

PROFORMA- 'A'

**AGREEMENT WITH M/S. \_\_\_\_\_.**

This agreement is entered at Chennai on this \_\_\_\_\_ between The Handicrafts and Handlooms Exports Corporation of India Ltd. (HHEC) having registered office at Jawahar Vyapar Bhawan Annexe,1 Tolstoy Marg, New Delhi-1 having its CIN No. U74899DL1958GOI002925 with Branch office at SP 31/32, Industrial Estate, Guindy, Chennai- 600032 through its authorised signatory Shri.\_\_\_\_\_, residing at \_\_\_\_\_, who is authorised and competent to enter into this agreement on behalf of

The Handicrafts and Handlooms Exports Corporation of India Ltd. (HHEC) (hereinafter referred to as "LICENSOR" Which expression shall unless contrary to or repugnant to the context be deemed to include its successors and assigns) on the one part and \_\_\_\_\_ (**Sole Proprietor**) firm, having its Registered Office at \_\_\_\_\_ through its Proprietor \_\_\_\_\_ aged \_\_\_\_\_ years having its office/residence at \_\_\_\_\_ who is authorised and competent to enter into this agreement on behalf of M/s \_\_\_\_\_ (hereinafter referred to as 'LICENSEE' Which expression shall unless contrary to or repugnant to the context be deemed to include its successors and assigns) on the other part, for carrying on business.

WHEREAS it became necessary and expedient for the FIRST PARTY to engage manpower for thread cutting, finishing, packing, QC and checking etc. in a premises at shed SP-31/32, Industrial Estate, Guindy, Chennai- 600032.

WHEREAS SECOND PARTY has approached First Party to provide man power for thread cutting, finishing, packing and checking etc, which are of an intermittent nature? WHEREAS the FIRST PARTY is agreeable to engage the SECOND PARTY under the terms and conditions called hereinafter. WHEREAS the LICENSOR is agreeable to engage the LICENSEE under the terms and conditions called hereinafter.

NOW THIS AGREEMENT WITNESSETH and it is hereby agreed by and between the parties hereto as follows

2. This agreement will be effective with effect from the \_\_\_\_\_

**PREREQUISITES FROM THE LICENSEE:**

3. That the Licensee shall furnish An undertaking to the effect that the Licensee has not been blacklisted by any of the Departments/Organizations of the Government of India/Government of Tamilnadu and no criminal case is pending against the said Licensee;
4. The Licensee shall furnish Proof to the effect that Licensee have experience of providing similar works for at least last \_\_\_\_\_ consecutive years.
5. The Licensee shall also furnish the Proof of Authority according to which the Licensee is authorized to enter into this agreement on behalf of the Licensee

6. The Licensee shall have a valid registrations such as Permanent Account Number (PAN) of the Income Tax Deptt; Service Tax Registration Number; Registration No. of the firm of Licensee alongwith copy of the Certificate of Registration.
7. The Licensee shall have License Number under Contract Labour Act, and shall provide proof for the same. In case the same is not available the Licensee shall obtain License under section 13 of the Contract Labour (Regulation & Abolition) Act, 1970 making an application to the concerned authorities in the prescribed form containing the particulars regarding the location of establishment, the nature of process operation of work for which contract labour is to be employed and such other particulars as may be prescribed.
8. That the Licensee shall not undertake or execute any other work through License labour except under and in accordance with a license issued by the LICENSING OFFICER under the Contract Labour (Regulation and Abolition) Act. 1970.
9. That the personnel having good physique (Medical Fitness certificate required) and preferably from the age group of 18 to 35 years are required to be provided for the work. The Licensee shall arrange for the Medical check-up of his employees and produce the fitness certificate from the authorized hospital/Doctor before reporting for the work and thereafter arrange for medical check-up of his employees every 6 months.
10. That the licensee is at liberty to decide on the number of labour/workmen/personnel to be deployed as it deems fit for carrying out an order of the licensor based on the workload and time limit to carry out such work prescribed by the licensor.
11. The Licensee shall arrange for the substitutes on the absence days of labour/workmen deployed by the Licensee. The Licensee shall furnish well in advance list of labour/workers deployed by Licensee to execute the aforesaid work to the Licensor. The Licensee at its own cost shall ensure issuance of Identity Cards to all such labour/workers indicating the name and address of the employer, i.e. Heena Enterprises (Licensee).

