

- ® 1.7 The Order of Precedence of documents shall be as follows with document at level 1 having the highest precedence (Refer Annexure 22 – Govt. Guideline Sr. No. 12)

1. Contract Agreement
2. Detailed Letter of Acceptance along with its enclosures
3. Letter of Award / Fax of Acceptance
4. Job Specifications (specific to particular job only)
5. Drawings
6. Special Conditions of Contract
7. Technical Specifications
8. Instructions to Bidders
9. General Conditions of Contract
10. Other Documents

**Any amendment / change order issued after signing of formal contract shall take precedence over respective clauses of the formal contract and its annexures**

## 2. DEFINITIONS

- a. The following expressions used in the Purchase Order shall have meaning as indicated against each of these:
- b. The CORPORATION means HINDUSTAN PETROLEUM CORPORATION LIMITED, a company incorporated in India having its registered office at 17, Jamshedji Tata Road, Mumbai- 400 020 and shall include its successors and assignees.
- c. “Goods / Materials”: Goods and/or Materials shall mean any of the articles, materials, machinery, equipments, supplies, drawings, data and other property and all services including but not limited to design, delivery, installation, inspection, testing and commissioning specified to complete the order.
- d. “Vendor / Seller / Supplier”: Vendor / Seller / Supplier shall mean the person, firm or corporation to whom this Purchase Order is issued.
- e. “Contractual Delivery Date”: Contractual Delivery date is the date on which goods shall be delivered F.O.R/F.O.T. Despatching Point/ Destination in accordance with the terms of the Purchase Order. This contractual delivery date / period is inclusive of all the lead time for engineering, procurement of raw materials, manufacturing, inspection, testing, packing and any other activity whatsoever required to be accomplished for affecting the delivery at the agreed delivery point.
- f. “Inspectors”: Inspectors deputed by Corporation.
- g. ‘Total Order Value’ means:-
  - i. For Material Supply Contract: - The basic cost excluding taxes, duties, levies, freight etc. unless and until specifically mentioned in the purchase order.
  - ii. For Lump sum / Turnkey contract: - The total cost & all other cost inclusive of taxes, duties, levies, freight etc.

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h. 'Total Order Value' shall be considered for the purpose of calculation of:

1. Price reduction on account of delay
2. Performance bank Guarantee Amount
3. Payment of advance, if any to be made.

i. **Note:** - The total order for levy of Price Reduction on account of delay shall include all types of escalation (including on account of Foreign Exchange Variation) agreed to in terms of Purchase Order.

### **3. REFERENCE FOR DOCUMENTATION**

Purchase Order number must appear on order confirmation, correspondence, drawings, invoices, shipping notes, packings and on any documents or papers connected with the order.

### **4. CONFIRMATION OF ORDER**

The Vendor shall acknowledge the receipt of the Purchase Order within ten days following the mailing of this order and shall thereby confirm his acceptance of this Purchase Order in its entirety without exceptions. The acknowledgment will bear on both purchase order and General Procurement Conditions.

### **5. SALES CONDITIONS**

With Vendor's acceptance of provisions of this Purchase Order, he waives and considers as cancelled any of his general sales conditions.

### **6. COMPLETE AGREEMENT**

The terms and conditions of this Purchase Order shall constitute the entire agreement between the parties hereto. Changes will be binding only if the amendments are made in writing and signed by an authorized representative of the Corporation and the Vendor.

### **7. INSPECTION-CHECKING-TESTING**

- a. The equipment, materials and workmanship covered by the Purchase Order shall be 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 the place of delivery. Inspectors shall have the right to carry out the inspection and testing which will include the raw materials at manufacturer's shop, at fabricator's shop and at the time of actual despatch before and after completion of packing.
- b. All tests, mechanical and others and particularly those required by codes will be performed at the Vendor's expenses and in accordance with Inspector's instructions. The Vendor will also bear the expenses concerning preparation and rendering of tests required by Boiler Inspectorate or such other statutory testing agencies or by any other reputed inspection agencies as may be nominated by the Corporation.
- c. Before shipping or despatch, the equipment and or materials will have to be checked and stamped by inspectors who are authorized also to forbid the use and despatch of any equipment and/or materials which during tests and inspection fail to comply with the specifications, codes and testing requirements.

