

INDEMNITY BOND
FRANCHISE AGREEMENT

This franchise is register on _____ (“Effective Date”)

By and BETWEEN

GENERICART MEDICINE PVT LTD, its office “**GENERICART HOUSE**”, **NEW SURVEY NO.224/2, OPP.RELIANCE PETROL PUMP, SANGLI-MIRAJ ROAD, BHOKARE COLONY, CHANDANWADI, MIRAJ, TAL-MIRAJ, DISTRICT-SANGLI, MAHARASHTRA-416410**, India, hereinafter referred to as the “**Company**” which expression shall unless repugnant to the context or meaning thereof include its successors and assigns of ONE PART

AND

_____ having its address at: _____

_____ represented by:- **MR/MRS.**_____

_____ hereinafter referred to as “**Franchisee**” which expression unless repugnant to the context or meaning thereof be deemed to include, legal representative, executors, administrators, successors and permitted assigns of the other PART.

Company and Franchisee may hereinafter be referred to as a party and collectively referred to as parties.

WHEREAS

- A. **Genericart Medicine Pvt Ltd** is a private limited company engaged in the business of promotion, sale and distribution of affordable generic pharmaceutical products and services, including but not limited to medicines, within India by way of appointment of franchisees ("**Business**").
- B. The Company wishes to appoint and authorise franchisees to promote and market the Business through a franchisee model and make available to the franchisees the training material, knowledge, know-how, expertise to achieve business objectives. Franchisee wishes to accept such appointment to promote, market and commercialise affordable generic medicines and pharmaceutical products by way of establishing and operating a franchise of the Company.
- C. Both parties as above have expressed a desire of entering into a franchise agreement to meet their respective objectives
- D. This Preamble, as well as the Business Guide given with this Agreement, are and shall be treated as an integral part of this Agreement. Now, therefore, the Parties, in consideration of the context, undertakings and commitments set forth therein hereby mutually agree as follows,

1. FRANCHISEE - DEFINITION AND APPOINTMENT

- a) Franchisee is a core marketing person/company who is engaged to set up a Company franchise shop in an area assigned to it/him/her by the Company (Territory)
- b) **Appointment:** As on the Effective Date, the Company hereby appoints and authorises the Franchisee to promote, market and sell within the Territory generic medicines and other pharmaceutical products supplied to it by the Company and its associate Partners and to undertake all acts specified in this agreement, its Business Guide (that are or become applicable to it) to help achieve the Business objectives of the Company.
- c) Franchisee accepts such appointment in accordance with the terms and conditions set out in this Agreement, and acknowledges the same.
- d) Franchisee confirms that it shall not enter into a similar agreement or business arrangement with another individual or entity, based or operating anywhere in the country, engaged in the same or similar Business as that of the Company.

2. RESPONSIBILITIES OF FRANCHISEE

By virtue of this Agreement, the Franchisee shall have the following responsibilities, which may be amended from time to time:

- a) The Franchisee shall conduct and carry out all its responsibilities and obligations under this Agreement in accordance with the applicable law, statutes, regulations, notifications issued by the state, central or local governments and the Company policies as informed to him/her/it, from time to time.
- b) The Franchisee shall carry on the business in the name of _____ Generic Medicine Store and agrees not to change the nomenclature of the shop without prior written consent of the Company in this regard.
- c) Franchisee shall act as a single point hub for retail and sale of generic medicines and pharmaceutical products supplied to it by the Company in the Territory and shall act as a single point hub for all the services provided by the Company falling within the purview of this agreement.
- d) Franchisee shall pay for all the products purchased from the Company or its associate Partners at the time of procurement of such products from the Company only and 30 day`s credit shall be sought by the Franchisee from the Company for payment of purchase price plus GST for the Company products, except at the discretion of the Company. Franchise owner can avail 2% cash discount it paying cash withen 24 hours of bill time.
- e) The Franchise shall follow all the rules, regulation, notifications, amendments and guidelines as stipulated by the Central Drugs Standard Control Organisation (CDSCO), the relevant state Food and Drug Administrations (FDA) and other relevant governmental authorities while operating, storing, selling and procuring the medicines for sale from the Company. Company will not be liable for any non-compliance by the Franchisee of CDSCO and FDA rules and regulations. Company will not be responsible for any action taken by CDSCO and FDA for non-compliance against the Franchisee owner. In the event such non-compliance of the CDSCO and FDA rules and regulations by the Franchisee is observed by the Company,

