



FERROFAB

ENGINEERING EXCELLENCE

PURCHASE ORDER TERMS AND CONDITIONS

1. SCOPE

The following Terms and Conditions shall apply to all the goods purchased by and/or services performed by Ferrofab by the party to which this Purchase Order is addressed hereinafter referred to as supplier.

2. DEFINITION

- a) "Buyer" shall represent Ferrofab in the RFQ (Request for Quotation).
- b) "Seller" shall represent the person, firm, company, or any other entity or supplier to whom the purchase order is issued.
- c) "Delivery Date" means the date or dates specified in the Purchase Order by which the Supplier is required to deliver the Work.
- d) "Condition" states the Terms and Conditions set out herein which shall be binding on both parties (Buyer and Seller).
- e) "Intellectual Property Rights" shall mean without limitation all copyright, all other rights in relation to inventions, registered and unregistered trademarks (including service marks), registered and unregistered designs, circuit layouts and all other rights resulting from intellectual activity in the industrial, scientific, literary and artistic fields.
- f) "Order" signifies the Buyer's purchase order to which Terms and Conditions herein shall apply.
- g) "Work" signifies any goods, services and/or equipment or part thereof to be provided under the Order.
- h) "RFQ" stands for the Request for Quotation issued by the Buyer in respect of the Work.
- i) "Price" stands for all amounts payable to Seller in consideration of the Work performed or supplied thereby.

The headings herein are for convenience only and shall not affect the interpretation of these Conditions.

3. PACKING

Goods processed and supplied against this order must be properly packed and dispatched conforming to special instructions, if any, given for safe transport by road/rail/air/water to the specified destination.

4. WARRANTY

Supplier warrants that all the goods are in accordance with the PO and free from defects caused by faulty design, material and workmanship. The supplier shall be liable for all the costs necessary to remedy any such defects that may arise during the stipulated warranty period. The Supplier shall be bound to repair/replace free of cost any materials/goods/assets/services processed and supplied by him, which become defective due to faulty design, material or workmanship or any other reason. . In all such cases the to and fro freight and insurance charges will be to the Supplier's account

5. ACCEPTANCE

If Goods delivered by the Supplier fail to conform to the Order, Ferrofab shall have the right to reject such Goods. Following rejection of any Goods Ferrofab shall be entitled to either require replacement of the Goods by the Supplier or to purchase alternative goods elsewhere and, in such latter event, an advance payments made to the Supplier shall be repaid by the Supplier to Ferrofab. In either event, Ferrofab shall be entitled to claim for any additional expense reasonably incurred, without prejudice to any other right which Ferrofab may have against the Supplier. The making of any advance payments by Ferrofab to the Supplier shall not prejudice the right of Ferrofab to reject non conforming Goods.

6. TERMS OF PAYMENT

Payment of service/processing charges for goods delivered; provided they are not rejected by the Purchaser/consignee shall be made as per the terms stated in the order. Payment falls due after the stipulated/agreed credit period from the date of receipt of materials or from the date of receipt of bills, whichever is later. Supplier shall ensure that all necessary service manuals, data books, materials safety data sheets and/or any certifications are complete and are delivered either with the Goods or at a time no later than the date of invoice. If Ferrofab has not received such items, Ferrofab shall be entitled to withhold payment of the invoice until such items are delivered to the place of delivery as specified in the relevant Order. No interest shall be payable for late payment of invoices.

7. DELIVERY

The date of delivery or commencement of Work shall be as per the date specified in the Order and shall be completed within the period specified in the Order as well, failing which the Buyer shall be entitled to terminate the Order or any part. Failure to meet the delivery as agreed upon shall be considered a breach of these Conditions and the Seller shall be responsible to pay penalty of 4% / week of Total Order Value and damages imposed upon or incurred by the Buyer (if any) for failure of Seller to deliver work according to the Production Loss Factor. Furthermore, the Seller shall bear the cost of packing, loading and carriage of the Work unless otherwise agreed upon between both parties. If the Work is delivered to the Buyer in excess of the quantities ordered the Buyer shall not be bound to pay for the excess and any excess will be and will remain at the Seller's risk and will be returnable at the Seller's expense.



