

HINDUSTAN AERONAUTICS LIMITED  
IMM DEPARTMENT

GENERAL TERMS & CONDITIONS OF CONTRACT

QUALITY & WORKMANSHIP

1. Generally the stores shall be of the best quality and workmanship. Contractor shall comply with the contract in all respects be to the satisfaction of HAL. Where tenders are called for in accordance with 'particulars', the contractor's tenders to supply in accordance with such 'particulars' shall be deemed to be an admission on his part that he has fully acquainted himself with the details thereof and no claim on his part which may arise on account of non-examination or insufficient examination of the 'particulars' will in any circumstances be considered. The contractor shall supply the stores in accordance with the 'particulars' unless any deviation is authorised as an exception expressly specified in the Purchase Order.

GUARANTEE 12 MONTHS

2. For a period of twelve calendar months, after the goods have been taken over by HAL, the contractor shall be responsible for any defects that may develop due to faulty materials, design or workmanship and shall remedy such defects at his own cost when called upon to do so by HAL who shall state in writing in what respect the portion is faulty. If it becomes necessary for the contractor to replace or renew any defective portion of the goods the contractor shall make such replacement or renewal without any extra cost to HAL.

SUPPLY OF SAMPLES

3. Samples submitted for any reasons shall be supplied without charge and freight paid and without any obligation on the Purchaser as regards safe custody. All samples submitted must be clearly labelled with the contractor's name and address and tender number. If the contractor submits the samples with his tender the same shall not govern the standard of supply except when it has been specifically stated in the Purchase Order that it is accepted instead of any sealed pattern. Should certified samples be lent to a contractor by HAL the contractor is responsible for the return in perfect order of all certified samples with the labels intact.

PACKING

4. The contractor will be held responsible for the stores being sufficiently and properly packed for tropical storage and for transport by rail, road, sea or air so as to ensure their being free from loss or injury on arrival at their destination. The packing and marking of packages shall be done by and at the expense of the Contractor. Each package shall contain a Packing Note quoting Purchase Order number and date showing its contents in detail.

RECEIPT & DESPATCH

5. The Contractor is responsible for obtaining a clear receipt from the Transport Authorities specifying the goods dispatched. He will not book any consignment on a 'said to contain' basis. If he does so, he does it on his own responsibility.

HAL will take no responsibility for short deliveries or wrong supply of goods when the same are booked on 'said to contain' basis. HAL shall pay for only such stores as are actually received by them in accordance with the contract.

#### FIRM QUOTATIONS & FOB PRICES

6. In case of imported stores ordered on forward delivery basis, preference will be given to tenderers whose quotations are firm. Where this is not possible, preference will be given to those firms who quote prices within a reasonable ceiling. Tenderers who cannot quote firm prices should, while submitting their offer, indicate the F.O.B. Prices included in the rate quoted. If there is either decrease or increase in F.O.B. prices, the successful tenderer will produce the invoice together with the documents on which original rate was based for necessary check. Adjustments will be allowed on the F.O.B. costs and customs duty and not on the other elements. HAL reserve the right to have the variation in the F.O.B. Prices checked by the Trade Associations in UK or USA concerned or any other authority. If the change in F.O.B. prices involves a difference in customs duty paid, the difference as worked out on the change in the F.O.B. price will be added or deducted from the rate quoted.

#### SALES TAX & EXCISE DUTY

7. Sales Tax, Local or Central Excise Duties wherever leviable and intended to be claimed from HAL should be distinctly shown along with the prices quoted. Where this is not done, no claim for Sales Tax/Excise Duty will be admitted at a later stage on any ground whatsoever.

#### DELIVERIES, CONSEQUENCES OF BREACH

8. The time for and the date of delivery of the stores stipulated in the Purchase Order shall be deemed to be the essence of the Contract, and delivery must be completed on or by the dates mentioned in the Purchase Order or the tender. Should the contractor fail to deliver the stores or any consignment thereof within the period prescribed for such delivery, HAL shall be entitled at their option:

- a) To recover from the Contractor as agreed liquidated damages, and not by way of penalty, a sum of 2% of the price of any stores which the contractor has failed to deliver as aforesaid, for each month or part of a month during which the delivery or such stores may be in arrears subject to a maximum of 12.5% of the price of the stores in default,

OR

- b) To purchase elsewhere, without notice to the Contractor on the account and at the risk of the contractor, the stores not delivered or others of a similar description (where other exactly complying with the particulars are not available), HAL's decision in this respect will be final,

OR

- c) To terminate the contract

9. In the event of action being taken under para- a & b above, the Contractor shall be liable for any loss which HAL may sustain on the account but the Contractor shall not be entitled to any gain on repurchases made against default.

#### EXTENSION OF TIME

10. If an extension is desired by the supplier, he shall apply for extension of time to HAL at least 15 days prior to the date of delivery without prejudice to the rights of HAL mentioned in Clause-8.1 to 8.3, then HAL may grant extension of time for any cause which HAL may deem proper and the decision of HAL in this respect to be final and binding and cannot be questioned in any manner whatsoever.