the Company is entitled to terminate this Agreement forthwith and to take any legal action for recovery for damages, loss, cost or expense incurred by the Company due to such non-compliance.

- f) The Franchisee shall ensure that the franchise shop has begun operations within 60 (Sixty) days from the Effective Date of this Agreement , failing which the Company reserves the right to appoint another Franchisee within the Territory. In such case, this Franchise Agreement stands terminated automatically.
- g) The Franchisee alone shall bear all applicable central, state and local government taxes. The Company will not be responsible for any non payment of government taxes.
- h) Franchisee shall carry out continuous promotion and marketing of Company's business endeavors and sharing correct, factual information with customers about the Company products.
- i) Franchise shall only sell products at prescribed addresses as per drug license copy received from the FDA and the CDSCO as applicable.
- j) The signage displayed on the franchise shop shall mention the trade name chosen by the Company i.e. Genericart Medicine store. Such trade name shall possess at least 90 % visibility on the signage displayed. The Franchisee shall not carry out any other business or activities under that name except as those authorised under this Agreement. The Franchisee shall not change or alter their business name and the trade name of the Company displayed on the signage of the franchise shop.
- k) The Franchisee shall carry out, after careful research and advice of the Company and its authorised representatives including District Franchise, the selection of appropriate franchise location within the Territory for setting up of the franchise shop, pharmacists to be engaged and such other relevant Business requirements.
- l) The Franchisee shall be responsible for transportation and associated costs of delivery of the products procured from the Company by the Franchisee as a part of its first stock or welcome stock to its franchise location.
- m) The Franchisee shall maintain sufficient stock of all products as per Company requirements.

- n) The Franchisee shall not sell the products procured by it from the Company or its associate partners at any other retail price other than that specified on the product by the Company.
- o) The Franchisee shall check all sold/dispached medicine and appoint registered and qualified pharmacists who shall dispense all products only after proper inspection of prescriptions.
- p) The Franchisee shall report to the Company via District Franchise or via the Company Portal, on a weekly basis, about all important Business matters like sales progress, queries and concerns of the franchise shop, including submission of Health Details.
- q) The Franchisee shall give access to the District Franchise, Zonal Franchise or any authorised Company employee to inspect the franchise shop without any prior notice to the Franchisee and be present for weekly and monthly visits and inspection and cooperate in every manner for such inspection and as well as any other monthly or weekly visits by the Zonal Franchise or the District Franchise respectively.
- r) The Franchisee shall not alter the terms of this Agreement, business model, business engagement, franchise shop location, franchise shop infrastructure including the name and signage and any other important aspects of business without prior written consent of the Company.
- s) The Franchisee shall carry out all such roles and responsibilities specified in Business Gaide given with this Agreement, in the manner which is detailed in the same Business Gaide.

3. RESPONSIBILITIES OF THE COMPANY

- a) The Company shall publish or communicate to the Franchisee the earning structure and business structure applicable to the Franchisee and any changes or modifications there of from time to time in writing, including by way of email, SMS and web portal communication.
- b) All the support falling within the purview of this Agreement will be provided to Franchisee based upon standard conditions of sales as set by the Company for all its "Franchise Shops" from time to time. Such conditions will generally be in line with conditions that are placed upon the Company by various support providers and also as a result of business decisions, legal and contractual requirements.

4. INTELLECTUAL PROPERTY RIGHTS

- a) The Intellectual Property rights including the concept of delivery or of support will rest with the Company or its suppliers or support providers
- b) The right to change the brand name under which the products are sold, manufacturer's name logo, design, colour, shape, size & rate lies solely with the Company or its associate partners. Franchisee has no right to change the brand name, the logo, the name of the manufacturing Company etc.on the products sold.