12. The Licensee shall undertake that Licensee has explained to it's labour/workmen that they are required to work in the premises provided by Licensor for manufacturing of garments, orders for which will be placed on Licensee by Licensor intermittently as and when the Licensor received the same from buyers; and such orders shall be executed by the Licensee in accordance with a license issued by the LICENSING OFFICER under the contract labour (Regulation and Abolition) Act. 1970. The Licensee will also undertake that Licensee has categorically made it clear to the Labour/Workmen that The Licensor will not be liable for any dispute arises between Licensee and Labour/workmen deployed by Licensee and that Licensor should not be impleaded in any litigation by the labour/workmen.

**DUTIES AND RIGHTS OF THE PARTIES:**

13. That the Licensee shall at their own cost and expenses execute all fabrication work given by the Licensor to the Licensee from time to time.
14. That the Licensee shall honestly, regularly and diligently carry out and execute all instructions and guidance etc. given by the Licensor to the Licensee from time to time or at any time in connection with the work of fabrication of garments. The Licensee shall execute the work entrusted to them efficiently and shall turn high quality garments according to the specifications and designs given to them by the Licensor from time to time.
15. That the cloth for fabrication of garments will be provided by Licensor and Licensee shall account for the same.
16. That the Licensor will supply its own fully functional machines and other equipments for fabrication of garments. The Licensor & the Licensee will get the equipment inspected and produce a certificate from the manufacturer or their approved representatives at the time of commencement and termination of this agreement respectively.
17. That for the efficient and proper execution of the license of fabrication, the Licensor has agreed to extend the use of its premises described as Shed SP-31/32, Guindy Industrial Estate, Guindy, Chennai-600032 to the licensee for execution of orders given by the licensor from time to time.

18. That occupation of the said premises by the Licensee is a condition precedent of their engagement with the Licensor. Such right of occupation by the Licensee shall forthwith cease upon their contract of this agreement is terminated by the Licensor or on their leaving such assignment or on their dissolution whichever is earlier. Notice given by the Licensor for termination of the agreement at the licensee shall be deemed to the sufficient notice of revocation of the permission to use the premises, machinery and other facilities provided by the licensor to the Licensee.
19. That these presents shall not be deemed to create any relationship of landlord and tenant between the Licensor and the Licensee in respect of the said premises.
20. That the Licensee shall not permit any other persons other than their servants or workers or labour to use the premises hereby licensed for the specific purpose of fabrication.
21. That the Licensee shall not remove, alienate charges, mortgage pledge, hypothecate or in any way dispose off the machinery fixtures fittings and other property belonging to the Licensor.
22. That the licensee shall not make any alteration to the premises or machinery without prior written consent and approval of competent authority of the licensor.
23. That the Licensee will be fully responsible for the maintenance and keep the machines in working order.
24. That in case of any damages caused to Licensor's property by Licensee / his men while executing the job, the cost of the same shall be recovered from the Licensee. Costs of damages if any will be recovered by the Licensor from Licensee security deposit and/ or other dues to the Licensee.
25. In consideration of the Licensor having provided premises & machines, amenities etc., as per Annexure-III and Licensor will recover a License fee from the Licensee at the following rates:-

**a. Rs.3/- per pc for any type of garments.**

**b. Rs.5/- per pc for complicated fabrication of garments.**

26. If further premises are provided to the licensee and additional machinery & fixtures are installed the license fee will be suitably modified by mutual consent at the time of providing such additional facilities. The license fee for special garments of non standard design will be fixed by the Licensor in individual cases in consultation with the Licensee. The License fee will be recovered from the charges payable to the Licensee.
27. That the rates agreed to be paid by the Licensor to the Licensee for fabrication etc. shall be inclusive of all expenses to be incurred by Licensee towards labour/workmen and to meet other statutory requirement and the Licensor shall not be liable to pay any other charges to Licensee or to enhance the rates agreed during the period of the License.
28. The obligation on the part of the Licensor to guarantee the minimum average work shall be only if such rates are mutually agreed upon by the Licensor and the Licensee. Such rates will be fixed keeping in view the market prevalent rates at the time of placement of the fabrication work to be allotted to the licensee. If the Licensee refused to manufacture garments in accordance with the rates mutually agreed by the licensor and licensee, the guarantee averageminimum work provided under this clause shall automatically ceases and determined.
29. That the licensee shall be responsible for due observation of all statutory conditions for requirement under the various laws applicable to the persons engaged by them.
30. That the labour, if any, employed by the licensee shall exclusively be the employee of the licensee acting under the authority of the said licensee and the licensor has no legal obligation and liability towards any such person/labour employed/deployed by the licensee for carrying out its duties under this agreement. The work being of intermittent nature, shall not confer any rights on the licensee or the persons employed/deployed by it towards the licensor under the Contract Labour (Regulation and Abolition) Act, 1970 as per Section 1(5)(a)

of the said Act, and all liabilities and obligation shall be of the licensee towards such persons.

