



General Terms of Delivery

1. General

Provided nothing else has been explicitly agreed, our "General Terms of Delivery" (in the following termed as GTD) detailed in the following apply for all quotations, contracts, deliveries and other services in business transactions with Hein Lehmann India Pvt Ltd. (in the following termed as HLI). Deviating conditions, in particular purchaser's purchase conditions shall not be accepted and these will only become a part of the contract when we explicitly accept these. Within the scope of a current business connection between any Company/Entrepreneurs/Individual and us, our GTD will also become a part of the contract even if we have not explicitly indicated their inclusion in the individual case.

2. Quotation and signing of contract

Our quotations are always subject to change without notice. We retain the ownership and copyright for all quotation documentation, it may not be made accessible to third parties. The contents presented in our catalogues, brochures, sales and other documentation, as well as in the Internet where not expressly designated as binding – are always subject to change without notice; they may not be copied or made accessible to third parties without our approval.

A purchase contract will come into existence by fax, e-mail or written order and our written acceptance of order, by way of a contractual document signed jointly by both parties or by immediate execution after receipt of order. In the latter case the delivery docket, i.e., the invoice will be deemed as acceptance of order.

The right to conduct technical changes on the goods, when this does not impair the technical function and interchangeability remains unaffected. Requests by the purchaser for a subsequent reduction or cancellation of the valid contract can only be taken into consideration on the basis of special agreements or order terms.

Once an order is executed and invoiced, no return under any circumstances shall be accepted. In case we have accepted cancellation/material return, we shall be entitled to charge a suitable percentage of the net invoice amount for processing costs, checking and new packing when goods are returned correctly with our agreement. All duties and taxes paid by us for the Invoice shall be non-returnable.

For a purchase contract which comprises several documents, the following priority shall apply in the case of contradiction of the individual documents:

- (1) our acceptance of the order with all supplements and changes
- (2) drawings in the sequence of detail drawing, general drawings, data/standard sheets
- (3) Specifications and finally this GTD.

Tools, models, templates, moulds etc remain our property even if the purchaser has accepted the costs in total or in part; as long as these items can be used for subsequent orders, they will not be charged again.

If, after signing of the contract, we become aware of facts in particular a payment delay with regard to earlier deliveries – which allow the conclusion in accordance with the due discretion of a businessman that the purchase price claim will be endangered by a lack of solvency on the part of the purchaser, we, after having set an appropriate period of grace, shall be entitled to make any still outstanding deliveries only against payment in advance, or to demand corresponding securities and to withdraw from the contract in the case of refusal. Invoices for already performed partial deliveries will be made out as due immediately. We are entitled to demand return of the goods and taxes and duties paid by us. This demand for the return of the goods does not constitute a withdrawal from the contract. We are however entitled, after an appropriate period, to withdraw from the contract or, with refusal to deliver, to demand compensation for damages due to non-performance. We shall continue performance immediately when the purchaser provides adequate guarantee for the fulfilment of this duties and obligations.

The minimum order value for small orders is INR 15000.

3. Order Confirmation

All orders placed on us directly will be binding on us only after we have issued an order confirmation.

4. Specifications etc.

The Specifications, dimensions, designs, descriptions, shades of paints etc. are not binding on us in minute detail and are subject to reasonable alterations without notice.

5. Prices

All prices are ex-works, Chennai and are exclusive of transit insurance, all taxes, excise and other duties and levies as applicable at the time of delivery, which shall be charged separately. Octroi, if any, shall be borne by the purchaser. The purchasers registered under the Sales Tax Act are advised to send sales tax registration number and date and also concessional sales tax form along with the purchase order. Otherwise the state / central tax concession will not be considered.

In case of exports, all taxes, charges and other fees incurred outside India will be at the expense of the purchaser.

Charges or the increase of already existing charges, which are introduced as a result of government measures and which concern the manufacture or delivery of the goods and increase their costs, can be added to the agreed purchase price in the full amount.

If a significant change to major cost factors, such as in particular the costs for wages, pre-material or freight, occurs during a delivery period of more than four months between the signing of the contract and the delivery date, the agreed price may be adjusted in an appropriate scope and corresponding with the influence of the major cost factors, unless otherwise agreed by HLI. We will produce the documents required to check the appropriateness.

