

## **AGREEMENT FOR SALE OF BFG SLAG**

**(Agreement No. Mktg/BP/BFGS/20xx-xx/xx Dt: DD-MM-YY)**

This Agreement made this Dt. \_\_\_\_\_, between Rashtriya Ispat Nigam Limited (RINL), a Company registered under the Companies Act 1956 and having its registered office at Visakhapatnam – 530 031, herein after referred to as the "Supplier" (Which expression shall, unless excluded by or repugnant to the context to be deemed to include its Successors, assigns) of the one part

And

M/s \_\_\_\_\_ ( a limited company erstwhile \_\_\_\_\_) a company registered under the Company's act 1956 and having registered office \_\_\_\_\_ herein after referred to as the "Purchaser" (Which expression shall, unless excluded by or repugnant to the context to be deemed to include its Successors, assigns) on the other part.

WHEREAS THE Purchaser has agreed to enter into a MOU with the supplier for the purchase of Blast Furnace Granulated Slag for domestic purpose during the period 01-04-YY to 31-03-YY on the following terms and conditions which are agreed and reduced into writing.

Now these presents witnesseth and it is hereby agreed and declared by and between the parties hereto as follows:

1. DEFINITIONS :

In this agreement, unless there is anything repugnant in the subject or context.

"Year " shall mean full period of twelve months.

"Financial Year" shall mean full period of twelve moths commencing from 1<sup>st</sup>April of a calendar year and ending on 31<sup>st</sup>March of the immediately succeeding year.

"Quarter" shall mean a period of three successful calendar months starting from April, July, October and January.

"Month" shall mean Gregorian calendar month commencing from the first of the month.

"Granulated Slag", "Slag" shall mean

Blast Furnace Granulated Slag (From Slag Storage Yard (SSY))

2. The Supplier shall sell to the Purchaser and the Purchaser shall purchase and take delivery from the supplier during the period of this Agreement, Blast Furnace Granulated Slag in such quantity and in such manner and of such specification and at such price as provided herein.

3. DELIVERY

Blast Furnace Granulated Slag (From Slag Storage Yard (SSY)):

The Blast Furnace Granulated Slag (SSY) hereby agreed to be sold and supplies shall be delivered ex-loading point loaded into wagons/trucks at the Supplier's premises at Visakhapatnam. The Supplier shall provide necessary facilities for weighing of the granulated slag loaded into rail wagons/trucks at the loading point. The property and risk of the granulated slag sold and supplied in the wagons/trucks as above shall pass to the Purchaser immediately after loading the material into wagons/trucks ex-loading point at the Supplier's premises. The purchaser shall arrange to receive full rail rake loads/trucks of granulated Slag in his premises and shall tie up with the Railways/transporter for movement of the entire quantity of granulated slag, by rail/road, from the Supplier's premises

Delivery shall be made by road and if requirement arises delivery will be made by rail. The responsibility of obtaining permission/approval of the Railways to move the slag from the supplier's premises to the Purchaser's premises by rail shall rest with the Purchaser. The Purchaser will have to arrange trucks on his own and should authorize the transporter to lift the material on behalf of the Purchaser. Once the material is loaded into the trucks/wagons total liability of the material passes to the Purchaser.

The loading of the material into trucks/wagons will be done by Supplier at free of cost.

This clause shall be read in conjunction with clause no:4 (2) ( C )

#### 4. QUANTITY AND SCHEDULE OF OFF-TAKE/PRICE:

- 4.1 The Supplier undertakes to supply and deliver to the Purchaser and the Purchaser undertakes to purchase and take delivery from the Supplier the following Quantity of Blast Furnace Granulated Slag.

Period	BFG Slag (from SSY) Qty (Mt)
01-04-YYYY to 31-03-YYYY	XX,XX,XXX

This clause shall be read in conjunction with clause no: 4 (2) ( C )

#### 4.2 A. P R I C E:

- i) The base price will be declared by the supplier from time to time. The base price so prevailing as at the time of dispatch shall be applicable.
- ii) GST or Excise Duty and VAT/ST shall be extra.
- iii) Slab Discount Structure for total BFG Slag Quantity in a Year.