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8. DECLARATION OF DANGEROUS GOODS

Any Work supplied or installed shall be so formulated, designed, constructed, finished and packaged as to be safe and without risk to health and all Work shall be supplied with full instructions for its proper use maintenance and repair and with any necessary warning notices clearly displayed. Seller shall provide Buyer in writing with such information as is necessary relating to the use of any goods and/or equipment supplied and/or used and its design, testing and use, relating to any conditions necessary to ensure it will be safe and without risk to health when properly handled, stored, transported and used. Failing to do so, Seller will be responsible for any damage incurred by the Buyer, its employees or customer. Seller shall abide by all applicable International laws, regulations, customs and good practice and where appropriate shall comply with Buyer's Safety Requirements for Contractors. In addition to the above documents, the Supplier shall also provide "Dangerous Goods Declaration Form" and Material Safety Data Sheet" indicating the UN number of the declared dangerous goods. The supplier shall ensure that they do not include the dangerous goods with the general goods shipment and will make arrangements to send them in a separate shipment.

9. INSPECTION AND TESTING

Seller agrees to permit the Buyer to inspect and test the work any time prior to acceptance or delivery as the case may be. Buyer shall have the rights to reject any work performed or delivered by the Seller if such work is defective or in non-compliance with the Terms and Conditions herein. Any work so rejected shall immediately be replaced or corrected as required by Buyer at Seller's expense. Seller shall re-submit the re-performed Work for reinspection and re-testing. Such replacement or remedy shall not relieve the Seller from any liability due to defects subsequently found in the Work in terms of materials and/ or workmanship.

10. DEFECTS/DAMAGE

Seller shall provide a warranty period stated within the contract as of the date that Work is put into service by the Seller. Seller shall be responsible for remedying at its expenses any defects that may arise from the work during the warranty period. When a defect arises within the Warranty Period but does not become apparent until the Warranty Period has expired, Seller's liability shall not cease merely because Buyer has been unable to give notice of the defect to Seller within the said Warranty Period. If any defects which Seller is obliged to remedy under this Clause are not remedied within a reasonable time or circumstances render it impracticable for Seller to do the same, Buyer may do so himself or authorize others to do the same, and Seller shall reimburse Buyer for all costs arising there from. This warranty and Buyer's remedies hereunder are in addition to Buyer's other rights and remedies existing under the Order or at law.

11. CHANGE ORDERS

Seller shall perform any changes to the Work required by Buyer which may include additions to, or reductions in, the quantity and quality of Work. Buyer shall give notice of such changes to Seller in writing who shall promptly advise Buyer in writing of their reasonable effect on Price and delivery date. No change shall be accepted by Buyer unless authorized by written instruction and confirmed by Change Order. In the event that the parties are unable to agree on the reasonable effect on Price and delivery date, Buyer shall nevertheless have the right to require Seller to proceed with the change forthwith. No variation in the Price nor extra charges can be made (whether on account of increased material, labor or transport cost, or fluctuation in rates of exchange or otherwise) without the former written consent of the buyer.

12. NON COMPLIANCE OF EHS

- A. The Supplier acknowledges and agrees that the Purchaser places great importance on EHS and has zero tolerance for any non-compliance with the Purchaser's EHS requirements including without limitation any breach of the requirements of this clause.
- B. Within 14 days of the date of order, Supplier agrees to pay vide demand draft or unconditional Bank Guarantee made in favor of the Purchaser an amount of 2.5% of the value of the service order/portion as an EHS Deposit to secure compliance with the EHS requirements set out in this order. In case value of the service order/portion is not defined separately (for cases where there is single order for goods & services) the Purchaser shall decide the amount for service portion of the order to which the 2.5% deposit is applicable. The EHS deposit shall be interest free and refundable only after successful completion of the Guarantee Period, subject to necessary deduction and adjustment shall be done as per Annexure (i.e. "SAFETY GUIDELINES FOR CONTRACTORS") attached herewith in case of any non compliance of EHS provision under this clause or EHS provisions thereafter notified during the continuance of this order.
- C. If the Supplier fails to comply with the Purchaser's EHS requirements as notified or updated from time to time, including breach of this clause 32, the Purchaser may, at its sole discretion, without prejudice to any other rights of the Purchaser, deduct from this EHS Deposit or any amounts otherwise due/payable to the Supplier under this or any other order/Agreement/Contract for each non-compliance, up to an amount of 2.5% of the value of the service order/portion.



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13. SUSPENSION AND TERMINATION

Buyer may terminate or suspend the Order in respect of the Work to be delivered in whole or in part any time by giving written notice to Seller. Such notice shall state

The effective of such termination and, upon the receipt of such notice Seller shall comply with the directions pertaining to Work stoppage in such event the Buyer's liability will be limited to pay Seller for all Work satisfactorily performed up to date of termination or suspension specified in such notice unless it is agreed in writing between both parties. Seller has not right to claim for cancellation charges. Buyer has the right to terminate the order due to non response by seller on the follow up communication, unwillingness to share information with the Buyer and lack of communication exchange. Buyer shall be entitled to terminate or suspend the Order by giving notice to Seller at any time if Seller is in default of any obligations hereunder, including without limitation compliance with any delivery date. Or in case the Seller becomes bankrupt or insolvent.

