International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 08 Issue: 05 | May - 2024 SJIF Rating: 8.448 ISSN: 2582-3930

VENDOR MANAGEMENT IN FACTORIES

Mr. RAVINDRA LALU HAMARE
UNDER THE GUIDANCE OF **Prof. Ashok Desai**
MASTER OF MANAGEMENT STUDIES IN OPRATION MANAGEMENT

Alamuri Ratnamala Institute of Engineering and Technology

PROCEDURE FOR SUPPLIER DEVELOPMENT

The Vendor Development Process is carried out by the Purchase Department in close consultation with User Three Department

1) R&D
2) Material Testing
3) QA Department.

First Step: -

VENDOR REGISTRATION

- Any vendor i.e., manufacturer/ authorized agents/distributors of the manufacturer /service providers and firms undertaking job works can be registered the Vendor Development Protocol. To register, the vendor should have GST registration (if applicable). The vendor must maintain an office/ shop/ show room registered in its own name, and should have a bank account wherein payments can be sent directly.
- Vendors interested in registration shall submit an application furnishing details of their business and product line. On receipt of the application, they will be issued a vendor development questionnaire. The vendor should submit the duly filled questionnaire, along with their credentials, and details of manufacturing capacity, quality control facilities, past performance, after-sales service, financial background etc.
- The duly filled development document received is submitted to the VENDOR DEVELOPMENT COMMITTEE. The Committee consists of Head of User Dept., Head of Material Testing/R & D Dept. & Head of Purchase and has the following powers:

○ after examining the documents and based on the Protocol for Vendor Development of that material, it, can advise the Purchase Department to call for samples for evaluation / plant trial of the material, or call for additional details / clarifications, if required.
○ In case the sample confirms to the specification, the Committee can advise Purchase Department to include the vendor in the list of approved vendors/recommend to issue plant trial order.
○ The Committee can also depute an officer for facility audit, if necessary.
○ Based on the facility audit, and plant trial reports, the Committee can advise the Purchase Department to include the vendor in the list of approved vendors.

- Registered firms can be removed from the list of approved firms if they continuously fail to abide by the terms and conditions of the tender / contract or fail to supply goods on time or supply sub-standard items /goods or any false declaration made to company.

Suppliers not taking part in the Tender / not supplying to HLL for a continuous period of 5 years will be removed from the list of approved suppliers

Second Step: -

VENDOR RATING

PROCEDURE FOR SUPPLIER RATING

Supplier rating is done based on the following criteria.

1) Quality of the product/service
2) Cost rating
3) Adherence to delivery schedule

QUALITY RATING (QR)

Quality rating comprises of two factors.

1) **Inspection rating:** Based on value of parameters of materials inspected.

2) **Performance rating:** Based on value of parameters of materials inspected during performance inspection.

PRICE RATING

This criterion compares the relationship of the price of vendors with the effective price of those materials.

PRICE RATING = (Vendor's effective price- Effective price of material)/ Effective price of material*100

DELIVERY RATING (DR)

Delivery Rating of raw materials is calculated by Purchase Department on the basis of contracts entered into by concerned User Departments as mentioned below:

- delivery in time as per schedule: Full credit

2 deliveries after the scheduled date: a grace period of 10 days is given if the material has been dispatched within the delivery date, and the party would get full credit for delivery.

- if the material is received within 15 days from the date of delivery mentioned

in the Order, a score of 25 % will be deducted.

- if the material is delivered between the 16th day and 30th day stipulated in the Order, the score will go down by another 25 % i.e. a total deduction of 50 %
- this will continue for every fortnight for the next two fortnights.
- the total score thus obtained forms the basis for the grading.

Frequency of supplier rating:

The vendor rating shall be done on annual basis, or as detailed in Quality Management System (QMS) manual.

PROTOCOL – PHARMA SUPPLIER

Suppliers of Active Pharmaceutical Ingredient – API & carrier (Excipient) material

1) Vendors interested to supply API & Excipient Raw Materials and Primary packing materials shall first submit their credentials and other details regarding their unit and production process to Purchase Dept. in the prescribed Vendor Development Form.

2) The materials should match IP/ BP/ USP/ EP grade. For initial lab trials and testing, the vendor has to supply 25 or 50 gm of material along with the Certificate of Analysis, Stability Report of the materials with the duly filled Vendor form. The sample and original copy of the Vendor form and other required documents received from the vendor is to be forwarded to Quality Assurance, for testing and reference. If the sample supplied matches the specification, it will be communicated to the vendor by Purchase Department.

3) On approval of the received sample by Quality Assurance, in case of API Raw materials a trial Order shall be placed for manufacturing the product to study the stability data. After completing the stability study report for a

period of six months / one year based on the confirmation received from Quality Assurance, the Vendor will be included in the approved vendors list for the API materials supplied.
Materials for commercial batch will be procured from the approved vendor only after receiving the approval of Quality Assurance.

VENDOR MANAGEMENT – SOURCING

INTRODUCTION

Sourcing Division is responsible for management of vendors. The sourcing team identifies different manufacturers and their distributors. For best offers, negotiation is done based on the market trend, consumption pattern, Institution rates, etc. Thereafter Rate Contract is entered into with them.
The following are the basic functions of the sourcing team with regard to vendor management:

Online Vendor Registration through Portal.
Advertisement will be published in News Paper once in an year for inviting vendors for registering through online portal.
Vendor Identification is done through:

- Online vendor Registration through web portal.
- Expression of Interest.
- Open and Limited tenders.

- Identify new vendors
- Develop new vendors
- Vendor (Manufacturer) Registration
- Liaison with existing vendors.
- Prepare and share Master Data for easy identification of products and rates of registered manufacturers.
- Interventions on post order placement with respect to:

i) timely supplies.
ii) delayed payment to vendors.
iii) negotiation for better rates based on market trends.

