

**(1) Ajay Ahuja**

**(2) Franchisee**



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**FRANCHISE AGREEMENT**

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**THIS AGREEMENT** is made the 1st day of June 2008

**BETWEEN:**

- (1) Ajay Ahuja a sole trader in Great Britain whose registered office is at Floor 5, The Amphenol Business Complex, Thanet Way, Whitstable, Kent CT5 3JF (“the Franchisor”) and
- (2) The Franchisee named below in this agreement.

**WHEREAS:**

- (1) The Franchisor has developed, owns and operates a business in the name of Ahuja Group Letting, the Franchised Business.
- (2) The Franchisor owns the entire right, title and interest in the Intellectual Property and the System of the Franchised Business.
- (3) The Franchisee has requested the Franchisor to grant, and the Franchisor has agreed to grant to the Franchisee, the right to own and operate the Franchised Business within the Territory.

**IT IS AGREED** as follows:

**1. Definitions and Interpretation**

- 1.1 In this Agreement, unless the context otherwise requires, the following expressions have the following meanings:

<b>“Advertising Fund”</b>	means the fund into which the Advertising and Marketing Fee as defined at Clause 5 is to be paid and which shall bear the costs of all advertising and marketing to be conducted by the Franchisor in accordance with Clause 13;
<b>“Confidential Information”</b>	means the details of this Franchise Agreement, all of the technical information, managerial information, marketing information, and sales, promotional and proprietary information relating to the Franchised Business including, but not limited to, any and all information relating to the Trade Marks, Intellectual Property, and the products and services of the Franchised Business;
<b>“Effective Date”</b>	means the date of execution of this Agreement;
<b>“Equipment”</b>	means all the equipment, furniture, fixtures, fittings, embellishments and other articles and movables required for the purpose of setting up the Franchised Business, as listed in Schedule 4 hereto;

<b>“Financial Year”</b>	means the accounting period between [month] and [month] of each calendar year;
<b>“Franchised Business”</b>	means the business of the Franchisor as described in Schedule 1 hereto and which is to be franchised under this Agreement;
<b>“Gross Revenues”</b>	means all revenues derived directly or indirectly by the Franchisee from the Franchised Business, determined in accordance with the generally accepted accounting principles, calculated from the total sales made in the operation of the Franchised Business, after deducting any and all the mandatory taxes paid to the applicable government authorities;
<b>“Intellectual Property”</b>	means the Manual, the System, the Trade Marks, any trade secrets, distinctive marks, symbols, logos, patents, trade colour, trade dress, trade names, copyright protected material, designs, goodwill and licenses belonging to the Franchisor and provided to the Franchisee to be used by the Franchisee in the operation of the Franchised Business, as detailed in particular at Schedule 2.
<b>“ISO”</b>	stands for International Organization for Standardization;
<b>“License”</b>	means the license given by the Franchisor to the Franchisee under this Franchise Agreement for the use of the Franchisor’s Trade Marks, the System and the Intellectual Property;
<b>“Manual”</b>	means the manual containing all of the rules, regulations and guidance notes to be followed by the Franchisee in the operation of the Franchised Business, to be provided by the Franchisor to the Franchisee along with any additions, alterations or modifications made to from time to time;
<b>“Products”</b>	means all products or services sold or performed by or for the Franchisee, through the Franchised Business including, but not limited to, the products and/or services listed in Schedule 6 hereto;
<b>“Raw Material”</b>	means the raw material required for operating the Franchised Business as listed in Schedule 5 hereto;
<b>“Site”</b>	means the premises used by the Franchisee to conduct the Franchised Business situated at << insert address >>, or as varied in accordance with Clause 3;
<b>“System”</b>	means the distinctive and proprietary system, as more specifically described in the Manual, of operating and managing the franchises granted by the Franchisor;
<b>“Territory”</b>	means that geographical area as detailed at Schedule 3.

1.2 Unless the context otherwise requires, each reference in this Agreement to:-

1.2.1 "writing", and any cognate expression, includes a reference to any communication effected by telex, facsimile transmission or similar means;

1.2.2 "this Agreement" is a reference to this Agreement and each of the Schedules, as amended or supplemented at the relevant time;

1.2.3 a Schedule is a schedule to this Agreement; and

1.2.4 a clause or paragraph is a reference to a Clause of this Agreement (other than the Schedules) or a paragraph of the relevant Schedule.