31. The licensee shall be responsible for the acts of commissions and/ or omission of the persons engaged by them and for any loss or damage caused by them to the property of Licensor. The Licensor shall not in any manner be responsible for any acts of commission and/ or omission of the persons engaged by the Licensee, and No claim whatsoever in any respect shall lie against the Licensor. If there is any such claim against the Licensor, the Licensee shall pay the same on the first demand of the Licensor. The amount of the claims may be recovered out of the security to be deposited by the Licensee with the Licensor and the Licensor shall also have the right to recover the same from bills to be submitted by the Licensee.
32. That the Licensee shall remain responsible to the Licensor for due, timely and efficient execution of the job/work entrusted to them.
33. That the Licensee shall carry out the work strictly as per the schedule and any change in the mode of work if desired by the Licensor is to be implemented by the Licensee. Colour matching/ colour fastness of thread, buttons and all other embellishment have to be completed prior to the execution of the job. If any fabricated garments not being in accordance with the specification and is required to be altered or modified, the same shall to be altered or modified, by the licensee at no extra payment.
34. The licensee shall be responsible for the quality of fabrication of garments. They will employ sufficient number of quality inspector and checkers, who will inspect each garment for quality of fabrication before handling over the garments for finishing and packing.
35. That in the event of claim on the Licensor from the foreign buyer, in respect of garments manufactured by the licensee, the licensee shall pay an amount equal to 25% of the fabrication charges paid by the licensor to the licensee for the garments under claim of 10% of the total claim whichever is less. If the garments is rejected by the licensor the full cost of fabrics as well as other accessories

supplied by the licensor to the licensee will be recovered by the licensor from the licensee or other dues of the licensee.

36. That the workers engaged by Licensee for execution of awarded aforesaid work shall be employees of Licensee only and not of Licensor. That the Licensee and his workmen will not have any lien or right of employment as employees of Licensor.
37. That the licensee or the persons engaged by them shall not be entitled to any benefits privileges or advantages etc. available to the employee of Licensor. The licensee will have no claim whatsoever against the Licensor except to the extent of payment of their bills for fabrication, of the garments according to the terms of the agreement.
38. That the licensee shall employ their own labour for the purpose of carrying out the jobs entrusted to them and agreement shall not creates and relationship as employer and employee between the licensor and licensee. The Licensee will be the first judge as to the number of persons to be engaged for work entrusted to them and the licensee alone will be entitled to dictate such persons the manner of executing the work without any interference from the Licensor. The Licensor shall not have any connection, contract or control whatsoever with the persons engaged by the Licensee nor will it exercise any supervision or control over the manner by which anything is to be done by the persons engaged by the Licensee.
39. That It will be Licensee's responsibility to maintain proper discipline and control among the person deployed by him.
40. The Licensor will have nothing to do with the conditions of employment or engagement or manner of mode of the same. The Licensor will neither have anycontrol in the matter or their discharge, dismissal, termination or re-employment; nor shall any such claim lie against the Licensor.
41. That it shall be the sole and absolute responsibility of the licensee to pay the salary of the workmen/staff employed by the licensee as contract labour and such wages, or salary shall be paid before the expiry of such period as prescribed, and in accordance with the various laws in force. The Licensee shall

ensure payment to the labour not less than Minimum wages eligible to the respective category /qualification as per the Wage Act to his employees. That the Licensee shall bear the entire raise in wages/payments and other statutory levies in respect of the employees deployed by him during the tenure of License. That the Licensee shall be liable for the bonus, if any, to be paid to the workers deputed for work.

