

Suggested Business Agreement Format For Retail Showroom

This business agreement is executed at _____ on -----/-----/----- by and between: M/S _____, (hereinafter Called Party of FIRST PARTY, Which Expression shall unless repugnant to the context or meaning therefore be deemed to include its successors-in-business, executors, administrators, and lawful assigns). AND M/S _____ (Hereinafter Called SECOND PARTY, Which Expression shall unless repugnant to the context or meaning, therefore, be deemed to include its successors-in-business, executors, administrators, and lawful assigns)

WHEREAS the FIRST PARTY wants to carry out the business of retailing, storing such products on the below-mentioned property belonging to/leased by the SECOND PARTY. WHEREAS after mutual discussion party of FIRST PARTY selected air conditioned show room of SECOND PARTY measuring about _____ Sq. ft. located at _____ as Outlet for sale on retail of said products _____ and therefore the parties have entered into this agreement on following terms and conditions;

1. That both the parties agree that the proposed retail showroom is to be exclusively used as a retail outlet for the products supplied by the party of FIRST PARTY. Any additional premises if offered by the SECOND PARTY shall be added with the mutual approval by both the parties.
2. All the renovation charges like air conditioning, flooring, ceiling, lighting and all glasswork, electric fitting, generator/inverter sets, etc. will be provided by the SECOND PARTY as per specification/instructions/drawings and requirements of the party of the first part. The architect will be provided/fixed by the party of the first part.
3. However, all interior decoration work including the woodwork, wall modules, floor modules, cash counters, shall be supplied and installed at the cost of FIRST PARTY which will be subsequently adjusted between the parties as expenses.
4. The SECOND PARTY shall arrange for sufficient electrical load and all other infrastructural facilities and utilities including the common services for properly operating and running the showroom as per the requirement of FIRST PARTY, the cost of the same shall be borne by the SECOND PARTY exclusively. The SECOND PARTY shall also pay house tax or any other property tax imposed by the local municipal authorities, Ground rent etc or by any Govt. Agency or local bodies from time to time. All the dues of any type raised afterwards, before the date of execution of this deed shall be cleared by the SECOND PARTY. The SECOND PARTY shall not subject the FIRST PARTY in any dispute what so ever be, before any authority or court or Tribunal etc.

5. That the SECOND PARTY will store and sell the products on the said fully furnished showroom. All the stock will belong to the FIRST PARTY. The FIRST PARTY has fully entitled to sell its products on the rates decided by them from time to time. The rates/sale price/discounts and date of discount sale period will be decided by the FIRST PARTY from time to time. The FIRST PARTY is also entitled to launch any promotional schemes, independently, to promote the sales according to the market situations and feedback supplied by the marketing staff.

6. That the agreement shall come into effect from _____ The FIRST PARTY shall dispatch and deliver the goods to the SECOND PARTY on a consignment basis at the showroom premises. The Freight of goods sent on consignment shall be borne by the FIRST PARTY i.e. the goods/products shall be supplied to the SECOND PARTY on F.O.R. basis. at Showroom.

7. MRP of the goods supplied by FIRST PARTY will be at par with similar goods stocked at other franchisee outlets of the FIRST PARTY in the country and in consideration of the above, the SECOND PARTY would be entitled to the Commission/Margin which will be Reconciled on monthly basis. Income Tax, if any, payable shall be deducted before releasing of margin money. The parties will work out a ratio and mechanism of distribution of the commission and the expenses as explained under this agreement.

8. That the FIRST PARTY shall bear and deposit the local Sales Tax/Vat/ Tax or any other service tax etc. as per Sales Tax rules and SECOND PARTY maintains all the records of the same.

9. That the SHOWROOM will be run/Managed/Controlled by the SECOND PARTY. All the staff/sales employees will be employed by the SECOND PARTY. All incidental expenses, i.e. wages/salary, telephone, electricity and water consumption charges, cleaning/up keeping expenses of the showroom, postal/courier charges, credit card/bank commissions etc.i.e.all running expenses will be borne by the FIRST PARTY.

10. That SECOND PARTY shall be responsible for any shortage or loss due to pilferage or damage to the goods. However, the SECOND PARTY shall not be held liable for the damages/loss that may be incurred due to reasons beyond the control of the SECOND PARTY i.e. fire theft, burglary. Etc. or due to natural calamities like flood, earthquake, etc. which would be cleared by Insurance Company and claims payable to the FIRST PARTY.

11. The FIRST PARTY will supply stationary/packing materials free of cost and other items required by the SECOND PARTY to facilitate the customers as and when required.

12. That the SECOND PARTY takes all insurance related to showroom building furniture, fixtures, electrical fittings, and generators sets, air conditioners etc. and will bear all its insurance premium. Maintenance expenses of all the capital items will be borne by the SECOND PARTY.

