

Varun-Madagascar contract

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CONTRACT FARMING

Between

VARUN AGRICULTURE SARL, Building Assist, 2nd Floor, Ivandry, Antananarivo - Madagascar,

And

Each Association of 13 (Thirteen) different plains BEMANEVIKA, BEKAPILA, MAHATSINJO, AMBOHITOAKA, MAHADRODROKA, MANANDRIANA, ANKAIZINA I, ANKAZINA II, BEALANANA, MAEVARANO, AMPARAY, ANKOBALAVA, AMPATSIFATSY IN SOFIA REGION

CONTRACT FARMING

This Agreement made at ANTISOHIHY, SOFIA Region on this 26th day of January, 2009 between

VARUN AGRICULTURE SARL, located at Building Assist, 2nd Floor, Ivandry, Antananarivo - Madagascar, represented by Mr. Tapas Kumar Bodak, Country head, hereinafter called as “VARUN AGRICULTURE SARL”, wick expression shall, unless repugnant to the context or meaning therof, include its successors and assigns, of the ONE PART

AND :

The 13 different plains

(BEMANEVIKA, BEKAPILA, MAHATSINJO, AMBOHITOAKA, MAHADRODROKA, MANANDRIANA, ANKAIZINA I, ANKAZINA II, BEALANANA, MAEVARANO, AMPARAY, ANKOBALAVA, AMPATSIFATSY) individually, represented by their individual presidents, whose name, area and surfaces are given at the end, herein after called “Each Association of 13 (thirteen) different plains; wick expression shall unless repugnant to the context or meaning thereof, include there successors, attorneys, trustees, heirs and assignees, of the OTHER HAND.

SCOPE OF SERVICES :

The Owners of the land formed an Association called “The Association of Persons”, who are authorised holder of the Land in the SOFIA Region (details are given at some other place in the agreement), have agreed to give the land to the VARUN AGRICULTURE SARL for cultivation or related activities for producing rice, corn, wheat, pulses, fruits and other ingredients.

BRIEF BACKGROUND OF THE PROJECT :

According to the contents of the following agreement:

- The project of joint development for the big plain of Madagascar (GPI MAD project) which localizes in the SOFIA has the objective to promote cultivation and growing of rice, corn, maize, wheat, pulses, fruits, vegetables and other ingredients growing in the big plain;
- Following the signature of the convention between the Chief of SOFIA Region and VARUN AGRICULTURE SARL, on 20th December 2008. for cultivation of rice, corn, maize, wheat, pulses, fruits, vegetables and other ingredients for the estimated 130,700 hectors of land in Sofia region.

- However after thorough study conducted by SODHAI (appointed by VARUN AGRICULTURE SARL), there are two different proportions of lands are available in the said regions. The land represented by the private occupants ‘peasant) in 170,914.93 Hectors while for direct leasing land by the Gouvernement of Madagascar in the same region is 60,996.58 Hectors. Therefore, the total land available for the aforesaid region is 231,911.51 Hectors.
- This agreement is concerning about the agreement between private peasant represent by individual president of 13 (thirteen) different plains and VARUN AGRICULTURE SARL for the total area of 170,914.93 Hectors of defined land
- VARUN AGRICULTURE SARL, who aims to improve the level life of the population of the SOFIA region by indirectly increasing the sources incomes of the families there and the development of agricultural activities in the Region;
- According to the status, the internal regulation and the laws established by the Association for each plain;
- As per the declarations by the SODHAI, they have already created some private association of the owners of the land in the SOFIA regions for some plains (details of wich are mentioned elsewhere in the agreement), to facilitate VARUN AGRICULTURE SARL for agreeing to allot land for promoting agricultural activities in the SOFIA Region and also facilitated to the Gouvernement Administration of the SOFIA Region. SODHAI is technical consultant to VARUN AGRICULTURE SARL and has the responsibility to facilitate VARUN AGRICULTURE SARL for getting the land allotted in there favour for agricultural developments.

NOW THIS AGREEMENT WITNESSETH AND RECOTDS THE TERMS AND CONDITIONS OF SUCH as under :

Obligations and Responsibilities of “THE ASSOCIATION OF PERSONS”:

Association of Persons is an association of lawful land holders in the SOFIA Region and have agreed to the following:

- Undertake to give the peaceful authorization, allotment and possession to VARUN AGRICULTURE SARL to use plains/land for the cultivation of rice, corn, maize, wheat, pulses, fruits, vegetables and other ingredients or for any other purpose.
- Undertake to ensure that plains/land agreed to give to VARUN AGRICULTURE SARL will have no legal or other claims froms from any other party and will be free from any nature of nuisance, possession and legal or other hassles.
- Undertake to sell there share of cultivated products to VARUN AGRICULTURE SARL at the prevailing local market price in that region.
- Undertake to authorise and allow VARUN AGRICULTURE SARL to sell the cutlivated products or produce of lands to any party and in any manner.
- Undertake to respect and maintain healthy and cordial ralations with the VARUN AGRICULTURE SARL and its employes;
- Undertake to take care and respect of the use of infrastructures under construction,
- Undertake to facilitate to VARUN AGRICULTURE SARL in all the manners for ensuring the efficient use of land/plains and proving the requisite assistance on the same
- Undertake to egreeing to all the decisions of the VARUN AGRICULTURE SARL related to cultivation and growing of any agricultural products in the allotted regions and will not in any manner interfere,

directly or indirectly, in the workings of VARUN AGRICULTURE SARL or technology/other inputs or resources used by them

