

REGISTRATION SOP Ver 2.3

1. INTRODUCTION:

M of D vide letter No. 16(2)/2004/D(QA) dt 31-3-05 had directed that Vendor development and capacity verification of vendors supplying input material to the Ordnance Factories and Defence PSUs shall be undertaken by the respective Ordnance Factory or the Defence PSUs as the case may be. DGQA registration of vendors shall not be mandatory for vendors to effect supplies to OFB or Defence PSUs.

Accordingly, the SOP for vendor development, capacity verification, vendor registration and vendor rating was prepared and forwarded to all Ordnance Factories vide OFB letter no. 108/TIR/TS/QCS dt. 13.09.05. Subsequently, amendments/Clarifications to above SOP have been issued from time to time by OFB.

Now SOP has been revised as version 2.3 incorporating various amendments/Clarifications issued by OFB so far.

2. COMPETENT AUTHORITIES :

In respect of capacity assessment and vendor registration, the GM of the factory concerned shall be competent authority in all respects.

3. SCOPE :

This SOP is intended to give general guidelines for carrying out vendor assessment, capacity verification and vendor registration both in respect of existing sources and also for new vendors and grading them based on their assessed capabilities for initial registration and for its periodical renewal and removal. The document further lays down guidelines for rating of vendors based on their recorded

performance in respect of quality, delivery, Price and experience including various aspects of post procurement services. The procedure is mandatory for Direct Materials, Special Tools and Production Consumables.

4. NECESSARY BACKGROUND REQUIRED FOR VENDOR ASSESSMENT

A thorough and in depth knowledge of the requirements of quality management systems as laid down in ISO: 9001:2008 is necessary. In particular technical expertise is required in the following areas to carry out vendor assessment effectively: -

- a. **Quality of Design** - Material drawings, performance reliability and design evaluation reports.
- b. **Quality of production Processes** - Production process, Process Documentation, Machinery & Control instrumentation.
- c. **Production quality control** - Systematic quality checks, completeness, adequacy & documentation.
- d. **Quality of Vendors** - Quality Plan maintained by Vendors.
- e. **Quality of Material** - Incoming raw material testing facilities, System of material checking, maintenance of records & treatment of rejected material.
- f. **Quality of End product** - Evaluation of end product quality, maintenance of systematic record.

To ensure uniformity in vendor assessment and rating and provide comprehensive guidance for assessment terms, the competent accepting authority as indicated in para 2 will issue specific norms /guidelines for product/technologies of their responsibility and the quality systems required.

5. **DEFINITIONS** :

- a. **Vendor Registration Request Form**: The form containing the information about the nature of the organisation, details of the personnel, plant and equipment , quality control facilities, nature of the products , licensed capacity for their products , financial status and stores for which registration is sought – submitted by the firm.
- b. **Vendor Quality Survey Report**: The Form containing the information for capacity assessment of Firm. The format is available in two parts. The details in the form shall be filled by visiting Capacity verification team. The form is provided with marking scheme to assist in grading of firms.
- c. **Vendor Rating**: Vendor rating is the system of rating of vendors based on performance in respect of quality of supplies, deliveries and service.
- d. **Composite Index** : The composite Index is the average of all ratings viz. Quality, Delivery, Price & Service for the same product by the vendor over a period of preceding five years. This could be an index of assessing the overall quality of products and performance of a firm for procurement purposes and renewal of registration.
- e. **New Source**: A supplier who intends to develop the defence stores or who attempts to indigenise a product shall be termed as a new source.
- f. **Development Order**: Supply order placed on New Source as a result of Open Tender Enquiry for Source development.
- g. **Registered Vendor**: A vendor who applies for registration and as a result of Capacity verification & other formalities is awarded Registration certificate by an Ordnance Factory. The Vendor

shall qualify as registered vendor to a sister Ordnance Factory also for the same item.

6. GENERAL :

The overall procedure in this SOP comprises of the following: -

- a. Assessment, Registration, Renewal and de-registration/
Removal of suppliers
- b. Monitoring of vendor performance
- c. Suspension and Banning of business dealing with errant firms
- d. Compilation of compendium of Established Suppliers.

7. AGENCY TO UNDERTAKE CAPACITY ASSESSMENT AND VENDOR REGISTRATION:

Respective Ordnance factories will undertake the task of capacity assessment and vendor registration.