14. CONFIDENTIALITY

The supplier shall maintain high standard of confidentiality relating to the PO and no information contained shall be disclosed to the third party without prior written approval from Ferrofab. All designs, drawings, specifications and information which may be supplied in connection with any Order are confidential and shall only be used for the purpose of such Order, except where such information is already lawfully known to the Supplier without binder of confidentiality.

15. INDEMNITIES

Without limiting any other remedy of the Purchaser, the Supplier shall at its own expense, defend, indemnify and hold harmless the Purchaser its directors, officers, employees, agents and customers from and against any and all loss, cost, expense, damages, claims, proceedings, actions, demands or liability, including legal counsel fees and expenses, incurred or suffered by the Purchaser resulting from bodily injury, sickness, disease, or death of persons, or damage to property arising out of or in connection with the Supplier's performance of this order including, this indemnity clause is also applicable for Subcontractors but not limited to:

- (i) Non-compliance with the Purchaser's EHS requirements;
- (ii) Negligence or willful misconduct of the Supplier, its employees, contractors, supplier or agents;
- (iii) Defects in the workmanship, materials or design of the goods supplied, services or work performed by the Supplier;
- (iv) Failure to comply with central, state or local laws; or
- (v) Breach of this order.

The indemnity in this clause is a continuing indemnity and survives termination or expiration of this order.

16. FORCE MAJEURE

If the supplier is unable to perform any obligations hereunder due to circumstances beyond their control, including governmental acts, wars, national strikes, lock outs, act of God, then the affected party shall immediately, but not later than 48 hours, inform the other party of such occurrences and shall accordingly forward a corrective action plan. The supplier shall not be entitled to an additional cost under such circumstances. In the event that these circumstances persist for a period of more than 7 days, then Ferrofab shall retain the right to cancel the PO.

17. LIENS AND CLAIMS

Seller agrees to pay, discharge and hold Buyer harmless from all liens, claims (including legal fees and other expenses incidental thereto), judgments and awards which may arise out of or in connection with the Order. Seller shall at Buyer's request, furnish proof satisfactory to Buyer that all such liens, claims, suits, judgments and awards have been satisfied or released. Buyer shall also have the right to make payment direct to any holder of such line or claimant such payments to be reimbursed by Seller on demand.

18. INTELLECTUAL PROPERTY RIGHTS

Seller irrevocably assigns its entire right, title and interest to any Intellectual Property Rights it may have at any time in the Work (the "Seller Intellectual Property Rights") to Buyer, including the right to initiate court or other proceedings or to take any other action against any person for infringement of the Seller Intellectual Property Rights.

All patterns, tools, drawings or documents, whether in hard copy or otherwise, supplied by Buyer shall remain Buyer's property and shall not be used by Seller in the service of any other company. All such items shall be returned to Buyer upon completion of the Work or at Buyer's instruction.



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19. GOVERNING LAW AND JURISDICTION (CODE OF CONDUCT)

The Order and Conditions herein shall be construed and interpreted in accordance with the laws of Dubai, UAE without regard to any conflicts-of-laws rules or principles that might refer the governance or construction to any other jurisdiction. Any dispute arising in relation to these Conditions shall be referred to Dubai Court. The Supplier is obliged to comply with the applicable legal systems in force. In particular, the Supplier will not engage, actively or passively, nor directly or indirectly in any form of bribery, in any violation of basic human rights of employees or any child labor. Moreover, the Supplier will take responsibility for the health & safety of its employees. The Supplier will act in accordance with the applicable environmental laws and will use best efforts to promote the Code of Conduct among its Suppliers.

20. IMPORTS

For import of the goods the required documents must accompany the shipment. The supplier shall forward a copy of the documents to Ferrofab via E mail. In the event that the supplier does not deliver any of the required documents, Ferrofab shall be entitled to deduct or claim the cost of clearing the shipment without the documents.

21. SPECIAL CONDITIONS

Where special conditions, including modified, supplemental and/or amended terms and conditions, are incorporated in any Order such special conditions shall apply equally with these General Conditions of Purchase except where there is any inconsistency between these General Conditions of Purchase and such special conditions, in which event such special conditions shall apply. In no event shall Supplier's terms and Conditions supersede these General Conditions of Purchase unless otherwise expressly agreed in writing by FERROFAB.