

THE COTTON CORPORATION OF INDIA LIMITED.
CBD BELAPUR, NAVI MUMBAI.

TERMS & CONDITIONS FOR SALE OF FP BALES AGAINST 'H' FORM
(FOR EXPORT OF COTTON) FOR COTTON SEASON 2010-11

1. DEPOSIT MONEY:

- a) The Buyer shall pay a minimum amount of Rs. **2400/-** per bale within five working days excluding the date of contract towards Deposit. Buyer's failure to pay advance deposit of the contracted cotton within the stipulated time shall make the Contract liable for cancellation at the option of the seller.
- b) The Corporation shall pay interest on deposit received from the Buyer @ 7.00% p.a., from the date of realization of payment till adjustment of deposit as per clause 6 (c). However, interest credit shall be passed on to the buyer only after completion of Indent.

2. SELECTION OF THE CONTRACTED COTTON:

The Buyer or its representative shall select the cotton under this contract within three days from the date of offering; however, such selection shall be prior to the date of delivery of the cotton. The CCI shall offer the bales within specified period as under: -

	Sale Quantity	Offering Period
I.	1500 to 2,999 bales	Within 20 days from the date of Contract
II.	3000 bales & above	Within 20 days from the date of contract- 50% of the contracted quantity. Within 40 days from the date of contract - balance 50% of the contracted quantity.

In case bales are not offered within specified period then additional free period will be given proportionately on un-offered quantity. The quantity offered shall be 120% of the contracted quantity to enable Buyer to complete selection. A minimum 90% of the contracted quantity has to be selected and approved. However, the Buyer shall be entitled for free delivery period based on actual quantity approved. The Buyer or its authorized representative should fully satisfy itself before completing selection. Selection once made as per the indicated quality parameters shall be final and no dispute, whatsoever, regarding quality shall be entertained in respect of the cotton selected.

3. MINIMUM QUANTITY FOR SALE :

The Buyer shall give offer for purchase of a minimum quantity of 1500 bales for sale against 'H' form for Export of cotton.

4. **FREE PERIOD:**

	Buyer's Category	Type of Sale	Quantity	Free Period
1	Exporters	Firm	1500 bales to 2,999 bales	30 days from the date of contract
		Firm	3000 bales & above	60 days from the date of contract proportionately i.e. 30 days for 50% of the total approved quantity and 60 days for balance 50% of the total approved quantity.

5. **WEIGHMENT, DELIVERY AND PAYMENT TERMS:**

Buyer shall be entitled to a free delivery period to take delivery of the contracted cotton against full payment of cotton value and taxes within _____ days from the date of contract.

- a) 100% weighment of bales shall be carried out at spot at the time of delivery in the presence of the Buyer's representative/controller and such weighment shall be final and binding. In case of advance payment by the Buyer, the payment shall be worked out for weight calculated at the rate of 48 candies in case of Guntur branch and 47 candies in case of all other branches per 100 bales. All sales shall be on spot basis & expenses after weighment, shall be on the Buyer's account.
- b) The Buyer shall effect payment and take delivery of bales within the maximum period of 90 days from date of contract. In case of failure on the part of the Buyer to do so, the contract shall stand cancelled and the entire deposit money shall be forfeited.
- c) All payments shall be made in crossed A/c Payee Demand Drafts, Pay Orders, Banker's Cheques in favour of the Corporation or by means of Electronic Fund Transfer in Bank Account of the Corporation only. In case of payment by cheques, or through Electronic Fund Transfer delivery shall be allowed to take place only on confirmation of realization of payment in the Seller's account.
- d) In case, the Buyer fails to perform the contract, the future dealings with the Buyer shall be restricted at the discretion of the seller.

6. **LIFTING OF COTTON:**

- a) Without prejudice to the provision stated in clause 5(b) above, the Buyer shall make full payment of the contracted quantity of bales within 90 days from the date of the contract & lift the bales. In case, the bales are not lifted within 20 days, even after making full payment, the late lifting charges @

0.50% p.m. will be charged from the 21st day of the receipt of the payment from the Buyer.

