

AGREEMENT FOR FRANCHISE AGENT

This agreement is made and executed on this the Day of , 2017

BETWEEN

M/s Bureau of Pharma Public Sector Undertakings of India hereinafter as referred as (BPPI), set up under Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers, Government of India as a Society registered under the societies registration act XXI of 1860, having its Registered Office at Core No. 06, 1st Floor, SCOPE Complex, Lodhi Road, New Delhi - 110003, represented by **Shri** **S/o Sh.** aged about **years**, presently designated as, BPPI, Gurgaon (hereinafter referred to as “PRINCIPALS” which expression shall unless it is repugnant to the context or meaning part thereof mean and include all its legal heirs, executors, administrators, representatives, successors-in-interest and assignees of THE FIRST PARTY),

AND

M/s represented by **Shri** **S/o** aged about years, presently designated as duly authorized to sign as the “**FRANCHISE AGENT**” which expression shall unless it is repugnant to the context or meaning part thereof include all its executors, attorneys, administrators, successors-in-interest and assigns of the **Second Part**.

WHEREAS party of the first part, BPPI, is engaged in marketing of pharmaceutical items (hereinafter called as the GOODS) and is desirous of appointing the FRANCHISE AGENT in the State of for proper procurement of Orders from retailers, Jan Aushadhi Kendras, hospitals and Institutions and supply/sell the products of the Party of the First Part, BPPI to them.

AND whereas party of the second part is desirous of being appointed as the “**FRANCHISE AGENT**” of the party of the first part for supply/sale of all its products, present and future in the State.

AND WHEREAS, in the mutual interest, the party of the first part has agreed to appoint the party of the second part as its “**FRANCHISE AGENT**” on the mutually agreed terms and conditions set forth hereunder:

NOW THIS AGREEMENT WITNESS FRANCHISE AGENT AS UNDER

- (i) That the party of the first part, BPPI hereby appoints **M/s** party of the second part hereof, as the “**FRANCHISE AGENT**” for Sale/Supply of products in the State of as per the following conditions:

- a) You will be allowed to sell/ supply only to 'Jan Aushadhi Kendras' opened by your firm and in the area assigned by BPPI.
 - b) You will not be allowed to sell to other JAK's in the area for which BPPI already has a Distributor/ FRANCHISE AGENT.
 - c) You have to open the Jan Aushadhi Kendras in your assigned area within a period of 1 year. In case of failing to do so, the agreement will stand cancelled.
- (ii) FRANCHISE AGENT would take up promotion and awareness activities in/around JAK as per the direction of BPPI/ authorized representative. Following activities can be taken into consideration:
- a) Organizing required training and promotional programs for effectively managing the 'Jan Aushadhi Kendras' like health camps in nearby rural areas, Govt. hospitals etc. and catchment areas.
 - b) Undertake the responsibility of distribution of brochures, posters, hoardings, banners and other such promotional materials among their respective JAK and catchment areas. However, any expenditure incurred on such activities, will be borne between the FRANCHISE AGENT and JAK's. BPPI will no way be responsible for any disputes arising out of above.
 - c) Ensuring all the hoarding displayed in front of the 'Jan Aushadhi Kendra' shall conform to the standard design provided by BPPI.
 - d) Creating mass awareness among people/ doctors in order to improve perception.
 - e) Advertising in cable TV, nearby radio stations etc.
- (iii) That this agreement is effective from the date of signing of this agreement and shall be valid up to 3 (three) years from date of signing.
- (iv) This agreement can be terminated by giving 30 days' notice from either side.
- (v) The FRANCHISE AGENT shall procure Orders from retailers, Jan Aushadhi Kendras, hospitals and Institutions in assigned area on a regular basis and shall execute orders received from expeditiously.
- (vi) The FRANCHISE AGENT shall be required to keep adequate average stock of 30 days on monthly sales to meet demand of the JAKs.
- (vii) Minimum billing should be at least Rs. 50,000 per JAK per month average which should be achieved approximately within six months.
- (viii) Inventory management among JAK to be managed by FRANCHISE AGENT with the principle of last two months' average sales product-wise multiplied by 2 minus stocks in hand and stocks in transit.
- (ix) Undertake the responsibility of dissemination of information regarding PMJAY provided by BPPI among public as per the direction of BPPI/ authorized representative.
- (x) FRANCHISE AGENT will operate on PDC of 60 days.. Security deposit in the form of Bank Guarantee or Fixed deposit of Rs. 5 lakhs to be assigned to BPPI in the beginning. The same should be adjusted equivalent to one month sales after 6 months.

