GENERAL TERMS & CONDITIONS OF PURCHASE OF GOODS

1. DEFINITION OF TERMS

DFS Composites Ltd is hereinafter termed as the "Buyer".

The Person, firm or company supplying the goods /Services, is termed as the "Seller".

Deliverables under this contract are hereinafter referred to as the "Goods/ Services".

Challans - a formal document used to acknowledge payments, verify receipts, or issue penalties. It acts as an official paper trail across multiple sectors - only relevant to non UK purchases.

Octroi - physical or digital document used to prove that the necessary octroi duty has been paid at the city limits - only relevant to non-UK purchases.

PO - Purchase Order

Party - Buyer/Seller

2. BILL SUBMISSION

The bill against the PO should be submitted within 5 days from the supply of material and complete in all respects to the above mentioned DFS delivery address or agreed location. For bills received after 5 days, we reserve the right to levy reasonable / appropriate penalties while making payment. In case, if a bill is received after 30 days, we reserve the right to reject and return the bill to the Seller without assigning any reasons whatsoever.

3. PRICE

Prices remain valid until the completion of the project in all respects. No price increase will be accepted by the Buyer unless price increases are confirmed by the Buyer to the Seller via revised purchase order

4. DELIVERY

a) Time of delivery is the essence of this contract and Buyer reserves, the right to cancel this order if the goods are not delivered within the time specified and shall at their absolute discretion be entitled without prejudice to their other rights, to reject the goods already delivered and get refund of payments made or to recover as liquidated damages as defined in LD clause.

b) The Buyer reserves the right to refuse the acceptance of the goods supplied ahead or after the mutually agreed schedule of delivery of goods.

c) The Seller shall notify the Buyer well in advance of any anticipated delay in delivery. Any such notification, however, will not absolve the Seller from liability to Buyer of delay in delivery.

d). The material should conform to the approved drawing & data sheet in accordance with tender specification.

e) The manufacturing and supply of material/equipment should be after obtaining manufacturing & dispatch clearance in writing from the authorized DFS representative.

5. WARRANTY

The Seller warrants that all Goods supplied shall be free from defects in design, material, and workmanship, and shall remain fit for their intended purpose.

a)Unless otherwise specified on the PO, drawing or specifications, Structural Components & Finished Goods: The warranty period shall be 24 months from the date of receipt of material at the Buyer's site, or 12 months from the date of product commissioning, whichever is earlier.

b)Unless otherwise specified on the PO, drawing or specifications, Perishable & Raw Materials (For example: Resins, Prepregs, Adhesives): The Seller warrants that raw materials are delivered with a minimum of 80% remaining shelf life as specified by the material data sheet. The Seller guarantees performance for the entirety of the specified shelf life, provided the Buyer adheres to the documented cold-storage requirements.

Unless otherwise specified on the PO, drawing or specifications, If any material is found defective or fails within these periods, the Seller shall arrange a free replacement or repair at their expense within 48 hours. Failure to comply allows the Buyer to rectify the issue at the Seller's risk and cost.

6. LIQUIDATED DAMAGES

Goods/Services should be supplied as per PO's expected delivery date or as per schedule communicated by authorized DFS representative, otherwise LD 1% per week to maximum of 10% of purchase order value will be charged. The Parties agree that the amount mentioned herein as liquidated damages is a genuine pre-estimate of losses which would likely be suffered by Buyer in case of breach of provisions of this contract by Seller.

7. STATUTORY COMPLIANCE

The Seller shall be responsible for compliance with all relevant statutory regulations applicable to the contract and penalty, if any liability arising out of noncompliance shall be to the Seller's account.

8. ETHICAL CONDUCT

The Seller must comply with all applicable clauses of DFS Code of Conduct.

9. RISK PURCHASE

In case the Seller fails to supply the Goods/services stipulated above or fails to comply with the purchase order terms, the Buyer shall be entitled to purchase the same from the alternate sources at the risk and the cost of the Seller and recover from Seller the actual amount paid by the Buyer over the rates worked on the Purchase order.

10. SAFETY

The Sellers representatives will observe applicable safety rules/regulations at the DFS work place .

11. ENVIRONMENT

All Parties are to strictly follow their Local Environment standards and Laws to save and conserve the natural resources.

12. DFS TAXES AND OR VALUE ADDED TAXES REGISTRATION NO.

When applicable, Taxes and or value added taxes numbers of DFS should be mentioned on the Seller's invoice copies. In case the same are not mentioned, the invoices would not be processed for payments. Seller has to provide challan & return as proof of deposit of taxes and or value added taxes as charged in Seller's invoices, at frequency, as applicable to the Seller or as stipulated under the Tax Rules. In the event of Seller's non-compliance/defective documentation pertaining to the proof of sales tax deposits by the Seller, due to which DFS is unable to avail sales tax credit, in that case DFS reserves its right to recover the said loss/amounts from the Seller.

