

Policy on Purchases, Services and Contracts

1. Objective

The objective of the policy is to lay down the guidelines and procedure for procurement of various items for consumption by the company in such a way that the procurement is done in a fair and transparent manner and quality items are procured at most competitive prices.

2. Purchase Committee

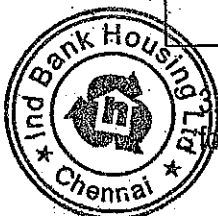
A Purchase Committee to deal and negotiate for any items exceeding Rs.2 lacs will be formed consisting 3 to 5 officials chosen by the Managing Director comprising of Chief Manager/Company Secretary/Chief Financial Officer and any other officers. A quorum of minimum 3 members is essential to conduct the Purchase Committee meeting. Committee should be headed by the senior most official among the committee members. Purchase Committee is only a recommendatory body. Any item, either 'computer related or non-computer related' with a value of Rs.2 lacs and above, including proprietary in nature, should be recommended by Purchase Committee, after negotiation, and put up to sanctioning authority.

3. Cut off Limits

3.1 Purchase of Computer / Non-computer related goods / Stationery items/ Printing, etc.

The cut off limit prescribed for Purchase of Computer / Non-computer related goods / Stationery items/ Printing of forms, etc. of goods and services is as follows:

Sl. No.	Awarding of contracts	Cut off limit for Purchases	
		Procurement of computer related goods and services per occasion	Procurement of Non-computer related goods and services per occasion such as security items, furniture/fixtures, electrical/ electronic equipment, stationery, printing, purchase of vehicles, etc.
1	Without inviting quotations	For small quantity of items wherein purchase at one occasion per item up to Rs.20,000/-.	For small quantity of items wherein purchase at one occasion per item up to Rs.20,000/-.
2	Through competitive quotes from the market	Above Rs.20,000/- up to Rs.3 lacs	Above Rs.20,000/- up to Rs.2 lacs
3	Based on limited tender from panel vendors/ agency)	Above Rs. 3 lacs upto Rs.2 crore	Above Rs. 2 lacs up to Rs.25 lacs
4	Based on Advertised tender (through newspapers, our website, etc.)	Above Rs.2 crore	Above Rs.25 lacs



1.1 The above 'cut off' limits recommended for computer related purchases are subject to the following:

- a. Upgradation of hardware already purchased or enhancements/ modifications to software already in use by the same hardware / software vendor will not be construed as purchase through single quote and hence purchase for upgradation etc., can be made without the need for obtaining competitive quotes, subject to the rate mentioned being reasonable.
- b. Purchase of Proprietary items or items with limited source of supply may also be made without obtaining competitive quotes as competitive quotes are not feasible in such cases. For example: license of particular company say Microsoft, Charges/AMC for software, AMC for our UPS provider, etc.
- c. Wherever a proposal exceeds Rs.10 lacs, two bid systems (Technical and Financial bids) have to be followed and to be placed to the Purchase Committee and the Purchase Committee shall decide the panel vendors who are technically qualified for opening of financial bids. The financial bids are then to be placed to the sanctioning authority for awarding of contract along with the recommendations of the Purchase Committee.

3.2 Purchase of Vehicles: For purchase of vehicles permission has to be obtained only from the Board.

3.3 For Services/ different types of contracts (Non-computer related items)

Awarding of Contracts	Cut-off limit for services / different types of contracts	
		Engagement of Architects/ Interior consultants/ Professional Housekeeping / Maintenance (Electrical/Civil, AC etc.) / Security / Catering agencies etc., - Charges payable per month / per project (as applicable excluding all Govt. taxes
Without inviting quotations	Upto Rs.20,000/-	For small contracts per occasion upto Rs.20,000/-
Through competitive quotes from the market	Above Rs.20,000/- upto Rs.2 lac (excl. architects / Interior consultants)	Above Rs.20,000/- and upto Rs.2 lakh
Based on limited tender (from Panel Vendors / agency)	Above Rs.2 lakh and upto Rs.5 lacs only for Architects / Interior Consultants	Civil / Interior Decoration works – Over Rs.2 lakh and up to Rs.70 lacs.
		Electrical works contracts over Rs. 2 lakh and upto Rs.30 lacs
Based on advertised tenders (through Newspaper, website, etc.)	Above Rs.10 lakhs	Civil/Interior Decoration works – above Rs.70 lacs
		Electrical works contracts- above Rs.30 lacs

3.4 Maintenance / Repairs to Buildings: Wherever planned repairs are being carried out such as large scale repairs/painting works etc., the works to be entrusted only to panel contractors.

3.5 Contracts wherein 'cut off' limit is not recommended: The following services are predominantly entrusted to the vendor/supplier, manufacturer or authorized agency/ work shop/ dealer. Hence, 'cut off' limit is not recommended.

