

BIHAR STATE BEVERAGES CORPORATION LIMITED
(BSBCL)

(A Government of Bihar Undertaking)

Circular No.../BSBCL

Dated..././2007

Liquor Sourcing Policy for 2006-07

Government of Bihar vide order no. 3456 dated 12.08.2006 has established Bihar State Beverages Corporation Ltd.(BSBCL). BSBCL has been made sole wholesale agent for all kinds of liquor in the State of Bihar. This circular pertains to sourcing of Country liquor and Spiced Country liquor. It deals with procurement of CS/SCL by BSBCL from the manufacturers in sachets/bottles in specified areas/zones of Bihar holding excise license under Forms 27 and 27A respectively(henceforth referred to as licensee). The Manufacturers are requested to take note of the procedures prescribed in the policy which comes to effect immediately.

1. The Manufacturers / manufacturing companies of Country liquor and Spiced Country liquor, who are registered in Bihar may offer, firm price for those products/brands, which they want to market in Bihar.

2. GENERAL:-

*A. **Corporation:** - means the Bihar State Beverages Corporation Ltd., Vidyut Bhawan -11, First Floor, Jawahar Lal Nehru Marg, Patna.*

*B. **Manufacturers:-** Manufacturers means the person, firm or Company, who offers to supply and stock their goods under a contract in the warehouse of the B.S.B.C.L*

*C. **Landed Price:-** Landed Price at BSBCL warehouse means all inclusive of EDP, Freight, handling, Insurance, State / Central levies, duties, fees, & excise duty and Commercial Tax.*

*D. **Ex. Manufacturing Price (EMP):-** means all inclusive expenses of manufacturing and packaging of liquor.*

*E. **Case:-** means 12 bottles of 600 ml or 24 bottles of 300 ml for Spiced Country liquor.*

*F. **Crate/Cartron-** means 100 sachets of 200ml or 50 sachets of 400 ml of Country liquor*

*G. **Country liquor and Spiced Country liquor:-** Country liquor and Spiced Country liquor has the same meaning as under rule- I (4) notified vide no. 470 dated 15.01.1919 of the Bihar Excise Act 1915.*

H. Retailer: *-means the person, firm, company, whom the Excise Department has given license under Sec. 20 in form-2 of Bihar Excise Act 1915.*

3. Submission of Initial Documents

Manufacturers desirous of supplying liquor to the Corporation (short for BSBCL) for subsequent distribution to buyers shall submit the following documents, before their offer can be considered and action initiated.

- (i) Details of the organization of the manufacturer to be given in its letterhead in the format in Annexure 1. (page.15)
- (ii) A certified copy of the license granted by the Excise Commissioner/competent authority of the Bihar State.
- (iii) Details of executives and / or representatives to deal with the Corporation to be given in its letter head as per the format in Annexure 2 (page.16) and 3 (page.17) respectively.
- (iv) An agreement as in the format in Annexure 4 (page.18) duly executed by the authorized signatory of the manufacturer/Manufacturers in a stamp paper of denomination of Rs.100/-
- (v) Certified copy of the latest audited accounts and annual report. If such accounts pertain to a period other than the recently concluded financial year, reasons for not submitting the certified accounts of such year may be indicated.
- (vi) An attested / notarized copy of the registered partnership deed/ Memorandum and Article of Association (latest) of the manufacturer/Manufacturers.
- (vii) Security Deposit. of Rupees one Lac in the form of Bank Guarantee.

4. Declaration of prices and Landed Cost

4.1. The price of CS/SCL is fixed by Board of Revenue, Government of Bihar which may permit revision of prices consequent upon variations in the statutory duties and taxes imposed by the Government of Bihar on CS/SCL, to the extent of actual variation.

- (ii) Manufacturers shall quote the landed price in the Performa given at Annexure 5.

(B) The landed prices quoted should be F.O.R. destination. The manufacturer/Manufacturers has to incur the entire expenditure till the consignment is received and stacked at the destination i.e., designated depots of the Corporation or any other location within Bihar, as specified, in the permit. Unloading of the goods at the depots shall be the responsibility of the

Manufacturer/Manufacturers and unloading charges shall be borne by him. The consignments have to be dispatched under valid permit issued in the name of the M/s Bihar State Beverages Corporation Ltd., Patna by the competent authority.

(C) The price quoted shall be uniform irrespective of the location of the destination within Bihar.

(D) The prices (F.O.R. destination) quoted should be rounded off to the nearest rupee.

- 4.2 Manufacturers may please note that they are required to work out the Landed cost, taking due note of the provisions of the different notifications with respect to duties / fees issued by Government of Bihar (Excise Department) / Excise Commissioner under Bihar Excise Act and rules framed there under.
- 4.3 The Corporation shall charge a margin as decided by Board of Revenue.
- 4.4 In case of any change in the fee and duty structure, new prices shall become effective from the date of notification issued by the Government.
- 4.5 Any price reduction on account of a revision due to any change in the Landed Price or due to a change in duty fee structure shall be borne by the manufacturer/Manufacturers. The Corporation would, in respect of the stocks held, debit their accounts with the difference on the day such revision comes into effect.
- 4.6 Manufacturers shall, before introducing any sales promotion or discount scheme, communicate to the Corporation, the details of such scheme.

