

GENERAL TERMS & CONDITIONS
(as applicable to the Agreement with Suppliers)

1. DEFINITIONS

Unless the context otherwise requires, capitalized terms in this Contract shall have the following meaning;

Company shall mean **Lotus Hometextiles Limited** or "Lotus" having its Registered Office at Mansa Road, Dhaura, Punjab – 148 107

Agreement shall have the meaning ascribed to it in Clause 2 below

Company and supplier are each individually referred to as a "Party" and collectively as the "Parties".

2. Applicability

These General terms and conditions (hereinafter referred to as "SUPP GTC") shall apply to and be considered as an integral part of all agreements entered by the Company with any of its consultant("Agreement").

3. Infringement of intellectual property rights

The Supplier undertakes that the equipment supplied does not infringe any third party intellectual property rights and the Supplier further undertakes to indemnify the Purchaser against all claims for infringements of third party patents and/or other intellectual property rights by equipment supplied under this agreement.

4. Inspection

The Supplier shall, on completion of manufacture of the equipment, notify the Purchaser who shall conduct an inspection prior to the dispatch or shipment of the equipment. In order to conduct the said inspection, the Supplier shall provide the Purchaser three clear weeks in advance of the deadlines for dispatch mentioned in the Time Schedule. Upon each such inspection as aforementioned, an inspection certificate recording the fact of inspection and certifying that the equipments are in conformity with the specifications under the said Purchase Order shall be issued by the Managing Director of the Purchasing Company or any other person authorized by the Managing Director.

The Inspection by the Managing Director or any other person authorised by him as above shall not constitute a waiver of any of the supplier's responsibilities, Obligations, representations or warranties.

5. Erection, commissioning and performance testing

- The Supplier undertakes to provide, with its specialized personnel free of cost, the erection, installation, commissioning and performance testing of the equipments. The Purchaser shall provide the required resources and personnel to enable and assist the Supplier in the provision of the said services. In the event that the Performance Testing indicates any defaults or deficiencies, the Supplier shall immediately rectify the same and the process of Performance Testing will be repeated thereafter. This Performance Testing process can be undertaken to a maximum of three times.

- In case the equipment fails to attain the guaranteed performance parameters as defined in the agreement, the Supplier shall indemnify the Purchaser and shall replace the equipment within minimum time at the risk & cost of the Supplier.

6. Warranty

The Supplier hereby warrants and represents that equipment is capable of achieving Minimum Guaranteed Performance as provided in the agreement as per the format attached in agreement for a period of 18 months from the date of shipment of materials or 12 months from the handing over date, whichever comes earlier.

7. Liquidated damages

If delivery of the equipment occurs later than time specified in the Time Schedule and provided such delay is neither the result of force majeure nor the result of circumstances for which the Purchaser is responsible, the Purchaser shall be entitled to liquidated damages of 0.5% of the Contract Price per week of delay or part thereof subject to a maximum of 5% of the Contract price. For purpose of computing liquidated damages in the event of delay in delivery of the equipment and spare parts, mere despatch of the equipment and spare parts within the agreed date of delivery which are not in accordance with the specifications/standards, or found unacceptable by Purchaser would not amount to delivery within the agreed delivery date. The Purchaser shall have the right to invoke the Performance Bank Guarantee submitted by the Supplier for recovering the Liquidated damages.

8. Termination

In the event that a Party (the "defaulting Party"):

- a) commits a material breach of this Agreement and has not remedied the same within thirty (30) days after receipt of a notice from the other party specifying the nature of the breach and requesting that it be remedied; or
- b) fails to deliver the equipments as per specifications & time schedule specified in this Agreement issued under this agreement; or
- c) is insolvent or a receiver or liquidator (including provisional liquidator) is appointed over all or part of its undertaking, or enters into any scheme of arrangement or compromise for the benefit of its creditors or negotiations therefore, or declares a moratorium on the payment of its debts or becomes unable to meet its financial obligations; or
- d) is the subject of an order by any competent court seeking its liquidation or dissolution;

the other Party may, without prejudice to the exercise of any other rights or remedies which may be available to it, cancel the agreement issued by giving the defaulting Party written notice to that effect. In case of termination for default of the other Party as mentioned above, the terminating party will be entitled to compensation for the loss it has suffered as a direct consequence of the default justifying termination.

