

PURCHASE ORDER

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Larsen & Toubro Limited
Pankaj Building, Opp GEB substation
N.H No 8, Channi
Vadodara 391740 Gujarat INDIA
Telephone : 0265-2451600 Fax :

PO NO. :EPC/E05/21000-17295/
PO Date : 22.01.2013
Contact Person : K Ponmani Alias Ganesh
Contact Telephone :
Contact Email : P.GANESH@LNTPOWER.COM

To, VENDOR CODE: 301342 Kaivan Engineers 204, Madhav Complex, R. C. Dutt Road Vadodara 390007 Gujarat INDIA ATTN: Mr. Anish P Shah Telephone: 0265 2324634 Telefax: 0265 2324635 Email Id : anish@kaivanindia.com	YOUR REFERENCE: OUR REFERENCE:	PRICING & TAXATION: Please refer details in Annexure I. PAYMENT TERMS: Please refer details in Annexure II.
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Please arrange to provide the goods / services described below strictly as per terms and conditions mentioned in this Purchase Order and its enclosure/s

GENERAL DESCRIPTION	CURRENCY	TOTAL VALUE (PRICE)
Supply of Pipes for Steam blowing to our Krishnapatnam Project	INR	1,882,036.00 Rupees - Eighteen Lakh Eighty Two Thousand Thirty Six only.
Incoterms : FOR Krishnapatnam Project site Shipment/ Delivery Basis:		

Please refer to our general conditions and specific conditions of purchase already forwarded/attached.

DESPATCH DETAILS: Materials to be dispatched only after receiving Dispatch Clearance from Larsen & Toubro Limited
TIN NO. (LST) : 28360127899 W.E.F. 01.04.2005 **TIN NO. (CST) :** ABS06/06/1/1002 W.E.F. 21.07.1965

ECC No. :

DOCUMENTATION : Kindly send us Commercial Invoice (One Original + Two Duplicate, duly signed), three copies of Delivery Challan, Excise Invoice & LR immediately after dispatch of the consignment. Set of documents should also contains TCs / MTCs & Inspection reports.

BILLING: Bills submitted against this Purchase Order must contain Purchase Order No. & Date, Purchase Order Item No. and Vendor code.

Inspection Charges will be borne By : Purchaser **Transporter Arranged By :** Purchaser **Bank Charges if any :** NA
Testing Charges will be borne By : Vendor **Freight Charges will be borne By :** Purchaser **Insurance Charges will be borne By :** Purchaser

PROJECT: 2x800MW STG & AUX. APPDCL, KRISHNAPATNAM

Registered Office : L&T House, Ballard Estate, Mumbai : 400 001, INDIA

For Larsen & Toubro Limited

P N Kharche
Project Director

Please return this Acceptance Memo (ACPO) within SEVEN days to the "Contact Person" indicated ABOVE.
Non-Receipt will mean that the PO along with the terms and conditions would be deemed to have been accepted.

----- Please Cut Here -----
To Larsen & Toubro Limited
We acknowledge receipt of your purchase order No.: Larsen & Toubro Limited/21000-17295/ dated
We Agree to Supply the goods as per the terms & conditions of this Purchase Order and its enclosure/s which have been read and understood by us.
Name: _____
Address: _____

