

Khyber Pakhtunkhwa Oil & Gas Company Ltd.

**RULES, POLICY & STANDARD OPERATING
PROCEDURE FOR ASSET DISPOSAL**

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OBJECTIVE

The objective of this document is to provide guidelines, procedures, rules and regulations for disposal of out dated, used, un-serviceable, obsolete, scrapped and un-repairable economically assets including tool, plant, machinery and equipment owned by the Khyber Pakhtunkhwa Oil & Gas Company Limited.

The Board of Directors is the only Authority that can give Final Approval for selling, auctioning, disposing of any assets of the Company, regardless of its worth, size or value.

1. INTRODUCTION

1.1 General

The disposal procedure is intended to be used as a guideline for the disposal of unserviceable/scrap/obsolete material and to assign responsibility to various departments and individuals for the handling, inspection, pricing and documentation of disposable material.

The objective of this procedure is to arrange the disposal of material in the best interest of the company with minimum delay and in transparent manner.

All disposal actions within the company shall be governed by the provisions of this procedure unless and until written instructions are issued by the Company's BOD.

1.2 Definitions

- a) "Company" means Khyber Pakhtunkhwa Oil & Gas Company Limited (KPOGCL)
- b) "Disposal" means the process of transfer of deed by sale through tender, auction, negotiation or any other method stated herein of unwanted, obsolete, unserviceable and surplus serviceable material and vehicles to a qualified buyer.
- c) "Survey Report" means the document which shows the description of disposable material and its reserve price, when completed authorizes the Warehouse/Store section to begin the disposal process of the listed item/items.
- d) "Stores" all items which are stored in any unit/section/office for use within Company such as but not limited to material, vehicles, equipment, machinery, plants, tools etc.,
- e) "Cannibalization" means removing serviceable parts from one item of equipment for utilization on another item or equipment.
- f) "Reserve Price" means the approximate price of disposable stores to be used as a guide by the disposing agency. It is based on the intelligent engineering estimate keeping in view the market rates. It is only a suggested sale price. It needs to be kept in complete secrecy.
- g) "Authority" means Board of Directors of KPOGCL.
- h) "Competent Authority" means power delegated to any officer(s) by the Authority.

- i) "Condemnation Board" means the standing survey committee appointed by BoD to survey off the disposable items.
- j) "H.M.M" means Heavy Mobile Machinery
- k) "Private Contract" means a contract/agreement entered with private party with the approval of BoD for specific disposable item in the interest of the company.

1.3 Policy and Principles of Disposal

Disposable stores whether scrap, unserviceable, obsolete but serviceable and unwanted stores block funds of the Company. They occupy valuable storage space, need care and vigilance, and are liable to pilferage, deterioration and consequently loss to the Company. As such, it is the responsibilities of every unit/section/office to arrange their survey and disposal, as soon as possible. Similarly, it is the basic duty of every officer to ensure that regular inspection and maintenance of vehicle, equipment, machinery, stores and plant on his charge is carried out to avoid deterioration and premature condemnation.

1.3.1 Policy of Disposal

Disposal Sales should be treated as a Commercial Transaction. All decisions relating to the Reserve price, acceptance and rejection of tenders and auctions or conclusion of Private treaty should be finalized from a commercial point of view and in the best economic interests of the Company keeping within the PPRA rules and Company policies, rule and regulations.

1.3.2 Principles of Disposal

Based on the above policy and concept, all disposal actions in the Company will be guided by the following principles:

- a) Once declared unserviceable, beyond economical repairs as declared by the competent authority, the material should be disposed off with minimum delay.
- b) Reserve Price being a guide to Disposal section, it should be as near the prevailing market rate of the material in similar condition as reasonably possible.
- c) Mode of Disposal adopted in any given transaction shall be determined taking into account the best interest of the Company.
- d) Where Disposal Stores are established and functioning, store other than vehicles, heavy machinery and equipment should be shifted to the

Disposal Stores and disposed off from there, if need be. This shifting should be effected as far as possible, without incurring extra expenditure.