8. PROCEDURE FOR REGISTRATION OF VENDORS

8.01 The following officer / section shall be responsible for the under mentioned activities in the process of Vendor Registration:-

<u>SL. NO</u>	<u>Activity</u>	<u>Action by</u>
<u>I.</u>	<u>Issue of VRRF</u>	<u>MM / download from internet</u>
<u>II</u>	<u>Scrutiny of VRRF</u>	<u>Multifunctional Team as per para 8.2.of SOP.</u>
<u>III</u>	<u>Collection of fees for Registration</u>	<u>MM</u>
<u>IV. a</u>	<u>Identification of essential plant & machinery</u>	<u>Multifunctional Team as per para 8.2.of SOP.</u>
<u>IV. b</u>	<u>Deputing of team for Capacity Verification</u>	<u>QC</u>
<u>V</u>	<u>Issue of Registration Certificate Or Issue of “ Not Capable ” letter &Entry on COMNET</u>	<u>QC</u>

<u>VI</u>	<u>Vendor Rating</u>	<u>MM from online system as per OFB software forwarded to Fys.</u>
<u>VII</u>	<u>Source Approval as per Vendor Rating having > 70% of Vendor Rating.</u>	<u>MM</u>
<u>VIII</u>	<u>Letter to firms having Vendor Rating < 70% & initiating action for removal of firm from LTE List</u>	<u>MM</u>

8.02 Before initiating the process of registration factory should see the “List of Rejected Vendors “in QCS Portal under Vendor Registration. This list shows Vendors not qualified in the process of Registration by sister Ordnance Factories. The date up to which Firm can not apply again is also shown. In case date “Barred upto” is over, Factory may consider firm for registration & initiate the registration process.

8.1 Issue of vendor registration request forms

Vendor Registration Request Forms shall be issued to prospective vendors on request by each Ordnance Factory or the vendor can download Form from OFB website.

8.2 Initial Assessment of Vendors:

Based on the information furnished by the firms in the Vendor Registration Request Forms, classification of the firms will be done by a multifunctional team of group ‘A’ officers from production, quality control, drawing/design office and finance functions (LAO). The committee will be headed by AGM/QC (or AGM/Jt.GM nominated by GM, in case, AGM/QC is not there). Qualification of Firms shall be done as per guidelines and marking scheme given in Assessment

Form for Appendix-I. The firms qualifying shall be subjected to capacity verification.

8.3 Capacity verification of firms:

- a. The team for Capacity Verification shall comprise of at least two officers, one each from factory's QC Department and Production Department. The team shall be led by a gazetted Group 'A' Officer **not below the rank of WM** and may include one gazetted Gr. 'B' officer also having qualification as Graduate Engineer / Diploma (Mech Engg./ Elec Engg./ Electronics Engg./ Civil Engg./ Chemical Engg./ Clothing Technology / Leather Technology / Metallurgy Engg. / Production Engg.) with **5 yrs** of experience. **OR a gazetted Gr. 'B' officer having experience of 10 years with domain knowledge or a qualified lead assessor of NG rank with domain experience of 10 yrs.** The team will verify the facts as furnished by the firm in Vendor Registration Request Form, after visiting the firm's production units and allocate marks and rating in the vendor quality survey report (Enclosed at Appendix II).
- b. After capacity verification the grading of Firms shall be done based on guidelines and numbering scheme given in Appendix-II. It is mandatory that vendor has to score minimum 50% marks in both Part-I and Part- II separately to get qualified and deemed fit for registration, provided the vendor meet all other requirements as per the guidelines in this SOP.

8.4 A new vendor in OTE process cannot supply the input material without having been registered with the factory. The registration of the vendor is to be done during the OTE process. To hasten the process of registration, the factory can make a list of likely OTEs in the next

one year, based on the available production programme, in the beginning of the year. A general invitation can be issued giving the list of items so that the willing vendors can apply for registration and the registration process can be initiated.

A new vendor can apply either by downloading the Vendor Registration Request Forms (VRRF) from internet or requesting the factory to issue VRRF and submits the details of the plant & machinery and other financial documents etc. The GM can constitute Multifunctional Team (as per para 8.2 of SOP) will scrutinize the details who will give their recommendation about the suitability of vendor for further capacity verification. Based on the report of the committee, the GM can constitute a team for capacity verification as per Para 8.3 & start the process of registration in advance, so that the vendor is registered before OTE is issued.

9. PROCEDURE FOR REGISTRATION OF NEW SUPPLIERS

9.1 Requirement for source development:

Percentage of annual requirement will be covered for developing New Sources as specified in the OFB Procurement Manual (for stores) in Vogue. For details refer to 9.6.2.

