

CHENNAI PETROLEUM CORPORATION LIMITED
(A group company of IndianOil)

GENERAL PURCHASE CONDITIONS (IMPORTS)

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DEFINITIONS

- 1.1 **PURCHASER:** Purchaser means CHENNAI PETROLEUM CORPORATION LIMITED having its Refinery & Administrative Office at Manali, Chennai-600 068, Tamilnadu, India. The term of Purchaser includes successors and assigns of CHENNAI PETROLEUM CORPORATION LIMITED.
- 1.2 **CONSULTANT:** As specified in the Tender document
- 1.3 **VENDOR:** Vendor means the person, firm or corporation in which this Purchase Order is addressed. The term Vendor includes its successors and assigns.
- 1.4 **GOODS:** Goods means the machinery, equipment, articles, materials, supplies, drawings, data and other property and all services including design, delivery, installation, inspection, testing and commissioning specified or required to complete the Purchase Order.
- 2.0 PRICES:**
- 2.1 **FIRM PRICE:** Vendor shall confirm that quoted prices shall be firm on F.O.B nearest sea port and subject to no escalation whatsoever till complete execution of order.
- 2.2 **TRANSIT INSURANCE:** Prices quoted shall exclude transit insurance charges from F.O.B. Port of Shipment or by Air as the same shall be arranged by the Purchaser. All transit insurance charges for inland transit upto FOB Port of Shipment or Airport should be included by the Vendor in their prices. However, the Vendor shall ensure that in effecting Shipments clear bill of lading are obtained and the carriers' responsibility is fully retained on the carriers so that Purchaser's interests are fully secured and in no way jeopardized.
- 2.3 BANK CHARGES/STAMP DUTIES/TAXES:**
- i) All Bank Charges and Stamp Duties payable in Vendor's country in connection with the payments to be made under the Purchase Order shall be borne by Vendor. All Bank charges and Stamp Duties payable in India shall be borne by the Purchaser.
- ii) All taxes, duties and levies of any kind that may be payable upto the stage of putting the material in FOB position shall be borne by the Purchaser.
- iii) All taxes and duties payable in India on the materials shall be payable by the Purchaser.
- 3.0 **PAYMENT TERMS:** Full payment to the Vendor shall be made through an irrevocable "Letter of Credit" against submission of despatch documents. The Vendor shall furnish a Bank Guarantee in the enclosed proforma at Appendix -B for Value equivalent to ten percent of Order Value valid for the warranty period vide Clause13 for covering Warranties and Guarantees and for compensation for delay for Delayed Deliveries vide Clause7.3 hereof. The Bank Guarantee shall be furnished alongwith the acceptance of Purchase Order to enable Purchaser to open irrevocable 'Letter of Credit'.
- 4.0 **REPEAT ORDER:** For any items ordered on the Vendor the Purchaser can place repeat orders for any additional quantity within a period of six months from the date of the original order at the same prices, terms and conditions.
- 5.0 **VENDOR'S SALES CONDITIONS:** Vendor's standard sales conditions, if any, shall not be applicable to the offer and only the Purchaser's "GENERAL PURCHASE CONDITIONS" shall apply with the exception of deviations specifically agreed between the Vendor and the Purchaser and brought out in the Purchase Order.
- 6.0 **IMPORT LICENCE:** Relevant particulars of the Import Licence shall be duly indicated in the shipping documents and invoices as well as on the packages or consignments.
- 7.0 DELIVERY & DELAYS**
- 7.1 **CONTRACTUAL DELIVERY DATE:** Contractual delivery date is date on which goods shall be delivered FOB Port of Shipment or Airport of exit in accordance with Purchase Order.
- 7.2 **RESPECT FOR DELIVERY DATE:** Time of Delivery as mentioned in Purchase Order shall be the essence of the contract and no variation shall be permitted.
- 7.3 **DELAYED DELIVERY:** For any delay in delivery of goods as stipulated in the Purchase Order, the Vendor shall be liable to pay compensation at 0.5% per week or part thereof of the total FOB value of the Purchase Order subject to a maximum of 5% of total value of the total contract price.
- 7.4 **CAUSES OF FORCE MAJEURE:** Delivery dates will be extended to the Vendor without being subject to Clause 'Delayed Delivery', in the event of cause of force majeure within the contractual delivery periods, only the following will be considered causes of force majeure:
Acts of God (like Earthquakes, Flood storms etc.) act of States, the direct and indirect consequence of wars (declared or undeclared) hostilities, national emergencies, civil commotions and strikes (only those which exceed duration of ten continuous days) of Vendor's complete factory. The Vendor shall immediately inform the Purchaser and the Consultant by registered and detailed letter supported by documentary proof at the beginning and end of all such impediments. It is understood that delivery dates will be extended only for the duration of the above mentioned impediments.