- d. The vendor shall inform the Corporation at least eight days in advance of the exact place, date and time of rendering the equipment or materials for required inspection.
- e. The vendor shall provide free access to inspectors during normal working hours at Vendor's or his/its sub-Vendor's works and place at their disposal all useful means of performing, checking, marking, testing, inspection and final stamping.
- f. Even if the inspections and tests are fully carried out, Vendor would not be absolved to any degree from his responsibilities to ensure that all equipments and materials supplied comply strictly with requirements as per agreement both during construction, at the time of delivery, inspection, on arrival at site and after its erection or start-up and guarantee period as stipulated in clause 30 hereof.
- g. The Vendor's responsibility will not be lessened to any degree due to any comments made by the Corporation and Inspectors on the Vendor's drawings or by Inspectors witnessing any chemical or physical tests.
- h. In any case, the equipment and materials must be in strict accordance with the Purchase order and/or its attachments failing which the Corporation shall have the right to reject the goods and hold the Vendor liable for non-performance of contract.

## **8. OFFICIAL INSTITUTIONAL TESTING**

- a. In addition to testing and inspection by Inspectors mentioned above, nominated agencies or similar institutional agencies like Boiler Inspectorate may be assigned for official testing of all coded equipment. The Vendor shall ensure that all Procedures for preparation and Performance of tests prescribed by such Institutions shall be completed scrupulously.
- b. The Vendor is required to send to such Institutions as may be designated by the Corporation at least three sets of construction drawings for each equipment and calculations. All manufacturer's mill's tests certificates and analytical reports from material laboratories in respect of all raw materials and components employed shall have to be presented to such institution's Inspectors in the number of copies required. Vendor shall be responsible for any delay in submission of necessary certificates. The Vendor shall maintain close liaison with the Corporation and Institution's Inspectors to maintain schedule and delay, if any in this process will not be taken into consideration as a cause of Force Majeure.

## **9. WEIGHTS AND MEASUREMENTS**

- a. All weights and measurements recorded by the Corporation on receipt of goods at site will be treated as final.
- b. Vendor's shipping documents and invoices must contain the following data:
  - i. Unit net weight
  - ii. Unit gross weight (packing included)
  - iii. Dimensions of packing.

## **10. DESPATCH INSTRUCTIONS**

- a. Unless otherwise specifically advised in writing, goods shall not be despatched without prior inspection, testing and Release Order / Materials Acceptance Certificates issued by Inspectors.

- b. In case despatch by rail is specified in the Purchase Order, vendor shall exercise due care and ensure that the consignment shall be booked under appropriate railway classification, failing which, any additional freight incurred by Corporation due to Vendor's booking the material under a wrong classification shall be to Vendor's account.
- c. The goods shall be consigned in the name of consignee as applicable.
- d. Corporation's warehouse is open to receive stores between 9.00 A.M and 3 P.M on all working days. No goods will be accepted after 3.00 P.M.
- e. Corporation reserves the right to advise any change in despatching point / destination and / or mode of transport, as may be required. Any extra expenditure on this account supported by documentary evidence will be reimbursed by the Corporation.

#### **11. OILS & LUBRICANTS**

The first filling of oils and lubricants, if any, required for every equipment shall be included in the price and appropriate products manufactured by the Corporation (HPCL) shall be used. The Vendor shall also recommend the quality / quantity of oils and lubricants required for one-year continuous operation.

#### **12. SPARE PARTS**

- a. The Vendor must furnish itemised price list of spare parts indicating quantity, unit rate & total rate required for two years operation of the main equipment and prime movers also, if mentioned in the tender.
- b. The Vendor shall provide the necessary cross sectional drawing to identify the spare parts numbers and their location as well as inter-changeability chart.