If, in the case of foreign-country transactions, EPGC License has to be provided prior to delivery of goods to the Purchaser or else the Purchaser shall

have to pay the total taxes and duties prior to delivery and get a refund on production of EPGC License.

6. Mode of Delivery

All deliveries will be ex-works, Chennai. The delivery terms and schedules specified by us are to be regarded as approximate only, if a binding and explicit assurance has not been made. Moreover, they apply only under the prerequisite of an on-time clarification of all details of the contract and on-time fulfilment of all of purchaser's obligations. The delivery period is deemed to have been met when the goods have been completed, i.e., have been reported as finished.

The goods may be despatched in one or separate lots at our convenience.

If we are required to despatch the goods on behalf of the purchaser, we can arrange to do so by Purchaser authorised Road transport only to a destination named by the purchaser, on freight-to-pay basis, on the understanding that no liability is attached to us. The freight charges shall be negotiated under the purchaser's authority and shall therefore, be final. Insurance during transit shall be the obligation of the Purchaser only. Force majeure conditions mentioned here shall be applicable for all deliveries. We shall be protected from all Liquidated damages on delivery, if not explicitly accepted in the contract.

We are liable for on-time delivery only in as far as it is our own fault and that of our agents, not however for the fault of our pre-suppliers. We are however obliged, upon demand, to assign to the purchaser any claims we are entitled to against the pre-supplier.

In the case of an impossible or unreasonable delivery, we are entitled to withdraw from the contract. A liability for damages exists only under the prerequisites stated in clause 12. General limitations of liability.

In the case of an extension of the delivery period of more than four months the purchaser will be entitled to withdraw from the contract for the non-performed part of the contract, when it is unreasonable that he continues with the contract. The purchaser must set us an appropriate period of grace in writing, with the indication that he will refuse acceptance of the goods after the fruitless expiry of the period of grace. The right to withdraw however only covers the non-fulfilled portion of the contract, when the performed part service is of use to the purchaser. A liability for damages exists only under the prerequisites stated in clause 12. General limitations of liability. If the delivery is delayed for a reason which is the responsibility of the purchaser, we shall be entitled to store the goods at the costs and risk of the purchaser at our discretion and to undertake all measure for the maintenance of the goods at our discretion.

7. Despatch and transfer of rights

Dispatch route and form of dispatch are subject to purchaser's choice and his authorised transporter. The risk will pass over to the purchaser as soon as the goods have been loaded on the transporters vehicle, even if freight-free delivery has been agreed. If provisions of Incoterms have become a part of the contract, these shall apply with priority. Insignificant faults do not entitle the purchaser to refuse acceptance of the goods.

8. Packing and Loading

Packing wherever necessary will be done by us in accordance with our standard practice. Any special packaging necessary in our opinion will be charged at prime costs.

Upon request we will dispose of the packaging without reimbursement of costs and freight-free return delivery.

9. Inspection

If the contract prescribes an acceptance prior to the dispatch of the goods, we will inform about the date on time by e-mail, fax or courier. If the purchaser culpably misses the acceptance date, the goods will be deemed accepted.

If necessary, the goods will be offered for visual inspection only, at our works/our supplier's works, if not otherwise accepted by us at the time of ordering. The date of inspection will be intimated by us about 15 days in advance. If inspection is not carried out on the date so advised, we shall be free to despatch the consignment as per the terms of delivery.

Insignificant faults do not entitle the purchaser to refuse acceptance of the goods. All material and personal costs of the vendor will be borne by the vendor, all material and personal cost of the purchaser or his agents will be borne by the purchaser. The purchaser and vendor will agree on separate agreements at the time of signing the contract for acceptances at the site of inspection. A joint report is to be prepared on the last day of the acceptance, which must be signed by both the parties, i.e., purchaser and seller. These provisions also apply for the case of inspections.

10. Payments

Payments are due, if nothing other has been explicitly agreed, within 7 days from the invoice date, net, to our bank account. Where we have notified the readiness for dispatch of the goods and this is not prior to the contractually agreed dates, we are entitled to present our Invoices.

Invoices for assembly work are to be paid immediately with deduction of TDS, as applicable, where required we will provide our purchaser with an exemption certificate.