Rubber stamp and Signature of Seller/s
Date



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Item No	Material/ Service Code Cost Code	Material / Service Description Cost Code Description	Total PO Quantity	Unit	Rate / Unit (INR)	Item Total Value (INR)	Scheduled Quantity	Delivery Date
1	PPS2AEGN10ZZZS8BA	PIPE SEAMLESS ASTM A106 B General 10" NA SCH 40 BEVELLED END ASME B36.10M	313.000	m	4135.95	1,294,552.35	313.000	14.03.2013
	T2-08001.4	Site Supervision, PreComm & Commission Tax: A/P -Nil Tax			Subtotal(Inc.Tax):	1294552.35		
2	PPS2AEGN08ZZZS8BA	PIPE SEAMLESS ASTM A106 B General 8" NA SCH 4 0 BEVELLED END ASME B36.10M	139.000	m	2915.85	405,303.15	139.000	14.03.2013
	T2-08001.4	Site Supervision, PreComm & Commission Tax: A/P -Nil Tax			Subtotal(Inc.Tax):	405303.15		
3	PPS2AEGN04ZZZS8BA	PIPE SEAMLESS ASTM A106 B General 4" NA SCH 4 0 BEVELLED END ASME B36.10M	25.000	m	1218.00	30,450.00	25.000	14.03.2013
	T2-08001.4	Site Supervision, PreComm & Commission Tax: A/P -Nil Tax			Subtotal(Inc.Tax):	30450.00		
4	PPS2AEGN14ZZZSFBA	PIPE SEAMLESS ASTM A106 B General 14" NA SCH STD BEVELLED END ASME B36.10M	7.000	m	6456.45	45,195.15	7.000	14.03.2013
	T2-08001.4	Site Supervision, PreComm & Commission Tax: A/P -Nil Tax			Subtotal(Inc.Tax):	45195.15		
5	PPS2AEGN06ZZZS8BA	PIPE SEAMLESS ASTM A106 B General 6" NA SCH 4 0 BEVELLED END ASME B36.10M	45.000	m	1938.30	87,223.50	45.000	14.03.2013
	T2-08001.4	Site Supervision, PreComm & Commission Tax: A/P -Nil Tax			Subtotal(Inc.Tax):	87223.50		
6	PPS2AEGN2DZZZS8BA	PIPE SEAMLESS ASTM A106 B 2 1/2" SCH 40 BEVEL LED END ASME B36.10M	14.000	m	747.60	10,466.40	14.000	14.03.2013
	T2-08001.4	Site Supervision, PreComm & Commission Tax: A/P -Nil Tax			Subtotal(Inc.Tax):	10466.40		
7	PPS2AEGN01ZZZSAPA	PIPE SEAMLESS ASTM A106 B General 1" SCH 80 P LAIN END ASME B36.10M	27.000	m	327.60	8,845.20	27.000	14.03.2013

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L.C.: 24.01.2013 12:22:22

Our Reference :



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Item No	Material/ Service Code Cost Code	Material / Service Description Cost Code Description	Total PO Quantity	Unit	Rate / Unit (INR)	Item Total Value (INR)	Scheduled Quantity	Delivery Date
	T2-08001.4	Site Supervision, PreComm & Commission Tax: A/P -Nil Tax				Subtotal(Inc.Tax): 8845.20		

Summary:

Total Gross Price 1882035.75

Total Value (Rounded off to) : INR 1,882,036.00

Rupees - Eighteen Lakh Eighty Two Thousand
Thirty Six only.

Larsen & Toubro Limited

P N Kharche
Project Director



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1.0 Payment Terms:

100% payment within 30 days of dispatch and against submission of dispatch documents as mentioned in clause No.13

2.0 General Terms & Conditions:

1 REFERENCES

- Our enquiry dated 05.01.2013
- Your initial offer by dated 07.01.2013 & subsequent revisions
- All the correspondence you had with us till date.

All the above documents shall form integral part of this Purchase Order placed on M/s. Kaivan Engineers hereafter referred as VENDOR.

2 SCOPE

VENDOR's scope of work shall include supply of Pipes for 2x800 MW Steam Turbine Generator & Auxiliaries package for Andhra Pradesh Power Development Corporation Limited.

Pipes shall be supplied from the Approved mills as agreed earlier.

Jindal SAW /Ratnamani /ISMT /Mahalaxmi Seamless /Maharashtra Seamless /Sandvik /Welspun /REMI /Advance Steel /Sumitomo /V&M /Productos Tublares

3 PROJECT

Andhra Pradesh Power Development Company Limited, (herein referred to as OWNER) are setting up 2 X 800 MW Coal based Thermal Power Station (Project) at Krishnapatnam in the Andhra Pradesh, India. Larsen & Toubro Limited (herein referred to as PURCHASER) is executing the Steam Turbine Generators and Auxiliaries Package of the Project. M/s Desein Private Limited, New Delhi, are the Project Management and Design Review Consultants (PMC) for this Project.