- e)** Where Disposal Stores are not functioning or the move to Disposal Stores is NOT administratively convenient or economically feasible, disposal will be arranged at Site.
- f)** All serviceable items will be circulated to all units/section/offices of the Company.

2. SURVEY OF DISPOSABLE STORES

2.1 General

- a) Prior to the survey of disposable material, the items must be evaluated to determine if the material is in fact repairable/cannibal or not. All items serviceable, unserviceable, declared excess shall be transferred to stores section by the field unit. Survey Report is initiated by the store section. A Survey Committee will be formed to decide which surplus and obsolete store items are no longer required in the Company and require disposal.
- b) Store section will arrange all surplus material and scrap by category for survey and inspection by the Survey Committee.

2.2 Survey Committee

Survey Committee may be a standing survey committee. It may be a committee assembled for survey of a specific item or items.

- a) The Survey committee shall have adequate representation of technical wing, account/finance section etc.
- b) The Survey Committee is responsible for:
 - i.) The assessment of the condition of stores, machinery, tools & equipment and classification into one of the following categories:
 - a) Serviceable
 - b) Unserviceable
 - c) Scrap
 - ii.) Recommended disposal, if warranted by condition/age.
 - iii.) Prepare survey reports.
 - iv.) Fix reserve price.
 - v.) Obtain approval from BoD.

2.3 Assessment of Condition

No hard and fast rule can be laid down for assessing condition of store material. However, the following guidelines are given in respect of various types of stores:

All store material to be surveyed shall be classified in one of the following on the basis of its condition:

- a) Serviceable: New or used and serviceable.
- b) Unserviceable: Beyond economical repair.
- c) Scrap: The item is unserviceable and completed its useful life.

2.4 Reserve Price

- a) The Survey Committee is responsible for fixing the reserve price for the item(s) recommended for disposal. Fixation of reserve price requires careful consideration of the market conditions at given time. The reserve price will be used as the basis for the acceptance or rejection of a bid through the tender or auction.

The following are some factors which must be considered prior to fixing the reserve price:

- i.) Present Condition and Age serviceability or otherwise, cost of repairs (where applicable), cost of the parts, utility of the items/equipment.
 - ii.) Current Market Trend for the same or items in similar specification/condition or age.
 - iii.) Location (including the likely expenditure to be incurred by the buyers in its removal, transportation etc.)
 - iv.) Storage Charges that Company may incur by non-disposal including watch and ward and rent for storage accommodation etc.
- b) The above factors are subject to fluctuation. Consequently no formula can be laid down to pinpoint the setting of an exact reserve price of the disposable stores.
 - c) Reserve Price is an approximate guide for the disposing agency to evaluate the adequacy of the various offer received. The reserve price should NOT be interpreted as the only and or final acceptable price.

2.5 Approval and distribution

Stores which have once been declared disposable and for which a survey report has been sent to Purchase & Disposal authority shall not be utilized released or disposed off in any manner without formal approval of Purchase & Disposal authority.

3. INSPECTION AND VARIFICATION

3.1 General

All Survey Reports prepared by store section are to be reviewed by field verification team. They will study the Survey Reports, inspect the disposable items and verified.

3.2 Duties of Field Verification Teams

- a)** Ensure that the survey report has been prepared properly.
- b)** Include Vocab numbers.
- c)** Ensure that any special orders of the Company and provisions of Disposal Procedure have been compiled with in the preparation of the Survey Report.
- d)** Ensure that the survey report is signed by the Survey committee according to the Disposal Procedure and duly approved by competent authority.
- e)** Ensure that the written basis for the determination of the reserve price is attached to the survey report (where applicable).
- f)** Ensure that the major contents of the material to be disposed off are specifically mentioned in the Survey Reports.
- g)** To verify the quantity of the stores to be disposed.
- h)** Verification team is authorized to make corrections/ amendments to the Survey Report when written justification is presented.