RBD Sourcing team will d liaison with all major pharmaceuticals, surgical consumables, implants etc. vendors for entering into a pan India Rate Contract (RC), so that the division gets the products required from any part of the country from the manufacturer at the same rate, as agreed to in the contract.

VENDOR DEVELOPMENT

New vendors are identified by through the following modes:

ONLINE VENDOR REGISTRATION:

Developed an online portal **https://vendorregistration.lifecarehll.com/** (link displayed on company website) where any Vendor can create an account and register by providing the details as mentioned in the portal. The SD team will evaluate the same in the back end, and do the approval or qualifying of Vendors.

An advertisement will be published in the newspaper once in a year for inviting vendors for registering through online web portal. An Expression of Interest with portal details is also published in company website throughout the year for vendor registration.

Online vendor evaluation provides for the following benefits:

- Streamlining the entire process
- Ease of access to supplier and company
- Data base creation and selective data retrieval
- Price bid maintenance
- Automated reminders for contract renewal
- Reducing human errors
- Making the system more efficient and paper free.

2 EXPRESSION OF INTEREST:

An EOI (Expression of Interest) for vendor registration is published in the company website throughout the year for inviting interested Vendors to contact company for registration for products / brands for company's pharmacy outlets.

1) The EOI shall be kept open and any vendor can approach company for registration as prescribed in the EOI document.

2) The Vendor evaluation is explained in

3) Successful bidders will be invited to enter into a Rate Contract where the product list, offer price and validity mentioned and agreed to between company and the Supplier.

4) Details of distributors who will be supply to company outlets, shall also be shared by the manufacturer.

5) Periodic updating of price and details can be done by a supplier in consultation with the SD team, the procedure for which needs to be defined in the Rate Contract to be signed.

OPEN / LIMITED TENDERS:

Requirement from Government/Ministry/Government Institution, which they required tendering process for identifying and procurement of products, tenders will be called as per the procedure mentioned of the procurement Manual.

MANDATORY VENDOR REQUIREMENTS

The following are the list of mandatory documents / proofs to be submitted by vendors in order to be evaluated by company's team for listing them as vendors:

REGISTRATION AS MANUFACTURER:

Self-attested copies of the following documents are required to be submitted for registering the party as manufacturer on Pan India basis:

MANDATORY DOCUMENTS

1) Request for registration on the company letter head
2) Valid Manufacturing License (copy)
3) GST Registration Certificate (copy)
4) Permanent Account Number (PAN) Copy
5) Copy of valid quality certifications, such as, FDA, CE, ISO, GMP etc
6) Certificate of Incorporation/License issued by local body.

2. Central Public Sector Enterprises / SSI units registered with NSIC shall provide a copy of the certificate

7) List of all products with MRP and Special Rate offered to HLL (A copy on excel format as well). Rate quoted shall be in FOR basis inclusive of all taxes, except GST.
8) List of supply points (CFA) for each state, with contact person's name and number along with CFA / Authorized distributor valid Drug License Copy and RTGS details (All India).
9) GST Compliance Certificate when made available.

OPTIONAL DOCUMENTS

1) Non conviction certificate in the prescribed format.
2) Name of empanelled agencies/ reputed private hospitals/ Institutes/ Retailers where the firm is empanelled for supplying medicines and healthcare needs.
3) Company portfolio including date of establishment, product lines, etc.
4) MSME Certificate issued by Government of India.

5.2.3.2 REGISTRATION AS IMPORTER / MARKETER

Self-attested copies of the following are required to be submitted for registering the party as Importer / Marketer:

MANDATORY DOCUMENTS

1) Request for registration on company letter head.

2. Valid Drug license.

2) GST Registration certificate (copy).
3) Permanent Account Number (PAN) Copy.
4) List of all products with generic name, brand name, manufacturer, MRP and Special Rate offered to HLL (A copy on excel format as well). Rate quoted shall be FOR basis, inclusive of all taxes except GST.

5) Mention list of supply points (CFA / Authorized distributors) for each state with contact person's name and number, along with RTGS details. (Not applicable for distributor)

6) Copy of Import license (applicable for Importer)

OPTIONAL DOCUMENTS

1) Non conviction certificate in the prescribed format.

2) Name of empanelled agencies/ reputed private hospitals/ Institutes/ Retailers where the firm is empanelled supplying medicines and healthcare needs.

3) Self-declaration of company details in the prescribed format.

Authorization letter from the manufacturer (copy).