13. Stocks to be adequately insured for all risk (theft, fire, and riots. Etc) with the policy stating the beneficiary being the FIRST PARTY in event of any claim. The cost of all such insurance will be borne by the FIRST PARTY.

14. That all the expenses at any stage in all conditions and circumstances of advertisements. Will be borne and arrange by the FIRST PARTY to promote the sales of the product of the Company.

15. The party of FIRST PARTY shall maintain adequate stock of goods of value not less than Rs. _____.

16. That the party of the FIRST PARTY shall take back all the non-saleable stock (stock left after organizing clearance sale) lying with the SECOND PARTY and the SECOND PARTY shall not bear the payment of such stocks.

17. The SECOND PARTY will not misuse the trademark of the FIRST PARTY in any manner or any other trademark under which the goods are supplied by the party of FIRST PARTY. In any way, the SECOND PARTY will not use these trademarks for any business during/after the agreement, other then the business of the company and that too with the consent of the company, The SECOND PARTY will ensure that all the brands and its image of the company must be kept high.

18. The SECOND PARTY arranges to give refundable security of Rs. _____ be refunded after expiry/Termination of contract by FIRST PARTY and stocks belonging to the FIRST PARTY shall be lifted simultaneously.

19. That this agreement is for the period of _____ from the date of opening of the showroom. Which may be extended mutually agreed on revised terms.

20. Any variation in the terms and conditions of this agreement will be done by the mutual consent of the parties hereto, which must be reduced into writing and shall form part and parcel of this agreement

21. That on the termination or cancellation of this agreement either party has to give three-month notice to the other party. The party of FIRST PARTY has full Right to get all its stocks, Stationary, accessories, whatever will be supplied by the company. Advertising and accounts books and other records. The SECOND PARTY will have no objection.

22. OWNERSHIP AND CUSTODY OF GOODS

It is specifically understood and agreed by and between the parties that at all time the Company shall be the sole and exclusive owner of the Product supplied or transferred by the FIRST PARTY to the SECOND PARTY under this agreement and/or in the possession of the SECOND PARTY or in transit. Nothing herein contained shall be deemed or intended to create any proprietary rights in the Products in favour of the Consignment Agent. The products shall always belong to and remain in the judicial custody of the FIRST PARTY.

A) The SECOND PARTY shall not have or claim any right, title, interest, claim or demand in the products entrusted to them and they shall not have any lien or another claim whatsoever in or upon the Products.

B) The SECOND PARTY shall not purport to hypothecate, create any right whatsoever in respect of the products entrusted to them under this agreement.

C) The SECOND PARTY shall not pledge, loan, gift or in any other manner deal with or dispose of or destroy the products or do any act, deed or thing whereby any right, title or interest of the FIRST PARTY in the products entrusted to the SECOND PARTY are in any manner adversely affected.

D) The SECOND PARTY shall ensure proper and safe custody of the stock of the FIRST PARTY.

E) The FIRST PARTY shall be entitled to conduct physical stock verification of the stock and/or the books of accounts maintained by the SECOND PARTY either by its own employees or by the auditors or through any other person, person, periodically or at any time as may be convenient during a working day. In the event of there is any difference between the physical stock and the stock as per the books of the FIRST PARTY, then the value of such stocks at the Wholesale priceless commission shall be compensated to the FIRST PARTY by the SECOND PARTY immediately, failing which the amount involved shall be recovered from the commission payable to the SECOND PARTY by the FIRST PARTY.

23. FORCE MAJEURE

If the performance by either party of any of its obligations under this agreement shall be in any way prevented or hindered in consequence of any Act of God or State, or any other circumstances beyond the parties anticipation or control, performance of this agreement shall be wholly or partially suspended during the continuance and to the extent of such prevention, interruption or hindrance, provided that notice in writing of such happening/s or event/s is given to the other party within 15 days of such happening /s or event/s.

24. If there is any dispute regarding the interpretation of the terms of this agreement hereof or Anything did or omitted to be done in pursuance thereof, the same shall be referred to arbitration of an arbitrator to be appointed by both the parties and such arbitration shall be held at _____ in accordance with the provisions of the Arbitration Act and such decision shall be binding on the parties and their representatives.

25. That this agreement shall sole jurisdiction of the court in _____ for any matter arising out of the execution of this agreement and the performance of the obligation by either of the parties under this agreement.

26. Two sets of the agreement are prepared, one kept with the party of FIRST PARTY and other with the SECOND PARTY and duly signed by both parties in front of the witnesses.

27. The SECOND PARTY in any part of the state will make no sales to Dealers/Wholesalers.

(FIRST PARTY)

(SECOND PARTY)

WITNESSES 1:

WITNESSES 2: