity. While raising RR class of proposals, status of the original asset as well as reasons for proposed replacements must be provided.
- iv. ***Safety and Security (SS)***: IRR workings for this category of proposals are not mandatory but investments need to be justified on grounds of operational safety and compliance with recommendations of statutory bodies like OISD and also keeping in view security aspects of the Refinery, Marketing Terminal and other installations of the company.
- v. ***Energy & Environment (EN)***: IRR workings are not mandatory but investments need to be justified on grounds of energy conservation measures and compliance with environmental stipulations of statutory bodies.
- vi. ***Welfare and Industrial Relation (WI)***: These schemes are justified on the need for providing welfare for employees or for fulfillment of social and statutory obligations of the Company.

b) Assigning priority ranks to proposals

To ensure better allocation of resources, it is necessary that all Additional Facility proposals are prioritized by assigning ranks in a scientific way. The ranks also need to be reviewed at higher levels for ensuring a uniform basis. The following ranking criteria shall be adopted.



- (i) The six categories of AF proposals stated in paragraph 5 (f) shall be assigned different weightages (Max.=20, Min.=13) based on their relative importance as described below:

<u>Investment Reason</u>	<u>Weight</u>
Safety & Security (SS)	20
Energy & Environment (EN)	19
Performance Improvement (PI)	18
Replacement & Renewal (RR)	16
Welfare & Industrial Relation (WI)	15
Business Necessity (BN)	14

- (ii) Proposals shall be allotted priority rating as follows:

<u>Priority</u>	<u>Weight</u>
★ Essential	5.0
★ Highly Desirable	3.0
★ Desirable	1.5

The Overall Rating of a proposal = Investment Reason Weight x Priority Weight.

For example, a proposal under 'SS' category with priority of 'Highly Desirable' will have an overall rating of $20 \times 3 = 60$.

7. SINGLE TENDER / NOMINATION:

Procurements and Contracts will be permitted on a single tender basis in the following circumstances only:

- i) Where the material to be manufactured / fabricated or services to be obtained are of a specialized / proprietary nature.
- ii) Spares for equipment to be purchased from the manufacturer of the equipment or authorized dealers to ensure that genuine parts are being purchased.



- Commercial Dept in conjunction with User Dept should prepare a list of proprietary items after thorough review and justification and obtain approval of same from GMs of user department, Commercial and Finance. This list needs to be periodically reviewed. Internal Audit should check these items at random periodically to check whether the items are really proprietary in nature.
- iii) For standardization, where the User Function specifies a proprietary brand even though materials of equivalent specifications are available, a single tender can be sent.
 - iv) Where under Technical / Professional Advice, works are to be obtained from specialized parties / individuals, such as cases of soil investigation, land valuation, arbitration, HR / Finance / IT interventions, technical investigation etc.
 - v) Where situation warrants immediate / urgent action.
 - vi) In case of indigenous development of items for import substitution, invitation of offer from a single party specializing in the field / commodity and subsequent negotiations with them will be permissible.
 - vii) For processing of Contracts on single tender / nomination basis (both for Pvt. and public sector) prior approval should be obtained as per the DOA clause No. 7(a).
 - viii) The decision for the approval and acceptance of the quotation so finalized will rest with appropriate level of the authority as per DOA clause no 10.
 - Proper justification for single tendering citing compelling reasons, the nature of the item to be procured and why specific vendor / contractor is being awarded etc should be brought out in the approval note to be approved by the competent authority.
 - The note should also indicate rate reasonability. For this, rates of previous POs / WOs for similar item / job should be compared. In case of proprietary items / single tender / single offer, the vendor should be asked to justify the rates by production of copies of recent PO / WO by other companies for the same item.
 - ix) Scrutiny of contracts & purchase orders awarded on nomination / single tender basis should continue as per prevailing practice for highlighting lapses observed for corrective action. The data on such contracts & purchase orders above Rs 5 lakhs in value should be checked by Internal Audit to the extent of at least 10%. Internal Audit shall put up to the Audit Committee of the Board their findings on such verifications.
 - x) Consolidated data on a quarterly basis of all contracts & purchase orders awarded on nomination / single tender basis to private parties in excess of Rs. 5 lakhs in value shall continue to be provided, as per prevailing practice, by Commercial department to Company Secretary for reporting to the Board.