5. FRANCHISE FEES

To secure appointment as a Franchisee, the Franchisee shall pay an initial franchisee fee of Rs 1,00,000 /- (Rupees One lac only) plus applicable GST ("Franchisee Fee"). Such fee will be treated as non-refundable. Registration charges and stamp duty applicable on this Agreement shall be borne by each party equally.

6. WELCOME STOCK, PURCHASE OF STOCK AND RETURN OF PRODUCTS

- a) The first stock bought by the Franchisee from the Company shall be referred to as the Welcome Stock.
- b) Welcome stock transportation cost shall be borne exclusively by Franchisee.
- c) If the products which form a part of the Welcome Stock are left unsold with the Franchisee, the same can be returned to the Company only within 60 days of the date of dispatch of the welcome stock, provided they are in saleable condition (within the expiry period and in an undamaged packaging and condition) and a valid purchase return challan is generated by the Franchisee. If return of such products is accepted by the Company, purchase price of said products paid by the Franchisee will be adjusted against purchase of new products by Franchisee. No return request shall be honoured after the expiry 60 days from the date of dispatch of the welcome stock.
- d) The above mentioned 60 days return policy shall not apply if the total purchase price of Welcome Stock is less than Rupees Rs. 3,00,000/- (Three Lakh only) and/or the Welcome Stock is purchased by Franchisee as per their choice.
- e) Welcome stock shall be dispatched only upon receipt of the following documents from the Franchisee :

- A) payment receipt of the due payment
 - B) necessary documentation to achieve full compliance
 - C) 3 cheques drawn on a recognised bank to be used as security
- f) With respect to products purchased by the Franchisee subsequent to the purchase of the welcome stock and delivered by the Company as per the purchase order, the Company or its associated partners
- A) do not give any warranty with respect to the expiry of products and/or
 - B) do not bear any responsibility for loss incurred due to low sale or no sale of products
- g) Franchisee shall maintain stock of Generic medicine and other listed products as per the auto purchase order algorithm and program provided on the portal.
- h) The Company and its associate partners shall not be liable for any shortage in supply of products and loss caused to the Franchisee due to any such shortage.
- i) The Franchisee shall utilise 5% of its monthly profit to account for breakage and expiry of products. There might be damage to the products or their packing during transportation, supply and storage in the franchisee shop. **(Precautionary measure)**
- j) The Company shall not in any manner be responsible for such damage, whether external internal, caused during any such activities.

7. TRANSFER OF FRANCHISE

- a) The Franchisee can transfer his/her/its franchise to a third party only after getting written prior approval regarding such transfer and the details of such transfer (including but not limited to the intended transferee) from the Company and the District and Zonal Franchise. The applicable transfer processing fee is Rs.20,000/- (Rupees Twenty Thousand) plus GST.
- b) In case of transfer of franchise, the new Franchisee shall submit a No Objection Certificate (NOC) of the previous Franchisee as an essential document.

- c) A Franchisee may change his/her/ its franchise shop location after a prior written approval from the Company , the District Franchise and Zonal Franchise. Provided that, the Franchisee shall obtain an No Objection Certificate (NOC) from the nearest franchise shop owned by another Franchise located within a radius of up to 750 meter with regards to such transfer.