- 8.0 **DELAYS AND NON-CONFORMANCE:** In case of delivery schedule not being adhered to in progressing the manufacture of supply, the Purchaser has the right to:
- i) Cancel the order wholly or in part-without any liability to Cancellation charges and procure the goods elsewhere, in which case the Vendor shall make good the difference between the cost of goods procured elsewhere and price set forth in the order with the Vendor.
 - ii) Hire for the period of delay the goods meeting the specification from elsewhere at Vendor's cost. In the event of rejection of non-conforming goods the Vendor shall be allowed to correct the non-conformities without extension of delivery period. If Vendor fails to do so within the stipulated time, the Purchaser shall have the right to take recourse to (i) and (ii) above.
- The fact of goods having been inspected by the Purchaser or his representative before receipt at destination shall not affect the Purchaser's rights to reject non-conforming goods in any way. Besides the Purchaser shall have the right to recover actual expenses incurred by Purchaser in installing and removing the non-conforming goods.
- 9.0 **INSPECTION-CHECK-TESTING:** The materials or workmanship covered by the Purchase Order are subject to inspection and testing at any time prior to Shipment and or despatch and to final inspection within a reasonable time after arrival at site.
- The materials shall be subject to inspection by Agencies as mentioned in the requisition and the Vendor shall also bear the expenses concerning preparation and rendering of tests required by such agencies nominated or Boiler Inspectorate or such other statutory testing agencies or Lloyds Register of Shipping as may be required.
- The Vendor will have to provide free access to Inspectors during normal working hours at Vendor's or its sub-Vendor's works and place at their disposal all useful means of performing, checking, marking, testing, inspecting and final stamping.
- 10.0 **EXPEDITING:** Purchaser/Purchaser's representative have been assigned to expedite both manufacture and shipment of equipment and materials covered by the Purchase Order. The Purchaser/Purchaser's representatives shall have free access to Vendor's shop and/or sub-Vendor's shop at any time and they shall be provided all necessary assistance and information to help them perform their job.
- 11.0 **MODIFICATIONS:** The Purchaser shall have the right to make technical changes or modifications on the technical documents/specifications comprised in the Purchase Order. The Vendor shall comply with such a written request or make alternative suggestion. Any such changes or modifications shall be at the cost; if any, of the Owner. After receipt of the written request for changes, the Vendor shall furnish in writing to the Purchaser within 15 days an estimate of cost for changes and modifications and effect on the FOB delivery date. On receipt of Purchaser's authorization, the Vendor shall promptly proceed with the changes/modifications.
- 12.0 **CANCELLATION:** The Purchaser reserves the right to cancel the Purchase Order or any part thereof and shall be entitled to rescind the contract wholly or in part in a written notice to the Vendor if;
- i) The Vendor fails to comply with the terms of the Purchase Order.
 - ii) The Vendor fails to deliver goods on time and/or to replace the rejected goods promptly.
 - iii) The Vendor becomes bankrupt or goes into liquidation.
 - iv) The Vendor makes a general assignment for the benefit or creditors, and
 - v) A receiver is appointed for any of the property owned by the Vendor.
- Upon receipt of the said, cancellation notice the Vendor shall discontinue all work on the Purchase Order and matters connected with it.
- The Purchaser in that event will be entitled to procure the requirements in the open market and recover excess payment over the Vendor's agreed price, if any, from the Vendor reserving to itself the right to forfeit the security deposit, if any, placed by the Vendor against the contract.
- 13.0 **WARRANTIES/GUARANTEES:** The Vendor shall warrant that the goods shall give required operational performance, shall be suitable for the service indented and be of the quality specified or the best grade in case no quality is specified.
- The goods shall be guaranteed against any defect in design, materials, workmanship and performance for a period of 24 months from the date of last shipment or 12 months from the date of commissioning whichever is earlier.
- Should any defects develop within the Guarantee/Warranty period, the same shall be remedied or the goods shall be replaced free of charge. All expenses incurred including those on transportation, customs duties and other miscellaneous charges incurred in respect of clearance shall be borne by the Vendor.
- 14.0 **NON-ASSIGNMENT:** Any assignment of the Purchase Order or of any of the rights hereunder in any manner or under any certificate by operation of the law or otherwise shall be void without the prior written consent of the Purchaser.
- 15.0 **NON-WAIVER:** Failure of the Purchaser/Purchaser's representative to insist upon any of the terms or conditions incorporated in the Purchase Order or failure or delay to exercise any rights or remedies herein or by law-or failure to properly notify Vendor in the event of breach, or the acceptance of payment for any goods hereunder or approval of design shall not release the Vendor and shall not be deemed waiver of any right of the Purchaser/Purchaser's representatives to insist upon for the strict performance thereof or any of his or their rights or remedies as to any goods regardless of when goods are shipped, received or accepted nor shall any purported oral modification or revision of the order by Purchase/Purchaser's representatives act as waiver of the terms hereof.

