
KARL MAYER TEXTILE MACHINERY INDIA PRIVATE LIMITED

TERMS AND CONDITIONS OF PURCHASE

Dated April [01], 2023

1. Scope of application

- (1) The following terms and conditions of purchase ("**Conditions**") are solely valid for all our contracts concluded with suppliers and service providers ("**Seller**") provided no other written agreements have been made in this respect. "**Buyer**" or "**We**" within the meaning of these Conditions is KARL MAYER Textile Machinery India Pvt. Ltd. and its affiliated companies.
- (2) Contradictory and complementary general business conditions of the opposing contract party are not allowed, unless we had previously given our express and written consent in this respect. The fact that we do not comment on any sales and/or delivery conditions differing from our purchase conditions does not mean that we accept them.
- (3) These Conditions apply in particular to contracts for the purchase and/or delivery of movable goods, digital products and/or goods with digital elements ("**Goods**"), irrespective of whether the Seller manufactures the Goods itself or purchases them from suppliers. Unless otherwise agreed, the Conditions in the version valid at the time of the Buyer's order shall also apply as a framework agreement for similar future contracts without us having to refer to them again in each individual case. These Conditions apply exclusively.
- (4) Legally relevant declarations and notifications by the Seller with regard to the contract (e.g. setting of deadlines, reminders, withdrawal) must be made in writing, i.e. in written or text form (e.g. letter, e-mail, fax). Legal formal requirements and further proof, in particular in case of doubts about the legitimacy of the person making the declaration, shall remain unaffected. The correspondence – of whatever kind – shall be conducted separately for each order, stating our order number each time.

2. Application area

Our products are used worldwide, especially also in Asia. The suitability of all the delivery items for being used in the Asian region is of utmost importance for every conclusion of contract in conformity with these terms and conditions.

3. Conclusion and performance of contract

- (1) Orders and their subsequent changes and amendments (additions) require the written form. The correspondence, regardless of its form, must be conducted separately for every order, always indicating our order number.
- (2) Our orders and call-offs constitute confirmations of our prior contractual negotiations with the Seller.
- (3) Unless otherwise agreed upon, the Seller must send us an order confirmation with the binding prices and delivery times, immediately after receipt of our order, however, not later than within 10 days. If the Seller does not reject our order or our delivery call-off in writing within 10 days, our order or our delivery call-off shall be deemed accepted.
- (4) Delivery deadlines and delivery times are binding. Delivery deadlines expire from the date of issuing the order and can only be modified with our written consent.
- (5) The Seller must inform us immediately about any possible delays in the delivery, i.e. promptly on becoming aware of them, prior to the expiration of the delivery time, by indicating the reasons as well as the expected duration of the delay. Neither the notification of the delay nor the silence to such a notification means the acceptance of the new delivery time.
- (6) The Seller's non-observance of the agreed deadlines and delivery times gives us the right to make full use of the lawful rights and claims, including the right to cancel the contract or to claim damages instead of accepting the services after an adequate period of grace has lapsed without success.
- (7) The Seller must bear all the costs and disadvantages (losses/damages) arising from delays in the delivery, in conformity with the legal provisions, without the necessity of a reminder for the occurrence of delay/default.
- (8) Partial shipments as well as advance or excess deliveries are only possible if the parties have previously concluded an agreement in this respect.
- (9) The Seller may only plead force majeure if it is not responsible for the event in question and had also taken appropriate precautions (selection and establishment of several suitable

upstream supplier, alternative production resources, etc.) which do not take effect for unforeseeable reasons. Only objective impossibility can be considered as impossibility. The Seller cannot object to disproportionate costs, unless force majeure exists in the aforementioned sense. In the event that we are temporarily or generally prevented from accepting or taking delivery of the supplies and services and this is due to force majeure or impossibility (which may also be due to disproportionate costs on our part), we may invoke impossibility and withdraw from the contract. We shall then not provide any compensation.

