



# Supplier Manual

## Fleetguard Filters Private Limited

*Corporate Identification No. U29197MH1987PTC042672*

Regd. Office: 136, Park Marina Road, Baner, Pune - 411 045 Maharashtra, India. Tel.: +91 20 6717 9111/222, +91 20 3997 0111/222  
Fax: +91 20 3997 0333 | Email: [marketing@fleetguard-filtrum.com](mailto:marketing@fleetguard-filtrum.com) | Website: [www.fleetguard-filtrum.com](http://www.fleetguard-filtrum.com)

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## 1. Introduction

### ➤ Purpose:

The purpose of the Supplier Manual is to communicate the prerequisites to become a Supplier for Fleetguard, where the suppliers understand and meet all the requirements. This manual specifies quality requirements, business practices and all applicable documents for suppliers to remain and maintain their approved supplier status.

### ➤ Scope:

This manual has been developed to communicate the overall expectations, requirements and the procedures that should be followed at Fleetguard for all existing and potential suppliers. It is mandatory to adhere to the guidelines of the manual by all Suppliers associated with Fleetguard.

### ➤ Vision:

To create value for stakeholders by growing profitably year over year in all the market segments that we operate in.

### ➤ Mission:

- Follow processes/systems in the company to its intent
- Prioritize the work of employees to obtain best results
- Ensure we have the best-in-class productivity
- Make our products available in all the market at all times
- To have products/technology ahead of demand and fit for market
- Use TOC principles as the only way of managing organization

### ➤ Values:

- Integrity: Do what you say/commit and always speak the truth
- Ethical behavior: Shall not give and accept bribes in any form
- Respect for others: Treat others in a way that he/she shall not be offended

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### ➤ Quality Policy

The Quality Policy of Fleetguard Filters Private Limited (FFPL) is to design manufacture, deliver and represent our products and services in a manner in which customer needs and expectations are met or exceeded through commitment of following key concepts:

- Understanding customer needs and expectations
- Sound Designs
- Capable Processes
- Highly trained and motivated workforce
- Open and honest dealings
- Continual improvement in effectiveness of quality management system

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## 2. General Requirements

Below stated are the general requirements, along with the specific requirements for specific parts, which are mentioned in the product specifications and purchase order documents. The supplier shall ensure all applicable statutory and regulatory requirements where it operates, including country of receipt, country of shipment, and country of destination provided.

### ➤ 2.1 Confidentiality

“Confidential Information” means any/all non-public/private information whether written, representational, electronic, verbal or in any other form that is disclosed by the “Disclosing Party” to the “Receiving Party” or which, under the circumstances surrounding disclosure ought to be treated as confidential. FFPL requires all its suppliers to not disclose any confidential information to its own employees not involved with the tender / Contract and to its sub suppliers/ third parties. The supplier has to sign a Non-Disclosure Agreement (**Annexure - 1**) which is to be stamped by company seal by its designated authority and submit it to FFPL. The supplier should get written consent from FFPL if the information has to be shared with third party.

### ➤ 2.2 Responsibility and Sustainability

FFPL has always shared values of Integrity, Trust & Respect towards others. Suppliers are required to follow FFPL Sourcing Code of Conduct in letter & spirit. The Supplier Code of Conduct summarizes the standards of business conduct, which FFPL expects from its suppliers in a business relationship. Compliance with this standard is mandatory.

#### ➤ 2.2.1 Supplier Code of conduct

- **Regulatory Compliance**

The Supplier shall comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which it operates.

- **Gifts and Donations**

The Supplier shall neither receive nor offer or make, directly or indirectly, any illegal payments, remunerations, gifts, donations or comparable benefits that are intended, or perceived, to obtain uncompetitive favour for the conduct of its business with Fleetguard. The Supplier shall cooperate with governmental authorities in efforts to eliminate all forms of bribery, fraud and corruption. However, promotional gifts e.g. items such as

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stationery, diaries, mugs, calendars, mouse pads or pens that bear the supplier name / logo, and that have no significant commercial value, may be given / accepted with full disclosure.

- **Quality of Products and Services**

The Supplier shall be committed to supply goods and services of world- class quality standards, backed by after-sales services consistent with the requirements of Fleetguard. The quality standards of Fleetguard's goods and services shall meet applicable national and international standards. Raw materials are to be sourced from approved sources as mentioned in drawing/standard wherever applicable.

Product suppliers shall display adequate health and safety labels, caveats and other necessary information on its product packaging. Service suppliers shall display appropriate health and safety warnings, notices as applicable to the services provided.

- **Health Safety and Environment**

The supplier shall strive to provide a safe, healthy, clean and ergonomic working environment for its people. It shall prevent the wasteful use of natural resources and be committed to improving the environment, particularly with regard to the emission of greenhouse gases, and shall endeavor to offset the effect of climate change in all spheres of its activities.

- **No Forced or Child Labour**

A supplier must not use involuntary labor of any kind, including prison labor, debt bondage or forced labour. Only workers who meet the applicable minimum legal age requirement in the country where they are working or are at least 14 years old, whichever is greater, may be hired by a supplier. Additional standards include the following:

1. A supplier must comply with all applicable child labour laws, including those related to hiring, wages, number of hours worked, overtime and working conditions. Vocational or development programs for young people may require an exception to the age requirements.
2. The supplier must maintain official documentation that verifies a worker's date of birth, employment history and training history. Fleetguard reserves the right to review this information if necessary.

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- **Third Party Representation**

Suppliers shall not be authorized to represent Fleetguard or to use the Fleetguard brand to further its interests without the written permission of Fleetguard. Third parties and their employees who are authorized to represent Fleetguard are expected to abide by the Fleetguard Code of Conduct in their interaction with, and on behalf of Fleetguard. All third parties must sign a non-disclosure agreement to support confidentiality of information.

- **Conflict of Interest**

The Supplier shall not enter into a financial or any other relationship with a Fleetguard employee that creates any actual or potential conflict of interest for Fleetguard. The Supplier understands that a conflict of interest arises when the material personal interests of the Fleetguard employee are inconsistent with the responsibilities of his/her position with Fleetguard. All such conflicts must be disclosed and corrected. Even the appearance of a conflict of interest can be damaging to Fleetguard and to its Suppliers, and are to be disclosed and approved in advance by Fleetguard management.

- **Protecting Fleetguard Assets**

The assets of Fleetguard shall not be misused; they shall be employed primarily and judiciously for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources, as well as intangible assets like Software systems, proprietary information, intellectual property, and relationships with customers and suppliers.

- **Securities Transactions and Confidential Information**

If the Supplier becomes aware of material, non-public information relating to Fleetguard or its business, it may not buy or sell Fleetguard securities or engage in any other action to take advantage of that information, including sharing that information with others. In addition, if the Supplier becomes aware of material, non-public information about any other Fleetguard business partners, including Fleetguard customers, suppliers or vendors, that is obtained by virtue of the supplier's interaction with Fleetguard, then the supplier may not buy or sell Fleetguard's securities or engage in any other action to take advantage of that information, including passing that information on to others.

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- **Reporting Non-Ethical conduct**

The Supplier shall promptly notify Fleetguard regarding any known or suspected improper behaviour by any employee or authorized associate or representative of Fleetguard (collectively called as Fleetguard representative), by way of written or oral communication to Mr. Sanjay Kulkarni, President - Fleetguard Filters Private Limited, ([skk@fleetguard-filtrum.com](mailto:skk@fleetguard-filtrum.com)).

Favor includes bribe in the form of cash or in kind, asked by / given to employee himself or to someone in his relation, friends, or person/s that employee has influence, in exchange of providing business with Fleetguard or in the form of helping or furthering business interest of such Fleetguard representative.

Even after the knowledge, if such fact is not being brought to the notice of Fleetguard by the Supplier/Service Provider, the same may be dealt with by initiating appropriate legal action as also thru an appropriate publicity.

### ➤ 2.3 Environmental Management System

FFPL is committed to conduct its operations/process in an environment friendly & safe manner and requires its suppliers to conduct its operations/processes in a similar manner. To achieve this, FFPL requires its suppliers to

- Meet relevant environment laws such as Water (Prevention and Control of Pollution) Act 1974 (Water Act), Air (Prevention and Control of Pollution) Act 1981 (Air Act) & Environment (Protection) Act 1986 (EP Act).
- Required to hold relevant regulatory approvals by Pollution Control Board (PCB), Ministry of Environment, Forests and Climate Change (MoEFCC) & District Level Authorities (that is, municipal corporations).
- Ensure water quality by having water treatment plant
- Periodic checking of air quality
- Responsible chemical management (Manufacture, Storage and disposal)
- Wherever there is a specific product requirement to REACH/ROHS/ELV, the supplier should declare its compliance to the latest version of respective directive.
- Continual improvement target in Efficient use of natural resources & waste reduction
- Have Corporate Social Responsibility target for Environment protection
- Recommend to get ISO 14001 certification

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## ➤ 2.4 Work Environment

FFPL is committed to provide a fair and equitable treatment to all employees and expects its suppliers to treat their employee in the same manner. FFPL expects its Suppliers to follow this approach and comply with the following principles:

- **Nondiscrimination**

The Supplier guarantees equality of treatment and opportunity, regardless of ethnic origin, race, gender, religion, nationality, sexual orientation, social background or political outlook.

