



# Distributor – Terms and Conditions

## Scope of Work

### ***Distributor***

#### **Order Collection**

Taking orders from Retailers in the area by personally visiting the shop and asking for the product. Distributor must have the necessary salesman who can concentrate on this brand for collecting orders. Company sales force may collect orders once in a while but it is the duty of distributor. Company expects maximum coverage of shops by distributor in the given area.

#### **Item Supply**

All orders taken from retailers must be supplied to the shop in full. Distributor will fall short of company's expectations if he fails to deliver due to not having stock or misses the order collected.

#### **Payment Collection**

Company insists on supplying to retailers against payment. However, if distributor gives credit, it is his responsibility to collect payment later from the shop. Company sales force can't be used for this purpose.

#### **Accounting**

Distributor must maintain full books of accounts. Company insists on having a computerized billing system. They should be made available to company officials when required.

#### **Inventory**

Distributor must have a godown with sufficient space, it must be maintained clean for stocking company's products. Stock necessary for atleast 1 week's sales must be maintained in the godown. The physical stock position must be communicated weekly to company's sales person. All the SKUs marketed by the company must be available for sale.

#### **Purchase**

Distributor must purchase items from super stockist after making full payment to his bank account and receive goods delivered at his godown.



## ***Company***

### **Product Introduction**

Company sales force will introduce about the product, brand and service to retailers and convince him to buy our products. It is important that distributor also accompanies the company salesman during such introductory calls. This will help the distributor himself understand the products better, handle objections and introduce the company to retailer being familiar himself.

### **Branding**

Company will carry out branding activities like advertisements after ensuring adequate placement in shops and satisfactory performance by distributor.

### **Business Development**

Company will work towards developing business in the area by opening up new outlets for the brand, persuading existing outlets to purchase more quantity, handle objections and complaints. Company will also try to train the distributor and his salesman about the product and selling it.

## **Pricing**

### ***Regions***

For the purpose of pricing, company divides the Karnataka market into 2 regions – Dakshina Kannada and Karnataka.

#### **Dakshina Kannada**

It includes districts of Udupi, Dakshina Kannada and Kasaragod. They are characterised by

- Home market for the brand as company is located in Puttur and at close proximity.
- Coconut Oil is used by locals as edible oil
- Flexible pouches and Tins find more demand
- Per capita consumption is more and sales volume is higher
- Cost of marketing and distribution is lower

#### **Karnataka**

It is the rest of Karnataka where



- Distance is more from company's factory
- Coconut oil is used only as hair oil
- Bottles, Jars and Cans find more demand
- Per capita consumption is low and sales volume is lower
- Cost of marketing and distribution is higher

### ***Retailer Price***

This is the price at which a retailer should ideally get supplied from distributor. It is defined in company's price list for the week. It can be more if distributor supplies to a remote location, distributor gives credit or urgent delivery, purchase quantity is low. It can be lower if wholesale purchase is made.

### ***Supply Price***

Distributor is supplied by super stockist at a discount of

- **Dakshina Kannada** - ₹ 4 per litre on pouches and tins, ₹ 6 per litre on bottles, jars and cans
- **Karnataka** - ₹ 7 per litre on pouches and tins, ₹ 8 per litre on bottles, jars and cans

### ***MRP***

MRP is set at 20% to 30% premium to retail price. Normally 25%, allowing a retailer margin of 20% even after giving a discount of 5% on MRP. Company won't entertain requests to increase MRP to avoid exploitation of consumers.

### ***Price Includes***

Price includes cost of oil, packing, transportation, taxes and margins.

Present VAT rates in Karnataka are 5.5% for SKUs with weight more than 200 grams and 14.5% for SKUs with weight less than 200 grams.

### ***Price Updates***

Prices for the week are declared by company before opening hours of business on Monday. Price List is posted on company's distributors' whatsapp group. If required it can also be emailed. Distributors can call up company's sales force to get price updates. Once updated distributors will get supply at new rates only. No changes will be applied on stock held.



## **Payment**

- How much? - Full order value
- To whom? - Super Stockist
- When? – Against order before delivery
- How? – By NEFT/RTGS

## **Order Cycle**

### ***Purchase Order***

To fill up stock in godown for sales, Purchase order must be issued to Super Stockist with list of items and quantities at prevailing rates.

### ***Payment***

Payment to be made for full order value by NEFT to super stockist bank account.

### ***Goods Receipt***

Super stockist will dispatch the ordered items through a transporter after confirming the receipt of payment. Distributor must receive the items at his godown.

### ***Receipt confirmation***

On receipt, distributor must check for quantity as in Invoice. In case of any difference, super stockist must be informed in the presence of transporter. Also, the bill must be checked for rate, value and taxes. In case of any difference, the same must be informed to super stockist.

## **Damages/Expiry**

Damages due to manufacturing defect like leakage in sealing will be replaced. However, damages due to rat bite, ants, mishandling will not be taken back. Products that are part expiry date will not be taken back. For return, the items have to be sent back to super stockist and he will issue a credit note or send a replacement.

## **Inventory Guidelines**

Generating demand is such a difficult task. But on receiving the order from retailer and not having the stock to supply is very painful. So, distributors are recommended to stock for 1



week sales and all SKUs. Supplying once a week is fine but more frequently will be difficult to super stockist and transporter and they will have a minimum order quantity for supply.

Oil packed in Carton Boxes should not be kept directly one above another, it should be interlocked for better strength and to retain the shape of box. Boxes should not be kept on a damp floor. SKUs should be arranged so that they are easily accessible and countable. Old stock must be sold before selling new stock.

Damages must be returned as soon as possible and as frequently as possible to minimise losses on damage. A separate container must be maintained for keeping damaged packets of coconut oil.

## **Conditions**

### ***Areas***

If you have been offered exclusive distribution to your area, then other distributors are not allowed to supply in your area. Similarly, you are not allowed to supply to another distributor's area. However, if a customer in your area is not served by you, we may ask another distributor to serve that customer.

### ***Other brands***

If you have taken up exclusive distribution of Cocoguru for your area. Then you are not allowed to sell another brand of coconut oil.

### ***Closing Up***

A notice of 15 days must be served before stopping distribution and it must be communicated to Sales Officer. Any pending stock will be taken back at prevailing rates.

### ***Termination***

If distributor's performance in terms of sales, supply, pricing, co-operation with company is found unsatisfactory, company is liable to terminate the distributionship given and appoint another distributor.

### ***Expenses***

Expenses incurred by distributor to perform duties within his scope should be compensated by distributor margin on selling. Company is not liable to bear those expenses.