4. SURVEY OF VEHICLES/HEAVY MOBILE MACHINERY (H.M.M)

4.1 General

All Units/Departments of the Company must ensure that their vehicles/H.M.M is maintained regularly and properly under the supervision of some responsible officers/officials. Without an efficient system of maintenance it would be impossible to conserve valuable resources. The objective of this section is to extend guidelines and to assign responsibilities to various units/departments for the speedy disposal of vehicles/H.M.M in the best interest of the Company.

4.2 Responsibilities of the vehicles / H.M.M owning Units/Departments

- a) It is the responsibility of the vehicles/H.M.M owning Unit/Department to ensure that the copies of Survey Reports of vehicles/H.M.M which are beyond economical repair are initiated and sent to the concerned section. This will facilitate the Condemnation Board to finalize the Survey Report of the vehicle/H.M.M. The officer's in-charge of the vehicles/H.M.M. is expected to keep on pursuing till final disposal of vehicles/H.M.M.
- b) All Units/Departments must ensure all possible coordination and assistance to the Condemnation Board so that the Survey Reports of all vehicles/H.M.M awaiting disposal are finalized promptly.

4.3 Condemnation Board

Condemnation Board is the standing survey committee to survey off the vehicles/H.M.M. The composition of the Board should comprise of technical persons, account/finance persons, transport officers etc.

4.4 Responsibilities of the Condemnation Board

The Chairman Condemnation Board will issue program for inspection and survey of the vehicle/H.M.M which will be held on regular basis. The Board will ensure that the survey reports of the vehicle/H.H.M awaiting disposal are finalized in the program.

The Condemnation Board will ensure that the vehicles/ H.M.M proposed for condemnation by the Units/Departments have not only run their prescribed life, but are beyond economical repair. Where the Board spot "unfair wear & Tear" or "willful damage" on the part of owning Units/Departments to a

particular vehicle/H.M.M a report will be initiated against the concerned Units/Departments for necessary action against the defaulters.

4.5 Assessment and the Approval of the Reserve Price

All possible arrangement will be made for quick disposal of vehicle/H.M.M. One of the major reasons delaying the disposal of vehicle /H.M.M is the assessment of un-matching reserve price with the conditions of vehicle/H.M.M and its demand in the market. In case of unrealistic reserve price the disposal through tender/auction (which takes a couple of month's time) will not fetch the matching offer. Obviously, the un-matching offer has to be rejected. Even subsequent attempts for sale will not work. The ultimate solution is the realistic revision of the reserve price. Therefore the Condemnation Board is stressed to feel the importance of the reserve price and it should be assessed carefully and intelligently keeping in view the information provided in the Survey Report.

5. DISPOSAL SECTION

5.1 General

Disposal Section processes the sale of the stores listed in the survey reports. Missing accessories of any item, damage to it, shortage of the stores, premature condemnation, and excess purchase or purchase of sub-standard stores is the sole responsibility of the store section. The responsibility for taking any administrative/disciplinary action rests within the section concerned. The Disposal Section has no role in conducting any sort of enquiries in this regard.

Survey Reports duly verified are received from verification team and transport section. The mode of disposal will be decided in the best interest of the Company.

5.2 Modes of Disposal

The unwanted stores will be disposed off through any of the following method:

- a) Right of the first choice
- b) Advertised tender
- c) Public auction
- d) Negotiation
- e) Private Contract
- f) Rate Contract

The disposal process must commence promptly on receipt of the Verification Report.

5.3 Right of First Choice

- a) To ensure maximum economic utilization of disposable stores, a list of all serviceable stores which have been declared disposable shall be circulated to all Units/Section by the Disposal Section giving a period of thirty (30) days for sending their demands before initiating the disposal action.
- b) Right of first choice is given to Units/ Section of the Company
- c) Upon receipt of request from interested section the Disposal Section shall issue a letter authorizing the Store Owning Section to release the material listed to the interested section. The store in-charge will issue the material on approved Reserve Price.