5. Supply Order (S.O.)

- 5.1 Supply of liquor by manufacturers to the Corporation shall be based on the S.O. issued by it. The Corporation shall issue S.O. based on the stock requirement of depots after duly considering the quantity held, the sales trend and requests of the manufacturer, if any. To facilitate the process, the manufacturer/Manufacturers may indicate the requirement of its type and pack sizes in various depots. However, the Corporation reserves its right to decide the quantity for which S.O. can be issued. Special requests or difficulties faced by manufacturers regarding issue of S.O. may be addressed to the M.D., BSBCL.

- 5.2 This Corporation will be under no obligation to procure any specified minimum quantities of Country liquor and Spiced Country liquor during the period of currency of the contract. The Quantity to be procured from time to time shall depend upon the demand for the product.
- 5.3 In respect of Product with low volume of sales, concerned manufacturer may request the Corporation to consider Inter-Depot-Transfer of stocks. The manufacturer shall shift the stocks from one depot to another only after obtaining consent from the corporation at its own cost and risk. The closing stocks at any depot shall not normally exceed the quantity anticipated to be sold in 15 days.
- 5.4 Two copies of the S.O. will be issued for the exact quantity that the manufacturer proposes to transport. It is, therefore, imperative that manufacturers /Manufacturers indicate their dispatch plan for issue of S.O. The S.O. shall be signed by either of the authorized signatories of the Corporation, whose specimen signatures may be seen in Annexure 6 (Page-25)
- 5.5 The S.O would indicate the validity date within which the manufacturer/Manufacturers should complete the delivery. If a manufacturer does not honor the quantity indicated in the S.O. within the validity period, then the order for the remaining quantity shall lapse automatically. The Corporation may, at its discretion, extend the validity of the S.O. and manufacturer shall honor the S.O. within the extended validity period without fail. However Corporation shall charge a fee for extending validity of each S.O. as under:
- | | | |
|------|---|----------------------|
| (i) | For first 3 days or part thereof | - Rs. 500/- per S.O. |
| (ii) | For every next 3 days or part thereof - | Rs.1, 000/- per S.O. |
- However, these rates may be revised by the MD from time to time.
- 5.6 Repeated lapse of supplies against S.O. without valid reasons may result in reduction of quantity sourced and may also attract other penalties that the Corporation may specify from time to time
- 5.7 In respect of supplies from within State, the manufacturer or their authorized representatives shall, after the issue of S.O., deposit the Excise Duty and other applicable duties/ fees for their respective brands with the Excise Department and obtain required transport permit to ensure delivery. Manufacturers may please take note that they are responsible for remitting/ depositing the correct quantum of duties/ fees and that they are liable for any short payment of duties (The Corporation shall be entitled to recover any short payment of duty from them, should such instances occur).

- 5.8 In case the supplies are not effected against any S.O. and the same is submitted to Corporation for cancellation, the same shall be cancelled on payment of a fee of Rs.500/- per S.O. And if the cancellation request is submitted after the validity date, the fee as decided by corporation shall be charged from the Manufacturers in addition to the cancellation charges. However, these rates may be revised by the MD, BSBCL from time to time.

6. Delivery

- 6.1 As indicated above, manufacturers shall effect supplies within the time period mentioned in the S.O. The stocks shall be delivered at the concerned depot of the Corporation at the cost and risk of the manufacturer and shall confirm to the quality, quantity and pack sizes as indicated in the S.O. Any delivery that deviates from the S.O. shall not be acknowledged by the Corporation and shall not be unloaded at the depot.
- 6.2 An exclusive invoice shall be raised for every S.O. issued. They are required to indicate the Landed Cost of the item as per the S.O. placed on them. They may, if they so choose indicate the price and the duties thereon separately for every item. At the time of effecting delivery, the Manufacturers shall invariably quote in their invoice the reference number and date of the S.O. Issued by the Corporation and surrender the S.O. in original to the receiving depot.
- 6.3 The Corporation is a Public Sector Undertaking as defined under Section 2 (36 A) of Income Tax Act 1961 with all the shares being held by Government of Bihar and hence is exempt from TCS under Section 206 C of the Income Tax Act, 1961. Hence, TCS shall not be claimed either in the invoice or in the debit note.
- 6.4 The invoice of the Manufacturers shall be accompanied by the following documents and shall be submitted to the receiving depot.
- (i) The original S.O. issued by the Corporation. If the supplies made are in satisfaction of more than one order so issued, all such orders shall be attached;
 - (ii) Copy of the permits issued by the Excise Department;
 - (iii) Lorry Receipt;
 - (ii) Copy of the challans for having remitted/deposited duties;

Manufacturers may please note that the consignment would not be unloaded in the receiving depot if the requirements indicated above are not met with.

- 6.5 Manufacturers shall ensure that the carton boxes used by them confirm to the specifications of the Bureau of Indian Standards and that the boxes do not

become a cause for excessive transit and / or depot damages. The Corporation may, if it so warrants, issue necessary guidelines in case of Manufacturers who do not use standard boxes, which shall be followed by them.

