

AGREEMENT UNDER PILOT PROJECT SCHEME

This agreement is made on this day of ----- of ----- between U.P. Industrial Cooperative Association Ltd., Kanpur popularly known as "UPICA" an apex Co-operative Society registered under Societies Act, 1912 U/S B Sub Section-2 ii ¼dd½ ¼?k½ having its Head quarter at 117/418-B, Sarvodaya Nagar, Kanpur (which expression where the context so admitted or implies includes their heirs, successors or assigns) through its Managing Director hereinafter called UPICA the 1st party of the agreement of the one part and the M/s -----
 ----- registered under Company's Act. / Societies Act/Other which ever is applicable, details as schedule I (which expression where the context so admits or implies include its successors or assigns) through its Director/Proprietor / or authorized representative hereinafter called 2nd party of the other part.

Whereas the 2nd Party has submitted its application under above scheme fulfilling required criteria and in addition committing voluminous domestic as well as international sale of various cloth and miscellaneous textile / handloom / handicraft and other related allied items through UPICA's respected showroom situated at -----

AND

Whereas the U.P. Industrial Cooperative Association Ltd. (UPICA) engaged in production, development and marketing of a wide range of handloom/ handicraft and other items hereinafter contained through the above showroom under the control & administration of UPICA.

NOW THIS AGREEMENT WITNESSES AS FOLLOWS :

1. This agreement will be valid for a period commencing from ----- to -----, four years contract. However, the agreement is subject to earlier termination as hereinafter contained. The items to be sold by 2nd Party is annexed as schedule – II as part of agreement.
2. The 2nd party accepting the contract/agreement will have to become nominal member of the UPICA and will complete all necessary formalities required by UPICA as per rules and regulations. 2nd party will abide by the By-laws and rules and regulations of 1st party.
3. The 70% space allotted to the 2nd party for sales shall be used for conducting sales only and it should be manned by authorized sales staff of 2nd party. However the staff of 1st party may help, whenever required. No outsider will be allowed at the sales counter and the counter should not be used for any other purpose except conducting sales. The remaining 30% space will be utilized and managed by the sales staff of UPICA for conducting sales of approved items.
4. The 2nd party shall not acquire any interest in the shop premises of UPICA temporarily or permanent. This agreement is only a permission or a provision to sell the product under Pilot Project Scheme being implemented by the 1st party, or only a kind of license to co-ordinate sale of approved products through 70% space provided under the scheme on stated terms and conditions of 1st party. The possession and control of full showroom shall remain with UPICA. In no circumstances the 2nd party should assume or presume or claim any rights of tenancy, ownership or any other kind. If 2nd party does so then it will be treated as violation of the terms and conditions of this agreement.
5. The 2nd party Entering into this agreement for Counter-space in the showroom shall deposit a refundable security amount of Rs. 1,00,000/- (One lac only) by

way of Bank Draft, pay-order in favour of 1st party. The 2nd party shall not claim for its refund during the period of implementation of scheme. If the agreement is abrogated, cancelled or withdrawn, even then the claim of 2nd party for refund of security amount will not be admissible. Refundable security / Guarantee money Rs. 1.00 lac (one lac) will be Exempted for government agencies.

6. As per the terms & conditions of this agreement the 2nd party will pay Profit margin /Profit share against Gross Retail Sale Target to the 1st Party as follows

Annual Gross Retail Target	Profit Margin/Share Payable to UPICA
Yearly Minimum Guaranteed Sale (M.G.S.) of Rs. ----- Lacs	20% i.e. ----- lacs
Over Rs. ----- . lacs	----- lacs + 20% on Sale>----- lacs

The Yearly minimum guaranteed sale target is fixed as Rs. ----- lacs against which minimum profit margin/share of 20% is to be paid by the 2nd party to 1st party. Whether the 2nd party achieves the sales target of ----- lacs or not they have to pay 20% of ----- lacs to the 1st party as profit

margin/share. The profit margin/share for the M.G.S. of ----- lacs is 20%, which comes out to be ----- lacs per annum. For the retail gross sale over --- ----- lacs the rate of profit margin/share will be 20% which is in addition to the profit margin.