8. FRANCHISEE NON-PERFORMANCE

- a) The following events shall be treated as act of non-performance on the part of Franchisee:
- (i) If the total purchase price of the products (excluding applicable taxes) procured by the Franchisee from the Company or its associate partners is less than Rs. 1,00,000 (Rupees One lac) per month for a period (six) months or the total purchase price of the products (excluding applicable taxes) procured in a period of 6 (six) months by the Franchisee from the Company, or its associate partners is than Rs. 6,00,000/- (Rupees Six lacs)
 - (ii) If the Franchisee does not take adequate efforts for sales and marketing activities in the Territory like providing sales support, conducting a survey of more than 2000 (two thousand) persons in the Territory and any such activities as may be intimated to him/her/it from time to time.
 - (iii) If the Franchisee fails to complete all formalities required for opening of the Franchisee shop within a span of 3 months from the Effective Date, the Company shall be entitled to
 - A) recover a penalty of Rs.10,000/-(ten thousand) from the Franchisee.
 - B) appoint another franchisee to establish a shop in same location/area as of the original Franchisee shop, without consent from Franchisee.
- b) In the event of any instance of non-performance as listed above, the Company shall take strict action against the Franchisee, including but not limited to termination or suspension of the Franchisee appointment under this Agreement without prior notice. The Company may also appoint another Franchisee withing the Territory without seeking consent from the existing Franchisee.

- c) Additionally, the Agreement shall be treated as automatically terminated in the following instances of non-performance :
- (i) Within 60 days from the billing date of welcome stock, if no purchase is made by Franchisee from the Company or its associate partner.
 - (ii) Within 21 days after the stock has been handed over to the Franchisee by the Company the amount due to the Company as the purchase price of the welcome stock has not been paid.

9. REPRESENTATION BY THE FRANCHISEE

The Franchisee that is a non-natural person, warrants and represents to the Company that it is a company/firm, validly existing and having a good standing under the laws of Republic of India.

The Franchisee has all requisite power and authority to enter into this Agreement. All the obligations of the "Franchisee" under this agreement are legal, valid and binding obligations enforceable in accordance with its terms. There are no proceedings pending against the Franchisee, which may have an adverse effect on the ability of the Franchisee to perform and meet its obligations under this agreement.

10. TERM AND TERMINATION

- a) This Agreement shall remain in effect for a term of 5 years. The Agreement shall be renewed automatically after the expiration of the term and upon payment of renewal fee of Rs.30,000/- (Thirty Thousand Only) from the Franchisee to the Company, unless either Party withdraws its consent to such automatic renewal.
- b) However the terms of this Agreement and the terms of engagement of the Franchisee including but not limited to payment structures, roles and responsibilities, business model and regulatory and governmental compliance requirements, and such other matters, may be amended by the Company and informed to the Franchisee from time to time.
- c) In the event that the Franchisee is a partnership firm or limited liability partnership, the Agreement stands terminated in case of resignation of any partner of such entity or termination of such partnership agreement.
- d) The Company shall be entitled to terminate this Agreement upon the occurrence of one or more of the following events:

- i. Any breach or violation of any of the terms and conditions of this Agreement by the Franchisee, if within seven (7) days of written notice from the Company of the breach or violation, such breach or violation is not cured.
 - ii. Failure of the Franchisee to provide services as per the standards mentioned in Business Gaide, if within seven (7) days of written notice from the Company of such failure, such breach is not cured.
 - iii. In case of bankruptcy and insolvency of the Franchisee .
 - iv. Any breach or violation of applicable law by Franchisee.
 - v. Sale of unauthorised products and any changes to the brand name, logo, signage, and published information material.
 - vi. Any involvement in unethical or criminal activities or in any such activities that are likely to affect the Company brand name and goodwill as well as any involvement in unethical or criminal activities carried out in the name and under the brand of the Company.
 - vii. A breach of Clauses relating to responsibilities of the Franchisee, payment of franchisee fees, non-compete, representations by the franchisee and such other relevant clauses shall be considered a material breach and shall give the Company grounds for termination by the provision of a 7 (seven) day written notice by the Company.
 - viii. In the event of 3 notices of breach of this clause are issued to the Franchisee, irrespective of the breach being cured in the cure period, the Company shall be entitled to terminate the Agreement forth with and claim damages of Rs. 10,00,000 (Ten Lacs only) from the Franchisee.
- e) A breach of Clauses pertaining to responsibilities of the Franchisee, confidentiality, non-compete, representation by the franchisee, intellectual property, and such other clauses which are material shall be considered a material breach and shall give the Company grounds for termination by the provision of a 7 (seven) day written notice by the Company.

