



**General purchasing agreement
Terms and Conditions**

of Kostwein Maschinenbau GmbH,
Berthold-Schwarz-Str. 51 9020 Klagenfurt, Austria
and their affiliated Company:
Kostwein Proizv.Strojeva D.O.O
Kostwein India Co.private LTD.

(subsequently briefly mentioned as „BUYER “or„KOSTWEIN“)

1. Application

For all contractual relations with the supplier, the General Terms and Conditions of the BUYERS are exclusively significant, whose importance the supplier acknowledges at the latest with acceptance of the order. General Terms and Conditions or similar agreements of the supplier, these may be mentioned also in confirmation of orders or similar documents, does not apply. The acceptance of the deliveries or services by us or their payment does not mean acceptance of the conditions of the supplier. Thereof deviating or complementing agreements must be in written form. In individual cases made individual agreements with the supplier, for example basic agreements and quality assurance agreements as well as special agreements, additions and changes for this, have in any case priority over these general terms and conditions of purchasing, excluding their subsidiary application however under any circumstances. The following ranking is generally applicable (valid) to contradictions between individual documents of a business transaction, as agreed:

- The order of the buyer, whereby a reference to an offer of the supplier is to be understood excluding as a reference to the technical performance specification, not however on any commercial conditions of this offer;
- An existing basic agreement between BUYERS and supplier,
- These terms and conditions;
- Any technical agreements, quality agreements and all other such agreements;

2. Orders

Invitations for the offer submission as well as possible inquiries with potential supplier, obtainment of cost estimates, negotiation results, etc., are for the BUYER – provided that was not held explicitly contrary – completely without obligation and obligates in no way to the payment of a remuneration, a compensation or likewise. Orders of the BUYERS are effective only if they take place in written form or are confirmed in writing from the BUYER. Writing also done by fax or email is sufficient. Orders or deliveries, for which no written orders are available, are not approved and the commodity is not also taken over. On obvious mistakes, for example writing and calculation errors as well as incompleteness of the order including the order documents, the supplier should point out that to the KAUFER (BUYER) for the purpose of the correction and/or completion before acceptance.

3. Acceptance of order

The order should be confirmed immediately at the latest however within 5 working days by the supplier. For this purpose a copy of the order is to be duly signed and returned. In case the normal confirmation of the order of the

BUYERS is not within the mentioned deadline/time limit, the BUYER is entitled for a period of 20 working days for the free contract repudiation. If the confirmation of order deviates from the order, then the deviation should be clearly indicated in writing (e.g. special marking) and orderer/purchaser should be immediately approached by telephone or by writing. A confirmation of order, coming from the supplier, which deviates from the order or supplemental, requires written confirmation of the BUYERS for the effectiveness. Till the receipt of a duly provided confirmation of order, the BUYER is authorized to cancel or amend his order at any time completely or partly, without supplier being entitled to develop from it any requirements.

4. Price setting

The price indicated in the order is to be understood binding and as constant fixed price. Sliding-price clauses are not accepted by the client. The price includes all services and additional services of the supplier as well as all additional expenses.

5. Increase in prices

Price increases must be announced by the supplier in writing at least 2 months before beginning of a new calendar year. This announcement does not represent the acceptance of the demand automatically. General price increase writings are not recognized/accepted.

6. Part deliveries, under – and over deliveries

Partial deliveries do not represent fulfillment, unless such was expressly agreed upon or approved by the BUYER accordingly. The acceptance of a partial delivery does not justify such approval. During under-delivery the BUYER is entitled to accept the delivery and to cancel the missing rest of the delivery. The BUYER retains the right to send back excessive deliveries debited to the supplier.

7. Delivery form

The delivery has to take place exclusively according to the separate transportation and packing regulations given by the BUYER. The transportation and packing regulations are in each case valid version component of these purchasing conditions.

8. Packaging material

The supplier has to take back packing material when required by the buyer at own expenses

9. Duty to supply information

The supplier is committed to inform KOSTWEIN at right time before changes in manufacture processes, materials or vendor parts for products or of services, shifting of



production status (progress of manufacturing), furthermore before changes in procedures or facilities for the examination of the parts or of other quality assurance measures.