7. The above clause as referred is a mandatory/compulsory condition for payment whether the 2nd party achieves the minimum sales target or not they will pay the minimum amount fixed under this agreement as profit margin/share to the 1st party. It does not mean that the 2nd party will stick to this sales only, they will increase the sales as much as they can. For the sales done above the yearly minimum guaranteed sales the rate of profit margin/share is shown in the table of point No. 6. For the calculation of profit margin/share the Gross Retail Sale Target will not include Govt. Supply/Institutional Sales or Export Sale.

8(a) The profit margin/share payable to UPICA by 2nd party will be calculated on

Gross Retail Sale rates. For minimum guaranteed sale the rate of profit

margin/share has been decided 20% which will be calculated on Gross Retail

Sale of ----- lacs, i.e. Rs. ----- lacs (Rs. -----only)
per annum. For retail Gross Sales upto ----- lacs the 2nd party has to pay
minimum Rs. ----- lacs per annum to 1st party. These ----- lacs will
be paid by 2nd party to UPICA in equal installments of Rs. ----- every

month. UPICA will adjust this amount every month from the sale proceeds of 2nd party. The profit margin/share of Gross retail sales above minimum guaranteed sale (M.G.S.) shall also be calculated on Gross Retail Sales at the

- rates given in the table of point No. 6, and it will also be adjusted and taken by 1st party from the sale proceeds of 2nd party every month.
- (b) One month time in 1st. year has been given to 2nd. Party for renovation work and to get 2nd. Party established at showroom. For this one month no profit margin will be taken by 1st. party from 2nd. party. For rest of the Eleven months of this year 2nd. party has to pay profit share (margin) as per previous clause of this agreement i.e. 2nd. party will pay minimum Rs.-----per month to 1st. party for the eleven month in first year. From 2nd. year to 4th. Year 2nd. party has to pay profit margin for all twelve months / year as per terms & conditions.
9. Yearly Minimum Guaranteed Sale will be increased by 10% every year. For 1st year the Minimum Guaranteed Sale has been fixed as ----- lacs.
 10. The 2nd party may offer discount as per the discount policy announced by UPICA and the amount of discount shall be borne by the 2nd party. At present the allowed discount is 15%. If some extra/less discount is given to the customers, then the same will be given and borne by 2nd party, however it should be informed to the 1st party. The rebate allowed under the schemes of government of India, will be passed on to the customers and it will be claimed from D.C. office, G.O.I. as per rules. The 2nd party will not be compensated on A/c of Rebate claim. The 2nd party will not make any claim from UPICA or State Govt. / Govt. of India in respect of Rebate allowed in any scheme.
 11. The 2nd Party will issue the Invoice to UPICA for the sale made by it during the month on monthly basis latest by 7th day of next month giving all the relevant date-wise details of sale. These sale-invoices will be issued by 2nd party after deducting discount allowed by UPICA. Discount may be allowed as per discount policy of UPICA. Presently maximum 15% discount is allowed by 1st party. Discount can be changed any time by Managing Director of 1st party, which will be acceptable to 2nd party.
 12. The 1st party will issue printed numbered Cash-memos of UPICA to the 2nd party. The sale's staff of the 2nd party will attend the customers and issue proper Cash-memos for the goods selected by them. The Cash amount at cash counter will be received by the staff of 1st party (UPICA). The 2nd party or its sales staff will not collect cash from the customers. Cash-memos issued to customers will be as per Gross Sale Rate of 2nd party on which allowed discount will be deducted. Amount of Cash-memo issued to customers will be same as net amount mentioned by 2nd party in his invoice for that particulars item.
 13. That if any Cash-memo is cancelled due to mistake of change of mind of the customer or any reason what so ever, the same shall be brought to the knowledge of Incharge or sales staff of 1st party immediately on the same day