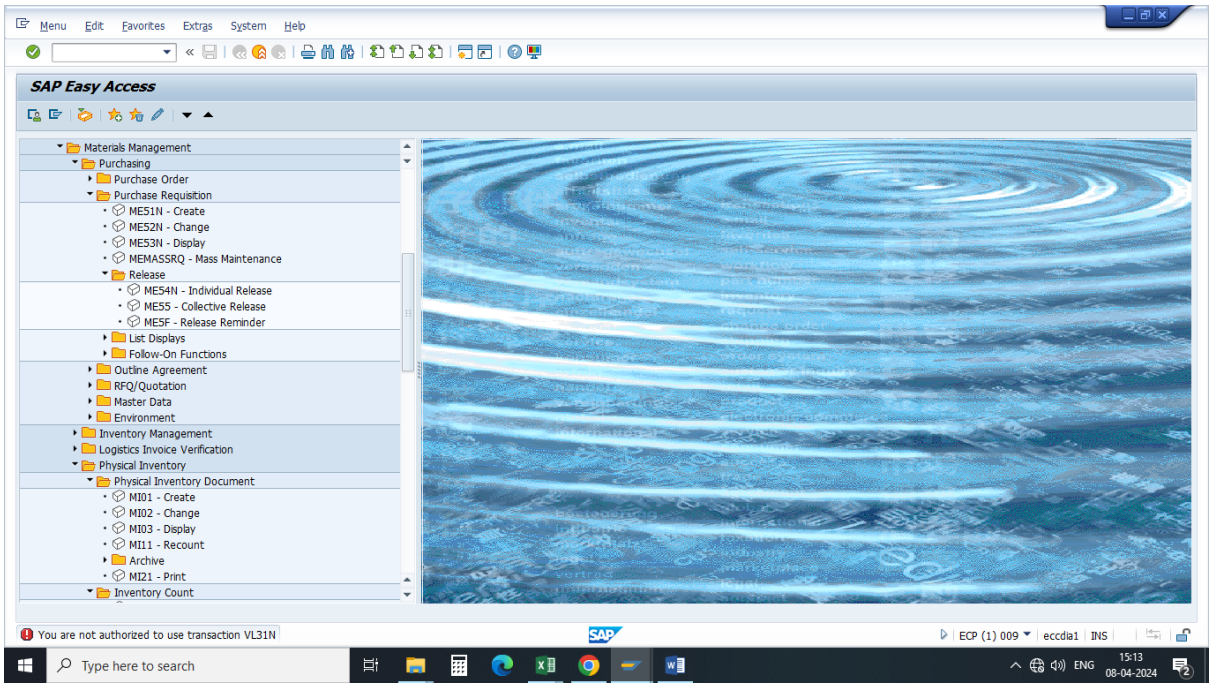
4 PROCESS FLOW - RBD

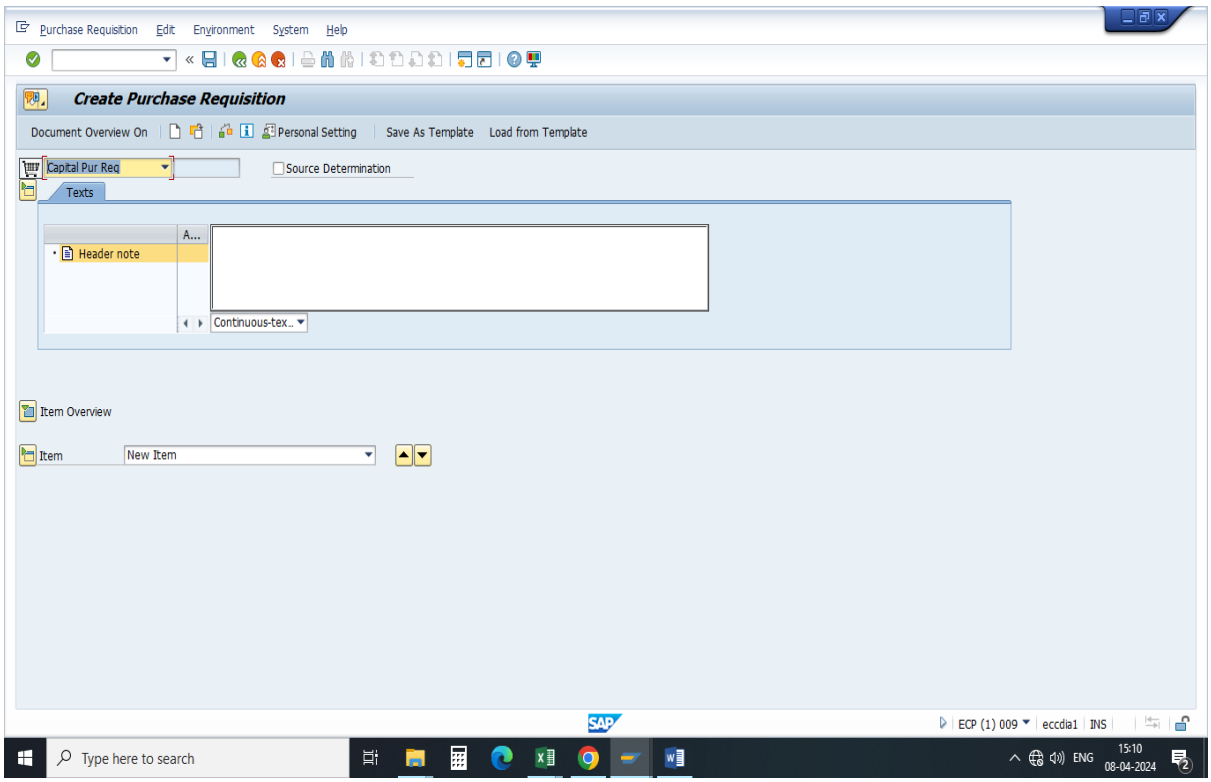
The following is an abstract of the vendor registration and management done by company RBD team in company for vendor management. company should enter into Rate Contracts with manufacturers on Pan-India basis and Distributors on regional basis.