4 PRICE BASIS

4.1 Price basis/ Inco Terms

VENDOR's prices are based on FOR Vadodara / Mumbai loaded on Trailers ,

Trailer shall be arranged by Purchaser and Freight shall be paid by Purchaser to Transporter directly.

Vendor shall provide the Packing list and other details required for arranging the transportation to the Purchaser well in advance.

All the packing, loading, & forwarding upto Vadodara/Mumbai/Approved mill's manufacturing place shall be arranged and paid by the VENDOR.

Excise Duty shall be included in Basic Price

CST at the rate of 5% included in the basic price. No Form C shall be issued.

No other Taxes / Duties / Levies / Cess are payable by PURCHASER.

Prices shall remain fixed for the entire duration of the Contract and no Price Variation shall be applicable. Currency of the order and payment shall be in INR.

5 SECRECY

VENDOR shall treat all the technical, commercial and other documents/ information provided for carrying out the work under this PO, as strictly confidential and shall not part with any information to anyone.

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unless required to do so to fulfill its commitments. The VENDOR shall also ensure that these documents shall be used only for the purpose of execution of this PO and shall take appropriate steps to comply with and to bind its employees and sub-vendor if any, to comply with the secrecy obligations stipulated herein.

6 DELIVERY PERIOD

The delivery schedule shall be as mentioned below:

All the pipes shall be dispatched in 01 lot within 07 weeks from the date of issue of this PO i.e. on or before 14.03.2013 on Ex Works Basis.

Date of Issue of Dispatch clearance shall be reckoned as the effective date of dispatch

Within one week of release of this PO, VENDOR shall work out a detailed delivery schedule Chart and submit to Purchaser for approval.

7 INSURANCE

The PURCHASER shall arrange for transit insurance from the place of dispatch up to site. All insurance up to the dispatch point, shall be in VENDOR's scope.

8 PRICE REDUCTION

8.1 Price Reduction for delayed delivery:

In case of delay in dispatch beyond 9 weeks from the date of issue of this PO ie) beyond 28.03.2013 then the contractual price shall get reduced by an amount equal to 1 % (one percent) of the total Order Value per week of delay or part thereof, subject to an overall ceiling of 5 % (Five percent).

Date of Issue of Dispatch Clearance by Purchaser, shall be considered as the effective date for price reduction purpose

The VENDOR shall raise invoice reflecting the reduced amount in such an eventuality.

9 INSPECTION & EXPEDITING

9.1 Procurement

i) All items (equipment, materials, instruments etc.) shall be procured from approved list of sub-vendors. VENDOR shall submit a list of such sub-vendors within one week of release of PO for PURCHASER's approval.

ii) VENDOR shall prepare and forward Quality Assurance Plan (QAP) for all items in line with the specification, for PURCHASER's approval.

iii) PURCHASER / OWNER may appoint Third Party Inspection Agency (TPIA) to carry out inspection.

iv) You shall not proceed with manufacturing / ordering work without such approvals. Any comments from PURCHASER / OWNER / TPIA shall be adhered to without any price / time implications.

9.2 Inspection

i) Stage and final inspection shall be as per approved QAP.

ii) Getting approval of QAP from PURCHASER / OWNER / PMC shall be VENDOR's responsibility.

iii) Co-ordination in arranging timely inspection by PURCHASER / TPIA / OWNER / PMC and obtaining Inspection Release Note shall be VENDOR's responsibility. Failure to do so shall not be a cause for delivery extension / Price escalation.

iv) The delivery period quoted by VENDOR shall be inclusive of the time for TPIA.

v) If any Inspection Call is issued by Vendor, and it is concluded by the PURCHASER that the ordered items were not ready for inspection during visit of TPIA / L&T / OWNER / PMC, the cost of such visit by TPIA / PURCHASER / OWNER / PMC shall be debited to your account and recovered from the next payment due to the Vendor.

