

ANAND SEAMLESS LTD.

PURCHASE POLICY

Effective Date: 15-10-2025

Revision No.: 04

Supersedes: Revision 03

Prepared by: Purchase Department

Approved by: Board of Directors

Signatures:

Prepared By: _____ Approved By: _____

1. Introduction

This Purchase Policy ("Policy") defines the principles and procedures governing all purchases made by **Anand Seamless Ltd.** ("the Company"), an MSME registered under the Companies Act, 2013 and the MSME Act, 2006. It ensures transparent, ethical, and legally compliant procurement practices aligned with applicable laws, including the Indian Contract Act, 1872, Sale of Goods Act, 1930, and GST Act, 2017.

All suppliers, vendors, or service providers ("Supplier") dealing with the Company shall comply with this Policy. In case of conflict between this Policy, a Purchase Order (P.O.), or Supplier documents, this Policy and the Company's P.O. shall prevail.

1A. Definitions

- **Company / Buyer:** Anand Seamless Ltd., its officers, and authorized representatives.
- **Supplier / Seller:** Any individual, firm, or company supplying goods or services to the Company.
- **Purchase Order (P.O.):** A written or digital order issued by the Company authorizing the purchase of goods or services.
- **Non-performance:** Failure to supply as per agreed terms or timelines.
- **Quality Failure:** Supply not conforming to approved specifications or standards.
- **Material Breach:** Any act or omission defeating the purpose of the contract.
- **Reasonable Time:** A maximum of 30 working days for collection of rejected goods unless agreed otherwise.
- **Acceptance:** Written Goods Receipt Note (GRN) issued by the Company.
- **Supplier Default:** Delay, quality deviation, or non-compliance under the P.O.
- **Force Majeure:** Events beyond control such as natural disasters or government actions.
- **Confidential Information:** All business, technical, or operational data shared by the Company.

1B. Document Control and ERP Integration

This Policy shall be maintained as a controlled document within the Company's ERP. Only the digitally approved version shall be valid; printed or unsigned copies shall be considered uncontrolled.

1C. Policy Alignment and Interpretation

This Policy shall be read in conjunction with the Company's Sales Policy. In the event of any conflict, the interpretation that best protects the Company's commercial and legal interests shall prevail.

2. Objective

- Ethical, transparent, and fair procurement.
- Consistent quality and cost-effectiveness.
- Statutory compliance with MSME and GST regulations.
- Sustainability and responsible sourcing.
- Long-term, mutually beneficial supplier relationships.

3. Scope

Applies to all purchases of raw materials, consumables, capital goods, and services for domestic and export operations.

4. Vendor Registration and Approval

Suppliers must be approved by the Purchase Department based on quality, capability, financial strength, and statutory compliance. Suppliers must provide PAN, GST registration, bank details, and valid Udyam Certificate. The Company reserves the right to suspend, cancel, or blacklist for non-performance or unethical practices.

5. Purchase Orders

Only written Purchase Orders issued through the Company's ERP are valid. No verbal commitments are binding. Work executed without a P.O. is at the Supplier's risk.

6. Pricing and Payment Terms

6A. No Claim for Payment Delays

Payments are subject to verification and approvals. Delays do not entitle the Supplier to interest or compensation.

6B. Price Stability

Prices shall remain firm and fixed throughout the P.O. duration.

6C. Limitation of Liability

The Company's payment liability is limited to the invoice value. Indirect or consequential losses are excluded.

6D. Advance Payment – Security, Utilization, and Forfeiture

Any advance amount paid by the Company to the Supplier under a Purchase Order shall be considered a **conditional and performance-linked deposit**, made in good faith for the execution of the specific order only.

The Supplier shall treat such advance as a **trust fund** belonging to the Company until successful delivery, inspection, and acceptance of the goods or completion of the ordered services.

The Supplier **shall not divert, utilize, or pledge** the advance amount for any purpose other than the execution of the corresponding order.

The Company may, at its sole discretion, require the Supplier to furnish a **Bank Guarantee, Performance Security, or equivalent financial instrument** covering the full advance amount, valid until satisfactory completion of the order.

In the event of non-performance, delay, short supply, quality failure, breach of terms, or cancellation (for any reason whatsoever), the Company shall have the **unconditional right to adjust, recover, or forfeit** the advance, either partly or fully, from the Supplier's pending invoices or through legal recourse.

The Supplier expressly agrees that the advance amount shall be **non-refundable** unless the goods or services have been delivered, accepted, and invoiced in full conformity with the Purchase Order.