9.2 Intent for source development:

Open Advertisement shall be made twice in year (1st fortnight of January and 1st fortnight of July) indicating intent for Registration of New vendors mentioning the approximate annual requirement of the item. Advertisement will make it explicit that only actual manufacturers will be considered and subsequent tender will be issued only to vendors who get registered after satisfying in respect of capacity & capability after due verification. Such other conditions in regard to specific plant & machines and manufacturing capability, which the firm

must possess in order to manufacture and supply the item, should also be included in the Advertisement stating that only those firms who possess these capabilities should apply, otherwise their applications will be summarily rejected.

The vendors who are registered for the same item with DRDO, DPSUs or other units of MoD also need to apply for Vendor registration with OFB. Such vendors will be registered based on the information provided by them, at the discretion of GM with/without carrying out capacity verification.

Once registered, the firms will be required to quote for minimum 50% of the tendered quantity as and when Tenders are issued, failing which their offers will be treated as invalid.

During registration process, due care to be taken with respect to the following points :

- i) Capacity Verification and Vendor Registration must be done on first come first served basis.

- ii) It should be done within a period of three months from the date of receipt/uploading the request on QCS Vendor Registration site (as and when it becomes operational). In case of likely delay due to unavoidable reasons not exceeding maximum one month, prior written approval of the **Operating Member/OFB** to be taken.

Also the firms will be required to quote for minimum 50% of the intended quantity against Tender (to be issued later) otherwise their offers will be treated as invalid.

9.3 Vendor Registration

The vendor registration process as mentioned in para 8.1, 8.2 & 8.3 shall be undertaken.

9.4 Issue of TE for source development:

Based on recommendation of Capacity Verification team the formal Tender Enquiry for source development shall be issued to successful Firms only.

9.5 Development Order

Supply order shall be finalized as a result of Tender Enquiry for source development following the requisite provisioning procedure by respective TPC.

In all the concluded contracts as a result of Tender Enquiry for source development, a realistic delivery schedule will be provided after consideration of complexities of the item and all stages of advance sample manufacture and for manufacture and inspection of bulk supplies.

9.6 Qualification of New Firms as Established Suppliers:

New firms will qualify to become established suppliers after completing one supply order successfully provided they meet quality, reliability requirements and also meet requirements given below.

9.6.1 Established Suppliers

A supplier who is meeting the criteria of 'Established Source' defined in the OFB Procurement Manual in vogue.

Clarification:-

“In respect of OEF group of Factories, an established supplier for an item may be considered to be an Established Supplier for items which are having same basic specification but vary only in colour / dimension, etc. List of such similar items may be notified centrally by OEF HQrs .”

9.6.2 Criteria for New Source Development:

- a. To develop new sources for the items, for which already Established Sources are available. OTE will be floated as per the guidelines given in the OFB Procurement Manual (for stores) in vogue and only new sources are permitted to participate. Such OTE for new source development will be in two bid system.
- b. As far as In-House R & D /DRDO developed stores is concerned, the first cycle of procurement will be done through LTE to In-House R & D/DRDO developed sources. Registration Process to be initiated during the course of supply.

In the 2nd cycle of procurement, new source to be developed through OTE for part quantity as per the guidelines given in the OFB Procurement Manual (for stores) in vogue. Balance quantity through LTE on the In-House R & D /DRDO developed firms.

10. RENEWAL OF REGISTRATION OF SUPPLIERS

Registration is valid for five years unless extended. At the end of five years the renewal of registration/capacity verification falls due. The Ordnance Factory concerned shall take the information regarding validity of registration from OFB compendium (to be compiled in terms of para 15) / DGQA compendium (during transition period not extending July 2008) or a written confirmation from DGQA. Ordnance Factory shall initiate action for capacity verification and revalidation of firm's registration on receipt of request & prescribed fee from the Firm.

10.1 Application for renewal of Registration:

Ordnance Factory Board (MM Division) shall publish a general notice indicating that all vendors registered with DGQA

and supplying products to ordnance factories shall apply to the concerned Ordnance factory for renewal of registration at least three months prior to expiry of validity of registration. Vendors whose registration is expiring within three months of the date of publication of the notice shall apply immediately. In case vendor is supplying the same product to more than one Ordnance Factory, it needs to apply to only one Ordnance Factory.

It is mandatory that all vendors registered in the compendium of approved suppliers will apply for renewal of registration in a letter, addressed to the concerned factory GM or his designated representative in case they wish to continue as approved suppliers of the compendium. The vendor will make this application at least 90 days prior to expiry date of previous registration. Registration of firms who do not apply for renewal as prescribed above will lapse and their names may be removed from the compendium of approved suppliers. No show cause notice is required to be issued to the vendor in such cases. As and when such firms apply later assessment will be done as per procedure for initial registration and assessment fee will be charged from such firms.