5.4 Advertised Tender

All disposable stores must except as stated in section 9.3 be advertised in the press at least 15 calendar days prior to opening of tender.

5.5 Public Auction

When disposable material is to be sold through public auction to fetch better sale prices, the auction program giving the description of material, place and date is advertised through newspapers. Section 7 outlines the auction procedure.

5.6 Negotiations

A disposable item may be sold through the negotiation process, if the bid offered through tender / auction or not reasonable and below the prevailing market price. Section 8 Outlines the Negotiation Procedure.

5.7 Private Treaty

An item may be sold through a private treaty when authorized by the competent authority if an item has not been sold through the tender/auction or the item is so specialized that only one party would be able to utilize the disposable item. Section 9 outlines the Private treaty Procedure.

5.8 Rate Contract

In case of certain material that has a recurrent flow into the stores and whose market prices do not often fluctuate or whose long retention is not desirable because of fast deterioration or fire hazard like used batteries, waste paper or other waste material. It will be economical and more practicable to enter into a standing Rate Contract with the interested parties. Section 10 outlines the Rate Contract Procedure.

6. TENDERING PROCEDURE

6.1 General

Normally all stores declared disposable and not transferred/issued to a unit/Department/Office within thirty (30) days of notification shall be disposed off through tender/auction.

The following points must be checked before the advertisement of the tender:

- a) Survey reports are properly verified.
- b) Correct location of stores is specified.
- c) Category, quantity and specification are defined.
- d) Unit of measure and the quantity are specified. Otherwise the store should define as the lot on “as is where is basis”
- e) Circulation has been made, in case serviceable items.

6.2 Terms and Conditions of Tender

Terms and condition of tender should specify all the conditions binding on the parties to the tender viz:

- a) Date of opening of the Tender.
- b) That the Competent authority reserves the right to reject any lot or the tender as a whole, without assigning any reason.
- c) That the Tender Notices may be cancelled altogether, if required due to exigencies of service or the requirements of the Company.
- d) That an invitation of a tender does not constitute any liability on the part of the Company, until a letter of acceptance is issued.
- e) As a rule, stores of a lot are sold on “as is where is basis” and no dispute thereon is entertained.
- f) Disputes on obvious exceptions shall not be considered.

6.3 Advertising Tenders

The following information must be included in the advertisement:

- a) Tender number
- b) Description of item to be disposed.
- c) Unit of measure.
- d) Quantity of item to be disposed.

- e) Location of the material.
- f) Name of department to contacted for inspection
- g) Opening date and time of tender
- h) Earnest money
- i) Cost of tender.
- j) Last date and location where bid will be received.

6.4 Sale of Tender Documents

- a) All tender documents will be sold to the interested parties on payment of price of tender.
- b) Relevant department will keep a register showing the particulars of the documents sold together with the relevant particulars of payments.
- c) While issuing the tender form, the relevant officer shall record names, NIC number and complete postal address of the tenderer.

6.5 Earnest Money

- a) Each tender shall be accompanied by an earnest money deposit, which must be specified in the tender document.
- b) Tender not supported by the required earnest money will be rejected.
- c) Earnest money must be in the form of a Call Deposit Receipt / Bank Draft.
- d) Earnest money of the unsuccessful bidders shall normally be returned on the same day of the opening of the tender but not later than three (3) working days except those of the highest and the 2nd highest bidder.
- e) Earnest money being the security for the tender, when a tender is accepted, that tenderer's earnest money shall be refunded on receipt of bid amount. The earnest money of 2nd highest bidder will only be retained when the difference between the offers of the highest and the 2nd highest bidder is nearly equal to the earnest money.
- f) Earnest money of the 2nd highest bidder will be returned after the highest bidder has paid the full bid money but not later than sixty (60) days.
- g) Validity of tender shall be for three months or as specified in the tender document.