9.3 General

i) PURCHASER, OWNER and TPIA shall have right to visit VENDOR's / sub-vendor's works at any time or at any stage of manufacture for inspection / monitoring of the progress on the Purchase order.

ii) All materials to be supplied by the VENDOR within the scope of supply shall be individually inspected, tested and analyzed in terms of the purchase specifications, and the relevant practices specified therein or elsewhere in the PO by expression or implication. Inspection, tests and analysis shall be carried out in so far as possible, at the place of manufacture, production or fabrication of the materials.

iii) Should the VENDOR / Manufacturers / Sub Vendor fail to comply with any of the provisions relating to inspection, testing and / or analysis, PURCHASER shall be entitled by itself and/ or through inspection agency, to conduct the inspection, test and/or analysis at the risk and expenses of the VENDOR in all respects.

iv) The VENDOR will permit PURCHASER's / OWNER's / PMC's / TPIA's inspectors/ their authorized representatives free access during normal hours to his works, go-down, storage or loading spot etc.,



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and will give them all necessary assistance to perform their tasks, including free use of all necessary testing and control instruments. The VENDOR shall ensure that the same facilities are granted by Sub-vendor / Manufacturers.

v) PURCHASER reserves right to claim damages for use of defective or substandard goods supplied by the VENDOR irrespective of the fact whether goods were inspected prior to receipt at project site by PURCHASER / TPIA / OWNER / PMC or not.

vi) PURCHASER shall issue Dispatch Clearance Certificate (D.C.C.) after completion of final inspection. VENDOR shall not dispatch any material before receiving DCC.

vii) Unless specifically stated to the contrary in the PO, all expenses relevant to the preparation and performance of testing, inspection and preparation of any test reports or certificates / documentation shall be borne by the VENDOR except for the salaries, fees, traveling, lodging and boarding expenses of PURCHASER representatives and OWNER / PMC representatives.

viii) VENDOR shall use only calibrated instruments for inspection and testing. All calibration certificates will be reviewed by visiting surveyor. All instruments shall be meeting specified requirements.

ix) PURCHASER reserves its right to appoint an external agency to expedite VENDOR's work as well as to depute PURCHASER's representative for expediting & inspection work.

10 DEFECT LIABILITY

10.1 VENDOR shall warrant that the material shall be free from all defects in the design, engineering, materials and workmanship. The Defect Liability Period (DLP) for the scope of work shall be 18 months from date of last dispatch. If during the DLP any defect should be found in design, engineering, materials and workmanship of the Equipment supplied by the VENDOR, the VENDOR shall promptly, in consultation and agreement with the PURCHASER regarding appropriate remedying of the defects and its costs, repair, replace or otherwise make good such defect. If the Vendor fails to commence the work necessary to remedy such defect within reasonable time, the PURCHASER may, with notice to the Vendor, proceed to do such work and reasonable costs incurred by the PURCHASER in connection therewith shall be paid to the PURCHASER by the Vendor or may be deducted by the PURCHASER from any monies due to the Contractor or claimed under the Performance Securities. Such an action by the PURCHASER shall not absolve the VENDOR from his obligations under the PO.

10.2 The PURCHASER / OWNER shall give the VENDOR a notice stating the nature of any such defect together with all available evidence thereof, promptly following the discovery thereof.

10.3 The PURCHASER shall arrange with the OWNER for permission to allow the VENDOR necessary access to the Equipment to enable VENDOR to perform its obligations under the PO. The VENDOR may, with the consent of the PURCHASER / OWNER remove the Equipment or its part from site that are defective, if the nature of defect is such that the repairs can not be expeditiously done at the site.

10.4 If the repair, replacement or making good is of such a nature that it may affect the efficiency of the Equipment, the PURCHASER may give to the VENDOR a notice informing that the required tests of the Equipment / defective parts shall be made by the VENDOR immediately upon completion of such remedial work, whereupon the VENDOR shall carry out such tests.

10.5 If the equipment / parts do not pass the tests after repair, the VENDOR shall replace such defective parts / equipment within fifteen (15) days time. All the repairs and/or replacements under DLP shall be free of cost basis and delivered to PURCHASER / OWNER at plant location at Krishnapatnam Project site.