11. PENALTY FOR SPECIFIED EVENTS

If the Franchisee wishes to cancel or discontinue his or her franchise, or terminates this Agreement without the consent of the Company, or in any manner enters into a commercial or business arrangement of a similar nature as this one for products competing directly or indirectly with the Products of another person or entity, the Franchisee shall be liable to pay to the Company an amount of Rs 10,00,000 (Rupees Ten Lacs) as damages for losses incurred as a result of the actions specified above. This clause is to be read in conjunction with clause 12 below.

12. NON-COMPETE

- a) The Franchisee acknowledges and agrees that he/she/it is prohibited from engaging in the following activities:
- i. Formation of union(s) of Company personnel.
 - ii. Unapproved amendments to franchisee fees, documents, business structure and infrastructure.
 - iii. Unapproved amendments by the Franchisee to any agreements relating to this appointment.
 - iv. purchase any products or medicines from any other entity, supplier or aggregator other than the Company or its associated partners or in any other manner engage with any other individual or entity for purchase, stock, sale of any generic medicines or products.
 - v. Engaging in any business activity similar to the Business of the Company as well as have his/its immediate family members , employee or such related parties engage in such business.
 - vi. Engaging in purchase, sale or distribution of pharmaceutical products not authorised by the Company for sale.
- b) The Company reserves the right to forthwith stop supply of products to the Franchisee without prior notice in the event it observes or is informed about the breach of this clause.
- c) A breach of this clause shall be considered a material breach and shall give the Company grounds for termination by providing a 7 (seven) day notice by the Company.

13. CONFIDENTIALITY

Franchisee shall keep all information of confidential nature, including but not limited to information pertaining to Company revenue, franchise revenue, and other financial information in whatever form as strictly confidential and shall not disclose such information to third parties without the prior written consent of the Company during the term of this Agreement and for a period of 5 (five) years from the Effective Date.

14. LIMITATION OF LIABILITY

The Parties shall not be liable for any incidental, special, indirect or consequential damages arising out of or relating to this Agreement.

15. FORCE MAJEURE

Force majeure shall mean and include any event such as fire, explosions, hurricanes, floods, earthquakes, pandemics, lockdowns and similar natural calamities, wars, epidemics, military operations, terrorism, riots, revolts, strikes, industrial unrest, government embargoes, or other unforeseeable actions occurring after the conclusion of this Agreement (“**Force Majeure Event**”) and out of the Party’s reasonable control and which cannot be avoided by the reasonable diligence that could delay or prevent the performance of either sides obligations in this Agreement. In the event of such Force Majeure Event occurring, the party facing such event shall forthwith inform the other party of the Force Majeure event occurring, and if the Force Majeure event persists for 60 (sixty) days, the parties may terminate this Agreement after giving a written notice of 30 (thirty) days of their intention to terminate.

16. APPLICABLE LAW AND DISPUTE RESOLUTION

- a) This Agreement is governed by and constructed in accordance with the laws of India.
- b) Any dispute, controversy or any claim arising out of or relating to this Agreement or breach, termination or invalidity thereof shall be settled by the provision of Law.
- c) The courts of Sangli, Miraj or Kupwad shall have jurisdictions for any disputes related to this Agreement.

17. MISCELLANEOUS

- a) **Amendment:** This Agreement may be amended in writing by both Parties following mutual consent.
- b) **Severability:** In the event that any particular clause of this Agreement is declared unenforceable by a competent court, this shall not affect the remaining clauses of the Agreement as a whole, which shall continue to remain in effect unimpeded.

This Agreement has been executed on the date set forth herein in two (2) copies of which the Parties have taken one each.

For GENERICART MEDICINE PVT LTD For _____ GENERICART MEDICINE

Owner Sign: _____

Owner Name: _____

Owner Name: _____

Authorized signatory

Witness 1

Signature:

Name :

Address :

Authorized signatory

Witness 1

Signature:

Name :

Address: