

NATIONAL SEEDS CORPORATION LIMITED

Terms & Conditions for NSC Seed Distributorship

Introduction

The National Seeds Corporation Ltd. (NSC) arranges large scale production and distribution of quality seed of superior varieties of various crops. In NSC's seed marketing efforts, distributor constitutes an important channel. The Terms & Conditions applicable to NSC seed distributorship arrangement are given hereunder and shall form part of the Agreement executed for the purpose.

Eligibility

1. **Type of seed seller –**
 - a. Co-operative Societies,
 - b. Government sponsored Krishi Seva Kendra
 - c. NGOs involved in Seed Sector
 - d. Individual, firms & Corporate bodies.

Registration certificate/proof of business under shop & establishment act should be attached.

2. **Past Experience & Turnover:.**

Distributor should have atleast 3 years experience in seed or other Agri Input business and should have done an annual average business of at least Rs. 100 lakhs in last three years
3. **Financial credibility:** Distributor should have a good financial standing and good relation with his bankers so that they would extend short term credit facility to small dealers and able to pay NSC in advance or through DD /

Letter of Credit/Bank Guarantees. Distributor should submit the following documents:

- a) P & L account for last three years
 - b) Balance sheet for last three years
 - c) Income tax return for last three years
 - d) Bank solvency certificate.
4. **Storage Facility** : Distributor should have good / scientific storage facility for safe storage of seed for minimum 100 MT (attach certificate with dimensions)
5. **Licence/Registration No-** Distributor should possess the valid seed licence / Registration Number (attach copy)
6. **Sales Tax / TIN** - Distributor should possess the valid Sales Tax / TIN (attach copy)

General Terms & Conditions

7. **Appointment:** Distributors will be appointed through a letter of appointment signed by the CMD/GM (M) or Regional Manager on behalf of the Corporation. Distributor appointment certificate is issued only after his fulfilling all terms & Conditions of Distributor's Agreement. The appointment letter should be prominently exhibited at each sale point.
8. **Validity & Renewal** – Initial validity of appointment is for one year, Renewal is made only after looking to the satisfactory performance of the distributor (including MGT). Distributor has to follow and fulfill the requirement of agreed terms & Conditions strictly to ensure continuation of distributorship by NSC.
9. **Area of Operation:** NSC Distributor has to operate in an area of operation as indicated in the appointment certificate and this will be binding on the

distributor. However, the right of changing the area of operation is reserved with NSC. List of distributors along with area of operation is available on NSC website. However the area of operation may be reduced, enlarged or divided at the discretion of NSC management.

10. **Security Deposit:** Every distributor shall furnish a security deposit in cash/DD of Rs.1,00,000/- for faithful, observance of terms and conditions. No interest would be payable on security deposit. The security deposit shall not be adjusted against the seed cost for the supplies made.
11. **Forfeiture of security Deposit:** In the event of breach of any terms or any condition of distributorship agreement, NSC may forfeit the entire security deposit after giving a show cause notice in writing and thus the certificate of appointment and agreement made will be treated as cancelled.
12. **Minimum Guarantee Turnover:** The Minimum Guaranteed Turnover (MGT) to be guaranteed by the Distributor for one year shall be Rs. 50 Lakhs (Billing amount). In case distributor fails to achieve the MGT target, NSC reserves the right to cancel the distributorship. In case of more than one party meeting all the requisite terms and conditions for distributorship for a particular area of operation then the highest bidder (MGT) will be appointed as NSC distributorship for that area. Minimum 3 % of the total turnover of the distributor shall be from vegetable seeds.
13. **Discount:** Distributor discount would be a minimum of 11.5 % and maximum of 13.50 % inclusive of 1 % for advance booking. Discount is subject to change from crop to crop and time to time at discretion of NSC management.

However, the distributor/dealer has no right to claim discount on the sale of seeds made by NSC directly or otherwise in his area of operation

14. **Procedure for Indenting of Seeds:**

a) **Advance booking:** Distributor would give their indents for advance booking by 28th February for Kharif crops and 31st July for Rabi crop season. For this, distributor has to deposit 10% of the seed cost at the time of advance booking for booking purpose only @ indicative price. After evaluating the demand and availability of the seed, NSC shall intimate the distributor the availability of seed stocks, against the booking, with the designated NSC offices/stores, not later than one month beyond the time indicated by the distributor unless otherwise mutually agreed to between the distributor and NSC for pre/postponing the delivery/lifting.

b) **Current Booking:** After the advance booking period, distributor would give his indents on the basis of availability of seeds. In case of current booking distributor shall not be entitled to claim additional advance booking discount.