- 6.6 All damage and breakages of the goods supplied due to defective and improper packing and also due to the manufacturing defects shall be to the account of the manufacturer.
- 6.7 Within 24 hours from the date of dispatch of goods, the Manufacturers should communicate following particulars to the consignee (Depot).
Permit No. & Date.
 - (a) No. of cases dispatched and mode of dispatch.
- 6.8 Manufacturers shall also ensure that they do not overload the Lorries transporting their goods. Needless to mention, such overloading is a major cause of excessive transit and depot damages. Any instance of overloading noticed by the Corporation may result in appropriate action as may be necessary.
- 6.9 The stocks should be delivered during the working hours of the Depots and on working days only. The addresses of the location mentioned may undergo change and the Corporation may open additional Depots and include the same in the list.
- 6.10 The Corporation does not receive stocks at the depots during holidays. In case the consignments arrive at the depots on a holiday they shall have to wait till the next working day for unloading. The responsibility for the stock till its acceptance at the Depots shall be that of the Manufacturers. The Corporation reserves the right to order any quantity for any depot.
- 6.11 The responsibility for all legal and financial implication arising out of the delay in dispatch, or delay in reaching the destination depot or deviation from the terms and conditions of the permit issued by the Competent Authority shall rest on the Manufacturers. Consequently the Manufacturers shall ensure the following at his risk and responsibility.
 - a) The consignment should travel exactly along the route prescribed in the permit and there shall be no deviation there from. The Corporation shall not be held responsible for any action taken by the Excise authorities for violation of the terms and conditions of the permit or other relevant rules. The entire responsibility shall rest on the Manufacturers in this regard. The Corporation will not be responsible for any consequences upon the default of the Manufacturers in this regard and delays if any due to the default of the Manufacturers in this regard and delays if any, in unloading the stock at the destination/ Depot as a result of the complications arising out of the deviations mentioned above.

b) The Manufacturers shall make adequate arrangements for transport and delivery of consignment at the designated depots. In case of any accidents enroute the Manufacturers should immediately lodge a complaint before the police station having jurisdiction. Simultaneously the consignee shall be informed of the accident immediately by the quickest mode of communication. The Manufacturers shall procure all relevant documents in proof of the accident in case revalidation of passes and any other legal formalities are to be complied with.
Supplier

7. Quality Control

- 7.1 The manufacturer/Manufacturers is expected to ensure that the items delivered to the Corporation are fit for human consumption and adheres to the quality as stipulated by the relevant standards of Bureau of Indian Standards and/or other standards as may be applicable or as desired by Government of Bihar.
- 7.2 The Manufacturers shall ensure that the Country liquor and Spiced Country liquor supplied against the permit delivered by the Corporation shall in particular confirm to the prescribed requirements.
- 7.3 The Corporation may periodically test samples of such items as it may decide, to ensure that quality standards are adhered to. If an item does not adhere to the quality standards expected of it, sale in respect of that particular batch of the item (if in stock) would be suspended immediately. A communication would be sent to the manufacturer/Manufacturers along with the results of tests carried out with a request to withdraw stocks of the particular batch from the depots at his cost. The manufacturer/Manufacturers would also be advised to improve the quality to confirm to specifications.
- 7.4 In respect of supply, which are found to be below the prescribed standards, the Manufacturers shall indemnify the Corporation from all loss or damages sustained by the Corporation. For the Country liquor and Spiced Country liquor not conforming to the standards, the Manufacturers alone is responsible for all consequences due to subsequent supply of the goods to the retailers and others under the laws of Bihar. The Corporation reserves the rights not to place any procurement order with such Manufacturers.
- 7.5 All other brands of such manufacturer/Manufacturers will also be subjected to examination and the cost of testing these samples would be debited to the manufacturer/Manufacturers. If any of these products does not confirm to specifications, then such products would be black listed and the Corporation would stop transacting in the same.

8. Transit Risk and Losses

- 8.1 It is the responsibility of the manufacturer/Manufacturers to deliver stocks at the depots of the Corporation. This includes stacking of the liquor in the depot. Therefore any risk during the transit of liquor from the premises of the Manufacturers till the stocks are unloaded and stacked in the depot shall be borne by the manufacturer/Manufacturers, who may, if necessary, seek an insurance cover.
- 8.2 Transit losses would fall in one of the categories described below. Such losses shall be to the account of the manufacturer/Manufacturers.

Short Receipt – Receipt of lesser number of items than what is mentioned in the invoice of the manufacturer and/or mentioned in the transport permit would be categorized under this head. Such short receipt would generally be in the nature of missing sachets/bottles in carton boxes, though missing of whole carton boxes cannot be ruled out.

Broken Items – Items that are received in broken condition or detected during delivery by BSBCL for further sales.

9. Stocks held for sale

- 9.1 Manufacturers may note that supply of liquor to the Corporation against Order for Supplies shall be construed as an agreement to sell under sub-section 3 of Section 4 of State of Goods Act, 1930. *The sale shall be concluded only when the liquor is delivered to buyers by the Corporation.* The Corporation would take necessary care of the stored stock as is reasonably possible and expected of it.
- 9.2 Damage to stock held for sale as a result of any negligence of the manufacturer/Manufacturers or the transporter, it would be to the account of the manufacturer/Manufacturers. More particularly, instances of sachets having perforation/ bottles having hairline cracks resulting in steady evaporation of the contents, quantity filled being less than the declared quantity damage due to weak carton boxes, etc., which are controllable by the manufacturer/Manufacturers can not be treated as storage losses attributable to the Corporation. Such or other similar losses whenever detected shall be treated as transit losses and the concerned Manufacturers debited accordingly. Any decision of the Corporation as regards the nature and quantum of such losses shall be final. Manufacturers may, if they so desire, depute their representatives to verify such sachets/bottles and satisfy themselves.
- 9.3 Manufacturers may appreciate that storage space as a resource has to be optimally utilized and slow moving/ non-moving stocks of one manufacturer/ Manufacturers should not result in limiting market access of others. It is therefore necessary that stocks move regularly and non-moving

Stocks are weeded out. The stocks held by the Corporation would therefore be categorized as under:-

Active stocks - Stocks that are up to 60 days old in case of country liquor and 120 days old in case of spiced country liquor, would be treated as active stocks. Any stock stored for a longer period will be treated as *Inactive stock*.