1.2.5 the parties includes a reference to their respective personal representatives, heirs, successors in title and permitted assignees;

1.2.6 any reference to a person includes any body corporate, unincorporated association, partnership or any other legal entity;

1.2.7 words importing the singular number include the plural and vice versa; and

1.2.8 words importing any gender include any other gender.

1.3 The headings in this Agreement are for convenience only and shall not affect its interpretation.

## 2. **Grant of Franchise**

2.1 The Franchisor hereby grants to the Franchisee, on an exclusive basis, the right and privilege to establish and operate the Franchised Business at the Site, and operate within the Territory, on the terms and conditions contained in this Agreement.

2.2 The Franchisee acknowledges that the Franchisor has and will continue, from time to time, to grant rights to various other persons to own and operate other franchises under the name and using the System and Intellectual Property of the Franchisor outside the Territory. The Franchisee acknowledges that the agreements with these other franchisees may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of any different agreements and the fact that the Franchisor and other franchisees may have different rights and obligations there under does not affect the Parties' obligation to comply with the terms of this Agreement.

## 3. **Relocation**

The Franchisee may, with the prior written consent of the Franchisor relocate the Franchised Business to another location within the Territory, provided that there is adequate reason for such relocation. The Franchisor agrees that its consent to the relocation of the Franchised Business shall not be unreasonably withheld.

#### 4. **Term and Renewal**

This Agreement shall come into force on the Effective Date and shall expire, along with all rights, privileges, obligations, and restrictions pertaining thereto, after a term of 6 months, unless renewed for an additional period and provided that the Franchisee has given the Franchisor written notice of its intention to renew no less than 30 days prior to the expiry of this Agreement.

#### 5. **Fees and Payment**

5.1 In consideration of the rights granted to the Franchisee for the Franchised Business, the Franchisee shall pay to the Franchisor the following fees:

5.1.1 “Initial Fee”: The Franchisee shall pay to the Franchisor a one-time non-refundable fee of £nil as an initial franchise fee, which shall be due immediately upon the execution of this Agreement;

5.1.2 [“Monthly Royalty Fee”: The Franchisee shall pay to the Franchisor a monthly royalty of 15% of the Gross Revenue earned by the Franchisee each month. Such payment for a particular month shall become due and payable by the 10th day of the following month;]

5.1.3 [“Annual Royalty Fee”: The Franchisee shall pay to the Franchisor an annual royalty of 0.01% for the use of the Franchisor’s Trade Marks and the Intellectual Property. For a given year, this fee shall become due and payable by the 30th day of each of the Franchisee’s Financial Years. In case this Agreement does not start from the beginning of the Financial Year, all the fees in respect of such incomplete Financial Year shall be payable on a pro-rata basis by the 30<sup>th</sup> day of the following Financial Year;]

5.1.4 “Management and Training Fee”: The Franchisee shall pay to the Franchisor a quarterly management fee calculated on an hourly basis, an amount of £0.01 per hour, for the management help and training provided by the Franchisor to the Franchisee. The Management and Training Fee shall become due and payable on a quarterly basis within 10 days of the date of invoice;

5.1.5 “Advertising and Marketing Fee”: The Franchisee shall contribute to the Franchisor’s yearly advertising and marketing budget, a sum equal to 0.01% of the Gross Revenue of the Franchisee of the previous Financial Year, which shall become due and payable within 10 days of the beginning of a new Financial Year.

5.2 Delinquent payments on any amount set forth in this Clause shall bear an interest of 15% on the amount due and shall be calculated from the due date until payments are received by the Franchisor.

5.3 It is agreed that any and all expenses incurred by the Franchisor in obtaining the payments due from the Franchisee, such as reasonable legal or other charges and fees, shall be paid to the Franchisor by the Franchisee.

#### 6. **Obligations of the Franchisor**

The Franchisor shall:

6.1 provide the Franchisee with a copy of the Manual and any subsequent updated editions or versions;

- 6.2 provide the Franchisee with any Confidential Information that is essential for operation of the Franchised Business;
- 6.3 conduct training and any subsequent refresher training programs for the benefit of the Franchisee and its staff, in accordance with Clause 12;
- 6.4 provide assistance to the Franchisee in adhering to standards of quality required by ISO and required of the Franchisee and its staff;
- 6.5 keep the Franchisee informed about all of the promotional and advertising activities carried out by the Franchisor in accordance with Clause 13 for the Franchised Business and shall furnish the Franchisee with promotional and endorsement material from time to time, but not less than every 6 months;
- 6.6 provide a periodic annual review of the performance of the Franchised Business to the Franchisee;
- 6.7 provide the Franchisee with strategic and general advice reasonably required by the Franchisee for the successful running of the Franchised Business; and
- 6.8 endeavour to maintain high and uniform standards of quality and service at all the other franchises granted by the Franchisor, to protect and enhance the reputation of the Franchised Business.