#### **13. PACKING AND MARKING**

- a. The Materials shall be suitably packed for safe transportation till receipt at site and should be commensurate with best possible practices of packing, unless specifically stipulated in the Technical specifications, to avoid any damage during transit.
- b. All fragile and exposed parts shall be packed carefully and the package shall bear the words '**HANDLE WITH CARE**', '**THIS SIDE UP**' and '**FRAGILE**'.
- c. All holes and openings and also other delicate surfaces shall be carefully protected against bad weather. All threaded fittings shall be greased and provided with plastic caps. All small pieces shall be packed in cases.
- d. The Supplier shall be liable for all damages or breakage to the Materials due to defective or insufficient packing as well as for corrosion due to insufficient protection.
- e. Detailed packing list in waterproof envelope shall be kept in each package together with material and one copy of packing list shall be fastened outside the box in waterproof envelope.
- f. Each package shall be marked in bold letters on the external three surface of the package as follows:

- i. From: Address of Supplier / Sub-supplier.
- ii. For: Hindustan Petroleum Corporation Ltd. \_\_\_\_\_(location)
- iii. Item:
- iv. Package No. : \_\_\_\_\_of total packages
- v. Dimensions: \_\_\_\_\_(Dimensions of each package)
- vi. Weight: \_\_\_\_\_(Weight of each package)
- vii. Special Instruction for storage, if any.
- viii. Special unloading arrangements, if required, shall be clearly mentioned in the Packing List.
- ix. All packages containing the following items shall be packed separately as ordered and shall have additional clear marking for identification.
  1. Mandatory Spares.
  2. Commissioning Spares.

**14. SHIPMENT AND SHIPMENT NOTICES**

- a. The Vendor shall make shipment only after prior approval by Inspectors whenever specifically mentioned. In the event of the Vendor having been advised to hold shipments(s) for any reason whatsoever the Vendor shall hold the materials in his / its warehouse for at least 30 days without any compensation; or without prejudice to any reduction in price already accrued on account of delay.
- b. Within 24 hours of shipment, Vendor shall inform despatch particulars to Corporation by fax / courier / email.
- c. The Vendor shall carefully note the destination of materials.
- d. The demurrage or other expenses incurred owing to any negligence, delay, default on the part of the Vendor will be to Vendor's account.

**15. CONTROL REGULATIONS**

The supply, despatch and delivery of goods shall be arranged by the Vendor in strict conformity with the statutory regulations including provision of Industries (Development and Regulation) Act 1951 and any amendment thereof as applicable from time to time. The Corporation disowns any responsibility for any irregularity or contravention of any of the statutory regulations in manufacture or supply of the stores covered by this order.

**16. TRANSIT RISK**

Transit Risk insurance shall be covered by the Corporation. The Vendor shall advise the despatch particulars to Corporation immediately after shipment.

**17. RESPECT FOR DELIVERY DATES.**

Time of delivery as mentioned in the Purchase Order shall be the essence of the contract and no variation shall be permitted except with prior authorization in writing from the Corporation. Goods should be delivered securely packed and in good order and condition at the place and within the time specified in the Purchase Order for their delivery.

**18. PRICE REDUCTION FOR DELAYED DELIVERY**

In case of delayed delivery, prices will be reduced @1/2% of the total basic order value for every week of delay or part thereof subject to a maximum of @5% of the total basic order value.

**NOTE :**

- a. Price Reduction shall be applicable only on the basic cost and on Full complete week (s) and for fractional days Price reduction shall be applicable on pro-rata, if any.
- b. Initially Price Reduction shall be applicable for total basic order value and final Price Reduction settlement to be on undelivered portion in the contractual delivery period.

® **19. FORCE MAJEURE**  
**Circumstances leading to force majeure**

- (a) act of terrorism;
- (b) riot, war, invasion, act of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection of military or usurped power;
- (c) ionising radiation or contamination, radio activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, radioactive toxic explosive or other hazardous properties of any explosive assembly or nuclear component;
- (d) epidemics, earthquakes, flood, fire, hurricanes, typhoons or other physical natural disaster, but excluding weather conditions regardless of severity; and
- (e) freight embargoes, strikes at national or state-wide level or industrial disputes at a national or state-wide level in any country where Works are performed, and which affect an essential portion of the Works but excluding any industrial dispute which is specific to the performance of the Works or the Contract.