- (10) If the Seller fails to perform within the agreed delivery period (unless the Seller is not responsible for the failure to perform) or is otherwise in default, the Seller shall be obliged, (a) compensate us for any damage caused by delay. This applies in particular to consequential damages, such as loss of profit, downtime costs, retooling costs, additional costs from covering purchases as well as increased costs for an accelerated shipping method that become necessary due to missed deadlines caused by the delay; (b) pay a contractual penalty to be determined by us at our reasonable discretion, the appropriateness of which shall be reviewed by the competent court in the event of a dispute. In the event that damages are claimed due to the breach of confidentiality, the contractual penalty shall be offset against the claim for damages.
- (11) If Buyer fails to take delivery of the Goods or fails to give the Seller adequate delivery instructions at the time stated for delivery (otherwise than by reason of any cause beyond the Buyer's reasonable control or by reason of the Seller's fault) then, in such events, the Seller shall store the Goods until actual delivery. The Seller shall up to 30 days from the agreed delivery date, store the Goods without any additional charge to the Buyer. After the expiry of 30 days of period, the Seller shall charge the Buyer for the reasonable costs of storage as may be mutually agreed between the Buyer and the Seller.

4. Prices; terms of payment; assignment; right of set off and retention

- (1) All the prices given in the order are fixed prices, which are not to be changed, even if the delivery conditions provide such modifications.
- (2) We do not owe any interest on arrears. The statutory provisions shall apply to default in payment.
- (3) The Seller shall have no right of set-off or retention unless the counterclaim has been legally and conclusively established or is undisputed.
- (4) Without our prior written consent, the Seller is not entitled to assign its claims against us or to have them collected by third parties.

5. Invoicing

The invoice must comply with the requirements of GST. Immediately after dispatch of the goods, the Seller must send us his invoice in one copy, by specifying the exact order details for every item. Provided the contracting parties have agreed in a separate procedure upon an electronic mailing of the invoice, it is possible to send the invoice to the Karl Mayer Textile Machinery India Pvt. Ltd.

6. Dispatch and risk assumption

- (1) All the consignments must be accompanied by a detailed packing slip or delivery note, by specifying our order number and position number as well as the respective Material number and Material description (designation).

- (2) The non-observance of the provisions stipulated in Clause 6.1 entitles us to reject the acceptance of the goods, at Seller's own risk and expense.
- (3) Provided no other arrangements have been made in the order, it is imperative to send all the deliveries free of any charges – at Seller's risk and expense – to the delivery address mentioned overleaf. Even if dispatch had been agreed upon, the risk is only transferred to us once the goods have been handed over to us at the agreed place of destination and all the Seller's obligations have been fulfilled.
- (4) Delivery notes, waybills, invoices and all correspondence must contain our order and item number as well as material number and designation and, if applicable, object designation. Data sheets, operating instructions, test certificates, approvals and other documentation must always be enclosed with the invoice or delivery note in the agreed formats and languages. The Seller shall also –provide us with all documents required for export, import and transit or transport. Failure to comply with the requirements set out in this clause 6.4 shall entitle us to refuse to accept the goods at the Seller's expense and risk.

7. Packing

- (1) The Seller is obliged to ensure a proper packing of the delivery items in such a way that transport damage is avoided.
- (2) If a consignment contains different delivery items, this fact should be especially pointed out. The various delivery items must be packed separately and marked in such a way that they can be clearly distinguished from one another.
- (3) The consignments must be packed separately according to the respective storage type and storage section, and they must be marked accordingly.
- (4) The Seller shall take back the packaging at his own expense. Our specifications on the type of packaging and labelling of the contents must be complied with.

8. Spare parts

If the Seller intends to cease (stop) the production of spare parts intended for products to be supplied to us, the Seller is obliged to immediately inform us in writing about his decision to stop the production. This written notification must take place at least 12 months before stopping production. In this way, we get the possibility to order enough relevant spare parts intended for the products to be supplied to us (last-order-option).

9. Modification of execution

Before starting the manufacture of the parts intended for our orders, the Seller must inform us about any changes in the type or structure of the processed material or in the design execution, compared to similar previous deliveries and services. Such modifications require our prior consent. After receipt of the goods, we are not obliged to check the similarity of the products and services received from the Seller.

