

Annexure-1 (Refer to Paragraph No. 2.1)

Statement showing year wise details of total number of POs placed and POs selected for review

| Name of Unit | No. of Pos placed | Value (₹ in crore) | No. of POs selected | Value (₹ in crore) |
|-------------------|-------------------|--------------------|---------------------|--------------------|
| Bangalore Complex | 50206 | 5352.91 | 511 | 2592.27 |
| Chennai | 6459 | 334.03 | 66 | 203.80 |
| Machilipatnam | 3480 | 582.27 | 35 | 425.97 |
| Navi Mumbai | 3818 | 229.98 | 39 | 78.00 |
| Pune | 3517 | 114.88 | 35 | 50.79 |
| Ghaziabad | 25197 | 1702.63 | 265 | 1084.19 |
| Kotdwara | 9502 | 190.75 | 95 | 71.75 |
| Panchkula | 13353 | 346.22 | 133 | 130.58 |
| Hyderabad | 9219 | 637.28 | 93 | 317.48 |
| Total | 124751 | 9490.95 | 1272 | 4954.83 |

Annexure-2 (Refer to in Paragraph No.5.1.1)

Statement showing details of delay in PR release date to PO date

| Range | Bangalore Complex | Navi-Mumbai | Pune | Chennai | Machili patnam | Ghaziabad | Hyderabad | Panchkula | Kotdwara | Total | Percentage |
|---------------|-------------------|-------------|-----------|------------|----------------|-------------|------------|------------|------------|--------------|------------|
| < 0 days | 1810 | 213 | 21 | 0 | 12 | 350 | 93 | 172 | 88 | 2759 | 20 |
| 0-30 days | 3855 | 229 | 48 | 35 | 33 | 649 | 257 | 485 | 218 | 5809 | 42 |
| 31-60 | 1442 | 6 | 7 | 27 | 5 | 446 | 59 | 122 | 63 | 2177 | 15 |
| 61-90 | 345 | 9 | 4 | 18 | 0 | 299 | 13 | 48 | 19 | 755 | 5 |
| 91-180 | 1280 | 5 | 7 | 29 | 8 | 430 | 2 | 37 | 103 | 1901 | 14 |
| 181-300 | 326 | 0 | 0 | 23 | 0 | 113 | 0 | 31 | 3 | 496 | 4 |
| 300 and above | 41 | 0 | 0 | 0 | 0 | 17 | 0 | 3 | 0 | 61 | 0 |
| Total | 9099 | 462 | 87 | 132 | 58 | 2304 | 424 | 898 | 494 | 13958 | 100 |

Annexure-3

(Refer to Paragraph No. 5.2.1 (b))

Statement showing the loss due to non placement of order on alternate source

| Material description/ part No | Previous Supply cost from OEM/ sole vendor | | Alternative Vendor Supply Cost | | | Remarks |
|---|--|--|--------------------------------|--|------------------------------|--|
| | PO NO./dt. | Rate/ unit | PO No./dt | Rate/unit | Qty. proc-ured | |
| L Synthesizer (112003195834) | 4200021269 / 05.05.2008 | 176043 Euro (Rs.11060718 @ 62.83/Euro) | 4200022885 / 10.06.2008 | USD 29500 (Rs.1265255 @ Rs. 42.89 /USD) | 2 | The Company placed (5 th May 2008) a PO on M/s Thales for supply of 2 nos. of L synthesizer costing Euro 176043 each with delivery instructions to supply before 31.5.2010. Meanwhile, the Company placed (10 th June 2008) for the supply of the same material at USD 29500 on an alternative vendor (viz. Microwave Inc.). The materials were received from Microwave Inc. in April 2009. As the Company was aware (June 2008) of the cost of the said material and the previous quote received was higher, it should have negotiated to match the price. The failure of which resulted in extra expenditure of ₹1.96 crore towards the differential rates. |
| LPOWAMPL- 9556 734 10601 (11203195737) | 4200021652 / 13.05.2008 | 47697.54 Euro (Rs.3041195 @ 63.76/Euro) | 4200022855 / 10.06.2008 | USD 11800 (Rs.506102 @ Rs. 42.89 / USD) | 3 | The Company placed (13 th May 2008) a PO on M/s Thales for supply of 3 nos. this material costing Euro 47697.54 each with delivery instructions to supply before 30.10.2009. Meanwhile, the Company placed (10 th June 2008) a PO on an alternative vendor (viz. Microwave Inc.) for the supply of the same material at USD 11800. The materials were received from Microwave Inc. in February/April 2009. As the Company was aware (June 2008) of the cost of the said material and the previous quote received was higher, it should have negotiated to match the price. The failure of which resulted in extra expenditure of ₹0.76 crore towards the differential rates. |
| Chassis Assy. (110001779411) Panel Assy. (110001776889) Heat sink upper (11000779023) Heat sink Lower (110001810354) | 4200024554 / 07.07.2008 | 511.52 USD 600.00 USD 582.91 USD 271.98 USD | 4200027473 / 30.08.2008 | 51.24 USD 18.20 USD 61.02 USD 20.46 USD | 1650 1930 1650 1650 | The Company placed a PO dated 07.07.2008 on E-FA Metal Products, Israel for the supply of 4 different types of castings/chassis on single quote basis. As the vendor was not able to match the delivery requirement of the Company, it identified an alternative source (i.e., M/s Harlin) whose rates were cheaper by 90 percent in comparison to the rates of E-FA metals. The quantity of order placed on M/s Harlin was subsequently reduced from 500 nos. to 251 nos. on the grounds that there was no further requirement of the said material. However, the order quantities on E-FA were not reduced though the price was higher. The ordered quantities from both the vendors were received by April 2009. As M/s Harlin was an established vendor for castings, the Company should have invited tenders and obtained competitive rates. The failure of which resulted in extra expenditure of ₹12.91 crore towards the differential rates as detailed below: |

