	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

1. Objectives

The objective of the SOP is to describe the complete process for procuring goods and services in the company, starting from the indentation stage to the receipt of the material/service and till the payment.

2. Scope

This SOP is applicable to all purchases made by the Company and its group companies. Thus includes purchases of all raw materials, packing material, capex, all winery related purchases, administration expenses, finance and legal costs, marketing and sales expenses, etc.


3. Construct of the Policy

The entire Procurement to Payment process has been categorized into 3 key sub-processes which are:

1. Pre- transaction approval
2. Transaction approval (Receipt of material or Service)
3. Post transaction approval (Liability booking and Payment)

Further the SOP comprises of 2 sections which are as follows:

Section A: Delegation of Authority – This section describes the persons who are authorized to approve transaction along with the mode of approval at each stage (Pre-transaction, transaction and post transaction) of the process

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

Section B: Process Flow – This section defines the end to end process to be followed across the above mentioned 3 sub-processes

Section A - Delegation of Authority

- The approvals for transactions have been segregated into 3 key stages (as mentioned above) and accordingly the approvals will also happen in 3 phases i.e. Pre-Transaction Approval, Transaction approval and Post transaction approval. In each of the phases there are relevant persons/HODs who have to authorize the respective transaction.
- The specific authorizations for the transactions are mentioned in the Authority Matrix below.
- The authorizations are valid only if done in accordance with the “Mode of approval” mentioned below.

Authority Matrix


Type of Purchases/ Expenses	Pre-transaction Approval		Transaction Approval (Receipt of material & services)		Post Transaction Approval (Booking of liability)	
	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval
Grape Plants/Grafts	EVP-Operations	Contract/Rate revision letter	DGM-Viticulture	Signature on Delivery Challan/Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Grapes	EVP-Operations	Contract/Rate revision letter	Wine Maker-Executive	Signature on Weigh Bridge Receipt	Manager & above -F & A (Winery)	Signature on Invoice




Standard Operating Procedure (SOP) on Procurement and Payments

Commercial SOP #	1
Version	1.2
Issued on	04/05/15
Effective from	04/05/15


Type of Purchases/ Expenses	Pre-transaction Approval		Transaction Approval (Receipt of material & services)		Post Transaction Approval (Booking of liability)	
	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval
Open Market Grape Purchase	EVP-Operations	Purchase Order	Wine Maker-Executive	Signature on Weigh Bridge Receipt	Manager & above -F & A (Winery)	Signature on Invoice
Bulk Wine	CEO	Email approval for maximum rate for each brand set at the beginning of the year	VP-Winemaking	Signature on Invoice/Delivery challan	Manager & above -F & A (Winery)	Signature on Invoice
	EVP-Operations	Purchase Order/Contract				
Sugar	Head-Procurement	Purchase Order	Manager/Executive-Stores	Material Receipt Note	Manager & above -F & A (Winery)	Signature on Invoice
Traded Goods (BIO)	President – Sales & marketing	Rate Contract	Sales coordinator - Imports	Signature on Invoice	Manager & above - F & A (HO)	Signature on Invoice
	GM – BIO sales and Admin	Purchase order				
Capital Expenditure (Capex)						
Domestic/ Imported	Upto 5 Lacs - 1 PCM 5 to 15 Lacs - 1 PCM & 1 VP 15 to 40 Lacs – 1 VP & 1 Sr. VP Above 40 Lacs – CEO	Purchase Order / Work Order Email approval in case of CEO	Head of Engineering / Project Incharge	Signature on Invoice/Material Receipt Note	Manager & above -F & A	Signature on Invoice

	<h2>Standard Operating Procedure (SOP) on Procurement and Payments</h2>	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15


Type of Purchases/ Expenses	Pre-transaction Approval		Transaction Approval (Receipt of material & services)		Post Transaction Approval (Booking of liability)	
	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval
Packing Material						
Domestic/ Imported	Upto 5 Lacs - 1 PCM 5 to15 Lacs - 1 PCM & 1 VP 15 to 40 Lacs – 1 VP & 1 Sr. VP Above 40 Lacs – CEO	Purchase Order / Work Order Email approval in case of CEO	Manager/Executive-Stores and QC Executive (<i>after conducting quality check</i>)	Signature on Material Receipt Note (QC & Stores)	Manager & above -F & A (Winery)	Signature on Invoice
Engineering Spares & Consumables						
Domestic/ Imported	Upto 5 Lacs - 1 PCM 5 to15 Lacs - 1 PCM & 1 VP 15 to 40 Lacs – 1 VP & 1 Sr. VP Above 40 Lacs – CEO	Purchase Order / Work Order Email approval in case of CEO	Manager/Executive-Stores and AM-Engineering	Signature on Material Receipt Note (AM-Engineering)	Manager & above -F & A (Winery)	Signature on Invoice
Wine Making Consumables						
Domestic/ Imported	Upto 5 Lacs - 1 PCM 5 to15 Lacs - 1 PCM & 1 VP 15 to 40 Lacs – 1 VP & 1 Sr. VP	Purchase Order Email approval in case of CEO	Manager/Executive-Stores and QC Executive (<i>after conducting quality check</i>)	Signed Material Receipt Note (QC & Stores)	Manager & above (Winery)	Signature on Invoice

