

Telephone : 5531461 to 5531470 / 5531838 / 5532163

Telex : 0845-2505

Telegrams : KUDREORE

Fax : 080- 5532153 / 5535941



KUDREMUKH IRON ORE COMPANY LIMITED

II Block, Koramangala, Bangalore - 34

GENERAL TERMS AND CONDITIONS OF TRANSPORTATION CONTRACTS

1. QUANTUM OF WORK :

- a) The tonnage/quantity authorised for transportation shall be liable to increase or decrease at the discretion of KIOCL.
- b) KIOCL reserves the right to increase the tonnage or extend the period of the Contract as the case may be.
- c) KIOCL also reserves the right to conclude parallel contracts with more than one agency.

2. DEFAULT BY THE CONTRACTOR:

Upon failure of the Contractor to comply with any of the instructions/terms and conditions to carry out work in accordance with the provision of this Contract, KIOCL shall have the right to terminate the entire contract or portion thereof in default, as the case may be by giving 24 hours Notice in writing and to have the defaulted portion of the contract executed at the risk and cost of the Contractor. KIOCL will not be liable to pay any damage or any other claim by the Contractor for any expected profit or interests on the value on the un-completed items of works and the Contractor have no action in damage or otherwise against KIOCL for such termination.

3. CONTRACTOR'S RESPONSIBILITIES:

- a) Once the Delivery Order/Authorisation in favour of Contractor is handed over, the Contractor shall be responsible to collect, transport and deliver the material in good condition. All damages or losses shall be to the account of the Contractor. Also the consequential losses/damages suffered by KIOCL shall be recovered from the Contractor.
- b) KIOCL shall have the right to recover the cost of material so short delivered or un-delivered, as the case may be, from the Contractor.

- c) On completion of loading, the Contractor shall immediately inform by telephone/ telegram/any other means to KIOCL the despatch details. Thereafter, the Contractor shall arrange to submit to KIOCL within 48 Hours of lifting of material one copy each of the Delivery Challan and GC Note.
- d) No transshipment shall be allowed enroute.
- e) The Contractor shall be responsible for taking proper delivery of the consignment against authorised documents from the supplier as well as obtaining proper receipt from the consignee.
- f) The Contractor shall ensure that all materials are loaded properly following the Supplier's/KIOCL's instructions in this regard. Materials for lashing, packing and protection against nature for the safe carriage of goods shall be provided by the Contractor at his cost.
- g) The Contractor shall be responsible for contacting the suppliers and co-ordinating the movement of the material. KIOCL shall not be liable for any claim towards detention charges either at Supplier's premises or at consignee's premises.

4. PRICE VARIATION DUE TO HSD PRICE INCREASE OR DECREASE:

- a) For Contracts with duration of six months and above .

Price Variation in freight rates will be allowed during the tenure of the contract due to the HSD Price increase/decrease amounting to $\pm 5\%$ and above. No change shall be admissible if the HSD price increase/decrease is below 5%.

Following formula will be used for the calculation of freight increase or decrease.

$$\text{Increase or Decrease of freight charges} = \frac{\text{Distance in Kms} \times \text{Increase or decrease of Diesel Price per Ltr}}{\text{Diesel Consumption (KM per Ltr)}}$$

The Diesel Consumption norms will be as follows:

	Type of Vehicle	Consumption (KM per Ltr)
1.	Lorry	3.5 Km/Ltr
2.	High Bed Trailer	2.5 Km/Ltr
3.	Low Bed Trailer	1.5 Km/Ltr
4.	Light Commercial Vehicle	7.00 Km/Ltr

The Contractor will be required to furnish the existing HSD price at Bangalore declared by any Nationalised Oil Companies at the time of award of contract as well as price revisions of $\pm 5\%$ and above during the contractual period for application of this formula.

- b) For contracts with duration of below 6 months no price variation will be allowed.

5. SECURITY

- a) Within 3 days of issue of Letter of Intent by KIOCL, the Contractor shall arrange to deposit a sum equivalent to 10% (Ten Percent) of the value of the Contract towards Security Deposit by means of a Demand Draft drawn on any scheduled Bank in favour of Kudremukh Iron Ore Company Limited.
- b) KIOCL will have unreserved lien on this Security Deposit till the satisfactory completion of the work. KIOCL will be at liberty to deduct and appropriate from the Security Deposit such recoveries as may be deemed fit and other dues from the Contractor under the contract and the amount by which Security Deposit is reduced by such appropriation will be made good by further deduction from your subsequent bills to the extent to restore the Security Deposit value to the original amount as par Clause - 5(a) above.
- c) On Due and satisfactory performance of all the obligations under the contract including completion of work in all respects, the Security Deposit will be released by KIOCL, subject to recoveries deductions and retentions therefrom as provided under the Contract. No interest shall be payable on such amounts retained as Security Deposit.