Sl. No	Quantity (Mt)	Discount Rs/Mt
01	>50,000 Mt – 1,00,000 Mt	Rs.5/Mt.
02	>1,00,000 Mt – 2,00,000 Mt	Rs.10/Mt
03	> 2,00,000 Mt	Rs.15/Mt.

- a) No discount shall be passed on to the Purchaser at DO Stage.
- b) The customer has to lift minimum 85% of the MOU quantity to become eligible for MOU Bonus.
- c) In case of purchaser lifts more than the committed quantity indicated at para 4.1, he will be entitled for the applicable discounts on such lifting.
- d) The above discounts shall be passed on to the customer without any adjustment on account of GST/ED or ST/VAT.

This clause shall be read in conjunction with clause no: 4 (2) (C) .

B.Lifting,Security Deposit(SD)& Pre- estimated and agreed damage:

- i) The Purchaser has to lift 85% of the pro-rata monthly quantity of BFG Slag every month failing which Pre- estimated and agreed damage of Rs.25/Mt shall be charged on the unfulfilled quantity i.e {(85% of the monthly MOU Qty – actual lifted Qty)} X Rs.25/Mt. This clause shall be read in conjunction with clause no:4 (2) ( C ).
- ii) Security deposit @ Rs.25/Mt for ¼ of annual MOU quantity has to be deposited by the Purchaser on quarterly basis by DD or BG obtained from any scheduled Commercial bank as per Supplier's format. In case the above amount is found inadequate / adjusted against damages, the Purchaser has to deposit further amount so as to maintain a minimum deposit as stated above.
- iii) In case of annual MOU quantity getting fulfilled early the SD and Pre- estimated and agreed damage clauses at (i) and (ii) above shall not be applicable for subsequent balance MOU period.

C. BFG Slag from Dump-Yard :

The purchaser shall also lift BFG Slag from Dump Yard to fulfill MOU quantity and the same shall also be considered towards fulfillment of MOU terms & Conditions like MOU quantity, Bonus, Damages etc., wherever applicable. If Supplier is unable to extend loading facility, the loading of BFG Slag from Dump Yard shall be arranged by the purchaser himself. The price of BFG Slag from Dump-Yard shall be the applicable price prevailing at the time of delivery. Despatches of BFG Slag from Dump Yard by Road is allowed only during ` G ` shift timings.(i.e., from 9.00 AM to 5.30 PM).

- 5. VSP will test the material being dispatched generally as per relevant BIS Standard test procedure and the test certificate issued will be final and no dispute will be entertained.
- 6. TAXES AND DUTIES :  
The price stipulated above is exclusive of all taxes and duties levied or to be levied on Blast Furnace granulated Slag by Central/State/Local authorities and the Purchaser shall bear all such taxes and duties at actual. The Purchaser shall be liable to pay and bear sales tax and all other taxes and duties as applicable. The Purchaser shall be entitled to claim any admissible exemption/concession under GST/Sales Tax Laws

and for that purpose they shall furnish to the Supplier the registration number and declaration forms prescribed therefore.

7. SPECIFICATION OF BF GRANULATED SLAG:

Supplies will be made taking the BIS specification number BIS 12089 and 455/1976 as amended from time to time for the purpose of chemical composition, density etc., as guideline.

The indicative specification of BF Slag being supplied will be as under:

CaO	30 - 38 %
SiO <sub>2</sub>	30 - 40%
Al <sub>2</sub> O <sub>3</sub>	15 - 22%
MgO	8 - 11%
FeO	5 % max
Mn	2% Max

If for any reason the regime of the Blast Furnace has to be changed with any consequential change in the chemical composition of the Granulated Slag, notice shall be given by the Seller to Purchaser before the supplies with the new composition commence.

8. SAMPLING PROCEDURE:

The procedure and frequency of sampling will be decided jointly. The sample testing for moisture content and/or chemical composition shall be drawn jointly by the representative of the DGM (QA&TD) of the supplier and purchaser's authorized representative to associate in the sampling and analysis at the Supplier's premises/Laboratory. The analysis report submitted by the Supplier shall be final and binding on the Purchaser. The supplier undertakes to maintain proper laboratory records of test(s) carried out and issue test certificate to the Purchaser.

9. RIGHT OF REJECTION:

The purchaser shall have the right to reject the Blast Furnace Granulated Slag at the Supplier's premises if it does not conform to the specification as indicated in para 7 above provided that such right of rejection is exercised before the slag is loaded into the wagons/trucks at the works of the Supplier and after discussions with Supplier.

Purchaser's representative have the option to reject the material if found contaminated with other materials, having excessive lumps at supplier's premises before loading in to wagons/Trucks.

No right of rejection whatsoever shall be entertained after the commencement of loading. No dispute about quantity etc., will be allowed/entertained after the material is loaded.

10. DESPATCHES:

Despatches shall be made by road/rail. If despatches to be made by rail (for BFG Slag from SSY) supplier will make RRs on freight paid basis. The supplier shall provide for the necessary weighing arrangements at the Supplier's premises. The Purchaser shall follow, comply with and abide by the delivery/dispatch procedure in force at the Supplier's premises from time to time. The weight determined at the weighbridge inside the supplier's works shall be treated as firm and final and binding for all purposes and no dispute regarding the same will be entertained once the material leaves the Supplier's

premises. The SUPPLIER shall take utmost care to load the material up to the carrying capacity of the wagons/trucks. However, in case any wagon/truck is under loaded or over loaded due to unavoidable circumstances, the applicable charges, if any, shall be to the account of the PURCHASER. RRs are issued as per weight determined at Railway weighbridge. In case the customer cancels the railway indent, the cancellation charges shall be deducted /recovered and the balance amount only will be refunded to the customer. This clause shall be read in conjunction with clause no: 4 (2) (C).

- 10..A) The purchaser shall comply with all Safety and Security Regulations while lifting the material from the premises of the SUPPLIER as applicable from time to time. Supplier will have no liability towards any claim regarding injury to the employees of/workers engaged by the PURCHASER or any damage to any of their machines/equipments etc. PURCHASER shall keep SUPPLIER indemnified against any such claim/claims.
- 10.B) The slag trucks will be covered with tarpaulin suitably to avoid spillage of slag on the roads (inside and outside the plant) during the transportation. Cost incurred by the SUPPLIER due to non-compliance of the above provision shall be recovered from the PURCHASER.
- 10.C) A penalty of Rs 1000/- per event will be levied on receipt of any communication from Safety Engineering Dept of RINL, regarding violation of safety rules etc.,
- 10.D) The customer shall make all efforts to lift the material uniformly throughout the month.
- 10.E) The purchaser's address shall preferably be their Corporate Address and various Plants to where material is actually despatched to , shall be mentioned under Consignee.

11. FINANCIAL ARRANGEMENTS AND PAYMENTS:

The purchaser will pay in advance 100% SO value of the material including duties and taxes etc. In case the material is to be dispatched by Rail, freight amount also has to be paid in advance in addition to the above.

12. PERIOD OF CONTRACT:

The contract period will be from 01/04/20YY to 31/03/20YY.

- 12A) FORECLOSURE OF THE MOU: In case the damages amount due from the purchaser equals or exceeds the value of Security Deposit submitted by the purchaser at any point of time during the Period of MOU, the MOU is deemed to be closed. The MOU can be reinstated at the discretion of RINL upon request of the customer subject to the customer paying the damages due and also submitting the Security Deposit required as per MOU. New MOUs can be entered subject to the purchaser clearing damages/recoveries, if any, due from earlier contracts.
- 12B) In case the SUPPLIER wishes to foreclose the contract in the interest of the company at any point of time, during the contract period a notice of one month shall be given by the SUPPLIER to the PURCHASER. In that case, the amount available and Security Deposit amount available, after adjusting the

damages and all other dues, if any, shall be returned to the PURCHASER and the contract shall be foreclosed. During the notice period of one month the PURCHASER shall perform all their obligations.

13. JURISDICTION:

It is hereby agreed between the parties that the courts at Visakhapatnam shall have exclusive jurisdiction in respect of all disputes arising under or out of this agreement.