	<h2>Standard Operating Procedure (SOP) on Procurement and Payments</h2>	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15


Type of Purchases/ Expenses	Pre-transaction Approval		Transaction Approval (Receipt of material & services)		Post Transaction Approval (Booking of liability)	
	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval
	Above 40 Lacs – CEO					
Diesel	Head-Procurement	MOU	1. For DG Set- Executive Stores 2. For Vehicles- Admin Manager	1. Signature on MRN 2. Signature on Fuel Bill	Manager & above -F & A (Winery)	Signature on Invoice
Power Expenses (Electricity)	NA	NA	AM-Maintenance	Signature on Bill	Manager & above -F & A (Winery)	Signature on Bill
Repairs & Maintenance						
R&M-Building(Factory)	Upto 5 Lacs - 1 PCM 5 to15 Lacs - 1 PCM & 1 VP 15 to 40 Lacs – 1 VP & 1 Sr. VP Above 40 Lacs – CEO	Purchase Order / Work Order	Head of Engineering/Project Incharge	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
R&M-Plant & Machinery			Head of Engineering/Project Incharge	Signature on Invoice		
R&M-Electrical (Mfg)			Head of Engineering/Project Incharge	Signature on Invoice		
R&M-Furniture & Fixtures (Mfg)			Administration Manager	Signature on Invoice		
R&M-Vehicles (Mfg)			Administration Manager	Signature on Invoice		

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

Type of Purchases/ Expenses	Pre-transaction Approval		Transaction Approval (Receipt of material & services)		Post Transaction Approval (Booking of liability)	
	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval
Rent & other exp						
Rent (Mfg)-Indian Ambience	SVP-Legal	Agreement	Plant Head	Signature on Invoice	Senior Manager-F&A	Sign on Invoice
Rent (Mfg)-FL-1	SVP-Legal	Agreement	Manager -FL-1	Signature on Invoice	Manager & above -F & A (Winery)	Sign on invoice
Factory License Fees	NA	NA	Admin Manager	Challan	Manager & above -F & A (Winery)	Signature on Govt. Challan
Excise Supervision Charges	NA	NA	Excise Manager	Challan	Manager & above -F & A (Winery)	Signature on Govt. Challan
Freight & Handling-Inward	Head-Procurement	Contract	1. Stores Executive 2.Viticulture Executive	Signature on Invoice	Manager & above -F & A (Winery)	Signature on invoice
Security Charges	SVP-Legal	Agreement	Administration Manager	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Contract Labour	SVP-Legal	Agreement	Administration Manager	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Viticulture & Farm Expenses	Head-Procurement	Purchase Order	DGM-Viticulture	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Factory General Expenses (Includes Miscellaneous Exp. of each department)	Head-Procurement	Purchase Order	Administration Manager/ Respective HOD	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice

	<h2>Standard Operating Procedure (SOP) on Procurement and Payments</h2>	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

Type of Purchases/ Expenses	Pre-transaction Approval		Transaction Approval (Receipt of material & services)		Post Transaction Approval (Booking of liability)	
	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval
Winery(Legal & Consultancy)	SVP-Legal	Agreement	EVP – Operations	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Freight Outward	AVP-Sales and Head Procurement	Agreement	Manager – Dispatch	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Administration Expenses						
Printing & Stationary	AM-Procurement Head-Procurement	Purchase Order (Upto 50,000) Purchase Order (Above 50,000)	AM-Administration	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Electricity & Guest House Charges	GM Hospitality	Agreement	Administration Manager	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Rent (others)	SVP-Legal	Agreement	Administration Manager	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Telephone/Postage & Courier	Admin & Head Procurement	NA	Administration Manager	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Travelling & Conveyance	DGM-Admin & HR	Voucher	Administration Manager	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Hiring of Vehicle	Head-Procurement	Agreement	Administration Manager	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Insurance	Head-Procurement/ Financial controller	Policy/agreement	Administration Manager	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Staff Welfare	Head-Procurement	Purchase Order	Administration Manager	Signature on Invoice	Manager & above -F & A	Signature on Invoice

