

THIS IS JUST A FORMAT.

Kindly take proper Legal Advice for Drafting Document as per your requirements.

Franchise Agreement

This AGREEMENT is made on the _____ day of _____ 20..... BETWEEN M/s ABC Pvt Ltd, a Company incorporated under the companies Act 1956, having its Registered Office at _____ (hereinafter referred to as the 'company' which expression shall, whenever the context, so requires or admits mean & include its successors and assigns) of the One Part.

AND M/s XYZ; a registered partnership firm having its office at _____ (hereinafter referred to as the 'AGENT', which expression shall, unless the context so requires or admits mean & include its Present partners for the time being, their heirs, legal representatives, executors & permitted assigns) of the Other Part.

WHEREAS

- (i) The 'company' is internationally recognized for its educational & scientific Products & materials for children between the age-group 7 to 14. The wide range of products & materials include scientific toys, self- experiment kits, lab equipments such as beakers, balances, testtubes, stands, moulds etc, books, CD's encyclopedia and such other goods. The company promotes, markets & sells its product under the name & style as _____ & _____ is its registered Trade Mark.
- (ii) The company is now keen on promoting its educational & scientific products & materials in the form of books, posters, pictures, CD's etc under its aforesaid trade name and trade mark by setting up a chain or retail outlets all over India directly and also through stockiest, retailers, and franchises/agents.
- (iii) The 'Agent' came to know of the said intention of the company to appoint such retailers, agents approached the 'company' & has offered to set up an outlet in _____ city in India. The Agent has further represented that it has suitable premises & the necessary infrastructure & facilities for running the outlet.
- (iv) The Agent has assured that the Agent will obtain all the necessary permissions/sanctions/ licenses as required by corporation /body/or any local authority.

NOW THEREFORE THIS AGREEMENT WITNESSTH THAT:-

1. The 'Company' hereby appoints M/s XYZ as its Agent exclusively in the _____ city for a duration of 5 years (five years) from the date of execution of this agreement.
2. The company will provide the Agent with all the educational & scientific products & materials manufactured & prepared by it to be displayed, marketed & sold from its outlet.
3. The name of the shop will be _____ with the logo of the company displayed distinctly.
4. The 'Company' will keep the stock/Product material with the Agent

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at least to the tune of Rs. _____/-. The Agent will not pay anything to the "Company" for the stock/inventory. The Agent will receive the consignment from time to time and sell the same in retail as per the price catalogue/price list given by the company. The stock with the Agent at all times will be the property of the 'Company' & the Agent will have only the right to sell it on retail basis.

5. AGENTS OBLIGATIONS:-

5.1 The Agent will employ all the necessary personnel/staff to run & manage the business of the retail outlet. The working hours of the retail outlet will be _____ A.M to _____ P.M. & it will remain closed on _____ date.

5.2 The Agent will furnish a sale statement & stock statement quarterly.

5.3 In case of any damage or loss to the Goods/ Products and materials due to negligence, lack of efficiency or improper handling or in any manner whatsoever by the agent or its employers, servants etc. then the Agent shall make good any such loss/damage incurred by the 'company' immediately on demand by the Company.

5.4 The Agent will not through its partners either individually or in association or in any other manner whatsoever carry on the business activity which is identical or similar to that of the company.

5.5 The Agent has no right to pledge or hypothecate the products/materials of the company.

5.6 The Agent will be entitled to commission of ____% on sales upto Rs._____/ - & if the Agent exceeds the sales beyond that then ____% commission on it.

5.7 The Agent shall carry out the sale transactions only in cash.

5.8 The Agent undertakes to furnish an irrevocable Bank Guarantee for a sum of Rs. _____/ in favour of the company which would cover the value of stocks. The said Bank Guarantee shall be amended/modified if there is considerable rise in the stocks with the Agent.

5.9 The Agent shall keep the outlet neat, clean & presentable at all times. The Agent shall make every effort to attract more & more customers for the educational & scientific products and materials.

5.10. It shall take care of the stock with reasonable care & diligence. In spite of the reasonable care & diligence exercised by the Agent if there any loss or damage to the goods then the same shall be to the account of the company.

5.11 It shall not use the company's Trade Name & Trade Mark in any other manner other than the manners which is permitted & authorized by the company.

5.12 The cash received from sale of educational & scientific Products/materials shall be handed over on monthly basis to the company by the Agent.

6. COMPANY'S OBLIGATIONS:

6.1 The Company shall pay to the agent commission of _____% on sales upto Rs. _____/ - if the Agent exceeds the sales beyond that then _____% commission on it based on the net sale price. The net sale price means the selling price of the stocks excluding Sales Tax, Local taxes, other

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levies imposed. The company shall forthwith pay commission on receiving the monthly statement of sales & cash received from sale there-of.

6.2 The company shall promptly supply the products & materials to ensure that the Agent gets adequate time to meet its monthly sales target.

6.3 The company shall keep the Agent indemnified against any claim, demand, loss by reasons of infringement of Trade Mark, defect in product, short falls in the materials etc. at all times.

6.4 The Company hereby covenants that during the valid subsistence of this Agreement the company shall not appoint any Agent/stockiest for _____ city. The firm XYZ is appointed on exclusive basis.

6.5 If for any reason there is a delay in making the payment of commission to the Agent, the company hereby undertakes to pay interest for the delay if any at the rate of _____% per annum.

7. DURATION:

The duration of these presents shall be 5 years (Five years) from the date of execution of this agreement & can be extended for such further period & on such terms & conditions as mutually agreed.

8. TERMINATION:

This agreement shall stand terminated on the occurrence of any of the following circumstance:

8.1 By either party giving the other _____ days notice in writing

8.2 By the company unilaterally if the agent is (i) guilty of misconduct, (ii) continuous failure in meeting the sales target by the Agent, (iii) commits breach of this agreement in any manner, (iv) the agents insolvency.

9. DISPUTE/DIFFERENCES:

9.1 If any dispute or difference arises between the parties as to any terms & condition under this agreement then the parties will first try & settle the same amicably & give 15 days time to the party in breach to remove the breach & honour the obligations.

9.2 If the dispute or differences cannot be settled amicably the same shall be referred to arbitrator as per the applicable arbitration law.

IN WITNESS WHEREOF the parties have Signed the same on the date mentioned hereinabove

WITNESSES

- 1. Authorized Signatory)
of the Company)
- 2. Authorized Signatory)
of the Agent)