9. Confidentiality

The Supplier agrees not to disclose any confidential information pertaining to the Purchaser's business to any third party and shall use its best efforts to ensure that their directors, officers, employees, contractors and suppliers keep secret, all Confidential

Information disclosed by the Purchaser, including without limitation, documents, technical information, software, processes, know-how and other unpublished information, except as may be authorised in writing by the Purchaser. The provisions of this clause survive after termination/ completion of the agreement.

10. Packing

All items of the equipment and spare parts shall be carefully and properly packed for movement by sea/rail/road transport to withstand damages on account of inclement weather, rough handling etc. The packing shall allow for easy removal and inspection at sight. Any damage or loss to the equipment or deterioration in the quality of equipment during transport due to faulty protection or insecure packing shall be to the Supplier's account.

11. Sub Contracting

The Supplier may sub-contract any part of its obligation, after obtaining the prior written approval of the Purchaser by providing the details of the sub-contractor or sub-supplier. Any such sub-contracting does not absolve the Supplier of its obligations and the Supplier shall continue to be primarily and solely responsible for performance of obligations.

12. Prevention of Bribery

The Supplier hereby undertakes that, at the date of the entering into force of the Contract, itself, its directors, officers or employees have not offered, promised, given, authorized, solicited or accepted any undue pecuniary or other advantage of any kind (or implied that they will or might do any such thing at any time in the future) in any way connected with the Contract and that it has taken reasonable measures to prevent sub suppliers, agents or any other third parties, from doing so. Failure to comply with this clause or any act of offering, soliciting or accepting advantage committed by the Supplier or by an employee, agent or sub- supplier of the Supplier shall, without affecting the its liability for such failure and act, result in this contract being invalidated.

13. Force majeure

The Purchaser shall be excused from liability for the failure or delay in performance of any obligation under this Agreement by reason of any event beyond Purchaser's reasonable control including but not limited to Acts of God, fire, flood, explosion, earthquake, or other natural forces, war, civil unrest, accident, any strike or labor disturbance, or any other event similar to those enumerated above. As far as practicable, notice of Purchaser's failure or delay in performance due to force majeure must be given to the Supplier and the Purchaser may at its discretion suspend or terminate this agreement.

14. Assignment

Neither this contract, nor any right or obligation hereunder may be assigned, in whole, or in part, by the Supplier without the prior permission of the Purchaser.

15. Amendment

This Contract shall not be amended, modified, altered or changed in any way except by writing executed by the Purchaser and the Supplier.

16. Designated Single Point of Contact (SPOC) and Authorized Signatory

The Purchaser hereby designate Mr. Mohan Singh, Authorized Signatory (hereinafter referred to as 'the SPOC'/'the designated SPOC'/'the Authorized Signatory') who shall serve as a single point of contact and shall be responsible for proposing or accepting in writing any variation from the terms of the contract executed with the Vendor during its tenure.

The said SPOC is only authorized signatory on behalf of the Purchaser for all communications with the Vendor and the Purchaser does not have any obligation or binding for any communications on its behalf by any person other than the designated SPOC as aforesaid.

No payment, Invoice, debit notes, material, services, shall be considered accepted by the Purchase till the time same has been duly accepted in writing by the designated SPOC.

The Purchaser is entitled to change the designated SPOC at any point of time and shall promptly give written notice of the change to the Vendor including the new contact details of the new designated SPOC immediately on happening of such change event.

17. Arbitration & Jurisdiction

- Any dispute, controversy or claim arising out of or relating to this agreement or the breach, termination or invalidity thereof shall be referred to arbitration and be governed as per the Arbitration and Conciliation Act 1996. Accordingly, each party shall nominate one Arbitrator each and the two arbitrators in turn shall nominate the third arbitrator who shall chair the proceedings. The place of arbitration shall be at Barnala and language of proceedings shall be English.
- This agreement shall be governed by and construed in accordance with the laws of India, and the parties agree to submit themselves to the exclusive jurisdiction of the Courts at Barnala, India only.

18. Limitations

Notwithstanding anything contained under the Agreement (including the SUPP GTC), the liability of the Company arising out of the Agreement shall always be subject to the Articles of Association ("**AOA**") of the Company including the limitations as contained in Article 169 of the AOA of the Company (available on the website of the Company at <https://lotushometextiles.com/docs/aoa.pdf>).

19. Governing Law

The Agreement shall be governed by the applicable laws of India. The Parties shall follow the dispute resolution mechanism as provided in Article 167 of the AOA of the Company.