	<h2>Standard Operating Procedure (SOP) on Procurement and Payments</h2>	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15


Type of Purchases/ Expenses	Pre-transaction Approval		Transaction Approval (Receipt of material & services)		Post Transaction Approval (Booking of liability)	
	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval
Security & Office Maintenance	Head-Procurement	Agreement	Administration Manager	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Finance & Legal						
Consultancy & Legal Fees	SVP-Legal	Agreement	Manager-Finance	Signature on Invoice	Manager & above -F & A	Signature on Invoice
Internal & Statutory Audit / Tax & Fin Consultancy	CFO	Agreement	Manager-Finance	Signature on Invoice	Manager-F & A (HO)	Signature on Invoice
Miscellaneous & General Expenses	SVP-Legal & CFO	Agreement	Administration Manager	Signature on Invoice	Manager & above -F & A	Sign on Challan
Sales & Marketing						
Sales Promotion	Head-Procurement	Purchase Order	Manager-Marketing / RSM/ZM for respective states or locations receiving the items	Signature on Invoice	Manager & above -F & A (HO)	Signature on Invoice
Warehousing Expenses	President-Sales & Marketing	Agreement	GM- Bio sales	Signature on Invoice	Manager & above -F & A (HO)	Signature on Invoice
Cash Discount	President-Sales & Marketing	Agreement	AVP-Sales Admin	Signature on Invoice	Manager & above -F & A (HO)	Signature on Invoice
Commission	President-Sales & Marketing	Agreement	AVP-Sales Admin	Signature on Invoice	Manager & above -F & A (HO)	Signature on Invoice
Travelling & Conveyance	President-Sales & Marketing	Agreement	Zonal Manager	Signature on Invoice	Manager & above -F & A (HO)	Signature on Invoice



Standard Operating Procedure (SOP) on Procurement and Payments

Commercial SOP #	1
Version	1.2
Issued on	04/05/15
Effective from	04/05/15


Type of Purchases/ Expenses	Pre-transaction Approval		Transaction Approval (Receipt of material & services)		Post Transaction Approval (Booking of liability)	
	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval
Consignment Insurance	AVP-legal or Finance Controller	Agreement	AVP-Sales Admin	Signature on Invoice	Manager & above -F & A (HO)	Signature on Invoice
Advertisement/Branding Expenses	President-Sales & Marketing	Agreement	AVP-Marketing	Signature on Invoice	Manager & above -F & A (HO)	Signature on Invoice
Corporate Social Responsibility (CSR)	Head-Procurement	Purchase Order	DGM -HR & Admin	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Hospitality						
Franchisee Charges	SVP-Legal	Agreement	AVP-Hospitality	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Groceries	AVP –Hospitality	Contract list	Manager-Stores hospitality	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Merchandise	AM-Procurement Head-Procurement	Purchase order (Upto 1 Lac) Purchase order (Above 1 Lac)	Manager-Stores hospitality	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Vegetables, FMP, dairy products, etc.	AVP –Hospitality	Quarterly/half yearly contracts	Manager-Stores hospitality	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Event Expenses	AVP-Marketing	Agreement/MOU	AVP- Hospitality	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Miscellaneous	AVP –Hospitality	Contract list/Purchase order	Manager-Stores hospitality	Signature on Invoice	Manager & above -F & A (Winery)	Signature on Invoice
Duties & Taxes						
State Excise	NA	NA	Manager-Excise	Signature on Challan	Manager & above -F & A (Winery)	Signature on Challan
Customs/Central	NA	NA	Manager-Excise	Signature on Challan	Manager & above	Signature on

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

Type of Purchases/ Expenses	Pre-transaction Approval		Transaction Approval (Receipt of material & services)		Post Transaction Approval (Booking of liability)	
	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval	Person Responsible	Mode of Approval
Excise					-F & A (Winery)	Challan
Service Tax	NA	NA	AM-Finance	Signature on Challan	Manager & above -F & A (Winery)	Signature on Challan
Income Tax/TDS/TCS	NA	NA	Manager-Finance	Signature on Challan	Manager & above -F & A (Winery)	Signature on Challan
VAT/CST	NA	NA	Manager-Finance	Signature on Challan	Manager & above -F & A (Winery)	Signature on Challan
Entertainment Tax	NA	NA	Legal-Executive	Signature on Challan	Manager & above -F & A (Winery)	Signature on Challan
Luxury Tax	NA	NA	Manager-Finance	Signature on Challan	Manager & above -F & A (Winery)	Signature on Challan

Constitution of Purchase Committee:

1. EVP – Operations
2. VP – Winemaking
3. GM – Winemaking & production
4. GM – Materials

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

Section B: Process Flow

Pre- transaction Approval process

Based on the nature of the purchases, this section has been sub-divided into following sub categories:


1. Grape procurement
2. Bulk wine procurement
3. Domestic purchases of packing material, consumables, engineering spares, services, etc.
4. Import of packing material, consumables, engineering spares, services, etc.
5. Purchase of traded products (BIO)
6. Procurement of fixed assets

1. Grapes procurement:

Grapes are procured from contracted farmers or from open market in case of need.

