

ENGAGEMENT OF DOMESTIC GENERAL SALES AGENT (GSA) FOR DISPLAYING AND SELLING THEIR PRODUCTS ON CONSIGNMENT BASIS IN THE DOMESTIC MARKETS THROUGH HHEC'S RETAIL OUTLETS AND SHOWROOM AND OBTAINING ORDERS FOR DOMESTIC MARKETS

COMPANY PROFILE

1. Background

The Handicrafts & Handlooms Exports Corporation of India Ltd. (the "Corporation") is a Government of India Undertaking under the administrative control of Ministry of Textiles. It was established in the year 1958, as "Indian Handicrafts Development Corporation Ltd" with the twin objective of (i) export promotion and (ii) trade development of handicraft and handloom products. In the Year 1962, it was renamed as "The Handicrafts & Handlooms Exports Corporation of India Limited". The Corporation is presently is a two star export house engaged in exports of handicraft and handloom products (including hand knotted woolen carpets and ready- made garments) besides undertaking export of gold and silver jewellery / articles. The Corporation was nominated in the year 1997-98 for import of bullion and sale in the domestic market.

2. Business Setup:

- ✓ Registered office at Jawahar Vyapar Bhawan , 1 Tolstoy Marg, New Delhi .
- ✓ Corporate Office at A-2 Sector 2, Gautam Budh Nagar, Noida.
- ✓ Branches at Delhi , Chennai, Kolkata and Mumbai in all four Regions .
- ✓ Garment factory at Chennai and Noida .

Retail Shops:

1. Souvenir Shops at Dilli Haat, INA, New Delhi
2. Craft Museum Lota shop . New Delhi,
3. National Museum Shops, New Delhi
4. Salarjung Museum, Hyderabad, Andhra Pradesh
5. Sarnath Museum Shop, Sarnath, UP

SCOPE OF WORK

1. Scope of Work:

a) GSA can be sold their Products in the following product categories through any of the retail outlets of HHEC:

- a. Silver Articles and Jewellery
- b. Shawls and stoles

b) Management of HHEC has reserve right to decide the place where their products can be displayed and sold. No question from any GSA will be entertained in this matter.

b) One GSA can be eligible for One Product Categories Only.

TERMS AND CONDITIONS

Terms and Conditions:

1. COMPANY'S DUTIES AND PRICING

- a) The Company shall forward to its General Sales Agent all enquiries received directly from the buyers.
- b) The Company agrees to furnish to the General Sales Agent upon request, pricing, delivery and technical information covering Company's products as they may relate to the sales effort of the General Sales Agent.
- c) The Company agrees to furnish, from time to time, to the General Sales Agent information concerning the availability of new products, which may be marketable in overseas/domestic market .
- d) The Company will quote to the General Sales Agent its most competitive prices for any inquiry.
- e) The Company shall upon receipt of Orders, arrange production of goods as required to make timely delivery of all such goods that may be sold by General Sales Agent. The General Sales Agent will use its best efforts for the timely opening of Irrevocable Letter of Credit at sight by the buyer.
- f) The Company reserves its rights to accept/reject/modify the order secured by its General Sales Agent and/or directly by the buyer. The Company also reserves its right to accept/reject the irrevocable Letter of Credit at sight if it is in variance with the order/orders accepted by the Company.
- g) The Company reserves its right to commence production and also to fix delivery schedule(s) according to the Irrevocable Letter of Credit at sight requirements.
- h) The General Sales Agent will tender all necessary Services and efforts to promote and timely clearance of the bill by the buyer.
- i) The GSA shall pay to HHEC a refundable interest free earnest money deposit of Rs.50,000/- (Rupees Fifty Thousands Only).
- j) The General Sales Agent will obtain minimum guaranteed business in domestic market for - minimum Rs.20,00,000/- (Rupees Twenty lakhs) in the first year. The company reserves the right to terminate this agreement in case of not achieving the minimum performance level i.e Rs. 20,00,000/-(Rupees Twenty Lakhs) during the period of one year of signing the Agreement and the entire EMD of Rs. 50,000 (Rupees Fifty Thousand) shall be forfeited. This agreement can also be terminated within 30 days notice upon mutual written consent between the Company and the General Sales Agent. Subsequent year target will be fixed in the corresponding year.
- k) In case of non-fulfillment of any of the terms of the agreement under clause 2 sub clause (a) to (n), the agreement can be terminated by the aggrieved party after giving notice of 30 days in writing.

