



**Rajoo Engineers Limited**



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## **General Conditions of Purchase**

- 1.1 Our Conditions of Purchase are understood to be of exclusive validity; conflicting or deviating conditions of the supplier will not be accepted unless approved by us in writing. Our Conditions shall apply even if we accept delivery of the ordered goods without reservation or effect payment even though we may be aware of the supplier's conditions being contrary to or deviating from the present Conditions of Purchase.
- 1.2 Modifications and additions as well supplementary agreements between ourselves and the supplier for the purpose of performing our purchase order shall be valid only if made in writing. By the same token, cancellation of the written form requirement shall be in writing. Deliveries and services that are affected by the supplier without our written purchase order will not be accepted by us and we will not effect payment for such deliveries and services.
- 2.1 Quotations shall be submitted to us free and without any commitment for us.
- 2.2 The supplier shall notify us of the acceptance of our purchase order within one week of receipt of the purchase order by returning to us the duplicate order form duly signed by them. Unless the supplier accepts our purchase order within the aforesaid period, we shall have the right to revoke the purchase order at no cost.
- 2.3 We retain title and copy-right to figures, illustrations, drawings, calculations, files, software and other documents and/or information; the supplier shall not disclose them to third parties unless approved by us in writing. Such documents and/or information shall be used solely for the purpose of executing the purchase order and shall be returned to us upon performance of the purchase order without our specific request. The supplier shall not retain such documents and/or information as aforesaid. The supplier shall keep secret any figures, illustrations, drawings, calculations, files, software and other documents and/or information submitted to them for the purpose of performing the purchase order. Disclosure of such documents and/or information to third parties is subject to our written approval. The supplier undertakes to use such documents and/or information solely for the manufacture of the ordered goods. Such pledge of secrecy shall persist also after performance of the purchase order; it shall expire when and to the extent the manufacturing know-how contained in the submitted figures, drawings, calculations and other documents and/or information becomes public knowledge. The supplier shall be responsible for imposing the pledge of secrecy as aforesaid on their employees and subcontractors.
- 2.4 Our purchase order is understood to represent the only binding specification, as far as the contents, type, scope, condition and quality of the goods and services to be supplied are concerned.
- 2.5 Drawings, calculations, descriptions, specifications and other information submitted by us to the supplier for the purpose of performing our purchase order shall be considered binding. It is the supplier's responsibility to check such documents and/or information for completeness and correctness and, if found to be incomplete or incorrect, notify us immediately in writing. The responsibility for drawings, plans and calculations prepared or made by the supplier shall rest solely with the supplier, even if approved by us.
- 2.6 The goods and services delivered by the supplier shall comply with the statutory regulations, the rules for the prevention of accidents, the pertaining decrees, ordinances, regulations and standards established by government authorities and/or trade associations and in force at the time of delivery, and shall correspond to the latest state of the art.
- 2.7 The supplier shall notify us of any changes in the materials used in construction as well as of any modifications of the components and manufacturing methods employed in performing the order, at least six months prior to such changes being implemented. Any such changes shall be subject to our explicit written approval.
- 2.8 The supplier undertakes to keep in stock spare and replacement parts that are likely to be required during the normal expected life time of the delivered goods. In case of continuous business relations, the supplier shall notify us immediately of the planned discontinuation of the

manufacture of such spare or replacement parts and shall take appropriate measures to assure availability of such parts, at reasonable prices, for at least six months from the date of such notification.

- 3.1 The prices stated in the purchase order are understood to be fixed and binding. Unless otherwise agreed in writing, prices shall apply to delivery to our Rajkot works. Return of packing is subject to separate agreement. Statutory value added tax relative to the prices shall be shown separately.
- 3.2 The supplier shall notify us of any prices or costs not stated or shown in our purchase order with a view to obtaining our approval in good time prior to delivery of the ordered goods.
- 3.3 Invoices will be accepted by us only on condition that they show the order number, material number, item number and supplier number indicated in our purchase order; the supplier shall be solely responsible for any consequences resulting from non-compliance with this requirement, unless they can prove that such consequences are not to be answered for by them.
- 3.4 Unless otherwise agreed in writing, we shall pay the purchase price either within 14 days with a 3% deduction or within 30 days with a 2% reduction or within 60 days without deduction after due and correct delivery of the goods and receipt of invoice.
- 3.5 We shall have the right to set off claims and retain payments as provided for by law.
- 4.1 The delivery date stipulated in the purchase order shall be binding. Unless otherwise agreed in writing, the date on which the goods are received by us shall be decisive with respect to supplier's compliance with the agreed delivery date. The supplier shall be entitled to deliver the ordered goods or services prior to the agreed date only if approved by us in writing.
- 4.2 We are not obliged to accept partial deliveries or partial services.
- 4.3 The supplier shall inform us in writing immediately of any circumstances that are likely to jeopardize the agreed delivery date, as and when such circumstances arise or become known to him.
- 4.4 In case of default in delivery, we shall have the right to claim penalty in the amount of 0.5% of the value of the goods to be delivered for each week or part of a week, however not in excess of a total of 10%. We shall be entitled to claim penalty also in case of performance of the contract. Our right to claim penalty shall persist up to final settlement, even if not explicitly claimed so by us when accepting the delayed delivery of the goods. Further claims and rights reserved.
- 5.1 Unless otherwise agreed in writing, the goods under the purchase order shall be delivered to our Rajkot works. Place of delivery and performance shall be Lengerich.
- 5.2 The supplier is responsible for indicating on all shipping documents and delivery notes our purchase order number as well as the material number, the item number and the supplier number given on our purchase order; in case of non-compliance we cannot be held responsible for any delay in performance.
- 6.1 To the extent it is deemed appropriate in the ordinary course of business and in absence of quality control agreements between ourselves and the supplier, we shall inspect the delivered goods for defects in quality and quantity and shall inform the supplier without delay of any defects detected by us. As a consequence, the supplier shall not have the right to plead delayed notice of defects.
- 6.2 We shall have the right to claim compensation based on defects as provided for by law. In any event we shall be entitled to insist on removal of defects or delivery of new goods by the supplier. We reserve the right to claim damages, specifically compensation in lieu of performance.
- 6.3 The supplier shall be responsible for reimbursing us any costs arising from supplementary performance. This shall apply specifically to claims lodged by our customers as a result of supplementary performance, including but not limited to transport, traveling, labour and material costs.
- 6.4 In the event of imminent danger or urgency, we shall be entitled to remedy defects on our own.
- 6.5 Warranty claims shall become statute-barred after 36 months from the passing of risk. Should any goods/parts be repaired or replaced within the aforesaid limitation period, the limitation period shall start anew at the date of successful supplementary performance. If, within 6 months of the passing of risk, any material defects are detected, it is understood that such defects were present already at the time of the passing of risk.