- **Freedom of association**

The Supplier acknowledges the right of all employees to form collective worker's representation and conduct collective negotiations to regulate work conditions.

- **Working hours & wages**

The supplier will comply with the national laws and agreements concerning working hours and regular paid holidays. The remuneration observes - nondiscrimination in terms of gender - the respective legally guaranteed minimum wages.

- **Industrial safety and health protection**

The Suppliers ensure observance of all applicable laws and regulations related to occupational health and safety as well as work and health protection. The Suppliers ensure that accidents and work-related diseases are prevented and their employees work in a safe and healthy environment.

## ➤ 2.5 Risks Analysis & Contingency Plan

FFPL requires its suppliers to conduct Risk & Opportunities for all the processes which may affect the supplies. Contingency plans for continuity of supply in the event of any of the following: key equipment failures, supplier delivery failures, natural disasters, fire, power failures, labor strikes & shortages. Mock audits to be conducted periodically to test the contingency plans for effectiveness. The audits should cover almost all the identified risk events.

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## 3. Supplier Selection & Requirements

### ➤ 3.1 Supplier Selection & Approval

FFPL selection process includes an assessment of the supplier's risk to product conformity and uninterrupted supply of the products the Suppliers deliver to FFPL, relevant quality and delivery performance, an evaluation of the supplier's quality management system, multi-disciplinary decision making; and an assessment of software development capabilities, if applicable. Supplier selection criteria include

- Volume of business (absolute and as a percentage of total business)
- Financial stability,
- Purchased product, material, or service complexity, required technology (product or process),
- Adequacy of available resources (e.g., people, infrastructure), design and development capabilities (including project management),
- Manufacturing capability,
- Change management process,
- Business continuity planning (e.g. disaster preparedness, contingency planning),
- Customer service.

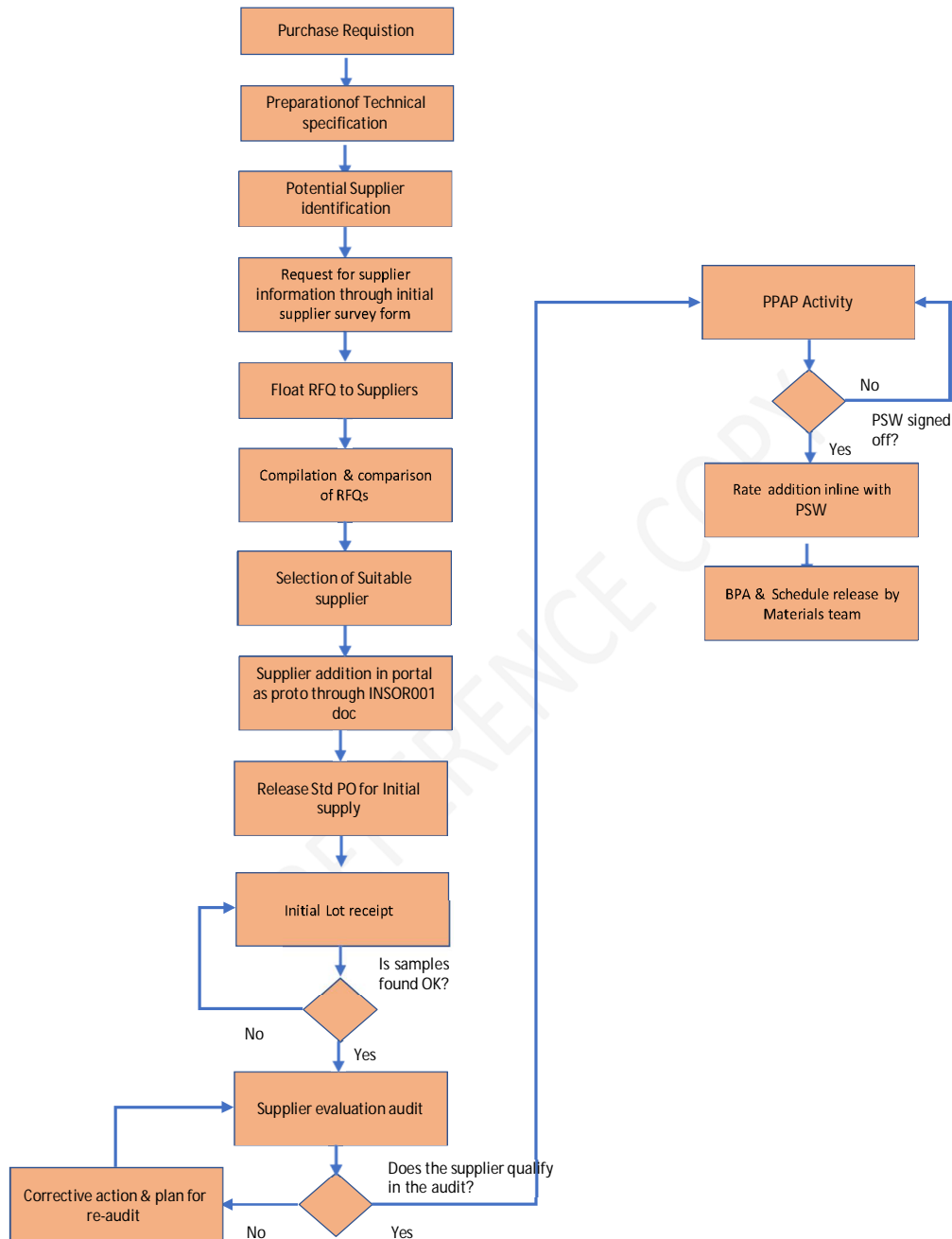
All Suppliers are required to be approved by FFPL CFT team. The flow chart for new supplier selection is described as below:

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## New Supplier Selection Flow Chart



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### ➤ 3.2 Purchase Agreement

FFPL requires its suppliers to prepare a purchase agreement (**Annexure - 2**), where the terms & conditions regarding the price, supply schedule, insurance, warranty, packing, Force majeure & other clauses are specified. The purchase agreement had to be signed off by the supplier.

### ➤ 3.3 Purchase Orders

FFPL has two types of Purchase Orders:

- **Standard Purchase Order** - this purchase order is released for procurement of parts for the specified quantity within the stated delivery date. Typically, this order is used for purchasing samples, capital items & MTO
- **Blanket Purchase Order** - this purchase order is released for continuous delivery.

The purchase order contains the terms & conditions relevant to the order. By agreeing to the purchase order, the supplier agrees to the terms and conditions mentioned in the purchase order.

### ➤ 3.4 Unnati Agreement

FFPL embraces TOC policy and requires its suppliers to maintain adequate buffer. The buffer quantity is calculated by the following formula

$$\text{Buffer stock} = \text{Max. Consumption within one RLT cycle} \times \text{RLT} \times 1.2$$

(RLT - Replenishment lead-time)

Buffer stock is classified at 3 levels

- **Green level** (100 % buffer stock)
- **Orange level** (67% buffer stock)
- **Red level** (33% buffer stock)

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There are 2 types of ordering system followed by FFPL:-

- Made to Stock (MTS)
- Made to Order (MTO)

The supplier is requested to maintain the Green levels indicated in the Unnati agreement for the MTS orders. For MTOs, supplier must provide the dispatch plan upon the receipt of orders. Supplier must maintain protective capacity of 20% for FFPL. Supplier has to enter into Unnati agreement (Annexure -3) with FFPL. Supplier delivery performance is monitored through On Time in Full (OTIF).

### ➤ 3.5 Critical Chain Project Management (CCPM) Methodology

FFPL follows CCPM methodology for New Product Development. The project plan is prepared according to activity-based timeline on touch time basis. The plan should not contain any slack/lag in between two connected activities. The project plan is to identify the critical path and ensure that there is no delay in the activities following the critical path.

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## 4. Quality Requirements

FFPL is committed to meet & exceed the expectations of its customers through commitment to capable processes and continual improvement in the effectiveness of quality management system. Suppliers are expected to work in accordance with these requirements and the requirements described in ISO 9001 / IATF 16949. Suppliers are fully responsible for the quality of their products including their sub-suppliers.

### ➤ 4.1 Quality Management System

Suppliers are required to be certified to the latest revision of ISO 9001/IATF 16949 automotive quality management system. Suppliers Quality Management System shall be formally documented, implemented and maintained to ensure that supplier's products conform to the identified purchase specifications, engineering or material specifications and/or contract requirements. The system has to be defined and documented in the supplier's own Quality Manual.