2. PAYMENT

- a) The General Sales Agent's commission is fixed at 10% (ten percent)for domestic market. HHEC's average margin will be 15%. For Domestic business net margin to HHEC will be 15%. The Commission will become payable after realization of sales proceeds.
- b) The commission entitlement is for all orders secured by the General Sales Agent in domestic Market.

c) The party will supply products on consignment basis and displaying and selling their product through retail outlet/s and the products will be kept ready for instant sale to the HHEC as per requirement and demand of the customer of HHEC at the selling price already fixed for the customer. HHEC will effect the sale of selected goods at that selling price after purchase from the party at mutually decided price or at agreed PDM (Pre Determined Margin) of _____%.

d) In case of failure to achieve the said minimum guaranteed sales per annum, the party will pay the PDM of the difference between actual sale and the said guaranteed sale.

3. DUTIES OF AGENT

a) The General Sales Agent will obtain minimum guaranteed business in domestic market for minimum Rs.20,00,000/- (Rupees Twenty lakhs) in the first year.

b) For Consignment goods Displaying and selling through retail outlets, the minimum guaranteed sales and minimum guaranteed PDM (Pre Determined Margin) to be decided from the highest bidder quote and Highest PDM quote by the prospective Bidder. Management of HHEC has reserve its right to accept/reject the offer.

c) General Sales Agent will also provide advisory professional Services to upgrade the sample range on an ongoing basis to best suit the Domestic Market. The Service charges for design and technical consultants and fee for participation in exhibitions and trade fairs shall be decided on case-to-case basis.

d) The sales Agent shall employ Agents at its own cost and expenses for canvassing the company products.

e) The sales Agent may appoint sub-agents for any Country and on such terms and conditions as the Agent may think fit. However the company shall not be liable for any dealing between the sales Agent and its subagents.

f) The sales Agent shall not make any representation on behalf of the company except in conformity with the instructions issued by the company.

g) The sales Agent shall book orders of the company's products on the terms and conditions mentioned in the Schedule attached hereto. The terms and conditions shall be subject to change by circulars or instructions by the company from time to time and the sales Agent shall be bound to follow the instructions issued by the company from time to time.

h) The General Sales Agent will cover the domestic market for the products of the Company as mentioned above at its own cost.

4. TERM OF AGREEMENT

a) This agreement shall be in force for a period of 1 (One year). However, the performance of GSA will be reviewed by the Management of HHEC in Half-yearly basis and extended every year subject to satisfactory performance of the GSA.

b) On review of Performance in half yearly basis and after one year, if minimum target is achieved, the agreement will be continued on mutual consent for remaining period of agreement. However target will be for 1st year only. Subsequent year target will be fixed in the corresponding year.

c) The General Sales Agent will cover the overseas/domestic market for the products of the Company as mentioned above.

5. NO EMPLOYMENT CONTRACT

Nothing contained in this agreement shall be construed to constitute sales Agent as a partner, employed, or agent of the Company nor shall either party have authority to bind the other in any respect, it being intended that sales Agent is an independent contractor.

6. TERMINATIONS

a) At the termination of this agreement whether by efflux of time or otherwise, the company shall not be liable to pay any commission to the sales Agent for the orders received after the expiry of agency period.

b) The quality and authenticity of the goods to be maintained by the GSA. Any inferior quality supplied by the GSA and if it is came to the notice of Management of HHEC at any time, the Agreement will be terminated forthwith and any damage/ loss on account of this will be recovered from GSA.

c) Responsibility upon Termination

All documents of any description prepared by the Sales Agent during the course of performance of services by it under this Agreement shall become the property of the Company during the existence of the present agreement and upon its termination thereof. Further, any material, information, knowledge, provided by the Company to the Sales Agent in connection with or furtherance of Sales Agent's services under this Agreement shall immediately, upon the termination of this Agreement, be returned to the Company.

7. COMMUNICATION

Unless otherwise agreed upon, the respective addresses for communication in respect of any matter relating to this agreement shall be as under: For the Company

The Handicrafts & Handlooms Exports Corporation of India Ltd "NOIDA COMPLEX" A-2, Sector-2, Udyog Marg, NOIDA, UP 201301

For the Sales Agent.

8. CONFIDENTIALITY

Obligation of Confidentiality In performance of its services under this Agreement, the "Confidential Information" of the Company, that the Sales Agent may be exposed to and may be required to use, shall not be used by the Sales Agent or its employees, agents or Agents either, directly or indirectly, to the benefit of any person, entity or organization other than the Company, and the Sales Agent shall not disclose such Confidential Information without the written authorization of the Director of the Company, either during or after the term of this Agreement. The Sales Agent shall maintain in strict confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of Company, which the Sales Agent may receive from the Company or become aware during the performance of its services.

9. Standard of Conduct In rendering services under this Agreement, the General Sales Agent shall not represent the Company or act as Agent of the Company to any party, buyer, purchaser, brand during the course of any negotiation and shall conform to high professional standards of work and business ethics. Sales Agent shall not use any material and/or information of the Company without the prior written consent of the Company. In no event shall Sales Agent take any action or accept any assistance or engage in any activity that would result in any other company or other person, entity or organization acquiring any rights of any nature in the results of work performed by or for the Company.

10. Taxes

General Sales Agent shall be responsible for all taxes arising from the amounts paid under this Agreement, and shall be responsible for all payroll taxes and fringe benefits of its employees. Government levied service tax will be applicable on the fee for the transaction and the rates

prevailing at the time of raising the invoice shall be applicable and the fee shall at all times be subject to Indian law including Withholding Tax, if applicable. HHEC will not be held any responsible for any demand arisen out of any labour laws, Minimum Wage Act, Bonus Act, Workmen's Compensation Act, Payment of Gratuity Act, Provident Fund Act or any other related Act. It is the sole responsibility of General Sales Agent.

11. Benefits

General Sales Agent and its employees shall not be eligible for, and shall not participate in, any employee pension, health, welfare, or other fringe benefit plan, of the Company. No workers' compensation insurance shall be obtained by Company covering the Sales Agent or its employees.

12. Indemnity

The General Sales Agent shall be solely responsible for any loss, damage, harm or deficit caused to any third party due to its misrepresentation of any fact, knowledge, data, experience or information concerning the Company to any third party or which arises due to the willful misconduct or gross negligence of the General Sales Agent. The Company shall not bear any responsibility or defend the Sales Agent against, and indemnify and hold the Sales Agent harmless from, any claims or suits by a third party against the Sales Agent or any liabilities or judgments based thereon, either arising from the Sales Agent's deficiency in services for the Company under this Agreement.

13. Conflict of Interest

General Sales Agent covenants and agrees not to provide any services in any manner or capacity to a direct competitor of the Company during the duration of this Agreement unless express written authorization to do so is given by the Company's President. A direct competitor of the Company for purposes of this Agreement is defined as any individual, partnership, corporation and/or other business entity that engages in the business similar to what is provided in Clause 1(a). 15. Construction of Terms

If any provision of this Agreement is held unenforceable by a court of competent jurisdiction, that provision shall be severed and shall not affect the validity or enforceability of the remaining provisions.

14. Modification

No modification, termination or attempted waiver of this Agreement, or any provision thereof, shall be valid unless in writing signed by the party against whom the same is sought to be enforced.

15. Waiver of Breach

The waiver by a party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other or subsequent breach by the party in breach.

16. Successors and Assigns

This Agreement shall not be assigned by the Sales Agent to any Third Party under no circumstances. The benefits and obligations of this Agreement shall be binding upon and inure to the Sales Agent hereto, its successors and assigns.

17. No Conflict

Sales Agent warrants that it has not previously assumed any obligations inconsistent with those undertaken by the Sales Agent under this Agreement.

18. ENTIRE AGREEMENT

This writing contains the entire agreement of the parties and there are no other agreements, representations or warranties. Not set forth herein.

19. DISPUTE RESOLUTION

Any and all disputes, controversies, differences arising between the parties hereto out of or in relation to this agreement or any breach thereof shall be finally settled by arbitration by Sole Arbitrator, to be appointed by the Managing Director of the Company. The award given by the Sole Arbitrator shall be final and binding on the parties. The venue of Arbitration shall be at New Delhi only and the language of Arbitration shall be English.

20. JURISDICTION

Both the parties mutually agree that only the courts in New Delhi shall have the exclusive jurisdiction to try and entertain any/all disputes/ issues arising from and relating to this Agreement.

21. Whenever there is a duplication of clause either in the terms and conditions or in the agreement, the clause which is beneficial to the HHEC will be considered applicable at the time of any dispute/following any statutory rules and the decision HHEC shall be final in this regard and contract agency will bound by the same.

Note: These terms and conditions are part of the Contract/Agreement as indicated in the Agreement between HHEC and the GSA and any non-compliance shall be deemed as breach of the Contract/Agreement.