1.1 Procurement from contracted farmers:

- 1.1.1 Agreement is made with farmers for the period of 1-7 years.
- 1.1.2 The viticulture team shall conduct the visits to the vineyards to check the quality of grapes and update winemaking team about the grape quality. Upon receiving the instructions from winemaking team (*after grapes reach desirable quality*), viticulture team should give instructions to farmers to harvest the grapes.

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15


- 1.1.3 The farmer should arrange to deliver the grapes at winery gate, unless otherwise specified in the contract. After inward of vehicle in the winery, the weighing should be done. The weigh bridge receipt should be signed off as per the authority matrix and counter-signed by a representative of the farmer.
- 1.1.4 Weigh bridge receipt shall then be sent to Manager - Finance & accounts-vineyards operations for updation of payment note. At the end of every month, an invoice should be prepared on the basis of payment note and farmers sign off should be taken on it. Invoice should be booked in Tally on **a monthly basis**.

1.2 Open market procurement:

- 1.2.1 Wine making team shall take the decision for open market grape procurement based on the production budget and availability of grapes with the contracted farmers.
- 1.2.2 Wine making team shall then forward the requirement to the viticulture team to conduct market survey.
- 1.2.3 Viticulture team shall conduct a survey to check the quality of grapes. Rate negotiations shall be done with the farmers having grapes of a desirable quality.
- 1.2.4 A purchase order should be prepared by viticulture department and approved as per authority matrix. PO should be counter-signed by the farmer. (Refer Note 1 on page no. 17)
- 1.2.5 Receiving formalities shall be same as specified in 1.1.3 and 1.1.4 above.

2. Bulk wine procurement:

- 2.1 Wine making team shall take the decision for procurement of bulk wine based on the sales budget and availability of wine
- 2.2 Once the quantity to be procured for each type of wine is decided, intimations are sent to different wineries and samples are collected to check the quality of the wine

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15


2.3 Based on the quality of bulk wine, rate negotiations are to be done with the wineries by wine making team and the rate is to be finalized.

2.4 Once the quantity and rate is finalized, PO shall be prepared by wine making team and approved as per authority matrix. Approved PO should be sent to the winery along with vendor information form (Refer Note 1 & 4 on page no. 17 & 19). Excise permit will be taken for purchase of bulk wine.

2.5 Upon arrival of wine tanker at winery, the quantity shall be measured by way of dip scale. Measured quantity shall be compared with the quantity mentioned in delivery challan/invoice. **Difference upto +/- 1.5 % is acceptable difference** and payment can be made for invoice quantity. Difference above the tolerance limit should be intimated to Chief winemaker and necessary steps should be taken to intimate the difference to the vendor. Payment for difference above the tolerance limit should be approved by the Chief winemaker.

3. Domestic purchases:

3.1 Purchase department shall send an intimation to the respective user department once the re-order level for a material is reached (re-order level to be regularly reviewed by purchase dept. based on production budget). User department shall then issue an Indent (As per **Annexure 1**) to purchase department after appropriate authorization by the department head. (Refer Note 5 on page no. 19)

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

3.2 For material whose re-order level is not defined, the user department shall directly fill the Indent Form and give it to Purchase department. Purchase department shall check for the available stock, review and reconcile the quantity requested and accordingly accept the indent.

3.3 Comparative quotation analysis should be done by purchase department. (Refer Note 2 on page no. 18)

3.4 Purchase department shall maintain a database of vendors supplying same type of material for sending the request for quotation in future.


3.5 Purchase dept. will raise a PO on vendor selected on the basis of comparative quotations and get it approved as per the authority matrix. (Refer Note 2 on page no. 18)

Time limit: In all cases of domestic purchases, PO should be prepared within 7 working days from the date of indent.


