

KARNATAKA STATE BEVERAGES CORPORATION LTD

SPIRIT SALES POLICY- 2017-18

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KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Circular No.219A

Date: 11.06.2018

Sales Policy of Rectified Spirit only for Potable purpose (Local) for 2017-18.

A detailed procedure of Sales Policy of Rectified Spirit has been prescribed in various circulars issued by the Corporation from time to time. This Circular supersedes all previous procedures, so far as it pertains to sale of Spirit only for Potable purpose. Buyers are requested to take note of the procedure prescribed in this circular.

1. Categorization of Buyers

1.01 Buyers of Spirit only for Potable purpose would be categorized as under.

(i) Retail Buyers (RS1, RS2 and RS6 licensees) Sourcing less than 3000 liters in an instance.

(ii) Bulk Buyers are those who are not covered in (i) above.

2. Submission of initial documents

2.01 All buyers of Spirit only for Potable purpose desirous of procuring Spirit only for Potable purpose from the Corporation shall submit the following documents, before their request can be considered and action initiated.

(i) A certified copy of the licence issued by the competent authority under the RS Rules and a copy of the licence granted by the Excise Commissioner under rule 4 of the Karnataka Excise (Distillery and Warehouse) Rules, 1967 / memorandum of understanding between the manufacturer / supplier and Excise Commissioner as may be applicable.

ii) Registration details, if any, under the Karnataka Sales Tax Act and/or tax index number (TIN) under VAT/the Central Sales Tax Act.

iii) Annual allotment order, if any, from the competent authority specifying the quantity of Spirit only for Potable purpose that can be sourced.

iv) PAN No given by IT authority.

v) GST Certificate issued by competent authorities.

2.02 In addition to the above, bulk Buyers of Spirit only for Potable purpose are required to give the following documents.

i) Details of the organization of the buyer to be given in its letter head in the format in Annexure-I.

ii) Details of authorized signatories to deal with the Corporation to be given in its letter head as per the format in Annexure-II.

- 2.03 Retail Buyers of Spirit only for Potable purpose shall submit the aforesaid documents to the depot from where they intend to source Spirit for Potable purpose. Bulk buyers of Spirit for Potable purpose shall submit these documents to the head office of the Corporation.
- 2.04 A bulk buyer of Spirit only for Potable purpose, who is a supplier of IML to the Corporation and has submitted initial documents in accordance with the Liquor Sourcing Policy 2007 - 08 need not submit documents mentioned in 2.01 (i) and 2.02 (i) above. All other documents shall be submitted.

3. Forward contracts – Inviting offers for supply

- 3.01 The Corporation would not participate in any invitation for offers for supply of Spirit only for Potable purpose solicited by buyers. Buyers may invite offers for supply from manufacturers in the state; however, the manufacturer selected by the buyer shall issue Spirit only for Potable purpose through the Corporation, subject to the existing extant Policies of the government and the Corporation.
- 3.02 The supply price quoted by the manufacturer in response to the tender shall be the Sale Price of Spirit of the Corporation. Special conditions of the Corporation regarding payment and delivery in such cases may be noted by Buyers calling for offers.
- 3.03 Any agreement concluded between the manufacturer and the Buyer shall contain the clauses indicated in Annexure III and a copy of the agreement shall be submitted to the Corporation for record.
- 3.04 The buyer is at liberty to demand delivery at the destination. However, in such cases, the buyer may either have an agent to transport the consignment or designate the manufacturer as its agent. In such cases, the agent/manufacturer would have to bear all transit risks and ensure transportation without misuse/tampering enroute. Any dispute that may arise in course of the transportation would have to be separately dealt with by the buyer and the agent/manufacturer. The Corporation shall not be a party to such disputes, as the ownership of the consignment would have passed on to the buyer immediately upon delivery at the distillery.
- 3.05 The Corporation would not undertake any responsibility towards payment of Duties/Taxes etc. Adherence to Excise / Tax formalities shall be the responsibility of the manufacturers.

