

**PENALTIES****1. Short Weights**

*In the event of any shortage in net weight, the supplier shall attend to the matter promptly on receiving advice from estate and make good the shortage as soon as possible. In addition, the company reserve the right to deduct from the total value of the fertilizer supplied a sum equivalent to the shortage.*

*Penalty computation : Penalty Value (RM) = (A - B) x C*

Whereby:    A        =        Total weight as per invoice  
                  B        =        Total weight received  
                  C        =        Current tender price

*Detail of shortage and penalty computation is to be forwarded to Central Purchasing for further action. Please do not raise the debit note.*

**2. Nutrient Shortage**

*In the event of any shortage in nutrient content from the allowed variation as specified in table 1 the supplier shall pay to the company twice the cost of :*

- a) Nutrient shortage based on the contracted price.*
- b) Transport incurred from nutrient shortage if not delivered to site.*
- c) Labour incurred for the nutrient shortage.*
- d) Fertilizer analysis.*

*Penalty computation : Penalty Value (RM) = 2 x (W ÷ Y ÷ Z)*

Whereby:    W = (A - B) x C x D

A        =        100% nutrient  
 B        =        % Total nutrient, as per analysis  
 C        =        Total weight received (Batch)  
 D        =        Current tender price  
 Y        =        Cost of fertilizer analysis

Z = Other incidental cost

3. Late Deliveries

*Suppliers shall commence delivery of the fertilizer within four (4) weeks of verbal notice of the order or within three (3) weeks of the receipt of the purchase order from the estate management, whichever is later. Estate management shall notify the suppliers in writing of the required schedule for the deliveries on the specified by the estate management or at least within twenty one (21) days after the first delivery.*

*In the event of the suppliers fails to make any of the required within the twenty one (21) days period, the suppliers shall be liable to pay the estate a penalty fee calculated on the following basic :*

*Penalty computation : Penalty Value (RM) = A x B x C*

*Whereby: A = Number of days delayed*

*B = Balance of fertilizer not delivered*

*C = Current tender price*

*Detail of late delivery and penalty computation is to be forwarded to Central Purchasing for further action.*