6.6 Receipt of Tenders

The receipt of tenders will be the responsibility of Disposal Section. Tenders received by registered post / courier shall be put in the tender box, if received before the date and time of scheduled tender opening.

6.7 Tender Opening

All disposal tenders will be opened by the tender opening committee which shall comprise of at-least three (3) members from concerned sections.

6.8 Duties of the Tender Opening Committee

- a) Assemble on the date, time and place specified.
- b) Check that the record related to the tender is complete and ready.
- c) Check and ensure that appropriate press advertisement for the tender to be opened has been duly published
- d) Open the tenders one by one separately, in the presence of the bidders or their representatives if present.
- e) Initial each and every tender in Ink.
- f) Announce the tender rates / prices of each tender at the spot.
- g) Ensure that the original call deposit receipt is included with tender document.
- h) A witness sheet is prepared showing the particulars of the bidders who are in attendance.
- i) To get the comparative statement of tenders completed soon after the tender opening.
- j) Tenders not received at the scheduled date and time will be treated as late tenders and will not be entertained in any case.

6.9 Steps after Tender Opening

When the comparative statement has been completed, it will be signed by the members of the tendered opening committee. After the tenders are opened and announced, earnest money deposit of highest and 2nd highest bidders will be retained whereas the earnest money of remaining bidders will be returned to them.

6.10 Commercial Evaluation

The commercial evaluation of the highest announced bidder shall be completed at earliest and shall consider (but not limited to) the following:

- a)** Comparison of bid price to reserve price.
- b)** Withholding tax and GST to be considered as per the prevailing laws.
- c)** Consideration of previous offers.
- d)** Possibility of deterioration of material.
- e)** Market trend.
- f)** Location of material.
- g)** Bidder previous performance.

7. AUCTION PROCEDURE

7.1 General

An item may be disposed off by auction under any of the following circumstances.

- a) When one or more attempts through tender have NOT brought forth the expected offer.
- b) The location and the nature of the material are such as to be more suitable for auction at site rather than a tender opened at the Disposal Section.
- c) When sales by auction is likely to generate better competition, therefore, better sales price and thus serve the interest of the Company.
- d) When the exigencies of service demand a more expeditious disposal at Site than sales through routine tenders.

As Sales by auction implies financial, legal and commercial obligations for the company and involves contracts with private parties, all steps taken must be carefully and conscientiously examined by all concerned.

7.2 Auction Program

The auction notices / auction program shall contain but not limited to the following:

- a) Date/time of auction
- b) Location of auction
- c) Brief description of items
- d) Unit of measure
- e) Quantity of items to be sold

7.3 Auction Advertisements

The finalized auction notices / auction program will be advertised in the press giving at least fifteen (15) days prior to the date of auction

7.4 Duties of Auction Supervising Officer

The duties of supervising officer are giving as under:

- a) Be fully conversant with the auction procedure, terms and conditions of the auction and other relevant provisions of the disposal procedure.

- b) Ensure the prior advertisement of auction notice has been published in the press.
- c) Co-ordinate with concerned officers about the dates, timings and location of auction
- d) Ensure the correctness of the auction documents, including the survey report and any remarks and recommendations on the verification report to detect any last minute defects or omissions overlooked at the previous stages of scrutiny.
- e) Ensure the representatives of the concerned sections are assembled at the spot well before the commencement of the proceedings.
- f) Ensure that the stores for auction are properly laid out lot wise or marked clearly and that related arrangements have been made for the inspection of stores / vehicles / equipment etc. by the intending bidders.
- g) Ensure that the terms and conditions of the auction and the particulars of the items that are withdrawn from auction after the publication, if any, prior to each auction are announced to the bidders.
- h) Ensure auction does not start before the time advertised in the press. He may defer the auction proceedings, in special circumstances, for a short while, say not more than half an hour, to allow the bidders to inspect the stores and assemble, so that the best offer is obtained for the stores being auctioned.
- i) Conduct the auction in a systematic and efficient manner and generate an orderly atmosphere to encourage bidders to come forth with their bids in healthy competition.
- j) Ensure the appropriate stationery and books are available to record auction proceedings and issue receipts for earnest money received.
- k) Stop the auction if a fair offer is NOT being made or he feels that bidders are ganging up into a “combine” to defeat the competition and document justification for stopping the auctions.
- l) On completion of each auction, he will recheck and compile all documents.