42. That the Licensee shall comply with all the statutory norms including hours of work and Holidays / Rest. The Licensee shall allow a holiday for one full day to every workman deployed by him in each week after 6 days of continuous work in addition to National/Festival Holidays.
43. That the Licensee shall disburse the wages to his employees deployed by him for the concerned contract work on or before 7<sup>th</sup> day of subsequent month following, irrespective of whether Licensor has settled any of Licensee's bills or not before that date. Licensee shall disburse the payment to his deployed employees in the presence of personnel of Licensor.
44. That The Licensee shall be liable to comply with the statutory and other welfare measures including leave wages for the workmen employed by the Licensee for the aforesaid work, Factories Act, 1948 etc. the Licensor shall have no obligation in this regard and Section 101 of Factories Act, 1948 shall be applicable.
45. That the Licensee shall not employ child labour.
46. That the Transport / conveyance of workers engaged by the Licensee is to be arranged by the Licensee only.
47. The Licensee shall be responsible for the safety aspects of his employees deployed for the work. He should provide necessary safety equipments like Goggle, shoes, Gloves, Mask etc at his own cost to his employees deployed for the said work wherever necessary. The safety & quality policy of the Licensor Company shall also be complied by the Licensee.
48. That the Licensor shall not be liable for any accident happened to Licensee's workmen while on work during the License period. The Licensee has to buy

personal accident insurance policy in respect of the employees deployed by him as per the Payment of Workmen compensation Act.

49. That the Licensee shall obtain CPF Code NO. and ESI Code No. from the Regional Provident Fund Commissioner and Employees State Insurance Corporation Ltd. respectively before the commencement of the work or maximum within 30days of signing of this licensee whichever is earlier.
50. That the Licensee is responsible for payment of Minimum and statutory payments like PF, ESI etc in respect of the workers deployed by him for carrying out the duties covered under this agreement and Licensor shall not be responsible for the payment of same.
51. The licensee shall deposit all the dues within the prescribed time under Employees Provident Fund Act, Employees State Insurance Act and other labour Laws and satisfy the licensor about the observation about the laws and produce the evidence of having deposit the dues to the licensor every month failing which the licensor shall have the right to recover such dues from the fabrication bill of the licensee and / or any other dues payable to the licensee. If the licensee fails to obtain the license as stipulated above, the license shall stand terminated forthwith without any obligation to the part of the licensor.
52. That the licensee shall be responsible for the maintenance of accounts and submission of returns or reports required by the law.
53. That the Licensee shall not be allowed to sub contract the awarded work. The Licensee shall execute the work as per this agreement with the Licensor.
54. That the Licensee shall not during the continuance of this agreement whether directly or indirectly either along with or in conjunction with others or through any agent or other persons engaged in or be concerned or interested in the fabrication, manufacture, production sale or Converting of products of the Licensor.
55. For the performance to be done by the Licensee, the Licensee shall be entitled to receive from the Licensor amount (s) at such rate(s) as may be mutually decided

upon, depending upon market rate. The Licensee shall submit their bills on completion of the assignment entrusted to them and the Licensor will Endeavour to make payment of the bills within 15 days of the receipt of bills (s) If otherwise in order.

56. That the Licensee shall deposit with the Licensor a bank guarantee of Rs 1, 00,000/- (Rs. One Lakh only) from nationalized bank for the due and diligent performance of this agreement. The said bank guarantee will be for a period of 15 months. In case the agreement is extended beyond period as specified in this agreement the Licensee shall renew the guarantees for a further period of 15 months failing which the Licensor shall have the powers to revoke the bank guarantee and the said amount shall be as deposit not to carry interest.

**INTELLECTUAL PROPERTY PROTECTION:**

57. That the licensee shall not divulge any design, pattern and any trade secrets of any other intellectual property of the Licensor to any other person. Any violation thereof shall result an action by the licensor in accordance with the concerned laws of Intellectual Property Protection in India and Common law in that respect and shall also result in termination of the contract along with a liquidated damages of Rs. 1, 00,000 (one Lakh only) payable by the licensee to the licensor without prejudice to damages claimed under the intellectual property laws of India.

**DURATION OF AGREEMENT:**

58. That this agreement will be in force till 30.6.2018 and may be renewed further by mutual consent. However, it will be open to the Licensor or Licensee to terminate this agreement during its existence without assigning any reason therefore, by giving one month's notice in writing to the other party.

**TERMINATION OF AGREEMENT:**

59. That the Licensor shall be entitled to terminate forthwith license hereby granted if Licensee fail to comply with any of the terms of conditions contained in this agreement. Non Compliance of any of the terms and conditions herein contained may be deemed of the licensor to be an act of termination of the License.
60. In case of any default by the licensee in compliance of terms and conditions of this agreement the same shall stand terminated forthwith. Besides the Licensee

shall be liable for payment of liquidated damage for a sum Rs.1, 00,000/- (Rs. One lakh only) to the Licensor. If they fail to pay the sums to the Licensor within 15 days of the notice in this behalf of the Licensor, the Licensor will be within its rights to make good the same out of the security and/or other dues of the Licensee.

