

ANDHRA PRADESH POWER GENERATION CORPORATION LIMITED

Dr.Narla Tata Rao Thermal Power Station/ Ibrahimpatnam – 521 456,Krishna Dist.

GENERAL PURCHASE CONDITIONS

SECTION-1 : GENERAL

- 1.1 The following terms and expressions used herein shall have the meaning as indicated therein Supplier/ Vendors: shall mean the individual firm or company whether incorporated or otherwise in whose name this Purchase Order is addressed and shall include its permitted assigns and successors. Purchaser/ Corporation: shall mean Andhra Pradesh Power Generation Corporation Ltd., (a Govt. of A.P. Undertaking), a company incorporated in India under companies Act 1956, having its Registered Office at Vidyut Soudha, Hyderabad– 500 082 (AP)
- 1.2 REFERENCE :
- This purchase order number must appear on all the correspondence, packing slips, invoices, drawings or any other document or paper connected with this Purchase Order.
- 1.3 Specifications and drawings:
- Any information or details which are included in the specifications but not indicated in the drawings and vice-versa shall have the same effect and meaning as if included for and shown both in the specifications and drawings. In case of any dispute between the specifications and drawings, the decision of the Corporation or its authorized representative shall be final and binding.
- 1.4 Addition/Alterations/Modifications:
- The Corporation reserves the right to make additions/alterations/modifications to the quantity of items in the Purchase Order. The supplier shall supply such quantities also at the same rate as originally agreed to and incorporated in the purchase order. The variation shall, however, be limited to $\pm 20\%$ of the ordered quantity.
- 1.5 Waiver :
- Any waiver by the authority of any breach of the terms and conditions of the purchase order shall not constitute any right for subsequent waiver of any other terms or conditions.
- 1.6 Sub- letting and Assignment :
- The supplier shall not, save with prior consent in writing of the corporation, sublet, transfer or assign this order or any part thereof or interest therein or benefit or advantage thereof in any manner, whatsoever. Provided nevertheless that any such consent shall not relieve the supplier from any obligation, duty or responsibilities under the contract.
- 1.7 Information provided by the Corporation :
- All drawings, data and documentation that are given to the supplier by the Corporation for the execution of the order are the property of the corporation and shall be returned back when demanded. Except for the purpose of executing the order of the Corporation, supplier shall ensure that the above documents are not used for any other purpose. The supplier shall further ensure that the information given by the Corporation is not disclosed to any person, firm, body, corporate and/or authority and make every effort that the above information is kept confidential. All such information shall remain the absolute property of the Corporation.
- 1.8 Name Plate :
- Equipment should be provided with name plate giving full details of manufacture, capacity and other details as specified in the relevant IS or other specification stipulated. The purchase order No. and date and year of supply and the words 'APGENCO' must be etched on the name plate.

1.9 Interchangeability :

All similar materials and removable parts of similar equipment shall be interchangeable with each other. A specific confirmation of this should be furnished along with the invoices for the supplies.

1.10 Materials & workmanship :

Supplier shall fully warrant that the stores, equipment and component supplied against the purchase order shall be new and first quality, according to the specifications and shall be free from defects (even concealed faults, deficiency in design, materials and workmanship).

1.11 Spare Parts, Oil & Lubricants :

Wherever applicable, the supplier shall furnish to the Corporation, item-wise price list of spares required for two year operation and maintenance of the ordered equipment. The supplier shall also furnish necessary instructions and drawings to identify the spare part numbers and their location as well as an interchangeability chart. The supplier shall recommended the quality of oils and lubricants required to be used for uninterrupted operation (atleast for one year) of the equipment supplied against this order.

1.12 Supplier's Liability :

Supplier hereby accepts full responsibility and indemnifies the corporation and shall hold the corporation harmless all acts of omission and commission on the part of the supplier, his agents, his subcontractors and employees in execution of the Purchase Order. The supplier also agrees to defend and hereby undertakes to indemnify the corporation and also hold it harmless from any and all claims or injury to or death of any and all persons including but not limited to employees and for damage to the property arising out of or in connection with the performance of the work under the purchase order.

1.13 Access to supplier's Premises :

The Corporation and /or its authorized representative shall be provided access to supplier's and /or his subcontractor's premises, at any time during the pendency of the purchase order, for expediting the supplies, inspection, checking etc.

1.14. Sale Conditions :

With supplier's acceptance of the provision of this purchase order, he waives and considers as cancelled any of the general/special sales conditions.