#### INSPECTION, CONSEQUENCES OF REJECTION

11. The goods on receipt in HAL will be subject to inspection and tests, if necessary and HAL inspector's decision as regards acceptance/rejection of goods, shall be final and binding on the parties. If any stores are rejected, HAL shall be at liberty to:

- a) Allow the contractor to re-submit stores in replacement of those rejected within a time specified by HAL, the contractor bearing the cost of freight in such replacement without being entitled to any extra payment,

OR

- b) Buy the quantity of stores rejected or other of a similar nature elsewhere at the risk and cost of the contractor without effecting the contractor's liability as regards the supply of any further consignments due under the contract,

OR

- c) Terminate the contract and recover from the contractor the loss HAL may thereby incur. The contractor shall not be entitled to any gain on the repurchase,

OR

- d) Any stores rejected by HAL's Inspector must be removed by the contractor within 14 days from the date of receipt of intimation of rejection and at his own cost, failing which the contractor shall be liable to pay storage charges at 1% for each day of delay on the invoice value of the stores. If the stores are not removed within a month from the date of intimation of rejection, the stores will be liable, to be sold by HAL at the contractor's risk and responsibility and the proceeds adjusted towards storage charges.

#### PLANT AND MACHINERY SUPPLIES

12. In case of contracts for Plant and Machinery, requiring inspection and test after erection at site if the completed plant or any portion thereof before it is taken over is defective or fail to fulfill the requirements of the contract, HAL

shall give the contractor notice setting from details of such defects or failures and the contractor shall forthwith make the defective plant good to make it comply with the requirements of the contract. Should he fail to do so within a reasonable time, HAL may reject and replace at the cost of the contractor the whole or any portion of the plant, as per the requirements of the contract. Such replacement shall be carried out by HAL, within a reasonable time, at reasonable price and where reasonably possible, to the same particulars under competitive conditions.

#### APPROPRIATION

13. Whenever under this contract any sum of money is recoverable from any payable by the contractor, HAL shall be entitled to recover such sum by appropriating in part or whole by deducting any sum then due or which at any time thereafter may become due to the contractor in this or any other contract entered by HAL as a whole its Divisions and Branch Offices etc., held by him alone or in partnership with others. Should this sum be not sufficient to cover the full amount recoverable, the contractor shall pay to HAL on demand the remaining balance due.

#### PAYMENT FOR STORES

14. Unless otherwise agreed to between the parties, payment for the delivery of the stores will be made by cheque on submission of bills in triplicate. Payment for the stores on each delivery will be to the contractor after goods are received and passed by inspection and payment after the receipt of goods. Normally 30 days will be allowed for inspection after receipt of goods.

#### PAYMENT FOR PLANT AND MACHINERY

15. In case of contracts, for Plant and Machinery requiring inspection and test after erection at site only 80% of the contract price of each consignment delivered to HAL will be made after preliminary inspection. The balance 20% of the contract price plus the cost of erection (if the erection is undertaken by the contractor) will be paid on final inspection and test. Test will be carried out within one month of the completion of erection. Should the result of these tests not come up within the margin specified the tests shall, if required, be repeated within one month from the date the plant is ready for retest.

#### TERRITORY

16. This contract shall be governed by and subject to and interpreted and construed in accordance with the Laws of Republic of India, as may be in force from time to time.

#### INDEMNITY

17. The contractor shall at all times indemnify HAL against all claims which may be made in respect of the stores for infringement of any right protected by patent, registration of design or trade mark.

## BRIBES AND GIFTS

18. Any bribe, commission, gift or advantage given, promised or offered by or on behalf of the contractor or his parties, agent or servant or any one on his or their behalf to any officer, servant, representative or agent of HAL or any person on his or their behalf in relation to the obtaining or to the execution of this or any other contract with HAL shall in addition to any criminal liability which the contractor may incur, subject the contractor to the cancellation of this and all other contracts with HAL and also to payment of any loss or damage resulting from any such cancellation under clauses-8 and 10 thereof. Any question or dispute as to the commission of any offence under the present clause shall be settled by HAL in such manner and on such evidence or information as they may think fit and sufficient and their decision shall be final and conclusive.

## SUB-CONTRACT

19. Neither of the parties of this contract shall be entitled without the other party's consent to assign or transfer to a third party all or part of the benefits or obligations of this contract.

## ARBITRATION

20. All disputes or differences whatsoever arising between the parties out of or relating to the construction meaning and operating or effect of this contract or the breach thereof shall be settled by arbitration in accordance with the rules of arbitration of the Indian Council of Arbitration and the award made in pursuance thereof shall be binding on the parties.

## WORK AND PAYMENT DURING ARBITRATION

21. Work under the contract shall if reasonably possible continue by mutual agreement during the arbitration proceedings and no payment due to or payable by HAL will be withheld without reasonable cause and merely on account of the pendency of such proceedings.

## JURISDICTION

22. The Court at Bangalore only shall have jurisdiction to deal with and to decide any legal matter whatsoever arising out of this contract.