7.5 Financial Power

Financial powers to accept the highest bid will be exercised as delegated by the BOD from time to time.

7.6 Record of Auction Proceedings

All bids offered for each lot will be entered in a register and officer concerned will be responsible for its completion at the close of each lot auctioned. The register shall contain the following information:

- a) Date/time of auction
- b) Location of auction
- c) Description of lot disposed
- d) Record of all bids.
- e) Name, CNIC number and address of highest bidder.
- f) Amount of highest bid.
- g) Reserve price.
- h) The survey report number and date.
- i) Recommendation of auctioned committee for bid acceptance or rejection.
- j) Signature of supervising officer.
- k) Amount received from successful bidder.
- l) Balance amount due.

If there is no bid from any one present, the fact should be recorded and signed by the concerned officer.

7.7 Collection of Earnest Money

The highest bidder of each bid shall be required to deposit as earnest money twenty five percent (25%) of the bid amount in cash or PO and a written receipt for cash given. Where the bidder fails to pay the earnest money the bid should be cancelled on the spot and re-auctioned. The defaulting bidder will be debarred from further participation in that auction.

7.8 Acceptance of the Bid

Detail procedure for acceptance of bid and issuance of letter of acceptance is outlined in Section 11.

7.9 Code of Conduct

Staff and officers of the Company are forbidden from participating in a disposal auction or favoring any particular bidder. The bidder offering the highest bid will normally be given a letter of acceptance.

7.10 Terms and Condition of Sale by Auction

The following condition will apply to all sales through auction conducted by disposal section:

- a) All sales shall be made to the bidder offering the highest price subject to approval of BOD.
- b) The BOD may refuse to accept the bid of any person.
- c) The officer supervising the auction may also with hold from auction any lot or part of a lot, in the interest of the company or for administrative necessity, for which justification must be documented.
- d) Payment of twenty five percent (25%) of the highest bid shall be made immediately, whereas the balance of the bid money shall be made within fifty (50) days from the date of issue of letter of acceptance.
- e) The earnest money paid by the successful bidder is a security for due performance of the bidder. In case of failure of the bidder to full fill the conditions of the auction, including the payment of the balance of the bid money, the earnest money will be forfeited.
- f) The whole lot or lots shall be taken from the site of accumulation with all faults and any error in the earlier description or otherwise. Quantities, sizes, measurements, numbers and weight as stated in the list of description are approximate. The stores are sold at the site on the clear understanding that the bidders have inspected and satisfied themselves of the lot or lots they are bidding for. No complaints after the sale whatsoever shall be entertained.
- g) Where stores are sold by weights or numbers, the bidder will be charged for only the actual quantity supplied.
- h) Where the whole lot or lots of the bid is not delivered to the bidder for any cause whatsoever, other than the negligence of the bidder, the whole or a proportionate of the bid money shall be refunded to the bidder.
- i) Where the exigencies of the service demand, the competent authority may add to these terms and conditions or modified any of them.

8. NEGOTIATIONS

8.1 General

In limited cases, when adequate bid prices are not received for an item to be sold in tendering and auction process, the item may be sold on negotiations. This section provide guidelines and assigns responsibilities for selling an item through the negotiation process.

8.2 Negotiation Committee

The BOD will appoint a committee to conduct negotiations with the participants of tender or the highest bidder in case of auction. The committee shall determine prospective bidders to be contacted for negotiations. The bidders, who originally participated in tender, will be called. However, the highest bidder will be called in case of auction. Each bidder will be given following information as determined by the disposal section.