- b) In case, after making full payment of the contracted quantity as per clause 6 (a) above, the Buyer wants the Corporation to carry cotton on his behalf, he shall make a written request in this regard. In such eventuality, the Corporation shall carry the cotton on behalf of the Buyer for a period not exceeding 180 days from the date of contract.
- c) Out of Rs. **2400/-** per bale towards deposit paid by the Buyer as per clause 1 (a) above, Rs. **1000/-** per bale shall be adjusted proportionately at the time of delivery of bales and the balance amount of Rs. **1400/-** per bale shall be kept as a security for the eventuality of non export by the Buyers as per the contract terms. The amount shall be refunded to the Buyer with interest on submission of proof of shipment as per Clause 14 in Terms & Conditions.
- d) The Buyer shall complete shipment of the contracted bales within a maximum period of 180 days from the date of the contract. If the Buyer fails to export the contracted quantity under 'H' form within 180 days, the Corporation would levy 1% penalty on the contract price besides charging VAT/CST as well as interest payable on VAT/CST, if applicable. The remaining balance, if any, shall be refunded to the Buyer.
- e) In case, the Buyer does not export the bales and sells the same in domestic market, the Corporation would in addition to levy of 1% penalty on the contract price, would also recover VAT/CST as applicable.

7. **CARRYING CHARGES:**

The rate of carrying charges shall be as mentioned hereunder:

@ 1.30% per month per 30 days after the expiry of free delivery period for first 60 days and thereafter 1.40% per month per 30 days till delivery of cotton. The amount of carrying charges shall be calculated on monthly rest basis. Till payment of the value of the cotton to be delivered is fully realized, carrying charges as per the aforesaid rates shall be chargeable.

If the due date for payment falls on holiday (declared by the Corporation)/Sunday, the next working day shall be considered as due date for the purpose of calculating the carrying charges.

8. **LATE LIFTING CHARGES:**

If after making payment of the value of cotton sold under this contract, the Buyer does not take physical delivery of cotton within twenty days from the date of making payment, the Buyer shall be liable to pay late lifting charges @ 0.50% per month per 30 days from 21st day of payment of such unlifted stock till the delivery of cotton is taken.

9. CASH DISCOUNT FOR MAKING EARLY PAYMENT:

The Buyer shall be entitled for cash discount at the rate of 8.50% p.a. on pro-rata basis for unavailed free period i.e. for the number of days for which payment is realised earlier than required as per terms of the contract.

In case of deliveries under L/C and B/G the cash discount @ 6.50% p.a. on pro-rata basis for unavailed free period from the date of realization of payment will be allowed by the Corporation provided

- a. The Corporation reserves its right to accept or reject delivery under L/C facility.
- b. The discounting of L/C is done at the request of the Buyers and "without recourse to the drawer".
- c. All the expenditure in connection with discounting of L/C is borne by the Buyers.

10. INTEREST:

The rate of interest on deliveries under L/C or Bank Guarantee will be **13.5%** per annum, on monthly rest basis. The Buyer shall open the L/C with any scheduled bank (excluding Cooperative Banks). The Corporation reserves its right to accept or reject delivery under L/C facility.

11. PENAL RATE OF INTEREST:

In case the payment under L/C or Bank Guarantee is not received on due date from the bank, the penal interest will be charged @ 15.5% per annum on monthly rest basis.

12. PROCESSING FEES IN CASE OF DELIVERY AGAINST L/C AND ITS DISCOUNTING.

The Seller shall charge processing fees on each L/C discounted @ 0.10% of its value or Rs.200/-, whichever is higher.

13. OTHER SERVICE CHARGES

	Service sought	Rate
1	Where buyers request for samples to be sent to them for approval instead of going to spot for selection	Rs. 150/- per lot of 100 bales or part thereof
2	Conversion from Modern to Conventional bales OR vice a versa within the same branch	Rs. 100/- per candy plus price difference.
3	Conversion from one branch to another branch either for the same variety or to a different variety, OR Conversion from one variety to other within the branch	Rs. 200/- per candy plus adverse price difference between one variety and another variety from the date of contract and date

		of conversion, if any
4	Conversion from one branch to another branch either for the same variety or to a different variety, OR Conversion from one variety to other within the branch after the completing the selection against particular indent.	Rs. 200/- per candy plus adverse price difference between one variety and another variety from the date of contract and date of conversion, if any