The process flow is depicted below:

5.2.4.1 MANUFACTURER REGISTRATION PROCESS:

Company 's RBD team enters into Rate Contract with manufacturers on Pan-India basis, and the price offered by manufacturers will be a special price for company. The following process defines the process of registration of manufacturer:

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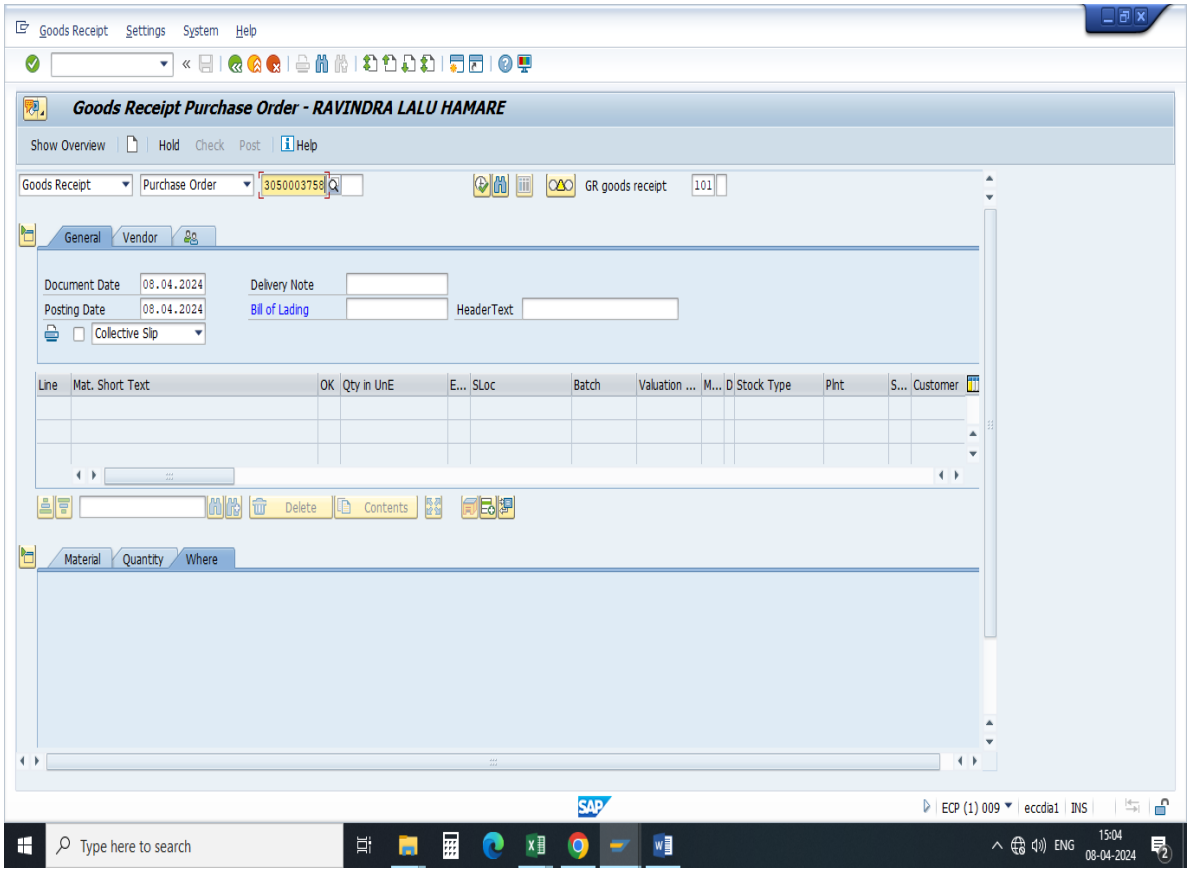
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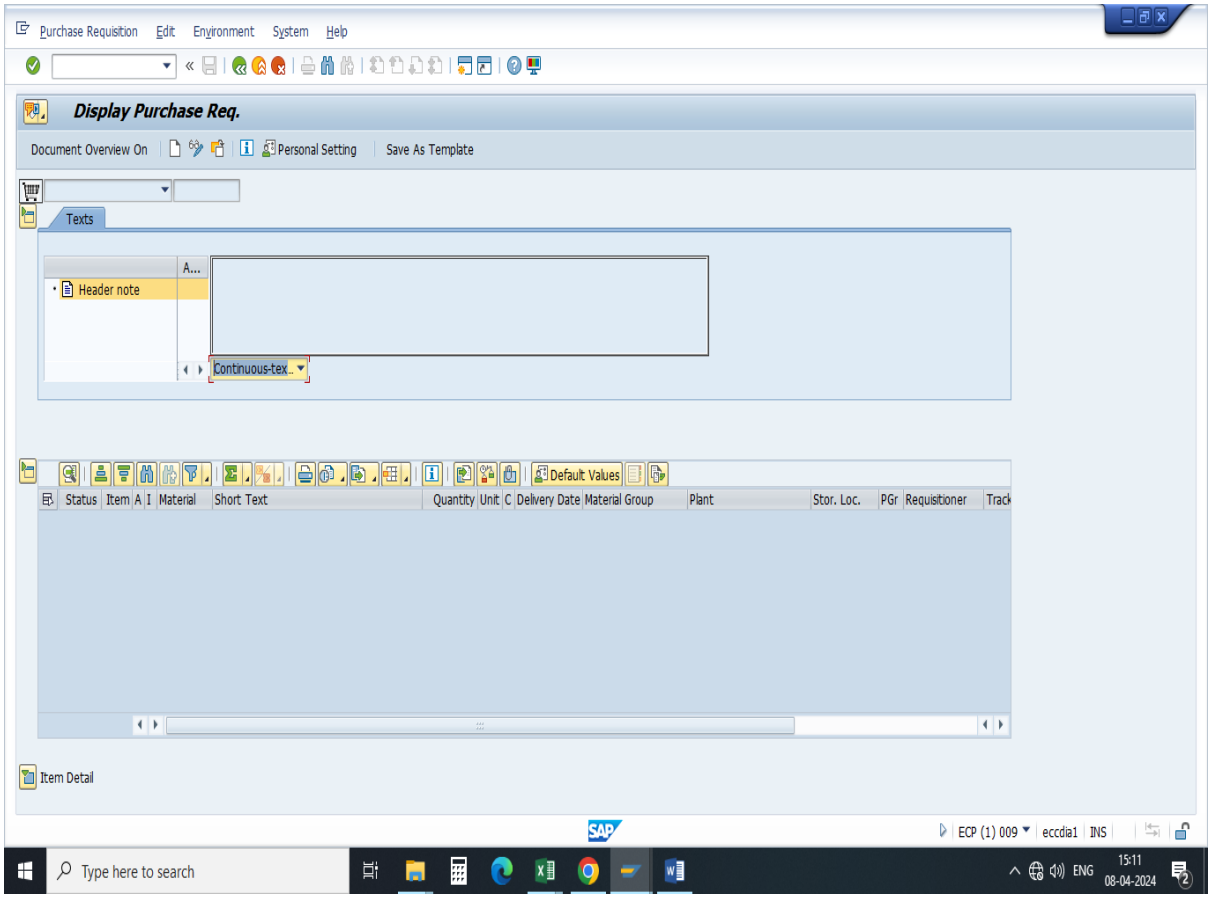
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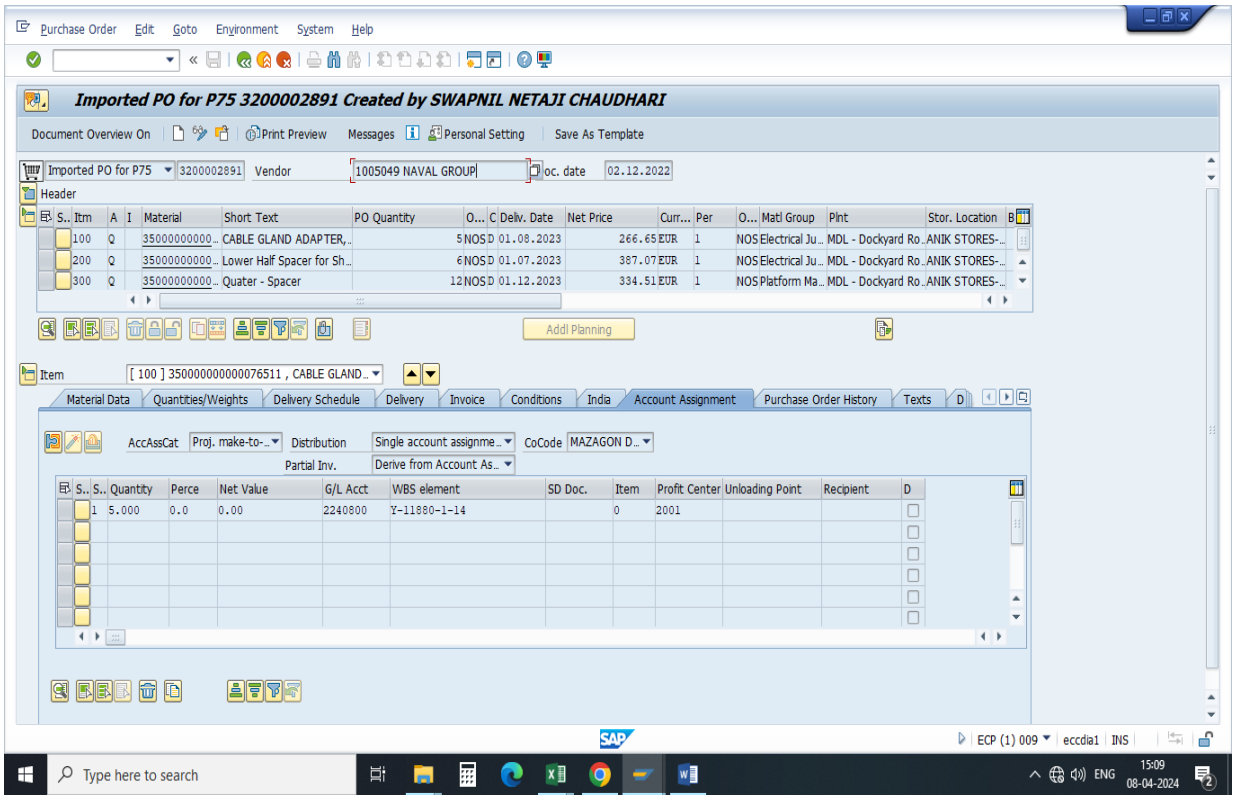
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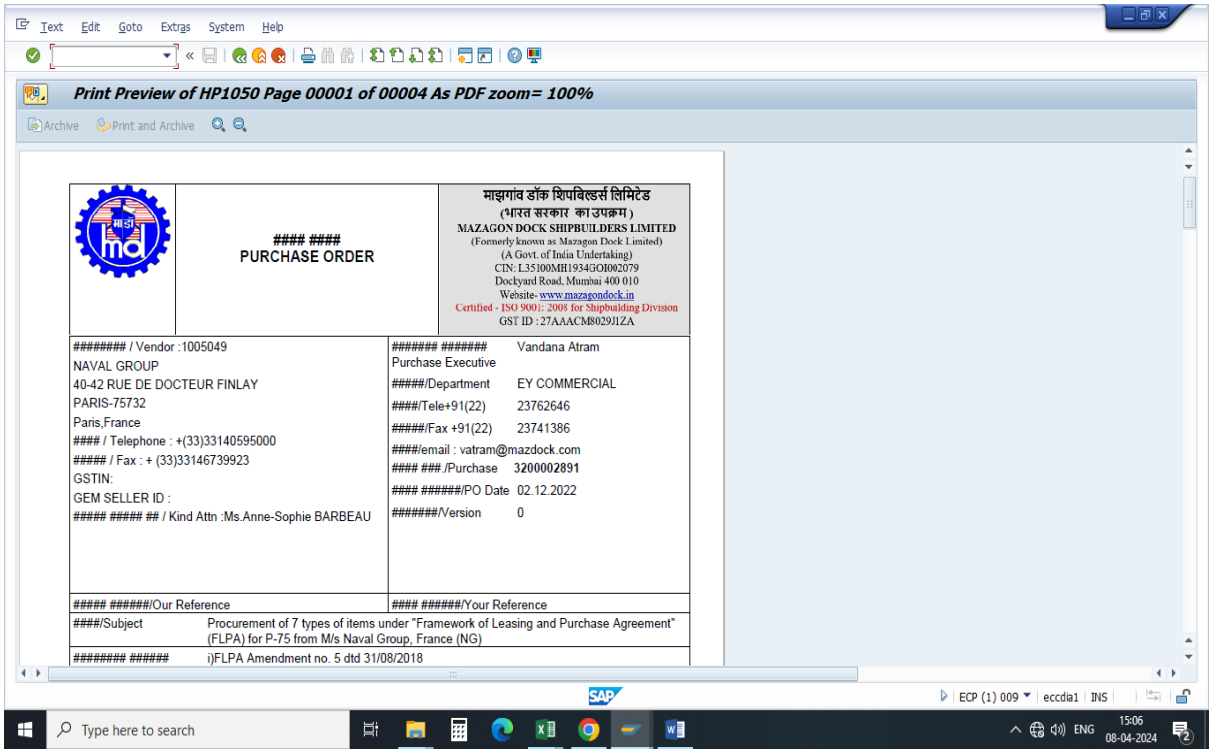