10. Obligation to inform and/or to obtain information, quality and scope of delivery

- (1) The Seller must make sure that he gets the required information about our usage and operating conditions. Moreover, the Seller must check the details given by us, the drawings, specifications and specification sheets released by us, and the check of factual errors (technical mistakes) must be done on the Seller's own responsibility.
- (2) Should the Seller realize any incompatibility of his deliveries with our usage and operating conditions or should he find a

factual error as per Clause 10.1, the Seller must inform us immediately about this situation.

- (3) The delivery scope also includes working instructions (user manuals) and spare parts catalogues.

11. Document submission requirement

The Seller shall grant us, or a person commissioned by us and bound to secrecy vis-à-vis third parties, access to the relevant books or other documents / files during normal business hours for the purpose of enabling us to monitor compliance with the agreed just-in-time production. We will not exercise these inspection rights more frequently than annually, unless the behaviour of the Seller gives cause for a more frequent inspection.

12. Compliance and observance of current technical standards

- (1) The Seller undertakes to provide the goods and services ordered by us in conformity with the current technical standards and by observing the respective legal provisions. As soon as the delivery item is no longer in conformity with the latest state-of-the-art of science and technology, the Seller must suggest a corresponding modification (adjustment). The Seller must comply with the relevant regulatory and statutory provisions in the version applicable at the time of delivery. In particular, he shall present the goods in such a way that it is possible for us to manufacture marketable products from the goods in accordance with the regulatory provisions. We shall inform the Seller about the intended use of the goods.
- (2) The Seller especially undertakes to observe:
 - a) the legal provisions of environmental and work protection,
 - b) the applicable regulations of the product safety laws, the provisions of all ISO and EN standards, of all standards required for CE certification as well as for the respective CE labeling of his delivery items,
 - c) the regulations concerning dangerous working materials, the law for the protection against dangerous goods (law on chemical substances) and other pertinent safety and accident prevention regulations – the Seller must observe these regulations by all means.
- (3) Regarding our order as well as the initial approaches for business and the resulting business relations, the Seller guarantees that he neither offered our staff members any personal favor's in the past nor will do so in the future.
- (4) The Seller undertakes not to engage any companies as sub-suppliers who use child labor for manufacturing the products supplied to us or who tolerate forced labor. Further, the Seller represents that it is aware of German Supply Chain Due Diligence Act (LkSG) and agrees to fully abide by the provisions of the Act. The Seller will be solely and fully responsible for any non-compliances under the Act and the Seller shall keep the Buyer fully protected and indemnified in this regard.

13. Industrial property rights; Confidential information; Processing / mixing / combining; Means of production; gratuitous custody; retention of title

- (1) Drawings, drafts, samples, manufacturing specifications, etc., which we have provided to the Seller for the purpose of submitting an offer or executing an order, shall remain our property and may not be used for other purposes, reproduced or made accessible to third parties. There shall be no claim to remuneration against us for offers, design work or other preparatory work by the Seller.