14. DOCUMENTS REQUIRED AS PROOF OF SHIPMENT IN EXPORTS:

- a) The Buyer shall submit a Certificate (in prescribed proforma) duly signed alongwith offer. The Buyer shall also submit a Certified copy of export sale contract entered by him with the foreign Buyer for export prior to the date of offer given to the Corporation.
- b) Form 'H' for the value of FP bales, which are exported outside India as per terms of contract, filled in all respect and duly signed & stamped shall be given by the Buyer.
- c) EP copy of the shipping bill issued by customs department.
- d) Copy of Bill of Lading/Railway receipts/Lorry receipt alongwith lot details. Part shipment of the contracted quantity would be allowed.
- e) The Buyer shall submit the export details/documents required as above preferably within 30 days from the date of shipment for early settlement of accounts.
- f) The Buyer shall give an undertaking to the Corporation that in case of re-import of such exported goods, the Buyer would communicate within a period of one month from the date of re-import to India and shall be liable to pay the applicable CST/VAT along with the interest.

- 15.** The Corporation reserves its rights to amend, alter, modify or change any of the terms and conditions looking to the availability of stocks, credit worthiness and past performance of the Buyer etc.

16. ARBITRATION:

In case of any dispute or difference arising out of or in relation to the contract, except any dispute regarding the quality of cotton which is specifically excluded under clause 2 of the Contract, will be referred to an Arbitrator (other than an employee of the Seller) to be appointed by the Director (Marketing) or the Director (Finance) of the Seller and the decision of the arbitrator shall be final and binding upon the parties hereto. The Arbitration will be governed by the provisions of the Arbitration and Conciliation Act, 1996 or any statutory amendments or re-enactment thereof.

17. FORCE MAJEURE:

- a) Should any circumstances beyond the control of the Seller such as natural calamity, strike, riot, elements, war, quarantine, fire or any act of circumstances of force majeure, the contract shall be cancelled to the extent of damage/destruction/shortfall arising due to the above causes. The Seller shall intimate quantum of such shortfall to the Buyer within 30 days. The Buyer hereby categorically agrees to such cancellation of shortfall quantity and shall neither have recourse to any action, legal or otherwise, nor demand any compensation in respect thereof.
- b) However, in respect of contracts, where advance payments in the account of seller has been received in respect of bales approved, the claim as settled by the Insurance Company on account of fire damages shall be passed on to the Buyers and in all such cases, the contracted quantity will be reduced to the extent of fire damage.

18. The duplicate copy of the contract duly signed by the Buyer be returned within 7 days from the receipt of the contract in token of confirmation of all the terms and conditions of the contract. If signed copy is not received within stipulated time, the contract shall be treated as accepted and confirmed by the Buyer.

NOTE :-

1. The aforesaid terms and conditions shall be applicable, for the sales made from **8.2.2011** irrespective of crop year.
2. Before entering into transaction for cotton season 2010-2011 with Exporters against Form 'H' the revised terms and conditions should be got confirmed being acceptable to them.



CERTIFICATE

Purchase offer against 'H' form certificate U/s 5(3) of the CST Act, 1956.

From: (Buyer's Name with Address)

To: The Cotton Corporation of India Ltd., Navi Mumbai, Maharashtra State.

P.O. No.: _____

Date: _____

Particulars

1. Our Foreign Export Order/
Contract Number & Date
2. Quantity
3. Quality/Specification
4. Nature of Goods Cotton Bales
5. Delivery Period
6. Rate
7. H form Certificate U/s 5(3) of CST Act Certificate in 'H' form would be submitted after shipment to foreign destination from Indian Port ----- to____ (Foreign port)
8.
 - a) Our Local State VAT No.
 - b) CST No.
 - c) Local State TIN No.
9. Billing Instructions
10. Payment Terms
11. Other Instructions

Note: The above certificate should be accompanied with certified copy of 'Export Contract' entered into with Overseas Buyer.

**For Local Buyer
(Signature & Seal)**