- a) Time and date of scheduled negotiation
- b) Location of negotiation
- c) Reference of tender / auction

8.3 Negotiation Procedure

On the set date and time, the negotiation committee shall meet to entertain offers on the material to be sold. The committee shall meet with each prospective bidder to discuss and persuade him for increase in bid. This final price agreed shall be obtained from the bidder in writing. All bids offered will be final and not subject to change.

8.4 Bid Evaluation

Upon completion of the negotiation process, commercial evaluation as described in section 6 para 6.10 shall be completed. Normally the case of highest bidder may be recommended for approval unless otherwise justified.

8.5 Bid Approval

Detail procedure for acceptance of bid is outlined in section 11 para 11.2.

8.6 Letter of Acceptance and Release of Material

Letter of acceptance and release order of the disposable material to the successful bidder shall be issued according to the procedure given in Section 11 para 11.3

9. PRIVATE TREATY

9.1 General

When certain items declared disposable fail to be disposed off through the tendering and auction process, may be sold through Private Treaty. A Private Treaty contract for specific disposable item in the interest of the company may be entered on the formal approval of the competent authority. However, under certain circumstances, tender / auction may be eliminated and the item may be sold through Private Treaty.

9.2 Advertisement

It is not mandatory to follow advertisement process as outlined in Section 5 para 5.4. However, all invitation to participate in a private treaty will be posted on the designated notice boards of the company. The notice shall contain the following information:

- a) Date, Time and place for Private Treaty.
- b) Complete description of items to be sold under private treaty.
- c) Amount of earnest money.
- d) Special conditions relevant to the sale of items.

9.3 Private treaty Committee

With approval of competent authority, Private treaty Committee will be formed consisting of member from technical, finance and disposal section.

9.4 Private treaty Negotiations

The negotiations will be held as outlined in Section 8 in para 8.3 Negotiation procedures;

9.5 Bid Evaluation

Upon completion of the negotiation process for private treaty the bids will be commercially evaluated as per Section 6 para 6.10.

9.6 Bid Approval

The bid evaluation document containing the recommendations will be approved by the officer next to the Convener of private treaty committee. The detail procedure for approving the bid is outlined in section 11 para 11.2

9.7 Letter of Acceptance and Release Order

Letter of acceptance and Release Order of the disposable material to the successful bidder shall be issued according to the procedure in section 11 para 11.3

10. RATE CONTRACT

10.1 General

Some disposable material have a recurrent flow in to the store owning section whose market prices don't often fluctuate or whose long retention in store is not desirable because of rapid deterioration or fire hazard, like used batteries, waste material etc. It will be more economical and practicable to enter into a rate contract.

10.2 Tender Process

Each item or group of items which have been selected to be disposed off by issuing a rate contract will be advertised in the press as outlined in Section 6, para 6.3

10.3 Tender Evaluation

The tender will be evaluated outlined in section 6, para 6.10.

10.4 Tender Approval

The bid evaluation document containing the recommendation will be approved by the competent authority.

10.5 Rate Contract

A Rate Contract will be executed with the bidder quoting the highest rate. The rate contract will normally be made for a period of one year.

11. ACCEPTANCE OF BID AND RELEASE OF MATERIAL

11.1 General

This section is intended to act as guide line and to assign responsibilities for the various functions required to approve the tender documents, issue and distribute the letter of acceptance and release of disposable material.

11.2 Bid Approval

When the evaluation process described in section 6, para 6.10 is completed, the complete package will be reviewed and approved by the competent financial authority.

11.3 Letter of Acceptance

As soon as the decision is taken to accept a bid, a letter of acceptance will be issued to the successful bidder by the disposal section.

In addition to the instruction at para 11.3(a) in case of auction, if the reserve price is within the financial power of acceptance of the officer supervising the auction a letter of acceptance will be issued after the receipt of earnest money. When the reserve price of the material is beyond the power of acceptance of the officer conducting the auction he may accept the earnest money subject to approval of competent authority. However, the supervising officer shall have the power to reject any bid which is below reserve price.