### ➤ 4.2 Quality Planning

The suppliers are required to make a project plan for new product industrialization. This must include elements of advanced product quality planning (APQP), time plans, activity reviews, control points, target dates and a list of people responsible. The plan's objective is to meet the quality requirements in respect to a product and implement the project in time.

### ➤ 4.3 Production Part Approval Process (PPAP)

The PPAP is the validation that all the requirements of the customer are understood & the supplier has the ability to demonstrate it to FFPL. The PPAP audit will be witnessed by the CFT consisting of representatives from Fleetguard's NPD, sourcing, materials & quality team. Special characteristics require capability studies (Ppk /Cpk) and must be monitored during series production. The critical/major characteristics mentioned in the drawing are to be considered for capability study. In absence of both, FFPL suggests characteristic to be consider for Capability study.

PPAP documentation has to be prepared in accordance to AIAG PPAP manual. The default submission level is level 3.

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The following documents are to be part of the PPAP documents:-

- Index sheet
- Design record (latest revision)
- Customer Engineering Approval
- Design FMEA
- Process Flow Diagram
- Process FMEA
- Control plan
- Quality plan
- Statistical Process Capability study (Key characteristics)
- Dimensional measurements (Layout inspection)
- List of Checking aids
- Measurements system analysis (MSA)
- Material Test reports
- Qualified Laboratories list
- Appearance Approval Report (AAR)
- Sample production parts
- Master sample
- Packaging standard
- Sub supplier PPAP, If necessary

FFPL requires its supplier to provide specific requirements based on part category.

A PPAP must be submitted in the following cases:-

- New supplier,
- New products,
- Design change,
- Material change,
- Technology change,
- Tool renewal or replacement,
- Change of production location,
- Replacement of a sub-supplier or a source of supply,

For any above changes, supplier has to take prior approval from FFPL & conduct PPAP. PPAP lot size /run @ rate is decided based on mutual agreement between the FFPL CFT & supplier. PPAP is witnessed by FFPL CFT consisting of NPD, Quality & SAM (Supplier account Manager). Based upon the audit observations, the PSW can be accepted, rejected or conditionally approved. In case the

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audit observations have open points, the supplier must provide action plan to address the open points. Proof of completion of action points have to be submitted and PPAP approval to be obtained by the supplier. Supplier must approve his sub supplier PPAP, even if the source is directed by FFPL. Series delivery of parts can start only after PSW approval.

#### ➤ 4.4 Supplier Quality Assurance during Series Production

##### ➤ 4.4.1 Series Production control

After the approval of PPAP, regular supply of the production to FFPL begins. Suppliers must ensure that production is monitored systematically by inspection methods agreed as per the control plan. All critical characteristics identified, have to be monitored through SPC. All inspection documents, test reports & SPC records are to be maintained by the supplier for verification. Traceability system to be implemented to trace the finished goods to receipt of raw material, including manufacturing date, tooling used, material test records, batch codes of RM, invoice details of RM/ sub supplier parts. In case of non-conformities, suitable containment of affected parts/products/product batches can be limited. The traceability system must comply with the FIFO (First In - First Out) principles for incoming and outgoing material.

##### ➤ 4.4.2 Pre-Dispatch Inspection

Before dispatch, the supplier must inspect as per the PDIR (Pre-Dispatch Inspection Report) mutually agreed upon. Pre dispatch inspection has to be uploaded on to the FFPL portal while making an ASN (Advanced shipping notice).

The PDIR should ensure -

- Dimensional inspection report -Lot wise
- Correct quantity of parts
- As per approved packaging standard -Lot wise
- Material test reports -Once a year

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#### ➤ 4.4.3 Dispatch requirements:

Based upon the PO/ Trigger in case of BPA, Supplier has to deliver the mentioned quantity of parts in PO/ trigger. The supplier has to raise an ASN through FFPL portal. While making the ASN the PDIR should be uploaded. Upon the receipt of ASN, the barcode has to be added in the Suppliers Invoice. The supplier must dispatch the material as per the agreed packaging standard. The supplier must ensure the below points during dispatch

- Supplier Invoice with ASN barcode
- ASN copy
- E- way bill
- Delivery Challan for PP box, if packaging is agreed for returnable PP boxes

#### ➤ 4.4.4 Internal Audits and Continuous Improvement:

FFPL requires its Suppliers to have a documented internal audit process. The process must include the development and implementation of an internal audit program that covers the entire quality management system, including quality management system audits, manufacturing process audits, and product audits. The audit program needs to be prioritized based upon risk, internal and external performance trends and criticality of the processes. Internal process audits shall cover all activities and shifts and shall be scheduled according to an annual plan. Product audits require verifying conformity to all specified requirements, such as product dimensions, functionality, packaging and labeling, at a defined frequency. FFPL requires its suppliers to have a layout inspection plan and share the reports as per plan.

#### ➤ 4.5 Nonconformity of Supplier

FFPL requires all its suppliers to deliver products as per agreed quality requirements. FFPL conducts random sampling inspection of received parts. When non - conformities are found, SCAR (Supplier Corrective Action Report) is raised. Suppliers are required to immediately initiate containment actions, to analyze the root cause, to introduce suitable corrective actions and to review their effectiveness. Supplier must respond to SCAR as per the 2-2-2 methodology.

- If any sub assembly/complete assembly is found to be rejected and attributed to the defect of supplier child part, then the full amount of respective sub assembly/complete assembly will be debited to supplier account. Applicable credit note will have to be signed by supplier.

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#### ➤ 4.5.1 2-2-2-2 Methodology

FFPL requires its supplier to respond to SCAR based on the 2-2-2-2 methodology.

**2 minutes** - within 2 minutes the supplier must acknowledge the Non-confirmation

**2 hours** - within 2 hours containment action to be taken to ensure all NC parts are segregated to avoid mix up

**2 days** - within 2 days corrective action needs to be taken as per 8D

**2 weeks** - within 2 weeks preventive action must be taken.

When the corrective action is completed and verified to be effective, FFPL Quality team will close SCAR. FFPL can audit the process when required to verify the effectiveness.

#### ➤ 4.6 Supplier Performance Monitoring

In order to support the continual improvement processes at the supply base, FFPL systematically evaluates the performance of its suppliers regarding quality and delivery reliability. All suppliers are evaluated based on the following criteria and their performances are monitored. The quality rating is provided on a monthly basis & delivery rating is shared on a daily basis.

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### Quality Rating:

Characteristics	Criteria/Target	Weightage (%)
PPM (Parts Per Million)	2500	40
CQC (Customer Quality Complaint)	0	25
SCAR functional complaint	0	15
SCAR responsiveness	2 days	10
Process Capability report	Yes	10

Based on the score, supplier performance is categorized as below

< 65	- Poor
66 ~ 74	- Unsatisfactory
75 ~ 84	- Satisfactory
85 ~ 94	- Good
95 ~ 99	- Very good
100	- Excellent

- Appropriate actions will be taken if monthly rating is continuously less than thresh hold limit of 75 over a period of six months.

### Delivery Rating:

Delivery rating of the supplier is measure through OTIF (On Time In Full). Based upon the score, the rating is classified as

<84	- Poor
85 ~ 89	- Average
90 ~ 94	- Good
95 ~ 100	- Excellent

## Fleetguard Filters Private Limited

Corporate Identification No. U29197MH1987PTC042672

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Fax: +91 20 3997 0333 | Email: marketing@fleetguard-filtrum.com | Website: www.fleetguard-filtrum.com

**Annexure-1 - Non-Disclosure Agreement**

**NON DISCLOSURE AGREEMENT**

**Between**

**Fleetguard Filters Private Limited**, a Company registered under the Companies Act, 1956 having its registered office at 136, Park Marina Road, Baner, Pune-411045.(Hereinafter called 'party/parties' which expression shall unless repugnant to the context includes its successors and assigns) (Hereinafter referred as 'Fleetguard' in this agreement)

**And**

.....  
(Hereinafter called 'party/parties' which expression shall unless repugnant to the context includes its successors and assigns) (Hereinafter referred as '(Company Name Short form\_\_\_\_\_)' in this agreement)

**Fleetguard Filters Private Limited**

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## 1. DEFINITIONS:

- 1.1. "Confidential Information" means any/all non-public/private information whether written, representational, electronic, verbal or in any other form that is disclosed by the "Disclosing Party" to the "Receiving Party" or which, under the circumstances surrounding disclosure ought to be treated as confidential. "Confidential Information" includes, information without limitation pertaining to its manufacturing activities, Local & Global Sourcing activities of Auto Components, raw materials, including Media, launch of new programs or drawings, grades and specifications of Media, quote/rate/costs details for Media grades, performance details of Media Grades, similar/nearby grades of the developed media grades for the "Disclosing Party", project information of Media grades, quantities of Media grades, the information relating to general architecture of Disclosing Party's business network, information relating to nature and content of data stored within such network, Disclosing Party's business policies or practices or both, Sourcing policies or practices or both and information received for others that Disclosing Party is obligated to treat as confidential. Confidential Information disclosed to Receiving Party by Disclosing Party / its subsidiary and/or agents is covered by this Agreement.