- 9.4 *Inactive stocks shall be charged a demurrage of Rs 1/- per carton box/per case per day.* The demurrage charge shall be computed on the basis of carton box days (i.e. one carton box of an inactive item stored for one day is termed as a carton box day and would attract a demurrage of Rs.1/-) and adjusted against the payments due to the manufacturer/Manufacturers.
- 9.5 In the beginning of the month, the Corporation would view details of inactive items as at the end of the previous month, with a request to liquidate them within thirty days. If the manufacturer/Manufacturers does not take necessary action to liquidate such stocks within the period aforesaid, the Corporation would dispose off the inactive stocks in any manner as may be appropriate and the difference between the price of delivery of liquor and the amount realized shall be borne by the manufacturer/Manufacturers. The manufacturer/Manufacturers shall not have any further claim against the Corporation in respect of such stocks
- 9.6 In case manufacturers / Manufacturer's / distilleries make a written request to the Corporation about their intention to withdraw stocks of CS/SCL from depots for re-processing in view of non-movement, deterioration in quality and packing etc., BSBCL will recommend to the Excise Commissioner to permit the distilleries to take back the stocks for re-processing in the manner to be prescribed by the Excise Department. Corporation margin @ 10% plus demurrage shall be recovered from the Manufacturers in case of taken back stocks for reprocessing, just like other stock.
- 9.7 However, any stock of CS/SCL lying unsold for a period of over six months from the date of bottling or stocks declared unfit for human consumption at the depot shall be drained out by the Corporation. Any expenditure incurred by the Corporation towards this shall be recovered from the manufacturer/Manufacturers. No compensation shall be payable in respect of such stock. Corporation margin @ 10% plus demurrage shall be recovered from the Manufacturers in case of such stocks also, just like other stock.
- 9.8 In case where such stock is not drained out in the Depot itself, it is further provided that the breweries are allowed to take the old stock back to their factories, which is over six months from the date of bottling/Packaging, and lying with the BSBCL depot, where the same will be drained out under the supervision of Excise Department. The decision with regard to refund/adjustment of Excise Duty on such stocks (taken back to factory) shall be

taken by Excise Department as per the provision of Bihar Excise Act/ Rules. Corporation margin @ 10% plus demurrage shall be recovered from the Manufacturers in case of such stocks also, just like other stock.

- 9.9 The warehouse losses due to breakages and other reasons will be wholly borne by the manufacturer who will participate in joint verification at least once every quarter.

10. Inter Depot Transfers

- 10.1 The Corporation shall have the liberty to effect inter depot transfer of stocks for quick and easy disposal. Manufacturers may also request for such transfers, if in their opinion, such transfers would facilitate disposal of stocks. However, the decision of the Corporation in this regard shall be final.
- 10.2 Manufacturers shall bear all expenses towards inter depot transfers. If for any reason, the Corporation expends any amount towards the transfer, like permit fees, such amounts shall be immediately debited to the account of the manufacturer/Manufacturers. Transit losses due to the transfer shall be borne by the manufacturer/Manufacturers.
- 10.3 Where any application is presented for issue of Inter Depot Transfer order the Manufacturers shall be required to deposit fee @ Rs.1/- per CB(case box) subject to minimum of Rs. 50/- per T.O.O(transfer out order) or as decided by MD, BSBCL from time to time. However, as regards extension and cancellation of T.O.O, the fees prescribed for extension/cancellation of S.O (supply order), as mentioned in relevant clauses shall be applicable.

11. Payment for stocks sold

- 11.1 *The Corporation shall pay the manufacturer/Manufacturers only for the stocks sold.* Unsold stock shall not be eligible for any payment.
- 11.2 It is the responsibility of the manufacturer/Manufacturers and not the Corporation to affect the sales. The role of the Corporation shall be that of a facilitator only.
- 11.3 The amount payable to a manufacturer/Manufacturers for the sales provisionally recorded within the week ending every Saturday shall be computed and paid on the following Wednesday. Any amounts to be recovered from the manufacturer/Manufacturers due to demurrage charges, interest, etc. shall be recovered out of the amounts payable. The Corporation would provide a statement of provisional sales recorded to facilitate reconciliation. Any missing data due to delays/failures in electronic transfer of data shall be reckoned in the succeeding week and adjusted.

