

ATTACHMENT – 2A

TERMS & CONDITONS OF FOREIGN INVISIBLE
L/C

**TERMS AND CONDITIONS OF THE FOREIGN
INVISIBLE L/C**

1. Foreign Services Payments Milestones

The payment of foreign services currency component of the contract price shall be made through the L/C subject to deduction of applicable taxes and duly authorized applicant representatives on the following payment milestones:

1. Ten Percent (10%) of the LC amount shall be paid by OGDCL to Contractor as advance. The Advance shall be paid to the Contractor on submission of Advance Payment Guarantee of equivalent amount. Bank guarantee to be only issued by any of the bank listed in (Appendix-K).
2. Five Percent (5%) of the LC amount shall be paid by OGDCL to Contractor after Vetting and endorsement of Basic Design & FEED for Compressor Packages, their suction & discharge headers, associated utilities, piping and associated tie in points for all required services & facilities.
3. Ten Percent (10%) of the LC amount shall be paid by OGDCL to Contractor after performing design review meetings & conduction of HAZOP studies and incorporation of comments in design documents.
4. Fifteen Percent (15%) of the LC amount shall be paid by OGDCL to Contractor after completion of Detailed Design Engineering (Includes submission of deliverables as per Section-III EPCC Scope of Work, clause 14.0).
5. Fifteen Percent (15%) of the LC amount shall be paid by OGDCL to Contractor after performing Shop Witness Test / Third Party Inspection, as per provision of the Contract.
6. Twenty Percent (20%) of the LC amount shall be paid by OGDCL to Contractor after installation/ Erection of Turbo Compressor Packages under Supervision of OEM expats.
7. Ten Percent (10%) of the foreign currency services component of the Contract Price shall be paid after successful completion of performance test on submission of

Provisional Acceptance Certificate.

8. Final payment of Fifteen Percent (15%) of the foreign currency services component of the Contract Price shall be paid, 30 days after successful completion of Reliability Guarantee Test (RGT) on submission of Taking-Over Certificate.

In order to be entitled to payment for any particular milestone all previous milestones must have been achieved.

2. Deduction of Withholding Tax

All payments shall be subject to deduction of withholding tax & sales tax as applicable. If the Contractor is entitled for any exemption from the withholding tax or a reduced rate of withholding tax, he shall obtain a certificate from the relevant tax authority in Pakistan and submit it to OGDCL.

3. Liquidated Damages

- a) If the Contractor fails to complete the UCH Compression Project within the time period of Eighteen (18) months, then Company shall, without prejudice to other remedies under the contract, deduct from the contract price / Bank Guarantee as liquidated damages, a sum not more than 0.5% of the contract price per week or part thereof for first four weeks, 1.00% per week for next four weeks and 1.5% per week exceeding four weeks up to maximum extent of 10 % of the contract value.
- b) In case the Company is satisfied that the delayed / defective shipment/ works was due to some mistake or circumstances beyond the control of the contractor and the contractor has not intentionally or negligently contributed in the delay, the Company may impose Liquidated Damages for not more than a sum equivalent to 0.5% of the delayed or defective shipment/ services per week or part thereof for first two weeks, 1.00 % per week for next three weeks and 1.5% per week exceeding five weeks but not exceeding 10% of the contract value of the delayed/ defective shipment/ services provided that the contractor takes immediate remedial measures for the-replacement of defective shipment and takes prompt steps to mitigate the delay. The Company may however, impose Liquidated Damages as per (a) above if the delayed or defective shipment/ services has affected the project completion schedule or has resulted in production losses.
- c) Even after imposition of LDs, if the Contractor fails to materialize the delivery (material and or services); the Company reserves the right to cancel Purchase order/Contract/LC and to forfeit the Guarantee (if applicable) after intimating the supplier for such cancellation / forfeiture.

4. CHARGES FOR L/C ESTABLISHMENT

All Charges of the bank for credit opening will be borne by the OGDCL.

All charges of corresponding bank such as negotiation of documents, adding confirmation to credit etc. will be to the account of beneficiary.

All charges for amendments/extension in L/C will be to the account of beneficiary.