4. Forward contracts – negotiated supplies

- 4.01 Apart from responding to tenders, Buyers may contact prospective manufacturers of Spirit for Potable purposes and conclude contracts for issue of Spirit only for Potable purposes at a predetermined price. A copy of the concluded contract shall be submitted to the Corporation for record

5. Forward contracts – obligations of the Buyer

- 5.01 The Buyer shall be obliged to comply with the terms of the forward contract, including taking delivery of the Spirit only for Potable purpose at the price contracted. In case of any breach of the contract, he shall be responsible for all consequences, including compensating the manufacturer, and shall keep the Corporation fully indemnified in this regard. In case of any breach by the manufacturer, the buyer shall have no claim against the Corporation.

6. Request for sourcing of Spirit only for Potable purpose

- 6.01 Buyers shall submit the following documents for Sourcing Spirit for Potable purpose to the head office of the Corporation.
- (i) Sale value of the Spirit for Potable purpose proposed to be sourced.
 - (ii) Request letter for providing security personnel to escort the vehicle on the scheduled date of delivery as in Annexure-VII. Such letter shall be delivered atleast one clear working day before the scheduled date of delivery.

7. Sale Price

- 7.01 Sale price of Spirit only for Potable purpose shall be at a margin over the Landed Cost. Landed cost shall mean the Basic Declared Price indicated by the seller from time to time plus the applicable Duties / Taxes thereon. Thus the sale price would vary across various primary Distilleries.

8. Payment for stocks purchased:

- 8.01 The Corporation does not allow credit sale of Spirit for Potable purpose to any Buyer.
- 8.02 The sale consideration for purchase of Spirit for Potable purpose shall be remitted to the Corporation through RTGS/NEFT.

- 8.03 For a direct transfer, bulk buyers are required to maintain an account with the bankers to the Corporation and issue instructions for the transfer through RTGS/NEFT only. The Corporation reserves the right to verify the genuineness of the payment and if there is any discrepancy, OFS will be issued after confirmation of receipt of money in the Company's designated bank account.
- 8.04. In case of purchase and sale by the same legal entity, subject to the condition that the Corporation has verified the relevant documents and agreed that two or more units constitute same entity, the sale consideration payable by KSBCL and purchase consideration payable by the entity buyer shall be by book adjustment. However, the margin and applicable Duties / Taxes thereon shall be remitted by RTGS / NEFT, by the Buyer to the Corporation to ascertain that the transaction is within the same legal entity, necessary documentary proof to this effect shall be produced by the Buyer.

9. Issue of Order for Supplies

- 9.01 The head office of the Corporation, in case of bulk buyers of Spirit only for Potable purpose shall place an Order for Supplies (OFS) to the Supplier in accordance with invoice of Supplier and will be transmitted electronically to the Distillery / Remote Virtual depot. Original invoice shall be signed by the Depot Manager and delivered to the Manufacturer / Supplier while taking delivery.
- 9.02 An authorization for issue of permit (AFIP) shall be issued to the bulk Buyer of Spirit for Potable purpose to facilitate obtaining a transport permit for the transportation of Spirit.
- 9.03 In case of retail Buyers of Spirit for Potable purpose the depot concerned shall place an OFS to the Supplier and issue the AFIP to the Buyer.
- 9.04 Every OFS issued by the Corporation shall have a validity period within which the Buyer shall take delivery of Spirit for Potable purpose.
- 9.05 Request for issue of OFS on emergent basis would be entertained only on an exceptional basis. Buyers may, under normal circumstances, ensure that they submit documents with at least three days validity. Further, requests given before 12.00 noon would be entertained and processed on the same day. Requests given beyond 12.00 noon would be served next working day

10. Delivery

- 10.01 Spirit only for Potable purpose shall be issued to Buyers during working hours of the depot, which shall ordinarily be between 10 am and 4 pm. The following documents shall be submitted by the Buyer to the depot for obtaining delivery.