11 TERMINATION

i) The PURCHASER, without any prejudice to any other rights or remedies it may possess, may terminate the PO forthwith in the following circumstances by giving a notice of termination and its reasons to the VENDOR; if

a. The VENDOR becomes bankrupt or insolvent, has a receiving order issued against it, compounds with its creditors.

b. If VENDOR assigns or transfers the PO or any right or interest therein in violation of the terms of the PO.

c. The VENDOR, in the judgment of the PURCHASER has engaged in corrupt or fraudulent practice in competing for or in executing the PO.

d. The VENDOR has abandoned the work.

e. The VENDOR has without valid reason failed to commence work or has suspended the work without just cause.

f. Persistently fails to execute the work or persistently neglects to carry out its obligations without just cause.

g. Refuses or is unable to provide sufficient materials, services or labour to execute and complete the work in a manner as per agreed schedule that gives reasonable assurance to the PURCHASER that the VENDOR can complete the delivery as per the required schedules.

ii) In the event of default specified under above, PURCHASER may give VENDOR written notice specifying the default, and if no action has been taken by VENDOR to remedy the default within ten (10) days after receipt of such notice, or if VENDOR fails to provide satisfactory evidence that such default will be corrected, PURCHASER may then, without notice to VENDOR's sureties, send written notice terminating the PO forthwith and withhold any amounts otherwise due under the Terms & Conditions. Thereupon, PURCHASER shall have the right to complete such WORK by whatever method PURCHASER may deem expedient, including employing another VENDOR under such form of contract as PURCHASER may deem advisable and PURCHASER shall have the right to take possession of and to use any or all of the drawings, documents, materials, supplies and property of any and every kind furnished by VENDOR for such WORK.



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iii) Any additional costs incurred by PURCHASER in completing such WORK, together with a reasonable charge for administering any contract for such completion, shall be charged to VENDOR, and such expenses shall be deducted by PURCHASER from such monies as may be due or may at any time thereafter become due to VENDOR and / or PURCHASER may encash the whole or any part of the Performance Bank Guarantee.

12 FORCE MAJEURE

12.1 "Force Majeure" shall mean act of "God" or any event beyond the reasonable control of the VENDOR/PURCHASER/OWNER as described below and which is unavoidable notwithstanding the reasonable care of party affected.

12.2 If either party is prevented, hindered or delayed from or in performing any of the obligations under the PO by an event of Force Majeure, then it shall notify the other in writing of the occurrence of such event and the circumstances thereof within fourteen (14) days after occurrence of the event.

12.3 The party who has given such notice shall be excused from the performance or punctual performance of its obligations under the PO for so long as the relevant event of Force Majeure continues and to the extent that that party's performance is prevented, hindered or delayed.

12.4 The party or parties affected by the event of Force Majeure shall use reasonable efforts to mitigate the effect thereof upon its or their performance of the PO and to fulfill its or their obligations under the PO.

12.5 Following events shall constitute a Force Majeure event:

- i) War, Hostilities (whether war be declared or not), invasion, act of foreign enemies, riot, commotion, disorder.
- ii) Rebellion, terrorism, mutiny, revolution, insurrection, military or usurped power, or civil war.
- iii) Nationwide strike or lockout by persons other than VENDOR's personnel and other employees of the VENDOR and the SUB-VENDOR.
- iv) Natural catastrophes such as earthquake, hurricane, typhoon or volcanic activity.

Following events are excluded from a Force Majeure event:

- i) Later delivery of equipment or materials from VENDORS, sub-VENDORS or other vendors (other than the late deliveries that are themselves result of force majeure event) and
- ii) Economic Hardship

12.6 In the event of any dispute, the PARTY claiming to be effected by Force Majeure, shall bear the burden of proving that it is so affected.

