

LETTER OF INTENT

This Letter of Intent (“LOI”) is entered into by and between the following parties in [*insert the place of execution*] on [*insert the date of the execution*]:

insert the name of the seller], a limited liability company duly incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at _____, hereinafter referred to as “the Seller” (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors) of the One Part

and

IAC International Automotive India Private Limited, a limited liability company duly incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at Plot no.#3, Rajiv Gandhi Infotec Park, Hinjewadi, Phase –I, Pune - 411057 hereinafter referred to as “IAC” (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors) of the Other Part

[(“the Seller” together with “IAC” shall where the context so requires be referred to as “the Parties” and, individually, a “Party”).

Whereas, Seller desires to serve as a lead supplier of IAC for [*Insert project and equipment information*] which is proposed to be launched in the year of [*insert the year*] (the “Project”); and IAC has based on the discussions with the Seller agreed to issue this LOI to express its intent to select Seller as a lead supplier for the Project;

NOW, THEREFORE, after friendly consultation, the Parties agree to record their intents as follows:

1. Intended Purchase and Sale of the Equipment

IAC intends to purchase from Seller, and Seller intends to sell to IAC, [*please insert the name of the equipment to be sourced*] (the “Equipment”) meeting the requirements and specifications set forth in Annex 1 attached to this LOI (“the Technical Requirements”). pursuant to the terms and conditions set forth below and subject to the purchase order that shall be issued by IAC in favour of the Seller from time to time.

It is hereby recorded that a copy of the [IACNA Purchase Order Terms and Conditions (including the Supplemental Tooling and Equipment Terms)] (the “IACNA Purchase Order Terms and Conditions”), which, has been annexed to this LOI and which can also be found at [www.IACgroup.com] shall constitute an integral part of this LOI.

2. Price

The price of the Equipment (“Price”) shall be as follows

No.	Equipment Grade/Type	Description	Price (Specify Currency)	Date of Delivery	Destination	Remarks
			[DDP/DDU] terms [Please insert destination] [•] (INCOTERMS 2000)			
			[DDP/DDU] terms [Please insert destination] [•] (INCOTERMS 2000)			

[Note: Please confirm if you would like to refer to INCOTERMS 2000 to identify the price terms.]

Note:

(1) The above Price shall be exclusive of any applicable value-added tax.

3. Delivery of Equipment

3.1 Seller shall, on or before the Date of Delivery as specified in Article 2 above of this LOI or by such other date as may be mutually agreed upon by the Parties in the Purchase Order/s deliver the Equipment to IAC at the Destination set out in Article 2 (“Destination”) at the cost of Seller.

3.2 Before the delivery of the Equipment to IAC as provided in Section 3.1 above, Seller shall carry out the following activities in respect of the delivery of the Equipment in accordance with the timeline set forth below:

Gateways	Qty	MRD
Conduct examination and pre-acceptance procedures at Seller’s facilities		- xx.xx.xxxx
Equipment packing and transportation		- xx.xx.xxxx
Delivery		- xx.xx.xxxx
Arrival		- xx.xx.xxxx



Seller shall prepare and submit to IAC, within [•] days of the execution of this LOI, a plan for the [development of the Project][development and manufacture of the Equipment] and keep IAC

regularly posted on all milestones in its development of the Equipment [and the Project] as required by IAC in the aforesaid plan. Upon IAC's request from time to time during the period from the date of execution of this LOI to the date on which the Equipment is successfully put into operation, Seller shall forthwith provide IAC with information about the time and costs of the development, manufacture, testing, shipment, delivery, trial operation and commencement of mass production operation of the Equipment and such other information as may be required by IAC.

- 3.3 The Seller shall give a written notice to IAC when the Equipment is ready for delivery IAC shall within ___ days from the date of such notice inspect and test the Equipment at Seller's cost at the facilities of Seller to ensure that the same meets with the Technical Requirements. If IAC is not satisfied with the Equipment or if the same is not successful on carrying out the test, the Seller shall be liable to either rectify the same at its own cost or replace the same to ensure that it conforms to the Technical Requirements.
- 3.4 If the Equipment meets with the requirements of IAC during such inspection / test then in such event the Seller shall deliver the Equipment at the destination specified in Article 2. On delivery of the Equipment, IAC shall be entitled to use the Equipment and if during such use any defects are found then IAC shall immediately notify the Seller of the same and the Seller shall forthwith be liable to rectify all such defects at its own cost.
- 3.5 It is expressly agreed that if the delivery of the Equipment by the Seller to IAC in accordance with the agreed Date of Delivery as set forth in Section 3.1 above is delayed on any ground whatsoever then in such event the Seller shall become liable to pay liquidated damages to IAC of an amount equal to 0.5% of the Price of the Equipment for each day of delay until the date on which the Equipment is actually delivered to IAC at the Destination.
- 3.6 Without prejudice to Section 3.4 above, if the delivery of any of the Equipment is delayed for more than [•] days, IAC will be entitled to terminate the Agreement and claim against Seller for compensation of all of its losses incurred therefrom
- 3.7 The Seller shall on a weekly basis provide to IAC the details of progress in the manufacture of the Equipment with pictures through mail.