1.15 Modifications :

This Purchase Order constitute an entire agreement between the parties hereto. Any modification to this order shall become binding only upon the same being confirmed in writing duly signed by both the parties.

1.16 Inspection/checking/testing :

All materials/equipment to be bsupplied against this purchase order shall be subject to inspection/checking/testing by the corporation or its authorized representative at all stages and places, before, during and after the manufacture. All these tests shall be carried out in the presence of authorized representative of the corporation. Supplier shall notify the Corporation for the inspection of materials/equipment when they are ready, giving atleast 10 days notice. If upon receipt at our Stores, the material/equipment does not meet the specifications, they shall be rejected and returned to the supplier for repair/modification etc. or for replacement. In such cases all expenses including to-and-fro freight, re-packing charges, transit insurance etc., shall be to the account of supplier. Inspection by the authorized representative of the corporation or failure of the corporation to inspect the material/equipment shall not relieve the supplier of any responsibility or liability under this purchase order in respect of such material/equipment not be interpreted in any way to imply acceptance thereof by the corporation. b Whenever specifically asked for by the corporation, the supplier shall arrange for inspection/testing by Institutional Agencies such a Lloyds Register of Industrial Services, Boiler Inspectorate, RITES etc. In such cases vendor shall adhere to the inspection/testing procedures laid down by such agencies.

All expenses including inspection fees shall be to the suppliers account unless agreed to the contrary and specified in the purchase order.

1.17 Packing and Marking :

All materials/equipment shall be securely packed to the requirements of transportation by Rail/Road/Sea transport. All exposed services/ connections/ protrusions shall be properly protected. All unexposed part shall be packed with due care and the packages should bear the words handle with care. The packing requirements of Rail/Road transport shall be complied with so as to obtain clear Railway Receipt/Lorry receipt i.e. without any qualifying remarks.

All packages and unpacked materials shall be marked with the name of consignor, consignee, purchase order No., gross and net weight, sign of handling, if any, with indelible paint in English atleast at two places. In case of bundles, metallic plates marked with the above details shall be tagged with such bundles.

1.18 Despatch of Materials :

The supplier is responsible for the safe delivery of the goods in good condition at destination stores. The supplier should acquaint himself of the conditions obtaining for handling and transport of the goods to destination and shall include and provide for security and protective packing of the goods so as to avoid damage in transit.

After packing the materials/equipment those shall be dispatch strictly as per the provision of purchase order.

In case any changes in the mode of transportation and/or transporter has to be done, the same shall be done only after obtaining prior approval in writing failing which documents for advance payment through bank shall not be honoured. Normally the goods shall be dispatched through our approved transporter only as indicated in the Purchase Order. All formalities related to allotment of wagons, loading permission from Railways shall be completed by the supplier. The supplier shall communicate immediately the dispatch details to the consignee as specified in the purchase order. The original dispatch documents either directly or through bank shall be forwarded immediately, failing which the supplier shall be responsible for any delay in payment and consequential payments of demurrage and wharfage to the transporter.

1.19 Demurrage/Wharfage :

If the documents are routed through Bank, any consequential charges i.e. demurrage/wharfage charges, due to late retirement of documents on account of (i) violation of inspection clause i.e. dispatch of materials without pre-despatch inspection whereas pre-despatch inspection is required as per the condition of Purchase Order (ii) materials despatch after expiry of delivery period without obtaining approval in advance for extension of delivery period (iii) Despatch of materials not through authorized transporter as indicated in the Purchase Order (iv) late receipt of invoice or due to violation of any other clause(s) of the purchase order, will be to supplier's account. Supplier shall also be responsible for all such payment due to late receipt of RR/LR and other documents.

1.20 Acceptance of order :

The purchase orders shall be sent to supplier in duplicate and he shall return one copy alongwith enclosures, duly signed and stamped, within 10 days in token of having received and accepted the order.

1.21 Jurisdiction :

All and any disputes or difference arising out of or touching this order shall be decided only by the courts or tribunals situated in Hyderabad/Secunderabad.

For the purpose of any legal obstruction, the material, spares etc., should be deemed to pass into company, owner ship only at the destination stores where they are delivered and accepted.

SECTION-II: FINANCIAL

2.1 Prices :

Price(s) mentioned in the purchase order shall be firm and not subject to escalation on any account, till the

order is executed in full and its subsequent amendments accepted by the supplier even though the completion/ execution of order may take longer time than delivery period incorporated and accepted in Purchase Order.

2.2 Taxes, Levies and Duties :

Goods & Service Tax and other levies payable shall be shown separately in the invoice. These shall be to the account of Corporation, unless otherwise mentioned in the Purchase Order.

