

**THE COTTON CORPORATION OF INDIA LIMITED
(A GOVERNMENT OF INDIA UNDERTAKING)**

BRANCH OFFICE: _____

ADDRESS: _____

CONTRACT NO: _____

DATE : _____

Type of Sales: E-Auction

Sub : Sale Contract

It is confirmed that the Cotton Corporation of India Ltd., hereinafter referred to as "the Seller" has sold and the _____, having its Registered Office at _____ hereinafter referred to as "The Buyer" has purchased from the Seller ___ bales of indigenous cotton through e-auction held on ____ on the terms and conditions set out herein below:

Indent No./ Date	Crop	Branch	Variety	Quantity in bales	Spot Rate	
					Per Candy	Per Qntl.

TERMS & CONDITIONS:

1. DEPOSIT MONEY

- a. The Buyer shall pay within five days excluding the date of contract, a minimum amount of __% of the value of cotton + GST as applicable towards deposit for sale quantity upto 2999 bales and __% of the value of cotton + GST as applicable towards deposit for sale quantity of 3000 bales and above.
- b. 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 and the security deposit of Rs. __ lakhs deposited for registration will be forfeited and their participation in the e-auction shall be blocked without any intimation.

- c. For deliveries under GSF, Buyer mills have to deposit additional 10% as advance, which shall be used towards payment of sales tax and other incidentals.
- d. The said deposit amount will be adjusted proportionately after retaining required amount as per Clause No 6 with each delivery and shortfall, if any, will be made good in such a manner that ___% of the value 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.
- e. 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 ___% p.a. only which is after deduction of GST.
- f. Interest benefit on proportionate deposit of lifted bales will be allowed at the rate of ___% p.a. from the date of realization of deposit till adjustment on delivery.

2. SELECTION OF THE CONTRACTED COTTON

- a. The CCI shall offer the bales (lots) simultaneously with sales confirmation/contract. The buyer or its representative shall select the cotton under this contract within a period of 10 days from the date of sale irrespective of the quantity purchased.
- b. The quantity offered shall be 120% of the contracted quantity to enable Buyer to complete selection. If the contracted quantity is less than 1000 bales, the Buyer has to make 100% approval without any shortfall and for quantity exceeding 1000 bales, a minimum 90% of the contracted quantity has to be selected and approved.
- c. In case the buyer does not select the minimum required quantity as above then the buyer is required to submit its test results to the supplying branch for verification except for normal variation. If the test results of the buyer are below the indicated parameters, then the joint samples are to be drawn within 3-5 days and sent for testing in such independent lab nominated by CCI. If the test results of independent lab are normal as per the indicative parameters then buyer has to complete the selection from these lots only and no further samples would be offered to the buyers for selection, otherwise such bales will be resold at the risk and cost of the buyer.

- d. However, if the joint sample test results are below the indicative parameters then the buyer shall be offered further samples for selection to the extent of 120% of the un-approved quantity subject to the availability of lots and the buyer shall complete the selection.
- e. 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.
- f. Buyers' failure to complete selection within the selection period shall make proportionate Deposit Money liable for forfeiture and contract liable for cancellation to the extent of unapproved quantity at the option of the Seller.
- g. Since the cotton is an agricultural commodity and hygroscopic in nature, therefore the quality parameters of the FP bales offered for sale in e-auction are indicative only and may vary $\pm 2\%$. The Buyers may take note of the above normal variation while completing the selection.

3. WEIGHMENT, DELIVERY AND PAYMENT TERMS:

- a. 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:-
 - I. _____ days from the date of contract.
 - II. _____ days from the date of intimation of readiness of cotton bales
- b. 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 per 100 bales for all Southern Branches and 47 candies per 100 bales for Central and Northern Branches. All sales shall be on spot basis & expenses after weighment, shall be on the Buyer's account.
- c. The insurance risk on buyer's account will start from the moment the bales are loaded into buyer's truck. In case, if any fire/theft/mishap take place after loading the bales into the buyer's truck till its weighment (at the weighbridge outside the godown premises) the insurance claim will have to be settled by the buyer's insurance company. In this case the invoice

will be raised at press weight of the bales and the buyer will have to pay accordingly.

- d. 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.
- e. The Buyer shall effect payment and take delivery of bales within the free period applicable 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.

4. **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, but within the maximum carrying period of 45 days after expiry of free period. The Buyer shall also deposit advance carrying charges for unlifted quantity at specified rate for intended period of carrying cotton as permitted under the contract.
- b. The rate of carrying charges shall be as mentioned hereunder:
@ __% per month for first 30 days and thereafter @ __% per month per 30 days + GST as applicable 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.
- c. 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 45 days after the expiry of free period at the entire discretion of the Seller subject to the condition that Buyer shall pay additional 15% deposit alongwith carrying charges. If payment is not made and delivery not taken within maximum allowable 45 days period after free period, under such circumstances the contract shall stand automatically cancelled without any notice to the Buyer and the said deposits and advance payment made towards carrying charges or other payment if any shall be forfeited by the Seller.

- d. In the event of default, the Seller may resell the cotton at any time and in any manner it deems fit and recover the balance 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.
- e. The business dealings with Buyers shall be banned till the losses on resale are made good out of this contract by the Buyer.

5. 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 15 days from the date of making payment, the Buyer shall be liable to pay late lifting charges @ **0.75%** per month per 30 days + GST as applicable from 16th day of payment of such unlifted stock till the delivery of cotton is taken, the cotton shall lie at the risk and liability of the Buyer

6. GOODS & SERVICE TAX (GST):

The buyer shall pay GST on the value of cotton at the rate applicable on the date of taking delivery

7. INTEREST :

The rate of interest on deliveries under L/C or Bank Guarantee will be @ _____% **per annum** + GST as applicable, on monthly rest basis

8. 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 @ ___% per annum + GST as applicable on monthly rest basis.

9. TERMS FOR BALES UNLIFTED FROM GSF FOR MORE THAN 30 DAYS :

In case the Buyer is granted GSF facility and the bales remain unlifted for more than 30 days from the date of receipt of bales in GSF godown, service charges @ Rs.20/- per bale for each 30 days+ GST as applicable will be charged from the Buyer. In case of part of month Rs.10/- per bale for the period of 15 days or less and Rs.20/- per bale for more than 15 days upto 30 days+ GST as applicable will be charged from the Buyer.

10. PROCESSING CHARGES IN CASE OF DELIVERY AGAINST L/C AND ITS DISCOUNTING:

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

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 No.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.

11. 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 reduced 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 full payment is received in advance in the account of Seller in respect of bales approved, the claim as settled by the insurance company on account of fire damages shall be passed on to the Buyer and balance quantity only shall be delivered.

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.

FOR THE COTTON CORPORATION OF INDIA LTD.

WE CONFIRM

(AUTHORISED SIGNATORY)

For & on behalf of the buyer

(Name of the Authorised person with seal)