4. Payment Terms

- 4.1 IAC will pay to Seller [•]% of the Price by T/T within [•] working days from the date of this LOI after receipt from Seller of an invoice for such portion of the Price¹ and simultaneously with such payment the Seller shall hand over to IAC an irrevocable letter of guarantee issued by the Seller's bank in favor of IAC covering [•]% of the Price as security for the Seller's performance

¹. Seller is likely to require an advance payment. Please consider if you want provided such advance payment in this LOI in light of your current discussions with the Seller. Of course, if possible, we should try to avoid making any payment of the Price before receiving the Equipment.

- 4.2 IAC will pay to Seller [•]% of the Price by T/T within [•] working days of the date on which IAC takes inspection and tests the Equipment and if the result of such inspection and test is found to be satisfactory by IAC and only after receipt of an invoice for such portion of the Price from Seller.
- 4.3 IAC will pay to Seller balance [•]% of the Price by T/T within [•] working days of the date on which the Equipment is delivered to the Destination specified by IAC and only after IAC is successful in using the same and only after receipt of an invoice for such portion of the Price from Seller.

5 Warranty

Seller warrants that the Equipment it delivered to IAC (i) will be made of best and brand new materials and workmanship; (ii) is free from any defects in engineering, design, workmanship, and material used in the Equipment; (iii) will satisfy all applicable regulations, rules and standards in respect of safety; and (iv) will conform to the Technical Requirements and be suitable for the intended purposes.

Seller further warrants that during a period of [•] months from the date of the issuance of the Notice of Acceptance by IAC , Seller will be responsible for debugging, repair and maintenance of the Equipment free of charge to IAC. Seller warrants that it will be responsible for a life-long supply of spare parts required for the Equipment.

6 [Training]

[insert requirements for training, if applicable.]

7. Confidentiality

The Parties confirm to abide by the non-disclosure agreement entered into by the Parties in respect of the Project.

8 Effectiveness

This LOI shall come into effect and be legally binding on both Parties upon execution hereof by the duly authorized representatives of the Parties. If there is any conflict between the provisions of this LOI and IACNA Purchase Order Terms and Conditions, then in such event the IACNA Purchase Order Terms and Conditions shall prevail.

². If Seller requires advance payment of the Price, we propose to request such a performance bond from the Seller.

Notwithstanding anything to the contrary herein contained it is expressly agreed that if Seller shall commit any breach or fail to observe or perform any of the terms and conditions of this LOI, then IAC shall be entitled, without prejudice to its other rights or remedies hereunder or in law, to terminate this LOI and/or any Purchase Order after giving Seller one month's written notice to rectify the alleged breach. On expiry of the said period of one month if Seller has not rectified alleged breach as aforesaid this LOI and/or the Purchase Order shall automatically stand terminated. It is agreed that if such termination occurs after the payment of ___% as specified in Article 4.1 above then in such event IAC shall be entitled to invoke the letter of guarantee issued in favour of IAC and IAC shall not be liable to pay any further sums to Seller in relation to Equipment.

9 No Partnership Formed by this LOI

This LOI does not establish a joint venture, partnership or any other type of business entity between the Parties, and in no event shall either Party represent to any other persons or entities that a joint venture, partnership or other type of business entity has been formed between the Parties.

10. Local Support

The Supplier shall ensure that _____ having its Office at _____ shall at all times render all such support and maintenance to the Equipment purchased by IAC

11. Governing Law and Dispute Resolution

This LOI shall be governed by and construed in accordance with the laws of India.

Any dispute arising from or in connection with any of the terms of this LOI shall be settled by the Parties through amicable discussions within thirty (30) days of the date of the notice of dispute issued by either Party. In case no settlement is reached through such amicable discussions, the dispute shall be submitted to arbitration under the provisions of the Arbitration and Conciliation Act, 1996 for final and binding arbitration and the venue for such arbitration shall be Pune, India.

12. Language

This LOI is executed in English language.

[Signature Page Follows]



IN WITNESS WHEREOF, the Parties have caused this LOI to be executed in two (2) originals in English languages by their representatives, duly authorized hereunto, on *[insert the execution date]*, 2008 in *[insert the place of execution]*.

[IAC _____]

By: _____

Name: [•]

Title: [•]

[insert Seller's name]

By: _____

Name: [•]

Title: [•]

(Company Seal)