The information of renewal of registration shall also be given by concerned Ordnance factory to sister Ordnance Factories producing same/ similar products.

10.2 Procedure & Charges for renewal of Registration :

The aforesaid procedure prescribed for initial registration will be followed for renewal also. The following guidelines may be followed regarding recovery of assessment fee and the requirement of a visit to the premises of the firm: -

- a. In case the firm has applied for renewal of registration for only those items/generic group of items for which it is already registered and it has satisfactorily supplied all these items/generic group of items during the past five years without any adverse feed back, the registration of the firm may be renewed based on its satisfactory performance / vendor rating. In such cases and where there are no changes in the infrastructure, no visit will be required. In case there are infrastructural changes, it is up to the discretion of the concerned GM on whether a visit is necessary. In all such case where visit for capacity verification is not required, no assessment fee will be charged.
- b. In case other than (a) above, where the vendor applies for additional items or has not supplied all the items or a specific generic group of items for which they are registered during the past five years or the performance of the firm is not satisfactory for any or all of the items/generic group, the firm will be asked to submit all the documents afresh and a re-verification visit will be carried out. In such cases assessment fee will also be charged.
- c. Applications for general registration of additional items for same category from existing vendors will NOT be entertained earlier than expiry of 6 months from date of last registration /visit.

In case, the additional items are of similar type (requiring similar technology for production) as the items for which the firm is registered, the details of items submitted by the firm can be forwarded to the multifunctional team (MFT)for study / verification. Based on their comments / recommendation,

registration/further capacity verification, for additional items, to be done.

11. SPECIAL NOTE :

Firms registered with DGQA and whose supplies are satisfactory will be subjected to capacity verification in terms of para 8.1, 8.2 & 8.3 on receipt of their application for renewal as mentioned in para 10.1.

a. The last successful suppliers will continue to be on the vendors' list till Capacity assessment indicates otherwise.

b. In case supplies are not satisfactory, the capacity verification of such firm can be taken up by Ordnance factory on its own in the following contingencies:

- The basis on which registration was done ceases to exist i.e. Firm has sold the machines, The management has changed the skill workmen having retired or any other such reason.
- The Firm has performed unsatisfactorily against a contract awarded to it.
- The Firm has indulged in unethical trade practices such as bribe, giving allurements or refuse to honour commitments etc.
- The vendor rating of the Firm has come down below 70%.

In the above said contingencies, it shall be necessary to give the firm an opportunity of showing cause against the proposed action.

c. All type of information regarding registration, renewal of registration, de-registration/ Removal shall be intimated by Ordnance Factory concerned to sister Ordnance Factories producing same end product.

d. The registration done by sister Ordnance Factories shall be sufficient and separate registration will not be done in respect of same product for same firm.

12. VALIDITY OF RENEWAL :

All renewal of registration will be valid for a period of five years from date of issue of certificate. Renewal of registration, with or without a visit to the premises of the firm, will be done as due. The matter regarding charging of assessment fee in such cases will be decided in accordance with relevant para.

13. CERTIFICATE FOR RENEWAL REGISTRATION :

For renewal of registration, certificate as per specimen given at Appendix "V" will be awarded to the firm.

14. CATEGORISATION FOR REGISTRATION:

In addition to grading, vendors will be assessed for categorisation depending on their infrastructure and capabilities for one or more type of activities like design, development & production. The firms will, therefore also be categorised as under :-

- (a) Design, Development & Production (DDP) : Firms who have design capability and infrastructure for Research & Development apart from manufacturing capability covering all requirements of a quality system will be registered for all three capabilities and categorised "DDP".
- (b) Development & Production : Such firms will have capability for development and bulk manufacture only. Such firms will obviously not have infrastructure for design i.e. conversion of a concept into an engineering design. Accordingly these firms will be categorised as "DP".
- (c) Production (P) : All other firms having only production facilities for converting defence design into hardware or end stores or those capable of specified process such as

fabrication, casting, machining etc. will be categorised as “P”.

- (d) Authorised dealer/ Stockist/ Trader (S): Authorised dealer/ Sole Selling Agent/ Stockist / Trader etc. shall be categorised as “S”.

15.0 SPECIAL CIRCUMSTANCES:-

Certain factories have approached OFB for relaxation in Vendor Registration of dealers / traders / stockists / manufacturing firms. Following clarification regarding this matter w. r. t. various categories of vendors supplying direct input materials to OFs is given in subsequent paras.