- by the 2nd Party and will obtain the signature on the concerned cash memo otherwise 1st party shall not be responsible for the amount in question.
14. The sale proceeds of the items will be deposited in UPICA's A/c day-to-day basis. The concerned Incharge of the Showroom, on receipt of the sales statements from the 2nd party along with sales invoices as mentioned in clause no. 11 above will make payments from the sale proceeds on monthly basis, to the 2nd party by cheque / bank draft after deducting UPICA's profit margin/share and other expenses, if any.
 15. The 2nd party will bear the credit card commission on actual basis and as such the same will be deducted from the payments to be made to them by 1st party against their sales.
 16. The 1st party will not provide any advance to the 2nd party against the sales/stock or in any other manner. Neither the 2nd party will take any kind of loan/grant from the banks or other institutions on 1st party's behalf.
 17. The items to be kept for sale in Showroom will be of good quality, latest design and at competitive rates. The goods kept in showroom will be under constant scrutiny of the 1st party and goods disapproved by UPICA or any other authorized officer of UPICA, should not be allowed to be sold in the showroom. In case of any complaint received from any customer regarding quality/supply of substandard goods, then the same will be at the risk and cost of 2nd Party. In this regard the decision of Incharge of showroom and other competent officers of UPICA will be final.
 18. The 2nd Party shall not be allowed to supply the items covered under this agreement to any other Party or Firms at any other place within the same locality/city, other than the place where the showroom of 1st Party is situated. Further the 2nd Party will not sell the items, which are not the party of this agreement.
 19. The 2nd Party shall send the goods on F.O.R. destination basis and other incidental charges such as terminal tax, octroi, cartage, insurance etc. whichever is applicable by virtue of business operation by the 2nd party, will be borne by the 2nd party. The 1st party will not be responsible for VAT/Trade-tax liabilities on goods kept by the 2nd party in UPICA's showrooms or for any lapses on part of the 2nd party for liabilities of GST/VAT/Trade Tax or other taxes what so ever. Such liabilities will be borne by the 2nd party. Any legal complication arising due to default of the 2nd party, will be the sole responsibility of the 2nd party and the 2nd party will settle/solve or meet out required formalities or obligations. It will not at all be the responsibility of the 1st party.

20. The items will be displayed in the showroom by the 2nd party, at the place and the discretion of UPICA. The goods of the second party will be kept and displayed on the counters allotted by the Incharge of the showroom. The 2nd party will not make any change in the decor of the floor space allotted without written permission of UPICA. However with the amicable consent some adjustment in the allocation of the counters can be done for boosting sales and achieving the projected target in the interest of 1st party.
21. The 2nd party shall depute their own sales staff who will always be courteous to customers and other staff at the showroom. The 2nd party shall ensure the payment of minimum wages and fulfill all other statutory formalities and bear the burden their of UPICA shall not be liable in any manner for violation of any statutory liability/requirement by the 2nd party. The 2nd party will submit the bio-data of the sale staff along with address and photograph to 1st party for record only.
22. Although the UPICA will make efforts to organize publicity for all related products on its own cost as per need of the market expectations and in accordance with planned strategy of the 1st party. The 2nd party will have the liberty to advertise through any medium of publicity but every publicity material should carry the slogan or message of UPICA and 2nd party will obtain permission of 1st party regard this.
23. If UPICA organizes exhibitions out side the showroom the 2nd party will participate in the same on the terms and conditions of this agreement. The 2nd party if interested can also participate on its own cost in National expos/other expos and International trade fair etc. along with 1st party under the banner of UPICA on the terms & conditions of this agreement.
24. The 2nd party will promote retail sale only, however if it procures Govt./Bulk orders within state of U.P. or out side state of U.P. the profit margin to 1st party will be as per prevailing orders /rules of the 1st party. The Govt. supply/Bulk supply/Institutional Sale or Export Sale will not be accounted in Gross Retail Sale.
25. The payment of supplies made by 2nd party to Govt. and other institutions shall be paid to 2nd party only after receipt of the payment of such sales from the Govt. or other institutions to UPICA. The same way payments of supplies done by 2nd party against Export Orders will be done only after realization of such payments from the exporters to whom supplies have been made.
26. In case of Export Orders upto Rs. 10.00 lacs procured by the 2nd party, 5% profit margin and above this 3% profit margin will be charged by 1st party. The supplies done against Export Orders will also not accounted in Gross Retail Sale.