- 7.1 In the event that the supplier is responsible for defective products, the supplier undertakes, at our first request, to relieve us from any third party claims for damages providing the cause of defect comes within the supplier's domain and organizational responsibility and that the supplier is directly liable vis-à-vis third parties.
- 7.2 Based on their liability within the meaning of subsection (1), the supplier shall also reimburse us any expenses we incur as a result of or in connection with any recall actions. We will inform the supplier of the subject and scope of such recall action in a reasonable way and afford them the opportunity of giving their opinion. Any other legal claims shall remain unaffected.
- 7.3 The supplier agrees to take out comprehensive product liability insurance for a covered amount of EURO 5 (five) million per event, including personal and material damage, notwithstanding any other claims for damages to which we are entitled.
- 8.1 The supplier guarantees that the goods and services delivered by them will not infringe any industrial property rights, copy rights or other third party rights within the EU member states as well as in Iceland, Norway, Poland, Switzerland, Czech Republic, Romania, Slovenia, Hungary, Canada, USA, Brazil and Japan.
- 8.2 In case of any third party claims lodged against as a result of or in connection with such accusations as aforesaid, supplier shall hold us harmless against any such claims upon our first written request; we will not have the right, without the supplier's approval, to make any arrangements with any third party, specifically not for the purpose of effecting a compromise.
- 8.3 The supplier's hold-harmless obligation towards us shall apply to all expenses resulting from or arising from any third party claims that may be lodged against us.
- 8.4 The limitation period shall end 10 years after termination of the contract.
- 9.1 In the event that any parts and/or materials are delivered by us to the supplier for the purpose of performing the purchase order, we shall retain title in such parts and/or material. Conversion or transformation of such parts and/or material shall be carried out by supplier on our behalf. If such reserved property as aforesaid is used or converted in combination with parts and/or materials that are not our property, we expect co-ownership of the new parts and/or materials based on the proportion of the material contributed by us (purchase price plus value added tax) in relation to the rest of the parts and/or materials used in the forming of the new parts and/or materials at the time of manufacture. The same shall apply if, as a result of mixture, our property should perish. In case our security interests exceed the purchase price of the whole of the reserved property still unpaid by more than 10%, we shall, at the supplier's request, surrender our security interests at our discretion.
- 9.2 We reserve title in any production means (tools, models, samples, templates, jigs, etc.) delivered by us to supplier for the purpose of performing the purchase order. Production means that are manufactured by the supplier based on our documents and/or that are paid for by us either directly or indirectly shall become our property. The supplier shall keep safe the production means for us with due diligence of a prudent businessman and at no cost to us. The supplier shall not use the production means but for the purpose of manufacturing the goods ordered by us. The use of the production means for deliveries to third parties or passing them on to third parties or reproducing them for third parties is subject to our written prior approval to this effect. The supplier shall insure the production means that are our property at their own expense against fire, water and theft based on the value as new. By the same token, the supplier transfers to us already at this stage any claims for damages arising from or in connection with the said policy, and we herewith accept the assignment. The supplier is responsible for carrying out at their own expense and in good time any maintenance, inspection and repair work on the production means that are our property. Defects or malfunctioning resulting from culpable neglect shall be brought to our attention without delay; culpable failure to comply shall not affect our right to claim damages.
- 10.1 If the supplier runs a business, our place of business shall be the place of jurisdiction. Nevertheless, we shall have the right to appeal to the supplier's domestic court for any action we want to bring against them.
- 10.2 Unless otherwise stipulated in the purchase order, our place of business shall be the place of performance.