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PURCHASE ORDER
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(भारत सरकार का उपक्रम)
MAZAGON DOCK SHIPBUILDERS LIMITED
(Formerly known as Mazagon Dock Limited)
(A Govt. of India Undertaking)
CIN: L35100MH1934GOI002079
Dockyard Road, Mumbai 400 010
Website- www.mazagondock.in
Certified - ISO 9001: 2008 for Shipbuilding Division
GST ID : 27AAACM8029J1ZA
######## / Vendor :1005049
NAVAL GROUP
40-42 RUE DE DOCTEUR FINLAY
PARIS-75732
Paris,France
/ Telephone : +(33)33140595000
/ Fax : + (33)33146739923
GSTIN:
GEM SELLER ID :
/ Kind Attn :Ms.Anne-Sophie BARBEAU
####### ####### Vandana Atram
Purchase Executive
#####/Department EY COMMERCIAL
####/Tele+91(22) 23762646
#####/Fax +91(22) 23741386
####/email : vatram@mazdock.com
/Purchase 3200002891
######/PO Date 02.12.2022
#######/Version 0
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####/Subject Procurement of 7 types of items under "Framework of Leasing and Purchase Agreement" (FLPA) for P-75 from M/s Naval Group, France (NG)
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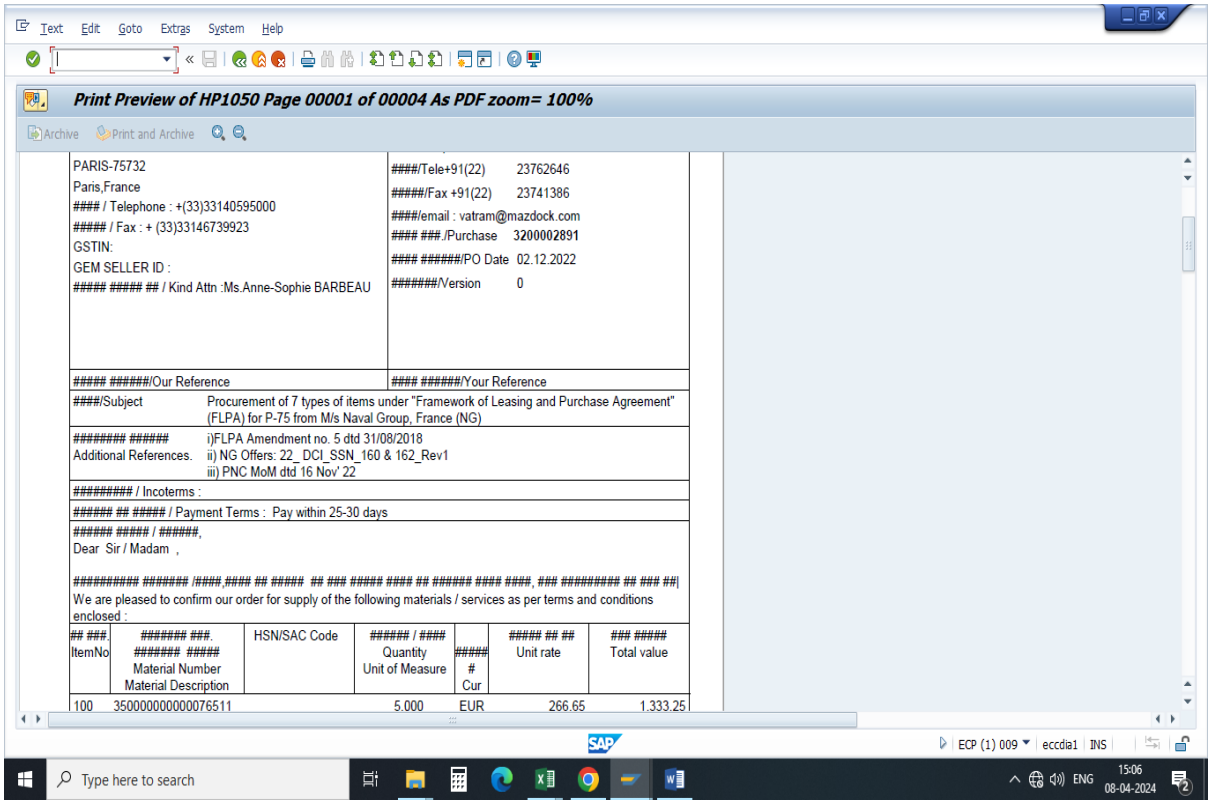
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/ Kind Attn :Ms.Anne-Sophie BARBEAU
####/Tele+91(22) 23762646
#####/Fax +91(22) 23741386