PO no., VAT values / %'s and the sellers VAT number must be referenced on the Seller's Invoices.

13. Acceptance of Goods

When specified on drawings, specifications or the PO Inspection report, test certificate & packing list shall be submitted along with the goods/services.

Where European or British standards are requested on drawings, specifications or the PO certification (evidence) must be supplied on or before the delivery of goods that those standards have been adhered to in the production of the product.

Goods will be accepted subject to inspection and must conform to the Buyer's designs and drawings, specifications and / or approved samples. Quantities supplied shall Conform to the lot sizes stipulated in the order. Excess quantities may not be accepted. If goods supplied are found to be not in accordance with Buyer's specification, or do not fulfil the purpose for which they were ordered wherever specified, or not satisfactory for any reason whatsoever, of which the Buyer shall be the sole judge. The Buyer shall without prejudice to their other rights be entitled to reject such goods and to cancel the order notwithstanding the initial acceptance. If at any subsequent stage, manufacturing/operations defects are observed, the Seller will have to replace such rejected goods or give credit (including tax levied) at the Buyer's option. Payment for goods prior to inspection shall not constitute an acceptance thereof.

14. Designs/Drawings

a) The designs, drawings, specification, samples etc., if supplied with this order shall remain the property of the Buyer and shall be used exclusively for the goods to be supplied against this order and shall be returned to the Buyer when the order is completed. The same shall be used in strict confidence and shall not be divulged to any other party.

b) The Buyer reserves the right at any time to make changes in drawings and specifications as to material and / or work covered by this order. The Supplier shall maintain a documented configuration management process to ensure that only the latest approved revisions are utilized in production. Upon receipt of a change notification from the Buyer, the Supplier must evaluate the impact on cost, delivery, and risk, and obtain formal written clearance from the Buyer prior to implementing the change on deliverable Goods.

c) When the design is a contract deliverable, the Supplier must ensure all design stages are subjected to documented reviews, verifications, and validations. No changes to the Buyer approved design, specifications, materials, or software configuration shall be implemented without prior written approval from the Buyer. The Supplier shall maintain comprehensive records of all design reviews, qualification testing, and change actions, retaining them for the period specified in the Record Retention terms of this contract. All applicable design control requirements must be flowed down to any sub-tier design providers utilized by the Supplier.

15. DIES AND TOOLS

Tooling manufactured against Buyer's designs/drawings shall be exclusively used for the Buyer's requirements . Where tooling charges are paid by the Buyer, the tooling shall remain the property of the Buyer under Seller's care. Repairs and replacement to such tooling shall be to the Seller's account.

16. BUYERS MATERIAL

Goods/Services supplied against this order by the Buyer shall be stored by the Seller at their risk and shall be adequately insured by the Seller. In no circumstances such materials shall be sold or hypothecated by the Seller. The Seller shall endeavour to use such materials in the most economical manner possible. If the materials supplied by the Buyer are damaged or lost by the Seller, the value of such material will be recovered from the Seller at the discretion of the Buyer without prejudice to Buyer's other rights. Materials supplied by the Buyer shall remain the property of the Buyer and the Buyer shall be at liberty to take back the material in the event of default on the part of Seller in the execution of this order or any part thereof is cancelled. The Buyer shall have the leave and license to enter the Seller's premises to take back the material without liability for any prosecution or of legal action.

17. QUALITY MANAGEMENT SYSTEM

a) Approved Sources and Special Processes - When specified on the purchase order the Supplier must use only customer-designated or approved external providers for all goods and services under this Agreement. This includes all process sources, particularly those performing special processes.

b) Control of Nonconforming Outputs - The Supplier shall immediately notify the Buyer in writing of any nonconforming processes, products, or services. The Supplier must obtain the Buyer’s written approval for the disposition of any nonconforming outputs before proceeding. The Supplier must also prevent the release of counterfeit or suspect counterfeit parts, and ensure that nonconforming material is physically segregated and controlled to prevent unauthorized use or delivery.

c) Notification and Approval of Changes - The Supplier must notify the Buyer in advance of any changes to processes, products, or services. This obligation includes changes to the Supplier’s own external providers or changes in the location of manufacture. The Supplier must obtain the Buyer’s formal approval before implementing any such changes.

d) Flow-Down of Requirements - The supplier shall flow down all applicable requirements specified on the Buyers PO, Drawing or Specification, including but not limited to specific customer requirements, and any key characteristics, critical items, or special requirements, to its external providers and sub-tier suppliers throughout the supply chain.

e) Provision of Test Specimens - Upon request, the Supplier shall provide test specimens to the Buyer. Where statistical techniques are required for product acceptance, the Supplier shall ensure all sampling plans are statistically valid, based on recognized industry standards, and govern zero defect acceptance criteria, unless otherwise explicitly authorized by the Buyer in writing, PO, Drawing or specification.