61. That the Licensor reserves the right to cancel the License at any time during the License period without paying any compensation and the decision of the Licensor with regard to termination of contractual provision will be final and the matter cannot be referred to the court, in case of violation of prevailing labour laws meant for the welfare of labour/workmen. The Licensor will not be liable for any dispute arises between Licensee and Labour/workmen deployed by the Licensee.
62. That the Licensee agrees that on expiry or earlier termination of this agreement, the Licensee and the workmen/labour deployed by the Licensee shall vacate the factory premises, without in any way causing any damage to the said premises and the factory's property therein.
63. In case the Licensees does not comply the statutory requirement of factory act etc., the Licensor will forfeit the Bank Guarantee.
64. In case the licensee has been found to have furnished false, fabricated or misleading information as required to be furnished in this agreement, the licensor shall have the right to take appropriate action including, but not limited to, termination of the contract and invocation of Bank Guarantee and licensee shall be liable to all consequences thereof.
65. **DISPUTE RESOLUTION:**
  - (a) Any dispute or difference of opinion arising out this agreement or in connection with its implementation or execution of the same shall first be tried to be settled amicably by the parties amongst themselves within one month of that dispute. If the parties fail to reach to any amicable settlement the dispute or difference of opinion shall be exclusively referred to

Arbitration. The dispute or difference of opinion shall be referred to the arbitration by a sole arbitrator to be appointed by HHEC and such arbitration shall be conducted under the provision of the Arbitration and Conciliation Act, 1996 or any re-enactment, modification or amendment thereto.

- (b) The arbitration proceedings shall be conducted at New Delhi only and the language of the arbitration proceedings shall be in English.
- (c) The award passed by the sole arbitrator shall be final and binding upon both parties thereto.
- (d) The fee or expenses of the Arbitration proceedings shall be borne by the parties in equal shares.
- (e) That in the event of the arbitrator dying, neglecting or refusing to act or resigning or the award being set aside by the court for any reason, it shall be lawful for the Chairman of the HHEC to appoint another sole arbitrator in place of the outgoing arbitrator in the manner aforesaid.
- (f) For all other and ancillary matters, the courts of Delhi shall have the exclusive jurisdiction.

66. That it clearly agreed and understood that this agreement should in no way impair the Licensor's right to have the garment fabrication from any other person either directly or through any other reason.

**INDEMNIFICATION:**

67. That if there is any amount which is receivable by the Licensor from the Licensee under the agreement or any other agreement between the Licensor and the Licensee the same shall be paid by the Licensee to the Licensor on demand and/or may be recovered by Licensor on demand and/or may be recovered by the Licensor from any amount which may fall due to the Licensee under this or any other agreement.

- 68. That the Licensee shall indemnify and keep the Licensor indemnified against all losses and damages, cost, charges and expenses which the Licensor may suffer or incur on account of any commission or omission of the Licensee.
- 69. That the Licensee shall not have the right to assign their rights and obligations under this agreement to any persons without consent of the Licensor.
- 70. That after the present agreement is signed all previous correspondences and negotiations pertaining there to and all other previous agreement shall stand cancelled and the same will be null and void in so far as they are contrary and inconsistent with the provisions of this agreement
- 71. That if there is any change in the constitution of the Licensee, the Licensee shall inform the same to the Licensor immediately thereof.

IN WITNESS THEREOF THE PARTIES AFORESAID HAVE SET THEIR HANDS ON THIS \_\_\_\_\_

Signed by

Signed by

( Authorized Signatory)  
 For and on behalf of the  
 The Handicrafts & Handlooms  
 Exports Corporation of India Ltd.  
 Chennai-600032.

(Authorized Signatory)  
 For and on behalf of the  
 \_\_\_\_\_,

Witness: -

Witness:-

1

1

2

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To,  
The Branch In-Charge,  
The Handicrafts and Handloom Exports  
Corporation of India Ltd.  
SP-31/32, Industrial Estate, Guindy  
Chennai-600032.

**Sub- Renewal of Agreement**

Respected Sir,

I Shri \_\_\_\_\_, residing \_\_\_\_\_ sole proprietor of  
M/s. \_\_\_\_\_ (**Sole Proprietor**) firm, having its Registered Office at  
\_\_\_\_\_, expresses my interest to provide fabric cutting, stitching  
and finishing, etc. to The Handicrafts and Handlooms Exports Corporation of India Ltd.  
(HHEC). Considering our previous performance we hereby request you to renew the  
agreement entered between us on \_\_\_\_\_.

Thanks and Regards