Confidential Information shall not include any information that: (i) is or subsequently becomes publicly available without Supplier's breach of any obligation owed to Fleetguard; (ii) is known to Supplier prior to Fleetguard's disclosure of such information to Supplier; (iii) became known to Supplier from a source other than Fleetguard who is under no obligation of confidentiality to Fleetguard; or (iv) is independently developed by Supplier without reference to any Confidential Information disclosed to it by Fleetguard. However in the event of a dispute, the burden of proving that such information was not confidential in nature and is covered by any of the above exceptions shall be that of Supplier.

"Confidential Materials" shall mean all tangible materials containing Confidential Information, including without limitation written or printed documents/letters and computer disks or tapes, whether machine or user readable.

- 1.2. If the Confidential Information is contained in writing, it will be marked as Confidential or proprietary information of the disclosing party. If the Confidential Information is disclosed orally or visually, it shall be identified as such at the time of disclosure and confirmed in writing to the recipient within thirty (30) days of such disclosure.
- 1.3. "Main Agreement" in this context refers to the Agreement for the performance of certain services either for oneself or on behalf of another client on account of which the parties have entered into a business transaction.
- 1.4. "Services" for the purposes of this Agreement services shall mean and include all services performed or intended to be performed by both the parties to each other during the course of this Agreement for achieving the objectives of this Agreement or under the Main Agreement.

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## 2. RESPONSIBILITIES OF THE PARTIES:

- 2.1. Each of the parties agrees that it will not make use of, disseminate, or in any way disclose any Confidential Information of the other party to any person, firm or business, except to the extent necessary for negotiations, discussions, and consultations with personnel or authorized representatives of the other party and any purpose the other party may hereafter authorize in writing. Furthermore, the existence of any business discussions, disputes, negotiations or Agreements in progress between the parties shall not be released to any form of public media without written approval of both parties.
- 2.2. Each of the parties agrees that it shall disclose Confidential Information of the other party only to those of its partners, employees, officers or directors who need to know such information and who have previously agreed, either as a condition to employment or in order to obtain the Confidential Information, to be bound by terms and conditions substantially similar to those of this Agreement ("Authorized Personnel").
- 2.3. Each of the parties agrees that it shall treat all Confidential Information of the other party with the same degree of care as it accords to its own Confidential Information, and each of the parties represents that it exercises reasonable care to protect its own Confidential Information, which includes, at a minimum, limiting access of Confidential Information solely to Authorized Personnel, and by using its reasonable endeavors to conspicuously mark such confidential material with a legend in a form similar to the following format: "CONFIDENTIAL INFORMATION OF ....."
- 2.4. If the disclosing party inadvertently fails to mark as confidential information for which it desires confidential treatment, it shall so inform the recipient. The recipient thereupon shall return the unmarked information to the disclosing party and the disclosing party shall substitute it with properly marked information. In addition if the disclosing party, at the time of disclosure inadvertently fails to identify as proprietary, confidential or private, oral or visual information for which it desires confidential treatment, it shall so inform the recipient, provided that the disclosing party shall summarize the information in writing within ten (10) days thereafter. The recipient's obligation hereunder shall commence upon notice from the disclosing party of the failure to properly mark or identify the information.
- 2.5. Each of the parties agrees that it will not modify, reverse, engineer, de-compile, create other works forms, or disassemble any software programs contained in the Confidential Information of the other party unless otherwise specified in writing by the disclosing party

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- 2.6. All materials which are designated in writing or other tangible form to be the property of such party, shall remain the property of such party and shall be returned to it at its request, together with any copies thereof within 20 days of such request, or upon termination or expiration of this Agreement, or upon the Recipient's determination that it no longer has a need for such information.
- 2.7. Neither party shall communicate any information to the other in violation of the proprietary rights of any third party.
- 2.8. No license to a party of any intellectual property right is either granted or implied by this Agreement or any disclosure hereunder. The terms and conditions of this Agreement are binding regardless of whether or not a technology transfer takes place.
- 2.9. Neither this Agreement nor the disclosure or receipt of Confidential Information shall be construed as creating any obligation of a party to furnish information to the other party or to enter into any Agreement or relationship with the other party with respect to mutual business.
- 2.10. Each party's obligations under this clause 3 and the sub-clauses thereof with respect to any portion of the other party's Confidential Information shall terminate when the party to whom Confidential Information was disclosed (the "Recipient") can document that
- It was rightfully communicated to the Recipient free of any obligation of confidence, subsequent to the time it was communicated to the Recipient by the other party;
  - The information is, as of the time of its disclosure, part of the public domain;
  - The information was subsequently learned from a third party; or
  - It was developed by employees or agents of the Recipient independently of and without reference to any information communicated to the Recipient by the other party;
  - The communication was in response to a valid order by a court or other governmental body, but only to the extent of and for the purposes of such order; provided however, that the Recipient shall first notify the other party in writing and permit the other party to seek an appropriate protective order;
  - It was previously known by the recipient without any obligation to hold it in confidence;
  - It was approved for release by written authorization of the disclosing party, but only to the extent of such authorization.

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### 3. INTELLECTUAL PROPERTY RIGHTS:

Either party shall own its pre-existing or individually developed trade secrets, patents, copyrights or other forms of intellectual properties including trademarks and designs also.

### 4. UNDERTAKING:

Both parties undertake not to discuss, disclose or divulge to any competitor or its subsidiary or affiliate or sub-contractor or any ancillary unit of or any company, firm or person which/who is likely to be a competitor or is a sub-contractor or ancillary unit of the other party or commence any business using the skill and knowledge obtained through this transaction.

### 5. ARBITRATION

5.1 This agreement shall be governed by and construed in accordance with the Laws of India.

5.2 Any dispute, which cannot be amicably settled by the parties, may be submitted, by one of the parties, to the arbitrator/arbitrators under the Arbitration and Conciliation Act, 1996. Both parties agree that the results and awards of any such arbitration shall (unless a mistake can be shown to have been made in law) be final and binding on both parties. The Arbitrator shall, be agreed to, by the parties. Failing which, both parties shall appoint one Arbitrator each and the third Arbitrator shall be decided upon by the two Arbitrators. The Venue of arbitration shall be PUNE. Both parties also agree that the Arbitrator shall have no power to award any exemplary, punitive or indirect damages. Each party will promptly pay its share of all arbitration fees and costs (provided that such fees and costs shall be recoverable by the prevailing party as determined by the arbitrator). If a party fails to pay such share promptly upon demand, the arbitrator shall, upon written request by the other party, enter a final and binding decision against the non-paying party for the full amount of such share, together with an award of attorney's fees and costs incurred by the other party in obtaining such decision, which decision may be entered in any court of competent jurisdiction.

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## 6. TERMINATION:

Either party may terminate this Agreement forthwith upon the occurrence of any of the following events of default:

- If the other party is liquidated, terminated or dissolved, except when such liquidation, termination or dissolution is pursuant to a merger or corporate reorganization for tax purposes.
- After all services are terminated.
- If the other party breaches any term of this Agreement.

## 7. JURISDICTION

In case of any dispute between the parties, the same shall be referred to the courts of competent jurisdiction at Pune alone.

## 8. GENERAL PROVISIONS:

- 7.1 **Force Majeure:** If either party shall be considered in breach of this Agreement or in default of its obligations hereunder because it fails to perform or observe any or all of the terms of this Agreement, resulting directly or indirectly from causes beyond the reasonable control of such party, such as but not limited to acts of God, Civil or military authority, acts of the public enemy, war, riots, civil disturbances, insurrections, accidents, explosions, fires, earthquakes, floods, transportation embargoes, epidemics, acts of government, its agencies or officers, or any other legitimate cause beyond the reasonable control of the parties, the party whose performance is affected or is likely to get effected thereby, shall notify the other party of the occurrence of such cause, and the time allowed for performance by the affected party will be extended for the duration of such cause.
- 7.2 **Entire Agreement:** This Agreement supersedes all previous negotiations, writings, commitments or Agreements between the parties in respect of the subject matter hereof. Except as provided herein, this Agreement may not be released, discharged, abandoned, changed or modified in any manner, orally or otherwise, except by an instrument in writing signed by both the parties.
- 7.3 **Interpretation:** The Parties acknowledge and agree that they have mutually negotiated the terms and conditions of this Agreement and that any provision contained herein with respect to which an issue of interpretation or construction arises shall not be construed to the detriment of the drafter on the basis that such party or its professional advisor was the drafter.