6. PAYMENT :

- a) KIOCL shall pay the Contractor for such work as is performed by the Contractor as acceptable in accordance with the provision of the Contract.
- b) Delay in payment will not be considered as a breach of the Contract, KIOCL will have the right to review/reject and / or request further clarification / revision of the bills submitted by the Contractor. No interest shall be payable by KIOCL for any delay in payments of the bills.
- c) KIOCL shall in accordance with the Indian Income Tax/other laws deduct from payments to be made to the Contractor as advance tax such or all amounts at source as may be required for remitting to appropriate authorities. KIOCL shall issue suitable certificate for such deductions to the Contractor.

- d) Payment made pursuant to the agreement by KIOCL will not be construed as the waiver of any breach thereof by the Contractor or in acceptance of defective work in items of work or of items of work not conformity with the terms and conditions of this agreement.

7. SETTLEMENT OF BILLS :

Payment will be made on production of bills to be submitted by the Contractor supported by two copies of GC Notes clearly acknowledging in one copy, atleast, receipt of materials in good condition at the destination herein above mentioned by the consignee. The bills should be submitted within one week of taking delivery of material in triplicate to KIOCL for security and payment.

8. SAFETY:

- a) The safety of all persons employed by the Contractor and the Sub-Contractor on the work will be the sole responsibility of the Contractor and Contractor shall defend, indemnity and save harmless KIOCL from/ and against any actions, claims, damages, costs resulting from death or injuries sustained by these persons.
- b) The contractor will take all reasonable measures and precautions at all times to prevent injuries to or death of any of any of the Contractor's employees or any other person. Such measures and precautions will include but will not be limited to, all safeguards and warnings necessary to protect workman and others against any conditions which could be dangerous and to prevent accident of any kind.

9. LIQUIDATED DAMAGES:

Should be Contractor fail to effect delivery at the destination indicated within the time limit stipulated by KIOCL, KIOCL shall be entitled to recover/retain as agreed Liquidated damages a sum equivalent to 1% of the contract value for the portion of the consignment which the Contractor fails to deliver within the stipulated time, for each day or part thereof for which the material may be delayed, subject to a maximum of 10% of the contract value.

10. INDEMNITY:

- a) The Contractor will defend, indemnify and save harmless KIOCL Officers, Servants and Employees from and against any and all expenses and costs (including court costs and attorney's fees), damages or liabilities of any kind or nature, whatsoever which may arise out of or result from any claims, demands, causes of action and/or judgements stated or obtained by or threatened to be instituted by the Contractors

any third party or any person or persons including but not limited to property damage or death or injury off any person resulting from any defects, shortages, errors, commissions, neglect whether deliberate or accidental or willful mis-conduct of Contractor or his agents, servants or sub-contractors. These obligations will survive the completion, cancellation or termination of the LOI.

- b) Should KIOCL deem itself in-secure as to the ability of the Contractor to so indemnify, KIOCL may deemed that the Contractor promptly provide reasonable assurance in form and substance satisfactory to KIOCL of Contractor's ability to comply with the provisions of this article. The Contractor's failure to provide such satisfactory assurance will be sufficient ground for termination of LOI. KIOCL will have the final decision as to the satisfaction of any such assurance which will be final and binding.

11. INSPECTION OF VEHICLES & DOCUMENTS:

- a) KIOCL will be at liberty to inspect the Contractor's vehicles any time during the pendency of our contract, to reassure themselves as to their roadworthiness. The Contractor shall intimate KIOCL the place and time at which such an inspection can made, as soon as the Contractors receives any request from KIOCL to this effect.
- b) The Contractor will also furnish for KIOCL's inspection the RC Books, taxation cards, permits, insurance certificates and other documents pertaining to the vehicles as and when called for by KIOCL.

12. LABOUR LAWS:

The Contractor will comply with any and all laws, ordinances, regulation and decision of courts (which shall be deemed to be a part of this agreement) concerning the health, sanitary arrangements, wages welfare, safety and employment of any and all of the Contractor workers upon the work or any portion thereof and will exclusively bear the consequences for failure to comply therewith. The Contractor will indemnify and hold KIOCL harmless from any claims, fines or penalties which may be made against us as a result of the Contractors failure to fulfil these obligations.

The Contractor will not employ children below the age stipulated under the law.

13. SETTLEMENT OF DISPUTES:

All matters, questions, disputes or difference of any kind whatsoever, arising out of or in connection with this Contract at any time whether during the progress of the work or after its completion other than questions disputes or difference for the decision of which

specific provisions have been made in the forgoing articles of these conditions (here in after referred to as "Expected Matter" and decision on such "Expected Matters" binding on the parties) shall be referred in writing to arbitration by a sole arbitrator to be appointed by Chairman cum Managing Director / Managing Director or any person acting in such Capacity of Kudremukh Iron Ore Company Limited or his nominee. It will be no objection that the sole arbitrator is an Officer of KIOCL. The venue of arbitration shall be at Bangalore City.

The provisions of the Arbitration and Conciliation Act 1996 and the rules there under in force shall be applicable to this contract.

14. JUDICIAL JURISDICTION:

All matters pertaining to this Contract will be subject to the jurisdiction of the Courts at Bangalore.

FOR KUDREMUKH IRON ORE COMPANY LTD.,