2.3 Variation in Statutory Levies :

Any variation, upward or downward, in statutory levies or new levy is introduced after opening of the bids/placement of order under this purchase order shall be to the account of Corporation, unless otherwise mentioned in the P.O.; provided that in cases where delivery schedule is not adhered to by the supplier and there are upward variation/revision after the agreed delivery date, the bidder/supplier shall bear the impact of such increased levies and if there is downward variation/revision, the corporation shall be given advantage to that extent.

2.4 All royalties for patent or charges for the use or infringement thereof that may be involved in the construction or use of any equipment shall be included in the bid price. The bidder/supplier shall protect the corporation against any and all claims arising on account of the use thereof the corporation agreeing to furnish the supplier any appropriate information or assistance.

2.5 Security Deposit (SD)

2.5.1.b The successful bidder shall furnish within one month from the date of issue of LOI/PO (if the value of order is above Rs.2,00,000/-) security deposit equal to 2.5% of value of Purchase Order for proper fulfillment of the terms and conditions of the contract and full execution of supplies thereof. The amount of Security shall be forfeited to the extent of financial loss suffered by the Corporation, if supplier fails to execute the order and fulfill its terms and conditions.

2.5.2. SSI/NSIC Units shall be exempted from payment of SD

2.5.3. Security deposit may be furnished in the shape of cash, by Demand Draft drawn on any scheduled bank, payable to APGENCO or bank guarantee in lieu of cash from any scheduled bank in prescribed proforma which shall be furnished along with purchase order (Bank Guarantee shall be accepted only if amount of SD is above Rs.10,000) or Government securities duly endorsed in favour of APGENCO.

2.5.4. Security deposit shall be returned back to the supplier as soon as order is fully executed and supplier has met all contractual obligations and there is nothing outstanding either against this Purchase Order or any other purchase order placed by the corporation of the supplier.

2.6. Terms of payment .

2.6.1 The standard payment terms shall be 100% of the all inclusive price of the materials will be paid with in 30 days from the date of receipt and acceptance of the material in good condition at site against furnishing and acceptance of Bank guarantee (if any) for 10% value of the contract covering the guarantee period and after completion of the delivery formalities. Payments shall be made through account payee cheques only.

2.6.2 If the supplier has received any over payments by mistake or if any amounts are due to the Corporation due to any other reasons, when it is not possible to recover such amount under the contract resulting out of this order the corporation reserves the right to collect the same from any other amounts and/or Bank Guarantee given by the supplier due to or with the corporation.

2.6.3 Payments shall be paid through account payee cheques only.

2.6.4 When the supplier does not at any time fulfill his obligations in replacing/rectifying etc. of the damages/ defective materials in part or whole, promptly to the satisfaction of the corporation's officers, the corporation reserves the right not to accept the bills against subsequent dispatches made y the supplier and under these circumstance only the supplier will be responsible for any demurrage, wharfage or damages occurring to the consignments so dispatched.

2.7 Delivery schedule :

Time is essence of this order and no delay shall be allowed in the delivery time/delivery schedule mentioned in the purchase order. Delivery of equipment/materials described shall be deemed to constitute acceptance of this order and terms and conditions by the supplier at the price specified.

2.7.1 Early Delivery :

It shall be noted that your assurance of earlier delivery, this order is being placed on you, in preference to the lowest acceptable bid(s). In the event of failure to complete supplies against this order within the date of delivery specified herein you would be liable to pay to the Corporation, the difference between ordered rates and those of lowest acceptable bid i.e. Rs. _____ per unit, notwithstanding the fact that delay in supply may have been caused by force majeure. This is without prejudice to the right of corporation to recover all other losses and damages resulting from delayed supplies, including right of cancellation of order.

2.8 Liquidated Damages/Failure and Termination :

2.8.1 In the event of any delay in the supplies of ordered materials beyond the stipulated date of delivery/delivery schedule including any extension permitted in writing, the corporation reserves the right to recover from the supplier a sum equivalent to 0.5% of the value of delayed materials/equipment for each week of delay and part thereof subject to a maximum of 5% of the total value of the undelivered portion of the order.

2.8.2 Alternatively, the corporation may resort to purchase the material/equipment from elsewhere at the sole risk and cost of the supplier and recover all such extra cost incurred by the Corporation in procuring the materials by above procedure.

2.8.3.b Alternatively corporation may cancel the Purchase Order completely or partly without prejudice to its right under the alternatives mentioned above.

2.8.4. In case of recourse to alternative 2.8.2 and 2.8.3 above, the corporation shall have the right to repurchase the materials which is readily available in the market to meet the urgency of requirements caused by supplier's failure to comply with the scheduled Delivery period irrespective of the fact whether the material/equipment are similar or not.

2.9. Performance Bank Guarantee :

The supplier shall ensure that all materials/equipment under this purchase order shall conform to corporation's requirements and specifications. An additional security in the form of Performance Bank Guarantee is essential for satisfactory performance of the equipment over a period of time. In view of this, supplies of equipment/instruments/machinery shall be required to furnish a Bank Guarantee (10% of order value) against any manufacturing defects/poor workmanship/poor performance. In case any deficiencies are found during this period, the same shall be repaired/rectified/replaced free of cost. Bank Guarantee shall be from any scheduled Bank or any other bank as approved by APGENCO from time to time in the prescribed proforma enclosed.

The corporation shall at its discretion have recourse to the said bank guarantee for recovery of any or all amount due from, the supplier in connection with the purchase order including of guarantee obligations. Checking/approval of supplier's drawings, inspection and acceptance of materials/equipment furnishing to effect shipment and/or work done by erection, installation and commissioning of the equipment by corporation or any other agency or behalf of the corporation shall not in way relieve the supplier from the responsibility for proper performance during the guarantee period.

2.10 Insurance :

Supplier shall arrange suitable marine insurance cover at their risk and cost.

2.11 Removal of rejected Goods and replacement :

- a) If upon delivery, the material/equipment is not found in conformity with the specifications stipulated in the purchase order, whether inspected and approved earlier or otherwise, those shall be unacceptable to the corporation or its authorized representative. A notification to this effect shall be issued to the supplier, normally within 30 days from the date of receipt of materials at our stores.
- b) Supplier shall arrange suitable replacement supplies and remove the rejected goods within 30 days from the date of notification failing which, the goods shall be dispatched to vendor by road transport on 'freight to pay basis' as supplier risk and cost.
- c) External damages or shortages that are prima fascia, the result of rough handling in transit or due to defective packing shall be intimated within a fortnight of receipt of the materials, spares etc. In case of Internal defects, damages or shortages of any integral parts, which cannot ordinarily be detected on a superficial visual examination though due to bad handling in transit or defective packing should be intimated within three months from the date of receipt of these articles. In either case, the damaged or defective materials should be replaced by the supplier free of cost to the Company.
- d) If no steps are taken within 15 days of receipt of intimation of defects or such other reasonable time as company may deem proper to afford, the company may without prejudice to its other rights and remedies arrange for repairs/rectification of the defective materials or replace the same and recover the expenditure incurred from the deposits such as EMD, SD and performance guarantees or other monies available within the company or by resorting to legal action.
- e) However, if any advance payment had been made by the corporation for the goods so rejected on technical ground, rejected materials shall be returned to supplier after receipt of suitable replacement supplies. If the supplier does not settle the rejection within a period of 60 days from the date of notification from stores, rejected goods shall be sent back to supplier at his risk and cost. The dispatch documents shall be negotiated through bank to recover the advance payment already made. Supplier shall make the payment to the bank and take possession of dispatch document so as to collect the materials from the Road Carrier.

2.12 Force Majeure :

- 2.12.1 The supplier shall not be liable for delay or failing to supply the materials/equipment for reasons of Force Majeure such as Act of God, act of war, Act of Public enemy, Natural calamities, fires, floods, Frost, strikes, Lockouts etc. Only those causes which have duration of more than 7 days shall be considered for force majeure.
- 2.12.2 The vendors shall within 10 days from the beginning of such delay notify to the corporation in writing the cause of delay. The corporation shall verify the facts and grant such extension of time as facts justify.
- 2.12.3 No price variation shall be allowed during the period of force majeure and liquidated damages would not be levied for this period.
- 2.12.4 At the option of corporation, the order may be cancelled. Such cancellation, would be without any liability whatsoever on the part of the corporation. In event of such cancellation, supplier shall refund any amount advanced or paid to him by the corporation and deliver back any materials issued to him by the corporation and release facilities, if any provided by the corporation.

2.13 Cancellation of order :

The corporation reserves the right to cancel the order in part or in full by giving two weeks notice thereby if :

- The supplier fails to comply with any of the terms of the order.
- The supplier becomes bankrupt or goes into liquidation.
- The supplier makes general assignment for the benefit of the creditors and
- Any Receiver is appointed for the property owned by the supplier.