3.6 The Purchase order/ Rate contract/ Work order will thereafter be issued to the vendor for acceptance along with the Vendor Information Form (refer **Annexure 2**). (Refer Note 4 on page no. 19)

4. **Imports:**

4.1 To initiate the purchase, the respective user department shall raise an indent in form of an email intimation to purchase department. **The email intimation should mention all technical specifications and quantity required to be purchased.**

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

- 4.2 Purchase department should maintain a list of import vendors supplying each kind of material. On the basis of this list, the requirement will be sent to the particular supplier after adding a buffer stock of 20-30% (if necessary) based on current stock level.
- 4.3 After receipt of the requirement, a Proforma Invoice (PI) will be sent by vendor. If the price quoted in PI is higher than the price as per last order, then negotiations are to be done with the vendor. The negotiated price shall be approved by procurement head.
- 4.4 Purchase department shall then prepare a PO, get it approved as per the authority matrix and send the same to the vendor along with vendor information form. (Refer Note 1 & 4 on page no. 17 & 19)
- 4.5 Purchase department shall make arrangements for logistics (i.e. freight forwarder) after inviting at least 3 quotes, if incoterms are FOB.
Time limit: Logistics should be finalized at least 5 days before the expected dispatch of material from the vendor's premises.
- 4.6 Insurance for shipment should be taken before dispatch of material from vendor's premises, if the shipment is on FOB basis
- 4.7 After receipt of goods at the port, all import related documents shall be handed over to Customs House Agent ("CHA") for customs and FSSAI clearance. Purchase department shall inform the CHA about exports benefits (viz. EPCG, advance license, etc.) to be taken for material imported.
- 4.8 Payment of customs duty and CHA charges will be done by Finance as per the authority matrix.


	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

5. Traded goods (BIO):

- 5.1 A daily report of BIO stock is prepared and sent to President – Sales & marketing and GM – BIO sales by BIO team. Based on the availability of stocks and sales forecast, decision will be taken by GM – BIO sales to procure additional stock.
- 5.2 Once the quantity to be procured is decided, PO should be prepared by BIO team, get it approved as per the authority matrix and sent to the contracted supplier along with vendor information form. (Refer Note 1 & 4 on page no. 17 & 19)
- 5.3 Upon receipt of PO, supplier shall send the proforma invoice to BIO team. The proforma invoice shall be cross checked with the PO and any discrepancy shall be highlighted to GM – BIO sales for taking corrective action.
- 5.4 Logistics and customs related formalities will be done by BIO team as specified in 4.5, 4.6, 4.7 and 4.8.

6. Fixed assets:

- 6.1 At the beginning of every year, budget for procurement of fixed assets will be prepared. The same would be approved by CEO
- 6.2 Before initiating the process, payback period analysis will be done as per the standard payback period template.
- 6.3 For initiating the purchase, an indent (As per **Annexure 1**) will be raised by the respective department and after appropriate authorization by the department head, it will be given to purchase department.


	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

If the budget is exhausted, then the respective department head shall get the email approval from CEO before raising the indent.

- 6.4 Comparative quotation analysis should be done by purchase department. **However, comparative quotations may not be taken for mobile phones and laptops.** (Refer Note 2 on page no. 18)
- 6.5 Purchase dept. shall raise a PO on selected vendor, get it approved as per the authority matrix and send it to vendor along with vendor information form. (Refer Note 1 & 4 on page no. 17 & 19)
- 6.6 Upon receipt of the asset and putting it for use, finance department shall include the asset in fixed asset register and record necessary entries in tally.
- 6.7 Finance department shall do necessary formalities to include the asset under insurance cover.

Important Notes:

1. Purchase orders: All Purchase orders should have the standard terms and condition printed at the back of the PO. (Standard terms and conditions are enclosed as **Annexure 3**). Where POs are generated from Tally, standard terms & conditions should be attached to the PO while sending it to the vendor. All Purchase orders to be serially numbered and kept in files and separately a soft copy register for all PO, WO and contracts should be maintained by stores department for analytical purposes. In case of **Marketing purchases or printing of labels, mono cartons etc.**, purchase department will take a sign off from the relevant Marketing Head/Sales Head before finalizing the purchase.

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15


2. Comparative quotation analysis: The purchase department shall contact the suppliers by telephone or mail to collect the quotations. Request for quotation should state the last date to send the quotations. Minimum 3 quotations should be received (preferably in written format). Reasons for not selecting the lowest quote should be specified in the quotations comparison chart and reasons for not taking comparative quotations should be mentioned on the indent and approved by procurement head.

3. Advance payment against PO:

- a) All Vendor Advances should be specified in the Purchase Order/Work Contract/ MOU as part of payment terms.
b) The Advance requisition should be approved by way of authorization on Proforma Invoice ("PI") or PO (in the absence of PI) as per following authority matrix:

Category	Value of Advance in ₹	Approving authority
I	Upto 3 lacs	Respective departmental Head/Procurement head
II	3 – 10 lacs	Winery – EVP Operations Sales & marketing – VP Sales Hospitality – AVP Hospitality IT – CFO
III	Above 10 lacs	II as mentioned above & CEO

- c) For advances, a proforma invoice is required from the vendor
d) For all advances above ₹ 3 lacs, the vendor needs to submit a credit rating and in case credit rating is not available the vendor has to provide a copy of the previous year's audited financials and basis which Procurement in consultation with Finance dept. will work out an equivalent credit rating of the vendor. Credit rating should be attached with the PO before sending it for advance approval.