- (2) The Seller undertakes to treat all information in connection with the business relationship, in particular of a technical and economic nature, intentions, experience, knowledge, drafts and documents, including existing results, which become known to it during the business relationship (“**Confidential Information**”) as confidential vis-à-vis third parties – even beyond the duration of the business relationship – and not to make it accessible to third parties, to protect it from access by third parties and not to make it the subject of an application for its own property rights. Confidential information shall not, however, be information which was already known to the Seller prior to its disclosure under this contract, which was independently developed or otherwise lawfully obtained by the Seller or which is or becomes generally known without breach of this contract. If the Seller breaches this confidentiality obligation, it shall pay a contractual penalty to be determined by us at our reasonable discretion, unless the Seller is not responsible for the breach of duty. The appropriateness of the contractual penalty shall be reviewed by the competent court in the event of a dispute. In the event that damages are claimed due to the breach of confidentiality, the contractual penalty shall be offset against the claim for damages.
- (3) A processing, mixing or combination (further processing) of provided items by the Seller shall be carried out for us. The same shall apply in the event of further processing of the goods supplied by us, so that we shall be deemed to be the manufacturer and shall acquire ownership of the product at the latest upon further processing in accordance with the statutory provisions. The items provided shall be adequately insured against fire, theft and water damage as well as other forces of nature typical at the respective place of provision.
- (4) Items provided may only be used for our orders. In the event of depreciation, loss or rejects, the Seller shall provide compensation. The Seller shall store the new or re-modelled goods for us free of charge with the due care of a prudent businessman.
- (5) The transfer of ownership of the goods to us shall be unconditional and without regard to the payment of the price. If, however, in individual cases and in deviation from this clause, we accept an offer by the Seller to transfer title conditional on payment of the purchase price, the Seller's retention of title shall expire at the latest upon payment of the purchase price for the goods delivered. We shall remain authorised to resell the goods in the ordinary course of business even before payment of the purchase price, with advance assignment of the claim arising therefrom. This excludes all other forms of retention of title, in particular the extended retention of title, the passed-on retention of title and the retention of title extended to further processing.
- (6) Models, matrices, templates, samples, tools and other means of production which are paid for by us in full or in part shall become our property to the extent of the payment. The Seller shall keep and maintain for us, free of charge, production equipment to which we have acquired title and shall insure it adequately, at its own expense, against damage by fire, water and theft. At our request, models, matrices, templates, samples, tools and other means of production must be handed over to us free of charge at any time. Models, matrices, templates, samples, tools and other means of production, as well as confidential data, trade secrets and Confidential Information (in particular pursuant to clause 13.2) which we provide to the Seller or pay for in full, may only be used for deliveries to third parties with our prior written consent.

14. Ownership protection /property rights

- (1) We reserve the property right and any copyrighted rights of use for orders placed by us as well as for drawings, pictures, photos, illustrations, calculations, descriptions and other documents made available by us to the Seller. Without our prior explicit consent, the Seller is neither allowed to make these documents available to any third party nor use or copy, duplicate them by himself or by any third party. Upon our request, the Seller must return the complete documents to us, as soon as he doesn't need them any longer during the normal business transaction or if the negotiations don't lead to any contract conclusion. In this case, the Seller has to destroy any copies made of these documents; with the exception of those copies, documents, etc. which have to be kept safe due to the legal obligation to preserve records and retain data within the usual data backup provisions.
- (2) Production facilities, tools, devices and patterns which we make available to the Seller or which are manufactured for the purpose of the contract and for which we are separately charged by the Seller, remain our property or pass into our property. These items must be marked by the Seller as being our property and they may only be used for the purposes stipulated in the contract concluded with us.
- (3) The objects (items) mentioned under clause 14.2 must be carefully kept and maintained by the Seller as well as protected against damages of any kind. This also includes the obligation to insure these items in a suitable manner, to keep them in serviceable condition, especially to handle them in a most professional and proper way, to ensure their correct maintenance and care. This should be done at once and, if possible, in such a way that the mentioned items are always ready for use without any restrictions.
- (4) Before taking any measures according to clause 14.3 that generate costs, the Seller must consult us immediately. The costs for the measures requested under clause 14.3 and confirmed after the Seller has consulted us, will be shared by the two contracting parties – for lack of another agreement. Nevertheless, if these costs are caused by deficiencies of the items produced by the Seller or by their improper use or by the negligence of the Seller, of his employees or of other vicarious agents, these expenses are solely for the Seller's account.
- (5) The Seller is obliged to inform us immediately about any (not only slight) damages of the items mentioned under clause 14.2. This is also valid for such cases in which these items become partly or completely useless due to normal wear, for example, or in cases in which general repairs must be carried out. The contracting parties will come to a mutual agreement about the further procedure in this respect.
- (6) Upon our request, the Seller is obliged to hand over to us the items mentioned under clause 14.2, in proper condition, if the Seller does no longer need them for the performance of the contract concluded with us.

