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# **Agreement Between Principal and Sole Selling Agent**

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Agreement is made at . . . . this . . . . day of . . . . between M/s. A & B Co.Ltd., a Company registered under the Companies Act, 1956 and having its registered office at . . . . hereinafter referred to as 'the Company' of the One Part and M/s. XY & Co. a partnership firm consisting of (1) . . . . . (2). . . . . (3). . . . . as partners and having their office at . . . . hereinafter referred to as 'the Firm' of the Other Part,

WHEREAS -

1. The Company is carrying on business of manufacturing television sets known by the trade name of . . . . .

2. The Firm has offered to act as the sole selling agents of the Company in the State of . . . . and the Company has agreed to appoint the Firm as the Sole Selling Agents of the T.V. sets popularly known as . . . . . manufactured by the Company, in the State of . . . . on the following terms and conditions agreed to between the parties.

3. In the general meeting of the share holders of the company held on the . . . . day of . . . . . the appointment the sole selling agents and the terms thereof as are herein recorded have been approved by the meeting.

4. It is proposed to enter into this agreement recording the said terms and conditions.

NOW IT IS AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:—

1. The Company hereby appoints the Firm as the Sole Selling Agent of the Company for the sale of the T.V. sets manufactured by the Company known by the brand name of . . . . in India and the Firm hereby accepts the said appointment on the following terms and conditions.

2. The Company shall pay to the Firm a commission at the rate of . . . . percent on the sale price of the T.V. sets for every T.V. set sold by the Firm in the said State.

3. The T.V. sets will be supplied by the Company to the Firm as per the orders or requirement received by the Company from the Firm in writing. The sets will be transported by the Company from its factory to the place or places required by the Firm and the transport charges and insurance, will be paid by the Firm or the transport charges will be added to the Company's factory price payable in respect of the T.V. sets so despatched. The Firm can add the transport charges to the price of the T.V. sets proportionately.

4. The Firm covenants with the Company that -

(a) The Firm will not sell T.V. sets of any other manufacturer in the said State.

(b) The Firm shall make best endeavour to promote sale of the Company's T.V. sets in the State and shall properly advertise the sets through different media of publicity such as newspapers, cinema

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theatre, posters in the State but the Firm will not make advertising publicity through Television or Radio.

- (c) The Firm shall act faithfully and diligently with the Company and disclose all complaints received by them from the customers to the Company.
- (d) The Firm shall sell the T.V. sets to genuine customers in the State and not to any party for re-sale of the same outside the said State.
- (e) The T.V. sets will be sold by the Firm at the price that will be fixed by the Company for that State on the basis of the factory price, together with the transport charges, sales tax, octroi and other duties and taxes payable. Such price will be fixed by the Company as far as possible in consultation with the Firm from time to time. The sets will not be sold by the Firm for any price higher than the price so fixed.
- (f) The Firm shall sell the T.V. sets on cash basis and not on credit. If the Firm sells any set or sets on credit, the price thereof payable by the Firm to the Company will be payable and paid irrespective of whether the Firm has received the price from the customer or not.
- (g) The Firm shall keep accounts of the T.V. sets received from the Company and sold by the Firm in the said State directly or through Sub-agents together with the account of the moneys realised and the commission payable to the firm. Such account will be made on quarterly basis and the account will be sent to the Company within two months from the end of each quarter ending 31st March, 30th June, 30th Sept. and 31st Dec. each year.
- (h) The Firm shall remit the amount of the sale price of the sets sold during each quarter, less the commission payable to the Firm alongwith the statement of account aforementioned. Such account and payment will be subject to verification by the Company and if any mistakes are found they will be verified and settled by mutual consent.
- (i) The Firm shall not give any warranty as to quality of the sets sold to the customers other than the warranty given by the Company.
- (j) If the Firm receives any complaints regarding any defects in manufacture, the Firm shall intimate the same to the Company. If the defect is found genuine, the Firm can substitute another set for the defective set and the defective set will be returned to the Company at the cost of the Company and the adjustment of the price thereof will be made in the accounts. However, no set sold will be taken back after the guarantee period is over.
- (k) If any dispute arises with any customer or with the sub-agent of the Firm, the same will be communicated to the Company immediately.
- (l) The Firm shall keep informed the Company about the market position of the sale of T.V. sets in general and of T.V. sets of the Company in particular from time to time.
- (m) The Firm shall maintain accounts of the sale of the Company's T.V. sets as aforesaid and the same will be open for inspection by the Company whenever required.

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- (n) The Firm shall not hypothecate or pledge the T.V. sets supplied by the Company and otherwise raise any loan on the security of such sets.
- (o) The T.V. sets will be sold on the trade mark or trade name of the Company and no change or tampering with the same will be made.
- (p) In all advertisements made by the firm regarding the said sets, the Firm can mention its name as the Sole Selling Agents of the Company.
- (q) The Firm shall provide shops, godowns or storerooms for stocking the T.V. sets received from the Company and keep them safe and in good condition.
- (r) If any suit or legal proceedings are taken in any court in the said State to the knowledge or information of the Firm against the Company or the Firm or its sub agent, the Firm shall immediately furnish all information and papers relating thereto and available with the Firm to the Company.

