



INDRAPRASTHA GAS LIMITED

**PROCEDURE  
FOR  
PERFORMANCE EVALUATION  
OF  
VENDORS IN IGL  
(SUPPLIERS/ CONTRACTORS/ SERVICE PROVIDERS)**

**Version 2.0 – January 2024**

*Handwritten initials/signature in blue ink.*

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## **1. GENERAL:**

A system for evaluation of performance of vendors is a key process and important to support an effective purchasing & contracting function of an organization.

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

Any deviation or amendment to this procedure shall require approval of DC & MD. Also, such a procedure is required to be reviewed time to time for incorporating corrections, improvements, etc. Accordingly, this procedure shall be reviewed every 5 years.

This procedure supersedes all earlier amendments / circulars in respect of performance evaluation of vendors issued so far

## **2. OBJECTIVE OF THIS DOCUMENT:**

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

The purpose of this procedure is to put in place a system to monitor, communicate & improve performance of vendors associated with IGL in Projects, O&M and all other functions so as to ensure timely completion of various projects, timely receipt of supplies including completion of works & services for operation & maintenance and support functions of operating sites and quality standards in all respects apart from being competitive and reasonably priced by ensuring ethical approach.

## **3. METHODOLOGY:**

### **(i) Preparation of Performance Rating Data sheet**

Performance Rating Data Sheet for each and every vendor for all purchase orders with a value of above Rs.2 Crores is recommended to be drawn up. These data sheets are to be separately prepared for each purchase order. Format, Parameters, Process, responsibility for preparation of Performance Rating Data Sheet are separately mentioned. The evaluation of vendors will be done annually. However, early evaluation can be conducted on need basis for a particular case.



(ii) Measurement of Performance:

Based on the parameters defined in Data Sheet, Performance of concerned vendor would be computed and graded accordingly. The measurement of the performance of the vendor would be its ability to achieve the minimum scoring of 60% points in the given parameters individually and 70% collectively to be adjudged annually. However, mid-term / need base review can be done in case financial/ commercial activities of company is affected. Any Vendor failing to secure less than the minimum score in any of the parameters should be dealt upon as per procedure detailed below.

(iii) Initiation of Measures:

Depending upon the Grading of Performance, corrective measures would be initiated by taking up the matter with concerned vendor as detailed in 5.1 (iii). Response of vendor would be considered before deciding further course of action.

(iv) Implementation of Corrective Measures:

Based on the response of vendor, concerned Engineer-In-Charge will take future course of action wherever necessary.

(v) Orders placed on proprietary / OEM basis for O&M may also be evaluated and if required, corrective action will be taken for improvement in future as per point 5.1 (iii)

#### 4. EXCLUSIONS:

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

- (i) Orders below the value of Rs. 2 Crores including taxes and duties.
- (ii) One time vendor / Contractor / Consultant/ Framework orders.
- (iii) Orders for Misc./ Administrative items / Non stock Non valuated items.
- (iv) Orders placed on Nomination basis

Note:

POs worth value over Rs.2 Crores contribute to over 80% of total order value placed in calender year 2023. This can be reviewed at a later date and revised accordingly.

However, concerned Engineer-In-charge will continue to monitor such cases so as to minimize the impact on Projects/O&M sites due to non – performance/ underperformance of Vendors / Contractors / Consultants in all such cases.

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## 5. EVALUATION PROCEDURE:

- (i) Evaluation of performance of Vendors / Contractors / Service Providers shall be done immediately with completion of any Project / Contract.
- (ii) On completion of any project / contract, a Performance Rating Data Sheet (Annexure-I) for all Orders executed under the project/ contract excluding cases under para 4 above.
- (iii) Separate parameters/instructions of performance evaluation for cases of Supply and Services/ Works have been defined. Annexure-A is for Supply cases and Annexure-B is for Services & Works cases.
- (iv) Based on above, the Performance Rating Data Sheets for Supply cases shall be prepared by C&P department and that for Services or Works shall be prepared by respective indenting departments.
- (v) Apart from final rating on completion of project/ contract, interim rating should also be done depending upon the Performance Rating (if required), following action need to be initiated by Engineer-in-charge:

Sl.	Performance	Action
1	POOR	Seek explanation for poor performance and issue warning.
2	FAIR	Call & instruct the vendor for improving performance.
3	GOOD	Issue letter for information of their score and suggest for further improving the performance rating.
4	VERY GOOD	No further action

- (vi) Respective EIC shall examine reply from concerned vendor in cases of Poor or Fair rating. In case of satisfactory reply, Performance Rating data Sheet to be closed for that interim period.
- (vii) When no reply is received or reasons indicated are unsatisfactory, following actions need to be taken:

(A) Where Performance rating is "POOR":

In case his performance has affected overall completion schedule of the project / business or unsafe work where severe injury / fatal accident is noticed or consistent / repetitive underperformance is observed, EIC shall recommend such defaulting vendor for putting on HOLIDAY as per Holiday Listing Policy of IGL, wherever necessary.