13 SHIPPING DOCUMENTS

VENDOR shall forward following documents in quadruplicate to PURCHASER at VADODARA address

P Ganesh

STGI-1

Larsen & Toubro Limited

L&T Knowledge City , East Block, I Floor , NH 8 Ajwa Waghodia Crossing

Vadodara - 390019

T : 0265-2454511

by express courier within three (3) days from the date of shipment:

- i) Commercial Invoices (Invoice to be Addressed as)

LARSEN & TOUBRO LIMITED-

2nd Floor, Vasantha Chambers,

5-10-173, Fateh Maidan Road,

Hyderabad- 500 004

ii) Packing List

iii) Original LR (Consigner Copy) and photocopy of LR (Consignee Copy)



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- iv) Delivery challan &
V) Warranty certificate

Ø In addition, the VENDOR should scan and e-mail the above advance documents to PURCHASER within 24 hours of shipment. Any demurrage and other detention charges for the consignments due to delayed receipts / incomplete / incorrect documents will be to the VENDOR's account.

Ø If any additional document is required by the PURCHASER in order to comply with taxation / other laws, the same shall be intimated to VENDOR sufficiently in advance.

Consignee address to be filled in LR:

Larsen & Toubro Limited,
2 x 800 MW Sri Damodaram Sanjeevaiah Thermal Power Station,
Nelatur Village - 524 344, Muthukur Mandal,
Nellore District., Andhra Pradesh

TIN No. of L&T : 28360127899
CST No of L&T ABS06/06/1/1002 w.e.f. 21.07.1965

TIN No. of APPDCL:28811330199

Excise Registration No. : NA
Excise Range : NA
Excise Division : NA
Excise Commisionerate : NA

All documents shall clearly legible and be prepared in English language only.

There shall not be any overloading above the licensed capacity of the carrier.

14 PACKING AND MARKING

The equipment / instruments/ materials / other items shall be new, unused, free from rust, dents, cracks and such other defects at the time of packing / loading on board.
VENDOR shall provide suitable road worthy packing in line with the latest applicable standards and shall ensure that the same prevents damage or deterioration to the material during transit, loading/unloading and storage at site.

VENDOR must specifically provide instruction for storage, protection and preservation. Detailed packing instructions will be provided during ordering stage.

Markings shall be legibly and durably painted or stenciled on all sides of each package or crate in capital letters of at least 40 mm in height. Packages shall be numbered constituting the shipment and a serial number of the shipment (--of--). No two packages delivered shall carry the same number. Marks to indicate correct positioning of slings shall be shown on packages or crates by arrows. All crates, boxes, containers, packages, etc. shall be clearly marked on the outside to show the contents, gross and net weight, dimensions, correct positions for slinging and place of installation. They shall also be marked or labeled with the VENDOR's name.

Detailed Packing and Marking instructions would be instructed during the kick off meeting.
Stencil marks/punch marks on pipes as available and provided by the Tube Mills is acceptable.

15 OTHER TERMS

15.1 PROJECT requirements

VENDOR shall be responsible for the requirements specified in the Specifications with respect to engineering, manufacturing, reporting, quality, safety (HSES) etc.



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15.2 Responsibility of completeness

All equipment, fittings, accessories etc which may not have been specifically mentioned but which are necessary in the equipment / materials / instruments for the efficient working of the goods supplied shall be deemed to have been included in VENDOR's price. All plant / machinery / equipment / instruments shall be complete in all respects whether such details are mentioned in the SPECIFICATIONS or not. Wherever the term Supply is mentioned, it is construed that all items as specified in the various clauses of the SPECIFICATIONS including special tools and tackles, spares, and other consumables required for the successful commissioning and uninterrupted operation of the Equipment are included.

15.3 Transfer of property

In the absence of any provision to the contrary, transfer of property in the goods shall be deemed to have taken place as per the provisions under INCOTERMS 2000.

15.4 Governing law

The contract shall be governed by and construed in all respects in accordance with the laws of India.

15.5 Settlement of disputes/ Place of Arbitration

Both PURCHASER and VENDOR shall appoint one arbitrator each. These arbitrators shall appoint a third arbitrator. The decision of arbitrators will be final and binding on both parties. Place of arbitration shall be Mumbai, India.

15.6 Pipes shall be supplied in single random length of 5 to 8 meters. L&T Shall accept quantity tolerance of 0 / +1 random length for higher quantity pipes. In case of lower quantities maximum of +5% shall be allowed. However, supplier shall ensure that the increase in Qty as bare minimum. No negative tolerance is acceptable.