

Franchisee Agreement

This Franchisee Agreement is made onday ofyear..... between the Governor of Madhya Pradesh, acting through....., MP State Tourism Development Corporation (hereinafter called as the 'MPSTDC' which expression shall, where the context so permits, include its successor in office.) of the First Part

AND

M/s.....(address) through its Managing Director/ Partner/ Secretary Shri/Smt..... S/o/D/o/W/o.....and having its registered office at.....(herein after called as the 'Franchisee' which expression shall, where the context so permits, include its successors and permitted assigns) of the Second Part.

MPSTDC and the Franchisee shall individually be referred to as 'Party' and collectively be referred to as 'Parties'.

WHEREAS the Franchisee owns or is in the rightful legal possession of certain property, more particularly mentioned in Schedule I to this Agreement and desires to establish a Way side amenity as per the terms and conditions of this agreement.

AND WHEREAS MPSTDC has the right to grant Franchisees for the establishment and operation of Way Side Amenities within the State of Madhya Pradesh.

Now therefore, the Parties have agreed to as follows –

1. Grant of Franchisee

1.1. The MPSTDC hereby grants a Franchisee and the Franchisee accepts, the non exclusive right to run and operate a way side amenity under the brand name of MP

State Tourism Corporation at the site more particularly mentioned in Schedule I to this agreement.

- 1.2. The term of this agreement will commence from the date on which this agreement is executed and will expire after a period of ____years, subject to the terms and conditions mentioned in this agreement.
- 1.3. The MPSTDC has a right to own, run and operate any other similar way side amenity in the vicinity of the property mentioned in Schedule I to this agreement.

2. Operating/ Opening of Way Side Amenity

The Franchise agrees to develop the way side amenity in accordance with the guidelines/ policy issued by the MPSTDC or otherwise as may be directed in writing by the MPSTDC. The Franchisee shall bear the entire cost of developing and constructing the way side amenity including but not limited to its financing, insurance, licensing, contracting, permits and maintenance of the way side amenity.

- 2.1 **New Development** – This section shall apply only if the Franchisee constructs a new way side amenity at the site. If the Franchisee is not constructing a new way side amenity, then provisions contained in Section 2.2. shall apply.
 - (a) The Franchisee’s management must attend at the Franchisee’s expense a briefing conducted by MPSTDC at a location specified by MPSTDC to acquaint the Franchisee with MPSTDC’s building process and policy within 1 month of being awarded the Franchisee.
 - (b) The Franchisee must prepare a business model along with construction plan and submit it to MPSTDC within 1 month from the date of award of Franchisee including the layout and outline specifications (the “Preliminary Plan”).

The Preliminary Plan must comply with applicable policy and guidelines issued by the MPSTDC from time to time.

- (c) The Franchisee must obtain the approval from MPSTDC on the Preliminary Plan and after incorporating the changes/ suggestions made by MPSTDC, submit complete working drawings and specifications for the Hotel with such detail and in such form as MPSTDC may specify including all structural, mechanical, electrical, plumbing, heating, ventilating, air conditioning and other specifications within 2 months from the date of MPSTDC's approval of the Preliminary Plan ("Final Plan").
- (d) Once the Final Plan is approved by MPSTDC, the Franchisee must forthwith begin construction in full swing on the site. The Franchisee must commence work within 2 months from the date on which MPSTDC approves the final plan. The Franchisee by written notice shall inform MPSTDC that construction on the site in question has begun. The Franchisee must commence operation of the way side amenity within 1 year from the date on which Final Plan is approved by MPSTDC. This period may be further extended for a period of 6 months by written approval of MPSTDC. If the Franchisee fails to complete the way side amenity within aforesaid period, this agreement shall be deemed to be terminated.
- (e) It is clarified that the Franchisee is obligated to obtain all necessary statutory and non-statutory approvals, permits, licenses, clearances etc. at its own expense prior commencing operation of the way side amenity. If the Franchisee fails to obtain any such statutory or non statutory approval, permit, license or clearance, then MPSTDC shall be at liberty to terminate this agreement by giving written notice to the Franchisee.

2.2 Conversion of an Existing Facility – This Clause 2.2 shall apply only if the Franchisee is not constructing a

new way side amenity but instead is converting an existing way side amenity/ hotel/ restaurant at the site mentioned in Schedule I into a way side amenity. In such cases provisions contained in Clause 2.1 shall not apply.