15.1 SOP for Capacity Verification and Vendor Registration has formulated categorizing the vendors in three categories:

- (i) Manufacturing firms
- (ii) Authorised Agents / Dealers
- (iii) Traders / Stockists

I. Manufacturing Firms : Capacity Verification and Vendor Registration of manufacturing firms is to be done as per SOP.

II Authorised Agents / Dealers : in case of authorized agents / dealers, they can be registered based on the capacity verification of their original manufacturer. It will be the responsibility of the authorized agent / dealer to arrange for capacity verification of his original manufacturer.

In such instances where authorised agent / Dealer is having more than one principal manufacturer , capacity assessment fee is to be

charged separately for each principal manufacturer for whom capacity assessment is to be carried out.

III Traders / stockists : In this category of vendors, it is difficult to qualify for registration. but if relaxation is given to this category , sub standard vendors will get registration. Therefore, no further relaxation shall be given to this category for registration. However traders / stockists certified by ISO may get registered in case they otherwise qualify as per SOP.

15.1.1 In case firm owns more than one unit for manufacture of a product/process and requests Ordnance Factory for registration of both the units, the same may be agreed to. However, firm will have to pay separate registration/assessment fee for both the units as per following:

“Charging additional assessment fee will be essential as visit of capacity verification team is required for assessment to second Unit owned by the firm. Once the capacity of both units are verified, the firm will be registered for supply of stores from any of the units for that particular item/process for which registration has been done.”

15.2 DEEMED REGISTRATION

Past supplier falling in Self Certification of inspection category : There may be instances where the firms are past established vendors and who also qualify to supply material under their Self Certification as per SOP of Input Material Inspection. It is reported by Factories that some such firms do not apply for registration and they are also single source in certain cases. In such cases the firms should be considered as “ Deemed Registered “ vendors.

However, “ Deemed Registered “ status shall be accorded at the discretion of GM with/without carrying out capacity verification. In such cases Assessment fee may not be charged. Proper Record and justification to accord such status must be maintained and recorded. The registration of these Firms shall also be renewed every five years as applicable to all other Firms.

15.2.1 Collaborator Vendor Registration:

“Board resolved in first meeting of 2009 held on 28-01-2009 to register vendors, recognized by collaborators of OFB, without capacity verification and award deemed registration certificate for procurement subject to the following condition :

1. The vendor produces a certificate from the collaborator of OFB as manufacturer and registered established supplier for particular subject item / items. The certificate has to be issued only by the concerned Purchase Manager of the collaborator firm and the list of items, for which it is an established source, should be attached to it.
2. Deemed Registration Certificate may be restricted only to finished items / raw materials related to collaboration articles and will be valid as per the validity of Collaboration agreement between the Collaborator and the concerned vendors. Deemed Registration will be renewed based on the fresh agreement between the Collaborator and the Concerned Vendor.
3. The validity of the registration is to be renewed every five years or earlier based on Validity of Registration with collaborator as indicated against Clause (2).

4. The registration shall be cancelled automatically as and when the collaboration with OFB comes to an end”.

15.3 Registration of Foreign Firms

There are instances in global T. E. where some foreign firms also participate. The same SOP for indigenous firms can not be imposed on foreign firms. In such cases, certain reputed foreign suppliers may be considered as “ Deemed Registered “ and procedure at 15.2 above shall be applicable.

Only authorised agent/dealer of “deemed registered foreign firm” can be considered for registration.

15.4 As per SOP, Appendix I, vendors applying for registration have to submit balance sheet for the last three years. some firms are found in existence for the period of less than 03 years as on date. Therefore, they are unable to submit the documents regarding IT returns, balance sheets & data against annual turnover for the last three yrs. In cases Sr. GMs /GMs are authorized to provisionally register the firm having existence of less than 3 yrs. if the firm is found otherwise eligible for registration.

16 COMPENDIUM :

For the purposes of registration of firms in the compendium of approved suppliers, comprehensive gradation of the firm will be indicated viz. classification of the vendor as an industry (Large, Medium or small scale), category as per para 14 above and grading as per para 8.3 above. For example a medium scale industry having all facilities obtaining Grade II grading will be designated as M/s..... (MS-DDP-Grade II) in the compendium of approved suppliers as well as in the Registration Certificate.

16.1 Agency responsible for maintaining and updating of Compendium:

To maintain the uniformity and to ensure purity of the database, a web based software has been developed by QCS/OFB “ Vendor Compendium and Vendor Search “ on WIReS where the factories have to enter the Input data required on the web page. The 30 digit vendor code as well as vendor certificate will be automatically generated. Factory can then print the certificate and the same can be issued after signature of the concerned officer with factory stamp to the firm. Therefore it is requested to use the above web based system for registering vendors so that the vendor compendium is automatically compiled.

