

Contract Farming Agreement

This AGREEMENT made this day of

.....
BETWEEN

....., a company incorporated under the Companies Ordinance
1984, and having its registered office at

..... represented by

(hereinafter referred to as the company, which expression shall include its successors and assignees
of the one part)

AND

.....S/Oagedyears, residing
at

..... hereinafter
referred to as the FARMER, (the expression farmer shall include his/her legal heirs, representatives,
successors, testators, administrators assignees) of the other part):

WHEREAS the Company is mainly engaged in the processing and export of vegetables, fresh fruits,
pickled and in brine form for all purposes and for this purpose has its factory and processing facilities
at

..... Pakistan and was on the
look out for suitable farmers who would be willing to grow the said products [▪] etc., by entering into
a long term arrangement with the Company and also by undertaking to sell their entire produce of
the said crop to the Company alone.

AND WHEREAS the Farmer is owning and/or in possession of agricultural land suitable for
growing the crops required by the Company for export and accordingly is desirous of entering into
an agreement with the Company for growing the said crop as per the specification, terms and
conditions that are stipulated by the Company including selling of 100% of the crop produced by the
farmer to the Company on mutually acceptable terms and conditions and accordingly this agreement
is entered into between the parties.

AND WHEREAS the farmer herein after understanding the requirements of the Company and their
terms and requirements has agreed to the terms set out and has agreed to comply with the same. The
parties have consequently reduced into writing the terms and conditions as details hereinafter.

NOW THIS AGREEMENT BETWEEN THE PARTIES WITNESSETH AS FOLLOWS:

1. The Farmer undertake to grow in his agricultural land measuring _____ acre/
acre the said crop at the rate of [▪] crop cycle in a year or such other crops as may be specified
by the Company in that regard. The farmer has agree that the said land shall not be used for
any other purpose other than growing of the specified crop as mentioned in this agreement.
2. The farmer further unconditionally agrees to sell the entire crop produced on the said land
to the Company exclusively and undertakes not to sell any of the crops grown in the said land
to anybody except with the previous consent of the company in writing.
3. The parties have agreed that it shall be the responsibility of the Farmer to take
adequate/necessary steps for growing the said crop and also ensuring that the technical
guidance and instructions given by the Company are followed faithfully and the farmer
undertakes to comply with regard to the quality of seeds to be used, grades/variety of
fertilizers to be used and also the measures' stipulated for plant protection including the usage
of plant protection chemicals.
4. It shall be the responsibility of the farmer to grade and sort the crops grown as per the
specifications given by the Company from time to time and also for organising delivery of the
said crops / produce to the collection centers as may be specified by the Company.
5. The Company shall have the right to inspect the land where the crops are grown and also
for giving necessary instructions/guidance to the farmer in all matters connected with the
growing of the said crop under this agreement. All instructions and guidances given during
such inspections shall be followed by the farmer.
6. The Company assures the farmer that it shall endeavor to help the farmer in all respects
particularly for procurement and distribution of seeds, fertilizers, plant protection chemicals
at competitive rates. All such items/materials supplied by the Company will be used by the
farmer only for growing of the crops recommended and production thereon of the crops
specifically covered under this agreement and not for any other purpose whatsoever. The
farmer shall not part with the material supplied by the company nor misappropriate the same.

7. The farmer has to give written acknowledgment in the prescribed form for crop material received from the company. In case the farmer is not available at the time of delivery of crop material, it shall be handed over to any adult available viz., wife/son/daughter the acknowledgment of such receipt shall be binding on the farmer as confirmation of receipt of the material and shall not be at anytime disputed.

8. All the crops grown by the farmer in the said land under this agreement will be sold only to the company at the predetermined prices that will be fixed by the company for each variety grade of the crops and which rate will be specified on per kilogram basis.

9. Any differences in the procurement prices after entering into of this agreement or on any document executed in that regard shall be final and shall not be disputed under any circumstance.

11. The company under _____ agreement will be obliged only to purchase and remunerate the sale value of the crop of good and acceptable quality to the company for each variety/grade of the crops and which rate will be specified on per kilogram basis. All the Payments will be made by way of crossed cheque on weekly basis for the crop purchased by the company grown and supplied pursuant to the terms of this agreement.

12. The company may at its sole discretion may consider extending financial assistance which would be limited to Rs.....(.....) to the farmer, on company's technical reports/recommendation give the area supervisors to assist the farmer and meeting the terms of this agreement including for ensuring proper yield of the crop from the said land. It is however, clarified that this financial assistance cannot be claimed by the farmer as a matter of right.

13. The parties to this agreement have agreed that mere recommendation of area supervisor to extend financial assistance cannot be treated as to have created a right to the farmer to claim financial assistance and the decision of the accounts dept. of the company shall be final and binding.

14. The aforesaid financial assistance as and when granted will be utilized by the farmer only for the purpose of growing the said crop on the said land and not for any other purpose. The said financial assistance will be adjusted by the company while paying the value of the crops/produce sold by the farmer and. said financial assistance would be interest free and is refundable to the company not withstanding whether the company purchases the said crop/produce grown on the said land or not. In the event of a farmer defaulting for six months in repayment of crop input or cash advance received for all purposes the farmer has to settle the account with [•] % of interest on the total borrowing/outstanding.

15. In the event of mis-use, mis-utilisation or non-utilisation of the financial assistance funds or the other items supplied by the company under this agreement the farmer would become liable to compensate the company for all the losses and damages suffered by it in this regard. In such event this agreement will also stand automatically terminated but however the farmer would be liable to compensate the company for all the losses/damages suffered in this regard.

16. This agreement will be valid and in force for a period of one year from the date first above mentioned herein above but however, the company will be at liberty to extend the same for further periods as may be thought fit and proper upon the same terms and conditions agreed upon herein.

17. This agreement is being entered into in mutual trust and confidence and both the parties to this agreement agree to faithfully discharge the obligations and duties contained herein keeping in view the fact that the crop/produce is basically meant for export and that maintaining quality is prima facie and essential condition.

18. Neither of the parties to this agreement shall be held liable/responsible for fulfilling any of their obligations/duties contained herein if they are attributable to normal force majeure circumstances which are beyond the reasonable control of either of the parties except the liability of the farmer to repay the loan and the value of items supplied by the company.

19. Notwithstanding anything contained herein in above, if the farmer is not in a position to offer good quality crops/produce satisfying the requirements of the company of the company continually for two crop periods this agreement will stand automatically terminated and all the advances in terms of inputs as financial assistance shall be returned back.

20. Both the parties shall in the first instance attempt to settle all disputes of differences arising under this agreement in an amicable manner.

21. This agreement will be subject to the jurisdiction of competent courts in Lahore.

IN WITNESS WHEREOF both the parties have affixed their seal/signature on the day.....month.....and the year.....in the presence of following witnesses.