10. Professional confidentiality

All documents, placed at the disposal of KOSTWEIN including designs, sketches and samples, remain in exclusive belongings of KOSTWEIN and their customers. The supplier commits not to make these accessible to the third person, to use the documents and samples exclusively to the fulfillment of this order, not to multiply the documents, to treat the documents and samples carefully, to keep (preserve) and after execution/handling return to KOSTWEIN immediately. Particularly, the supplier will keep secrecy also after completion of this order, which is in this regard of KOSTWEIN and its customers attained to keep manufacturing method a secret and not to use for the own manufacturing or for deliveries by competitors of KOSTWEIN and its customers or other third person.

At new characteristics, which come from KOSTWEIN and its customers, KOSTWEIN and its customers reserve themselves all rights, in particular for the case of the grant of a patent or utility model entry. Products, the documents, which are sketched by KOSTWEIN and its customers like designs, models or of similar type or confidential information from KOSTWEIN and its customers must not be neither used by the supplier nor are offered or supplied to the third person.

11. Terms of payment

As far as nothing else is agreed upon, payments take place at the BUYERs option less 3% discount payment within 30 days, or within 60 days net after contribution of the contractual supply or services, i.e. after complete delivery and/or successful decrease, and receipt of a duly issued bill. If the accounting should take place as agreed in partial amounts, the BUYER does not lose his discount deduction for in time paid partial amounts, if other partial payments do not take place within the time of maturity and/or discount payment. The payment does not mean acknowledgment of the correctness and completeness of the delivery. With distribution of the remittance order at the latest to the bank of KOSTWEIN on the day of maturity the payment is considered as in time affected. Expenses of the receiver bank are to be borne by the supplier. The supplier is not entitled to assign his claim on third (assignment prohibition).

12. Bills

Bills have the Austrian legal regulations, particularly to correspond to the Value Added Tax Act (law). KOSTWEIN reserves the right to send back bills, which do not correspond to these conditions, in an unfinished way, whereby in this case the bill is not applicable (valid) as settled. The date for the payment run of the bill begins on receipt of the bill by KOSTWEIN.

13. Delivery Terms

For deliveries within Europe, the delivery terms DAP in accordance with Incoterms 2010 (in the order mentioned reception point and/or work addresses of the order specified business unit of the BUYERS) inclusive packaging and additional charges. For deliveries from overseas the delivery terms FOB shipment and/or outlet airport, in each case in accordance with Incoterms 2010. Specifications regarding mode of conveyance, carrier and forwarding instructions are to be observed. Extra costs for instance for

adherence to the date of delivery required accelerated transport, are to be borne by the supplier. The supplier is obligated to support the BUYER at the time of the execution of any customs formalities for the import of the commodity into the receiving country to the full extent and free of charge. In particular the supplier accords BUYER in all individual cases still required documents to meet to the deadline mentioned by him and to deliver earliest possible all declarations necessary for a successful duty completion.

14. Delivery date

The held dates of delivery and delivery time are, unless otherwise expressly noted, to be understood always obligatorily and as fixed dates.

In agreement of the appropriate time limit instead of concrete dates begins the time limit/period run with effectiveness of the conclusion of contract. The supplier is independently responsible for his blame for the adherence to the obligatory date of delivery. Dates of delivery and times for delivery are considered as valid, if a delivery/a service were effected to the given point of delivery time at the place of delivery completely and as agreed and – intended so far in individual cases – could be removed successfully.

15. Delayed Delivery

Is Equipment of the supplier, indifferently for what reason and independently of any being to blame for, with the fulfillment of its contractual obligations, in delay, then the BUYER has the right, after his own choice:

- To withdraw with immediate effect and without the necessity for a respite setting from the contract completely or only partly. To make as against the supplier, a blame independent underlying, not for the judicial moderation right underlying contractual penalty at a value of 10% of the complete order value applicable/valid and adhere completely without loss – independently of the contractual penalty – regarding all disadvantages suffered due to this event to the supplier;
- To insist on fulfillment of a contract and to demand from the supplier a blame independent underlying, not for the judicial moderation right underlying contractual penalty at a value of 1% of the complete order value per day however, maximum 10% of the complete order value. Such a contractual penalty will be due with emergence to the payment due, can be deducted alternatively from the BUYER also from pending payments. The BUYER can make valid in full height any requirement for compensation, which may itself show from the failure to delivery of the supplier, valid independently of the recourse to this contractual penalty.
- If a delivery takes place prematurely, then the BUYER is not obligated for the acceptance of the delivery, in case of the acceptance of the delivery however entitled to charge the supplier with the costs resulted from it and to deduct these costs of pending payments to one side. Premature deliveries do not have influence on the existing date of payment. Partial deliveries are permissible only if this were agreed upon in writing.

16. Documentation

The availability of a complete and correct documentation represents a substantial and inseparable part of the total scope of supply. Documentations, which exhibit lack in the execution or encoding or do not correspond to customary conditions of the technology, are considered as not supplied. The supplier has provided respective



documentations to the BUYER always up-to-date and orderly for just in time and at optimal cost execution of all supply and customs formalities as well as the acquisition of any official approval. The supplier is responsible to developed disadvantage for everyone the BUYER in this context. In case the supplier is not in a position to surrender/transfer to the BUYER the contract-representational provided documentation within the prescribed period, then he is with the fulfillment of his entire contract obligations in delay. Documentations, which exhibit lack in the execution or encoding or do not correspond to customary conditions of the technology, are considered as not supplied.

17. Inspection, examination and approval

The BUYER reserves himself to test and examine, after advance notification, before the actual shipping of the contract-representational achievements of the supplier locally and to infer samplings if necessary to external quality control. The BUYER has the right to complain about/reject factually unsuitable (contrary to the terms of the agreement) production from unsatisfactory parts and to claim for the up-to-date necessary measures for stipulated production. The costs of the examinations go in case of the statement of an actual lack, the same will be completely debited to the supplier. Accomplished examinations or objectionable corrections relieve the supplier in no way of the full responsibility and guarantee for the stipulated provision of services. Independent of this inspection right of the BUYER, the supplier is obligated to make before the delivery all necessary examinations and tests for agreement of the delivery with the subject-matter of the contract.

18. Reservation of proprietary rights

With delivery of the commodity at KOSTWEIN the property turns into directly at KOSTWEIN. It is held that the BUYER in no case accepts explanations of the supplier or third and rejects appropriate agreements anyhow, according to which the supplier reserves himself or third vested titles or similar rights of disposal or rule at the goods. Beyond that also any forms are viewed retention of title of the supplier or a third party extended of extended or expressly as inadmissible.

19. Transfer of risks

The supplier carries in each case the danger/risk up to the arrival of the commodity at the reception point determined by KOSTWEIN. The passing of the risk on KOSTWEIN takes place in principle by delivery of the commodity to the reception point, determined by KOSTWEIN, if the approval of the commodity was agreed upon, with exhibition of the approval certificate, determined by KOSTWEIN

20. Origin of goods, Preferences, standards in the international goods traffic

The supplier is obligated for all articles delivered to KOSTWEIN to submit a long-term supplier declaration, in which he transacts the preference-legal status of the commodity. The supplier is responsible in the case of the neglect of this obligation against KOSTWEIN for all damages developed from this. The supplier commits himself to check his products for that whether they are to be subject to in the international goods traffic regarding the export into the final regulation country, mentioned by the BUYER in the context of the ordering, any prohibitions, restrictions and/or duties to obtain a permit, and to mark these in the applicable case in his offers, confirmation of orders and all accompanying documents of the goods. For

the case of inobservance, the supplier is responsible for this commitment for a damage developed possibly from it with KOSTWEIN including additional charges of foreign import duties, penalties and similar things.

21. Warranty/guarantee

The delivery has the relevant laws, which are valid for the user, which were announced to the supplier to correspond. If no user is called, then the delivery has to correspond to the Austrian safety and quality standards as well as the requirements given by the BUYER. In case of the doubts is to be checked with the BUYER. For number of items, measures and weights the values fixed by the BUYER during the receiving inspection are determining. Lack of the delivery from the buyers, as soon as they are determined and/or discovered after the conditions of a normal business concern (this can be also only in the context of the further use), the supplier are to be shown in writing.

The supplier assures that unrestricted and unloaded property will be transfer to the BUYER at the supplied goods and furnished work achievements. He assures the complete agreement of the sold commodity with the samplings, specimens and descriptions supplied by him as well as the input/specifications given by the supplier expressly.

The BUYER can make possible lack valid during the entire guarantee period; the supplier does expressly without the objection of a late notice of defect. At the entire run time of the guarantee period the supplier has to prove that the supplied commodity and/or furnished work achievement did not exhibit an arisen lack yet at the time of the delivery. It is open to the BUYER, at each time to require for own choice, improvement, exchange, price reduction or transformation. The supplier is bound to an appropriate choice of the buyer. The decision of execution of the defect removal at the place, at which the commodity/work achievement is, to let conduct at the place of delivery or if necessary against return of the commodity/the work achievement at the expense of the supplier at his shipping address and forwarding, is incumbent on exclusively the BUYER.