A search facility has also been designed where the data base can be searched through the website itself by factory name, vendor name and product. A tutorial has also been posted on the website which can be down loaded.

17. VENDOR’S CODE :

30-digit Vendor code shall be allotted as per following Table :

Char	Description	Type	Entry	Remarks
1	Major Code for Material	Num	02	As per DGOF codification Manual
2				
3	Vendors Name	Alpha	XY	Abbreviation e.g. BF for Bharat Forge
4				
5	Pin	Num	208001	Postal Pin code
6				
7				
8				
9				
10				
11	Fy. Code	Num	107	
12				

13				
14	Grade	Num	2	1,2,3 for I,II,III
15	Class(Large/Med./Small)	Alpha	L	L/M/S
16	Categorisation (as per para 14)	Num	2	1 for DDP 2 for DP 3 for P 4 for Supply (Trader)
17	Fy. Reg. Sl. No.	Num	0026	Running Sl. No. 0026 means 25 firms have been registered before this
18				
19				
20				
21	Vendor's TAN No.	AN	c-123456-d	
22				
23				
24				
25				
26				
27				
28				
29				
30				

It is to be noted that Tax deduct or and collection A/C No. (TAN) is of 10 digit alpha numeric number required to be obtained by all person who are responsible for deducting or collecting tax. Therefore, PAN cannot replace TAN for the purpose of I – T. But, if the firm does not fall under the purview of section 203A of I – T Act the PAN may be accepted instead of TAN number

18. ISSUE OF REGISTRATION CERTIFICATE :

After vendor assessment and approval of recommendations to register a firm in the compendium of approved suppliers by the Accepting Authorities, a registration certificate as per specimen given at Appendix "IV" attached will be issued by the Accepting Authority or his authorised representative. Registration of firms will not be issued

/intimated in any other format except the certificate as per specimen mentioned above.

Copies of the registration certificate will be endorsed to the following where required: -

- (a) The firm concerned
- (b) OFB
- (c) Sister OF producing same end product.

NOTE : Since, some of the OFs have requested clarification whether the Deemed Registered status is to be entered on “ ONLINE” system in “COMNET” it is clarified that option for separate screen has been provided in OFB COMNET and same process is to be followed in case of Deemed Registration as normal Vender Registration is usually done and Certificate through COMNET is also required to be generated and kept in records for “ Deemed registered “ firms.

Procedure to be followed : Under sectional web page QCS – Go to quality portal – Vendor registration – Select Fy. using - User name & Password – Vendor compendium form – Type of Registration – Normal / Deemed.

Select deemed for Deemed Registration Firms & normal for all other firms.

19. CONTENTS OF REGISTRATION CERTIFICATE :

In respect of items for which registration is accorded, the contents of the registration certificate should be prepared as per the following guidelines: -

- (a) A combination of generic and specific description of the stores/processes should be included.
- (a) The range of dimensions/weight /tolerance limits should be specified where applicable.

- (b) Specific technology may be mentioned.
- (c) In case of process such as machining, casting, forging etc mention may be made of components / subassemblies / assemblies (as examples) which the vendor is capable of manufacturing.
- (d) Where possible necessary specifications and /or drawings may be indicated.
- (e) Vendor Registration shall be for a particular item or a group of items or for a process. The registration certificate issued to the Vendor after carrying out Capacity Verification shall indicate the list of items or the process for which they are granted registration.
- (f) The vendor code as mentioned in para 16 shall be mentioned in the certificate.
- (g) The financial limits (in consonance with CVC guidelines) for which the firm is registered, is to be included.
- (h) The Certificate must be electronically generated from computer system to facilitate track of records and search. Following fields must be recorded in the computer system

Vendor code	30	Alphanumeric
Date of Registration	8	Date
Date of Expiry	8	Date
Firms name	15	Char
Technology	15	Char
Item 1	20	Char
Item 2	20	Char
Item 3	20	Char
Item 4	20	Char

(j) Monthly/Yearly Capacity of the Firm.

In case list is exhaustive only major items and Technology shall be recorded as above in database files for quick access & retrieval.

20. VALIDITY OF REGISTRATION :

The registration/renewal will be valid for a period of five years.