- (i) In case of IML manufacturers copies of relevant parts of the transport permit.
 - ii) In case of other Buyers – Bulk and Retail, a copy of Part II of the transport permit, a copy of Part-II of the requisition in Form RS (3).
 - iii) In case of transport under bond, copies of Part-II of Form RS (8).
- 10.02 The depot shall verify that the documents submitted are in order and arrange for delivery.
- 10.03 Buyers may note that failure to obtain delivery within the validity period of the OFS may result in a levy of Rs.10,000/- per OFS as delivery default charges. If for some reason Buyers are unable to take delivery within the validity period of the OFS, they may inform the head office/concerned depot for cancellation of the OFS, on a working day, before expiry of validity.
- 10.04 Since the Corporation has to arrange for escort personnel to accompany the tanker, delivery of Spirit only for Potable purpose is normally possible only after a lapse of one day from the date of issue of OFS. Buyers may therefore refrain from insisting upon giving delivery immediately after issue of OFS. More particularly, dispatch of tankers in advance, which keep waiting outside the distillery premises and demanding delivery immediately after issue of OFS, well after 4.00 PM shall be avoided. Only if the buyer reports to depot, on a working day, before 4 pm, with all required documents, as indicated in para 10.01 above and vehicle to take delivery, the delivery will be given on the same day.
- 10.05 The Buyer shall strictly ensure that the containers/tankers deployed by them for taking delivery of the consignment are totally clean and are free from any contamination. The Corporation would refuse delivery, if it finds that the tanker is unfit for transportation of Spirit for Potable purpose.
- 10.06 Ownership of Spirit only for Potable purpose delivered to Buyers, shall pass on to them immediately after delivery at the depot. Buyers are therefore advised to verify the goods before accepting delivery. No claim for damages shall be entertained after the handing over. 1[All the suppliers and buyers have to take necessary precautions to safeguard the Spirit consignment while in transit and to ensure that :
- a) They shall provide at least one security personnel per tanker from either buyer / supplier side with a proper communicating device/mobile etc.
 - b) Proper instructions are given to the transport agency in turn to the driver / cleaner about the dos and don'ts and their responsibilities.
 - c) To monitor the movements of Lorries and the drivers/cleaners while on duty.
 - d) Transit Insurance for the stock is preferred.
 - e) The GPRS enabled tankers are engaged for a better control and accessibility.

- f) Tankers arranged shall fulfil standard in terms of age with proper loading and unloading lids/openings and locking facilities
- g) The tankers shall move generally in the daylight in the route as prescribed in the transport permit.
- h) The tankers shall move in a convoy and shall not stop in forest and other human uninhibited places.
- i) Any other measures which helps in safe transit of stock].

10.07 The buyer shall be responsible for transporting the delivered Spirit for Potable purpose to its premises of use. All transit risks would be borne by the buyer, who shall be responsible to ensure that the consignment is not tampered with or misused. Any tampering/misuse enroute shall attract action under the Karnataka Excise Act, 1965. The buyer shall provide reasonable facility to the transit security personnel of the Corporation who may accompany the consignment.

10.08 The Corporation shall be at liberty to secure the container transporting the Spirit with one-time locks (OTLs). Accordingly, the Buyer shall ensure that the tankers deployed by them shall have adequate facility for securing with seals/OTLs and that the secured container or the security locks/seals/OTLs are not tampered with. Upon receipt of the consignment in the premises of the buyer, he shall certify that the same was received intact. OTLs shall be opened by designated security personnel deployed as escort by the Corporation in front of the Buyer or his representative only. The delivery shall be only during working hours and the delivery shall take place only in the presence of Buyer or his representative, Depot Personnel, Excise Personnel and the Security person deployed by the Corporation.