If the supplier successfully concludes the fault rectification after repetitive request by the BUYER, at the latest however within 10 days, as well as in all those cases, in which the supplier refuses the fault rectification at all or in addition does not seem to be able to do so, the BUYER is entitled to eliminate the lack on his own or let it be done by the third person. In this context the supplier has to cover all developing costs, within a period of time of 10 days after a submission of a corresponding cost proof. The BUYER can deduct such cost claims if necessary still pending liabilities. In case of the objection independently of it for each lodged complaint product the resulting administration costs at a value of 100, - euros are charged to the supplier. The BUYER is entitled to be deducted these with the next bill run.

The guarantee period amounts to 36 months starting from start-up/use of the commodity/work achievement with the end customers. A written notice of defect of the BUYERs restrains the expiration of the guarantee period. With conclusion of execution of fault rectifications in the context of the guarantee, the guarantee period for the supplied commodity/furnished achievement begins to run again.

22. Guarantee

Beyond the guarantee promises the supplier guarantees the completeness and suitability of his deliveries and achievements for the concrete case of need apart from the



expressly specified or in other way assured characteristics generally which can be presupposed. The execution must take place after the newest state of the art.

The warranty term ends – for lack of other agreements – 36 months after start-up/use of the commodity/work achievement with the end customers. The warranty term extends by the period of stop due to lack. With exchange or repair of a part, with the installation of a new part begins a warranty term concerned from same duration as for the first delivery with installation of the new part and/or with conclusion of a repair.

23. Recourse of the entrepreneur/supplier

The rights of recourse within a supply chain are entitled to KOSTWEIN beside the requirements for lack without reservation. KOSTWEIN is in particular justified to require exactly the method of the supplementary performance (rework or replacement) from the supplier, which owes the KOSTWEIN to its customers in individual cases. The legal or agreed upon right to vote is thereby not limited. Before KOSTWEIN recognizes or fulfills a requirement for lack (including expenditure replacement), effectively made by its customers (including expenditure replacement), he will inform and ask the supplier under short statement of circumstances for written statement. If the statement is not effected within 2 working days, then the KOSTWEIN is free to decide about the method of the fault rectification and to charge the actual costs to the suppliers.

24. Product Liability

The supplier discharge to the BUYER possible claims, irrespective of legal basis, which result from a culpable violation of legal or contractual obligations of the supplier. Independently of what, who is to be viewed product liability-legally as manufacturers of the final product. This is valid in particular for requirements for product liability, which are to be returned due to defectiveness of the product of the supplier, independently of who is to be viewed product liability-legally as manufacturers of the final product. The supplier carries the burden of proof for missing responsibility. The supplier must be able to prove to the BUYER the conclusion of product liability insurance with a covering sum of at least 9 millions Euros for insurance claim at any time. Otherwise the BUYER is to be informed immediately and in writing, missing insurance coverage/covering. Plants, systems and products are to be equipped according to the EU Directives and Austrian laws with CE marking. With the delivery, appropriate declarations of conformity with short descriptions as well as assembly instructions and installation requirements, if necessary, are to be provided. The supplier has to inform the BUYER over changes of materials, manufacturing methods and vendor parts as well as declarations of conformity in time.

25. Secondary obligation

The delivery article has to contain the inscription given by the BUYER. On all delivery documents the article number of the supplied articles is to be mentioned.

26. Prohibition of child labour

The supplier commits himself to consider in the ILO core time norms of specified minimum standard and to obligate his own suppliers to the attention to this minimum standard by special contractual conditions. The supplier commits himself in particular not to employ the children. The supplier guarantees that his own suppliers likewise will not employ

children. Under children all people are to be understood under 15 years. In exceptional cases children may be employed starting from the age by 14 years, if this permits the legislation in the production country.

27. Environmental protection

KOSTWEIN operates an environmental management system according to DIN EN ISO 14001:2004. Environmental protection has a high value within the quality understanding of KOSTWEIN. KOSTWEIN expects therefore also from suppliers the guidelines from KOSTWEIN corresponding environmental awareness.