For avoidance of doubt, even if the Company is alleged or proven to be at fault, or if the order is terminated for convenience, the Supplier shall have **no claim, refund right, or lien** over the advance amount unless expressly approved in writing by the Company's Finance Head.

Such forfeiture or recovery shall **not be treated as a penalty** but as a reasonable pre-estimate of the Company's cost and risk mitigation under **Section 74 of the Indian Contract Act, 1872**.

6E. Conditional Issuance of Post-Dated Cheques (PDCs)

Any PDC issued by the Company is given in confidence and shall not be deposited without written consent. The Company shall not be liable under Section 138 of the Negotiable Instruments Act for any dishonour of cheques presented without consent.

6F. Statutory and GST Compliance

The Supplier shall ensure correct GST invoicing and compliance with filing requirements. Payment shall be made only after invoices reflect in the Company's GSTR-2B.

7. Delivery, Ownership, and Transportation

Delivery shall be as per the P.O. schedule. **Time and quantity are of the essence.**

7A. Quantity Deviation and GRN Hold

Any short supply or mismatch shall result in GRN hold until reconciliation. Payment will not be released until complete receipt and acceptance.

7B. Ownership and Title of Goods

The ownership and title in the goods shall pass to **Anand Seamless Ltd. immediately upon physical receipt and issuance of GRN**, even if full or part payment is pending.

Such transfer of ownership does not absolve the Supplier from responsibility for quality, warranty, or compliance obligations. The Supplier remains liable for rectification, replacement, or damages due to defective supply.

Until GRN issuance, goods remain at the Supplier's risk. After GRN, ownership vests with the Company, but quality and warranty obligations continue until expiry.

The Company may freely use, process, or resell goods upon GRN issuance without restriction, regardless of payment status.

8. Quality, Inspection, and Warranty

All materials must conform to specifications and standards. Warranty: 12 months from acceptance or 18 months from delivery, whichever earlier.

8A. Transfer and Ownership of Test Certificates (MTCs)

All **Mill Test Certificates (MTCs), Inspection Reports, and related documentation** provided by the Supplier shall become the **exclusive property of Anand Seamless Ltd.** upon submission. These may not be reproduced or reused without written consent. Ownership of MTCs and related documentation transfers to the Company upon submission, regardless of payment status. Submission of these documents does not relieve the Supplier of any quality or performance liability.

9. Risk Purchase Clause

In case of Supplier default, the Company may procure materials from alternate sources and recover the price difference from pending dues or via debit note.

10. Confidentiality

All information shared by the Company shall remain confidential. Suppliers shall maintain cybersecurity and not share documents through unsecured channels.

11. Ethical Conduct and Compliance

Suppliers must comply with laws relating to labour, environment, anti-bribery, and anti-child labour. Non-compliance may lead to termination or blacklisting.

12. Rejection and Disposal

Rejected goods must be collected within 30 days of written notice. The Company may dispose of uncollected goods at Supplier's cost.

13. Cancellation

The Company may cancel any P.O. due to non-performance, quality failure, or delay without liability.

14. Force Majeure

Applicable only if written notice is given within 7 days of occurrence. Supplier-induced or subcontractor delays do not qualify as Force Majeure.

15. Governing Law, Jurisdiction, and Arbitration

This Policy is governed by Indian law. All disputes shall be settled through arbitration under the Arbitration and Conciliation Act, 1996, seated in Ahmedabad, Gujarat. Courts at Ahmedabad have exclusive jurisdiction.

15A. Indemnity

The Supplier shall indemnify the Company against any losses, damages, or claims arising from breach, negligence, or non-compliance.

15B. Director and Officer Protection

All obligations are corporate; no director or employee shall be personally liable for acts done in good faith.

16. Insurance

The Supplier shall maintain adequate insurance until safe receipt and acceptance of goods.

17. Audit Rights

The Company reserves the right to audit Supplier's premises and documentation for quality and compliance verification.

18. Policy Amendments and Survival

This Policy may be revised without notice. Continued acceptance of P.O.s constitutes acceptance of the revised version. Confidentiality, indemnity, and warranty obligations survive termination.

19. Contact Information

Anand Seamless Ltd.

Unit 1: Chhatral, Dist. Gandhinagar, Gujarat, India

Email: purchase@anandseamless.com

Website: www.anandseamless.com

End of Document – ASL Purchase Policy (Revision 04)

