

SOURCING & QUALITY POLICY

MODULE NAME : SOURCING & QUALITY Process
ISSUED BY : IHCL CORPORATE

Objective

The objective of Engaging vendors is to bring Suppliers/Contractors on board to cater our needs and requirements and create a data base.

Business Philosophy

The philosophy behind vendor engagement is to provide hotels with a data base of vendors from where hotels can effectively select the most appropriate vendors to cater the hotels requirement adhering to Quality, Cost, Delivery objectives.

Identification of Suitable Suppliers

Proper source knowledge and identification of suitable suppliers capable of meeting the product quality required by the Unit are vital functions for ensuring procurement of quality goods. Providing equal opportunity and ensuring fair play are also important requirements in any procurement process to achieve transparency. Hence, the selection and registration of firms, their performance appraisal and classification must be clearly spelt out and properly disseminated.

Registration of Firms

Registration by the Central Material Group:

The Vendor Empanelment Form (VEF) is to be obtained giving details of vendor before registering vendor as a preferred vendor. The said form is only to be obtained post vendor evaluation and user trails.

Registration at the Unit Level:

It would not be necessary to register the firms at the unit level for carrying out local purchase. However, the reputation, capacity and credibility must be ascertained before obtaining quotations from or placing supply orders on a firm. However, vendors from whom purchases are made one time, need not be registered.

Scrutiny of the Credentials of the Firms:

It is essential that the credentials of the firms applying for registration, including their financial status, the manufacturing and quality control facilities, the business ethics and their market standing are thoroughly scrutinized before registering them as an approved source of supply.

SOURCING & QUALITY POLICY

Personnel visit to verify existence of the Firms:

It is important that a personnel visits to the place of business of the firm applying for the registration to understand and evaluate the environment, its working, hygiene (wherever applicable) and tone at the top. It will also ensure that no bogus firms or entries blacklisted are registered using veils of other entities.

Assessment of Performance of the Registered Firms

Criteria for Assessment of Performance:

Performance of the registered firms must be reviewed by the Units periodically and reported to the CMG. The general criteria for assessing the performance of the registered firms are as follows:

- a) **Quality:** Quality must be assessed from the Chief Engineer's / Chief Chef / IT Manager / Chief Accountants (as applicable) report as well as the feedback from the actual users.
- b) **Delivery:** Delivery compliance must be assessed from the delivery data against purchase orders placed on the firm. The purchaser could generate the data from the computer records to determine the percentage of orders in which delivery was completed within the original delivery date as per the contract/supply order.
- c) **Price:** Price competitiveness of a firm must be assessed against its ability to secure orders on competitive basis. Orders secured as percentage of quotes should indicate the price competitiveness of the supplier. This data can be generated from the computer records.
- d) **Response:** The response analysis of the firms could be carried out in terms of number of quotes submitted against the number of RFQs sent to them or the time taken to submit quotes, number of reminders sent etc. Quotes received as a percentage of RFQs sent / average response time on submitting quotes/reverting back on queries could be one of the valid criteria for response analysis.
- ¶ **Support:** Product support record of a firm may be determined based on response to enquiries for spare parts and maintenance services for the equipment originally supplied by that firm.

- **Assessment of Technical and Financial Capabilities:**

The technical and financial capabilities of the firms, including their past performance, must be carefully evaluated for purpose of considering registration/contracting for ARA. The CMG may also co-opt a representative of the User.

SOURCING & QUALITY POLICY

- **Removal from the List of the Approved Firms**

Removal from the List:

Whenever a firm is found lacking in performance in terms of response, delivery compliance, capacity, quality standards, ethics, not adhering to the Tata Code of Conduct or any other valid reason, the firm may be removed from the list by the CMG after giving notice of proposed removal to the firm. Besides, registered firms which may have ceased to exist or may have been acquired by or merged with another firm, may have switched over to other sectors of business operation or indulged in unethical business practices and influence peddling. Such firms should be removed from the list of approved vendors after giving them notice of the proposed removal. An appropriate 'Alert' may be issued in this regard.

- **Ban on dealings with a firm**

Ban on Dealings:

When the misconduct of a firm or not adhering to the Tata Code of Conduct or its continued poor performance justifies imposition of ban on business relations with the firm, a recommendation should be made by the unit after due consideration of all factors and circumstances of the case and after giving due notice. An intimation to this effect should be sent to the Head of CMG with all justification based on which appropriate notice will be sent to the vendor banning him for a certain duration from dealing with the IHCL. Simultaneously CMG will update its vendor master and record the vendor as 'BLACK LISTED' to prevent dealings by any other hotel in the group.

A separate list of such vendors would be prepared and communicated by CMG to the units / entities in the Group who are not on Orion Application. This list will be circulated periodically by CMG to hotels.

- **Specifications:**

Items bought by the Unit must be manufactured as per or conforming to the FSSAI/BS/IS and other specifications as required from time to time. The specifications are the qualitative requirements of the item being procured and should indicate the material composition, physical, dimensional and performance parameters, tolerances, if any, manufacturing process where applicable, test schedule, preservation and packing etc.

- a) **Branded Product:** The specification for branded commercial product is not available with the purchaser or the inspecting agency and these are to be accepted on the firm's guarantee.
- b) **Common Use Items:** There are many items in use by hotels, which are common-use items, freely available in the open market. Specifications of common use items should also be broad enough to permit wider participation by the suppliers and should not be restrictive so that it does not pre-empt adequate competition.

Process Flow

Engagement of Vendors

