

Quality Rejection and Compensation Policy (QRCP)

1. Preamble

- 1.1 GFL is committed to providing its Buyers with the highest quality products and service. However, on rare occasions, products may be found not to be conforming to the specifications as per the order.
- 1.2 This Quality Rejection and Compensation Policy (QRCP) has been established by GFL Management to provide guidelines on acceptability and settlement of reasonable compensation claims by Buyers against quality complaints from supplies of PTFE resin and other Fluoropolymers supplied by GFL.
- 1.3 The terms and conditions stated in this policy apply in precedence to and supersede any terms and conditions referred to, offered or relied on by the Buyer whether in negotiations or at any stage in the dealings between GFL and Buyer with reference to the goods. Without prejudice to the generality of the above, GFL will not be bound by any standard or printed terms supplied by the Buyer in any of its documents, unless the Buyer specifically states in writing separately that such terms shall apply to GFL and GFL acknowledges such notification in writing.

2. Definitions

- 2.1. "GFL" means Gujarat Fluorochemicals Limited, Gujarat Fluorochemicals GmbH and GFL Americas LLC.
- 2.2. "Buyer" means Buyer of GFL who is placing an order for purchase of goods from GFL.
- 2.3. "Goods" means PTFE and any other Fluoropolymers supplied by GFL.

3. Applicability

- 3.1. This policy will be applicable to all the Buyers of GFL and shall hold good in all territories across the globe including India.
- 3.2. In case of any deviation is requested by any Buyer from this policy and the terms and conditions stipulated therein at the time of order placement, a special sanction will have to be obtained in writing by the Sales Manager from management prior to the order acceptance.

4. Adoption and implementation

- 4.1. This policy will become effective on all supplies made on or after **01.01.2014**.

5. Settlement Process

- 5.1. GFL offers to compensate, if deviations from product specifications are attributable to GFL directly and has been established after a thorough root cause analysis conducted by a joint team of GFL and Buyer representative within an agreed timeframe.
- 5.2. In case of quality issue, buyer should immediately inform territory sales manager of GFL in writing.
- 5.3. No return, claim, compensation or product replacement shall be entertained by GFL for the deviation/defects, if:
 - a) Such defects are not directly and/or conclusively attributable to GFL.
 - b) Such defects have been the result of handling, processing, storing of the product at the end of the Buyer.

- c) Such defects are due to acts of nature, including but not limited to, lightning, wind, flood, fire, earthquake, riots etc.
- d) Such defects are due to accident after delivery to Buyer.
- e) Such defects are due to neglect, abuse, misuse, improper processing mishandling, or failure to follow instructions provided by GFL to the Buyer at its end.
- f) Such claims of compensation shall be entertained, only if the material has been supplied beyond the acceptable specification as per the purchase order. It is the responsibility of Buyer to inspect the incoming material quality according to agreed specifications as per purchase order. The Buyer shall inspect the Goods immediately upon delivery and shall within 7 (seven) days of delivery notify GFL in writing of any defect, damage, shortage, or other particulars by reason of which the Buyer alleges that the Goods supplied do not conform with the Order. No quality claim shall be entertained after 3 (three) months from delivery date including consignment stocks. If no such notice is given, the Goods shall be deemed to have been supplied in accordance with the Order and to have been accepted by the Buyer.
- g) GFL shall on receipt of such defect notification shall investigate about the defect or non conformance to the specification and submit its initial response to Buyer within 7 days. Depending upon the nature of complaint, a complete investigation may take 30 days before a final report will be submitted by GFL to the buyer. While conducting such investigation the Buyer shall cooperate with GFL in carrying out the inspection. It may also warrant that to establish the characteristic of the supplies which has been disputed and which has been claimed by the Buyer to be beyond the acceptable limit, the said product may be put into test criteria in an independent certified laboratory in India. The report of such laboratory shall be final in establishing the characteristics of the product and/or verification of product specification and shall be abiding on both the parties. Cost of third party investigation will be borne by the side where actual reason of problem is established after investigation.

6. Returns and Compensation

A compensation for the Goods rejected by buyer and accepted by GFL, will be paid by GFL to Buyer as per the provision below:

6.1. Unused product

- a) The unused quantity of the rejected shipment shall be replaced by an equal quantity of new material by sea-shipment in maximum 3 (three) months if local stocks are unavailable. In case the buyer asks for air-shipment of replacement quantity, initially cost of air-freighting will be borne by GFL but it will be finally paid by buyer if after final investigation quality problem is found not to be connected with supplied product.
- b) GFL and Buyer may enter into fresh negotiations on price / discounts for retention of the Goods by the Buyer.
- c) Subject to the above, GFL shall accept the return of Goods for full refund or replacement at its option, if, but only if, the goods are returned within 14 (fourteen) days of delivery or completing of inspection whichever is earlier. Goods shall be returned which do not conform to the specification only with the consent of GFL in writing. The Goods shall be returned in

unopened and in perfect re-saleable condition. GFL cannot accept liability for packages damaged during transit. It is the Buyer's responsibility to pack the product adequately to prevent damage. GFL shall not entertain any claim for compensation if the Buyer fails to take reasonable steps mentioned in the guidelines/manual for use, handling and storage.

6.2. Used/Processed/converted material

For the rejected quantity of Goods which has been consumed and converted by Buyer into its products and where such products have been found to be defective as claimed by the Buyer and accepted by GFL, GFL will compensate the Buyer as below:

- a) Semi-finished products (like Rod, Moulded or Skived Sheet, Tube etc.) – cost of resin of equal quantity plus 5% (as processing waste) plus USD 2,00 per kilogram as processing cost. Rejected converted quantity is limited to a maximum of 1000Kgs. Compensation will be given upon receipt of rejected processed goods by GFL in India.
- b) Finished parts (Machined parts) - cost of resin of equal quantity plus 10% (as processing waste including machining waste) plus USD 3,00 per kilogram as processing cost. Rejected converted quantity is limited to a maximum of 1000Kgs. Compensation will be given upon receipt of rejected processed goods by GFL in India.

6.3. GFL will not compensate the Buyer for any processing or conversion cost or any incidental or consequential cost other than listed in points a & b above incurred by the buyer while using the said quantity of product supplied by GFL.

6.4. GFL shall under no circumstances be liable for any quality checking cost, labour cost, consequential or indirect damage or loss, however caused, including (but not restricted to) loss of business or profits, loss of goodwill, damage to trading relationships loss of data and other financial loss. GFL's liability in respect of all losses shall be limited to the invoiced amount of the relevant Order.

6.5. GFL's liability hereunder is limited to the Price of the Goods proved to be defective and for this purpose the Price shall be deemed to be the invoice Price of the Goods. GFL shall be entitled in its absolute discretion to replace such Goods upon the terms hereof in settlement of its liability in lieu of making cash settlement.

6.6. All claims will be settled as per rules, regulations and guidelines laid out and in compliance with The Reserve Bank of India and Director General of Foreign Trade.

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