LODHA

BUILDING A BETTER LIFE

Policy Name / No.	Specified brands policy
Date W.E.F.	15.03.2017
Revision No	0
Revision Date	-
Pages	9

Policy on Brands Specified in Tenders / Contracts

Objective:

To ensure that:

1. multiple brands specified in FML tenders are technically and commercially equivalent.
2. competing options within approved list of any material does not provide any relatively inferior and cheaper option for a contractor to switch over to later and gain unfair commercial advantage.
3. necessary entry controls are exercised in the process of brand approval.

Applicability:

All tenders and contracts requiring Lodha to specify approved makes/ brands

Background:

Brands of various material and equipment need to be specified in certain FML/PMFL tenders / contracts with a view to implement the design intent, deliver as per marketing brochure, control quality of inputs and ensure performance standards. It also ensures that bidders get a level playing field and do not make disparate assumptions in their estimates.

Policy Guidelines:

- For all materials of commercial significance to the company, brands should be approved through a due evaluation process.
- Any material with unit rate >Rs.10,000/- should have a list of approved brands. Can be specified for lower unit rate also if the spends are significant.
- Design to decide max 5 brands for each material out of which maximum 3 will then be separated through segmentation.
- Evaluation of brands for their inclusion in the approved list shall be on the following two criterion:
    - Price difference between highest and lowest brand in a given category should not be more than 5 %. For items that are commercially significant in a tender, this can also be revalidated by asking bidders to quote alternate prices with each of the specified brands. This will also enhance our understanding of price difference among brands.
    - Brands to be graded for their brand perception/ reputation by design (procurement can provide input, if it has a viewpoint) and as far as possible, brands specified for a particular item should be within the same grade of brand perception / reputation (or if necessary, max. one grade apart).

      among top 20% - grade 1

      among mid 60% - grade 2

among bottom 20% - grade 3

- If new vendors are empanelled for any item, the price and reputation of the same to be compared with the existing prices and then decision made to add (and if needed,delete another brand) from list at time of empanelment itself. This is to be done by VMT with approval for changes from concerned design package head.
- List to be annually reviewed by Package Head and their counterpart in design
- List to be maintained by VMS team and copy by Package team hosted on internal drive.

Notes:

i. **Equal Alternates – validation required:** Specified brands and products should be of same class/ standard by industry perception, should have similar technical parameters, should not have any availability issues and mutually should not be at price difference of more than 5% (highest to lowest).

ii. **Parameters of Brand Perception:** brand perception in the industry (class), model/ product code within the brand being compared with model/ product code of another brand, technical attributes, price range, availability, service support, sustained successful track record in India (specially in case of equipment). Based on these brands can be classified as top 20% (grade 1), mid 60% (grade 2) or bottom 20% (grade 3).

iii. **Three alternates:** In general, three equivalent brands should be finalised and included in the list. The purpose is that if any of the approved brands is not available later or does not support project timelines, alternate brands may have to be approved. Such approval and determination of price difference may be a time consuming process with possibility of disagreement/ dispute with the contractor.

iv. **Single brand**: In exceptional cases, only a single brand may have to be specified for reasons like specific mention in marketing brochures or specific instance by Designer. In such cases, it is important to cross check and be assured of availability of such products in accordance with delivery schedule. Approval for single brand in the tender has to be obtained from HoD/HoC Design. Reasons for such approval should be recorded with the tender MoMs.

v. **Single brand – identification of stand by alternates required:** In case a single brand is specified due to above or any other constraint, it is responsibility of concerned design associate (supported by procurement) to explore and identify standby options.

Annexure:

- Package wise list of specified brands Re0 dated 15th March 2017