ANNEXURE-I

I. Approving Authority: Board of Directors

The proposal initiated by the Commercial department to be vetted by Committee consisting of functional heads of Commercial, Finance and the Indenting departments and concurred by Director (Technical) and Director (Finance) before it is submitted to the Board for approval.

Financial limits:-

Award	Private Sector		Public Sector	
	Existing*	Proposed**	Existing*	Proposed**
1. Acceptance of Single Tender/Offer	Above Rs. 5 Crores	Above Rs. 10 Crores	Above Rs. 10 Crores	Above Rs. 15 Crores
2. Acceptance of Single Tender (Proprietary/OEM items)	Above Rs. 10 Crores	Above Rs. 15 Crores	Above Rs. 10 Crores	Above Rs. 20 Crores
3. Acceptance of Tender other than lowest	Above Rs. 5 Crores	Above Rs. 15 Crores	Above Rs. 10 Crores	Above Rs. 20 Crores
4. Acceptance of lowest tender	Above Rs. 25 Crores	Above Rs. 25 Crores	Above Rs. 25 Crores	Above Rs. 25 Crores
B. Increase / Decrease in Contract Value	Above 10% for tenders approved by SCBT and actual for tenders approved by the Board.			

II. Approving Authority: Standing Committee of the Board for Tenders (SCBT) comprising of Managing Director, any two part time Directors of the Company & permanent invitee from BPCL.

The proposal initiated by the Commercial department to be vetted by Committee consisting of functional heads of Commercial, Finance and the Indenting departments and concurred by Director (Technical) and Director (Finance) before it is submitted to Standing Committee of the Board for approval.

Financial limits:-

Award	Private Sector		Public Sector	
	Existing*	Proposed**	Existing*	Proposed**
1. Acceptance of Single Tender/Offer	Upto Rs. 5 Crores	Upto Rs. 10 Crores	Upto Rs. 10 Crores	Upto Rs. 15 Crores
2. Acceptance of Single Tender(Proprietary/OEM items)	Upto Rs. 10 Crores	Upto Rs. 15 Crores	Upto Rs. 10 Crores	Upto Rs. 20 Crores
3. Acceptance of Tender other than lowest	Upto Rs. 5 Crores	Upto Rs. 15 Crores	Upto Rs. 10 Crores	Upto Rs. 20 Crores
4. Acceptance of lowest tender	Upto Rs. 25 Crores	Upto Rs. 25 Crores	Upto Rs. 25 Crores	Upto Rs. 25 Crores
B. Increase / Decrease in Contract Value	Upto 10% for tenders approved by SCBT and above 20% for tenders approved by TEC committees 'F' and below.			

* Existing DOA for mega projects costing Rs 50 Cr and above

** Proposed unified DOA

Note: Increase / Decrease in contract value shall be guided by the Clarificatory Notes / Guidelines of clause 18 of the DOA.



FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
(SANCTION FOR INCURRING CAPITAL/REVENUE EXPENDITURE)				
1	Budget approval, Capex / Revenue Budget	Committee comprising of: 1. GM(Commercial) 2. GM(F) 3. GM(Ops) 4. GM/(TS) 5. GM(Mktg.) 6. GM(HR) 7. DGM (Maint.) (7 members)	To recommend all cases to the Board	To be put up to Board for approval. Corporate Planning will coordinate for Capex Budget and Finance Dept for Revex Budget based on the recommendation of the Committee (Head of the unit to recommend to Board)
2(a)	Capital Expenditure Approval for Estimates / Expenditure (both plan & non-plan proposals against approved annual capital budget).	Committee comprising of: 1. GM (User Dept.) 2. GM (F) 3. GM (TS) 4. GM (Ops) (4-members) Committee comprising of: 1. GM (User Dept.) 2. DGM (F) 3. DGM (TS) 4. DGM (Ops) (4-members)	Upto Rs. 10 Crores for each proposal. Upto Rs. 3 Crores for each proposal.	Proposals above Rs 3 Crores will be submitted to the Project Appraisal Committee before seeking approval of the appropriate committee for incurrence of expenditure. Proposals above Rs. 10 Crores will be submitted to CFD for approval based on the recommendation of the Committee. This approval shall be applicable prior to execution or incurring expenditure for projects not individually identified while giving approval by Board but approved under a broad head. This will also be applicable for individual projects approved by Board in case there is variation to the estimate before execution etc. In case of plan projects approved by Board for incurring expenditure shall not be subjected to additional approval again. However, sub-grouping of budgets unless approved originally shall require approval as noted prior to incurring expenditure. The above provision of approval shall be converted to a PR in SAP by the concerned member representing the user department and forming part of the respective committee. Other provisions of this clause shall be operated as per guidelines

FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
3.	Unbudgeted Items – To be met out of “Contingency Fund” or “Countervailing Savings” during the year on other items.	Committee comprising of: 1. GM (User Dept.) 2. GM (F) 3. GM (Ops) 4. GM (TS) (4-members) Committee comprising of: 1. GM (User Dept.) 2. DGM(F) 3. DGM (Ops) 4. DGM (TS) (4-members) 1. DGM (User Dept.) 2. CM/SM (F) 3. CM (Ops) 4. CM (TS) (4-members)	Upto Rs.25 lakhs in each case. Upto Rs. 15 lakhs in each case. Upto Rs. 5 lakhs in each case.	• To take care of unforeseen exigencies only. • Control & allocation of both contingency budget & countervailing savings shall be by Corporate Planning department. • All capital budget norms including IRR shall be applicable (IRR norms included in the preamble to this DOA).

FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
(FOR CONTRACTS & PROCUREMENT)				
4.	Approval for Estimates / Expenditure, both against approved annual (a) Revenue budget (b) Capex Budget (Including Services)	1. CM/SM & above of User dept. 2. Manager of User dept. 3. DM of User dept.	Above the value Rs.2.0 crores Upto Rs.2.0 crores Upto Rs.50 lakhs	Estimates shall be prepared for all jobs above Rs 25000 Estimates to be prepared on realistic basis with proper back up justification. This relates to approval for floating tenders.
5.	Enlistment / Delisting/ Holiday listing of Contractors/Suppliers.	Committee Comprising of: 1. GM(Comm) 2. GM (User Dept.) 3. GM (F) 4. DGM (Comm) (4-members)	All cases	Reasons for delisting / holiday listing shall be clearly specified with supporting documents, wherever available. The enlisting / delisting / holiday listing shall be as per the Guidelines for Procurement and Contract Services.
6	Approval of contractors/ Suppliers for floating of tender enquiries based on estimated value.	Committee comprising of: 1. Mgr./Dy. Mgr.(Com) 2. Mgr./Dy. Mgr. (User Dept.) (2members) 1. DGM/CM(Com) 2. DGM/CM (User Dept.) (2members)	Upto Rs. 1 Crore in each case Above Rs. 1 Crore in each case	As per procedure laid in the Guideline for Procurement and Contract Services.

FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
7 (a)	Administrative approval of indenting department for forwarding proposal for Procurement / award of jobs on single tender basis			
	i) Nomination basis	Respective GM (User Dept.)	At estimated value for all cases.	Justification to be recorded as per Guidelines for Procurement & Contract Services and para 7 of the preamble to this document. Award of contract as per authorities specified under clause 10 for 7(a)(i), (ii), (iii)
	ii) Standardization	Respective GMs (User Dept.) (Any two members)	At estimated value for all cases.	Based on recommendation of a Committee of 2 operative heads (Commercial / User Function) for 7(a)(ii)
	iii) Trial Order	Respective GM (User Dept.)	At estimated value for all cases.	The recommendation note should spell out the need as well as the value of the Trial Order to be placed for 7(a)(iii)
7(b)	Prior approval for procurement of spare parts / components or services from OEM or their authorized dealers or on Proprietary basis.	* Prior approval is not required.	N/A	*For appointment of foreign consultants, prior approval has to be obtained from Board.

FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
8	Tender Opening Committee a) Unpriced bid	Committee comprising of: 1. Officer from Commercial function 2. Officer from User function. (2 Members)	All tenders	Guidelines for Procurement & Contract Services should be followed. Details of tender opening shall be recorded by the tender opening committee members as per laid down procedures of Guidelines for Procurement & Contract Services.
	b) Priced bid	1. Officer from Commercial function 2. Officer from Finance function. (2 Members)	All tenders	Estimates for services, wherever applicable, shall be signed by the tender opening committee at the time of opening of priced bid.
9	Authority for approving Technical Bids. For tenders floated in-house as well as by consultants.	Committee comprising of: A: 1. GM (user function) 2. GM(Ops)/GM(TS) (2 Members) B: 1. CM/SM of User function 2. CM/SM of (Ops / TS / Maint). (2 Members)	All tenders Upto Rs. 100 lakhs	Financial limit is based on Estimated value of Job / equipment (same as prior to opening of price bid).

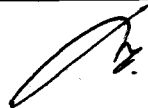
FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
10. Award of contract/purchase order:				
10(a)	Acceptance of contract /purchase order against tenders (single tender /nomination / limited tender and open tender)	Committee comprising of: (i.e. Committee F) 1. GM (Comml) 2. GM (User Dept.) 3. GM (F)) 4. DGM(Comml) 5. GM (another dept.) (5 Members)	<u>Single Tender</u> (Rs. in lakhs) Pvt. PSU Parties 100 400 <u>Lowest against open Tender & Limited Tender</u> Pvt. PSU Parties 800 800 Other than above (including single offer and Proprietary/OEM items) 200 400	i) Proposals exceeding Rs.800 lacs on lowest quote basis, proposals on single tender basis exceeding Rs.100 lacs in respect of Private parties and Rs. 400 lacs in respect of PSUs, and proposals on other than lowest/single offer/ Proprietary/OEM exceeding Rs.200 lacs in respect of private parties and Rs.400 lacs in respect of PSUs shall be submitted to SCBT/Board for approval as per limit applicable in the DOA. ii) Jobs awarded other than L1 and on nomination shall be reported to CFD/Board as per existing requirement.



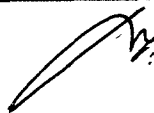
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Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
10(b)	Acceptance of contract /purchase order against tenders (single tender /nomination / limited tender and open tender) – contd.	Committee comprising of: (i.e. Committee E) 1. DGM (Comml) 2. DGM (User Dept.) 3. DGM (F)) 4. CM (Comml) (4 Members)	<u>Single Tender</u> (Rs. in lakhs) Pvt. PSU Parties 75 300 <u>Lowest against open Tender & Limited Tender</u> Pvt. PSU Parties 600 600 Other than above (including single offer and Proprietary/OEM items) 100 300	



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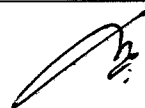
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10(c)	Acceptance of contract /purchase order against tenders (single tender /nomination / limited tender and open tender) – contd.	Committee comprising of: (i.e. Committee D) 1. CM (Comml) 2. CM (User Dept.) 3. CM (F)) 4. SM(Comml) (4 Members)	<u>Single Tender</u> (Rs. in lakhs) Pvt. PSU Parties 50 200 <u>Lowest against open</u> <u>Tender & Limited</u> <u>Tender</u> Pvt. PSU Parties 400 400 Other than above (including single offer and Proprietary/OEM items) 75 200	



FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
10(d)	Acceptance of contract /purchase order against tenders (single tender /nomination / limited tender and open tender) – contd.	Committee comprising of: (i.e. Committee C) 1. SM (Comml) 2. SM (User Dept.) 3. SM (F)) 4. M(Comml) (4 Members)	<u>Single Tender</u> (Rs. in lakhs) Pvt. PSU Parties 5 25 <u>Lowest against open</u> <u>Tender & Limited</u> <u>Tender</u> Pvt. PSU Parties 100 100 Other than above (including single offer and Proprietary/OEM items) 15 25	



FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
10(e)	Acceptance of contract /purchase order against tenders (limited tender and open tender)	Committee comprising of: (i.e. Committee B) 1. Ch.Mgr. & above of the Commercial Dept. 2. Sr. Mgr./Manager of the Commercial Dept. (2 Members)	Lowest Quote upto Rs.5 lakhs.	
10(f)	Acceptance of contract /purchase order against tenders (limited tender and open tender)	Committee comprising of: (i.e. Committee A) 1. Mgr. & above of the Commercial Dept. 2. Dy. Mgr./AM/Officer of the Commercial Dept. (2 Members)	Lowest Quote up to Rs.1 lakh	