(B) Where Performance rating is "FAIR":

EIC shall recommend for issuance of warning letter to such defaulting vendor to improve his performance along with instructions to fill performance gaps within stipulated time. Further, in case on no improvement, EIC may review and decide for initiating holiday listing.

**6. OTHER IMPORTANT POINTS:**

- (i) There may be a case where a Vendor apart from doing business in core/main activities has also been awarded an order of much lesser importance in other area of IGL, either on vendor's request or on asking by IGL due to its business requirement. If performance issues in such work of lesser importance arises, the case should be referred to the competent authority for their decision if the contractor should not be put on Holiday. However, the business in such work area with the vendor should be discontinued.
- (ii) All cases of Holiday Listing shall be governed by Holiday Listing Policy of IGL

**7. ANNEXURES:**

Following annexures are placed with this document

- a. Annexure-I : Performance Rating Data Sheet
- b. Annexure-A : Instructions for performance evaluation of Supply cases
- c. Annexure-B : Instructions for performance evaluation of Services & Works cases



## ANNEXURE-I

### PERFORMANCE RATING DATA SHEET

- (i) Project / Work Center :
- (ii) Order / Contract No. & Date. :
- (iii) Brief description of Items / Works / Assignments :
- (iv) Order / Contract value (Rs.) :
- (v) Name of Vendor / Contractor / Consultant :
- (vi) Scheduled delivery / Completion date :
- (vii) Actual delivery / Completion date :

#### For Materials

Performance Parameter	Delivery Performance	Quality Performance	Reliability Performance	After Sale Support	Total
Maximum Marks	30	30	30	10	100
Marks Allocated (*)					

#### For Services

Performance Parameter	Completion period	HSE & Legal Compliance	Quality Performance	Reliability Performance	Total
Maximum Marks	30	30	25	15	100
Marks Allocated (*)					

Remarks (if any)

PERFORMANCE RATING (\*\*)

Note:

(\*) Allocation of marks would be as per enclosed instructions


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

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

Signature of Authorized Signatory

Name:

Designation:

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**ANNEXURE-A**  
**VENDOR PERFORMANCE EVALUATION**  
(Instructions for allocation of marks)  
**FOR MATERIAL / SUPPLY**

**1. DELIVERY FOR MATERIAL**

**30 Marks**

a) For delivery period above 3 months

Delivery Period	Delay in Weeks	Marks
Delay up to	No Delay	30
	3 weeks	25
	6 weeks	15
	9 weeks	10
	12 weeks	5
More than 12 weeks		0

b) For delivery period lesser than 3 months

Delivery Period	Delay in Weeks	Marks
Delay up to	No Delay	30
	2 weeks	25
	4 weeks	15
	6 weeks	10
	8 weeks	5
More than 8 weeks		0

**2. QUALITY OF MATERIAL**

**30 Marks**

For Normal Case: No Defects / No Deviation / No Failure Marks allocated is 30.

For Normal Case: No Defects / No Deviation / No Failure Marks allocated is 50.			
Type	Description		Marks
Rejection	No Rejection		5
	If rejection, marks are to be allocated proportionately on the basis of number of items rejected vs ordered.		0-5
No. of Deviation	zero		10
	Less than and equal to 2		5
	More than 2		2
When Quality failure endanger system integration and safety of the system	Nature of severity	Low	10-15
		Moderate	5
		High	0

**3. AFTER SALE SUPPORT**

**10 Marks**

Basis	Marks
Attending complaints & requests for after sales service/ warranty repairs and/or query/advice	10

**4. RELIABILITY**

**30 Marks**

Basis	Marks
Submission of order acceptance, PBG, Drawings and other documents within time	15
Response to various correspondence and conformance to Standards like ISO	5
Submission of all required documents including Test Certificates at the time of supply	10



## **ANNEXURE-B**

### **VENDOR PERFORMANCE EVALUATION (Instructions for allocation of marks)**

#### **FOR WORKS / CONTRACTS**

#### **1. COMPLETION PERIOD**

**30 Marks**

	Basis		Marks
A	Mobilization of resources on time		5
	On schedule progress		5
B	Timely Completion (marks are given on the basis of delay upto)	Timely Completion	20
		3 weeks	15
		6 weeks	10
		9 weeks	5
		12 weeks	2

#### **2. HEALTH/ SAFETY/ ENVIRONMENT & LEGAL COMPLIANCES**

**30 Marks**

Basis	Marks
Compliance towards security/safety requirement as per contract requirement	12
Submission of insurance, labor license, PF, ESI and other documents within time	10
Compliance to statutory and HS & E requirement/ Conformance to standards like ISO	5
Usage of energy efficient equipment at site	3

#### **3. QUALITY PERFORMANCE**

**25 Marks**

Type	Description		Marks
When Quality failure endanger system integration and safety of the system	Nature of severity	Low	15
		Moderate	10
		High	5
No. of Deviation	zero		10
	Less than and equal to 2		5
	More than 2		2

#### **4. RELIABILITY PERFORMANCE**

**15 Marks**

Basis	Marks
Submission of order acceptance, PBG, insurance, labour license, PF, ESI and other documents within time	5
Timely submission of RA bills, policy documents, Contract Closure documents etc.	10



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