

## Case Studies:Coal & Coke

Date:08.08.12

### Case Study 1

**Online Competitive Bidding for procurement of 75,000 MT of Steam Coal for Abhijeet MADC Nagpur Energy Pvt Ltd.**

#### **Brief Study:-**

The client's requirement was for 4000 (+/-100) Kcal /Kg (ADB) Steam Coal. The mandate included the entire span of activities starting from identifying and developing new potential vendors, preparing and floating RFQ to the shortlisted vendors, providing Market Intelligence Report, giving price indications and finally conducting the online event and related activities. mjunction introduced a total of 9 new potential vendors developed who participated in the event.

#### **Business Challenge:**

- The total quantity as required by client was huge for one time procurement which could pose problems in convincing vendors for participation & supply.
- The target price as communicated by client was around Rs. 5000.

#### **Our Approach**

- Considering the high quantity required by client, mjunction decided to conduct the event in two phases, the first one with 25,000MT and the other one with 50,000 MT, both on two different dates and quantities based on requirements specified by client.
- **Online Event Strategy:** In order to derive competitive prices and considering the market volatility, the strategy of Online Sealed Bid followed by Dynamic Bidding was adopted.

#### **Benefits**

- The event was conducted successfully on two different dates on which the L1 bidder was derived from the list of new vendors suggested by mjunction
- The overall strategy led to very good competition in the online bidding process, resulting in 79 and 252 bids respectively for the two events.
- Prices derived were competitive enough, meeting client's expectation. The savings derived in event 1 were around 15 % and 22 % for the other event.