

AGREEMENT FOR PROCUREMENT OF SANDALWOOD FROM GROWERS

THIS agreement is made at Bangalore on Date:

BETWEEN:

.....,
.....,
.....,
.....

(Hereinafter referred to as the "Supplier" of Sandalwood trees, which expression shall include his successor and assigns on the FIRST PART.

AND:

KARNATAKA SOAPS & DETERGENTS LIMITED,
Having its registered office at No.27, Industrial Suburb,
Bangalore-Pune Highway,
Post Box No.5531,
BANGALORE-560 055.

(Hereinafter referred to as the KS&DL) which expression shall include, unless repugnant to the meaning or context thereof, its successors, assigns, administrators of the SECOND PART.

(a) The first party, rightful owner of Sandalwood tree / trees, as defined under the Karnataka Forest Act 1963 & Karnataka Forest Rules, 1969, is having absolute ownership over the land and the Sandalwood trees grown thereon who is legally entitled to the Sandal trees and to sell the Sandalwood tree in accordance with law.

(b) The Second party KS&DL, a Govt. of Karnataka undertaking is a Company incorporated under the Company's Act 1956 and is engaged in the manufacture of Sandalwood oil, Sandal soaps, Agarbathies & other allied products. KS&DL has been empowered by the Govt. off Karnataka by Notification dated: 11.07.2008, vide No. FEE 21/FSW 2008, issued under the provisions of the Karnataka Forest Act 1963 & Karnataka Forest Rules, 1969, to purchase Sandalwood from the owners who are legally entitled to the Sandalwood trees grown on their land.

(c) Whereas, the Govt. of Karnataka permitted the KS&DL to purchase Sandal trees from the „owner“ as defined under the Karnataka Forest Rules vide Notification No. FEE 21FSW 2008, dated: 11.07.2008 which includes purchase of the Sandalwood from public sector undertaking / defence, department /para military organizations on whose land the Sandalwood is cultivated or grown naturally, who are treated as "owner" as per Rule 103 (CF) Karnataka Forest Rules 1969 (as amended).

(d) Now, Therefore, This Agreement Witness and It Is Hereby Agreed By and Between the Parties Hereto As Under:-

(1) DEFINITION:

OWNER, SUPPLIER, PURCHASER, SANDALWOOD/TREE, PRICE/VALUE, LAW, ACT & RULES - NOTIFICATIONS.

(1.1) Whereas, the supplier is the owner and is in possession of House/Property No. Ward No. Bangalore. The owner has acquired right and the title over the said property.

(1.2) The boundaries of the schedule land is as hereunder:-

East by : Property bearing No.
West by : Property bearing No.
North by : Property bearing No.
South by : Property bearing No.

(1.2) Whereas, the owner of the schedule land is also the owner of the Sandalwood tree/trees grown thereon, hereby agrees to sell the Sandal trees grown and situated on the schedule site having the girth over cms in diameter respectively at a height of about meters above from the ground level.

OR

Trees identified by the State Forest Department for extraction.

(1.4) The supplier shall execute necessary documents as required under the law including Forest Act 1963 & Rules 1969 to facilitate the KS&DL to undertake felling, conversion, transportation & any other act related thereto pertaining to the Sandal tree mentioned hereinabove.

(1.5) The supplier has agreed at his own cost to produce all relevant documents pertaining to the schedule lands and to the Sandal trees which is necessary to facilitate the KS&DL to obtain necessary permission from the Forest Authorities for felling, conversion and transportation and any other act related thereto including submission of Form-12 to 50 as per Rule 108 (4) (b) & 155 (1), RTC, mutation sketch & necessary NOC from the Revenue Department and any other necessary information required for processing and obtaining felling permission.

(1.6) The supplier shall not object, obstruct or interfere with the felling of Sandal tree situated on the schedule land, conversion, transportation & disposal of the Sandal tree or Sandalwood turnout and or any other act related thereto further schedule land under this agreement. The supplier shall agreed to provide support of all logistic & security, until it is removed from the premises by KS&DL.

(1.7) The supplier shall not object or prevent or interfere with the felling, conversion, transport & disposal of the Sandal tree or Sandalwood turnout and or any other act related thereto by any authorized staff of the KS&DL or labourer engaged by the KS&DL for the work of extraction of Sandal trees and any other work related thereto from the schedule land.

2. The supplier shall be liable to pay compensation, cost & make good the loss caused to the KS&DL and to the Govt. Department in the event of default, obstruction or prevention, interference or withdrawal on his part and prevented from executing this agreement & terms thereon. If the same is not paid i.e., shall be recoverable from the supplier as the arrears of land revenue Under Section 109 of Karnataka Forest Act 1969. In addition to removal of the Sandalwood trees to the Govt. Depot or disposal in accordance with law & appropriate sales products towards the lines of the KS&DL.

(2.1) The supplier shall not hold the KS&DL responsible for any damages caused to the natural configuration of the land from where the Sandal trees are extracted or any damage caused to other trees or other growth or any crop, and to any structure thereon, on the schedule land during the extraction and transportation of the Sandalwood trees.