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ii) NG Offers: 22_ DCI_SSN_160 & 162_Rev1
iii) PNC MoM dtd 16 Nov' 22
######### / Incoterms :
/ Payment Terms : Pay within 25-30 days
/ ######,
Dear Sir / Madam ,
We are pleased to confirm our order for supply of the following materials / services as per terms and conditions enclosed :
ItemNo
####### ###. ####### ##### Material Number Material Description
HSN/SAC Code
/ #### Quantity Unit of Measure
Cur
Unit rate
Total value
100 350000000000076511 5.000 EUR 266.65 1,333.25
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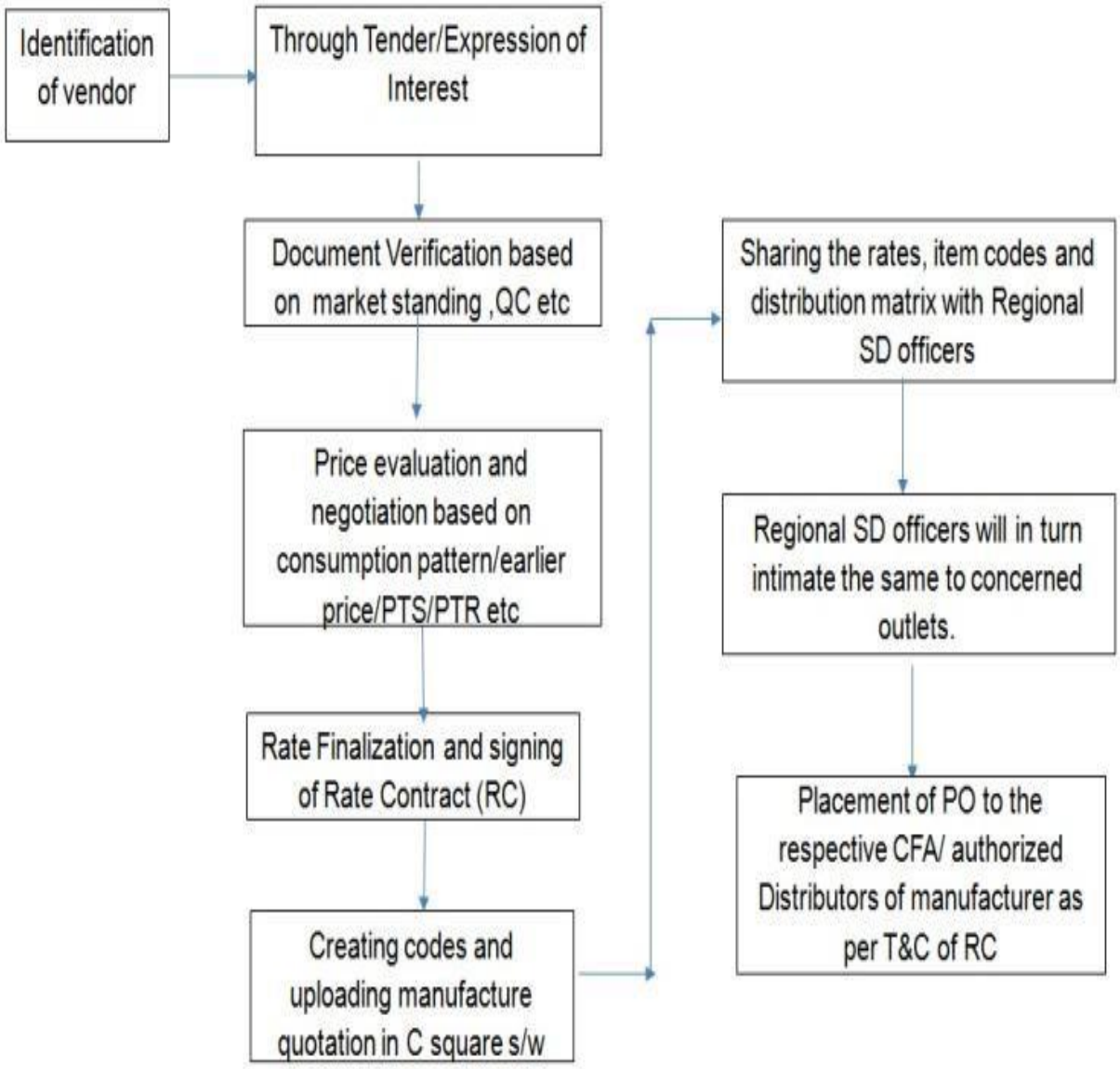
FIGURE 04 – PROCESS FLOW OF MANUFACTURER REGISTRATION



