

A Specimen of a Dealership Contract

A dealership agreement may be drawn somewhat on the following pattern:

THIS AGREEMENT is made on the..... day of..... Two Thousand Two between ABC Ltd. a company incorporated under the Companies Act, 1956 and having its Registered Office at..... and its Manufacturing unit at..... its Company Secretary, (hereinafter called "the company", which expression shall, unless the context admits otherwise, include its representatives) of the one part and Messrs..... a partnership firm comprising Mr....., Mr..... and Mr..... partners, having its main business place at.....,and branches at..... and (hereinafter called "the firm" which expression shall unless the context admits otherwise, include the partners, their heirs, executors, administrators, representatives and assigns of the other part).

WHEREAS the company is manufacturing.....;

AND WHEREAS the firm has its own marketing network and is selling goods of various branches and is desirous of selling the goods of the company at a new sales outlet recently taken on rent by it for the purpose and has communicated the same to the company;

AND WHEREAS the company, after having considered the proposal of the firm, has agreed to appoint the firm as its dealer on the terms and conditions as contained in this agreement.

NOW THIS AGREEMENT WITNESSETH as under:

1. That the company hereby appoints the firm as its dealer to sell its products, more specifically defined in the Schedule to this agreement, in the areas also clearly defined in the said Schedule.
2. The agreement shall remain in force for one year commencing from..... and shall be renewable for similar periods on the agreed terms and conditions.
3. The firm shall keep a minimum stock of..... pieces each of the company's products to meet the demand of the ultimate users/consumers, which quantity shall be reviewed every quarter in the light of the sales during the previous quarter and the market trends.
4. The company shall supply to the firm its products on fifteen days credit from the date of the invoice and if payments are not made within the credit period shall charge interest at the rate of..... per cent per annum from the sixteenth day of the invoice till payment.
5. The company shall supply to the firm sufficient quantities of publicity and advertisement material for display at the firm's sales outlet and for distribution in its area of operation.
6. The company shall bear 50% of the cost of maintaining the sales outlet of the firm including rent thereof subject to a maximum of 5% of the invoice value of the firm of all the products of the company, which amount shall be credited to the firm's running account in the books of the company at the end of each quarter.
7. The company and the firm shall settle their accounts every six months and the balance credit/debit shall be squared by making payment by the party owing to the other.
8. The firm shall make all efforts to promote the sale of the company's products and in the event of the company forming an opinion on the basis of sale records that the firm is not properly performing its duty as dealer, the company shall be at liberty to terminate this agreement by giving the firm one month's notice in writing and at the end of the notice period, this agreement shall stand terminated and the parties shall settle their accounts within seven days of such termination.
9. The company agrees and undertake to supply to the firm its products as per the firm's orders and in the event of the company failing to supply the ordered goods within fifteen days of receipt of each purchase order, the firm shall be entitled to terminate the agreement by giving the

company one month's notice in writing and at the end of the notice period, this agreement shall stand terminated and the parties shall settle their accounts within seven days of such termination.

10. The firm shall not sell any product of the company at a price higher than the one indicated by the company from time to time.
11. The firm shall be at liberty to appoint sub-dealers, salesmen, commission agents or other sales personnel on salary, commission or any other basis, so long as they function in accordance with the provisions of this agreement and do not do anything which is detrimental to the interest of the company, or the firm and the collective interest of both.

Note: Any additional terms and conditions of the appointment may be incorporated.

IN WITNESS THEREOF the parties aforementioned have signed this agreement in the presence of the witnesses:

SCHEDULE OF PRODUCTS

1.

3.

2.

4.

Witnesses:

(1) Name :

for ABC Ltd.

Father's Name :

Address :

(.....)

Signature :

Company Secretary

(2) Name :

Mr.....

Father's Name :

Mr.....

Address :

Mr.....

Signature :

Partners,

Messrs.....