- 11.4 The Corporation prefers to transfer the amounts due to the manufacturer/Manufacturers directly to their bank account. To facilitate such transfer, Manufacturers may open an account with anyone of the bankers to the Corporation.
- 11.5 The Corporation would not be a party to any bill discounting arrangement that the manufacturer/Manufacturers may enter into with his bank.
- 11.6 Once in three months, the Corporation would verify un-audited sales data and rework the payment due to the manufacturer/Manufacturers. Any adjustment necessary would be made after such verification.
- 11.7 The Corporation would provide an extract of all transactions of manufacturer/Manufacturers before the 10th of the succeeding month. Manufacturers may verify the statement and point out instances of differences, if any, within the next two months. The Corporation would, after confirmation, initiate corrective action. However, the Corporation shall entertain no such difference after two months of the close of the financial year.
- 11.8 The Managing Director. M/s **Bihar State Beverages Corporation Ltd., Patna** reserves the right to modify the terms of payments with the consent of the officers
- 11.9 “ The manufacturers or Importers or Manufacturer’s shall be liable to pay VAT as per provisions of the Act and at rates applicable in Bihar VAT Act.”

12 Withdrawal of the Offer:-

- 12.1 If the offer is withdrawn within one year of the contract, the Corporation shall be at liberty to cancel the contract, forfeit the Security Deposit and also recover from the Manufacturers extra loss incidental to the breach of contract on the part of the Manufacturers.

13 Postal Delays:

- 13.1 The Corporation shall not be responsible for any postal delays.
- 13.2 The contract is not assignable by either party.
- 13.3 Furnishing of incorrect information shall entitle the Corporation to blacklist the Manufacturers.

14 Non-Waiver:

Failure of the Corporation to insist upon strict performance of any of the terms and conditions thereof or failure or delay to exercise any rights or remedies provided herein or by law or the acceptance of or payment for any goods, shall not release the Manufacturers from any of the warranties or obligations of the contract and shall not be deemed to be a waiver of any rights of Corporation

15 Prejudicial Act:

If during the currency of the contract the Manufacturers or any of his representatives, workers or agents are found indulging in any activity, which directly or indirectly is prejudicial to the interest of the Corporation or the Bihar State Government or found of

a) Offering illegal gratification of any kind including a bribe, reward or advantage etc. pecuniary or otherwise to any officer or employee of the Corporation.

b)Indulging in any malpractice such as forgery, falsification or fabrication of any documents, bills, vouchers, delivery challans etc. or introduction of any liability in connection with the supply of CS/SCL which amounts to an offense punishable under Indian Penal Code or any other enactment. The Corporation without prejudice to other legal rights shall have the right to terminate the contract forthwith, black list the Manufacturers and forfeit amounts as may be lying with the Corporation besides initiating other appropriate action... All losses that may be incurred by the Corporation in this regard shall be recoverable from the Manufacturers.

16.1 The Corporation reserves the right to terminate the rate contract with one month's notice without assigning any reason. The Manufacturers should abide by the provisions of **Bihar and Orissa Excise Act 1915** and rules made there under in force from time to time and any other relevant enactment like the Standards of Weights & Measures Act, 1976 (Enf) Act 1986/and Packaged Commodities Regulations, 1975 etc. The Manufacturers is solely and individually responsible for all the consequences arising out of the violation in this regard. Any legal complications arising out of failure to comply with various rules shall be the sole responsibility of the Manufacturers. Any losses/ damages suffered by the Corporation due to the lapse on the part of the Manufacturers for not complying with any of the rules will be made good by the Manufacturers.

16 Forum For Legal Proceedings:-

The courts at Patna alone shall have jurisdiction to deal with any suit or other legal proceedings arising from or relating to the contract.

17 Inspection :- The Corporation or its/ his authorized representative shall have the right to inspect, test and expedite supply or get inspected, tested and expedite the supply of goods at the works of the Manufacturers or at any other place as decided by the Corporation. The Manufacturers shall provide all facility to the uniformed and plain-clothed security, which may be posted outside the manufacturing premises, to stop and check every consignment. If

the consignment is suspected, the security may detain the vehicle and seek instructions from the Superintendent of Excise concerned or the Corporation or the local police.

18. Representatives of the Manufacturers

The Corporation would allow collection of S.O. and other documents only by authorized representatives of Manufacturers. Such representatives (not exceeding three) may be authorized as in the format in Annexure 7 (page-

33), a copy of which shall be delivered to the Corporation for its record. Authorized representatives shall produce another copy before the OFS or documents are handed over.

19. INDEMNITY

19.1 The Manufacturer/Manufacturers shall keep the Corporation harmless and indemnified in all matters arising from supply of the Liquor to the Corporation and its subsequent disposal. In case of any third party claims arising, the Manufacturer/Manufacturers at his cost shall settle retailer or consumer.

19.2 Without prejudice to the generality of the circumstances contained in 12.1, the Manufacturer/Manufacturers shall specifically indemnify the Corporation and keep it harmless with respect to

- (i) Non-compliance with the standards specified by the Corporation;
- (ii) Non-confirmation to the provisions of various laws in force; and consequences, losses or claims (including claims of additional duty raised by the Government of Bihar) more specifically, the non-remittance and short remittance towards the duties statutorily payable.
- (iii) Any claims for infringement of patent, trademarks etc., relating to Liquor delivered.

20. Jurisdiction

All transactions of the Corporation with the Manufacturer/Manufacturers shall be subject to the jurisdiction of Patna.

21. Review of the Policy

The above policy is subject to periodic review. The Corporation is at liberty to amend it, if the circumstances so warrant.

