**DRAFT OF FRANCHISE AGREEMENT**

This AGREEMENT entered into on the...............................day of......................., 20..............  
  
BETWEEN:  
  
....................................................Limited a Company incorporate under the Companies Act, 1956 or Companies Act, 2013, having its Registered Office at..........................., represented herein by its................................. Shri................................................. (hereinafter referred to as the ''XYZ Limited '', which expression shall, whenever the context so requires or admits mean and include its successors and assigns) of the ONE PART;

AND  
  
M/s.................................................. a Partnership Firm, having its place of Business at.............................. represented herein by its Partner Shri............................. (hereinafter referred to as the ''AGENT'', which expression shall, unless the context so requires or admits mean and include its Partners for the time being, their heirs, legal representatives, executors and permitted assigns) of the OTHER PART;

WHEREAS XYZ Limited is engaged interalia in the business of marketing......products and are the owners of the trade name and trade mark ''XYZ'';

WHEREAS XYZ Limited is desirous of promoting........products under its trade name and trade mark by setting up chain or retail outlets all over the country on its own a also by appointing stockiest, retailers and franchises for the purpose of setting up of retail outlets;

WHEREAS the Agent has offered to set up one such Retail Outlet in the City of..... and has represented to XYZ Limited that it is in a position of invest necessary capital and is also possessed of a suitable premises to set up and carry on the Retail Outlet and XYZ Limited has accepted the said offer;

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

That in consideration of the foregoing, the Company hereby appoint M/s......... as its Agent in the City of......... upon the following terms and conditions:

1. Retail Marketing Outlet................ products under the name and style of "XYZ" shall be developed and operated in the premises made available by the Agent, the premises of which are more clearly specified in the Premises Schedule.' The premises shall be made available free of charge to XYZ Restricted by the Agent during the time of subsistence of this Agreement.
2. The Agent will meet and bear the entire cost of furnishing and decorating the interior and exterior of the Schedule-Premises in accordance with the specifications and requirements of XYZ Limited, particularly touching upon the following aspects -- elevation, décor and interior design, selection of furniture, fitting, counters and stands, lighting system, illumination, mannequins, window display, air conditioning, fire fighting equipment, furnishings, flooring, etc. the cost of which is estimated to be of the order of Rs.......................... (Rupees.........................................) He shall also provide necessary warehousing facilities and office space for the Company's' representations.
3. The name of the Shop shall be promptly and clearly displayed as..........................;
4. XYZ Limited can make the Agent available from time to time.................... products and shall be made, sold or exchanged by XYZ Limited (hereinafter referred to as 'Stockiest') and the Agent shall take the Stocks on the shipment and sell the same at prices set from time to time by XYZ Limited. Stocks shall at all times be the property of XYZ Limited and the Agent shall only be entrusted with the shares for the purpose of facilitating their retail sale.
5. The Agent will hire the requisite staff at his expense and operate the Retail Outlet to the full satisfaction of XYZ Limited.

THE AGENT COVENANTS WITH THE COMPANY AS FOLLOWS:

1. It shall properly and promptly pay rents and other charges to the owner of the Schedule Premises and hold the lease in place and valid and ensure that the Schedule Premises is still available for use in the Retail Outlet.
2. That it may not be engaged directly or indirectly, or in a partnership or association, with friends or family, or in a corporation engaged in a business of the same or similar type, carried on by XYZ Limited.
3. That it does not sell, show or otherwise deal with any products which are in any way identical to the goods sold or exchanged by XYZ Limited.
4. That it shall not use the trade name and/or trade mark of the Company in any manner other than that allowed by XYZ Limited.
5. That all sales effected by the Agent shall be strictly for cash only.
6. That it furnishes to XYZ Limited, at such intervals as they may need a certified inventory statement of the stock of all products kept by the Agent providing complete and accurate information thereof.
7. That it remits, on a daily basis, the entire sales proceeds of the preceding day to the credit of the specified account of XYZ Limited, which may be indicated from time to time and forwarded forthwith to XYZ Limited the intimation of such remittances.
8. That it shall furnish an irrevocable Bank Guarantee for a sum of Rs.................. (Rupees.......................................) in favour of XYZ Limited covering the value of the Stocks held by it on consignment and that the said Bank Guarantee shall be enhanced from time to time as may be required by XYZ Limited to bring it in conformity with the value of the Stocks held by the Agent.
9. That it keeps proper accounts of all the shares obtained, sold, destroyed and made available to XYZ Limited on a weekly basis, and permits XYZ Limited, its agents and servants to review all the Books of Accounts, Records and Vouchers stored in the Retail Outlet at all reasonable times.
10. That it shall be responsible for any loss or damage sustained to the Stock while in the custody of the Agent.

DURATION: The duration of this Agreement shall be for a period of.............. years commencing from..........On the expiry of this period of earlier, the Agreement may be extended for such further period and on such terms as the parties may be mutually agreed in writing.

This Agreement is however terminable as follows:

a. by either party giving the other................. days notice in writing;

b. by XYZ Limited unilaterally without assigning any reasons

i. if the agent is found guilty of misconduct, or

ii. commits a breach of any of the provisions of the Agreement, or

iii. is dissolved, or

iv. any suit or other proceedings are instituted for its dissolution or winding up, or

v. commits any act of bankruptcy,

vi. suffers any execution or distress.

CONSIDERATION: In view of the above, the Agent shall be entitled to a fee at the rate of....................percent of the net selling price realised in the Retail Outlet by the sale of the securities. Expression of the net selling price shall mean the sale price of the shares, minus sales tax, local taxes and other levies levied on the sale or purchase of the shares and/or on the overall turnover, packaging and forwarding charges and gift wrapping charges.

ASSIGNMENT: This Agreement or the benefit there from shall not be assignable or transferable by the Agent for the benefit of any individual without the prior written consent of the Company.

SECURITY DEPOSIT: In order to ensure XYZ Limited the due performance of its obligations under this Agreement, the Agent has this day deposited a sum of Rs................. (Rupees.....................................) by Pay Order bearing No..........dated.......... drawn on............. Bank............... Branch,......................, in favour of XYZ Limited as Security Deposit. The said amount will be refundable upon the termination of this Agreement, free of interest, in the event of there being no outstanding claim against the Agent by XYZ Limited. XYZ Limited will however be entitled to appropriate and adjust and amounts which may be due to it from the Agent from out of the Security Deposit.

JURISDICTION: This Agreement shall be executed at.................City and it is hereby decided that the Court shall be situated at................. City alone shall have exclusive jurisdiction over any matter occurring under this Agreement to the execution of judgments in any part of the world.

**SCHEDULE**  
  
Premises bearing No...................................... situated at............................................................................ admeasuring and bounded as follows:  
  
MEASUREMENTS  
  
East to West:  
  
North to South:  
  
BOUNDARIES  
  
ON THE EAST  
  
WEST  
  
NORTH  
  
SOUTH  
  
:  
  
:  
  
:  
  
:  
  
: By  
  
: By  
  
: By  
  
: By  
  
IN WITNESS WHEREOF the parties above named have executed these presents in the presence of the Witnesses attesting hereunder on the dates and place mentioned herein below:  
  
Place:  
  
Dated:  
  
For XYZ Limited,  
  
WITNESSES  
  
1. ()  
  
2. ()  
  
Agent