FINANCIAL AUTHORITIES				Annexure - II
Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
11	Repeat Orders	By the tender committee which originally approved PO/Contract	Not exceeding the original PO/Contract value	In line with the conditions as per the Guidelines for Procurement & Contract Services: Where the same material has been purchased or work contracted before, repeat order may be placed, provided the following conditions are satisfied and so recorded: I. The repeat order should be placed within 12 months of the issue of the original order II. The total value of all repeat orders put together should not exceed the original order value. III. Similarly all repeat order/s quantity put together should not exceed the original ordered quantity. IV. There has been no reduction in the rates of similar materials / jobs since the original order was placed. V. The original order was placed on "L1" basis as a result of a regular enquiry. VI. It is implied that Repeat Orders will be placed only on the party on whom the original order was placed.
12(a)	Execution of jobs or Procurement of materials on verbal / telephonic quotations followed by written confirmations. - Lowest quote basis	Committee comprising of: 1. CM/SM of the User Dept. 2. M/DM of the User	Upto Rs. 50,000/- in each case	<u>NOT APPLICABLE FOR CAPEX ITEMS</u> Based on the recommendation of the committee members for operational necessity. Not required to be routed thru Commercial Dept. No FC

FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
		Dept. (2 Members) Committee comprising of: - CM/SM of Project Dept. - M/DM of Project Dept. (2 Members)	Upto Rs. 2,00,000/- in each case for Mega Projects only (above Rs. 50 Crs.)	required However as far as possible jobs to be awarded to or materials to be procured from registered parties. <u>APPLICABLE ONLY FOR MEGA PROJECTS</u> The amount of Rs. 2,00,000/- as noted is applicable for Mega Projects (above Rs. 50 Crs.) only for expediting project work and not meant for items of common nature e.g. furniture, computers, laptops etc. The jobs shall be executed with the knowledge of concerned Functional head.
12(b)	Execution of jobs or procurement of materials on verbal / telephonic quotations for urgent requirements. - Single tender basis	Committee comprising of: - Manager of the Commercial Dept. - DM/AM of the Commercial Dept. (2 Members)	Upto Rs. 25,000/- in each case	<u>NOT APPLICABLE FOR CAPEX ITEMS</u> Based on the recommendation of the committee members for operational necessity to be established by the concerned dept.
13	Approval for conducting Negotiations (Subject to guidelines issued by CVC)	Committee comprising of : - TEC member of the Commercial Dept. - TEC member of the User Dept. Respective Functional Director	All proposals - within the limits of TEC. For proposals to be approved by CFD / SCBT / Board	Guidelines for Procurement & Contract Services should be followed.
14	To issue WO / PO / LOI/FOI and signing of	To be issued by Commercial Dept.		Formal issue of WO/PO/LOI/FOI etc. shall be issued by the job groups as shown after TEC approval.

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Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
	Agreement for Works & Purchase contract	DGM (Comml) CM or SM (Comml)	SCBT / Board cases Other than SCBT / Board cases	Agreements to be executed by holder of Power of Attorney
15(a)	Sanction of advance payment to Government department / Government bodies against undertaking/ Indemnity	Respective Tender Evaluation Committee approving the contract.	Upto 10% of the contract value subject to the maximum of Rs.25 lakhs.	(i) Sanction of advances in excess of the above limits shall be submitted to CFD for approval by and on the recommendation of Head of Commercial Dept (ii) Sanction of advances in case of proposal to be decided by SCBT/Board shall be submitted to SCBT/Board for approval by and on the recommendation of Functional Director. (iii) All advances to be processed as per the Guidelines for procurement and contract services and CVC stipulations. (iv) This pertains to Advance payments to Govt. bodies like CPWD, Railways, State Elec. Board, Telephone Authorities, State Govt. Bodies, Jal Nigams, Municipal Corp., CCOE, Boiler Inspector etc. who work on deposit basis. Also for advance payments to Public Sector Consultancy organizations like RITES, IRCON and Scientific & Industrial Research organizations such as NIO, NEERI, IIT, etc. who demand substantially higher advance before taking up studies.



FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
15(b)	Sanction of advances to suppliers / contractors in each case after taking into consideration the financial reputation of the suppliers, wherever necessary against submission of BG	Respective Tender Evaluation Committee approving the contract.	Upto 10% of the contract value subject to the maximum of Rs.25 lakhs.	(i) Sanction of advances in excess of the above limits shall be submitted to CFD for approval by and on the recommendation of Head of Commercial Dept (ii) Sanction of advances in case of proposal to be decided by SCBT/Board shall be submitted to SCBT/Board for approval by and on the recommendation of Functional Director. (iii) All advances to be processed as per the Guidelines for procurement and contract services and CVC stipulations.
16	To fix rate of hire / Lease of equipment and machinery & use of utilities to be given to contractors for use in the job as per policy / rules in force	GM (O) or GM (TS) and GM (F) (two members)	All estimated rates within the terms of contract.	Based on recommendation of constituted committee. For electricity as per ASEB rate for industrial consumer prevailing on the date of floating NIT or Company's generation cost (which will be notified in the Tender), whichever is higher.

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Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
17	a) Provisional extension of time in order to enable the party to complete the job (by executing function). However, LD/Price reduction amount shall be retained /recovered b) Extension of scheduled completion period for reasons not attributable to contractors / suppliers or force majeure conditions, without financial implication to the owner. i) Services	For proposal approved by Committee F of Sr. No. 11 i) 1. GM (User Dept.) 2. GM/DGM (Comml) (2 Members) For proposal approved by Committee E of Sr. No. 11 i)		Justification to be recorded based on the recommendation of Engineer-in-charge as per contract and given before expiry of the order / contract. Justification to be recorded based on the recommendation of Engineer -in-charge as per contract Extensions having financial implications including LD/PR shall be submitted to CFD for approval.

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Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
	ii) Procurements	1. DGM (User Dept.) 2. DGM/CM (Comml) (2 Members) For proposal approved by Committee D of Sr. No. 11 i) 1. CM (User Dept.) 2. CM/SM (Comml) (2 Members) For proposal approved by Committee C, B, A of Sr.No. 11 i) 1. SM/Mgr. (User Dept.) 2. SM/Mgr. (Comml) (2 Members) The same committee which approved the original TEC		Grant of time extension having financial implication originally approved by SCBT / Board be submitted to SCBT / Board for approval.



FINANCIAL AUTHORITIES

Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
18	Authorities for Approving upward/downward variation in contracts/POs a) Variation in quantity b) Change in scope of work including the value for extra or substituted items	The same committee which approved the original TEC. Committee comprising of: 1. GM (Comml) 2. GM (User Dept.) 3. GM (F) 4. DGM(Comml) 5. GM (Ops)/GM (TS) (5 Members)	Changes involving financial implication up to 10% of originally approved contract/PO value (without change in the item rate approved in the original contract), subject to an overall change in financial implication up to Rs.150 lakhs. Changes involving financial implication up to 10% of originally approved contract/PO value (with change in item rate not exceeding 10% of the rate approved in the original contract), subject to an overall change in financial implication up to Rs.150 lakhs.	1. The financial implication includes variation in quantities, change in scope of work, new items and deletion of items. 2. In case of change in the scope of work, prior approval should be obtained from Functional Head. However, in case of proposals approved by SCBT / Board, prior approval should be obtained from SCBT / Board. 3. In case of new items, the rates for the same will have to be derived on SOR basis or from the latest awarded contract wherever available, or through market analysis supported by documents. 4. Proposals of change involving financial implication beyond 10% and up to 20% of originally approved contract/PO value, or Rs 5 lakhs, whichever is higher, (with or without change in the item rate not exceeding 20% of the approved rate in the original contract) subject to an overall change in financial implication up to Rs.150 lakhs shall be submitted for approval to Director (T) on recommendation of the committee that approved the original TEC. 5. Proposals of change involving financial implication beyond 20% of original contract/PO value, or Rs 5 lakhs, whichever is higher, (with or without change in the item rate, not exceeding 20% of the approved rates in the original contract) subject to an overall change in financial implication up to Rs.150 lakhs, shall be submitted, with the recommendation of respective TEC committee to CFD for approval. 6. Proposals of change involving financial implication exceeding 20% of original contract/PO value, or Rs 5 lakhs, whichever is higher, or Rs.150 lakhs or change in item rate beyond 20% of the approved rate in the original contract/PO, shall be submitted with the recommendation of respective TEC committee to the SCBT for approval.