The letter of acceptance will be scrutinized for correctness of entries particulars of the materials and the bidder before issue.

The successful bidder will be required to deposit the total bid amount within fifteen (15) days from the date of issue of letter of acceptance.

If the bidder applies in writing for issue of letter of acceptance by hand, the concerned officer may allow it and will record permission in writing.

If the successful bidder fails to comply with the condition of the letter of acceptance, his award will be cancelled and his earnest money forfeited. The award may then be made to the 2nd highest bidder if considered reasonable.

11.4 Release of Stores

- a) On deposit of full amount as given in the letter of acceptance, the disposal section will issue a release order address to the officer in-charge store, authorizing him to deliver the stores sold to the bidder.

Earnest money of the bidder will be released and sent to him along with copy of release order.

- b)** The stores will be delivered by the officer in-charge store to the bidder who will be present at the time of delivery of stores to ensure correct weightage, counting and measurement etc. The officer in-charge store will sign store requisition / store challan etc. used for the delivery of the disposable store to the successful bidders.
- c)** The bidder will be required to lift the stores from the location as soon as possible but not later than twenty one (21) working days or any other period specified in the tendered documents.
- d)** All weightage, counting, measuring and loading of material will normally be done at the cost of labor and transport of the bidder and in the presence of officer in-charge store.
- e)** On removal of the stores and completion of the delivery the officer in-charge stores will immediate issue the sale report.
- f)** The buyer shall be responsible for any damage to the company premises while removing the lot or lots bought by him.
- g)** Delivery of stores will normally be made to the bidder on working day only.
- h)** The officer in-charge of stores will remove the items disposed off from the books on the basis of store requisition / store challan / any other document used for the delivery of the material.

12. DESTRUCTION OF DISPOSABLE MATERIAL

12.1 General

When a disposable store has not been sold through all modes of disposal process within a reasonable time period from the date the survey report is received, the material is to be destroyed by the most economical means.

12.2 Notice to Destroy

When an item meets the criteria above and has not been sold during specified period, the disposal section issue a notice to store section to destroy disposable item.

12.3 Destruction of Valueless Material

There are certain items which after completing their useful life are of no commercial value for instance, broken china / glass crockery, rubber gloves, curtains, floor coverings etc. for such items the authority concerned may approve / arrange the destruction on the recommendation of the survey committee.

12.4 Destruction Method

No hard and fast rule can be laid down for determining the method for destruction of non-saleable material. It shall be the responsibility of the store section to determine the best method for destruction of each item.

12.5 Disposal Method

Again no hard and fast rule can be laid down for determining the best method of disposing the destructed items due to environmental conditions and other factors. However, where possible all items should be burnt, buried or discarded in a manner least damaging the environment.

12.6 Survey Committee

A survey committee as appointed by the competent authority shall witness the destruction of such material and will record certificate to this effect.

12.7 Documentation

When an item is destroyed, the survey committee will prepare and sign a document indicating description, the stock code and quantity of items destroyed. On the basis of this document the items will be removed from the books of the store section.

13. TRANSFER OF SALE PROCEEDS

13.1 General

The successful bidders are required to deposit the total bid amount in to the designated bank account as laid down in their letter of acceptance. The accounts officer assign to the purchase and disposal section shall maintain a disposal collection receipt cash book to record the detail of all transactions of the collection bank account. He will also be responsible to reconcile the balance of the cash book with the corresponding bank statement.

13.2 Responsibilities for Transfer of Sale Proceeds

The accounts officer shall be responsible for the transfer of the deposited amount in appropriate head of account of the Company.

13.3 Transfer of the Amount Deposited by the Bidders

The cash deposited by the bidders will be transferred on immediate basis through (account payee) bank cheques prepared and issued by the accounts officer. He shall also prepare a statement showing the details of amount deposited. WHT and GST to be deposited in the Banks as per the company policies and prevailing laws.