

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

**TERMS & CONDITIONS FOR SALE OF FP BALES TO INSTITUTIONAL
(OTHER THAN NTC) AND PRIVATE MILL BUYERS FOR COTTON
SEASON 2010-11**

1. DEPOSIT MONEY:

- a) The Buyer shall pay within five working days excluding the date of contract, a minimum amount of **Rs. 1500/-** per bale towards Deposit. For deliveries under GSF, Buyer will have to deposit additional **Rs. 1500/-** per bale as advance, which shall be used towards payment of sales tax and other incidentals. The said amount will be adjusted proportionately with each delivery and shortfall, if any, will be made good in such a manner that Rs.____ per bale of all the contracted cotton remaining to be delivered under different indents will be maintained at all the time till the entire contracted cotton is lifted. Buyer's failure to deposit advance value of the contracted cotton within the stipulated time shall make the contract liable for cancellation at the option of the Seller.
- b) However, the new Buyers who are approaching CCI for the first time will be required to pay a minimum amount equivalent to **Rs. 2400/-** per bale towards Deposit.
- c) Interest benefit on proportionate deposit of lifted bales will be allowed at the rate of 7.0% p.a. from the date of realization of deposit till adjustment on delivery. However, interest credit shall be passed on to the Buyer only after completion of Indent.
- d) In case of lifting of bales from GSF, interest benefit on 80% of the proportionate deposit of lifted bales will be allowed at the rate of 7.0% p.a. only which is after deduction of Central Sales Tax. In case VAT is applicable @ 4%, interest benefit will be given only on balance 60% of the deposit adjusted.

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.	Less than 600 bales	Within 10 days from the date of Contract
II.	Less than 3000 bales	Within 20 days from the date of Contract
III.	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. If the contracted quantity is less than 600 bales, the Buyer has to make 100% approval without any shortfall and for quantity exceeding 600 bales, 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. FREE PERIOD: -

	Buyer's Category	Type of Sale	Quantity	Free Period
1.	Institutional Buyers (Other than NTC)	Indent	Any Quantity	15 days from the date of intimation of readiness of bales.
		Firm	Any Quantity	30 days from the date of Contract.
2.	Mill Buyers	i) Firm	Upto 599 bales	15 days from the date of contract
		ii) Firm	600 to 2999 bales	30 days from the date of contract.
		iii) Firm	3,000 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.

4. 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, as detailed hereunder:-

- a) _____ days from the date of contract.
 b) _____ days from the date of intimation of readiness of cotton bales.

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.

The Buyer shall make all payments 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.

The Buyer has to effect payment and take delivery of bales within the free period given from date of contract/date of confirmation. In case of failure on the part of the Buyer to do so, the contract is liable to be cancelled at the option of the Seller. In the event of such a cancellation, the Seller shall be entitled to resell the entire or balance quantity thereof, at any time and in any manner it deems fit and at the same time, reserving its right to recover any damage/losses sustained by such resale.

5. CARRYING OF COTTON:

Without prejudice to the provisions stated above, the seller may carry or hold cotton on behalf of the Buyer beyond free delivery period, subject to Buyer complying with the following conditions:

- a) The Buyer shall make a request to the seller to carry cotton on its behalf, before expiry of free delivery period or give lifting schedule for the balance unlifted quantity. The Buyer shall also make advance payment of carrying charges up to the period cotton is required to be carried over.
- b) The rate of carrying charges shall be as mentioned hereunder:

@ 1.30% per month per 30 days for first 60 days and thereafter @ 1.40% per month per 30 days till the delivery of cotton. The amount of carrying charges shall be calculated on monthly rest basis. Till payment of the price of the bales to be delivered is fully realized, carrying charges as per the aforesaid rates shall be chargeable. Such carrying charges will be paid in advance as stated in para 5(a) above.

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.

Notwithstanding the above conditions and without any prejudice thereto, the Seller may carry cotton or any part thereof on behalf of Buyer for a maximum period of 90 days after the expiry of free period or for such further extended period as may be allowed at the entire discretion of the Seller. The Buyer shall

make full payment of value of cotton and due amount of carrying charges against deliveries during extended period. If payment is not made and delivery not taken within such extended period also, the Seller may forfeit the said deposit/advance payment inclusive of advance payment made towards carrying charges and resell the cotton at any time and in any manner it deems fit and recover the losses/damages from the Buyer, if any, sustained in such a resale, inclusive of price difference, carrying charges and interest. The provisions under this contract with respect to a breach of the contract shall be invoked and operated automatically without any need for a notice from the Seller to the Buyer.

6. 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.

7. CASH DISCOUNT:

The Buyer shall be entitled for cash discount at the rate of 8.5% 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 @ 6.5% p.a. on pro-rata basis for unavailed free period from the date of realisation of payment will be allowed by the Corporation provided

- a. The discounting of L/C is done at the request of the Buyers and “without recourse to the drawer”.
- b. All the expenditure in connection with discounting of L/C is borne by the Buyers.

8. SALES TAX/VALUE ADDED TAX (VAT):

The Buyer shall pay Sales Tax/VAT on the value of cotton at the rate applicable on the date of taking delivery. Buyer registered under the relevant Sales Tax Act shall furnish necessary ‘C’ forms/Declarations within 60 days after the end of the quarter in which deliveries are taken (subject to change, in case change in CST Act/Rules). Failure to provide ‘C’ form/Declaration forms shall entitle the seller to recover additional Sales Tax from the Buyer at the difference in CST rate and VAT rate applicable in the dispatching State.

9. INTEREST:

The rate of interest on old dues, deliveries under clean credit, L/C and against Bank Guarantee will be 13.5% per annum, on monthly rest basis.

10. PENAL RATE OF INTEREST:

Penal Interest on overdue UB, L/C and Bank Guarantee will be charged @ 15.5% per annum on monthly rest basis.

11. SERVICE CHARGES ON GSF BALES UNLIFTED FOR MORE THAN 30 DAYS :

In case the Buyer is granted GSF facility and the bales remain uplifted for more than 30 days from the date of receipt of bales in GSF godown, service charges @ Rs.10/- per bale for each 30 days will be charged from the Buyer. In case of part of month Rs.5/- per bale for the period of 15 days or less and Rs.10/- per bale for more than 15 days upto 30 days will be charged from the Buyer.

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. 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.

14. 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.

15. 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.

16. SALE OF FP COTTON BALES TO CONVERTERS/LEASSEES

- A] The Party has to pay within five working days excluding the date of contract a minimum amount of **Rs. 2400/-** per bale towards Deposit.
- B] The Corporation will carry cotton for a maximum period of 60 days beyond free delivery period.
- C] No GSF facility will be allowed to these Buyers.

17. 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 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
5	Request from the Buyer for allowing appointment of Muccadam for lifting of bales on its behalf	Rs. 500/- per lot of 100 bales or part thereof
6	Change in name of the Mill Buyer in the Sales Contract (after raising of the contract)	Rs. 1000/- per new contract

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 **2.9.2011** irrespective of crop year.
2. Before entering into transaction for cotton season 2010-2011 with Institutional Buyers (Other than NTC) the revised terms and conditions should be got confirmed being acceptable to them.