For the avoidance of doubt, inclement weather, third party breach, delay in supply of materials (other than due to a nationwide transporters' strike) or commercial hardship shall not constitute a Force Majeure event.

• **Notification of Force Majeure**

Contractor shall notify within [10(ten)] days of becoming aware of or the date it ought to have become aware of the occurrence of an event of Force Majeure giving full particulars of the event of Force Majeure and the reasons for the event of Force Majeure preventing the Affected Party from, or delaying the Affected Party in performing its obligations under the Contract.

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- **Right of either party to terminate**

If an event of Force Majeure occurs and its effect continues for a period of 180 (one hundred eighty days) or more in a continuous period of 365 (three hundred sixty-five) days after notice has been given under this clause, either Party may terminate the Contract by issuing a written notice of 30 (thirty) days to the other Party.

- **Payment in case of termination due to Force Majeure**

The Contract Price attributable to the Works performed as at the date of the commencement of the relevant event of Force Majeure.

The Contractor has no entitlement and Owner has no liability for:

- a) any costs, losses, expenses, damages or the payment of any part of the Contract Price during an event of Force Majeure; and
- b) any delay costs in any way incurred by the Contractor due to an event of Force Majeure.

Time extension for such cases will be worked out appropriately.

## **20. REJECTION, REMOVAL OF REJECTED GOODS AND REPLACEMENT**

- a. In case the testing and inspection at any stage by Inspectors reveal the equipment, material and workmanship do not comply with specification and requirements, the same shall be removed by the Vendor at their / its own expense and risk within the time allowed by the Corporation. The Corporation shall be at liberty to dispose of such rejected goods in such manner as they may think appropriate. In the event the Vendor fails to remove the rejected goods within the period as aforesaid, all expenses incurred by the Corporation for such disposal shall be to the account of the Vendor. The freight paid by the Corporation, if any, on the inward journey of the rejected materials shall be reimbursed by the Vendor to the Corporation before the rejected materials are removed by the Vendor.
- b. The Vendor will have to proceed with the replacement of that equipment or part of equipment without claiming any extra payment if so required by the Corporation. The time taken for replacement in such event will not be added to the contractual delivery period.

## **21. TRANSFER OF PROPERTY FROM THE VENDOR TO THE CORPORATION**

- a. The transfer of property shall be deemed to have taken place as follows subject to the provisions herein contained:
  - i. Exworks: when the vendor places the goods at the disposal of the buyer at the vendor's premises or another named place (i.e. works, factory, warehouse, etc.)
  - ii. F.O.R. or F.O.T despatch point: On handing over the equipment to the carrier against receipt and such receipt having been passed over to the Corporation.
  - iii. FOT / FOR destination station: On taking delivery from the transporters/railways at the destination station.



- iv. Equipment sent freight carriage paid to the project Site: On arrival under lifting hook at the job site.
- v. Equipment erected by the Vendor: On temporary acceptance at job site.
- vi. Equipment commissioned by the Vendor: On taking over by the Corporation for regular operation after test runs at maximum capacity for specified period satisfactorily performed.

**22. PRICE**

- a. Unless otherwise agreed to in the terms of the Purchase Order, the price shall be firm and not subject to escalation for any reason whatsoever till the execution of entire order, even though it might be necessary for the order execution to take longer than the delivery period specified in the order.
- b. **Price shall be exclusive of GST (CGST, SGST, IGST as applicable), Customs Duty and applicable Cess, which are leviable by law on sale of finished goods to Corporation. The nature and extent of such levies shall be shown separately.**
- c. **Anti-Profiteering Clause – GST Act anti-profiteering provisions mandates that any reduction in tax rates or benefits of input tax credits be passed on to the consumer by way of commensurate reduction in prices. Vendors to take note of the same and pass such benefits while quoting their price.**