15. **Procedure for supply of Seeds:**

Seed supplies will be made to the distributor from nearest NSC office in the State from where the distributor will take delivery. However, for full truck/mini truck loads, NSC would supply on F.O.R. basis direct to the destination in the area of operation indicated by the distributor provided the precise destination particulars are intimated to NSC atleast 15 days before the time of requirement or the date of dispatch of the stock from NSC so that superfluous movement is reduced/avoided. The distributor shall begin to lift the stocks within ten days of placement of seed in the concerned NSC's premises and complete the lifting within a period of one month unless/ otherwise mutually agreed to for such extension. The supply of seeds will be based on its availability and the distributor is bound to sale the seed as per declared sale price of seed by NSC.

16. **Payment mode:**

The distributor shall make necessary arrangement for the value of the seeds requested by him and accept for release by the Corporation. No credit facility is allowed by the Corporation. Payment would be through the following mode:

a) Demand Draft

- b) Letter of credit - Against at sight /Usance LC (all charges including discounting charges to be borne by distributor)
- c) Against Bank Guarantee – NSC would charge interest @ 12 % per annum for the period between the date of delivery and date of payment from the bank or from distributor. This facility is available for a period of 3 months only and after that NSC has the right to invoke BG for payment to the bank.

Distributor needs to have good relation with their Banks in order to extend the above services to them.

However the interest charges of 12 % per annum is subject to change.

Quality

- 17. NSC will supply seed of such quality as it may commit and confirm. The quality standards shall be enforced rigorously at all stages by the distributor, who shall ensure that the seed sold conforms to the statutory quality standards prescribed.
- 18. The distributor shall be bound to sell the seeds in NSC's intact, original unopened container/ packing with the tag, label & seal on. Under no circumstance the marking, seal or packing shall be altered, broken/tampered with or damaged before or while selling the NSC seeds
- 19. The distributor shall arrange safe storage and handling of NSC seed in such a manner as instructed and ensures that it is well protected against deterioration. In the event of decline in seed quality below the prescribed standards, the dealer shall immediately stop the sale of such seed.
- 20. NSC agrees to refund the seed cost or replace the seed to the distributor/dealer if it is proved to the satisfaction of NSC that the seed is sub-standard provided NSC receives the complaint within ten days from the date of receipt of the seed at the distributor's/dealer's premises or within 15 days after sowing of seed in case of low germination and within 45 days after sowing in case of genetic impurity of the seed. NSC shall not be responsible for any separate or individual guarantee, which the distributor/dealer may give to the buyer of the seed.

21. NSC seed is invariably tested for conformity to the prescribed standards indicated on the label and or the container. The test results are valid for the period specified in accordance with the Seeds Act, 1966 as amended from time to time provided the seed is stored under ideal conditions. For NSC's seed in the distributor/dealer's possession, the responsibility for ensuring conformity to the prescribed standards invariably rests with the distributor/dealer. NSC shall, however, have the authority to verify compliance in this regard and to take appropriate action in the event of non-compliance.
22. The distributor has to attend quality related complaints within his area of jurisdiction or operation as a representative along with NSC representative.
23. NSC's officer and Govt. dept. officers are authorized to draw samples for inspection of the stock available with the distributor.
24. Seed once sold to the distributor shall not be taken back by NSC
25. **Termination of agreement:** Either party may terminate the contract by giving 30 days notice to the other party. On expiry of the notice, the agreement shall stand cancelled and revoked; but, without prejudice to the rights of either party against the other in respect of any matter or thing in existence prior to such cancellation/revocation. NSC, however, reserves the right to terminate immediately the distributorship without giving any notice as above in the event of contravention of any of the terms and conditions and 100% of the security deposit shall be forfeited. The agreement shall ipso facto terminate if:-
- (a) The distributor or any member of the distributor's firm is adjudicated insolvent or effect composition with his creditors;
 - (b) The proprietor/ partner of the individual concern/firm dies or partners of a partnership concern change or a partnership is dissolved;
 - (c) The period of the contract expires, unless it is renewed; and

(d) In the event of termination of the contract for any reason, the Distributor shall settle all the accounts of recoverable statement sent by NSC, within 30 days of receipt of the statement.

Distributor will have no right to challenge cancellation of distributorship made by the Corporation at its own without assigning any reason.

26. **Promotion**: NSC may from time to time supply to the distributor and his dealers publicity materials, hoardings, posters, signboards, etc as deemed fit or necessary but shall be under no obligation to do so. Distributor has to participate in advertisement and publicity work taken up by NSC Ltd. from time to time.

27. **Arbitration**: Any or all dispute arising out of or under the distributorship agreement and/or regarding the execution, implementation or interpretation of this agreement or any provisions thereof shall be referred to the sole arbitrator to be appointed by Chairman cum Managing Director of NSC in accordance with the provisions of the Indian Arbitration and Reconciliation Act 1996 or any other statutory modifications or re-enactment thereof. Such Arbitration shall be held in the city of Delhi and the proceedings shall be conducted in English/Hindi language.

28. **Jurisdiction**: All the disputes / differences or claims arising out of the distributorship agreement shall have Delhi as its jurisdiction.

Other Terms & Conditions

29. The sub-distributor/dealer in the jurisdiction shall be appointed by distributor in consultation with NSC. However, the preference would be given to the existing dealers of NSC on mutually agreed terms with distributor.

30. Distributor shall furnish to NSC the precise addresses of his dealers through whom NSC's seeds bought by him will be sold at the retail level. The distributor shall also intimate additions, changes, modifications in the list to NSC from time to time.

31. Distributor shall be responsible to submit all sales documents required by NSC to be provided to Govt. and other Agencies for claiming benefits/subsidies from them. Distributor has to get the subsidy certificate verified from the concerned State Govt. authorities and he has to maintain the records/ documents desired by the State Govt. authorities and all under the norms of any schemes.
32. The distributor shall ensure that the dealers' interest in NSC is kept alive. NSC is not responsible for any difficulty/default in the transaction between the dealer and distributor.
33. The distributor shall neither sell any seed from any other source in NSC's name nor shall sell NSC seed in any other name.
34. In the event of the distributor's failure to lift the stocks under advance booking scheme within the time limits fixed, the NSC reserves the right to sell the same directly or through the dealers or handle the stocks as deemed fit/necessary and deduct 10% of the seed cost as liquidated damage from the distributor's security deposit/advance booking deposit.
35. NSC shall not be responsible for any damage to the seed after delivery to the distributor on account of inclement weather, poor management, bad storage, defective transit/handling etc. on the part of the distributor.
36. The distributor is free to sell/supply the seed to any buyer including Govt. Departments in its jurisdiction upto NSC declared MRP of the seed by way of general sales. However in case of sale to Govt. distributor has to obtain prior permission from NSC.

37. The distributor is not entitled to handle minikit seed supplies and similar such special schemes/projects and also not eligible for claiming any discount against such supplies.

38. NSC reserves right to amend or change terms and conditions of distributorship appointment as when required and the same will be binding upon the distributor.

39. **Force Majeure:** Any default or supply of product by NSC shall not give rise to any claim for damages against NSC, if and to the extent caused by force majeure or matters beyond the reasonable control of NSC including but not limited to causes of acts of GOD, acts of Government Authority, strike or other concerned acts of workmen, riots, floods, explosion, breakdown of plant, extraordinary severe weather conditions, civil commotions etc.

EOI document/Application form is available at our Corporate Office, Regional offices, Area offices & can be downloaded from our website www.indiaseeds.com . Interested parties can purchase the Application form by paying Rs 500.00 in cash/DD. In case the form is downloaded, parties shall submit the requisite fee of Rs 500 through DD.

The interested party for seed distributorship should submit the following in a sealed envelope within 30 days from the date of advertisement.

- 1) Duly filled in Application Form in prescribed format
- 2) Terms and condition duly signed.
- 3) EMD of Rs 10,000.00 through DD payable at Delhi/New Delhi in favour of 'National Seeds Corporation Limited, New Delhi.
- 4) Proof of Tender purchase or DD of Rs 500.00 payable at Delhi/New Delhi in favour of 'National Seeds Corporation Limited, New Delhi.

ADDRESS FOR SUBMISSION

General Manager (Marketing),
National Seeds Corporation,
Beej Bhawan, Pusa Complex,
New Delhi – 12