(Brijesh Mehrotra)
Managing Director
BSBCL, Patna

Details of the Organization of the Manufacturer / Manufacturers

(To be given in the letterhead of the Organization)

Name of the organization:				
Type of the organization	Company / Partnership / Sole Proprietorship			
Particulars of the Chief Executive/Managing Partner/Owner	Name	Address	Telephone number	Fax number
Particulars of the other Directors / Partners	Name (1) (2) (3) (4)	Address	Telephone number	Fax number
Address for Correspondence				
E-Mail id				
Bank Particulars a) Name of the bank b) Branch c) Account number				

Place :

Date :

SD/-
Chief Executive/Managing Partner/Owner
(Name)

Annexure 2

**Details of Executives Authorized to deal with the Corporation on behalf of the
Manufacturer / Manufacturers**

(To be given in the letterhead of the Organization)

Name of the executive		
Designation		
Address		
Telephone number		
Mobile number		
E mail id		
Specimen signature	(1) (2)	(1) (2)

Place :

Date :

Sd/-
Chief Executive/Managing Partner/Owner
(Name)

Annexure 3

Details of Authorized representatives, if any authorized to deal with the BSBCL on behalf of the Manufacturer / Manufacturers

(To be given in the letterhead of the Organization)

Name of the representative		
Organization of the Representative		
Address		
Telephone number		
Mobile number		
E mail id		
Specimen signature	(1) (2)	(1) (2)

Place :

Date :

SD/-
Chief Executive / Managing Partner / Owner
(Name)

Agreement to be executed by Manufacturers of Liquor

(To be executed in stamp paper of denomination of Rs 100/-)

AGREEMENT

This Agreement made at Patna on Day ofTwo Thousand Six between the Bihar State Beverages Corporation Limited (BSBCL) having its Head Office represented by its (Hereinafter called the 'Corporation') which term, unless, repugnant to the context, shall mean and include its executors, administrators, successors-in-interest, assigns, etc., of the

ONE PART

AND

M/s.....
represented by Shri(Hereinafter called the 'Manufacturer/Manufacturers', the term including the Manufacturers) which term, unless, repugnant to the context, shall mean and include its executors, administrators, successors-in-interest, assigns, etc., of the OTHER PART. That Shrihas been authorized to represent the Company / Firm/ Society in all matters connected with and in relation to the liquor supplies to the Corporation for the year 2006-2007 in the Territory of State of Bihar. (Power of attorney attached)

WHEREAS the Corporation registered under the Companies Act, 1956, is a Government Company within the meaning of Section 617 of the said Act.

WHEREAS the Corporation is authorized by the Government of Bihar (Excise Department) to exclusively deal with IMFL. Beer, Wine and all liquor items.

WHEREAS the Manufacturer/Manufacturers is a licensee under Rule of theRules. (Mention the details of the concerned State Act / Rules). That the said M/s(Distillery /brewery /winery / bottling plant) is an individual / a partnership firm/ a public limited company / a private limited company / a co-operative society registered under the Companies Act, 1956 / Partnership Act, 1932 / relevant co-operative societies Act. (Mention the relevant Act / Rules) And the said M/sis not ineligible under Bihar Excise Act and relevant Rules framed there under.

WHEREAS under the authority vested by the Excise Department, Government of Bihar, the Manufacturer/Manufacturers as a licensee under the relevant rules shall sell Country Liquor and Spiced Country Liquor) respectively only to the Corporation

WHEREAS the parties herein have entered into this Agreement for the distribution of Liquor on the following terms and conditions

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Liquor Sourcing Policy 2006-07

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. QUANTITY FOR DISTRIBUTION

- 1.1 The quantity of Liquor to be procured and distributed shall be determined by the Corporation from time to time, keeping in view the demand for Liquor manufactured / supplied by the Manufacturer/Manufacturers.
- 1.2 The Manufacturer/Manufacturers shall not claim the right for distribution of Liquor through the Corporation.

2. DELIVERY

- 2.1 The Manufacturer shall deliver Spirit to the Corporation for onward delivery to the buyer in accordance with the Order for Supplies (OFS) issued by the Corporation.
- 2.2 Delivery shall be in line with the Orders for Supplies placed by the Corporation and shall be completed within the period specified by the Corporation. Non-delivery and/or repeated delays in adhering to the delivery schedule may entail in recall of the pending Orders for Supplies and may attract other penalties as may be imposed by the Corporation
- 2.3 The Manufacturer/Manufacturers shall bottle, seal, pack, load, transport, unload and stack the Liquor at the depots of the Corporation at its cost and risk. The Corporation is not liable for any transit risk and other perils. In its own interest, the Manufacturer/Manufacturers may arrange for an insurance coverage for all the risks including transit risk.
- 2.4 The Manufacturer/Manufacturers shall ensure that the Liquor is transported in an exclusive vehicle and that other goods are not transported in it.
- 2.5 The Manufacturer/Manufacturers shall deliver the Liquor in good condition within such time and at such depots as specified by the Corporation.
- 2.6 The Manufacturer/Manufacturers shall bear transit losses as defined in LSP 2006-07. The Manufacturers shall not claim for shortages, if any, arising from the difference between the quantities as dispatched by it and the stocks actually delivered.
- 2.7 Delivery shall be in line with the Orders for Supplies placed by the Corporation and shall be completed within the period specified by the Corporation. Short supplies, if any, shall not be carried forward beyond the validity period of the Order for Supplies.
- 2.8 Non-delivery and / or repeated delay in adhering to the delivery schedule may entail in recall of the pending Order for Supplies, suspension of distribution and may attract other penalties as may be imposed by the Corporation.
- 2.9 The Manufacturer/Manufacturers shall, as may be required by the Corporation, transfer Liquor from one depot to another depot of the Corporation to enable quick disposal of Liquor and shall bear the cost incurred towards inter depot transfer fee, loading, freight, unloading, etc. Any transit damages that may arise on account of such transfer shall be borne by the Manufacturer/Manufacturers.

