

**GUJARAT STATE HANDLOOM & HANDICRAFTS DEVELOPMENT
CORPORATION LTD. GANDHINAGAR**

FRANCHISE TERMS & CONDITINS

1. The franchisee shall have their own showroom of ownership/rental/lease or a counter in a mall and make necessary structural changes in the show room at their own cost as per the Corporation interior and exterior plans along with necessary utilities like computers, printers, electricity, water etc, in the show room at its cost and maintain the same at the franchisee expenses.
2. The franchisee shall at its costs provide for the logo and name display the same at the prominent area of the showroom. Franchisee shall also be responsible to take care and born of its expenses.
3. The franchisee shall sell the handloom and handicrafts products of the Corporation as per the tagged price supplied by the Corporation. The franchisee shall be entitled for 25% commission on the net sale amount (after Vat, discounts etc.) on all textiles and non-textile based items except uniform cloth.
4. The party will have to provide Bank Guarantee up to the total Sale Price amount of the materials to be taken by them. The party should provide Bank Guarantee for the period of minimum of three years at a time and the Bank Guarantee will be renewed regularly by the party. The party cannot revoke the Bank Guarantee without the approval of the Corporation.
5. The Corporation shall supply to the Franchisee an assortment of goods manufactured/ produced/ procured by its approximate value of the material against Bank Guarantee provided by the party on requisition.
6. The Corporation reserves the right to determine the range and type of the goods to be kept in the show room in the larger interests of the artisans of Gujarat. The Franchisee shall keep always a minimum stock level of goods at the show rooms as decided mutually. However goods will be supplied to the franchisee as per the requisition of the party.
7. The franchisee shall not keep other products similar to the products supplied by the Corporation in the showroom.
8. Transportation, packing, forwarding octroi charges etc. for the goods shall be born by the franchisee.

9. The franchisee shall collect the taxes like vat, etc and deposit the same to the local authorities regularly and maintain the records required for tax assessment and file the tax returns to the authorities regularly and get cleared.

10. The franchisee shall not sell any product/article at a price less than the one marked there on by the Corporation or fixed in respect of the articles/products of the Corporation.

11. The franchisee shall appoint sufficient staff for efficiently run the Corporation's "GARVI-GURJARI FRANCHISE SHOW ROOM" and that the franchisee shall be solely responsible for the payment of salaries and wages of its staff and its own expenses as also for other incidental matters relating to it or connected there with.

12. The franchisee shall be responsible for the acts and conducts of the staff appointed by it and if the Corporation suffers any loss of damage on account of the misconduct, negligence, default and mistakes on the part of any its staff, the Corporation shall be entitled to realize the same from the franchisee.

13. The franchisee shall work conscientiously, energetically and in a businesslike manner for the promotion, popularization and sale of the products of the Corporation only.

14. The franchisee has to deposit sales proceeds with the non-operative bank account of the Corporation on day to day basis regularly.

15. The Corporation would provide software and keep it updated from time to time.

16. The franchisee shall pay for the necessary stationary including cash memos, shopping bags, accounting registers and documents as per Corporations accounting system and the franchisee shall bear the actual cost of the stationary etc. provided to the franchisee by the Corporation.

17. The franchisee shall submit/E-mail all the detailed computerized information of sales / accounts/stock/bulk orders/delivery schedule of sales etc. as may be required by the Corporation every day and at such intervals as the Corporation may deem necessary and expedient for its accounting/administrative purpose.

18. The franchisee shall properly maintain all such computer generated registers, books including accounts books and ledgers and files as are usually maintained by business concern and the same shall always be opened to inspections and checks by the Corporation through any of its officers or chartered accountant specially appointed by the Corporation in that behalf who shall also have a right with a corresponding obligation

on the part of the franchisee to inspect and check the stock position of the Corporation's products lying in the godown of the franchisee or at the show room or any where else if so stocked by the franchisee. The franchisee shall always allow entry to the persons aforementioned in to its office and or godowns for this purpose.

19. All the goods supplied by the corporation to the franchisee shall be deemed to be in trust with the franchisee for the purpose of sale on behalf of the Corporation. The property in the products of the corporation supplied to the franchisee for sale shall remain in the Corporation so long as they remain unsold. The franchisee shall be responsible for safe stocking in all regards of the Corporation products and the franchisee shall also be responsible for all damages caused to the stock while the stock is in the franchisee godown or in the showroom. It shall be the responsibility of the franchisee to take out full insurance of the Corporation's goods that may be stocked by it either in its godown or in the showroom and all insurance charges that may be incurred shall be payable by the franchisee who shall indemnify the Corporation against all such losses and damages.

20. The franchisee shall have no right what so ever to create any mortgage, pledge or charges on the stock of the Corporation products or deal with it in manner otherwise than as provided herein.

21. The materials supplied to the franchisee if remain unsold for the Period of one year (i.e. from the date on which the materials supplied to the party) will not be taken back by the Corporation. However the party can exchange the goods which are not damaged. If the goods are damaged, the party has to bear the cost of the damaged goods.

22. Any article/product which becomes soiled or partly broken or otherwise broken unfit for sale or otherwise apparently diminished in value after its receipt by franchisee then franchisee shall be liable for its payment.

23. In case of breach of any of the terms of the franchisee Agreement by the franchisee, the Corporation is fully authorized to claim compensation/terminate the franchisee Agreement as it deems fit and proper.

24. The franchisee shall enter into an agreement with the Corporation for the smooth running of the franchisee arrangement. This agreement is made to run for a period of minimum of three years. It is however, liable to be terminated earlier by three months notice from either side, provided all accounts between the parties are settled and adjusted finally within therefore said period of 3 months. However on the expiry of the aforesaid fixed term of three years, if the parties so desires, then the validity for the Agreement may be extended by a further period of 3 years or for such periods on such

terms and conditions as may be mutually agreed to by and between the parties. The process of renewal shall be initiated 40 days in advance.

25. Any dispute arising between the parties touching the interpretation or compliance of non-compliance with the terms and conditions of this agreements shall be referred to the sole arbitration of the Managing Director of the Corporation at Gandhinagar, whose decision in the matter shall be final and binding on the parties. However in spite of the decision of the Arbitrator as aforesaid, if the disputed matter between the parties is carried to a court of law, then the courts at Gandhinagar shall have exclusive jurisdiction to try and decide such disputes difference. No commission shall be payable to the franchisee after the termination of the Agreement except when the Agreement is renewed by the parties mutually further agreeing there to or the sole arbitrator in the event of reference there to thinks fit to allow such commission either by interlocutory Award of finally subjects to such terms as the sole arbitrator may deem subject to such terms as the sole Arbitrator may deem proper.