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Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
				If the value of contract exceeds due to escalation clause inbuilt in the original approved contract, this shall not amount to variation in the contract value.
Remarks: 1. The financial implication includes variation in quantities, change in scope of work, new items and deletion of items. 2. In case of change in the scope of work, prior approval should be obtained from Functional head. However, in case of proposals approved by SCBT, prior approval should be obtained from SCBT.				
19	To sanction imprest to officers under his administrative control.	GM (F) on recommendation of GM of user dept	Upto Rs. 20000 in each case	All such imprest amount is to be settled on or before 31 st March of the FY when sanctioned.
20	Cash purchases/services without going through regular tender (required to cater to certain items which need to be arranged locally)	GM / DGM of the concerned dept. upon recommendation of Mgr./DM of the concerned dept.	Upto Rs. 10000/- in each case	Such imprest shall be restricted to max. of Rs. 10,000 per settlement. Capital purchase cannot be made through Imprest settlement. Department wise imprest registers to be maintained. Approval to be obtained from the Authority having relevant fin. powers within the Dept. To be used only for emergencies with due justification.



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Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES

FOR EMERGENCIES ON ACCOUNT OF NATURAL CALAMITIES / OR ACCIDENTS

21	To deal with emergencies on account of natural calamities or accidents.	Chief Emergency Coordinator as per approved prevailing organogram for Onsite Emergency Preparedness Plan.	All expenses – as warranted by the situation.	These authorities are required to be exercised only to deal with unforeseen emergencies at the Refinery/marketing installation or depot due to natural calamities and accidents like break down of Plant and Equipment, Fire accident, structural failures, any product leakage, major power failures, short circuits etc. which need to be attended to immediately. Emergency scenarios are described under para 2 (iii) c of the Preamble to the DOA for Procurement & Contracts. While attending to immediate requirements, Functional Directors to be kept informed; a detailed report should be submitted. Approval from appropriate committee should be obtained for ratification of the expenditure within 15 days.
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AUTHORITY FOR APPROVING DISPOSAL OF ASSETS – (Authorities for Asset Disposal – ADAs)

22	Authority for Approving Disposal of Assets / Facilities	Committee comprising of: 1. GM (Comml) 2. GM (User Dept.) 3. GM (F)) 4. DGM (Comml) 5. GM(Ops)/GM(TS) (5 Members) 1. DGM (User Dept.) 2. DGM (F) 3. DGM (Comml.) 4. DGM(Ops)/DGM(TS)	Based on estimated disposal value. Above Rs.5 lakhs in each case Upto Rs.5 lakhs in each case	Disposal should be done as per the Disposal procedures defined as part of Guidelines for Procurement & Contract Services.
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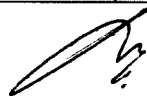
FINANCIAL AUTHORITIES

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Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
24	Authority for Approving Disposal of Immovable assets like land & buildings	Board	All cases	Estimated disposal value to be assessed by an appointed recognized valuer To be put up to the Board for approval.
25	Disposal of stores and spares, chemicals, catalysts, machinery and other assets as surplus or unserviceable duly written off.	As per authority noted in sl. no. 23 above and as clarified	As per financial limit noted in sl. no. 23 above and as clarified	Approval for actual disposal shall be accorded by authority one step higher than what has been specified in clause 23. In case of PSUs, except BPCL , moving average cost or last purchase price of NHC materials, whichever is higher plus 15% administrative charges shall be applicable.

FOR WRITE OFF / WAIVER / SETTLEMENT / COMPENSATION

26	Compromise or Write off of losses of / damage to any item of stores, equipment & plant, containers (other than product inventories)			
	a) In case of theft, fraud or willful negligence.	Committee of Functional Heads of Commercial Department, User department and Finance department.	Upto Rs. 3 Lakhs in each case.	All cases above Rs. 3 Lakhs shall be submitted to the Board for approval on the recommendation of Committee as noted. All cases above Rs.1 Lakh to be reported to the Board.
	b) In other cases	Committee of Functional Heads of Commercial Department, User department and Finance department.	Upto Rs. 5 Lakhs in each case.	All cases above Rs. 5 Lakhs shall be submitted to the Board for approval on the recommendation of Committee as noted. All cases above Rs. 1 Lakh to be reported to the Board.



FINANCIAL AUTHORITIES

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Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
27	Grant of compensation to and/or settlement of claims not covered by contracts in favour of any party other than Company Employees, arising from any cause.	GM (Ops) & GM (F)	Upto Rs. 2 Lakhs in each case.	All cases above Rs. 2 Lakhs shall be submitted to the Board for approval. All cases above Rs. 50,000 to be reported to the Board.
28	Write off of product/ package losses arising from accidents/ calamities.	GM (Ops) & GM (F)	All cases	All cases above Rs.2 lakhs to be reported to the Board.
29	Write off of product/ package losses arising from theft / fraud / willful negligence.	GM (Ops) & GM (F)	All cases	All cases above Rs.50,000 to be reported to the Board.
30	Write off or compromise of Railway claims, Excise/ Customs duty, Port claims, Insurance claims, Octroi, Sales Tax etc.	GM (Ops) & GM (F)	Upto Rs.1 Lakh in each case.	All cases above Rs.1 Lakh shall be submitted to the Board for approval All cases above Rs.50,000 to be reported to the Board.
31	Settlement of disputed claims outside the Court of Law	Board CFD	Above : Rs 5 L –PSU Rs 3 L – Pvt Upto : Rs 5 L –PSU Rs 3 L - Pvt	1. All cases above Rs.1 Lakh in respect of Private Parties and Rs. 3 lakhs in respect of Govt./PSUs to be reported to the Board. 2. Legal opinion should be obtained from Legal Dept. in all such cases.
32	Waiving of Compensation for loss and / or Liquidated Damages due to failure of contractors/vendors.	GM (Ops) & GM (F)	Upto Rs.1 Lakh in each case.	All cases above Rs 1 lakhs to be submitted to the Board for approval on the recommendation of CFD All cases upto Rs 1 lakh to be reported to the Board
33	Settlement of claims or demands referred to for arbitration or court of law or			Legal opinion shall be obtained. All cases above Rs 2 lakhs to be reported to the Board

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Annexure - II

Sl. No.	PARTICULARS	AUTHORITIES	FINANCIAL LIMIT	CLARIFICATORY NOTES/GUIDELINES
	civil/criminal suits by / or on behalf of the company or against the company	GM (Ops) & GM (F)	All cases	
34	Penal Interest / Penalty – Excise/ Sales Tax	Committee comprising of: 1. GM(F)/DGM (F) 2. GM/DGM (Comm)l *(2 / 3 Members) 1. CM/SM (F) - Excise 2. CM/SM (F) *(2 / 3 Members)	All cases Upto Rs.5,000 in each case	Claims to be certified by officer one level below the approving Authority. To be reported to Director (F) on a monthly basis for amounts in excess of Rs 5,000/- <u>Note: *</u> In case of penal interest/penalty imposed by Excise Authorities in the course of purchase of Materials/execution of contracts, concerned Functional DGM/Sr. Manager will also be inducted in the relevant Committee, thus enlarging its membership to 3.
35	Demurrage on Tank Wagons	Committee comprising of 1. GM(Ops) / DGM (Marketing) 2. Head of Terminal Ops (2 Members) 1. Head of Terminal Ops 2. Mgr/Dy.Mgr Terminal Ops (2 Members)	All cases Upto Rs.10,000 per rake	To be reported through Functional GM to Director (Technical) on monthly basis for amount in Excess of Rs. 10000 per rake.
36	Write off of Trade Receivables-	GM (Marketing) with concurrence of GM (F)	Upto Rs. 1 Lakh in each case.	All cases above Rs.1 Lakh shall be submitted to the Board for approval on the recommendation of GM (Marketing) All cases above Rs.50000 to be reported to the Board.