- 16.0 **PATENTS, VENDOR'S LIABILITY AND COMPLIANCE OF REGULATION:** Vendor shall protect and fully indemnify the purchaser from any claims for infringement of patents, copy right, trade mark or the like. Vendor shall also protect and fully indemnify the Purchaser from any claims from Vendor's Workmen/employees, their heirs, dependents, representatives etc. or from any other person/person's or bodies/companies etc. for any acts of commission or omission while executing the order. Vendor shall be responsible for compliance with all requirements under the laws and shall protect and indemnify completely the Purchaser from any claims/penalties arising out of any infringements.
- 17.0 **SUBSTITUTION AND WRONG SUPPLIES:** Unauthorized substitution or materials delivered in error or of wrong description or quality or supplied in excess quantity or rejected goods shall be returned to the Vendor at the Vendor's cost and risk.
- 18.0 **WEIGHTS AND MEASUREMENTS:** The Shipping Documents, Invoices, Packing Lists and all other relevant documents shall contain the same units of weight and measurements as given in the Purchase Order.
- 19.0 **ARBITRATION:** Any dispute of difference between the Vendor and the Purchaser of any kind whatsoever arising at any time or stage whatsoever arising out of in connection with or incidental to the Purchase Order, including any dispute or difference regarding interpretation of terms and conditions or any clause thereof shall be referred to arbitration under the rules of International Chamber of Commerce in Paris. The venue of such arbitration shall be Chennai, Tamilnadu State, India. The Indian Law shall apply.
- 20.0 PACKING:**
- 20.1 All goods shall be suitably packed in weather proof sea worthy packing for ocean transport under the tropical conditions.
- 20.2 All delicate surface of equipment/material should be carefully protected and painted with protective paint/compound and wrapped to prevent rusting and damage.
- 20.3 All mechanical and electrical equipment and other heavy articles should be securely fastened to the bottom of the case and shall be blocked and braced to prevent movement.
- 20.4 All threaded fittings and pipes should be greased and provided with plastic caps.
- 20.5 Attachments and spare parts of equipments and all small pieces shall be packed separately in wooden cases with adequate protection inside the case and wherever possible should be sent alongwith the main equipment. Each item shall be tagged so as to identify it with the main equipment and part number and reference number shall be indicated.
- 20.6 All protrusions shall be suitably protected and openings shall be blocked by wooden covers.
- 20.7 Where required equipment/materials shall be packed in polyethylene bags and silicagel similar dehydrating compound shall be put inside the bags to protect them.
- 20.8 Pipe/tubes made of stainless steel, copper etc. shall be packed in wooden cases irrespective of sizes.
- 20.9 Pipes shall be packed as under;
 (a) Below 50mm dia in wodden cases/crates.
 (b) 50mm dia and above but below 100mm dia in bundles.
 (c) 100mm dia and above-loose.
 Individual cases/bundles must contain the pipes of same size.
- 20.10 The supplier shall be held liable for all damages or breakage to the goods due to the defective or insufficient packing as well as for corrosion due to insufficient protection.
- 20.11 Detailed packing list in water proof envelope shall be inserted in each package together with equipment/materials. One copy of "Detailed Packing List" shall be fastened outside of the package in waterproof envelope and covered by metal cover.
- 21.0 MARKING**
- 21.1 Each package shall be marked on the three sides, with proper pain/indelible waterproof ink as follows:
 SHIPPER'S NAME : GOVERNMENT OF INDIA
 CONSIGNEE : CHENNAI PETROLEUM CORPORATION LIMITED
 MANALI, CHENNAI-600 068,
 TAMILNADU STATE, INDIA.
 PURCHASE ORDER NO.
 NET WT. KGS./MT. GROSS WT. KGS./MT.
 DIMENSIONS. X. X. CMS.
 PACKAGE NO. (Sl. No. of total Packages)
 TAG/ITEM NO.
 COUNTRY OF ORIGIN
- 21.2 Additional marking such as 'handle with care', 'this side up', 'fragile' or any other additional indications for protection and safe handling shall be added depending on the type of materials. All cases will bear warning signs on the outside denoting Center of Gravity and Sling Marks.
- 21.3 Letter figures, marks etc. used for making shall be stencil printed Hand writing should be avoided as far as possible. Size of letters shall be optimum for each package dimensions.
- 21.4 In case of Bundles or other packages wherever marking can not be stenciled the same shall be embossed on metal or similar tag and wired securely at minimum two convenient points.

