



Sales & Distribution Policy

Dear Business Partners,

I extend my sincere thanks and appreciation for supporting the VNR Seeds in your area of operation and developing the company as one of the fastest growing Seed companies in India. In this process, both of us have strengthened our business and customer trust by offering farmers the best in class products from the VNR portfolio.

As a continuous effort to strengthen our process for serving you and farmers better, the following are the VNR Sales policy which need to be followed in business operation with VNR :

Sales & Distributions

Sales and Distribution means all sales and distribution activities for the Product in connection with Commercialization thereof, including customer service, order processing, handling of returns, inventory, warehousing, shipping, invoicing, booking of sales, distribution and collection of receivables.

Objective

To form our business operation transparent and trustworthy for all the activities involved with business transactions and accomplishing a successful Seed Company by acquiring farmer's trust.

Scope

This policy is applicable for authorized distributors and sales employees of VNR Seeds Private Limited.

Distributor

- The Distributor is associated with VNR Seeds Private Limited on a **Non-Exclusive basis**.
- Every Distributor has to carry a target for the financial year which shall be decided on mutual consent basis between the Company's Regional/Zonal Manager and the Distributor. This set target shall be reviewed by the Company officials on a monthly basis with the distributor.
- Every distributor has to sign the distributorship agreement as prescribed format prepared by the company along with all necessary enclosures.
- Anyone who envisages interest in the Organization, or whom we find as a Partner can become our Distributor. There is no limit on the number of Distributors appointed in a territory.

- VNR Seeds Private Limited expects the Distributors to strengthen Business in his local territory.
- The terms and conditions with the Distributors are as per Distributor Agreement.

Credit Limit

- Credit limit of a distributor is basically the limit of credit a distributor can avail from the company in terms of value for a specific duration. As per company's norms, a new distributor is supposed to get an initial credit limit of Rs.3 Lacs for vegetable accounts.
- Credit limit for Vegetable crop account shall be reviewed annually and it will get fixed as per last Year business performance. (25% of Net Business of the previous financial year is the maximum allowed credit limit subject to approval from Business Unit Head).
- Credit limit will be withdrawn if customer fails to pay the outstanding on time or if there is a case of cheque dishonor.
- Billing terms can be converted into advance payment mode without prior notice.
- For field crop business, credit limit is provided based on a business plan with the distributor for each season.

Credit period

Credit Period is the time offered by VNR to its authorized customers for repaying the amount of invoices within a fixed time frame.

- Standard credit period approved for VNR distributors is 45 days for vegetable crop and 90 days for field crop business, this is the maximum credit period allowed and subject to revision without prior notice.
- Company shall review credit period of a distributor periodically and it will be revised as per performance of a distributor. However, Company reserves the right not to extend credit days.
- Supplies to the distributors will be stopped if the outstanding days exceed 45 days in case of Vegetable crop and 90 days in field crop.

Payment Terms

Payment terms outline how, when, and by what method your customers or clients provide payment to your business. Payment terms are typically associated with invoice payments. They are an agreement that sets your expectations for payment, including when the client needs to pay you and the penalties for missing a payment.

- The due date for payment is mentioned in the invoice itself and the distributor needs to pay the amount of bills as per payment terms.
- The maximum credit days approved for making payment of bills is 45 days for vegetable crops and 90 days for field crop business.

- Payment can be made by NEFT/ RTGS/ Online transfer/ IMPS or through at par Cheques, in favor of VNR Seeds Private Limited.
- All the authorized distributors have allotted virtual codes for making payment to VNR, the distributor needs to pay the amount using their virtual codes only.
- No cash payment/ cash deposit permitted as per VNR sales policy.
- If a customer converted into advance payment mode then payment of order value will be required in advance before processing of order.
- No third party payment will be accepted.

Cash Transactions

- No cash transaction will be allowed with any employee of the company. Any cash transaction done by a distributor shall be his personal responsibility and can not be claimed from the company.
- Making payment of due invoices through cash payment is strictly not allowed, distributors can make the payment of invoices by NEFT/ RTGS/ Demand Draft only, in case of cash payment there will be a 100% penalty.

Cheque Bouncing

- Those distributors availing payment through cheque facility, defaults by bouncing the cheques more than 3 times due to any reasons during any part of the business year, the cheque facility will be withdrawn and such distributor will be put on "**advance payment mode**".
- **Rs. 1000/- per instrument** will be charged as a penalty for cheque bouncing cases.

Interest on Outstanding

- Interest @ 18% per annum will be charged for unpaid invoices if they crossed 45 days credit period in case of vegetable business and 90 days for field crop business.

Cash discount

Cash discount is an incentive linked with payment which the company allows to its authorized distributor on making payment of bills before the due date.

- For vegetable crops, 2 slabs are defined for cash discount,
 1. The distributor will get a 5% cash discount if he makes the payment of bills within 15 days of invoice date.
 2. The distributor will get a 3% cash discount if he makes the payment within 30 days of invoice date.
- Instant credit note for cash discount will be issued @ 5% after billing if customer makes the payment in advance.