5. The Firm shall be entitled to appoint sub-agents at different places in the said State on such terms and conditions as may be agreed upon between them but such agreements will be subject to the terms and conditions hereof. The Company will not be responsible for or concerned with the dealings between the Firm and its sub-agent. The Firm will continue to remain liable to account to the company in respect of the dealings between the Company and the Firm. The transport charges for carrying the sets from the shop or godown of the Firm to the shop or godown of any sub-agent will be borne by the Firm or as may be agreed between the Firm and the sub-agent but the Company will not be liable for the same.

6. The Company agrees that if the Company receives any order for supply of T.V. sets from any party from the said State direct, the same will be sent to the Firm for being complied with. The Company, however reserves the right to sell any T.V. set to any particular person in that State as a special case.

7. The Firm shall open a separate Bank account in their name with any Bank and in which only the moneys received and spent under this contract shall be credited and debited. All payments to be made and expenses to be incurred will be drawn from such account as far as possible.

8. The Company shall insure and keep insured all the T.V. Sets supplied to the Firm so long as they are within the custody of the Firm or are in transit from the Company to the Firm against loss or damage by any reason whatsoever.

9. The Firm shall not assign the benefits and rights under this agreement except by way of sub-agency to any other person without the consent of the Company. Similarly the Company will not appoint any agent for sale or to sell any set in the said State directly or without the consent of the Firm.

10. The Firm shall get the T.V. sets supplied by the Company tested or repaired through the technicians or mechanic recognised by the Company in the State or elsewhere but in case such a technician or mechanic is not available the Company shall, whenever required by the Firm, send its mechanic or technician for doing the work and his charges will be paid by the Company.

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11. If the T.V. sets manufactured by the Company undergo any change in technique or design the firm will be entitled to return to the Company the old T.V. sets remaining unsold till the Company supplies new sets in their place.

12. The duration of this agreement shall be for a period of 5 years from the date hereof, subject to what is herein otherwise provided.

13. Any party will be entitled to cancel this agreement by giving prior notice of atleast one month to the other party in any of the following events-

- (a) If the other party commits breach of any term of this agreement.
- (b) If the other party being the Company, goes into voluntary liquidation or is ordered to be wound up by a court of law.
- (c) If the other party is the Firm, the Firm being dissolved.
- (d) If the other party ceases to carry on the business of T.V. Sets.
- (e) If any event happens which makes the performance of this agreement impossible by reason of any force majeure or otherwise.
- (f) If the Firm is guilty of any conduct which the Company feels prejudicial to the interest of the Company and in this matter the Board of Directors of the Company will be the sole judge.

14. On the termination of this agreement for any reason the Firm shall return all the unsold T.V. sets of the Company to the Company and render account of the dealings since the settlement of the accounts from the last previous period till the cancellation of this agreement.

15. If the Firm is dissolved, the partners shall not assign the benefit of this agreement to any of the partners as a term of such dissolution, without the consent of the Company.

16. In the event of any dispute or difference between the parties hereto, regarding the interpretation or meaning of any provision of this agreement or regarding any claim of one party against the other or regarding any other matter arising out of this agreement, the same will be referred to arbitration of a common Arbitrator if agreed upon or otherwise to two arbitrators, one to be appointed by each party and the arbitration will be governed by the Arbitration Act for the time being in force.

17. The Firm will deposit and keep deposited with the Company a sum of Rs... as security for the performance of this contract and the same will be refunded to the Firm without interest on the determination of this agreement, subject to deduction of any amount payable by the Firm to the Company under or by virtue of this Agreement.

18. The waiver by the Company of any breach of any term of this agreement shall not preclude the Company from enforcing any subsequent breach of that or any other term and shall not be considered as a waiver of the subsequent breach also.

19. This agreement embodies the entire agreement or understanding between the parties relating to the subject-matter of this agreement and no other term, or promise or condition or obligation, oral or in writing shall be pleaded as agreed upon between the parties relating to this agreement.

20. For any suit or legal proceeding arising out of this agreement only the courts at. . shall be the courts having jurisdiction to entertain and try the same.

21. It is declared that the firm of the sole selling agent or its partners have no substantial interest in the company within the meaning of section 294AA of the Companies Act.

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22. The firm shall not be entitled to any compensation for loss of office on any ground.

23. This agreement is subject to the approval of the Government of India and if the Government varies any of the said terms herein contain such variation will be binding on the parties hereto.

24. The agreement is executed in duplicate and one copy hereof will be kept by the Company and the other by the Firm.

IN WITNESS WHEREOF the parties have put their respective hands the day and year first hereinabove written.

Signed for and on behalf of the )  
said M/s. A & B Co. Ltd., by Mr... )  
a Director duly authorised in that )  
behalf, in the presence of ... )

Signed by the withinnamed )  
(1) ... )  
(2) ... )  
(3) ... )  
the present partners of the Firm )  
of M/s. XY & Co. in the presence of )

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