

Chartering Procedure

Introduction

Consequent upon Government of India allowing HPCL to directly charter ships for its own oil import, our ship chartering procedure is given below. The procedure has been developed in accordance with the relevant guidelines prescribed by Ministry of Shipping and Ministry of Petroleum & Natural Gas.

For any additional information you may contact.

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Chartering Procedure

1. ENQUIRY (MARKET ENTRY)

- a) Enquiry shall be sent simultaneously to all the empanelled brokers and Indian Ship-owners through e-mail/fax. Copies of the enquiry shall also be sent to DG (Shipping) and Indian National Ship Owners' Association (INSA) through e-mail / fax for obtaining mandatory 'No Objection Certificate (NOC) / Licences'.
- b) Ship-owners / brokers will be advised to keep offers valid till a specified time/date indicated in the enquiry.

2. RECEIPT OF OFFERS

- (a) Receipt of offers shall be through either of the following modes :
 - i. Dedicated e-mail box with password protection. Separate mail boxes shall be provided for receipt of offers against each enquiry.

ii. A dedicated fax in a locked room would also be available as an alternative mode.

(b) At the expiry of the designated time for receipt of offers specified in the enquiry or at the expiry of the extended time as provided in sub-clause (e) of this clause, as the case may be, the e-mail box / fax room shall be opened and the offers will be printed / collated.

(c) Unsolicited / mid-way offers will not be considered.

(d) Bidders will be required to submit hard copy of the offer and other related communication for records.

(e) The time for submission of offers may be suitably extended, if required.

3. EVALUATION OF OFFERS

(A) Technical Evaluation

For all the valid offers, technical evaluation shall be carried out to assess the workability of the vessels.

(B) Commercial Evaluation

After establishing the workability of the vessels, commercial evaluation shall be made on the basis of 'Freight' quoted and offers will be ranked. Demurrage rate and other terms & conditions will also be negotiated.

4. NEGOTIATIONS / COUNTERS

The process of negotiation / counters will be as under :-

(I) No Indian Ship-Owner has quoted

i) Negotiations will be held with all the technically acceptable bidders indicating their respective ranking. Whereas a 'firm' counter will be given to L1 bidder, the counter to other bidders will be 'open' (i.e., Open1, Open2, etc.). During negotiations, the original rankings of the bidders can change depending upon their response to the counter(s).

ii) In case, agreement is not reached, HPC would explore other alternative.

(II) Indian Ship-Owner(s) has/have also quoted

In case, offer(s) is/are received from Indian ship-owner(s) (vessels belonging to Indian Ship Owners flying the Indian Flag) , the Indian ship-owner(s) will have the 'first right of refusal'.

A) Indian ship-owner is L1

In case, counter is to be given, the same shall be offered 'firm' to the technically acceptable L1 Indian ship-owner (and 'open' to other technically acceptable Indian ship-owners, irrespective of their rankings, in case there are other Indian ship owners in addition to the L1 Indian ship owner) along with 'open' to all technically acceptable foreign ship owners. The respective rankings of all the bidders shall be disclosed. In case, negotiations are successful with the foreign ship-owner, Indian ship owner(s) will be asked to match the rate, failing which, the ship will be fixed with the foreign ship-owner.

B) Indian ship-owner is not L1

- 1) In case, the rate quoted by the foreign ship-owner is acceptable, technically acceptable Indian ship owners will be asked to match the rate. If more than one Indian ship-owners match the rate, the ship belonging to Indian ship-owner with the original lowest ranking among them, will be fixed on subjects.
- 2) (a) In case, counter is to be given, the same shall be offered 'firm' to the technically acceptable L1 Indian ship-owner (and 'open' to other technically acceptable Indian ship-owners, irrespective of their rankings) along with 'open' to all technically acceptable foreign ship owners. The respective rankings of all the bidders shall be disclosed.
(b) In the event, the Indian ship owner(s) is/are not L1 in the negotiations, they will be asked to match the lowest rate of the foreign ship-owner. In case, none of the Indian ship-owners match the rate of the lowest foreign ship-owner, 'fixture on subjects' will be concluded with the foreign ship-owner.

All counters shall be sent / received within specified time.

5. FIXTURES ON SUBJECTS

After concluding the negotiations, the ship fixture will be confirmed on 'subjects' with a time schedule to carry out the following activities :

- a) Charterer's Management approval
- b) Terminal / Supplier acceptance

- c) Arrange for license from DG (Shipping) in case of foreign ships.
- d) Obtain record note of negotiations and Fixture Note from the broker / owner for record

All parties will provide record notes of all telephonic conversations.

6. CHARTER PARTY

On receipt of Management approval and terminal/supplier approval, the 'subjects' will be lifted i.e., the vessel will be clean fixed. Fixture recap will be received from the broker/ship-owner. Following charter parties shall be used.

- a. Voyage Charter (Foreign & Coastal)

ASBATANKVOY with HPC specific rider clauses

- b. Time Charter (Foreign)

SHELLTIME 4 / 3 (for LPG) with HPC specific rider clauses

- c. Time Charter (Coastal)

Charter Party agreements developed by HPC and in use

PROCEDURE FOR OUT-CHARTERING OF VESSELS:

For out chartering of vessels, OMCs, Indian Shipping Companies and empanelled Brokers registered with HPC will be intimated on position, trading area, cargo grade, lay can, etc.

Negotiations:

Based on the offers received, HPCL will carry out negotiation with the best offer. On successful completion of the negotiations, the vessel shall be given on subjects to the charterer for their approval.