

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

[*insert the name of the IAC purchaser*], a limited liability company duly incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at _____ 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 automotive part 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 subject to the terms and conditions hereincontained;

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

1. Intended Purchase and Sale of the Automotive Parts

IAC intends to purchase from Seller, and Seller intends to sell to IAC, [*please insert the name of the Automotive Parts to be sourced*] (“the Automotive Parts”) 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 in respect of the tooling in connection with the Automotive Parts] (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

2.1 The price of the Automotive Parts to be supplied by the Seller to IAC (“Price”) shall be as follows

No.	Description	Piece Price	Date of Delivery	Destination	Tooling Cost	ED&D Cost	Remarks	Total Price
		[DDP/DDU] terms [<i>Please insert destination</i>] RMB[•] (INCOTERMS 2000)						
		[DDP/DDU] terms [<i>Please insert destination</i>] RMB[•] (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.

2.2 Both Parties acknowledge and agree that the Tooling Cost and ED&D Cost as set out in Section 2.1 hereof shall be inclusive of all costs for the tooling and engineering design and development of the Automotive Parts, and that IAC shall not be liable or obligated to make payment of any additional amounts by way of compensation or otherwise to the Seller in respect of any additional tooling cost and ED&D cost. It is however agreed that if the actual costs incurred by the Seller, in relation to the tooling and engineering design and development of the Automotive Parts, are less than those provided in Section 2.1 hereof, then in such event the differential amount shall be deducted by IAC from subsequent payments to be made to the Seller and if there are no further payments to be made then the Seller shall forthwith refund the difference to IAC.



2.3 Long term agreement

The Seller agrees to share with IAC the benefit from its respective achievements in terms of cost reduction. Seller agrees that, [three (3)] months prior to each anniversary of the effective date of this LOI, it shall consult with IAC in respect of the reduction of the Price for each piece of the Automotive Parts, and further agrees that the reduction shall not be less than []% of the Price for each of the Automotive Parts applicable at then, unless otherwise agreed upon by both the Parties in writing.

2.4 Amortization of Tooling Cost and ED&D Cost

[]% of the Tooling Cost and ED&D Cost listed in Section 2.1 above, namely [], shall be amortized by [] pcs of the Automotive Parts or in [] years as from the delivery of the Automotive Parts to IAC; and the remaining shall be paid by IAC to Seller in a lump sum after [PPAP]. For avoidance of doubt, the Parties agree on the below Price for each of the Automotive Parts including the amortization.

No.	Description	Piece price without Amortization	Piece price with Amortization

3. Payment Terms

- 3.1 IAC shall pay Seller the price of the Automotive Parts delivered under this LOI or pursuant to the Purchase Orders that shall be issued by IAC in favour of the Seller [*calculated based on the Price for each of the Automotive Parts with Amortization as defined in Section 2.4*] above shall be made by T/T within 64 days from IAC’s receipt of the invoice of the Price from Seller after the shipment of the Automotive Parts by Seller.
- 3.2 If a payment date falls on a non-business day, payment will occur on the following business day.
- 3.3 Notwithstanding the provisions of payment terms as provided in this LOI, in no event will the Seller have a right to payment for any tooling cost in connection with the Automotive Parts before IAC is paid by its Customer for such tooling cost.

4. Delivery of the Automotive Parts

- 4.1 The Seller shall, within the Date of Delivery provided in Section 2.1 hereof or by such other date as may be agreed upon by the Parties in writing, deliver the Automotive Parts to IAC at the Destination set out in Section 2.1 hereof (“Destination”) at the cost of the Seller.

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

Gateways	Qty	MRD
Prototype sample	TBD	- XX.XX.XXXX
OTS sample	TBD	- XX.XX.XXXX
Appearance sample	TBD	- XX.XX.XXXX
PPAP Submission	TBD	- XX.XX.XXXX
SOP		- XX.XX.XXXX

- 4.3 The 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 Automotive Parts] (“**Project Plan**”), and keep IAC regularly posted in writing on all milestones in its development of the Automotive Parts and the Project as required by IAC in the Project 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 Automotive Parts is successfully put into operation, the Seller shall forthwith provide IAC with all relevant information about the time and costs of the design, development, manufacture, testing, shipment, delivery, trial operation and commencement of mass production operation of the Automotive Parts and such other details or information as may be required by IAC.
- 4.4 During the period as from the concept design of the Automotive Parts and as of the interface data finalization, the Seller shall carry out design and development of the Automotive Parts and shall procure its design engineers to regularly consult with IAC to keep IAC instantly informed of the progress and outcome of the design and development.

IAC and the Seller shall jointly do system level DFMEA’s and conduct joint review of the same. If any change in design is required during the course of design and development of the Automotive Parts, both Parties shall consult with each other to decide the plan of change.

Seller shall, according to the timeline provided in the Project Plan, deliver to IAC samples of the Automotive Parts that fully satisfy the Technical Requirements. If Seller fails to deliver the samples as required in this Section 4.4, it shall indemnify IAC against any and all losses suffered by IAC therefrom, including without limitation the losses incurred due to any claims of any customer of IAC against IAC caused directly or indirectly by Seller’s failure to deliver the samples within the time stipulated herienabove.

5. Warranty

The Seller warrants that the Automotive Parts that shall be supplied to IAC in accordance with the terms hereincontained (i) will be made of best and brand new materials and workmanship; (ii) shall be free from any defects in engineering, design, workmanship, and material used in the Automotive Parts; (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



After termination of the current model production of the vehicle using the Automotive Parts, the Seller shall sell to IAC Automotive Parts necessary for IAC to fulfill IAC's and its customers' service and replacement parts requirements for past model years at the prices then specified in the last order for current model production plus any actual net cost differential for required unique packaging for the first five (5) years of past model service. For the following ten (10) years of past model service or such longer period as IAC's customer requires service parts, the prices shall be as specified in the last order for current model production plus any actual net cost differential for required unique packaging, plus any actual net cost differential for manufacturing costs as mutually agreed between IAC and Seller.

All warranties will be effective for the longer of (i) the period provided by applicable law, or (ii) the warranty period provided by IAC to its customer; provided, however, in the event that IAC or its customer voluntarily or pursuant to a government mandate, makes an offer to owners of vehicles (or other finished products) on which the Automotive Parts, or any parts, components or systems incorporating the Automotive Parts, are installed to provide remedial action to address a defect or condition that relates to motor vehicle safety or the failure of the vehicle to comply with any applicable law, safety standard or guideline, whether in connection with a recall campaign or other customer satisfaction or corrective service action (a "**Remedial Action**"), the warranty shall continue for such time period as may be dictated by IAC's customer or the government where the Automotive Parts are used or provided and Seller shall fully comply with the requirements under Section 12 of IACNA Purchase Order Terms and Conditions.

Seller warrants that it will be responsible for a life-long supply of spare parts required for the Automotive Parts.

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.

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.

Notwithstanding anything herein to the contrary, IAC shall have the right to terminate this LOI or any matter regarding the sale and purchase of the Automotive Parts at any time by giving the Seller a written notice in that behalf.

It is agreed that on such termination by IAC of this LOI, the Seller shall forthwith return to IAC all documents, drawings or technical specifications and other writing that may be in its custody, and that such termination shall not make IAC liable or obliged to pay any compensation whatsoever to the Seller.

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. 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.

11. 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 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)