

ANNEXURE –A

MOU For Grow More Sandal

THIS MEMORANDUM OF UNDERSTANDING made at Bangalore on this ____ day of _____

BETWEEN:

M/s / Sri/ Smt -----

(Hereinafter referred at the **GROWER** for short) which term includes his successors, assigns and administrators.

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 as the KS&DL for short) which expression shall mean the context so admits include its successors, assigns and administrators.

WHEREAS, KS&DL is a Company incorporated under the Companies Act 1956. It is engaged in manufacture and sale of Sandal Soaps, Agarbathies and other allied products. The Government of Karnataka has issued a notification dated 23.04.2003 in exercise of the powers conferred under Rule 108 (4)(b) of the Karnataka Forest Rules, 1969, notifying that KS&DL is a State Government Undertaking for the purpose of the said Rule.

WHEREAS, after coming into force of Karnataka Forest (Amendment) Rules 2002. KS&DL has come out with a scheme to promote the growth of Sandalwood trees. The said scheme also creates awareness among the farmers with regard to the advantages and profitability in taking up the Sandalwood cultivation.

WHEREAS, The National Medicinal Plants Board, a Department Undertaking under the Ministry of Health & Family Welfare, have formulated Centrally Assisted Schemes for Medicinal Plants. Among others, "CHANDAN" (Sandalwood) is also classified as medicinal plant. Among others, the contractual farming is permissible under the scheme as per which cultivation of medicinal plants can be taken up by a registered grower and Public Sector Undertakings. In line with the amendment brought to the Karnataka Forest Rules, 1969 and the various benefits available under Centrally Assisted Schemes for Medicinal Plants, KS&DL has launched "GROW MORE SANDAL" project. In response to which, the "GROWER" approached KS&DL representing himself that he owns and Posses land suitable for taking up Sandalwood cultivation as Commercial crop. KS&DL, accepted for above stated project of cultivation of Sandalwood in the land hold by the grower to create a lush green belt around to augment the Sandalwood as commercial crop forest cover and pollution control

measure and creating stable, healthy environment for growing Sandalwood tree on a sustainable basis.

NOW THIS INDENTURE WITNESSETH AS FOLLOWS

01. The Grower is in possession of about (_____ Acres) vacant cultivated land at his custody, free from any encumbrances bearing Sy. No. _____ of -----village, ----- Taluk, ----- District. The Grower acquired right over the said property by _____ Deed dated _____ wherein it is proposed to cultivate the Sandalwood Plants bearing _____ Nos. along with the other host plants _____ which is having following location boundary details of the proposed Sandalwood Plantation as enumerated.

East Survey No. : _____
West Survey No. : _____
North Survey No. : _____
South Survey No. : _____

02. KS&DL desired to work on forestation scheme to utilize the above said Sandalwood once it has reached the stage of harvesting after 15 years of planting and the seedling tree is having the girth size of 50 to 60 cm and agreed to harvest, extract and transport the same “as is where is basis” after due assessment of heartwood in the said Sandalwood to the oil extraction unit at Mysore at their cost and risk after obtaining the due permission from the concerned jurisdiction Range Forest Officer/District Forest Officer as a Notified Government Agency for the said purpose as per the amended Act and Rule 108 (4)(b) of the Karnataka Forest Rules, 1969 for the purpose.

03. KS&DL has agreed to release the payment for the kind of Sandalwood obtained after harvesting with due approval of the Competent Authority (Principal Chief Conservator of Forests) for the Sandalwood transportation and dressing cost within 30 days of obtaining the approval of the rates from the Competent Authority (PCCF).

04. KS&DL as a buyer of Sandalwood as notified in Gazette dated 15th September 2003 has agreed to provide quality seedlings, technical and marketing information from time to time to the growers including demand and supply position of Sandalwood in India and global market.

05. During the period of KS&DL, agreed to provide quality seedlings at subsidized rates including letter of authorization to the grower as a potential buyer to enable the grower to avail the subsidy part of the Sandalwood cultivation from Central Medicinal Plant Board, State Medicinal Plant Board/National. Horticulture Mission and NABARD and other agencies.