The Buyer reserves the right to review, monitor, and instruct the Supplier on the specific statistical techniques, process controls, and sample sizing to be utilized. Final product acceptance is strictly subject to the Buyer's own verification, inspection protocols, and data review upon receipt at the designated delivery location.

f) Documentation and Record Retention - The Supplier must retain documented information related to the performance of this Agreement for a minimum of 10 years in compliance with aerospace traceability standards and the UK Limitation Act 1980. All records must be maintained in an legible, easily retrievable manner, and meet all defined disposition requirements at the end of the retention cycle.

g) Right of Access - The Buyer, their customers, and relevant regulatory authorities reserve the right of access to all applicable areas of facilities, at any level of the supply chain, involved in the execution of this contract. This right encompasses the physical inspection of manufacturing lines, tooling, and cleanrooms, as well as the right to review, audit, and copy all applicable documented information, quality records, and manufacturing logs retained by the Seller or its sub-tier providers

h) Personnel Competency and Awareness - The Supplier shall ensure that all personnel performing tasks under this contract possess the necessary qualifications and competencies required to meet quality expectations on PO, Drawing and/or Specification. Furthermore, the Supplier must ensure that its personnel are continuously aware of:

1. Their direct contribution to product or service conformity.
2. Their critical contribution to product safety; and
3. The fundamental importance of ethical behaviour.

i) Foreign Object Debris (FOD) Prevention - When specified on the purchase order, the Supplier shall establish, implement, and maintain a documented program for the prevention, detection, and removal of Foreign Object Debris (FOD) in accordance with standard aerospace practices (e.g., NAS412 or AS9146). Products delivered to the Buyer must be entirely free from any foreign objects or contaminants that could compromise performance or safety.

18. COUNTERFEIT GOODS & MATERIAL INTEGRITY

The Supplier shall plan, implement, and maintain appropriate processes for the prevention of counterfeit or suspect counterfeit part use and their inclusion in products delivered to the Buyer. All practices must comply with the requirements of AS9100 Clause 8.1.4 (Prevention of Counterfeit Parts) of the applicable quality standard.

The Supplier must ensure that parts are sourced exclusively from Original Component Manufacturers (OCMs), Original Equipment Manufacturers (OEMs), or their authorized distributors. Any sub-tier providers utilized by the Supplier must be bound to these identical counterfeit prevention constraints.

In the event that the Supplier suspects or identifies counterfeit material, the Supplier shall immediately quarantine the items and notify the Buyer within 24 hours. Suspect or confirmed counterfeit parts shall not be returned to the sub tier supply chain or vendor. The Supplier shall surrender the material to the Buyer or an authorized regulatory body for final disposition and destructive testing to prevent re-entry into the aerospace supply chain. The Supplier assumes all financial responsibility for the mitigation, containment, and replacement of counterfeit items.

19. INTERPRETATION

In the event of any conflict between these General Terms & Conditions of Purchase of Goods and the Sellers General Conditions of sale if any, the former shall prevail.

20. CANCELLATION OF ORDER

Non-compliance with any of the conditions of this contract may compel the Buyer to cancel the order without prejudice to Buyer's other rights and remedies under the law of contracts.

21. SETTLEMENT OF DISPUTES

Any dispute, controversy, or claim arising out of or relating to these Terms and Conditions shall first be submitted to mandatory, good-faith negotiation between the parties. If the dispute cannot be resolved through negotiation within thirty 30 days, either party may pursue binding arbitration, litigation or legal proceedings in accordance with the contract laws of England and Wales.

22. DFS CODE OF CONDUCT

DFS strives to observe and comply with DFS' Code of Conduct and advocates the code to all its business partners. Accordingly, Seller shall comply with DFS' Code of Conduct in its dealings with DFS & its employees. If any violation or potential violation of the DFS' Code of Conduct, insofar as it relates to DFS, is observed by any person under its control, Seller ought to promptly bring it to the notice of the Company's Quality representative whose contact details are available on request.

23. FREIGHT CHARGES

a) **Responsibility for Freight Charges** - Unless explicitly agreed otherwise in writing or stated on the applicable Purchase Order, all shipments are DAP Deliver at Place. The Seller shall be solely responsible for all freight charges, routing costs, and transport fees.

b) **Incidental Shipping Costs** - Unless explicitly agreed otherwise in writing or stated on the applicable Purchase Order the party responsible for freight charges shall also bear all associated shipping costs. This includes, but is not limited to, handling fees, boxing or packaging charges, crate costs, customs duties, taxes, and insurance premiums, unless otherwise specified in writing.

c) **Premium Freight and Expediting** - Unless explicitly agreed otherwise in writing or stated on the applicable Purchase Order if the Supplier fails to meet the agreed-upon delivery schedule, any premium freight, air express, or expedited shipping charges required to meet the original delivery date shall be paid solely by the Supplier.

d) **Unauthorized Freight Charges** - The Buyer reserves the right to reject or debit the Supplier's invoice for any unauthorized freight charges, unapproved carrier selections, or non-compliant routing instructions.

24. Octroi / Entry tax charges

Octroi/ Entry tax charges, if applicable, shall be paid through a DFS authorised octroi agent. If paid by Seller, then it will be reimbursed at actuals against submission of original octroi paid receipt.

25. Packing

Goods should be suitably packed to avoid damage in transit. Any breakage, damage and / or pilferage in transit arising from faulty packing shall be the responsibility of the Seller.

26. Rejected Goods

The rejected goods in the Buyer's premises are at Seller's risk. They should be removed by the Seller immediately on receipt of inspection memo /communication showing the details of goods rejected. In case rejected goods are not removed within two weeks from the date of inspection memo / communication, the Buyer is entitled to:

a)Dispatch the rejected goods to the seller at the Seller's cost.

b) Scrap the material without any compensation to the Seller and without any further reference to the Seller. Any such material scrapped by the Buyer shall be intentionally defaced, mutilated, or otherwise rendered completely unusable prior to disposal, in strict compliance with AS9100 requirements for the control and permanent disposition of nonconforming outputs.

c) If the rejected goods are suspected counterfeit goods the buyer will preserve, quarantine then surrender to an authorized regulatory body or the OCM for formal investigation.

27. Confidential Information

The Seller shall keep confidential the Information and shall not disclose the same to any third party without the prior written consent of the Buyer. The Seller shall ensure the compliance of the confidentiality obligations imposed under this agreement. The confidentiality obligations shall survive termination.

28. Force Majeure

Force Majeure is herein defined as any cause, which is beyond the control of the Parties and which either PARTY could not foresee or with a reasonable amount of diligence could not have foreseen or which substantially hinders the performance of the purchase order or contract and will include:

a) Natural phenomena, including but not limited to floods, droughts, earthquakes and epidemics, windstorms.

b) Acts of any Government, domestic or foreign, including but not limited to war, declared or undeclared, quarantines.

c) Riots, civil commotion, acts of terrorism, acts of public enemy, arson, civil disorder, strikes, lockouts, fire.

Neither the Seller nor the Buyer shall be considered in default or in contractual breach to the extent that performance of obligations is prevented by a Force Majeure event. Upon occurrence of an event considered by the Parties to constitute Force Majeure and which may affect performance of either PARTY's obligations, the affected party shall promptly (not later than 7 days upon occurrence of such event) notify the other party and shall endeavour to continue to perform its obligations as far as reasonably practicable In case of continuation of Force Majeure for more than#60 days, the Seller and Buyer shall attempt to reach an agreement on the modalities for execution of the agreement. In case both the parties cannot reach an agreement within a further 30 days, then both the parties have the right to terminate the agreement for the portion of work affected by Force Majeure.

However, a force majeure event shall not have any effect on the payments.

29. Limitation of Liability

In no event, whether as a result of breach of contract, tort, strict liability or otherwise, shall either party be liable to the other PARTY for any incidental, indirect, consequential, special or punitive damages, loss of profits, or exemplary damages of any kind.

30. Safety Clause

It is the Sellers responsibility to ensure that their employees comply with all the safety rules & requirements at DFS premises and sites. The Seller shall provide all appropriate PPE (Personal Protective Equipment) to their employees. In the event of any injuries/accident(s)/accidental death(s) during employment under this contract, the Seller will be responsible for payment of compensation as per Laws of England and Wales and will also incur all medical and incidental expenses arising out of the incident.

31. E-way Bill (Wherever applicable)

The Seller will ensure that the way bill is generated with correct details for all goods despatched under this purchase order and also ensure that a copy of the e way bill/ way bill number is attached with tax invoice/delivery challan/bill of entry/ bill of supply. The Seller will be responsible for any discrepancy on account of e way bill resulting in loss of taxes and or value added taxes credit / any actions by government authorities and shall indemnify DFS Composites and its representatives against any such loss occurred due to non-compliance whatsoever in nature.

32. Fit to Purpose

The Seller warrants that the products shall be free from defects from design, material & workmanship, shall meet all specifications intended for DLP/ Warranty period, and shall be fit for the purpose intended by Buyer.

33. Supplier Performance

The Buyer will monitor the performance of key suppliers via On Time Delivery (OTD) and Supplier performance rating.