

BROAD MOU

COMPANIES

1. PATANJALI AYURVED LTD
2. DIVYA PHARMACY Trust
3. PATANJALI GRAMODOYOG NYAS Trust
4. PATANJALI BISCUITS PVT LTD

PRODUCTS COVERED

All present and future. Manufactured and Traded - Company Wise List to be provided However PAL reserve the right to add or delete any product from the market but ND's opinion will be taken into consideration while arriving at such decision.

DISTRIBUTION NATIONAL

Domestic Distribution Net Work– Existing Super Distributor, Distributor, Retail Sewa Kendras, Arogya and Swadeshi Kendras to continue. However they will be informed of the arrangement of National Distributor. Fresh Super Distributors, Distributors, Retail Outlets, Arogya and Swadeshi Kendra will be appointed solely by PAL/ others. However on recommendation of National Distributor area/territory/product available to SD, Distributor, Retail Sewal Kendra, Arogya and Swadeshi Kendras has to be modified by PAL/others

ONLINE SALES National Distributor will have sole rights to sell the products through on Line portal and products will be supplied to ND at the price similar to price for domestic retail chain network as explained herein below. Bundling and Special offer can be introduced.

Security Deposit from SD, Distributor etc. – Existing system of appointment of Super Distributor, Distributor, Sewa Kendra, Arogya Kendra and Swadeshi Kendra will continue and their security deposit will remain with PAL but that will not be refunded to SD and Distributors on termination until their account is fully settled with National Distributor

Interest Free Security Deposit from National Distributor – Rs 100 crores will be given within 7 working days of signing of agreement subject to approval from government authorities and another Rs 100 Crores will be paid on start up date.. If there is still working capital fund requirement beyoud Rs 200 Crores, upto a period of March 2016 the same will be assessed mutually between PAL and ND and interest free temporary loan will be arranged to ensure uninterrupted production

Additional Interest free Security Deposit of Rs 200 Crores will be made in March 2016 to bring the Security Deposit to the tune of Rs 400 Crores

From April 2016 onwards, working capital requirement quarterly in advance will be assessed for 40 days and mutually agreed between both the parties and any short fall beyond Rs 400 Crores will be arranged as loan. And in case of, still there is shortfall in requirement of working capital, both the parties will further assess the same and short term loan will be arranged.

Marketing Team & Infrastructure. Existing marketing team of PAL will be taken over by National Distributor as an employer and all new personnel into the team will be appointed by National Distributor, however details of new personnel except Key Personnel appointed in marketing team will be intimated by National Distributor to PAL and Key Personnel appointment and exit will be decided by National Distributor in consultation with PAL. Key Personnel are National, Zonal and Regional Sales Head.

There will be no poaching understanding between both the parties i.e. no personnel of PAL group will be appointed by National Distributor without PAL's prior written approval and similarly no personnel of National Distributor will be appointed by PAL group without national distributor's prior written approval.

This Poaching agreement will continue to be effective upto 2 years of termination of agreement.

However in the unlikely event of termination of agreement, Marketing Team with the National Distributor which will consist of team taken over from PAL and appointed during the continuity of agreement will be given back to PAL as employer.

Marketing, Brand Building and Promotions : National Distributor will be solely responsible for Marketing, Brand Building and Sales Promotions at its own cost and will have full rights to use photos of inspirer of the company Swami Ramdev ji and company's director Acharya BalKrishan ji can be used in promotions of brand and sales. However all the promotions of print, electronic media and other will be made in consultation with/ approval of PAL.

PROFIT MARGINS A profit margin of 10% of purchase cost to National Distributor, will be ensured in billing system to National Distributor. However profit margin on Salt, Normal Atta, Desi Ghee Musturd Oil and other products to be brought in future which may have similar nature will be 6%. All costs of Salary and Travelling Expenses of Marketing Team, other professionals appointed by National Distributors, Advertisement Expenses, All administrative expenses and Logistic expenses from the manufacturing point till Super Distributor's godown will be borne by National Distributor. However CST cost presently 1%/2% and return/expired goods policy costs presently 0.5% will be borne by PAL.

MRP. Though MRP inclusive of taxes will be decided/revised solely by PAL however while deciding MRP, discussions will be held with National Distributor and its input will be taken into consideration. Similarly margins, in respect of products, to Super Distributors, Distributors, Retailers, Arogya Kendras and Swadeshi Centres will be decided by PAL but National Distributor shall be informed.

BILLING. Billing will be done by PAL to National Distributor's branch of respective State in which goods are required to be dispatched as mentioned in the confirmed Purchase Order.

PAYMENTS : On receipt of confirmation of goods readiness for dispatch, payment will be released and goods will be dispatched on the date of receipt of payment.

ORDER PLACED BUT NOT PICKED. In case after issuing of confirmed purchase order and goods not picked up, losses of PAL on account of goods or medicines expired/damaged/become obsolete, will be borne by National Distributor. In case goods are ready for dispatch but not picked up, ND will be liable for interest @ 12% p a on order amount from due date of payment till date of payment.

ORDER PLACED BUT NOT SUPPLIED Similarly after receipt and acceptance of confirmed order, goods are not dispatched as per agreed schedule, National Distributor's margin will be met by PAL.

Force Majeure In case of exceptional circumstances both the above clauses will not be applicable

Termination : On termination National Distributor will return all stock back to PAL at purchase price and PAL will make payment of Security Deposits to National Distributor within 30 days and all accounts will be settled. However for a period of 5 years National Distributor will not enter into similar type of trade/manufacturing.

Domestic Retail Chain Net Work– Retail Chain network will be developed by National Distributor. The products for this segment will be different from normal distribution network. Its packaging will be of international quality and its MRP will be decided by PAL in consultation with National Distributor.

National Distributor will have sole right to enter into agreements with Retail Chain Outlets either for supply of products or for hiring of retail space within the stores. The Margin for National Distributor will be 15% instead of 10% for normal channel plus all margin's applicable to Super Distributors, Distributor and Retailers will also be passed on to National Distributor.

At present margins applicable to Super Distributors, Distributor and Retailers are as under

Category	All products excepts those mentioned in next column	Musturd Oil, Salt, Normal Atta, Desi Ghee
Super Distributor	4%	Different for each product
Distributors	5%	To be provided by Marketing team on 11 th August 2014
Retailers	12.5%/20%(FMG/Others)	

OTHERS. The National Distributor will ensure that their marketing team will keep strict vigil and will inform PAL if any of fake products in the name of PAL/similar name is available on sale in the market and will also ensure that products meant (not available for open market) for Sewa Kendras/ Arogya Kendras are not sold in open market.

International Distribution. PAL will appoint GAIL as International Distributor for all its products for all territories in the world except for India and Nepal.

Products : PAL will provide all products as per international quality packaging as per designs and catalogues provided by GAIL. PAL will be print MRP and/or marketed by name as provided by GAIL.

Pricing: The price for international products will be the same which will be applicable for domestic prices for Retail Chain channel and Online Channel and the same will be ex factory price.

Billing : Billing will be done by PAL to International Distributor's Hardwar office against Form H of CST Rules without charging VAT. International Distributor will make arrangements for exports.

International Marketing, Brand Building and Promotions : International Distributor will be solely responsible for Marketing, Brand Building and Sales Promotions at its own cost and will have full rights to use photos of inspirer of the company Swami Ramdev ji, company's director Acharya Balkrishan ji and any other promotional material in promotions of brand and sales at no cost to ND.. However all the promotions of print, electronic media and other will be made in consultation with/ approval of PAL

Setting up of Manufacturing Units in International Territories. International Distributor will have sole rights for setting up of Manufacturing Units in international territories and PAL will provide Technical Know how for its own products. and, trademark, logo and technical know how fees related to PAL products will be decided at the time of setting up of units.

Office Space and Godown. Pal will provide space for office of approx 1000 square feet and godown space of approximate 4000 square feet to National and International Distributor at reasonable market rate.

Transport Infrastructure: National Distributor will give first priority for using Transport infrastructure of Patanjali Parivahan Pvt Ltd provided its rates are comparable to the market rates

Term for all agreements.

Both the parties are entering into this agreement in good faith and for long term good relationship which they intend to last for life time, therefore they agree for termination with the mutual written consent of the parties. And this agreement will be reviewed mutually after each 7 years and necessary changes in terms and conditions including termination will be discussed.

In case of any changes in government policies with regards to taxation, etc, the margin ensured will remain unaffected and the changes in the taxation etc,. will be made effective after reviewing the changes mutually

SAP

Supplier will provide to ND easy and full accessibility to their ERP/SAP and any software system for our Distribution operational needs.

It is also agreed between both the parties that formal agreement will be signed by competent authorities from both the parties as early as possible.

Date 08-08-2014