10.09 The Buyer shall promptly arrange for unloading of the consignment on the day of receipt if it reaches during the official working hours of the Buyer's premises. If not the consignment shall be unloaded on the next working day. In the event of any delay, beyond the permissible limit, the Corporation, at its sole discretion may levy a penalty of Rs.2000/- per day per tanker escorted by the security personnel provided by the Corporation.

10.10 The procedure prescribed in Circular No.132A Dated 11/06/2018 regarding supervision of escort services for transportation of Spirit only for Potable purpose and admission of claims thereof, shall be followed. Copy of the Circular is at Annexure-VIII.

11. Quality

11.01 The Corporation is a canalizing agency and is not responsible for the quality of Spirit only for Potable purposes delivered through it. Buyers are therefore advised to satisfy themselves about the quality and strength of the Spirit only for Potable purposes delivered. No claim for damages due to any deficiency in quality shall lie against the Corporation.

11.02 The buyer shall, immediately after the consignment is received at the destination, draw three samples of 375 ml each of the received item from all the sub-tanks of the tanker, mixed and filled to bottles. Two of the samples shall be sealed, the identification label provided by the Corporation affixed, signed by the representative of the Buyer, the excise official if present and the escort personnel and handed over to the escort personnel. The third sample shall be tested by the Buyer and a certificate as in Annexure-V given immediately. A copy of the excise verification certificate shall also be handed over.

12. Margin

12.01 The Corporation would charge a margin of Rs.0.20 (excluding applicable Taxes) per bulk litre w.e.f 01.04.2018.

13. Accounts

13.01 The depot manager shall provide a provisional extract of the ledger balance of the Buyer as and when so requested which however, is subject to final confirmation by the head office. The Buyer may seek clarifications in the sales invoices raised by the Corporation within two weeks of the sale. Corrective action as may be necessary would be taken based on the buyer's representation. However, no difference shall be entertained by the Corporation after lapse of two weeks from the date of sales invoice.

13.02 The Corporation is entitled to recover differences due to short billing immediately after such instances are noticed by it. Such amounts if not paid within seven days of raising the demand shall attract interest at 18 percent per annum. Further, the Corporation is at liberty to adjust such amounts out of any other credit lying in favour of the buyer and suspended sales to the buyer defaulting in paying the difference amount.

14. Jurisdiction

14.01 Any sale made by the Corporation shall be subject to the exclusive jurisdiction of Bangalore City Civil Court only, irrespective of where the cause of action or part of it arises.

15. Review of the Policy

15.01 The above Policy is subject to periodic review. If the circumstances so warrant, the Corporation may, as its sole discretion amend this Policy and the same shall be binding on all buyers.



Chairman

To,

1. All Spirit Suppliers / Buyers
2. Executive Directors
3. General Managers
4. CS
5. DGM (Audit)
6. IML/Spirit / Remote Virtual Depot Managers
7. All Managers, HO
8. Circular - Master File & Spare Copies

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Circular No.219A

Date: 11/06/2018

Annexure I

**Details of the organization of the buyer
(To be given in the Letterhead of the organization)**

Name of the organization:				
Type of the organization:	Company/Partnership/Sole Proprietorship			
PAN Number				
Documents enclosed	Certificate of incorporation/Partnership deed and registration from the registrar of firms			
Particulars of the Chief Executive/Managing Partner/Owner	Name	Address	Telephone number	Fax number
Particulars of other Directors/ Partners				
	(1)			
	(2)			
	(3)			
	(4)			
	(5)			
Address for Correspondence				
E mail id				
Mobile No				
ID Proof				
GST No				
PAN No				
Particulars of the bank (with RTGS/NEFT facility) where payments are to be credited. a. Name of the bank b. Branch c. Account Number				

Place:

Date:

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

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Circular No.219A

Date: 11/06/2018

Annexure II

**Details of authorised signatories to deal with the Corporation on behalf
of the buyer**

(To be given in the letter head of the organization)

Name of the Signatory		
Designation		
Address		
Telephone Number		
Mobile Number		
e-mail ID		
GST No		
PAN No		
ID Proof		
Specimen Signature	1.	2.
	1.	2.