15. Warranty

- (1) In case of defects of the items delivered by the Seller we are entitled to all the legal claims valid in such cases.
- (2) Besides, we are also authorized:
 - a) to eliminate the complained defect by we and/or have this done by third parties, or
 - b) to procure replacement from third parties after having returned the defective article(s) to the Seller, or to request

the Seller to provide us replacement or reimbursement for (a) or (b) and/or to give us relevant advance money, if and when the Seller does not meet his obligation to subsequent performance – at our own discretion by eliminating the defect or by supplying a faultless item – within an appropriate period of time to be fixed by us. If the Seller's subsequent performance failed or is unacceptable for us (e.g. due to special urgency, endangerment of operational safety or imminent occurrence of excessive dangers) it is not necessary to fix any deadline in this respect. We will immediately inform the Seller about such circumstances, if possible, even before the self-remedy of defects.

- (3) The period of limitation for any warranty claims shall be 36 months.
- (4) Once the Seller has received our written notice of defects, the limitation period for warranty claims shall be suspended, until the Seller rejects our claims or declares the defect as eliminated or otherwise refuses to continue any negotiations about our claims.
- (5) In case of replacement or repair of defective parts, the limitation period of the warranty claims for replaced and repaired parts shall start again, unless it is agreed, in writing, between the parties that the Seller performed the replacement or repair of defects only as a gesture of good will or similar reasons.
- (6) For delivery items which must be assembled by the Seller at the place of destination, the limitation period of the warranty claims starts when the assembly has been finished.
- (7) In case of perishable goods, the Seller is obliged to clearly indicate the expiry date on the trading unit and on all the dispatch papers. If the expiry date of perishable goods occurs within 28 days or less after the agreed delivery date, it is no longer allowed to deliver the relevant goods to us. If the expiry date occurs within 29 days up to 2 months after the agreed delivery date, we must give our prior consent to such deliveries.
- (8) If the Seller is responsible for product damage (e.g. because the end product manufactured by us was defective due to a product defect of the Seller), the Seller shall indemnify us against claims of third parties to the extent that the cause lies within the Seller's sphere of control and organization and the Seller itself is liable in relation to third parties.

16. Notification of defects / quality complaint

We are entitled to file complaints about kind, quantity and quality of the supplied items within a reasonable period of time after the receipt of the relevant goods. Payment does not imply acceptance of the delivery as being in conformity with the contract, free of defects or faults. Within a reasonable period after their detection, we may complain about material faults or hidden defects and deficiencies which only appear during the processing or putting into operation of the delivered products.

17. Liability for third party's industrial property rights

The Seller is obliged to indemnify us against any third party's claims which might arise from the infringement of industrial property rights and the Seller is also obliged to reimburse us all the necessary expenses related to this claiming. This claim ceases to exist if the Seller can prove that he is neither responsible for the infringement of industrial property rights nor has he had knowledge of such infringement at the time of delivery, if it had exercised due commercial care.

18. Right to withdraw from the contract

For individual deliveries we have a right to withdraw from the contract in such cases in which:

- (i) the Seller fails to perform in due time;
- (ii) if the Seller breaches its duty of care in respect of items;
- (iii) opined by us as events of force majeure;
- (iv) industrial actions not attributable to us, e.g. strikes and lockouts;
- (v) inevitable operational disturbances not attributable to us, justify not only temporary impediments to performance at our company.

19. Termination of contract

We reserve the right to terminate the contract at any time by informing the Seller in writing about the respective reason, as soon as we can no longer use the ordered products in our business operations due to circumstances appearing after the conclusion of contract and not attributable to us. In this case, we will pay the Seller the already rendered advance performance.

20. Severability

If one or more of the above provisions should be or become invalid in whole or in part, this shall not affect the validity of the other provisions, which shall remain agreed. The ineffective provision shall rather be replaced by an effective one which corresponds as closely as possible to the intended economic purpose. The same shall apply if a loophole in need of supplementation arises during the performance of the contract.

21. Place of performance, place of jurisdiction and choice of law

- (1) Place of performance for payments and deliveries as well as exclusive place of jurisdiction is Ahmedabad.
- (2) Only the law of the Government of India shall apply, excluding the legislation of other countries. The United Nations Convention on Contracts for the International Sale of Goods shall not apply.

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