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

- e) For advances above ₹ 10 lacs, the vendor needs to provide a performance bank guarantee
- f) Bank Guarantee should be vetted by Legal department and should be of banks other than co-operative banks
In case the documents mentioned in points d, e & f is not possible, then the exception has to be approved as per the authority matrix for category II as mentioned above and by CFO
4. Vendor Information Form: Vendor information form (refer **Annexure 2**) should be taken for new vendors or in case the existing vendor has not submitted all the information earlier. Information forms for new vendors along with supporting documents (viz. PAN copy, VAT/CST/ST registration certificate, etc.) should be sent to Finance team – HO. Finance team HO shall create a vendor account in tally with all relevant information as detailed in vendor information form.
5. Indent Form: The requisitioner should specifically mention the department for which the Indent is being raised. If one department is raising requisition on behalf of other department, then the fact should be specifically mentioned in the indent form. For eg. If hospitality is raising indent for stock which will be used by Sales & Marketing dept., then while raising indent it should write “on behalf of sales & marketing”. Accounts department will book the cost against the cost center of the department mentioned in the indent form.

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

Transaction Approval Process (receipt of material/services):

Receipt of material would be done by the stores in charge and in case of services, it would be done by person receiving the service.


Material:

Upon receipt of material at gate, an inward stamp mentioning the time and date of inward should be affixed at the back of the invoice/delivery challan by the security personnel. For materials, the quantity would be checked by the stores in charge and quality check would be conducted by the QC executive. **Excess material upto 5% of PO quantity is acceptable** and payment can be made for the actual quantity. For difference above 5%, an additional PO needs to be prepared. In case the material requires lab testing then a lab approval needs to be taken. After the above is done, an MRA (Material Receipt Acknowledgement) will be prepared. MRA should be signed by stores in-charge and QC executive.

The receipt of material would be documented by entry in the respective stores ledger w.r.t. Winery and Hospitality purchases. GRN should be made in Tally by stores department.

Services:

The receipt of service would be by the person receiving the service. Refer the authorization matrix for exact details on Transaction approval (receipt) to be done by who and how.

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

Post Transaction Approval Process:

1. Booking of liability:

All PO, work orders, copy of agreements and the Invoices with relevant receipt should be submitted to Finance for booking of the liability.

Finance person will conduct a 3 way match i.e. matching the rates and quantity in PO vs. MRA vs. Invoice and invoice will be approved by finance dept. as per the authority matrix.


- i. PO/WO/Agreement – Rate & quantity
- ii. Receipt i.e. MRA - Quantity
- iii. Invoice – Rate & quantity

In case of any mismatch, the Invoice will be returned back to the procurement head for taking corrective actions. In case of any change in rates, a revised PO has to be generated and approved as per the authority matrix.

The Finance person should also check the accuracy of the Invoice, the correctness of the taxes charged, proper numbering and tax registration numbers of the bill. Invoice will be booked in Tally after taking approval as per the authority matrix.

In case of inter-state purchases, C form should be issued to the vendor. Finance team shall keep track of C forms pending to be issued and take necessary actions for issuance of C forms.

Finance department should book the liability against the cost center of department as mentioned in Indent form. Additionally, finance department should extract the list of pending invoices from Tally and send the same to Purchase department on a monthly basis. Purchase dept. should follow up with the vendors for pending invoices.

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

2. Payment of liability:

Finance dept. shall make payment only on the basis of fair tax invoices. On a daily basis, cash position statements are prepared by Finance team, through which payments to be made for the day are decided. Finance department will prepare a cheque or make the payment through RTGS on or after the due date subject to availability of funds. In case of cheque payment, receiver's signature should be taken on the payment voucher while handing over the cheque. Following is authority matrix for operating bank accounts:




Standard Operating Procedure (SOP) on Procurement and Payments

Commercial SOP #	1
Version	1.2
Issued on	04/05/15
Effective from	04/05/15

Limits for Authorized Signatories for Bank

1. Category A – No limit – Can sign any amount
2. Category B + Category D1 – Jointly can sign upto Rs. 30 lakhs
3. Category C + Category D2 – Jointly can sign upto Rs. 15 lakhs

Category	Designation	Signatories
A	Chairman	Suresh Samant
	CEO	Rajeev Samant
B	President	Deepak Bhatnagar
	EVP	Dr. Neeraj Agrawal
	SVP	T. S. Sivaprasad
	VP	Ajoy Shaw
C	AVP	Manoj Rawat
	AVP	Kavita Shetty
	AVP	Rakesh Jalan
	AVP	Monit Dhavale
	AVP	Shivani Chopra
D1	CFO	Baquer Bengaliwala
	GM	Saurabh Bhudolia
	DGM	T.K Shinde
D2	DGM	Mahesh Kanawade
	DGM	Sweta Shetty
	Senior Manager	Deepak Shinde

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15


Maker/Checker concept:

The payment voucher would be checked by Manager & above in finance department.

PO Exceptions – Payment where issuance of Purchase Orders is not required

Purchase orders would not be required for the following payments:

- A. Salaries and Wages
- B. Employee Re-imburements
- C. Employee related activities viz. staff welfare parties, staff gifting, training, departmental lunches, etc. It can be incurred on the basis of approved annual budget and approval of concerned HOD.
- D. Travel Expense statements
- E. All Statutory payments, duties and taxes
- F. Refreshment, lunch dinner in office/restaurants
- G. Vehicle Repair below ₹ 10,000/- (Approval on bills required)
- H. For all purchases below ₹ 10,000 (₹ 25,000 in case of sales & marketing), the PO is not mandatory but desirable; however quotation (if received) should be signed off by procurement head.**
- I. Label Registration
- J. In case of an exceptional circumstance for **emergency purchases**, if the Indent to PO process cannot be followed then the same should be informed to Head Procurement and then the respective dept can with **prior approval of procurement Head** go ahead with the purchase and later on submit details to the Procurement department. Purchase department shall prepare a post facto PO and the fact of emergency purchases should be written on the PO and approved by the procurement head. The respective department conducting the purchase will follow the exact process and authorization matrix laid out in this SOP.

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

List of Annexures

- Annexure 1 - Indent Form
- Annexure 2 – Vendor Information Form
- Annexure 3 – Standard Terms and conditions required on the PO/WO/Rate Contract

**ANNEXURE 1
MATERIAL INDENT FORM**

DEPARTMENT:

INDENT NO.:

DATE:

KINDLY ARRANGE THE FOLLOWING MATERIAL


STATUS: URGENT / STOCK

SR. No.	MATERIAL DESCRIPTION/ TECHNICAL SPECIFICATION	QTY. REQUIRED	REQUIRED FOR SECTION EQUIPMENT/ JOB	NAME & ADDRESS OF THE SOURCE

Prepared by

Approved by

Authorized by

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

ANNEXURE 2


VENDOR INFORMATION FORM			
1	Account Category	:	
2	Supplier Code(As per ERP software)	:	
3	Supplier Name	:	
4	Alias(not more than 8 Characters)	:	
	Address		
5	Billing Address1	:	
6	Billing Address2	:	
7	Billing Address3	:	
8	City/District	:	
9	Pin Code	:	
10	State	:	
11	Country	:	
	Contact Details		
12	Contact Name	:	
13	Phone no. (with std no.)	:	
14	Fax no.(with std no.)	:	
15	Mobile no.(10 digits)	:	
16	Email id	:	-
17	Web Address	:	-



Standard Operating Procedure (SOP) on Procurement and Payments

Commercial SOP #	1
Version	1.2
Issued on	04/05/15
Effective from	04/05/15

18	Excise Reg. no.	:	
19	Service Tax No.*	:	
20	VAT No.*	:	
21	CST No.*	:	
22	PAN No.*	:	
23	TIN No.	:	
24	IEC Code		
	Account Details		
25	Financial Group		
26	Category		
27	Type		
28	TDS Related Transactions(Yes/No)		
29	Payment Terms in Days		
30	Price Terms		
31	Currency		
	Correspondence Address :		
32	Corrs Add1	:	
33	Corrs Add2	:	
34	Corrs Add3	:	
35	City/District	:	
36	Pin Code	:	

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

37	State	:	
38	Country	:	
39	Contact Name	:	
40	Phone no.(with std no.)	:	
41	Fax no.(with std no.)	:	
42	Mobile no.(10 digits)	:	
43	Email Id	:	
44	Web Address	:	

~ Please all details in CAPITAL LETTERS ONLY

* Proof required


ANNEXURE 3 TERMS AND CONDITIONS

The materials or services specified in the Purchase Order are Subject to the following terms and conditions and are in addition to the instruction and specification on the purchase order.

1. **ACKNOWLEDGEMENT:** A. The order should be confirmed immediately, if no confirmation is received within a reasonable postal delivery time from the date of this order or seven days here of which ever is later, confirmation, will be taken for granted.