It is certified that action of the authorized signatory/i.e is binding on the
manufacturer / supplier.

Place:

Date:

Signature

Name of the Chief Executive/
Managing Partner/Owner

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Circular No.219A

Date: 11/06/2018

Annexure III

Clauses to be incorporated in the agreement between the buyer and the manufacturer selected through a tender/negotiation process

1. The parties hereby agree that the seller shall issue and the buyer shall purchase Spirit only for Potable purpose as the case may be only through the Karnataka State Beverages Corporation Limited, the distributor licensee under the Karnataka Excise Act and Rules made there under.
2. The seller shall be liable for any consequences arising out of non-compliance of such conditions/commitments of the contract and he shall keep the Corporation full indemnified for any consequences that would arise due to breach of contract by either of the parties.
3. More specifically, the Corporation shall not be liable and shall be kept indemnified by the seller at all times against any claims for losses/damages due to non-delivery of Spirit only for Potable purpose by the seller or default in payment of contracted price by the buyer.

Karnataka State Beverages Corporation Ltd.
Circular No.218A

Dated 11/06/2018

Annexure IV

Undertaking to be given by manufacturers/suppliers

(To be given in the Letterhead of the Organization)

To

The Executive Director (Operations),
M/s Karnataka State Beverages Corporation Ltd.,
4th Floor, TTMC Building 'A' Block
BMTC Complex, Shanthinagar
Bangalore 560 027.

Dear Sir,

Sub: Supply of spirit – reg.

Ref: Sourcing policy of the Corporation for the excise year
2017- 18

Please refer to the above.

We are in receipt of the Corporation's sourcing policy for spirit relating to the excise year 2017-18 and have gone through the same in detail.

In this connection, we hereby undertake to supply spirit to the Corporation in accordance with the Corporation's sourcing policy and the Government rules and regulations as applicable.

Thanking you,

Yours faithfully,

(Signature)

Name of the Chief Executive
/Managing Partner/ Owner

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Circular No.219A

Date: 11/06/2018

Annexure V

**Certification of RS for Potable purpose delivered
(To be given in the letter head of the buyer)**

OFS Number and Date	
Date and time of receipt	
Date and time of unloading	
Vehicle Number	
Serial Number of the security seals (OTLs) in the vehicle	
Details of security seals tam- pered/missing, if any	
KSBCL sale Invoice Number	
Type of Spirit	
Quantity received in BL	
Temperature of the received Spirit	
Strength of Spirit (in ° OP)	
Specific gravity of Spirit	
Tare weight of the vehicle (in kgs)	
Gross weight of the vehicle (in kgs)	
Weight of the Spirit delivered (in kgs)	

Place:
Date:

Sd/-
(Authorised signatory)

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Circular No.219A

Date: 11/06/2018

Annexure VI

Account number of the Corporation for credit of amounts by Bulk Buyers

Name of the Bank	HDFC Bank, Mumbai
Current Account Number	855500XXXXX
IFSC Code	HDFC0000240

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Circular No.219A

Date: 11/06/2018

Annexure-VII

**(To be given on the letter head of the buyer)
by fax (Fax No.080-22483645) and e-mail amescorts@ksbcl.com**

Ref :

Date :

The Executive Director (Operations),
Karnataka State Beverages Corporation Limited,
TTMC Building, A Block, BMTC Complex,
Shanthinagar, Bangalore-560027.

Dear Sir,

Sub : Request for providing transit security service.

Please arrange to provide transit security service as per the following details:

OFS no. and date			
OFS Qty. in BL			
Place of Loading			
Place of Unloading			
Loading Plan			
Date of Shipment	Capacity of Tanker in BL	No of Tankers	Qty in BL
	20,000		
	25,000		
	30,000		
Total			

Thanking you,

Yours faithfully

Name of the Authorised Signatory

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