The purchaser waives raising of a lien on goods, both from current contract and earlier or other business, even if he rejects the delivery item. The retention of payments because of, or the set-off with counter-claims by the purchaser are only permissible when these counter-claims are undisputed. Claims will be due immediately, independent of the running period of any accepted and credited bills of exchange, when the payment conditions are not adhered to or facts become known, which allow the conclusion that our purchase price claims will be endangered by a lack of solvency on the part of the purchaser. The legal regulations will apply with payment delay. Any agreed discounts will not be granted when the purchaser is in default of payment of earlier deliveries. If the purchaser is in default of payment, we are, after prior intimation, entitled to take



the goods back, where necessary enter the purchaser's premises and remove the goods. The retrieval does not constitute a withdrawal from the contract. We are however entitled to withdraw from the contract after an appropriate period of grace or, with refusal of delivery, to demand compensation due to non-performance. If the goods however, were delivered within the scope of an individual contract without current business relations, we agree to withdraw from the contract first; we can however in any case prohibit the removal of the delivered goods. In these cases we shall be entitled to make further deliveries dependent on advance payments, or the provision of corresponding securities. The purchaser can however avert these as well as other stated legal effects, by security provisions in the amount of the endangered payment claims.

A payment refusal or retention is excluded when the purchaser was aware of a fault or any other reason for objection upon signing of the contract. This also applies when the fault remained unknown to him due to gross negligence, except when we maliciously kept silent about the fault or other reason for objection, or have accepted a guarantee for the properties of the item. Moreover, the payment may only be retained in an appropriate scope in the case of faults or other reasons for objection. In the case of a dispute, arbitration shall be held in Chennai by arbitrator to be appointed by us. In the case of default of payment, we shall be entitled to bill interest in the amount of 8% above the base interest rate published by the Reserve bank of India. Higher default interest may also be claimed against corresponding proof.

This also applies when our individual, or all, claims have been taken up into one invoice and the balance has been struck and accepted; the retained title applies as security for the balance claim.

Our property is to be marked as such and stored separately from the purchaser's material and it is to be adequately insured against loss and damages. Upon request, he must provide proof of this by presenting the insurance policy. For the case of damage the purchaser hereby transfers to us the claim against the insurance company in the amount of the invoice value of the goods delivered by us.

As long as a claim secured by retention of title exists we are entitled to demand information from the purchaser at any time as to which goods delivered under retention of title are still in his possession, where these are located and to inspect these. If we claim hand-over, the purchaser here and now will allow us to take over the goods without resorting to the courts; where necessary, this includes the right to access the factory and other localities of the purchaser. If the goods under reservation are manufactured into a new, moveable item, the processing will be done in our name, without this obliging us; the new item will become our property. When processing, in combination with goods, which are not our property, we will acquire co-ownership of the new item in the ratio of the value of the retention goods to the other goods at the time of the processing and the processing value.

The purchaser may sell our property only within the customary business transactions, he is entitled to further processing and other use of the goods under reservation only when the claims from the further use of the goods under reservation are transferred to us with all subsidiary rights.

The purchaser is not entitled to other dispositions of the goods under reservation, in particular not to pawn these or assign security.

If the goods under reservation are combined, mixed or united with goods which do not belong to us, we will become co-owner corresponding with the legal regulations. If the purchaser acquires sole ownership through combination, mixing or uniting, he will here and now transfer co-ownership to us in the ratio of the value of the goods under reservation to the other goods at the time of the combination, mixing or uniting. In these cases, the purchaser must store the items which are in our ownership or co-ownership and which also apply as goods under reservation in the intentions of the afore stated provisions, free of charge.

If goods under reservation are sold on their own or together with goods which are not our property, the purchaser will here and now, i.e. at the time of signing the contract, transfer to us the claims arising from the sale in the amount of the value of the goods under reservation with a security surcharge of 20% with all subsidiary rights and ranking ahead of the rest; we accept the assignment. The value of the goods under reservation is the amount of our invoice. If we are co-owners of the sold goods under reservation, the assignment of the claim also covers the amount which corresponds with our pro rata value in the co-ownership.