## 7. **Obligations of the Franchisee**

The Franchisee shall:

- 7.1 assume the primary responsibility for running the Franchised Business and shall devote such effort, time and energy to the running of the Franchised Business as is required[. The Franchisee, to that extent, shall not be actively involved in or associated with any other business during the term of this Agreement];
- 7.2 conduct the Franchised Business according to the Manual and shall comply with all operational instructions contained therein;
- 7.3 operate the Franchised Business only within the Territory and in accordance with all the local and municipal laws and ordinances applicable;
- 7.4 deal with all customer complaints efficiently and promptly. In the event that the Franchisee is unable to handle any customer complaint adequately, such matter shall promptly be referred to the Franchisor;
- 7.5 cooperate with and assist the Franchisor in participating in any consumer surveys and market research programs devised by the Franchisor with respect to the Franchisor's overall business, and shall provide the Franchisor with timely reports and other relevant information regarding the same;
- 7.6 acquire and preserve the necessary licenses, registrations and authorisations fundamental to carrying out the Franchised Business from the relevant agencies and will furnish the Franchisor with copies thereof;
- 7.7 not permit any third party to use the Site or any part thereof for any purposes other than related to the Franchised Business;
- 7.8 not maintain, directly or indirectly, any financial interest in the competitors of the Franchisor; and
- 7.9 not commit any offence or take any action which can undermine or devalue the reputation of the Franchised Business or the Franchisor.█

## **8. Use of Intellectual Property**

- 8.1 The Franchisor hereby grants to the Franchisee the License to be used solely in accordance with, and for the purposes of, the Franchised Business during the term of this Agreement.
- 8.2 For any use of the Intellectual Property by the Franchisee, it must clearly indicate the following:
  - 8.2.1 that the Intellectual Property is registered where applicable;
  - 8.2.2 that the Franchisor is the owner thereof;
  - 8.2.3 that the Franchisee is using the Intellectual Property under the License.
- 8.3 The Franchisee shall take all reasonable care to protect the Intellectual Property from infringement by any third party and shall promptly notify the Franchisor of any suspected infringement by any third party.
- 8.4 The Franchisee shall not use the Intellectual Property in any of the following ways:
  - 8.4.1 in such manner that would diminish the value of the Intellectual Property;
  - 8.4.2 the Franchisee shall not apply and/ or register any mark, design, logo or name which, in the sole opinion of the Franchisor, is identical, similar or confusingly similar to any mark, design, logo or name owned by the Franchisor;
  - 8.4.3 the Franchisee, or any of its employees, shall not divulge, communicate or use for the benefit of any third party, during the term of this Agreement, information relating to the Intellectual Property, except in accordance with and under the instructions and/or supervision of the Franchisor.

## **9. Initial Set Up**

- 9.1 The Site shall be renovated by the Franchisee to meet the requirements set out in the Manual, and the Franchisor shall provide to the Franchisee the requisite plans and other specifications for such renovation.
- 9.2 In the event that modifications to the plans referred to in Clause 9.1 are necessary for any technical, regulatory or other reasons beyond the control of the Franchisee, the Franchisee shall forthwith notify the Franchisor of any such proposed change and shall obtain its written consent to make such modifications. The Franchisor agrees that it will not unreasonably withhold such consent.
- 9.3 The Franchisee shall complete the renovation within 3 months from the Effective Date, or, the date of approval of the proposed renovation plans by the local authorities, whichever is the latter.
- 9.4 The Franchisee agrees that the Franchisor and its authorized agents shall have the right to inspect any renovation at the Site, at all reasonable times and on reasonable notice.

The Franchisee shall be responsible for procuring the Equipment specified by the Franchisor at Schedule 4.

