

to make ammunition

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The army has issued a Request for Information (RFI), inviting Indian industry to respond to a proposal for manufacturing ammunition in the country.

"The purpose of the RFI is to facilitate preparation of Request for Proposal (RFP) and identify prospective manufacturers for participating in the proposal for indigenous manufacture of ammunition," says the document, which is posted on the government's Central Public Procurement Portal.

The RFI, and the forthcoming RFP, highlights the difficulties faced by the ministry of defence (MoD) in identifying "strategic partners" (SPs) — private firms designated as the preferred production agencies for manufacturing various categories of defence equipment like aircraft, warships, submarines, ammunition and others. So contentious has been the formulation of a MoD policy for identifying "strategic partners" that the Defence Procurement Policy of 2016 (DPP-2016) was issued earlier this year without a Chapter 6 — which was to be the strategic partner policy. It remains a blank space in the DPP to this day.

Private sector defence firms, which regard being nominated as a strategic partner an essential first step to entering the lucrative defence business, have competed fiercely to mould the policy to suit their own candidatures. Adding to the difficulty has been bureaucratic reluctance to nominate strategic partners — because of concern over future allegations of bias, and the possibility of getting embroiled in investigations.

Now, after discussions at the Prime Minister's Office (PMO), the MoD has chosen to bypass the issue of nominating strategic partners for manufacturing ammunition. Instead there is the appearance of competition, involving the issue of an RFI and RFP.

Yet, the RFI contains a strategic partner-style, long-term component, that says:

"The ammunition is proposed to be procured under a long term contract over a period of first ten years... Subsequent extensions after 10 years will be decided, negotiated and contracted based on requirement of the Army as determined after performance of the supplier over the initial ten years of supplies." Further, "It is proposed that the manufacturer should develop the infrastructure and absorb the complete [Transfer of Technology] for manufacture of ammunition within two years from signing of contract." For this, there will be no government funding.

The RFI covers almost most type of ammunition, except for small arms, from 23-millimetre rounds for air defence guns to 155-millimetre artillery gun ammunition.



Competitive selection proposed, to avoid 'nomination' of private firms

The RFI clearly weighs in favour of large private firms, with financial criteria that excludes many medium-scale private companies that have manufactured and supplied ammunition, and its components, for decades. Companies eligible to participate must have a consolidated turnover of at least ₹200 crore for each of the last three financial years; capital assets at gross book value of ₹100 crore; revenue growth of at least five per cent in at least three of the preceding five financial years, and a minimum credit rating equivalent to CRISIL/ICRA "A". Small and medium sector company executives have already protested their exclusion from the contract, with at least one letter directly addressed to Defence Minister Manohar Parrikar.

Companies like Sandeep MetalCraft, Indo-Swiss Time, Micron Instruments, Premier Explosives and Polar, which have decades-long records of supplying high-technology components like electronic fuzes for artillery shells, find themselves left out of even smaller contracts, which could all flow to the selected large-scale vendors. "Does the MoD realise that its policy deliberately excludes small and medium scale enterprises (SMEs),

while the prime minister's policy is to build up SMEs?" ask one chief executive officer (CEO), speaking off the record.

"I could understand the MoD's reluctance to award a contract worth several thousand crore to a medium-scale industry. But we have been winning smaller contracts of up to Rs 150 crore, and supplying them reliably, even to international customers. Now, these guidelines will render us ineligible," another says.

These apprehensions will be voiced at an "industry interaction" that the MoD has scheduled for December 9 in New Delhi. Vendors are required to respond to the RFI by December 16.

The RFI stipulates tough conditions to safeguard the supply of ammunition from subsequent technology denial, and to allow for the "surge manufacture" needed in wartime. It mandates that "the manufacturer will ensure continuous availability of minimum one year's stock of ex-import components during first two years after signing of contract or 100 per cent indigenisation, whichever is earlier. In case full indigenisation is either not possible or not proposed, the manufacturer from third year onwards will have to hold two year's stock of ex-import content at all times."

Private firm CEOs point out that maintaining one/two years of ex-import stock would be a heavy financial liability, for which they assume the MoD would compensate them.

The proposal for nominating private sector strategic partners was mooted by the MoD-constituted Dharendra Singh Committee in 2014-15. Subsequently, the VK Aatre Task Force recommended designating one private sector strategic partner (SP) for each of seven technology areas — aircraft; helicopters; aero engines; submarines; warships; guns and artillery, and armoured vehicles. It also recommended that three other technology areas — metallic material and alloys; non-metallic materials; and ammunition, including smart munitions — have two strategic partners each designated.

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COMPANY NOTICE

NOTICE is hereby given that pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books (Record date) of Vardhman Textiles Limited shall remain closed on Friday, 9th December, 2016 for determining the entitlement and the names of the Equity Shareholders, to whom the Letter of Offer will be sent and will be eligible to participate in the buyback of equity shares of the Company which was approved by the members of the Company by way of Postal Ballot on 24th November, 2016. This notice is also available on the websites of:-

- a) Company (www.vardhman.com)
- b) BSE Ltd. (www.bseindia.com)
- c) NSE Ltd. (www.nseindia.com)

For VARDHMAN TEXTILES LIMITED

Sd/-

Date : 25.11.2016 (KARAN KAMAL WALIA)

Place : Ludhiana Company Secretary

EAST COAST RAILWAY

SAMBALPUR-TALCHER DOUBLING : CONSTRUCTION OF DRAIN

e-Tender Notice No. ETCECONIIBBS2016090
Dated : 23.11.2016

NAME OF WORK : "CONSTRUCTION OF CEMENT CONCRETE (CC) DRAIN IN DEEP CUTTING IN BETWEEN CHARMAL-RAIRKHOI STATIONS FROM CH.64900 TO CH.69980 (CH. FROM SAMBALPUR) IN CONNECTION WITH SAMBALPUR-TALCHER DOUBLING."

Approx cost of the work : ₹ 176.68 Lakhs,
EMD : ₹ 2,38,350/-, **Cost of tender document :** ₹ 5,000/-, **Completion period of the work :** 06 (Six) Months.

Tender Closing Date & Time : 30.12.2016 at 1200 hrs.

No manual offers sent by Post/Courier/Fax or in person shall be accepted against such e-tenders even if these are submitted on firm's letter head and received in time. All such manual offers shall be considered invalid and shall be rejected summarily without any consideration.

Complete information including e-tender documents of the above e-tender is available in website <http://www.ireps.gov.in>.

Note : The prospective tenderers are advised to revisit the website fifteen days before the date of closing of tender to note any changes/corrigenda issued for this tender.

Website : www.ireps.gov.in.

Chief Administrative Officer(CON)/
PR-155/C/16-17 Bhubaneswar