21. ACTION ON REJECTION FOR REGISTRATION :

In case it is not possible to register a vendor due to deficiencies noted during assessment, the details of the deficiencies noted will be intimated to the firm as an advice by the Accepting Authority /Authorised representative indicating that the firm may apply for registration afresh within a prescribed time frame. Normally reassessment of such firms will be taken up only after one year and on payment of fresh assessment, charges for initial registration. However, re-assessment may be taken up earlier at the discretion of the Accepting Authority for reasons to be recorded in writing depending on the nature of deficiencies noted earlier and merits of the case.

To avoid the possibility of vendors for a particular item who may have been rejected for registration by one Authority seeking to get registered through some other Authority dealing with similar items, it will be incumbent on the initiating authorities to obtain all information regarding previous application for assessment from the vendor prior to taking up any assessment.

Whenever an Ordnance Factory during the exercise of capacity verification decides not to register a firm due to reasons of insufficient capacity/ capability, it shall inform all sister Ordnance factories producing the same/ similar products.

21.1 Factory shall also enter record in the COMNET about rejected vendors in the Sectional Web page QCS → “Go to Quality Portal “→“Vendor Registration” → “insert Rejected Vendor “
→ Enter user Name, Password & Factory and then enter details of the firm.

22. ASSESSMENT FEE :

The charges for registration shall be as under: -

- | | |
|--|------------|
| a) Large & Medium Scale Industries | Rs. 5000/- |
| b) Small Scale firms | Rs. 2000/- |
| c) Authorised Dealers / Sole Selling Agents /
Other Categories like Traders, Dealers, etc | Rs. 2000/- |

The assessment fee will be recovered in the following contingencies:

All initial assessment.

- (a) Established sources registered with DGQA and required to be registered for first time with Ordnance Factory on renewal date.
- (b) For additional items involving new Technology/Design at any stage after initial registration /renewal requiring capacity verification.
- (c) Change of location/premises of firm involving fresh visit.
- (d) In case firms already registered fail to apply for renewal within prescribed period of at least three months prior to expiry, considered as fresh assessment.
- (e) Assessment Fee shall also be changeable from PSU's including Defence PSUs.
- (f) In case a firm owns two or more units and wants to verify/register all units for a particular item/process, then separate assessment fee is to be paid by the firm for each unit to be verified.

The assessment fee will NOT be charged in the following contingencies: -

- (a) Renewal of registration in normal manner during prescribed period.
- (b) Registration for additional item/s of similar technology/design for which firm is already registered and visit for capacity verification is not required.
- (c) Change in status of firm e.g. from proprietary to partnership or private limited etc.

23. REMOVAL OF VENDORS FROM COMPENDIUM OF REGISTERED SUPPLIERS :

Removal of vendors from the compendium of registered suppliers may be ordered on the following grounds: -

- (a) If a firm fails to execute a contract.
- (b) If the composite Index of vendor rating falls below 70%.
- (c) If a firm is declared bankrupt or insolvent and in case of a limited company, it is wound up or taken into liquidation.

In the above said contingencies, except under (c) it shall be necessary to give the firm an opportunity of showing cause against the proposed action. Orders removing the firm from the compendium should be communicated to it along with reasons. Orders regarding removal for reasons mentioned in (c) above shall apply for all items for which the firm is registered.

24. APPELLATE AUTHORITY :

The decision of GM i.e. acceptance authority for registration of firms shall be final. However, in case of dispute between firm and factory, Member/TS, OF Board shall be the appellate authority.

25. MONITORING THE PERFORMANCE OF ESTABLISHED SUPPLIERS:

The performance of successful established suppliers after their short-listing by Capacity Verification Team will be monitored regularly against every completed order based on Vendor Rating System. The system shall be used for deciding criterion for input material inspection and subsequently shall be used for vendor selection. Following parameters shall be used for Vendor Rating System:

- (ii) Quality Rating
- (iii) Delivery Rating
- (iv) Price Rating
- (v) Service Rating.

Suggested formula of different parameters is as under:

25.1 QUALITY RATING

$$VRQ = (Q1 + 0.7 * Q2 + 0.3 * Q3 + 0 * Q4) / Q$$

Where

Q1 = Quantity Accepted Conforming to Specification,

Q2 = Quantity accepted with deviation

Q3 = Quantity accepted after rectification

Q4 = Quantity rejected and

Q = Total quantity offered for inspection (Q1 + Q2 + Q3 + Q4)

25.2 DELIVERY RATING:

$$VRD = (Qa / Qc) + \{ Qb /Qc\} * \{Tc /Ta\} * 0.5,$$

Where

Qa = Quantity Supplied on Time,

Qc = Quantity Ordered,

Qb = Quantity supplied late beyond delivery period

Tc = Delivery period as per supply order in days,

Ta = Total Time taken to complete the supplies, including late deliveries in number of days.