SELCETION AND RATE CONTRACT

Company SD team shall collect from all prospective Vendors all relevant documents as mentioned above along with the list of offered products to company on the current MRP, the rate offered to company along with the applicable GST for each product. company shall receive the distribution matrix for mapping the Manufacturers supply channel partners to each outlet or SD CFA, as the case may be.

On the basis of documents and rate received from Vendors, company will evaluate the same and check the competitiveness of the price quoted and technical competence of the vendors. If the vendor satisfies the above criteria, further negotiation of the price quoted shall be done with these parties. Once rates are finalized, company enters into a RATE CONTRACT with the manufacturer for a minimum period of one year.

Company places orders with the authorized distributor / manufacturers as per the Distribution Matrix for obtaining products required.

Where the authorized distributors of manufacturers, or manufacturer themselves are local players each regional sourcing team has to obtain Management approval of rates of products for procurement.

DISTRIBUTOR REGISTRATION PROCESS

In case of a requirement from an outlet for products / brands not covered in the existing Rate Contracts entered into by with various manufacturers; following steps need to be followed:

1) Concerned sourcing officer identifies distributors who have the required products / brands.

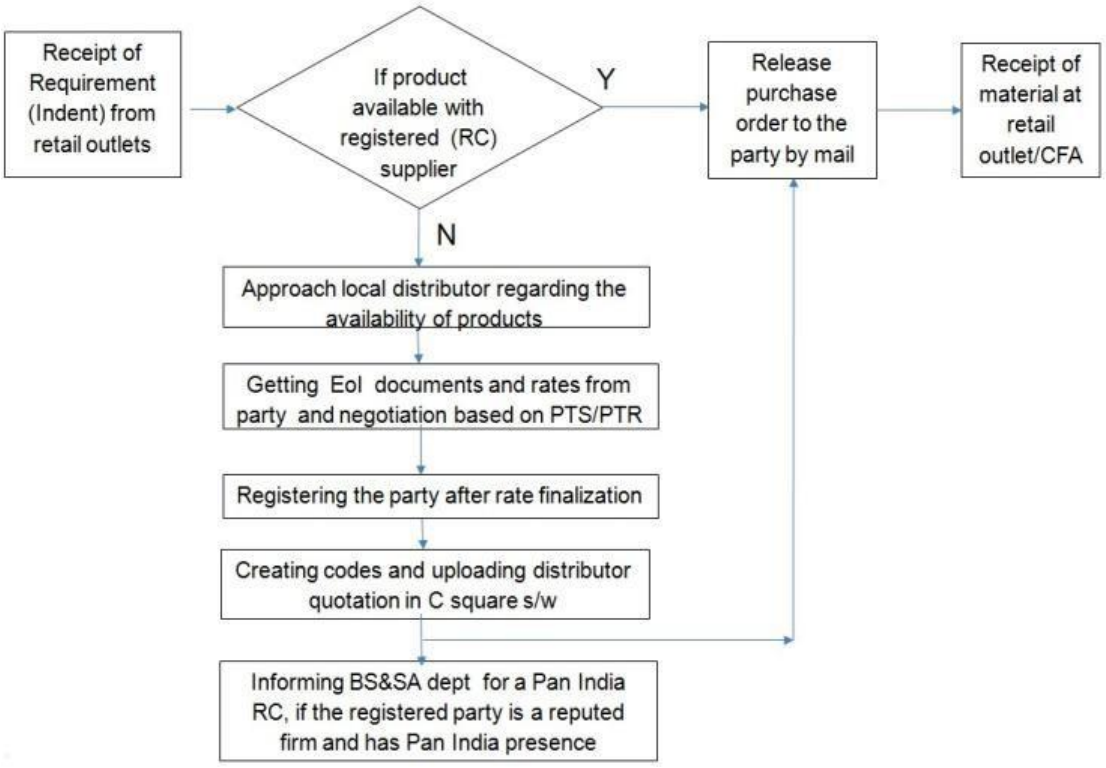
2) The concerned sourcing officer negotiates the price, based on the prevailing price to Stockist (PTS) / Price to Retailers (PTR) for the particular product.

3) If the negotiated price is reasonable and in line with the market rates, the party can be registered as a distributor after obtaining documents mentioned in clause of of this Manual.

4) After the distributor is registered, the Purchase Order is placed on the party and products obtained.

5) Local distributor registration process is detailed below:

6) **FIGURE 05 – PROCESS FLOW OF DISTRIBUTOR REGISTRATION**



7) BLACKLISTING OF VENDORS

8) In case of non-compliance to commitments agreed to by vendors, company has all rights to blacklist such vendors. The following two scenarios may lead to blacklisting vendors:

. In case of failure to supply fully or partially the agreed quantity as per the PO, the supplier may be blacklisted by company. Prior intimation and approval of company is to be sought for such cases.

- The quality standards as stipulated by company have to be strictly adhered to. In case of a deviation noticed beyond the permissible parameters of quality standards, company may blacklist the vendor.

It is to be noted that the process of blacklisting will be done at the sole discretion of company, and duration of blacklisting will be decided on a case to case basis.

5.2.6 VENDOR DEVELOPMENT – HCS

HCS procurement is done through issue of tender and a Rate Contract entered into
with the L1 party. The tender procedure will be as per the procedure mentioned in Section 2.5 of Chapter 2 of this Manual. In case of consumables and products for which there is no Rate Contract, HCS SD team shall float an EOI for empanelling vendors:

EXPRESSION OF INTEREST (EOI) in HCS SD:

The above mentioned EOI is released in order to identify, register and empanel vendors for the supply of consumables /reagents etc. for the medical and imaging laboratories of company located in the country.

Prospective suppliers shall be registered with company, and empanelled for procurement of consumables /reagent etc. through the EOI. If the Health Care Services Division has a requirement of any item/ consumables/ reagents for which company does not have a Rate Contract, then the sourcing team will invite a price bid from those empanelled vendors who have indicated their willingness to supply these items / consumables / reagents. Bids received, will be evaluated by a competent Techno-Commercial Evaluation Committee, and based on their recommendation, the preferred vendor (L1) will be selected for the supply of the concerned item/consumables/reagents. A Purchase order will be issued to the selected vendor.

The EOI is valid for the year, and an interested party can register with company through this EOI, and become a registered vendor of company. Registration can be done throughout the year. After the specified time duration, any required/relevant documents shall be evaluated for assessment of the continuity of empanelment. The empanelment will be done solely at the discretion of company. Renewal of empanelment shall be done by obtaining approval of the functional Director concerned.