22.0 **SHIPPING**

22.1 The shipping must be arranged under deck unless carriage on-deck is unavoidable, in first class vessel registered in countries who are members of International Development Association (World Bank). CPCL have engaged M/s Balmer Lawrie & Co Ltd, India (A Govt. of India Undertaking), as their sea cargo consolidation agent. M/s Balmer Lawrie have freight forwarders located in various countries in the world. Shipping arrangement on behalf of CPCL will be made by Seller through these freight forwarders. The address, contact person, phone no., fax no. details of the concerned freight forwarders will be furnished to the successful bidders in the Purchase order for finalizing the shipping arrangements
Adequate notice of not less than 6 weeks about the readiness of the cargo for shipment should be given by the seller to the authorised freight forwarder.

23.0 **DOCUMENTATION**

23.1 All documents shall be in **English Language**.

23.2 **Documents required before shipment:**

Seventy Five (75) days before the contractual delivery date, proforma packing lists and sketches of over dimensioned cargo shall be air mailed/courier as follows:

THE SENIOR MANAGER (STORES), Materials Management Department,
CPCL, MANALI, CHENNAI-600 068 - 2 Copies.

The over dimensions cargo shall mean any package exceeding any of the following limits.

WEIGHT 20MT, LENGTH 13.716 METERS, WIDTH 2.997 METERS, HEIGHT 2.763 METERS

23.3 **Documents required after shipments:**

The vendor shall airmail the Shipping documents stated herein below as quickly as possible after the shipment has been made so that the same are received at least two week prior to the arrival of vessel at destination port.

The supplier shall be fully responsible for any delay and/or demurrage of delay in transmittal of shipping documents.

Copy of Documents:

Bill of Lading	- 4 Copies	Test/Analysis Certificate	- 3 Copies
Commercial Invoices	- 4 Copies	Certificate of Origin	- 3 Copies
Detailed Packing List	- 4 Copies	Catalogue and/or drawing	- 2 Copies

Certificate of Measurements & Weight & Freight Memo

NOTE: In addition to above, complete set of documents are required to be sent to Purchaser through Bank, in terms of LETTER OF CREDIT.

23.4 **BILL OF LADING:** Bill of Lading shall be 'Clean on Board' Ocean Bill of Lading made in favour of CHENNAI PETROLEUM CORPORATION LIMITED.

23.5 **COMMERCIAL INVOICE:** Commercial Invoice shall, inter alia, indicate

- i) Purchase Order No.
- ii) Applicable BTN / HSN number of the material invoiced
- iii) Import Licence Number
- iv) Customs Contract, Registration Reference (to be intimated later)
- v) Country of Origin.

Besides, the description in the notice shall be in conformity with the Purchase Order.

24.0 **SHIPPING ADVICE:** Within 24 hours after shipment, the supplier shall send shipping advice by way of Fax to +91 44 5941247

SENIOR MANAGER (PURCHASE)
CHENNAI PETROLEUM CORPORATION LIMITED
MATERIALS MANAGEMENT DEPARTMENT
MANALI, CHENNAI-600 068, INDIA.

giving particulars of the shipment, Vessel's Name, Port of Shipment, Bill of Lading Number and date, content in brief, Purchase Order Number, Total of FOB and Freight values number of packages and total gross weight.

25.0 **TECHNICAL INFORMATION:** Drawings, Specifications and details shall be the property of the Purchaser and shall be returned by the Vendor on demand. The Vendor shall not make use of drawings and specifications for any purpose at any time, stage and except for the purpose of the Purchase. The Vendor shall not disclose the technical information furnished to or gained by the Vendor under or virtue of or as a result of the implementation of this Purchase Order to any person, firm or body or that technical information is kept CONFIDENTIAL. The technical information imparted and supplied to the Vendor by the Purchaser shall be all terms remain the absolute property of the Purchaser.

26.0 **HEADINGS:** The heading of the conditions hereof shall not affect construction thereof.

27.0 **ADDRESS:**

CHENNAI PETROLEUM CORPORATION LIMITED
REFINERY HOUSE, MANALI,
CHENNAI-600 068

“ATTN: DEPUTY GENERAL MANAGER (MATERIALS)”

PHONE: +91 044 5941213 / 5944217

TELEFAX: +91 044 5941247