- The product which is billed on Net rate basis, no cash discount is applicable.
- No cash discount is allowed if payment received post 30 days of invoice date for vegetable crops.
- In the ABS scheme the token advance received from the customer is not eligible for cash discount, it will be allowed on the actual balance of invoice after deduction of token advance as per scheme.
- For regular payment of invoices as per cash discount policy, the credit note for cash discount will be issued as per cycle decided.
- Company reserves the rights to amend, withdraw the cash discount policy at any point of time without prior notice to its channel partners.
- Cash discount for field crop business is announced separately in every season, terms and conditions announced in the cash discount scheme circular will prevail for the season.

Sales Return

VNR provides a provision of sales return for the material which is left with distributors after the season ends, especially in case of Field crop, returns can be accepted maximum upto August month. For Vegetable crops there can be several valid reasons (VNR reserved the rights for accepting sales return for any regions or completely withdraw the sales return facility without prior notice), on the basis of which we can accept returns.

- The stocks to be returned as per company policy will have to be first verified by the VNR sales officer at distributor point and he will give signed approval for returning the stock, this approval needs to be sent along with the consignment, failing which the C&F /Branch will not receive the stock.
- In any circumstances, the expired stocks will not be taken back, do the utmost care to return the unsold stock, as per company policy, unsold stock should reach at C&F/Branch before 30 days of expiry.
- VNR will not accept tempered packets and the same will be returned to the distributor.
- Loose seed packets (in unit numbers) will not be taken back.
- As a standard policy of the seed industry, No sales return of OP items will be entertained.
- All the sales return material should be sent as freight paid basis only.

Damage & Shortage Claims

- Stock moved from the company's warehouse are covered under marine policy and it is insured for transit loss.
- If there is any shortage or damage found on receipt of stock at distributor's point and the fault is identified as of transporter then claim can be raised under marine policy.
- For lodging the case of shortage or damage goods with the insurance provider, VNR requires some documents from distributor such as LR copy with remarks from distributor stating the short or damage intimation.
- As per the claim settlement policy of the insurance provider, the goods received in damaged condition may be required to hold at the distributor warehouse to be investigated by the investigating office appointed by the insurance company.

- In case of short receipt of stock through transporter, one FIR to be filled at the nearest police station and closure report will be required from the police station, once the matter is settled by the insurance company.
- Once the claim is settled by the insurance provider, credit note for short received qty will be issued to distributor by VNR.
- Company reserves the rights to accept or reject the claim of short or damage raised by a distributor.

Inter Territory Supplies (Infiltration)

- As per distributor agreement terms and conditions, every distributor has been allotted a fixed sales territory for execution of sales transactions of VNR products at the time of appointment.
- In no case the distributor will be allowed to sell VNR products outside his defined territory.
- If any distributor found selling of VNR products outside his territory (inter territory sales) VNR reserves the right to cancel the distributorship of such trade partner, charge the financial penalties or reverse the scheme discount benefit without intimation.
- All trade partners are expected to abide by the policy of the company and follow the guidelines.

Price discipline in market

There are set guidelines of company regarding margin to its business partners in selling of VNR brand products, selling of VNR brand products with lower price than approved one will be treated as breach of terms and conditions of distributorship agreement, and in such situation, company may withdraw the scheme benefit to such customer, charge a penalty debit note in his account, or it may lead to termination of distributorship.

Selling of VNR Brand products to e-commerce/Online and or Multi brand supply companies

Sales area of an authorized distributor is fixed by company, in no case company will allow selling of its product by any of its authorized distributor to e-commerce companies/ Online and Or Multi Brand supply companies, who purchase product from local market and selling it online/ offline at anywhere within country, such supplies will be treated as breaching of distributor agreement terms and conditions and appropriate disciplinary action may be taken by company, also it may lead to termination of distributorship.

Interest on Distributorship Deposit

- Distributorship deposit will attract an annual interest @ 8% per annum.
- Interest on distributorship deposits will be credited in the distributor account by issuing a credit note.
- Credit note for interest entry will be passed in distributor account on year-end of any financial year.

Tax Collection at Source (TCS)

As per rule announced by the income tax department, TCS will be collected from customers if the aggregate value of receipt for any customer for the financial year is exceeding the prescribed limit by the government.

- No TCS is chargeable for payment receipt below the prescribed limit by the government in a financial year for both crop vertical businesses.
- TCS rate is applicable as per % fixed/ announced by the central government every year.
- TCS will be deducted on further receipt of post exceeding the prescribed limit by the government
- A debit note will be issued in customer account for TCS and the same will be deposited in govt account as per timeline declared.
- Customer's PAN is mandatory to deduct TCS.

I am hopeful that this sales & distribution policy will help both of us to keep the business transactions more transparent and effective.

In a process to serve you better.

Thanking you,

For, VNR Seeds Private Limited



Atul Sah

(Business Head)