B. No variation in any of the terms and condition relating to deliveries, prices, quality, quantity and specification of this order will be allowed, irrespective of the seller's claim. Acceptance to such variation will be effective only with a prior written consent from one side.

2. **DELIVERY:** A. Unless otherwise stated in the order all goods are to be delivered free at our plant, without one side charges for packing or cartons.

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

B. On receipt to goods of our order, duplicate of the challan stating our order No. in full, against which the supply is made, will be signed by our reviewing clerk. This however shall not mean the acceptance of the goods as all stores are subjected to company's inspection and approval.

C. Each supply or consignment shall relate to one order only.

3. DELAYS: If Seller fails to make delivery within the time specified, the Company may terminate this Purchase Order or such part or parts there of as to which there has been delay. The company also reserves the right to purchase the goods in the open market and to charge the Seller as per this Purchase Order for any loss incurred as a result there of.

4. INSPECTION: A. The Company has the right to reject any goods which in material or workmanship are not approved by the Company's Officer-in-Charge, where decision in that behalf shall be final and binding on the Seller.

B. If goods are rejected, the Seller shall remove the rejected goods immediately at their expense and replace such rejected goods of contract, quality and description to subject the approval of the Company's Officer - in - charge. The Company reserves the right to confiscate the rejected goods if the Seller fails to remove them within 10 days after intimation of rejection.

C. The inspection / testing methods as per the Company's rules shall be final be the purpose of acceptance of goods by the Company and will be binding on the Seller.


5. RE-WORKS: In the event re-work is necessary due to non - adherence to specifications and only if through the fault of the Vendor, the Company at its discretion may re - work the same and charge back to the vendor at the prevailing rates

6. PRICE: We do not undertake any liability to supply a material or arrange quote certificate or import License, unless otherwise specified in order. The Company will not allow any revision in the price during the tenure of contract

7. PACKING: Clean Railway Receipts or Lorry Receipt shall not be considered as a sufficient proof of secured packing. Any breakage damage and /or pilferage or loss, shortage in transit shall be borne by the supplier

8. SHIPMENTS: should the supplier fail to execute ORDER or any part there of as stipulated either by non - delivery, part delivery, delayed deliver or defective supply, the company shall be free without giving any notice to supplier to purchase such goods from the market at suppliers risk & costs, and supplier shall reimburse the company in respect of any loss or damage arising such failure.

9. TERMINATION: the company reserves the right to cancel or amend this order or any part thereof without assigning any reasons and without any liability for such cancellation and/or amendment.

	Standard Operating Procedure (SOP) on Procurement and Payments	Commercial SOP #	1
		Version	1.2
		Issued on	04/05/15
		Effective from	04/05/15

10. **WARRANTIES:** any components or equipment supplied by you found defective in respect of design material workmanship or performance within a period of one year from the date of installation will be repaired or replaced by you rest of cost.

11. **BLUE PRINTS:** All blueprints detailed specification & manufacturing details are property of the company and are returnable upon demand.

12. **CONFIDENTIAL INFORMATION :** Seller agrees not to disclose to any person outside of its employment and not to use to any purpose other than to fulfil its obligation under this order any information received form NVPL pursuant to this order which had been disclosed to seller by NVPL in confidence and which is not otherwise publicity available.

13. **GIFTS:** Seller shall not make or offer gifts or gratitude of any type of the NVPL employees or member of their families. Such gifts or offerings my be construed as seller's attempt to improperly influence of the relationships.

14. **INDEMNIFICATION :** Where by reason of delivery of goods or erection the items covered by this purchase order on the company's premises it is expressly understood that the supplier agrees to comply with workman's compensation laws, rules and regulation and that he further agrees to indemnify the company against all losses and liabilities that may accrue out of the damages made or obtained against the Company by third person including suppliers of his contractor's employees in consequences, injuries to their person or property.

15. **OCTROI:** Relevant Municipal Council's Octroi procedures to be followed strictly in case of any payment made in this regard, receipt in our name should be produced along with the bill.

16. **LEGAL:** Any issue arising out of this contract will be subject to the exclusive jurisdiction of the courts of Mumbai.

17. **SAFETY:** Supplier should give MSDS for the new chemicals to be supplied.

18. Supplier transporting hazardous substances one advised of their requirement to comply with the MSDS of the substances they are carrying.

19. Supplier should keep informed in advance about any changes in formulation, Process etc., and take approval from NVPL before the supply of the material.

20. PS : In case you have filed a memorandum annual Return with the concerned authority under the micro, small and medium Enterprises Development Act, 2006, please arrange to send us a xerox copy. of the acknowledgment of the said memorandum.

Non-receipt of acknowledgment will be concluded as supplier is not an MSME vendor.