



Note:

- (1) The above Price shall be exclusive of any applicable value-added tax.
- (2) The above Price include the package, freight and insurance cost (DDP/ DDU be applicable)

2.2 Both Parties acknowledges and agrees that the ED&D Cost as set out in Section 2.1 hereof shall have included all costs for the engineering design and development of the Tooling, and that IAC is not obligated to make any compensations to Seller in respect of any additional ED&D Cost. However, if the actual costs incurred by Seller due to the engineering design and development of the Tooling are less than that provided in Section 2.1above, Seller shall refund the difference to IAC.

### 3. **Payment Terms**

3.1 IAC will pay Seller 30% of the Price by T/T within seven (7) working days of the date on which the Agreement comes into effect after receipt from Seller of an invoice for such portion of the Price<sup>1</sup> and an irrevocable letter of guarantee issued by the Seller's bank in favor of the Purchaser covering [• ]% of the Price as security for the Seller's performance of its obligations under the Agreement.]<sup>2</sup>

3.2 IAC will pay Seller 40% of the Price by T/T within fifteen (15) working days of the date on which Seller receives a written notice from IAC to confirm that the Tooling has successfully passed the [*first trial for production tooling*] at [*Seller's facilities*] after receipt of an invoice for such portion of the Price from Seller.

3.3 After the seller get the approve of the on-site check and accept at seller's plant by IAC, and IAC will pay Seller 30% of the Price by T/T within [*seven (7)*] working days of the date on which IAC receives the written notice of Seller on the shipment of the Tooling to the Destination as provided in Section 2.1 hereof ("Destination") as well as the originals of the shipment documents, including [*list the shipment documents evidencing the shipment of the Tooling to the Destination, which Seller will be required to provide to IAC before IAC make the payment.*], after receipt of an invoice for such portion of the Price from Seller.

### 4. **Delivery of the Tooling**

4.1 Seller shall, within the Term of Delivery provided in Section 2.1 hereof or by such other date as agreed upon by the Parties in the Agreement, deliver the Tooling to IAC at the Destination at the costs of Seller.

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<sup>1</sup> 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.

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

- 4.2 Before the delivery of the Tooling to IAC as provided in Section 4.1 hereof, Seller shall carry out activities in respect of the delivery of the Tooling in accordance with the timeline as follows:

| Gateways                           | Qty | MRD          |
|------------------------------------|-----|--------------|
| Design review                      |     | - XX.XX.XXXX |
| Mold flow review                   |     | - XX.XX.XXXX |
| 1st Trial out (Sample and report)  | TBD | - XX.XX.XXXX |
| 2nd Trial out (Sample and report)  | TBD | - XX.XX.XXXX |
| (Full dimension report of tooling) | TBD | - XX.XX.XXXX |
| Appearance sample                  | TBD | - XX.XX.XXXX |
| Tooling delivery                   |     | - 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][design, development and manufacture of the Tooling], and keep IAC regularly posted according to the project milestone which provide by buyer. 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 Tooling is successfully put into operation, Seller shall forthwith provide IAC with information about the time and costs of the design, development, manufacture, testing, shipment, delivery, trial operation and mass production operation of the Tooling.

- 4.3 In the event of failure to deliver the Tooling to IAC in accordance with the agreed Term of Delivery as set forth in Section 4.1 above, Seller shall pay liquidated damages to IAC in an amount equal to 0.5% of the Price of the Tooling the delivery of which is delayed for each day of delay until the date on which the Tooling is actually delivered to IAC at the Destination.
- 4.4 Without prejudice to Section 4.3 above, if the delivery of any of the Tooling 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.

## 5. Warranty

Seller warrants that the Tooling 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 Tooling; (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 as from the date on which Seller delivers the Tooling to IAC for mass production and as of the date on which the number of parts produced by the Tooling reaches [• time], Seller will be responsible for debugging, repair and maintenance of the Tooling free of charge to IAC. Seller warrants that it will be responsible for a life-long supply of spare parts required for the Tooling.

**6. [Training]**

*[insert requirements for training, if applicable.]*

**7. Good Faith Efforts**

The Parties agree to negotiate in good faith and use their best efforts to enter into the Agreement /Purchase order on or before *[insert the intended deadline for both parties to sign the Agreement]*.

**8. Confidentiality**

The Parties confirm to abide by the non-disclosure agreement entered into by the Parties.

**9. 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. The terms of this LOI shall be incorporated into the Agreement. If there is any conflict between the provisions of this LOI and the terms of the Agreement, the terms of the Agreement shall prevail.

Notwithstanding anything herein to the contrary, IAC shall has the right to terminate this LOI or terminate negotiations of the Agreement or any matter regarding the sale and purchase of the Automotive Parts at any time prior to the execution and delivery of the Agreement with no liability or obligation whatsoever to Seller.



International Automotive Components

**10. 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.

**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. In case no settlement is reached through such amicable discussions within thirty (30) days of the date of the notice of dispute issued by either Party, the dispute shall be settled by final arbitration binding upon both Parties in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (the "UNCITRAL Arbitration Rules"). The venue for such arbitration shall be Pune, India and the arbitration shall be conducted in the English language and the arbitration award shall be issued also in English.

**12. Language**

This LOI is executed in English.

[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]*, 200\_ in *[insert the place of execution]*.

[IAC \_\_\_\_\_]

By: \_\_\_\_\_

Name : [• ]

Title : [• ]

*[insert Seller's name]*

By: \_\_\_\_\_

Name: [• ]

Title : [• ]

(Company Seal)