| Material description/ part No | Previous supply cost from OEM/ sole vendor | | Alternative Vendor Supply Cost | | Qty. procured | Remarks | | | | | | |
|--|--|--|---|-------------------------|-------------------|--------------------------------|--|---|---------------------|---------------------|------|---------------------|
| | PO NO./dt. | Rate/ unit | PO No./dt | Rate/unit | | Material Description | Rates Quoted by FA Metal Products (PO 4200024554 dated 07.07.2008) | Rates Quoted by Harlin (PO 4200027473 dated 30.08.2009) | Qty ordered on E-FA | Extra Cost incurred | | |
| | | | | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | | | | | | USD | Rs | USD | Rs | USD | Rs |
| Pin Diode (4246148110) | 420009276 / 30.03.2008 4100004159 / 30.03.2008 4500000164 / 30.11.2008 4200027844 / 06.04.2009 4100011660 / 28.02.2010 | 42.96 USD, 43.80 USD and 36.84 USD | 4200016622 / 02.06.2007 4200026405 / 09.08.2008 | 2.10 USD to 3.19 USD | 93740 nos | | 511.52 | 22016.51 | 51.24 | 2208.44 | 1650 | 32732812.20 |
| | | | | | | Panel Assy (110001779411) | 600.00 | 25860.00 | 18.20 | 784.42 | 1650 | 41374707.00 |
| | | | | | | Heat Sink Upper (110001779023) | 582.91 | 25123.42 | 61.02 | 2629.96 | 1650 | 37114207.35 |
| | | | | | | Heat Sink Lower (110001810354) | 271.98 | 11722.34 | 20.46 | 881.83 | 1650 | 17886844.80 |
| | | | | | | Total | | | | | | 129108571.35 |
| <p>The Pin Diode Kits is a standard item required by the Company and the same was being procured from M/s Elbit at a price ranging from USD 42.96 to USD 36.84 per unit during the period March 2008 to November 2008. Audit observed that the said material was simultaneously being procured by another SBU from another vendor viz. M/s M/A Com Inc., USA for as low as USD 2.10 to USD 3.29 per unit.</p> <p>The Company failed to use the opportunity to bargain/negotiate for a reduction in the cost by M/s Elbit and incurred avoidable extra expenditure of ₹14.07 crore as detailed below:</p> | | | | | | | | | | | | |
| PO No. | Date | Rate/ Unit (USD) | Qty | Rate of M/A Com in USD | Difference in USD | Rs. / USD | Difference in Rs. | | | | | |
| 4200009276 | 30.03.08 | 42.96 | 6800 | 2.10 | 277848.00 | 40.86 | 11352869.28 | | | | | |
| 4100004159 | 30.03.08 | 42.96 | 8840 | 2.10 | 361202.40 | 40.75 | 14718997.80 | | | | | |
| 4500000164 | 30.11.08 | 43.80 | 5000 | 3.29 | 202550.00 | 41.30 | 8365315.00 | | | | | |
| 4200027844 | 06.04.09 | 43.78 | 5100 | 3.29 | 206499.00 | 39.66 | 8189750.34 | | | | | |
| 4100011660 | 28.02.10 | 36.84 | 68000 | 3.29 | 2281400.00 | 43.00 | 98100200.00 | | | | | |
| | | | | | 0 | | | | | | | |
| | | | | | 3329499.4 | | 140727132.42 | | | | | |
| | | | | | 0 | | | | | | | |

| Material description/ part No | Previous Supply cost from OEM/ sole vendor | | Alternative Vendor Supply Cost | | | Remarks |
|----------------------------------|--|---------------------|--------------------------------|---------------------|---------------|---|
| | PO NO./dt. | Rate/ unit | PO No./dt | Rate/unit | Qty. procured | |
| 7cell protection unit | 4900041114 / 29.11.2008 | Rs.1201.41 per unit | 4900038797 / 30.10.2008 | Rs.1044.50 per unit | 7640 Nos | The Pune Unit of the Company placed the PO on a vendor citing immediate requirement and on the ground that the alternative source in the directory was a new supplier and that the quality of the regular source was satisfactory. In this connection, audit observed that the original vendor failed to meet the delivery schedule and there were rejections due to poor quality, which negated the main reasons for placement of order at higher rates which had resulted in extra expenditure of ₹ 0.17 crore. |
| Alluminium 3003 sheet | 4200052206 / 23.02.2010 | Euro 6.86 per kg | 4200053332 8 / 27.03.2010 | Euro 4.90 per kg | 22240 kg | Audit observed that Navi Mumbai Unit placed orders in February 2010 and March 2010 for the supply of Alluminium 3003 sheets against two different vendors at different rates. This indicates that the Company has not negotiated to obtain the price advantage between the vendors and incurred an extra expenditure of ₹ 0.28 crore. |

The avoidable extra expenditure involved in the above 6 cases amounts to ₹ 30.15 crore.