**23. TAXES & DUTIES:**

- a. **GST (CGST, SGST, IGST as applicable), Customs Duty and applicable Cess as applicable shall be reimbursed for the materials consigned to Corporation as per limits indicated in the offer against documentary evidence to be furnished by the supplier. Corporation shall pay only those taxes, duties and levies as indicated by Supplier at the time of bid submission/as agreed subsequently prior to opening of priced bids). Taxes/duties and/or levies not indicated by supplier in bid, but payable, shall be to Supplier's account. In case of any increase/decrease applicable in GST (CGST, SGST, IGST as applicable) Customs Duty and applicable Cess indicated with reference to limits mentioned in the offer/bid or new taxes/duties/levies imposed by the Indian Government through Gazette notification after the date of submission of last Price Bid but prior to contractual delivery date, the Corporation shall reimburse/adjust the increase/decrease in taxes & duties on satisfactory supporting documents.**
- b. Supplier shall be responsible for availing all applicable concessions in taxes, duties, levies etc. as per terms of Purchase Order. Any loss, direct or implied, accrued to Corporation on account of supplier's failure to avail concessions shall be borne by Supplier.
- c. **The vendor shall comply with all the provisions of the GST Act/Rules/requirements like providing of tax invoices, payment of taxes to the authorities within the due dates, filing of returns with the due dates etc. to enable HPCL to take Input Tax Credit. In case of imports, vendors shall provide import documents and invoice fulfilling the requirement of Customs Act and Rules. Vendor will be fully responsible for complying with the Customs provisions to enable HPCL to take Input Tax Credit.**



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- d. In case, HPCL is not able to take Input Tax Credit due to any noncompliance/default/negligence of the seller of goods/service provider, the same shall be recovered from the pending bills/dues (including security deposit, BG etc.)
  - e. Vendor shall be responsible to indemnify the Corporation for any loss, direct or implied accrued to the Corporation on account of supplier/service provider failure to discharge his statutory liabilities like paying taxes on time, filing appropriate returns within the prescribed time etc.

**24. CUSTOMS DUTY (CD) VARIATION**

- a. The prices mentioned in offer are subject to Customs Duty (CD) variation. In case of any increase in rates of Customs Duty, IGST and applicable Cess by the Indian Government through Gazette notification after the submission of last priced offer but within the time schedule for import of materials, as mentioned. Corporation shall reimburse the increase in taxes and duties at actuals against satisfactory supporting documents.
- b. All downward variations in the rates of all such duties shall be to Corporation's account and same shall be calculated on actual CIF value of imported materials subject to the limit mentioned. Supplier shall submit all relevant documents to Corporation for the proof of duty paid by them within one month from the date of Bill of Entry (BOE).
- c. Custom Duty variation shall be paid by Corporation up to the limit of maximum CIF value of imported components as indicated in the offer.
- d. Rate of Custom Duty along with tariff number considered by Supplier in the prices shall be indicated in the offer.

**25. FOREIGN EXCHANGE (FE) VARIATION**

- a. The CIF value in Indian Rupees / Foreign Currency to be declared should cover the currencies of the countries from which import of materials / components are envisaged to administer foreign currency variation.
- b. The FE variation will be paid for if imports are made at the listed currency subject to ceiling limit.
- c. The list of foreign currency, country of origin, ceiling of foreign value of import envisaged against each item of materials / components for import and rate of conversion into Rupees envisaged to be furnished in the tender. The period within which import shall be made after placement of LOI (i.e. Contractual Completion date of imports, herein after called CDD) shall also be indicated in the offer.
- d. For reimbursement of foreign exchange variation, documentary evidence like bank certificates of remittance showing the date of payment and rate of foreign currency to Indian rupees to be furnished along with a copy of bills of entry duty attested by Customs department. All downward variations in conversion rate will be to Corporation's account.
- e. Variation will be paid only if imports are made within the period as specified in offer for import. For imports made beyond that period, foreign currency variation will be paid based on the conversion rates prevailing on the last date of period of agreed to for imports. The last date for imports agreed will be the import landing date in India envisaged by Bill of Entry.
- f. Bidder shall indicate the maximum CIF component along with currency of import. In case supplier imports less than the CIF value indicated in the bid, Duty, FE variation etc. shall be reimbursed only for the actual import carried out.