25.3 PRICE RATING:

$$VRP = \frac{PL}{PQ}$$

Where PL = Lowest price quoted by any Supplier against that tender

PQ = Price quoted by the Supplier.

Further it is clarified that :

- Lowest offer refers to lowest technically & commercially acceptable offer.
- In case, any offer is ignored on technical ground or due to unacceptable commercial terms, the same can not be considered as lowest offer.

25.4 SERVICE RATING:

The Index/Score for performance with respect to service will have to be determined jointly by the production/user and the materials management Department.

SERVICE RATING BREAK-UP AS PER IS 12040:2001	
PARAMETER	MAXIMUM SCORE
Co-operativeness and readiness to help in emergencies	30

Readiness to replace rejected material	20
Providing support documents in time	10
Promptness in reply	10
Co-operation in delivering and implementing measures or avoiding recurrence of defects/complaints	30
TOTAL	100

25.5 COMPOSITE INDEX FOR PERFORMANCE OR OVERALL RATING.

$VRI = A * VRQ + B * VRD + C * VRP + D * VRS$, Where

A, B, C, D are the weightage for parameters of quality, delivery, Price and service respectively, the values of which are given in succeeding paragraph.

For a particular item, the average vendor rating, AVR, for a supplier over a period of five years will be evaluated by applying the formula:

$$AVR = (VR1 + VR2 + \dots + VRn) / n$$

Where 'n' is the number of orders received by the supplier during the given period for that particular item.

In case an established source fails to secure any order in the last five years, it shall continue to be an established supplier subject to its renewal of registration.

25.6 WEIGHTAGE FACTORS FOR DIFFERENT RATING PARAMETERS:

Following weightage factor is suggested for different parameters as under:

Weightage for Quality - 60%

Weightage for Delivery - 25%

Weightage for Price - 10%

Weightage for Service - 05%

The overall rating of selected established suppliers will be worked out using the above formulae against the orders placed on the firm. The firms getting average overall rating of less than 70% against orders completed in last five years shall not be considered for issue of LTE thereafter for a period of one year. This criterion will not be applicable for the firms which has not received any order against LTE in last five years but participated in the LTE. After the reinstatement, their rating will be monitored afresh as above. Second such occasion of rating falling below 70% will permanently disqualify a firm from the status of established suppliers.

25.7 Vendor Rating software has been developed centrally at OFB as per S.O.P, which needs to be used in all Ordnance Factories. Before supplying the software to all factories it has been tested for its transportability in few OFs.

26 INSPECTION CATEGORISATION:

Self-Certification category inspection status shall be awarded to Firms securing more than 95% vendor rating apart from other requirements mentioned in SOP for input material Inspection. This categorization

shall be valid for a period of one year. After the expiry of validity period it shall be reviewed again.

For “Inspection at Firm premises” category inspection status, Firm should secure more than 85% marks in vendor rating apart from other requirements mentioned in SOP for input material Inspection. “Inspection on receipt” category inspection shall be applied to the firms securing 70% to 85% marks in vendor rating apart from other requirements mentioned in SOP for input material Inspection.

27. Fixing of financial limits of vendors during registration/renewal of registration.

(a).The financial limit of a vendor against a single order will be equal to their average net sales during last three years multiplied by a factor (K) depending upon their profitability during last three years as per the following table:

Sl.No.	Profitability during last three years	Factor (K)
1)	Earned profit in all three years	0.5
2)	Earned profit in two of the three years	0.4
3)	Earned profit in one of the three years	0.3
4)	Did not earn profit in any of the three years	0.2

(b). The financial limit will be fixed at one of the four steps of Rs.20 lakhs, Rs.50 lakhs, 100 lakhs and no limit whichever is equal to (or just higher if it falls in between two stages) the figure arrived at as above.”

27.1 Guidelines for arriving at the financial limits of vendors during registration/renewal of registration:

- a) Financial limit of the firm is to be fixed by concerned Ordnance Factory with the approval of the competent authority i.e. GM.
- b) This is to be decided based on the data submitted by the firm during initial assessment i.e. VRRF and subsequent capacity verification report submitted by the capacity verification team.
- c) Average net sales of the firm will be calculated by averaging the annual turnover for the past three years of the firm and this value is to be multiplied with the Factor (K) (Refer Table above) depending upon the profitability of the firm.
- d) The financial limit thus arrived is to be recorded in the Registration Certificate.
- e) Fixing of financial limit is applicable during vendor registration and renewal of registration.
- f) Financial limit of the firms already registered with Ordnance Fys. may be fixed at the time of renewal of registration.