14. FORCE MAJEURE

Notwithstanding anything contained in this agreement, the obligation of the Supplier to supply and deliver and the Purchaser to purchase and take delivery shall remain suspended and neither of them shall be entitled to claim compensation from the other for any loss or damage caused by such suspension, whether total or partial, if and to the extent that either the Supplier or the Purchaser is rendered unable to perform its obligations under this agreement by reasons of restraints by Govt., war, blockade, revolution, insurrection, strikes, acts of God, plague or other epidemics, destruction of material by flood, fire or other natural calamity interfering with the production, loading or discharge. Provided that the Operation of the contract shall be resumed as soon as any such condition or circumstances have been removed. Provided further that at all times this clause shall not be construed as releasing the supplier and/or the purchaser from any liability in respect of willful refusal to effect or receive supplies or willful default or neglect in doing so.

On the occurrence of Force majeure as above, the affected party shall give to the other, notice in writing of such occurrence with all details and supporting evidence thereof, within 15 days of such occurrence.

In case of force majeure conditions prevail for the period in excess of 6 months either party shall have option to cancel the contract without any liability to pay compensation to the other party on account of such cancellation.

15. ARBITRATION:

If at any time, any question, dispute or difference whatsoever arises between the Supplier and the Purchaser upon or in relation to or in connection with the contract, either party may forthwith notify the other in writing of the existence of such question, dispute or difference and the same shall be referred to the adjudication of sole arbitrator to be nominated by the Chairman-cum-Managing Director, RINL, Visakhapatnam Steel Plant. In case designation of the Chairman-cum-Managing Director is changed or his office is abolished, the officer who for the time being is entrusted with the functions of the Chairman-cum-Managing Director, RINL, Visakhapatnam Steel Plant by whatsoever designation such officer is called, shall nominate the sole arbitrator to adjudicate upon the disputes and there shall be no objection to any such nomination / appointment that the sole arbitrator is an officer / employee of the Visakhapatnam Steel Plant.

The decision of the sole Arbitrator shall be final and binding on both the parties to this Agreement. The arbitration proceedings shall be governed by the Arbitration and Conciliation Act 1996 and rules framed there under. The venue of Arbitration shall be Visakhapatnam.

The Arbitrator's fee, expenses and all other costs and other expenses relating to the holding of arbitration shall be borne by both the parties equally. However,

the fees and expenses of the Advocates and expenses relating to the presentation of witness shall be borne by the respective parties. Should the Arbitrator give a specific award in respect of costs then it would prevail.

16. LIQUIDATION:

If the Purchaser Commences to be wound up, not being a member's voluntary winding up for the purpose of amalgamation or reconstruction, or carries on its business under a receiver for the benefit of its creditors, the Supplier shall be at liberty to –

- i) Terminate the agreement forthwith upon coming to know of the happening of any such event as aforesaid by notice in writing to Purchaser or to the receiver or liquidator or to any person in whom the Agreement may become vested or,
- ii) Give such receiver, liquidator or other person the option of carrying out the performance under this Agreement subject to the receiver, liquidator or other person providing a guarantee up to an amount to be agreed upon by the supplier and such receiver, liquidator or other person for the due and faithful performance of the Purchaser's obligations under this Agreement.

17. ASSIGNMENTS:

The Purchaser/Supplier shall not assign their rights and obligations under the terms of this agreement to any party other than its legal successor without the written consent of the other party.

18. ENTIRE AGREEMENT:

The terms and conditions herein contained shall constitute the entire Agreement and understanding between the parties hereto and shall supersede all other communications which were made prior to signing of this Agreement, whether written or oral, between the parties hereto with respect to the subject matter hereof.

19. AMENDMENT OF AGREEMENT:

Any amendment to this agreement shall be made in writing by both parties hereto and specifically stated to be an amendment to this agreement.

20. WAIVER:

- 20.1 Non-enforcement by either party of any of the provisions of this Agreement shall not operate or constitute as a waiver of the provision itself or any subsequent breach thereof.
- 20.2 The validity of the Agreement shall not be affected should one or more of its stipulations be or become legally invalid. In such a case, the parties shall negotiate in good faith to replace the invalid clause by a stipulation which is in accordance with the applicable law and which shall be as close as possible to the parties intent.
- 20.3 Should the fulfillment of this contract be rendered impossible by any Executive or Legislation Act done by or on behalf of the government, this contract or any unfulfilled part thereof shall be cancelled without any financial liabilities whatever, to either party.