OBLIGATIONS OF VARUN AGRICULTURE SARL

- VARUN AGRICULTURE SARL agreed to take care of the development of Lands/Plains allotted to it including financing of equipments, inputs, etc., if required, for cultivation and growth of rice, corn; maize, wheat, pulses, fruits, vegetables and other ingredients or for other purpose;
- VARUN AGRICULTURE SARL has agreed to bring good technology and the experience as well as the materials and necessary equipments for the realization of the project;
- Respecting all the traditions and the social disciplines of the region where the project is focalized;
- Setting up the social and cultural infrastructures (Health centre, schools and training, public institution, road infrastructures, drinking water, house and equipments of the security guards) in the region where it is necessary for implementation of the project;
- VARUN AGRICULTURE SARL has agreed to recruit or give preference in recruitment of local employees or workers where the project will take place, considering their merits, performance and capabilities.
- VARUN AGRICULTURE SARL has agreed to grant 30% of the harvests or produce from the land/plains of the regions of the owners/members of the association of that region;
- VARUN AGRICULTURE SARL has agreed to buy the cultivation or produce of the share of the share given to the land owners at the prevailing market rate and land owners shall sell all their share to VARUN AGRICULTURE SARL at the agreed price
- VARUN AGRICULTURE SARL has agreed to sell the produce in the following manner, unless situation or circumstances otherwise demanded :

Rice :

- Sixty percent (60%) for domestic;
- Twenty percent (20%) for export;
- Twenty percent (20%) for buffer stock.

Wheat:

- Fifty percent (50%) for domestic;
- Thirty percent (30%) for export;
- Twenty percent (20%) for buffer stock.

Maize:

- Fifty percent (50%) for domestic;
- Fifty percent (50%) for export;

Pulses:

- Hundred percent (100%) for exports

Unless otherwise better sell options are available, aforesaid selling pattern can be followed.

SODHAI's RESPONSIBILITIES :

- SODHAI Agreed to facilitate, unless both the parties to the agreement agreed otherwise:
- SODHAI Madagascar will represents the Association for each transaction with VARUN AGRICULTURE SARL during the realization and execution of this project;
- The SODHAI society will be the intermediary and the coordinator for technical, social cooperation and any relation between the Association, members of the association and the VARUN AGRICULTURE SARL
- SODHAI will ensure the peaceful allotment andt authorization of land to VARUN AGRICULTURE SARL and made available to them in ready to utilise for cultivation.
- All the transaction related to agreement can be communicated to the Other Party to the agreement through SODHAI.

DURATION OF THE AGREEMENT

The duration of this present agreement will be 50 years, unless VARUN AGRICULTURE SARL agreed to determinate the same and can be extended for a period of 99 years subject to the progress of the project and mutual agreement.

CONFIDENTIALY :

The land owners, the Association, members of the association and the SODHAI have agreed to keep all the information end details as strictly confidential and shall not be disclosed to any party in between or to the third party in any circumstances, as it may directly or indirectly affect the working of the VARUN AGRICULTURE SARL

OWNERSHIP RIGHTS

It is agreed between the parties to the agreement that all rights and ownership on the produce, equipments, brands, projects, and the marks will be that of the VARUN AGRICULTURE SARL and no other party (parties) including the owners, the association, members of association, and the SODHAI shall not claim for any of the rights on above otherwise.

SETTLEMENT OF DISPUTES :

Any matter, claim or dispute between the parties in respect of any matter under this agreement may be resolved amicably between the parties within a period of 60 days after the date of notification of the dispute.

ARBITRATION :

In the event that not agreement is reached within 60 days after the date of notification of the dispute will be resolved through arbitration in accordance with the prevailing and applicable arbitration laws and rules of Madagascar andt the courts in Madagascar in the region where dispute arises shall have the jurisdiction to such disputes;

GOVERNING LAWS & JURISDICTION:

This agreement and the rights duties of the Parties arising out of this agreement shall be governed, contrued, interpreted and given effect to in accordance with the laws of Madagascar.

IN WITNESS WHEREOF VARUN AGRICULTURE SARL and the Members of the Association have hereunto set their hands and seal the day and the year first above written.

Antsohihy, 26th January 2009.

For VARUN AGRICULTURE SARL Agriculture SARL

TAPAS KUMAR BODAK

Country head

THE ASSOCIATION

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