- a. Maintenance / Repairs to vehicles
- b. Maintenance / Repairs to machinery, etc.



4. Competitive quotes:

- a. Every office has to get the vendor/service provider, etc., empanelled by sending their request with necessary credentials of the vendor to Registered Office and call quotation from them. If the vendor has already been empanelled by Indian Bank or other Public Sector Bank / PSU the same can be accepted. The empanelment has to be reviewed once in a calendar year. In case of contingencies, addition/deletion can be done during the year also with proper sanction.
- b. Wherever competitive quotation has to be obtained, minimum of 3 quotations from reputed vendor with PAN, TAN, GST no. to be obtained.
- c. In the case of closed Tender the tender should be opened in the presence of minimum 3 Officials and vendors by giving proper notice and duly recorded.
- d. Wherever the quantum of expenditure could not be ascertained, in principle sanction may be obtained and then call for quotation for regular sanction.

There shall be a committee which will open the tenders / competitive quotations / bids etc for the purpose of awarding work contract to contractors / interior architects for the purpose of furnishing the Branch to be opened at a location. The committee shall open the bids and shall submit the findings in a tabular form showing the bids or tenders found meeting with all technical specifications and amount quoted and finalizing the L1 (lowest financial bid). The Committee shall also look into proven track record of L1 contractor and his workmanship. In case the Committee is not satisfied with the workmanship and other details given by him, the Committee can move further with recommendation for second lowest with verified credentials, proven track records, and good workmanship and make the recommendation to the Chairman of the committee.

The committee shall comprise of Chief Manager – Administration in charge of Infrastructure, Premises & Expenditure, Chief Financial Officer and Company Secretary. However quorum will be any three who will make recommendations. The Managing Director will be the ex-officio Chairman of the Committee.

4.1. Exemption of competitive quotes:

The quotation for the following can be considered under single quote:

- a. Upgradation/enhancements/ modification of equipment already purchased through the same vendor who initially supplied may not be construed as purchase through single quote and purchase can be made without the need for obtaining competitive quotes, subject to the rate mentioned being reasonable.
- b. Purchase of proprietary items or items with limited source of supply may also be made without obtaining competitive quotes, subject to recording the reasons for the same.
- c. For small quantity of items wherein purchase at one occasion per item is upto Rs.10000/-, the approving authority must be satisfied that the goods are being purchased at prevailing market rate and supplier is reliable and competent to supply the goods according to specification.
- d. In order to carry out small works costing less than Rs.1 lakh, the job can be entrusted to a contractor, taking into consideration the contractor's previous experience, job knowledge, etc even though such contractor may not be empanelled with the Company.



5. Discretionary Powers: The Board has the authority to consider revising the delegation of power for incurring expenditure.

5.1 Delegation of Powers: (Rs in lacs)

	MD	CM	CFO
Capital expenditure	10.00	Nil	Nil
Revenue Expenditure	10.00	1.00	0.20

Where a proposal for capital expenditure exceeds Rs.2 lakhs, the same will be routed through Purchase Committee. Such requirements shall be placed in Company's website for obtaining competitive quotes.

5.2 Expenditure at Branch level:

Branch Head will only incur routine petty cash expenses in the nature of upkeep and maintenance of office, approved staff payment, telephone and electricity charges, etc., with in their powers and wherever it exceeds they have to take permission from appropriate authorities. They should continue to send the monthly statement of expenditure to Registered Office.

5.3. Expenditure on Marketing & Business Development

The company needs to incur expenditure on marketing and business development in its various areas of operations under housing finance. The scale and nature of marketing and business development expenditure vary from operation to operation & on a case to case basis. In respect of Housing Loan Services, the marketing, entertainment, DSA Commission, compliments and entertainment expenditure has to be incurred for getting clients and business on a continuous basis. Hence it is felt that norms may be laid down within the expenditure delegation powers for incurring of expenditure under marketing, entertainment and business development as under:

Nature of expenditure permitted	<ul style="list-style-type: none"> a. Entertainment of customers in hotels, etc. b. Sharing of fee commission to the extent permitted under various regulations / Board approved policies. c. Reimbursement of out of pocket expenses d. Issue of compliments and Festival gifts to customers/intermediaries/ associates by way of issue of gift coupon / expenditure vouchers of third party service providers or otherwise.
Limits	The total expenses incurred under Housing Loan services during a period shall not exceed 10% of the other income earned during the period to be exercised by officials as per the following delegation of powers. Proposal for higher expenditure, if any, may be placed before the Board for their consideration. Expenditure in respect of other activities of the Company will be exercised as per the following delegation of power.
Delegation of powers	Branch Head / Company Secretary – Rs.20000 per occasion Chief Manager – Rs.100000 per occasion Managing Director – Rs.5 lakhs per occasion

6. Review of Policy - Policy will be reviewed every three years or as and when required.