With the provision of recall, the purchaser is authorised to call in the claim transferred to us. We will not make use of our own right to call in as long as the purchaser meets his payment obligations. Upon request he must however nominate the debtors of the transferred claims to us, and to indicate to these the transfer; in parallel, we are also empowered to indicate the transfer to the debtors ourselves. The purchaser will be allowed to assign by means of real factoring only with the prerequisite, that this is notified to us with nomination of the factoring bank and the purchaser's accounts held there and that the factoring profit exceeds the value of our secured claims. Our claim will be due immediately upon the credit of the factoring profit. The purchaser must immediately inform us of any third-party foreclosure measures or other infringements of the goods under reservation, rights or the transferred claims, and hand over the relevant documentation; the costs of interventions will be at the expense of the purchaser.

With the discontinuance of payments and/or the filing of insolvency proceedings the right to sell, to use or install the goods under reservation or the authority to call in the assigned claims will expire; the authority to call in will also expire with a cheque or bill of exchange protest. This does not apply to the rights of the insolvency administrator.

If the value of the granted securities exceeds the claims (where applicable, reduced by down payments or part payments) by more than 20%, we are obliged to conduct a re-transfer or release at our choice. With the payment of all our claims from the business relations, the title in the goods under reservation and the transferred claims pass over to the purchaser.

11. Retention of the title

We retain the right of ownership of the deliveries and services until the full payment of the purchase price. With goods, which the purchaser orders within the scope of current business relations, we retain ownership until all of our claims against the purchaser from the business relations including from contracts signed simultaneously or at a later date, including the future claims have been settled.

Where the validity of the retention of title is tied to special prerequisites outside India, or there is no such immediately effective right for us, the purchaser must ensure that we are guaranteed such a retention, or alternative security. The purchaser must provide all co-operation activities which are necessary to secure the retention of title.

12. General limitations of liability

Our liability under any situation shall not be higher than 100% of the value of goods for indemnity and expenditure claims of the purchaser on the grounds of violation of contractual or extra-contractual obligations.

For grossly negligent behaviour, the liability will be limited to the replacement of the damages to our supplies foreseeable at the time of the signing of the contract.

No consequential damages under any circumstances shall be accepted by us.

13. Warehousing Clause

If payment is not made within 15 days of proforma invoice, we reserve the right to divert the ordered material. We will give a fresh delivery period and price at the time of diversion which will be binding on the purchaser and the contract cannot be rendered void on this account. If the goods cannot be diverted, charge will be applicable for storage, insurance and interest at the rate of 0.5% of the invoice value for each week or part thereof commencing 15 days from the date of proforma invoice. Warehousing charge is subject to a maximum of 5%.

14. Advances

Advances paid against an order shall not be subject to any interest. We shall have the right to adjust against such advance payments which might become due because of delay in lifting the ordered equipment or because of any incidental expenses we may incur on the purchaser's behalf. The advances shall be forfeited in case request for cancellation of order is accepted by us.

15. General Lien

We shall be entitled to general lien on goods in our possession or despatched for all money due to us from the purchaser, both under this contract or any other account, and we shall also be entitled to apply any money in our hands under any contract due to us under any other contract or contracts.

16. Force Majeure

The offer is subject to force majeure by which it means causes such as war, invasion, civil disobedience, government orders or restrictions, strikes, lock outs, riots, fires, epidemics, sabotages, trade embargoes, earthquakes, floods, accidents, breakdown of machinery, delay or inability to obtain labour, raw materials, wagons, shipping space or any other causes whatsoever beyond our reasonable control, affecting us or our sub-contractors, suppliers, etc.

17. Warranty

The warranty obligations start with the acceptance of notification for dispatch readiness for supplies. If such a notification is not made, with the day of dispatch is the start of warranty. Warranty will not be accepted for damages which are caused by the following or comparable reasons: unaccepted duty conditions, incorrect use or handling, overloading, faulty assembly and/or faulty connection set-to-work by the purchaser or third parties, changes, supplements or repair work conducted without our prior approval, non-compliance with operating or maintenance instructions, exchanging of parts or use of non-specified consumables, wear-and-tear, corrosion, mechanical damages, faulty or careless treatment, unsuitable operating means and exchange materials, faulty construction work, unsuitable building ground, chemical, electro-chemical or electrical influences, as far as these are not our responsibility. Warranty will also not be accepted for process technology, except when other agreements have been made in the purchase contract.

The purchaser must inspect the goods immediately for quantity and condition. Obvious defects must be indicated to us in writing within seven days after receipt of the goods, i.e., service, hidden defects at the latest seven days after they are detected.