27. The 2nd party shall maintain records in respect of the stock kept in UPICA's showroom. The 2nd party will provide details of the stock kept in the showroom at the time of commencement of the sales clearly showing the selling price of all items. Every replenishment of stock, addition of stock or return of stock will be intimated to the Incharge in writing. The Incharge will keep simultaneous record of the same. The 2nd party shall inform value of the stock at the end of every month.
28. The items kept in the showroom shall be protected/maintained /well kept by the staff of 2nd party with all reasonable care in co-operation with the staff of UPICA. The 1st party shall not be responsible for any loss to the goods/items due to any of the following : viz – fire building collapse, burglary, shop-lifting, arson, looting, riot, flood and other ex-majure factors which are beyond human control. The 2nd party should get its goods insured at its own cost if so desired.
29. The agreement can be terminated by 1st party, if deemed necessary in the interest of Organization or Govt. forthwith or by giving 30 days notice to 2nd party.
30. If the 1st party is satisfied that the 2nd party has committed breach of any of the terms and conditions herein contained or the behavior or working of the 2nd party is harm full to the interests of UPICA or for any reason, the 1st party of opinion that the continuance of this agreement is against the interest of UPICA, the 1st party shall be at liberty to terminate the agreement forthwith or by giving 30 days notice as the circumstances call for. In such case, the 2nd party shall be responsible to make good the loss to the 1st party, if any, in case of termination of the agreement prior to the stipulated period.
31. With in the notice period the 2nd party must vacate the showroom and its goods must be shifted out of the showroom. After expiry of notice period, if it defaults or delays, penalty will be imposed on 2nd party @ Rs. 5000/- (Rs. Five thousand only) per day alongwith charges of compounding interest. The 2nd party will be bound to pay above penalty and interest.
32. Exclusive of the rights reserved under clauses of this agreement and the circumstances mentioned in para 29 & 30 herein either party is at liberty to terminate voluntarily the contract by giving 90 days notice in advance. However if the agreement is cancelled, then 2nd party shall make good the loss to UPICA for loss of any profit margin / share due.
33. The 1st party reserves the right to inspect the showroom at any time. In case of any irregularities default breach or violation of agreement by the 2nd party, the 1st party will have the power to terminate the contract of the 2nd party without assigning any reasons there of forthwith or by giving one month's notice.

34. The 2nd party will renovate/decorate the showroom at its own cost. However after the expiry of the contract period, voluntarily or situation arising under clauses 29-33, the 2nd party will make no claim on the investment which was done by its own will for renovation / decoration by 2nd party. The 2nd party neither will destroy or take away any of the renovated or decorated material / property from the showroom forcibly or otherwise. However if any damages is done by the 2nd party in any way to 1st party then it will be compensated by 2nd party.
35. The showroom will observe normal holidays as per the Shop & Establishment Act. applicable at the place where the showroom is located. Further, if during the currency of this agreement, the showroom is closed due to disturbances, riots or any reason beyond the control of UPICA, then 1st party will not be responsible for any resultant loss of sales to the 2nd party. The 2nd party will observe the showroom timings and will abide with the decision of the showroom incharge if any change is made in that by him.
36. The 1st party shall not be responsible for any kind of Income –tax liabilities if any arising on the part of 2nd party due to this agreement.
37. The 2nd party will bear the electricity charges and other misc. Charges as per the actual bills. The 2nd party, if required will install accessories etc. renovate, decorate the showroom on its own cost but with the consent and permission of 1st party. The salary of the staff of 1st party deputed on the showroom and the rent of the showroom will be borne by the 1st party.
38. For Opening & Closing of showroom Double lock & key system will be adopted. The keys of main lock will be retained by the staff of the 1st party and the key of second lock will be kept by the staff of the 2nd party for bringing the material or opening the showroom. The 2nd party shall make available the key of second lock every day. In case the 2nd party is unable to produce the key, the 1st party will be at liberty to open the showroom by duplicate key, for which 2nd party will have no objection. If 2nd party wants they can apply seal daily after the closure of showroom.
39. All disputes and differences between 1st party and 2nd party arising out of or in any way touching or concerning the agreement whatsoever shall be referred to the Sole Arbitrator – Registrar, Co-operative Societies or his appointed Arbitrator for adjudication and whose award shall be final and binding on both the parties. All the disputes relating to the agreement shall be subject to the jurisdiction of Courts at Kanpur Only.
40. It will be in the interest of both the parties to maintain amicable business relationship and on the basis of the 2nd party's performance and achievement of the target successfully, it will be the discretion of the Managing Director and

Administrative Board of 1st party to extend the contract or not in the interest of Organization.

For & on behalf of U.P. Industrial
Cooperative Association Ltd.,
Kanpur 1st Party

For & on behalf of
2nd Party

Managing Director
Authorized Representative

Director /Proprietor /
President / Secretary
Authorized Representative
Name of the company/firm
other Agencies/Society

Witnesses

1.

2.

3.

Witnesses

1.

2.

3.