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- 7.4 **Severability:** The invalidity or unenforceability of any terms of this Agreement shall not affect the validity or enforceability of the remaining terms and provisions, which shall remain in full force and effect unless such invalidity and unenforceability substantially alters the underlying intent of this Agreement, or where the invalid or unenforceable provision, comprises an integral part of or are otherwise inseparable from the remainder of this Agreement.
- 7.5 **Non-Assignment and Non-Waiver:** Neither party may assign or transfer, in whole or in part, any of its rights, obligations or duties under this Agreement. The failure or delay of either party to enforce at any time any provisions of this Agreement shall not constitute a waiver of such right thereafter to enforce each and every provision of this Agreement. Subject to the above, this Agreement shall be binding upon the successors in interest and permitted assigns of both Parties.
- 7.6 **Notices:** All notices or reports permitted or required under this Agreement shall be in writing and shall be by personal delivery, telegram, fax transmission or by internally recognized courier services (i.e., DHL, Federal Express, UPS, etc) and shall be deemed given upon personal delivery to an internationally recognized courier service. Notices shall be sent to the addresses set forth at the end of this Agreement or such other address as either party may specify in writing.
- 7.7 **Legal Fees:** If any dispute arises between the parties with respect to the matters covered by this Agreement which leads to a proceeding to resolve such dispute, the prevailing party in such proceeding shall be entitled to receive its reasonable attorney's fees, expert witness fees and out-of-pocket costs incurred in connection with such proceeding, in addition to any other relief that may be awarded.
- 7.8 **Survival:** The confidentiality obligations under this Agreement shall survive any termination of this Agreement for a period of three (3) years.

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### Annexure -2 PURCHASE AGREEMENT

SR. NO.	CONTENTS:
1.0	Initial Term
2.0	Expiry
3.0	Schedule of Supply
4.0	Inspection, Quality and Non-Conforming Material
5.0	Manufacture
6.0	Tools, Jigs & Fixtures, Patterns, Drawings and Designs
7.0	Price
8.0	Cost Reduction and Productivity
9.0	Taxes & Duties
10.0	Insurance
11.0	Delivery Mode:
12.0	Packing
13.0	Buffer Stock
14.0	Warranty
15.0	Exclusivity & After market Support
16.0	Liquidated Damages
17.0	Safety & Environment
18.0	Force Majeure
19.0	Confidentiality Agreement
20.0	Liquidation
21.0	Assignment
22.0	Entire Agreement
23.0	Waiver
24.0	Jurisdiction
25.0	Termination

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## 1. AGREEMENT

### Annexure-1

THIS AGREEMENT is made on this \_ between M/s. Fleetguard Filters Private Limited, a Private Limited Company, having its Office at 136 park Marina Road Baner Pune 411045. (Hereinafter referred to as "Fleetguard", (which expression unless repugnant to the context or meaning thereof shall mean and include its executors, administrators and assigns) of the First Part.

AND

, India, Hereinafter referred to as "Supplier" which expression unless repugnant to the context or meaning thereof shall mean and include its executors, administrators and assigns) of the Second Part.

PRELIMINARY:

Whereas Fleetguard is engaged in the manufacture and sale of Industrial Filters, Oil Filters, Filtration Systems required for heavy engines and coolants.

Whereas, a \_\_\_\_\_ is engaged in the business of manufacture and sale of \_\_\_\_\_ (As Per annexure) and supplies on regular basis to Fleetguard, hereinafter in this Agreement referred to as "Product/s".

Whereas Fleetguard and Supplier are desirous of entering into an Agreement on the following terms and conditions: -

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## 1. INITIAL TERM

The initial term of this agreement shall be from the date of this agreement till -----  
----- . The parties agree to use their best efforts to agree to the extension of the term of this agreement before its expiration. At least 3 (three) months prior to the expiration of this agreement, the parties will meet to discuss the extension of the agreement at such terms and conditions as may be mutually agreed upon by the parties.

## 2. EXPIRY OF AGREEMENT

If agreement to extend is not reached by 3 (three) months prior to expiry of this agreement, the agreement shall expire on due date. However, the parties hereto may terminate this agreement by giving the other party not less than 3 (three) months notice in writing, in advance. Upon termination of this Contract, the Supplier shall forthwith return all drawings, designs, patterns, tools, fixtures and property of every description owned by Fleetguard and in possession of the Supplier and the Supplier shall have no right of lien or otherwise on the same and also the Supplier shall return all the raw-material supplied by Fleetguard to Fleetguard. Supplier will not sell or dispose of any products manufactured for Fleetguard except to Fleetguard at the then agreed price. Supplier shall stop the manufacturing of the products, which were exclusively manufactured for Fleetguard.

## 3. SCHEDULE OF SUPPLY

- 1 Fleetguard will provide, on a half yearly basis, forecasted demand for the parts. However, these are business planning volumes only and in no way constitute guarantees of future demand. The Supplier will maintain the capacity, per the forecasted demand, to assure uninterrupted supply on standard six-day work week. The Supplier will reserve 20% of their capacity to support short-term increases above forecasted demand.

Fleetguard reserves the right to procure the part from other / alternative sources. It shall not be necessary to place all orders (schedule of delivery) only or solely on the supplier. Fleetguard may or may not place any order (schedule of delivery) on the Supplier.

- 2 The Supplier shall supply the Product/s from time to time as per Schedule of supply, which will be sent by Fleetguard to the Supplier on monthly / weekly / daily basis. Each schedule will automatically form part of this Agreement and that the Product/s supplied by the Supplier to Fleetguard as per the Schedule shall be subject to the terms and conditions of this Agreement. Fleetguard shall have right to amend, alter the schedules and such amendments shall also automatically form part of this Agreement. Any upward or downward amendments to the

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schedule shall not make the Supplier entitled to claim any revision in the price or any damages or claims against Fleetguard. Supplying the Product/s of right quality/quantity and on agreed time as per Schedule given by Fleetguard is essence of this Agreement.

- 3 The Supplier will be responsible to manage their supply base to meet Fleetguard requirements.
- 4 Delivery lead-time for development items should be shortest.

#### **4. INSPECTIONS, QUALITY AND NON-CONFORMING MATERIAL**

- a. The Supplier shall institute and maintain a quality management system that drives continual improvement, prevents defects and reduces variation and waste. Supplier shall be third party registered to ISO 9001:2000 or ISO/TS 16949:2002 by an accredited certification body. Additionally, the Supplier agrees that no deviations from blueprint specifications will occur unless authorized in advance in writing. The Supplier, upon completion of PPAP approval, shall supply parts with zero defects and have flawless delivery performance and on time responsiveness to issues and shall maintain supplier performance rating of 100%.
- b. The supplier hereby acknowledges the right of the Purchaser for inspection of the items to be manufactured by the Supplier, at the location of the Supplier as well as at the premises of the Purchaser. Authorized representatives of the Purchaser can enter the premises of the Supplier and / or Supplier's supplier, where the said items are being manufactured to inspect the work-in-progress and inspect the records of the Supplier, relating to the maintenance of quality standards and the quantity of the items manufactured/to be manufactured. The supplier shall, when requested by the Purchaser, furnish to the purchaser from time to time samples of the parts being manufactured. The Supplier, however, shall have the right to depute its representative to be present at the time of sampling and testing by the Purchaser.
- c. The Supplier further acknowledges that either at the time of inspection or delivery the Purchaser shall have the right unilaterally to reject any item(s), which do not conform to the specifications and quality standards as laid down in the Quality Plan already communicated to supplier. The Supplier shall be informed of the said rejection to rectify any defects(s) in the item(s), which has been rejected, provided the purchaser agrees to such rectification. However, even after the item(s) are rectified, if it is found that it does not conform to the specifications and quality standards mentioned hereinbefore, and then the purchaser shall reject those item(s) outright.

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The cost of rectification/rework/rejection shall be borne by supplier.

- d. Fleetguard endorses a no-inspect policy that dictates any random audit and inspection performed by Fleetguard whose findings conclude poor quality being received and confirmed to be caused by the Supplier will result in an inspection charge being levied against the Supplier for the specific inspection incident plus all future inspections until three (3) successive inspections result in zero (0) quality findings.
- e. It will be the responsibility of the Supplier to collect the rejected materials at his own cost. In the event of rejection, if due to urgency, the products are rectified and / or sorted out by the Purchaser/supplier at Fleetguard premises, then the Supplier will be charged Rs. 5,000/- per batch as appropriate, determined and communicated from time to time, as testing and administrative overheads incurred by the Purchaser in the process of rejection.
- The Supplier, at his own cost, shall within three days from the date of rejection, remove the Product/s from Fleetguard premises. In the event of the Supplier failing to remove the Product/s, Fleetguard shall arrange to remove the Product/s at the sole risk and cost of the Supplier, in case supplier doesn't respond to rejection note sent by Fleetguard within 15days from the date of receipt, Fleetguard reserves right to dispose the rejected product and debit the entire cost to supplier. The cost incurred by Fleetguard may be recovered from any dues to the supplier or otherwise.
- f. The Supplier further covenants that in the event any item(s) manufactured by the Supplier is rejected by the Purchaser, the supplier shall not make any use of the said item(s) and destroy the said item(s) in a manner as may be specified by the purchaser.

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## 5. MANUFACTURE:

- a. The Supplier declares and covenants that he has right to manufacture and/or supply the Product/s or services mentioned in this Agreement and that he is holding all the necessary registrations, rights, licences, patents, trademarks, copyrights to manufacture and/or supply the goods or services ordered in the Schedule.
- b. Wherever the products are manufactured as per the drawings and designs provided by Fleetguard, the supplier shall ensure that the products are manufactured as per the latest drawings and designs supplied by Fleetguard. If any amendments to drawings / designs are supplied by Fleetguard, then the Supplier shall forthwith return the old drawings and designs to Fleetguard and incorporate the necessary changes in manufacturing process, to ensure that products are manufactured as per latest drawings and designs. The Supplier shall provide latest revision list of Fleetguard approved drawings available in their records, every six months.
- c. The product/s manufactured as per drawings, designs and specifications of Fleetguard shall not be supplied to any other person, firm or company.
- d. **Manufacture of exact quantity:** The goods manufactured as per Fleetguards drawings, designs or specifications shall be in exact quantity as per Schedule. The excess quantity manufactured, if any, shall be preserved in proper condition, for ultimate sale to Fleetguard, if ordered in future, and under no circumstances shall be offered for sale or otherwise to any other company, firm, individual and other legal entity. The unauthorised offer of the goods shall amount to breach of this agreement besides an offence under Trade and Merchandise Marks Act and liable for prosecution for infringement of Trade Mark and / or passing off action.
- e. Product development time will be 4 weeks, along with complete PPAP approval.

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## 6. TOOLS, JIGS & FIXTURES, PATTERNS, DRAWINGS AND DESIGNS:

- a. Whenever necessary and at the sole discretion of Fleetguard, Fleetguard may provide drawings, designs, tools, jigs, fixtures, patterns etc. for the sole purpose of manufacture and supply of Product/s to Fleetguard, on chargeable basis or otherwise to supplier, however, the property shall always remain with Fleetguard. The supplier shall use the same diligently, with due care and shall return the same forthwith at the expiry of the contract period or as and when demanded by Fleetguard (whichever is earlier), irrespective of non-completion of any order in good condition; reasonable wear and tear expected.
- b. All Equipment, tooling, and gauging at the Supplier location owned by Fleetguard, will be maintained by the Supplier, at the Supplier's expense. Supplier to keep all tooling related to parts supplied for this Agreement in its possession and control, in good condition, free from liens and encumbrances, and will replace such tooling expeditiously if lost, damaged or destroyed. (Refer agreement entered into for Fleetguard asset no. .... ref .... )
- c. Patterns and dies shall be maintained in accordance with industry standards.

## 7. PRICE

The price, mutually agreed upon, is fixed for the period of one year from the date of this agreement. Any upward and downward revision of the price will be determined as mutually agreed upon and as per the requirement. Fleetguard shall have a right to call upon the Supplier to reduce the prices, by such percentage as it may deem fit considering the economic scenario, market conditions, etc. Tooling & development cost sanction will be addressed as per Fleetguard's then current policy.

## 8. COST REDUCTION AND PRODUCTIVITY

- a. Both the Purchaser and the Supplier are committed to offsetting inflationary increases through productivity gains and reducing costs. The Supplier will commit to offsetting inflationary increases for the life of this contract. The Supplier also agrees to work with the Purchaser in a spirit of continuous improvement, to reduce costs through waste elimination. Changes in the price will be immediate, to capture the effects.  
Supplier should ensure that the accumulated saving, passed on through this will be minimum 3% annually. Overall accumulation should be minimum 3%. Besides this, the supplier will contribute

## Fleetguard Filters Private Limited

Corporate Identification No. U29197MH1987PTC042672

Regd. Office: 136, Park Marina Road, Baner, Pune - 411 045 Maharashtra, India. Tel.: +91 20 6717 9111/222, +91 20 3997 0111/222  
Fax: +91 20 3997 0333 | Email: marketing@fleetguard-filtrum.com | Website: www.fleetguard-filtrum.com

positively in Fleetguard led cost reduction initiatives & commit to translate into reduced prices from time to time. Fleetguard welcomes & expects the supplier to come up with TOC reduction through Product Improvement.

- b. Fleetguard agrees to provide reasonable support of changes proposed by the Supplier, in efforts to reduce cost and improve quality. Fleetguard resources will include, but are not limited to, technical support, testing, application integration and source approval.

## 9. TAXES AND DUTIES

The price stipulated above is EXCLUSIVE of all taxes and duties levied on the said items by Central/State/Local authorities and any increase in taxes and duties therein, from time to time at actual shall be borne by the Purchaser. The Purchaser shall be entitled to claim any admissible exemption/concession under Excise, Sales Tax or any other laws, for the time being in force, and for the purpose it shall furnish to the supplier, the declaration forms or other documents as may be prescribed therefore. Onus of paying appropriate amount of taxes as per the statute in force will be on the supplier.

## 10. INSURANCE

- a. The product/s shall be covered for the transit insurance by the Supplier and the goods shall be forwarded through transporters specified by Fleetguard or as agreed in writing. Supplier shall be responsible for supplying the parts to Fleetguard and it is the responsibility of Supplier to ensure that parts reach Fleetguard works. Hence the product should be insured by Supplier for Transit between Supplier works to Fleetguard works.
- b. In case of Fleetguard owned patterns, tools, jigs, fixtures and dies, the Supplier shall, at his own cost, take out comprehensive insurance policy for the patterns, tools, jigs, fixture and dies with Fleetguard as beneficiary to protect Fleetguard's loss due to any damage to tools, dies, patterns occurring due to fire, earthquake, theft, etc.

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## 11. DELIVERY MODE

The items hereinbefore agreed to be sold and supplied, shall be delivered at the Purchaser's work premise at Nandur, Pune and at the place, informed by Fleetguard. The property and risk of the items hereinbefore agreed to be sold and supplied shall pass on to Purchaser only when the said items are delivered to the Purchaser and the Supplier shall be solely responsible for any shortage/damage/loss of the said items till the same is delivered in good condition to the Purchaser at its works at Nandur, Pune and at the place, as informed by Fleetguard.

Transportation - Fleetguard will designate Third Party Logistics Provider (TLP) for the purpose of transportation of material from / to Fleetguard & Supplier. Supplier will be debited transportation charges as mentioned in this agreement. In no circumstances, Supplier will ship the material through transporter/s not approved by Fleetguard. In case of exception, Fleetguard's approval must be sought.

## 12. PACKING

The product/s shall be securely packed to avoid loss, damage, breakage, etc. and rust proof, oiling protection packing, etc. shall be done wherever necessary. Supplier will carry out necessary improvements from time to time as they are identified.

## 13. BUFFER STOCK

Since the purchaser is substantially/wholly dependent on the Supplier for the supply of aforesaid materials, the Supplier must take all reasonable care to hold in stock for required number of days' consumption, depending upon their Process & Supply chain efficiency. Under no circumstances, the schedule should get unfulfilled because of extinct buffer stock.

(BPR system and maintain green level (Stock) at your end

(Max requirement per day x lead-time x 20% extra)

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#### 14. WARRANTY

Fleetguard extends warranty of 30 (Thirty) months for manufacturing defects for the Product/s supplied from the date of despatch from the Factory. Any claim accepted by Fleetguard for the manufacturing defects in the goods supplied by supplier shall be accepted on supplier's behalf and debited to supplier's account. The supplier extends warranty to 12 (Twelve) months from the date of despatch of the products from the factory or duration of the OEM recommended product service life for the application whichever is earlier. The products under the warranty should be returned to supplier with transportation charges prepaid, which our examination shall disclose to our satisfaction to have been thus defective. Filter elements are not warranted after they have been cleaned or serviced in any manner.

- a. Cost per failure (CPF) will be calculated to be equal to the unit price, service channel mark up, labour & all other costs of repair will be debited to supplier. For any consequential damages, Supplier's liability will be restricted to ten times the cost of product supplied and failed and related administrative charges of Rs.5000/- per incidence of failure. Fleetguard's decision in this regard shall be final and binding on the supplier. The supplier is not responsible for failures resulting from misuse, faulty installation, alteration, neglect or accident. The supplier is not responsible for downtime, loss of income, living expenses or other incidental or consequential damages and this warranty is the sole warranty made by the supplier. The supplier makes no other warranties, express or implied or merchantability or fitness for a particular purpose. Any claim or obligation in connection with supplier's products is subject to the jurisdiction of court in Pune, Maharashtra, India.

#### 15. EXCLUSIVITY AND AFTERMARKET SUPPORT

- a. The Supplier shall not directly or indirectly provide and confidential information, prints/specifications, process drawings, or technology, supplied by Fleetguard or developed pursuant to Supplier development programs requested and/or funded by Fleetguard, except to Fleetguard. Additionally, Supplier agrees that it will not use Fleetguard's unique tooling or drawings to manufacture products for sale except to Fleetguard. The supplier shall not sell parts / products in the aftermarket, which are manufactured for Fleetguard exclusively.

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- b. Upon request of Fleetguard, Supplier to supply the part(s) for a period of up to ten (10) years after the expiration / termination of this Agreement at a mutually agreed price. Thereafter, Supplier shall give Fleetguard twelve (12) months written notice prior to relinquishing his ability to supply and will afford Fleetguard the right to make one or more final bulk purchases at the predefined price.

## 16. LIQUIDATED DAMAGES

It is expressly agreed by the Supplier that supply of the Products of exact quantity at agreed prevailing price, pre-defined quality and on time delivery is the essence of this contract and that in the event of failure to meet these parameters and if such failure is not corrected within a week from the date of receipt of information by the Supplier, then Fleetguard reserves the right to levy liquidated damages equal to 2% of the contract price payable to Fleetguard for Product/s in question for every week or part of the week, during the period of delay subject to the Force Majeure clause in this agreement. This will be over & above the Cost that Fleetguard would have been required to pay on their end product due to subsequent delay, which Fleetguard may decide to recover from supplier with reason & it will be mandatory on supplier.

## 17. SAFETY & ENVIRONMENT

All items shall be packed with such material, which shall not cause any adverse impact on the environment. Plastic bags below 20 microns thickness should not be used for packing. As far as possible recyclable material should be used where necessary. Eco-friendly chemicals should be used for surface coating. Hygroscopic bags to be used wherever necessary. Due care to be taken while designing packing for the product to ensure easy handling & storage of the same. Consent should be obtained from Fleetguard for any proposed change in design of packaging.

Any chemical supplied should be accompanied by Material Safety Data Sheet, clearly mentioning the ingredients of the chemical supplied, its safe handling process, actions to be taken in the event of spill over or accident and also its safe disposal procedure after usage, to ensure that the chemical does not cause any adverse impact on environment.

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## 18. FORCE MAJEURE

Notwithstanding anything contained in this agreement, the obligation of either party shall remain suspended and the Purchaser/Supplier, as the case may be, shall not be entitled to claim compensation from each other for any loss or damage caused by such suspension whether total or partial, by reasons of strike, lockout, cessation or restriction of work by workmen, fire, flood, accident to machinery, sabotage, riots, disturbances, war, insurrection, restrictions imposed by Government, Act of Legislature or other authority or Acts of God. The operation of the contract shall be resumed as soon as any such condition or circumstance has been removed. On the occurrence of a force Majeure as above, the Supplier/Purchaser, as the case may be, shall give notice in writing of such occurrence to the other party with all details and supporting evidence thereof, within 15 days of such occurrence.

## 19. CONFIDENTIALITY AGREEMENT

- a. The Supplier agrees that it shall not manufacture, sell, market, consign or deliver, directly or indirectly, products using confidential information, prints/specification, or technology, supplied by Fleetguard or developed pursuant to Supplier development programs requested and/or funded by Fleetguard, except to Fleetguard. Additionally, Supplier agrees that it will not use Fleetguard unique tooling to manufacture products for sale except to Fleetguard. Supplier will not sell parts / products in aftermarket, which are exclusively manufacturing for Fleetguard.
- b. The Supplier further covenants that in the unlikely event of this agreement being terminated for any reason whatsoever, it shall forthright return to the Purchaser all designs, drawings and information supplied to it by the Purchaser.
- c. Fleetguard undertakes to maintain confidentiality of the drawings, designs, process information, cost break-up and all other intellectual properties (hereinafter referred to as 'the said confidential information'), which will be generated separately by the supplier while manufacturing products for Fleetguard. Fleetguard agrees that it will not disclose the said confidential information to anybody in any form tangible or intangible except to the personnel who have a need to know.

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- d. In the event of any breach of the terms and conditions, supplier shall pay to the purchaser as liquidated damages for the breach hereof, all the compensation obtained by Supplier for each and every violation of this agreement. Further, if Supplier breaches any material provision hereof, the Purchaser shall be entitled to an injunction to prevent further breach. In addition, the Purchaser may, without prejudice to any other lawful remedy, cancel all Supply, Development and/or Purchase Agreements between the Purchaser and Supplier without notice, if Supplier has violated any material provision of this Agreement.
- e. The Supplier further agrees that the letter dated ----- the enclosures that issued by the Purchaser to the Supplier forms part and parcel of this agreement.

## 20. LIQUIDATION

If winding up proceedings start against the supplier for any reason, Purchaser shall be at liberty to:

- a. Terminate the agreement forthwith upon coming to know of the happening of any such event as aforesaid by notice in writing to the supplier, to the receiver, liquidator or to any person in whom the Agreement may become vested.

OR

- b. Give such receiver, liquidator, or other person the option of carrying out the performance under this Agreement subject to the receiver, liquidator or other person providing a guarantee upon an amount to be agreed upon by the Purchaser and such receiver, liquidator or other person for the due and faithful performance of the Purchaser's obligation under this Agreement.

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## 21. ASSIGNMENT

The Supplier shall not assign its rights and obligations under the terms of this Agreement to any party without the written consent of the Purchaser.

## 22. ENTIRE AGREEMENT

The terms and conditions herein contained shall constitute the entire Agreement and understanding between the parties hereto and shall supersede all other communications except those referred herein, whether written or oral, between the parties hereto with respect to the subject matter thereof.

## 23. WAIVER

The validity of the Agreement shall not be affected should one or more of its stipulations be or become legally invalid. In such a case, the parties shall negotiate in good faith to replace the invalid clause by a stipulation which is in accordance with the applicable law and which shall be as close as possible to the parties' intent.

## 24. JURISDICTION

All disputes arising in respect of this Agreement shall be decided by a competent court at Pune and shall be subject to the jurisdiction of Pune Courts only.

## 25. TERMINATION

Fleetguard reserves its right to terminate the present agreement at any point of time without assigning any reason by giving three months prior notice.

Payment term for any commodity is 60 days.

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INWITNESS WHEREOF THE PARTIES HAVE PUT THEIR RESPECTIVE SEALS AND HANDS ON  
THE DAY AND DATE HEREINABOVE MENTIONED

## **PURCHASE ORDER- Terms & Conditions**

### **Annexure-2**

1. The order acknowledgement should be sent immediately upon receipt of this order, if no acknowledgement is received within seven days of this order, the supplier is deemed to agree to make supplies as per the terms and conditions of this order.
2. The Supplier shall not without the written permission of the company, advertise or should not disclose in any form that he supplies goods to the company and shall discontinue any such permitted advertisement or announcement on demand.
3. The prices mentioned on the order are firm and not subject to any of the supplier's Escalation Clauses. The prices can be revised only by mutual negotiation and such revised prices will be notified by the company as and when required.
4. Invoice and Advice Note must be posted on the same day when the goods are dispatched and should state order number, sale tax particulars, part numbers, description, quantity, weight, the route by which the goods are sent and if more than one case is used, the mark and number on and contents of each case. A duplicate copy of the advice note must also be sent with the goods.
5. For the goods produced out of FFPL materials, no scrap allowance is permissible, unless specified in the PO. If the amount of scrap exceeds the limit indicated in the PO, the supplier shall be charged for the material and labor costs for such excess scrap. The cut bits scrap and wastages should also be declared in the challan.
6. Drawings, designs, specifications, process sheets, inspection standards, samples etc., are and shall always be the exclusive property of the purchaser. Under no circumstances, the same shall be copied in any form without written permission of the purchaser and shall be returned intact with all copies made out to the purchaser on demand. They shall be used for the sole purpose of providing the goods materials and/or services as ordered. Contents of the above in part or full shall never be divulged to anybody else and shall not be used for supplying goods, materials or services to anybody else.

