VENDOR AGREEMENT

For the supply of [items supplied]

Agreement no.	Signed on	Rates valid	Vendor MSME

Buyer	Vendor
Name	Name
Address	Address
GSTIN	GSTIN
Signing for it	Udyam no.

Schedule 1: items and agreed rates

Sr.	Item and drawing	Grade	Unit	Expected a year	Rate before GST	GST %	Expected value
						Expected value a year before GST	

1. Orders

The Buyer will order items by purchase orders (POs) referring to this agreement. Each PO states the items, quantities and delivery dates, at the rates in Schedule 1. The Vendor will accept or reject a PO within [number] Business Days; an accepted PO is a contract on the terms of this agreement. The quantities in Schedule 1 are estimates, not a commitment, [except a minimum of [number]% of the expected value a year].

2. Rates and changes

Rates are fixed for the period above, exclusive of GST. [Rates may be revised each quarter by the change in [index or material price] over the quarter, if it moves by more than [number]%, on [number] days' written notice with supporting data.] No other change applies without a written amendment.

3. Delivery

The Vendor will deliver to the Buyer's [place of delivery] plant by the dates in each PO, [freight terms], with a delivery challan, the GST invoice, the e-way bill where required and a test certificate for each heat. Risk passes on delivery, and ownership on acceptance under clause 4.

4. Inspection and rejection

The Buyer will inspect deliveries within [number] days against the drawing, grade and sampling plan in Schedule 2. It may reject items that fail, giving reasons. The Vendor will collect rejected items at its cost within [number] days and replace them, or issue a credit note, as the Buyer chooses. Acceptance does not waive the warranty.

5. Late delivery

If a delivery is late for reasons within the Vendor's control, the Buyer may deduct liquidated damages of [clause no.]% of the value of the late items for each week of delay, up to [number]% of that value. The parties agree this is a genuine pre-estimate of the Buyer's loss. If the delay passes [number] weeks, the Buyer may also cancel the late quantity.

6. Warranty

The Vendor warrants that items will match the drawing and grade and be free from defects in material and workmanship for [number] months from delivery. It will replace or credit defective items and bear the reasonable cost of removing them from the Buyer's assemblies where the defect could not have been found at inspection.

7. Invoicing and payment

The Vendor will invoice each delivery with its GSTIN, HSN code and PO number, and report it in its GST returns on time. The Buyer will pay within [number] days of the day of acceptance, after deducting TDS where it applies, any LD and any credit for rejections. If the Vendor is a micro or small enterprise, payment will in any case be made within the period the MSMED Act, 2006 allows.

8. Quality and conduct

The Vendor will keep its process, material source and location as approved, and give the Buyer [number] days' written notice before changing any of them. It will comply with the laws that apply to it, including labour, environment and safety laws, and allow the Buyer to audit its plant on reasonable notice.

9. Confidentiality and drawings

Drawings, patterns and specifications the Buyer provides remain its property, are used only to make the Buyer's items, and are returned when this agreement ends. [Patterns paid for by the Buyer are its property and are marked as such.]

10. Term, termination and disputes

This agreement runs for the period above and may be renewed in writing. Either party may end it on [number] days' notice, or at once for a material breach not put right within [number] days. Open POs are completed unless the Buyer cancels them. Disputes go to arbitration by a sole arbitrator seated in [city] under the Arbitration and Conciliation Act, 1996, without affecting the MSME Facilitation Council's role where the MSMED Act applies.

For the Buyer	For the Vendor	Witness 1	Witness 2