- 9.5 The Franchisee shall set-up the Franchised Business with an initial minimum staff of nil. The Franchisee shall conduct a thorough background and employment check of any prospective staff member before hiring the same. The Franchisee shall also provide the Franchisor with a list containing the full name and position of each employee or staff member within 7 days after recruitment.

## 10. Procurement and Services

- 10.1 The Franchisor shall require the Franchisee to stock the Products in such proportion and quantities as the Franchisor may, in its sole discretion deem fit and notify the Franchisee, from time to time.

## 11. Records and Accounts

- 11.1 The Franchisee shall maintain proper books of accounts of the Franchised Business, determined in accordance with generally accepted accounting principles, on a monthly basis. Such books and records shall be maintained to clearly and separately identify details with respect to revenues, costs, assets, liabilities reserves, losses with respect of the Franchised Business.
- 11.2 The Franchisor reserves the right to audit the books of accounts of the Franchised Business through an independent accountant and retain copies of such accounts that are maintained by the Franchisee.
- 11.3 The Franchisee shall also keep a record of payment of all the taxes applicable and issue copies of such records certified by the relevant authorities to the Franchisor at its own cost, as and when requested by the Franchisor.
- 11.4 Such accounts and records may be kept in either written form or electronic form, or both. The Franchisee must ensure that at least one backup copy of all accounts and records is also maintained.

## 12. Training and Quality Control

- 12.1 The Franchisee shall follow the quality benchmarks and ensure that it meets the minimum standards as specified in the Manual.
- 12.2 The Franchisee shall ensure that all persons it employees have satisfied the training requirements as specified by the Franchisor in the Manual (the "Training Requirements"). Any employee who fails to meet the Training Requirements shall be dismissed by the Franchisee at the Franchisee's expense. No person who fails to meet the Training Requirements may act in the name of the Franchised Business.
- 12.3 The Franchisor shall provide training to the Franchisee with regard to:
- 12.3.1 the minimum standards and Training Requirements as specified in the manual;
  - 12.3.2 the ISO standards, if any, adhered to by the Franchisor;
  - 12.3.3 the manner and form of training which the Franchisee is expected to provide to its employees.
- 12.4 The Franchisor may from time to time decide that it is necessary for the

Franchisee or its employees to undergo further training. Such training will be provided or arranged by the Franchisor at the Franchisee's expense.

- 12.5 The Franchisor shall have the right to conduct periodic unannounced inspections of the Site. Failure by the Franchisee to meet minimum standards or ensure all employees satisfy the Training Requirements will constitute a breach of this Agreement under Sub-clause 17.2.2 below.

### **13. Advertising and Marketing**

- 13.1 The Franchisor shall be responsible for directing the national, regional and local advertising and marketing for all of its franchises, including the Franchised Business. The Franchisor shall create an Advertising Fund, to be held in a separate and dedicated account, to hold all of the monies collected from any franchisee that is designated for advertising and marketing and shall use those funds only for advertising and marketing of the Franchised Business.
- 13.2 The Franchisor shall be required to contribute to the Advertising Fund, and its contribution shall be at least equal to 100% of the Advertising and Marketing Fee paid by the Franchisee pursuant to Sub-clause 5.1.5 above.
- 13.3 All advertising and marketing expenses relating to the Franchised Business shall be paid out of the Advertising Fund. The Franchisor shall utilize the Advertising Fund for the production of promotional literature, advertising and marketing by way of print or electronic media, organization of campaigning pursuits and other schemes allied to endorsement.
- 13.4 The Franchisee shall, as and when requested by the Franchisor, display the Franchisor's promotional material at the Site.
- 13.5 The Franchisee may, with the prior written consent of the Franchisor, at its own cost undertake additional advertising and promotional strategies in addition to that of the Franchisor provided however that such additional advertising or marketing is not in conflict with or contrary to the Franchisor's overall marketing policy and strategy.
- 13.6 Where in any Financial Year the Franchisor does not use the entire Advertising Fund pursuant to this Clause 13, the Franchisee shall be entitled to a rebate of the Advertising and Marketing Fee, such rebate to represent the proportion of its previous contribution to the Advertising Fund under this Agreement.

### **14. Insurance**

The Franchisee shall maintain such insurance cover as is specified in the Manual and shall provide copies of such policies to the Franchisor on receipt of a request for the same from the Franchisor.