(2.2) The supplier shall not hold the KS&DL responsible for any depreciation in the value or deterioration of quality & quantity of the Sandalwood due to moisture loss for any other reason at any stage, during the course of the extraction, transportation and dressing & identification of the Sandalwood by the KS&DL.

(2.3) The supplier shall undertake to indemnify the State Govt. and the KS&DL against any laws that may cause due to any action of the supplier and or action contrary to this agreement or misrepresentation in respect of the ownership of the land, trees or any act related thereto and for interference, obstruction, prevention during the course of extraction, conversion and transportation of the Sandalwood.

(2.4) The supplier shall accept the decision of the KS&DL in the event of any dispute arising in respect of this agreement and the decision of KS&DL there to as final & binding.

3. The KS&DL, II party agrees to buy from the supplier who is owner thereof the Sandal trees having the girth of 55 Cms. dia and above at the height of 1.3 meters above the ground level or trees identified by the State Forest Department for extractions, which is mentioned hereinabove and agrees to harvest, extract, convert and transport the same and heartwood of the Sandalwood tree after due assessment" in accordance with law and as per the notification.

(3.1) The KS&DL would be on an extraction and conversion transport the turnout or heartwood to the oil extraction unit at Mysore, after obtaining necessary permission from the concerned Competent Forest Authority of the jurisdiction as per the provisions of the Karnataka Forest Act 1963 and the Karnataka Forest Rules 1969

(4) The KS&DL agrees to fix the price of the Sandalwood and its turnout in accordance with law in force from time to time and in accordance with the official memorandum issued by the Principal Chief Conservator of Forests under the provisions of the Karnataka Forest Act 1963 & Rules 1969 and classifications of Sandalwood made thereon.

(4.1) The KS&DL agrees to release initial payment of 25% of the estimated value or price as assessed by the authorities of the KS&DL in respect of the dried, dead, stumps, roots kind of Sandalwood in accordance with law prevailing to the supplier or his authorized representative in the form of Demand Draft on lifting and transporting the Sandalwood tree or its converted material / turn out from the

schedule lands on obtaining necessary permission and transit pass to its destination. However, in respect of standing Sandalwood trees the initial payment will be restricted to 10% of the total value due to predominantly high moisture content in rough Sandalwood.

(4.2) The KS&DL agrees to release and pay the full and final price, towards the value of the Sandalwood purchased from the supplier as per the price for different classes of Sandalwood fixed by the Forest Dept., from time to time. In this regard, for the time being in force, for the Sandalwood already harvested, left over stumps, buds, roots class of Sandalwood mentioned thereon within 180 days from receiving the material at its final destination at its Sandalwood oil extraction plant / unit at Mysore, after deducting necessary charges, incidental expenditure including the extraction, dressing and supervising charges and also other statutory payments not exceeding 10% of the total value or the actual dressing & extraction cost whichever is less. However, regarding standing Sandalwood trees freshly harvested & received, the payment would be released within 360 days in view of the predominantly high moisture content in the standing Sandalwood trees.

(4.3) The KS&DL as a purchaser agrees to pay the statutory payments like VAT, FDT and other necessary incidental charges on behalf of the supplier initially for speedy process of extraction. The Company would bear the cost of transportation.

(5) The supplier and KS&DL agrees to monitor Sandalwood dressing activities under the strict control of the jurisdictional forest officers and would provide necessary information to the concerned competent forest officers of the jurisdiction about the extraction, conversion, transportation and movement of the Sandalwood, quality & quantity of the Sandalwood obtained, details of the Sandal trees and measurement of the trees and any other information related thereto.

(5.1) The supplier and the KS&DL have jointly agreed to replant Sandalwood saplings or seedling along with the host plants after extraction of the Sandal tree from the schedule land as part of conservation and regeneration of the specie with the co-operation of the Forest Department.

(6) In case of any dispute or difference in respect of Terms & Conditions contained hereinabove, the same shall be resolved by making a reference to the Managing Director, KS&DL for Arbitration under the Arbitration & Conciliation Act 1996 and the decision of the Arbitrator is final and binding on both the parties.

Force Majeure:

Neither party shall be held responsible for non fulfillment of the respective obligations under this agreement due to the exigency of time or any of the force majeure events, but not limited to acts of God, war, flood, earth quakes, strikes, lockouts, epidemics, riots, civic commotion etc., provided on the occurrence and cessation of any such event, the party effected, thereby shall give a notice in writing to the other party within one month of such occurrence or cessation. If the force majeure condition continues beyond six months, the parties shall jointly decide about the future course of action.

Amendment of the Agreement:

No amendment or modification of this agreement shall be valid unless the same is made in writing by the parties or their authorized representatives and specifically

stating the same to be an amendment of this agreement. The modification / changes shall be effective from the date of which they are made / executed unless otherwise agreed to.

IN WITNESS WHEREOF, the parties above named have executed in two original in the presence of the witnesses attesting hereunder in Bangalore, on the day, month and year first above written.

For and on behalf of the
Seller (Name)

For and on behalf of the
M/s KS&DL

SIGNATURE

SIGNATURE

NAME

NAME

Seal if any

WITNESSES:

WITNESSES:

01.

01.

02.

02.