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7. All FFPL materials, tools, gauges, jigs and fixture, samples etc. are to be returned to FFPL in good condition as and when required by purchaser. The goods manufactured shall be supplied only to the purchaser and shall not be sold or otherwise disposed of to anybody other than the purchaser.
8. Delivery schedules as mentioned in the order or subsequently communicated shall be strictly followed. In event of non-compliance of the delivery schedule and at the option of the purchaser, the order shall be cancelled with instructions to stop delivery without prejudice to the other rights, (the goods already delivered and/or in goods in transit shall be rejected at the sole discretion of the purchaser). The supplier shall refund the payments made, if any, forthwith and pay liquidated damages.
9. Supplier is expected to deliver exact quantities ordered. Excess supplies shall be rejected at the discretion of the purchaser, and other discrepancies shall be treated as short supplies and adjusted accordingly at the time of payment.
10. The supplier shall promptly inform the delays in delivery likely to occur due to closures, fire, earthquake, flood, riots, strikes, terrorists activity, transportation embargoes, government decrees, imminence or incidence, the existence of any state of emergency or war, imposition of sanction and /or the taking by any government measures whatsoever which renders impossible or impracticable or circumstance whatsoever nature beyond the control of supplier, etc. The supplier however this shall not absolve the supplier from his liability to supply the goods as per order. The delayed deliveries may be accepted at the sole discretion of the purchaser.
11. In case the supplier fails to deliver materials strictly within the delivery schedule and dispatch, the same by any costlier mode of transport including by Air, on their own or on FFPL request, the entire additional expenditure involved will have to borne by the supplier.
12. Purchaser shall have right to cancel, amend and/or alter order, for breach of any of the conditions or without assigning any reason, alter delivery schedules and shall insure no liability whatsoever for the same.
13. The goods shall be securely packed to avoid loss, damage, breakage, etc., with such material which shall not have any adverse impact on environment.
14. In addition, rust proofing, oiling, protective packing, etc., to individual components wherever necessary shall be provided by the supplier.
15. Packing shall meet the rules and regulations laid down by the different modes of transport.

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16. The goods shall be delivered "freight paid" or "freight to pay" basis as may be mutually agreed at the time and place mentioned in the order.
17. Goods shall be covered for the transit insurance at the expense of the supplier, unless otherwise agreed by the purchaser.
18. The Supplier should get prior approval for the charges from the purchaser, if selects appropriate mode of transport to avoid delays and to meet the delivery schedules.
19. Liquidated Damages: Purchaser reserves the right to levy liquidated damages equal to 10 % of the contract price for every month or part of the month during the period of delay.
20. The goods shall be inspected at the receipt irrespective of their inspection and acceptance at the works of the supplier. Goods shall confirm to the drawings, inspection standards, material standards or approved samples supplied by the purchaser.
21. 21. Goods not satisfactory up to the standards laid down or found not suitable to the requirements at any stage (i.e. inspection, assembly, testing or dispatch) of manufacturing shall be rejected at sole discretion of the purchaser. On intimation, the rejected goods shall be forthwith removed from the premise of the purchaser, by the supplier at his own cost. If not removed within 15 days period the goods shall lie at the risk and responsibility of the supplier. The replaced or reworked goods shall be treated as fresh suppliers and inspected as such.
22. For rejected material 5% Incidental charges incurred on account of transportation, octroi, etc..., will be debited to supplier A/c.
23. Reworking of the goods, if permitted, shall be at the sole discretion of the purchaser, all cost, expenses, charges incurred shall be debited to supplier's account. Any line stoppage because of (CQC) at FFPL or at FFPL customer due to defect in material and workmanship charges incurred shall be debited to supplier's account.
24. If your vendor rating percentage falls below 100% for quantity rating and 95% for quality rating consistently for 3 months, your vendor code may be terminated.
25. No banned chemicals/material should be supplied or used in the manufacture of material supplied.

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26. Any chemicals supplied should be accompanied by Material Safety Data Sheet, clearly mentioning the ingredients of the chemicals supplied, its safe handling process, actions to be taken in the event of Spillover or accident and its safe disposal procedure after use, to ensure that the chemical/s does/do not cause any adverse impact of environment.
27. Jurisdiction: All disputes arising in respect of this order shall be considered by Competent Court at Pune and shall be subject to the jurisdiction Pune Courts only.

REFERENCE COPY

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### Annexure - 3 Unnati Agreement

#### **1. MAKE TO STOCK -BUFFER STOCK MAINTENANCE & DISPATCHES:**

1. The supplier shall maintain finished buffer stock i.e. ready for dispatch in supplier's store. This buffer stock quantity is calculated by Green level formula -
  - Buffer stock = Max. Consumption within one RLT cycle X1 RLT X 1.2  
[RLT - Replenishment lead-time]
2. The supplier shall carry out dynamic buffer Management (DBM) of buffer stock once in 10 days. It shall be done as below...
  - If Part is in continuous RED then Increase stock level by 33%
  - If Part is in continuous GREEN then reduce stock level by 33%
3. The supplier shall maintain and send the Stock report (BPR) daily before 12 noon to SAM and Planners. BPR shall include following things:
  - Buffer stock / Penetration
  - Red & stock out part trend.
  - Reasons for the part in RED & Stock out.
  - Action plan, based for top contributed reasons for RED & Stock out
4. The supplier shall declare actual finished goods stock, which is ready for dispatch. In case of major stock discrepancy in FFPL, audit will result into penalty on supplier.
5. The supplier shall replenish daily BPR gap by daily work-order planning. The priorities of work-order shall be driven by BPR.
6. The supplier shall review FFPL MTS part list and update BPR for any addition or deletion of parts.
7. The supplier shall dispatch the material from buffer as per trigger release & close the trigger on the same day.
8. The supplier shall maintain daily ASN discipline. If ASN is done, the material shall be dispatched on the same day. If any issues for non-supplies, the same shall be communicated to SAM and planner through SMS and E-Mail.

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- If ASN done ; material is not dispatched and not communicated accordingly, then FFPL will raise plenty for the same.
9. The supplier remains agreeable to accept the penalty levied for stopping the Fleetguard line due to non-availability of components.
  10. In case of failed delivery, expediting cost by air etc., to be borne by the supplier.
  11. If parts in continuous RED and no action evident, then Fleetguard is free to resource the parts if there is no continuous spike in the order pattern.
  12. For MTS OTIF (On Time In Full) is 90%. Supplier shall submit concrete action plan, if OTIF is below 90%.

## 2. MAKE TO ORDER - PLAN & DISPATCHES:

1. The supplier shall maintain list of MTO part& respective lead-time, which is duly agreed by the respective planner & supplier account manager. The lead-time shall be logically calculated.
2. The supplier shall submit MTO dispatch plan within 24hrs after receipt of MTO to respective planner & supplier account manager.
3. The supplier shall send daily updated status of all MTOs.
4. The supplier shall plan work-order as per MTO commitments. When MTO is raised for MTS parts then;
  - It should not be served from buffer
  - It should be treated as separate order
5. The supplier shall dispatch the material strictly as per MTO dispatch plan.
6. The supplier shall maintain daily discipline. If ASN is completed, the material shall be dispatched on the same day. If there are any issue for non-supplies, it shall be communicated to SAM and planner through SMS and E-Mail.

If ASN is done; and the material is not dispatched and not communicated accordingly, then FFPL will raise plenty for the same.

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7. For MTO part Supplier shall maintain DDP above 98%. Supplier shall submit concrete action if DDP is below 98%.

### 3. RAW MATERIAL AND CHILD PART PLANNING

1. The supplier shall maintain the list of RM and child part source with specifications, lead-time and approved sources. The supplier shall use multi sourcing for RM to avoid RM shortages.
2. The supplier shall define and maintain Stock level of RM and child part as per replenishment lead-time.
3. The supplier shall use RM planning sheet.
4. The supplier shall review the stock of RM and child parts w.r.t. Green level and communicate accordingly to SAM and Planner with actionable every week (Wednesday)

### 4. CAPACITY MANAGEMENT

1. The supplier shall always maintain 20% protective capacity to avoid any supply issues, covering all post treatment and operation.
2. The supplier shall conduct CCR (Capacity constraint review) once in two months or as and when required to ensure protective capacity is available at all operations including post treatment and operation
3. The supplier shall enhance the capacity by following steps:
  - Identify the bottleneck i.e. the operation which drives the system output.
  - Decide how to Exploit the bottleneck i.e. operate the bottleneck 24 hrs. in a day,
  - Subordinate everything else to above decision.
  - Elevate the bottleneck by adding extra capacity.
  - Go back to step 1

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4. The supplier shall enhance capacity by using Exploitation i.e. extract maximum out of it by working 24 hours in a day & reduce following wastage.
  - Shift Working Strategy i.e. ( 8,12 &16 Hours)
  - Lunch / Tea break & Shift change.
  - Machine break down time.
  - Machine Tool breakdown time.
  - Setup change time.
  - SCRAP/ Rework at Constraint as well downstream operations.
  - Stealing of Capacity i.e. Producing More than G level / Demand OR Batching
5. The supplier shall enhance the capacity by using Elevation, if exploitation actions are not enough to complete Fleetguard demand, by adding more capacity by using following Methods-
  - Use of in-house other machinery.
  - Increase in cavity / dies.
  - Combine operation.
  - Reduce cycle time -small improvement.
  - Subcontracting other source.
  - Including additional machine.
6. The supplier shall to enhance the capacity as per above method, if 20% protective capacity is not available. If not Fleetguard is to free to resource the parts.

## REVISION AND RELEASE LOG

Revision	Description
00	Supplier manual released
	Release Date :- 10 - March - 2021
	Effective Date :- 15 - June - 2021

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