28. Regulation (EG) No. 1907/2006 (REACH)

The supplier is responsible for the products supplied by him corresponding to the regulations of the regulation (EEC) No. 1907/2006 for the registration, evaluation, permission and restriction of chemical materials (REACH Regulation). The materials, contained in the products of the supplier are, as far as under the regulations of the REACH regulation required, to be before-registered and/or at expiration of the transition periods registered, if the material is not exceptional from the registration. Suppliers, who do not have their company headquarters in European Union member states, commit themselves, to appoint an Only Representative (OR) in accordance with art. 8 REACH-Regulation with seat in the European Union, who admits us in particular to disclose information about the address. The OR (Swiss Code of Obligations) takes over all registration and other REACH obligations of the supplier. If the OR made a before –registration or a registration, this must be communicated to us by indicating the registration number. During a change of the OR or placement of the activity of the OR the supplier has to inform us immediately. The supplier insures that the products, delivered from him contain no materials of the so-called list of candidates in accordance with art. 59 (1, 10) of the REACH regulation, supplied by him. The supplier commits himself to inform KOSTWEIN immediately in writing if – directly for what reason – from him supplied products contain materials of the list of candidates; this is valid in particular in case of the extension/addition of the list of candidates. The supplier designates the individual materials in particular and communicates the mass percentage share as exactly as possible. The supplier continues further to commits himself that the products supplied by him fulfill all requirements of the regulation (EEC) to No. 1272/2008 (CLP Regulation). In particular, the suppliers who are responsible for the Not - European Union, that their OR for the supplied products, the message has carried out in the classification and marking listing in accordance with art. 39-42 CLP regulation. If the supplier offends against one of the aforementioned obligations, we are entitled at each time to cancellation of the appropriate order immediately and to refuse the acceptance of the appropriate delivery, without resulting costs from it to us. Possibly existing claims for damages remain of it untouched; a cancellation or a refusal of acceptance does not represent renouncement of any claims for damages.

29. Higher Force (Act of Nature beyond Control)

The supplier is liberating excluding then from the fulfillment of a contract in time totally or partly, if he is prevented from it by events of higher force. As events are considered to higher force excluding events, which were for an experienced supplier unforeseeable and inevitable. The supplier, who is obstructed by an event of higher force, can



refer only then about higher force being present, when he can hand over/deliver and confirm immediately to the BUYER however latest within 14 calendar dates from beginning and foreseeable end of the hindrance, a registered letter, of the respective government authority and /or Chamber of Commerce of the supplier country /achievement country confirmed statement over the cause, which deliver expected effect and the duration of the delay. The supplier has to undertake all efforts toward the removal and/or reduction of the difficulties and foreseeable damage in cases of higher force and to inform the BUYER concerning this constantly. Dates and time limit, which cannot be kept due to influence of the higher force, are extended by the duration of the effects of the higher force. If a case of higher force should persist longer than 2 weeks, the BUYER can withdraw himself from the contract at his own discretion totally or partly. The BUYER is not responsible opposite the supplier for any consequences of impairments of the fulfillment of a contract, which were caused by higher force. In particular the supplier is not also entitled to be withdrawn, in cases of higher force, from the contract and/or to deal with price increases or - additional charges.

30. Industrial property rights

In case of a culpable violation of legal property rights (commercial patent rights), the supplier KOSTWEIN and its customers exempt requirements of the third from violation from copyrights, goods rights, patents and other immaterial property.

31. Contractual language, place of delivery, law, court of jurisdiction

The contractual language is German. Place of delivery for deliveries or achievements is in the order mentioned place of destination or place of delivery, for payments the place of delivery is the seat of the BUYERS in A-9020 Klagenfurt. Austrian right to application is exclusively applied , under exclusion of such legal rules, which refer to the right of other states, equally the application of the rules of the UN-Kaufrecht (CISG – United Nations Convention on Contracts for the International Sale of Goods) for each case is excluded. In case of the suppliers with seat within the European Union or an EFTA state, Klagenfurt is considered as exclusive area of jurisdiction as agreed upon. All from or in connection with disputes with suppliers with seat outside of the European Union or an EFTA state after the arbitration law of the international chamber of commerce by or several arbitrators appointed in accordance with this order finally decides. Arbitration place is Klagenfurt. The BUYER reserves himself in both cases however the right to complain about his requirements also at the tidy area of jurisdiction of the supplier.

32. Severability clause

If one of the preceding agreed upon clauses should be totally or partly ineffective, then hereof the effectiveness of the purchasing conditions is in all other respects not affected. The parties are itself over the fact united that such an ineffective clause is replaced by an effective one, which comes close to the sense of the ineffective clause if possible.