- (xi) Formal purchase orders will be issued by FRANCHISE AGENT in accordance with the demand of each opened JAK with CWH/C&F/ Nodal Warehouse of BPPI with appropriate delivery lead time generally not less than 7 working days.
- (xii) That the first party will dispatch the goods to the FRANCHISE AGENT by trucks, Rail or such other mode of transport as may be deemed fit, up to Warehouse of distributor.
- (xiii) That the FRANCHISE AGENT will store goods and keep the same in proper storage conditions which are required under the provisions of Drugs & Cosmetics Act, 1940 and rules framed there under, having due regard to the specific nature of the products, before their onward supply.
- (xiv) Month wise stock and sales statement shall be submitted to the principals by the FRANCHISE AGENT by the 5th day of the succeeding month.
- (xv) **Commercial Terms & conditions:**
 - a) *Margin of 5% on Price to JAK on invoice*
 - b) *Incentive of 1% of total monthly sales of JAKs upon achieving minimum of Rs. 5 lakhs from 10 JAKs put together. An additional amount of 0.5% will be paid to the FRANCHISE AGENT, for total monthly sales beyond Rs. 7.5 lakhs (for 10 JAKs). The incentive would be calculated for JAKs' billings done through BPPI provided software. Incentive will be paid on monthly basis.*
 - c) *Marketing Expenses reimbursement of upto 4% (on receipt bills) as per the approved expenditure list of BPPI/ authorized representative.*
 - d) **If FRANCHISE AGENT makes advance payment against order, they will be eligible for 1% cash discount.**
 - e) **Near expiry goods detail should be informed to BPPI by FRANCHISE AGENT at least 6 months prior to expiry. BPPI will take back Expiry/Breakage to the maximum extent of up to 2% of the total purchase value of FRANCHISE AGENT. Similarly, FRANCHISE AGENT will be obliged to take back total expiry/breakage from retailers to the tune of maximum 2% of the sales made by him, However, if a product of short expiry (less than 1 year of shelf life) is supplied by BPPI, same will be taken back within three months of expiry date.**
- (xvi) The FRANCHISE AGENT agrees to furnish necessary Sales Tax forms as required under the Central Sales Tax and the State Sales Tax Laws of the State of the principals at the earliest.
- (xvii) The FRANCHISE AGENT shall have to use computer with for billing & Stock maintaining at his expense.
- (xviii) The FRANCHISE AGENT shall have to use BPPI software for billing Jan Aushadhi medicines which will be provided by BPPI. In case of failing to use the BPPI software, the agreement may be cancelled.

- (xix) BPPI will fix area/cities of operation of FRANCHISE AGENT in writing. Areas may be added deleted based on performance of FRANCHISE AGENT in these particular areas.
- (xx) Complaint, if any, received against the quality of products supplied by the Principals, shall be promptly reported to the Principals at Head Office, Gurgaon with relevant details for appropriate action within 5 days of receipt of such stocks.
- (xxi) The FRANCHISE AGENT shall be responsible to cooperate with the Auditors, inspectors or such other staff as may be sent by BPPI competent authorities to check and verify the records and the FRANCHISE AGENT shall extend all necessary facilities and arrangements for the same. However, the expenses of such audit etc. shall be borne by BPPI.
- (xxii) The FRANCHISE AGENT agrees to hold the BPPI free and harmless from any and all claims, damages, and expenses of every kind or nature whatsoever (a) arising from acts of the FRANCHISE AGENT; (b) as a direct or indirect consequence of termination of this Agreement in accordance with its terms; or (c) arising from acts of third parties in relation to products sold to the FRANCHISE AGENT under this Agreement, including, but not limited to execution of liens and security interests by third parties with respect to any such products.
- (xxiii) During the term of this Agreement, BPPI shall furnish to FRANCHISE AGENT any technical improvements and inventions relating to the Products. During the term of this Agreement, FRANCHISE AGENT agrees to furnish to BPPI all technical improvement and inventions related to the Products required by FRANCHISE AGENT without any delay and free of charge in consideration of services.
- (xxiv) That the FRANCHISE AGENT shall, keep all the information gathered during the currency of this agreement, strictly confidential.
- (xxv) That any amendment or alteration to this Agreement shall be valid only if set down in writing and signed by the parties hereto.
- (xxvi) In the event of any dispute or difference between the parties arising out of or in connection with or in relation to this agreement, the same shall be referred to the sole arbitrator of President BPPI or his nominee and his decision shall be final and binding on both the parties. The provisions of Arbitration and conciliation Act, 1996 shall apply.

- (xxvii) That the BPPI reserves its right to appoint any number of FRANCHISE AGENT in area assigned to FRANCHISE AGENT.
- (xxviii) In case of any dispute, relating to this agreement, only the court situated at Delhi shall have the jurisdiction.
- (xxix) That the provisions of the Indian Contract Act 1972, shall apply in so far the same are not inconsistent with this agreement.
- (xxx) If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.
- (xxxi) IN WITNESS FRANCHISE AGENT WHERE OF the parties have signed this Agreement this day of....., 2017.

FIRST PARTY

PRINCIPAL (**BPPI**)

AUTHORISED SIGNATORY

SECOND PARTY:

FRANCHISE AGENT: **M/s**

AUTHORISED SIGNATORY