Transport damages must be notified to the carrier immediately and marked on the delivery docket. If the purchaser detects faulty goods, he may not make use of these, i.e. they may not be divided, sold or further processed without our approval until an agreement has been reached about reason for the damage. If the damage is caused during transit, transit insurance shall be claimed by the purchaser and the new item ordered on us subsequently. We shall not be liable for any transit damage.

The purchaser is obliged to make the goods objected to available to us upon demand so that we can check the complaint of defect and not transit damage. The warranty will not be applicable in the case of culpable refusal. With justified claims, we are empowered, under consideration of the type of the fault and the entitled interests of the purchaser, to determine the kind of subsequent fulfilment (up to three replacement deliveries or rectification work). The purchaser must grant us an appropriate time and opportunity to conduct the repair and improvement work deemed necessary at our discretion, otherwise we shall be released from the warranty. The direct costs incurred through the repair/rework or replacement delivery, including the dispatch to the original delivery address will be at our expense, the other costs will be at the expense of the purchaser. However, the taxes and duties paid shall be at the account of purchaser. The latter applies in particular to the costs which are incurred because the item of delivery was moved to another location.

Only in urgent cases such as endangerment of the operating safety, toward off unreasonably serious damages, we must be informed immediately. The purchaser must undertake all measures, which contribute to minimizing the damages.

Rejections of fault claims, against which the purchaser does not object to within a month after rejection, shall be deemed as accepted.

The warranty period is 12 months with daily eight-hour operation and five working days per week.



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The period of limitation for the rectification work or the new delivered item is six months from termination of the rectification work or delivery of the newly delivered item. The period of limitation will end at the earliest however with the expiry of the period of limitation of the originally delivered item.

Bought out components are guaranteed by us only to the extent of Guarantees given to us by our suppliers. Electrical components such as heaters, motors, contactors etc. Rubber components and instruments. Are however, not covered under this warranty.

18. Commissioning

Commissioning services offered at the rate and terms mentioned in the quotation covers reasonable number of visits/ meetings to :

- a. Discuss installation details in terms of physical and technical requirements
- b. Make the user conversant with statutory requirements, if any.
- c. Discuss details of requirements in respect of power supply, feeding system, etc.
- d. Ensure that the installation has finally been made as recommended
- e. Commission the unit for a short run from the point of view of mechanical working and to set various controls as necessary.
- f. Conduct demonstration for the purpose of user's education for equipment operation.

19. Handing Over

Unless otherwise specified in the order and accepted, handing over of the equipment and/or installation would be considered as a fulfillment of the contract and a formal completion certificate shall be issued by the purchaser/ user if:

- a. The material has been supplied as per the terms of scope of supply or with agreed deviations, if any
- b. The equipment has been commissioned, if applicable, generally as agreed or the equipment and/or installation has been put to commercial use either with or without the help of our engineer.
- c. The purchaser/ user is expected to put the equipment to commercial use only after issuing a formal completion certificate. Our responsibility in terms of warranty shall cease straightaway if the equipment is put to use without formal taking over.

20. Cancellation

Order received and acknowledged by us shall not be subject to cancellation, either wholly or partly for any reason whatsoever without our consent.

21. Jurisdiction

Place of performance for the delivery is the place of dispatch, for payments (including cheque and bill of exchange suits), as well as all disputes which may arise between the parties, as long as the purchaser is a businessman, legal person of public law or separate estate of public law, is the registered office of our company. All contracts between purchasers and ourselves are deemed to be entered into at Chennai, and are, therefore, subject to the jurisdiction of courts at Chennai.

We are however entitled to see the purchaser at his registered offices.

The personal data gained within the scope of the business relations will be used and processed by us exclusively in accordance with the provisions of the Indian laws and as per INCOTERMS.

Any form of changes, supplements and verbal subsidiary agreements or any assurance going beyond the written purchase contract confirmed by us, the purchaser or other third parties will always require written confirmation, this also applies in particular for the cancellation of this written form provision. Should individual provision of these conditions or the contract be or become invalid, the validity of this GTD or the contract shall not be affected. An invalid provision shall be replaced by the parties by a provision which comes as close as possible to the economic success of the invalid one.

For Hein Lehmann India Pvt. Ltd.

www.heinlehmann.in

HEIN LEHMANN INDIA PVT. LTD

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