- (a) The Franchisee's management shall attend a briefing session at a location specified by MPSTDC to acquaint itself with the policy/ business model followed by MPSTDC.
- (b) The Franchisee shall prepare and submit the Franchisee's renovation plans ("Renovation Plan") within 1 month from award of Franchisee to MPSTDC. The Renovation Plan must comply with the prevailing policy or guidelines issued by the MPSTDC and must also adhere to any written instructions given by MPSTDC. The Franchisee shall incorporate any changes that may be recommended/ suggested/ directed by MPSTDC in the Renovation Plan and must submit the revised plan MPSTDC for approval.
- (c) After the Renovation Plan is approved by MPSTDC, the Franchisee shall under take renovation work at the site. The renovation work must commence within 30 days of obtaining approval from MPSTDC and must be completed within 6 months from the date on which the Renovation Plan was approved by MPSTDC. The period of 90 days may be extended for a further period of 45 days with written approval from MPSTDC. If the Franchisee fails to renovate the amenity within the aforesaid time period, this agreement shall be deemed to be terminated.

3. Operation of the Way Side Amenity

- 3.1 The Franchisee must open and begin operating the Way Side Amenity (a) within 6 months from the date on which the Final Plan is approved by MPSTDC in case the Franchisee is constructing a new way side amenity in

accordance with clause 2.1 above, or (b) within 12 months from the date on which the Renovation Plan was approved by MPSTDC if the Franchisee is converting/renovating an existing amenity. In both cases, MPSTDC may, on written request of the Franchisee, permit extension of this period by 6 months.

3.2 The Franchisee shall not open or begin operation with MPSTDC's intellectual property until and unless -

(a) MPSTDC has physically examined the site after completion of construction or renovation work and has provided a completion certificate to the Franchisee.

(b) The Franchisee has obtained all permits, clearances, approvals, licenses required as per law to operate the way side amenity.

(c) The Franchisee has appointed sufficiently trained staff and the said staff has attended the basic training provided by MPSTDC and MPSTDC is satisfied that the staff appointed is competent to work at the way side amenity.

4. Training, Guidance and Assistance

4.1 Training for way side amenity personnel – The Franchisee must send the Manager of the Way Side Amenity and all other staff for a training program which would be conducted by MPSTDC before commencing operations.

4.2 MPSTDC may, from time to time, send experts to the way side amenity for on site training of the Franchisee's staff. MPSTDC shall, in writing, inform at least 15 days in advance before conducting any such training. Upon receipt of such notice, the Franchisee shall ensure that its staff is available for training on the designated date.

4.3 The Franchisee shall be obligated to pay MPSTDC for any training program that may be conducted by MPSTDC.

The Franchisee shall also be responsible for payment of all costs of transportation, meals, lodging, salaries and other compensation for the experts that may be sent by the MPSTDC.

4.4 During the term of this agreement, MPSTDC may advise the Franchisee from time to time regarding the Franchisee's operation based on Franchisee's reports or MPSTDC's evaluations and inspections and the Franchisee shall be bound to adhere to any guidance issued by MPSTDC in this regard.

5. Operation of the way side amenity –

5.1 Marketing - MPSTDC shall publicize and spread awareness about the way side amenities through its brochures or advertisement campaign. Further, MPSTDC shall set up sign boards on the road on which the way side amenity is located including but not limited to approach signs. The Franchisee shall assist in advertising and marketing of the way side amenity.

5.2 The Franchisee shall be responsible for ensuring that sufficient number of trained staff is appointed at all times at the way side amenity.

5.3 The Franchisee must ensure that it retains ownership or legal right to use the land over which the way side amenity is constructed during the term of this agreement. In case the land on which the way side amenity is located is not owned by the Franchisee, then the Franchisee shall ensure that it has legal right to use and develop the site as a way side amenity during the term of this agreement.

5.4 The Franchisee must adhere to good business standards and must ensure that the way side amenity is operated in a manner that does not harm the reputation of MPSTDC.

6. Taxes, Fees and Payments

- 6.1 The Franchisee shall pay a sum of Rs. 25,000/- (Rs. in words Twenty five thousand only) in the first year to MPSTDC as royalty fees for grant of Franchisee. After first year the royalty fees shall be increased 10% every year.
- 6.2 The aforesaid royalty fees shall be payable by 15th March of each year for the next year commencing from 1st April to 31st March of each year.
- 6.3 In case the Franchisee fails to make payment by the aforesaid due date, the Franchisee shall be liable to pay late fees entire amount with 10% annual simple interest, subject to a maximum of Rs. 50,000/-.
- 6.4 If the franchisee fails to pay the dues and interest on it within 3 months from the due date the MPSTDC have the right to terminate the franchisee license with immediate effect and appropriate legal action shall be taken for recovery of dues.
- 6.5 The Franchisee shall be liable for payment of all taxes, fees, duties as may be applicable as per law.

7. Audit and Reporting

- 7.1 The Franchisee must prepare, maintain and deliver, the operating statements, profit and loss statements, balance sheets and other financial reports as may be required by the MPSTDC. The periodicity at which these reports are to be submitted shall be informed by MPSTDC in writing to the Franchisee.
- 7.2 The Franchisee shall be responsible for filing all income tax returns, VAT returns and other statutory filings as may be required as per law.
- 7.3 MPSTDC may at any time during the Franchisee's regular business hours, inspect the books of record maintained by the Franchisee at any time during the contract. Further, in case it is found that there is some mistake or

discrepancy in the auditing, then the Franchisee shall be responsible for making appropriate corrections including payment of any tax or fees that was due but not paid.

8. Contractual Relations & Indemnification

8.1 The Franchisee is an independent entity and neither party is a legal representative or agent of each other. MPSTDC is not responsible for any damage to any person or property directly or indirectly arising out of the way side amenity's operation.

8.2 The officers and staff employed by the Franchisee shall not have any contractual relationship with MPSTDC and the said staff shall have no right to claim employment with MPSTDC and shall not have any right to be regularised in MPSTDC establishments. Any service related claims of such officers and staff shall only be against the Franchisee and no such claim shall be made against MPSTDC.

8.3 The Franchisee agrees to indemnify and hold harmless MPSTDC, its affiliates, officers, staff and representatives against, and to reimburse it, for all losses directly or indirectly arising out of, resulting from, or in connection with the construction, development, use, occupancy or operation of the way side amenities during the construction/ renovation period as well as the period in which the way side amenity is operational. The Franchisee shall be solely responsible for any claim that may arise out any intentional or negligent conduct or act of the Franchisee or its officers or staff or any person engaged by the Franchisee.

8.4 It is clarified that the MPSTDC shall not be liable for any claim arising directly or indirectly from this agreement. All claims arising out of or in relation to this agreement shall be maintainable only against the Franchisee.

9. Insurance & Staff Salaries

- 9.1 The Franchisee, at its own expense, must procure and maintain at all time during the currency of this agreement such insurance as may be required as per good business practices including but not limited to property insurance, boiler and machinery insurance, insurance against natural disasters.
- 9.2 The Franchisee is solely responsible for payment of salaries to its officers and staff members. The Franchisee is also solely responsible for payment of wages to any person engaged directly or indirectly on contract basis by the Franchisee.
- 9.2 The Franchisee must ensure that it compliances with all applicable laws with respect to its staff and labour engaged by it including but not limited to provident fund, group insurance etc.

10. Proprietary Rights

- 10.1 All intellectual property owned and developed by MPSTDC shall be the property of MPSTDC and the Franchisee is not permitted to use the same without express authorisation by MPSTDC.
- 10.2 MPSTDC shall specify the manner in which its branding, logo, name etc. is to be used by the Franchisee at the site mentioned in Schedule I as well as for advertisement purposes.
- 10.3 MPSTDC's proprietary marks, confidential information, model of business etc. shall not be used by the Franchisee after the termination of this agreement.

11. Ownership of Franchisee

- 11.1 The management of the Franchisee shall not assign or sell its stake in the Franchisee entity without the approval of MPSTDC.
- 11.2 In case the ownership in the Franchisee is transferred after obtaining the approval of MPSTDC, then the new owner shall abide by all terms of this agreement and shall ensure that it has ownership or right to use the way side amenity as well as the land by law during the currency of the agreement. In case, the ownership of the Franchisee is changed, then the new owner may be required to submit documents/ undertakings as may be required by MPSTDC and to enter into supplementary/ amendment agreements.
- 11.3 However, without prejudice to the aforesaid, the Franchisee shall be at liberty to sub-let or permit a contractor to install or establish the amenities mentioned in Schedule II of this agreement after informing the MPSTDC in writing.

12. Dispute Resolution

- 12.1 In case of any dispute between the parties arising out of or in relation to this Franchisee agreement, the parties will attempt in good faith to resolve the dispute through amicable settlement. However, if the dispute cannot be resolved amicably within 14 days from the date on which either party has served written notice on the other of the dispute, then the dispute shall be resolved as per clause 12.2.
- 12.2 In the event of a dispute between the parties which could not be amicably resolved. The aggrieved party shall refer the dispute to be resolved by arbitration. The arbitral proceedings shall be presided by a single arbitrator who shall be the Principal Secretary/ Secretary of the Tourism Department, Government of Madhya Pradesh.

13. Governing Law

13.1. This agreement and any dispute arising out hereof shall be governed by laws of India and shall be subject to the jurisdiction of competent courts at Bhopal, Madhya Pradesh.

14. Default and Termination

14.1 MPSTDC has the right to terminate this agreement, with effect from the date stated in the written notice issued by MPSTDC in this record, if –

(a) The Franchisee fails to pay MPSTDC any fees or any amount due under this agreement and such default is not cured by the Franchisee within 30 days after issuance of written notice of default by MPSTDC.

(b) The Franchisee fails to begin or continue the construction or renovation of the way side amenity in accordance with the timeline mentioned in Clause 2 hereof or fails to open or operate the way side amenity as per the provisions of this agreement and does not cure the default within 30 days of issuance of written notice of default by MPSTDC to the Franchisee.

(c) The Franchisee fails to comply with any provision of this agreement or policy/ guideline or written instruction issued by the MPSTDC from time to time and does not cure that default, within 30 days from issuance of notice by MPSTDC to the Franchisee.

(d) The Franchisee fails to adhere to the standards specified by MPSTDC and does not cure any defect pointed out by MPSTDC within 30 days of pointing out such defect.

15. Post termination provisions

15.1 Upon termination of agreement, the Franchisee shall immediately cease using the proprietary marks of MPSTDC and shall cease to use the central reservation system or any other service provided by MPSTDC and shall de-identify itself as an MPSTDC way side amenity.

15.2 The Franchisee shall immediately upon termination remove all structures and items identifying MPSTDC at the site and also remove any signage, memo pads, pens, cups, glasses, phone, memo or any other item bearing signage of MPSTDC at the site.

16. General Conditions of the Franchisee Agreement

16.1 The Franchisee shall not use the site for any other purpose other than the one mentioned in this agreement.

16.2 The Franchisee shall be responsible for the safety and security of the way side amenity and shall be responsible for the upkeep and maintenance of the amenity at its own cost. The Franchisee shall also ensure that no cars are parked on the highway and proper parking and lighting arrangements are made at the site.

16.3 The Franchisee shall be responsible for protection of the environment at the site. The Franchisee shall not undertake any activity that causes harm to the environment. At all times, the Franchisee must obtain the relevant approvals from the Pollution Control Board and other authorities as may be required as per law.

16.4 The Franchisee shall ensure compliance of all rules/regulations made by any department of the State Government or the Central Government.

16.5 The Franchisee shall maintain proper cleanliness and hygiene at the site and shall ensure as per standards maintained by MPSTDC. It shall also ensure that its staff

follow all guidelines and rules issued by MPSTDC in this regard.

16.6 The Franchisee shall be responsible for security at the site and shall ensure that no illegal trade or business is carried on at the said premises.

16.7 The Franchisee shall abide and comply with the Operation Manual and Way Side Amenities (Establishment and Management) Policy 2016 of the Tourism Department, State of MP as specified in Schedule III herein and the same shall be treated as a part of this agreement.

16.8 The RFP/ Tender Document issued for inviting bids for Franchisee shall be treated as a part of this agreement. Any condition specified therein and not mentioned herein shall also be binding on the parties. However, if there is any conflict between the provisions of the RFP/ Tender and this Franchisee Agreement, then the provisions of this Franchisee Agreement shall prevail.

Schedule

Description of the properties under this lease agreement is as under.

1. Land-

Location (NH/SH No.)-

Patwari Halka No.-

Khasra No. -
Village-
Tehshil-
District-
Area (Rakba) in Hect.-

2. Boundaries of the land

In the East-
In the West-
In the North-
In the South-

3. Construction under the land in square feet

Restaurant-.....
Kitchen-.....
Toilets-.....
Manager room-.....
Store-.....
Corridor-.....
Rooms-.....
Other constructions-.....
Total area-.....

4. Khasra Map, Nakal and Station survey map of the land allotted above duly signed by both the parties.

IN WITNESS WHEREOF, the Parties herein above have set their hands entered into this Deed the day and year first above written.

Witness	For MPSTDC, through Managing Director, MP State Tourism Development Corporation.....
	For Franchisee...

Note: In case of discrepancy original / approved format shall be referred.