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Liquor Sourcing Policy 2006-07

3. QUALITY

- 3.1 The Corporation may, in conformity with Govt. directions/orders in this regard from time to time, specify the quality of Liquor to be delivered and the Manufacturer/Manufacturers shall adhere to such quality specifications.
- 3.2 The Corporation may reject the Liquor that does not confirm to the quality specified by it. If the Liquor is found to be unfit for human consumption, the same would be destroyed, disentitling the Manufacturer/Manufacturers to claim any amounts there from. However, if the rejected Liquor is such that, it is fit for human consumption, but does not meet the standards specified by the Corporation, the same would be disposed off in accordance with the rules framed under the Bihar Excise Act. The consideration to be paid to the Manufacturer/Supplies would be determined by the Corporation, based on the cost of disposal, statutory duties, etc.

4. CANCELLATION OF ORDERS

- 4.1 The Corporation shall, without prejudice to its legal rights, have the right to forthwith terminate any or all Order for Supplies placed on the Manufacturer/Manufacturers and forfeit deposits, if any, if the Manufacturer/Manufacturers or any of his representatives, workers, employees, etc.,
- (a) Indulge in any activity which is directly or indirectly prejudicial to the interest of the Corporation; or
- (b) Indulge in forgery, falsification, fabrication of any document, bill, and voucher or delivery challan or commit any offence in connection with the manufacturer/Manufacturers and supply of Liquor, which offence is punishable under law.
- 4.2 All losses incurred by the Corporation on account of the Manufacturer/Manufacturers, his agents, workmen, employees etc. committing the above said prohibited acts, shall be recovered from the Manufacturer/Manufacturers.
- 4.3 If the Manufacturer/Manufacturers indulge in any unfair trade practice, the Corporation shall have the right to cancel the Order for Supplies placed on the Manufacturer/Manufacturers.

5. PRICE

- 5.1 The Manufacturer/Manufacturers shall deliver the Liquor at a price as may be indicated by the Corporation.
- 5.2 Any difference due to price reduction on account of revision in price by the Manufacturer/Manufacturers or due to a change in duties shall be borne by the Manufacturer/Manufacturers

- 5.3 The Manufacturer/Manufacturers shall communicate to the Corporation any sales promotion scheme/activity including the price structure, validity period, etc., at least two weeks prior to its introduction to the market.

6. PAYMENT

- 6.1 The Corporation may advance, either in full or in part, the duties paid or to be paid by the Manufacturer/Manufacturers to the Government. The Corporation would, from time to time, determine the interest payable on the amount so advanced, and the Manufacturer/Manufacturers shall pay the same. The Corporation shall be entitled to deduct such advance, the interest due or other dues from any amounts due to the Manufacturer/Manufacturers.
- 6.2 Payment for the Liquor delivered (less the amount advanced) shall be made only after the disposal of Liquor, and is subject to any periodicity that may be specified by the Corporation.

7. STOCK HELD FOR SALE

- 7.1 If stock of CS/SCL is not disposed off within 60 and 120 days respectively, the Corporation would levy demurrage charges at Rs.1/- per Carton/case per day. The Corporation out of any payment due to the Manufacturer/Manufacturers shall recover such demurrage charges.
- 7.2 Without prejudice to 7.1 above, the Corporation may dispose of Country Liquor and Spiced Country Liquor lying unsold for over 60 and 120 days respectively and the difference between the price of delivery of CS/SCL and the amount so realized shall be borne by the Manufacturer/Manufacturers.
- 7.3 Further, it is agreed that any stock of CS/SCL lying unsold in the depot of the Corporation for a period exceeding six months from the date of bottling or declared unfit for human consumption shall be drained out by the Corporation. No payment shall be made in respect of such stock. In case where such beer is not drained out in the Depot itself, the breweries are allowed to take the old stock of beer back to their factories, where the same will be drained out under the supervision of Excise Department. The decision with regard to refund / adjustment of Excise Duty on such stocks (taken back to factory) shall be taken by Excise Department as per the provision of Bihar Excise Act / Rules.
- 7.4 The Corporation may, on its own accord, or on the representation of the Manufacturer/Manufacturers, review the storage time aforesaid.
- 7.5 Any abnormal storage loss attributable to the Manufacturer/Manufacturers shall be borne and made good by the Manufacturer/Manufacturers.

8. INSPECTION AND SUPERVISION

- 8.1 The Manufacturer/Manufacturers shall offer all facilities to the Corporation for supervising and verifying various activities like manufacturing, measuring, bottling, sealing, loading, transporting, unloading, etc.

8.2 It shall be open to the Corporation to post its officials under / or of the Government and / or any technical and security personnel as it may deem it necessary from time to time.

8.3 More particularly, the Corporation shall have unhindered access to all manufacturing and appurtenant facilities and records of the Manufacturer/Manufacturers for verification and inspection. It shall be entitled to monitor the movement of raw material into and finished goods from the premises of the Manufacturer/Manufacturers.

9. COMPLIANCE WITH LAWS

9.1 The Manufacturer/Manufacturers shall comply with the requirements of all laws, which are applicable for him, including timely remittance of tax dues and filing of returns.

10. FORCE MAJEURE

10.1 Upon the occurrence of any event of Force Majeure, the Party being affected by such event shall, without delay, notify the other Party in writing.

10.2 In the event of any failure in performance due to any Force Majeure condition, such as war, strike, fire, natural disaster, or any other cause whatsoever beyond the control of the Party being affected, the Party so failing shall, to that extent, be exempted during the period of such happening from the liabilities that would otherwise result from its failure. The occurrence of the event of Force Majeure will not relieve either party from performing its obligations at such times and to the extent as may be possible after the intervention of the event of Force Majeure.

11. ARBITRATION

11.1 Any dispute, which may arise between the Parties herein shall be submitted to arbitration. The arbitral award shall be conclusive, final and binding on both the Parties herein. The Manufacturer/Manufacturers has agreed with the Corporation to provide for the nomination of a sole arbitrator by the Corporation only from amongst the following:

- (a) Any retired Judge of the High Court of Patna.
- (b) Any retired Chief Secretary to Government of Bihar.

The arbitration shall be conducted in accordance with the Arbitration and Conciliation Act, 1996 as amended or substituted from time to time. The venue for arbitration shall be Patna. Indian Law shall apply.

12. INDEMNITY

12.1 The Manufacturer/Manufacturers shall keep the Corporation harmless and indemnified in all matters arising from supply of the Liquor to the Corporation and its subsequent disposal. Any third party claims arising, the Manufacturer/Manufacturers at his cost shall settle retailer or consumer.

12.2 Without prejudice to the generality of the circumstances contained in 12.1, the Manufacturer/Manufacturers shall specifically indemnify the Corporation and kept it harmless with respect to

- (i) Non-compliance with the standards specified by the Corporation ;
- (ii) Non-conformation to the provisions of various laws in force; and consequences, losses or claims (including claims of additional duty raised by the Government of Bihar) more specifically, the non-remittance and short remittance towards the duties statutorily payable
- (iii) Any claims for infringement of patent, trademarks etc., relating to Liquor delivered.
- (iv) Claims for damages that may be raised by any user or the ultimate consumer due to delay in delivery of Spirit by the Manufacturer
- (v) Any claims from buyers under the forward contracts entered into between the manufacturer and buyer
- (vi) Quality claims that may be raised by any user or the ultimate consumer of CS/SCL.

13. JURISDICTION

13.1 Both the parties are amenable to the jurisdiction of the Patna Civil Court only irrespective of where the cause of action or a part of it arises.

14. LIQUIDATED DAMAGES

14.1 Notwithstanding any clause hereinabove, the Manufacturer/Manufacturers is liable to pay liquidated damages of Rs.100, 000 (Rupees One Lakh only) for each breach of this agreement not exceeding 10% of the total value of the Liquor to be delivered.

14.2 Further if the liquidated damages are not paid within three days from the date of the receipt of the demand intimation, the Manufacturer is liable to pay interest on the quantified liquidated damages at 12% per annum.

15. It is further agreed upon that, any term & condition, which is related to the Corporation and Manufacturer's, but not indicated herein, shall be as per specific provisions of Liquor Sourcing Policy 2006-07.

IN WITNESS WHEREOF, the Corporation and Manufacturer/Manufacturers have set and subscribed their signatures and seals on the day, month and year aforementioned in the presence of the following attesting witnesses.

For BSBCL

for Manufacturer

WITNESSES:

1.

2.

Pricing sheet of CS/SCL

(To be given in the letterhead of the Manufacturers)

Name of the brand					
Sl. N o.	Particulars	Size of the pack (in ml)			
		CL		SCL	
		400	200	600	300
	Number of sachets/ bottles				
1	Ex. Distillery Price (EDP) of the manufacturer				
2	Add other fees/levies/cost applicable (A) Import Fee				
	(B) Export Fee				
	(C) Central Sales Tax				
	(D) Others: Transportation / Handling / Insurance etc. (Please specify separately)				
3	Sub Total for Excise Duty (1+2)				
4	Excise Duty at applicable rates				
5	Sub Total for VAT (3+4)				
6	VAT at applicable rate on 5				
7	BSBCL landed cost (5+6)				
8	BSBCL Margin @10% on 7				
9	BSBCL Price to Retailers (5+6+7+8)				

Annexure 6

**Specimen signatures of the Officers Authorized to sign and issue
Supply order (S.O.)**

Name of the Officer	Designation	Specimen Signature
		1)
		2)
		1)
		2)
		1)
		2)

Annexure 7

Authorization letter for collecting S.O. / other Documents from BSBCL

(To be issued in the letterhead of the Manufacturer/ Manufacturers)

(Paste attested photograph of the person here)

We hereby authorize Shri(Name of the person) whose signature is attested below to collect S.O. / other documents on our behalf from BSBCL.

Place:

Date:

SD/-
Authorized signatory
(Name)

Signature of Shri(name of the person)
Attested

SD/-
Authorized signatory
(Name)