- 06.** The seller agreed to sell the Sandalwood Trees after 15th year of planting or at the time of harvesting whichever is earlier to the KS&DL at the prevailing rates fixed by the PCCF of the respective States.
- 07.** KS&DL, as a buyer agreed to release statutory payments like VAT, FDT as applicable at the time of extraction and dressing. KS&DL agreed to monitor the dressing activities under the strict control of the Division Officers including providing the information to the concerned ACF/RFO of the jurisdiction, about the arrival of the wood, quantity, details of the trees, size of the trees etc.
- 08.** Forest Department of the jurisdiction RFO/DCF agreed to issue the felling permit, transit pass with the marks for the Sandalwood extracted in the respective land under Survey No _____ Village, _____ Taluk, _____ District, within 30 days of filling application in Form No.12 to 15 as per Rule 108(4)(b) of 155 (1) by the respective grower with documents of the land viz., RTC sketch report of the land where the Sandalwood was grown, the No. of grown up trees, their height, their girth size as per the provision of the Rule.
- 09.** This MOU is deemed to have commenced from _____ and will be in operation for three rotation periods of minimum fifteen years each and may be renewed for further period/s after mutual discussions and fresh terms.
- 10.** KS&DL will provide necessary know-how for undertaking the above said programme.
- 11.** KS&DL, the Grower and the Forest Department will share all the information for betterment of the commercial cultivation of Sandalwood which work is on the verge of extinction in India for mutual benefit.
- 12.** The area for the purposes of proposed agreement will be clearly indicated by the grower and such areas will be jointly surveyed and demarcated by KS&DL, Forest Department and the Farmers for mutual interest.
- 13.** It will be the joint responsibility of KS&DL, the Farmers and then Forest Department to raise the required planting stock for above said programme annually. The nursery site will be selected taking into consideration the assured availability of water during dry season and other factors.
- 14.** It will be the joint responsibility of KS&DL, the Farmer and the Forest Department with regard to planting operations at their lands and all forestry operations will be earned out by Farmers as envisaged in the project report keeping KS&DL informed about the progress of the work. However, KS&DL will extend the facility of providing the required quantity of seedlings and information from time to time for the purpose of raising of trees and manuring operations under “Grow More Sandalwood” programme along with other necessary inputs, host plants, technical information etc.
- 15.** A review Committee consisting of Managing Director or Representative of KS&DL, and other Senior Forest Officers of the jurisdiction, the Farmer, Commercial Banks, National

Horticultural Mission, Central/State Medicinal Plant Boards with their executives will meet once in $\frac{3}{4}$ months either at respective plantations to review the progress of periodical operation of this project.

Further, the Committee will discuss the following: -

- a) Assess the growth of the Sandalwood host plants etc.
- b) Review various aspects of MOU from time to time if required.

- 16.** The two parties derive the benefits by above said programme and lucrative returns.
- 17.** The Farmer will manage the proposed forestry project entirely with their Technical Staff and if found necessary with the assistance of forestry consultants and officers from KS&DL.
- 18.** KS&DL and the Grower agreed that the above forestry work is divided into two phases; first phase from August, September of every year and second phase is after successive completion of one year to assess the mortality of the Sandalwood plants planted including the hosts.
- 19.** KS&DL the Grower and State Medicinal Plant Board shall actively participate in the establishment and maintenance of the plantation programme commencing from _____, spread over a period of fifteen years.
- 20.** All the conditioning activities undertaken by the Farmer for the co-host plants and of the supporting plants to be informed to the parties concerned for the mutual interest.
- 21.** It will be the responsibility of Farmer to successfully develop the plantation and to protect the afore stated areas from any biotic interference.
- 22.** If at a later date during the operation of this MoU, the Grower requires any portion of land for his activity, wherein the afore stating programme is on, he may occupy the same after due and sufficient notice to all the three parties concerned as per the undertaking without violation of the conditions and without prejudice to the right of KS&DL accrued under this MoU.
- 23.** The lands, on which the joint MoU is in operation, will not be transferred or parted by Grower and they will continue to remain with him during the period of operation in his exclusive possession.
- 24.** The MoU creates mortgage of an immovable property in favour of KS&DL. Having regard to the subject matter of this indenture, the Sandalwood trees are not being called as "Standing Timber", the trees grown shall an immovable property, KS&DL is in Mortgage, Grower is the Mortgagor. This instrument is called a Deed of Mortgage-Cum-MoU. KS&DL shall have the right to sue the Grower for breach of contract and for such other remedies.

25. Security & Vigilance shall be taken care by the Grower himself during the operation of MoU at his cost and risk since the plantation is coming under his jurisdiction with the support of respective RFO's and DCF's and other law enforcement authorities.

26. Simply Mortgage-Cum-MoU charge will be borne by the Grower.

27. In case of any dispute or differences in respect of terms and conditions contained herein, the same shall resolved by making a reference to the arbitration under Arbitration and Conciliation Act, 1996 between the Grower and such decision taken is final and binding on all the parties.

28. The Officer on behalf of KS&DL will be authorized to sign this MoU on behalf of KS&DL.

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

Witnesses:

01.

for M/s. K S & D L

02.

GROWER

ANNEXURE -B

Agreement for Procurement of Sandalwood from Growers

THIS agreement is made at Bangalore on this day of _____

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 Witnesseth 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 extent of---Acres Guntas of the land in Survey No-----of-----Village---Hobli---Taluk----- Dist. The owner has acquired right and title over the said property thro' Acquisition/ Sale deed dated-----.

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

East by	:	x.....
West by	:	x.....
South by	:	x.....
North by	:	x.....

(1.3) Whereas, the owner of the schedule land is also the owner of the Sandalwood tree/ trees grown thereon, hereby agrees to sell all the (No.) Sandal tree grown and situated on the schedule site having the girth over 50 Cms in diameter 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 50 Cms. dia and above at the height of 1.3meters 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

Sandal wood 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 90 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 180 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
Supplier (Name)

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

SIGNATURE

SIGNATURE

NAME

NAME

Seal if any

WITNESSES:

WITNESSES:

01.

01.

02.

02.