### **15. Confidentiality**

- 15.1 The Franchisee shall keep the Confidential Information confidential and secret and shall not use or disclose or make the Confidential Information available, directly or indirectly, to any person other than its officers and employees who need the Confidential Information to enable the Franchisee to perform its

obligations under this Agreement and provided that such officers and employees are also obliged to keep such Confidential Information confidential and secret. The foregoing obligations shall not apply to any information acquired by the Franchisee which:

15.1.1 at the time of its acquisition was in the public domain; or

15.1.2 at a later date comes into the public domain through no fault of the Franchisee.

15.2 The Franchisee hereby agrees and undertakes:

15.2.1 that all Confidential Information shall be and shall remain at all times the sole and exclusive property of the Franchisor;

15.2.2 that its right to use Confidential Information shall wholly cease upon the termination of this Agreement; and

15.2.3 to return to the Franchisor on termination of this Agreement all material embodying Confidential Information (including information stored on computer disks) or any part thereof and all copies thereof.

15.3 The provisions of this Clause shall continue in force in accordance with their terms, notwithstanding the termination of this Agreement for any reason.

## 16. **Non Competition and Non Solicitation**

16.1 The Franchisee shall not independently, or in association with anyone else, open any business within the Territory that is the same as or similar to the Franchised Business during the term of this Agreement and for a period of 5 years thereafter.

16.2 The Franchisee shall not employ or retain any person who has been previously employed by the Franchisor if the application for employment is made to the Franchisee forthwith upon the termination of such person's services by the Franchisor.

## 17. **Termination**

17.1 This Franchise Agreement shall forthwith be terminated by either Party in the event that the other Party goes into liquidation or if either Party ceases to carry on its business for a period of 30 days.

17.2 In addition to the right to terminate under the provisions of Sub-clause 17.1 above and subject to Sub-clause 17.4, this Franchise Agreement may be terminated by Franchisor by giving 7 days written notice to the Franchisee in the event that:

17.2.1 the Franchisee fails or refuses to pay any amount due and payable to the Franchisor under the provisions of this Agreement;

17.2.2 the Franchisee fails to perform any of its duties as contained in this Agreement;

17.2.3 the Franchisee fails or refuses to submit the prescribed accounts and records to the Franchisor or, furnishes inaccurate details of these accounts and records.

17.3 In addition to the right to terminate under the provisions of Sub-clause 17.1

above and subject to Sub-clause 17.4, this Agreement may be terminated by the Franchisee by giving a 7 days notice to the Franchisor in the event that:

17.3.1 the Franchisor fails to promptly provide necessary training to the staff of the Franchisee as per the provisions of the Franchise Agreement;

17.3.2 there is a materially adverse change in the business of the Franchisor such that it is no longer commercially viable for the Franchisee to carry on the Franchised Business within the Territory.

17.4 It is clarified that a Party's right to terminate as contained in Clauses 17.2 and 17.3 above is subject to the defaulting Party's inability to rectify the applicable default within a period of 7 days from its receipt of a notice of default from the non-defaulting Party.

## **18. Effect of Termination or Expiry**

18.1 The termination of this Agreement shall be without prejudice to the rights and remedies of either Party existing against the other at the time of such termination. On the expiry or the termination of this Agreement:

18.1.1 the License shall expire and the Franchisee shall immediately cease using the License and shall return all of the Confidential Information provided by the Franchisor to the Franchisee;

18.1.2 the Franchisee shall not represent any affiliation with the Franchisor;

18.1.3 all of the Equipment and machinery if any that has been provided or sold by the Franchisor to the Franchisee shall be sold back to the Franchisor at the book value;

18.1.4 the Franchisee shall finalize the books of accounts and make payment of all amounts due to the Franchisor under this Agreement within 7 days from the date of termination.

## **19. Liability**

19.1 The Franchisee hereby agrees to indemnify the Franchisor against any and all damages or loss suffered by the Franchisor as a result of the conduct of the Franchisee.

19.2 The Franchisor and the Franchisee shall indemnify each other against any direct damages suffered by either Party on account of fraud, personal injury or death caused by the negligence of the other Party's employees.

19.3 The Franchisor shall not be liable to the Franchisee for any indirect damages suffered by the Franchisee, whether actual or reasonably foreseen.

19.4 Any liability not expressly assumed in this Agreement is excluded.

19.5 The Parties agree that the exclusions and limitations of liability in this Agreement are reasonable.

## **20. Notices and Services**

20.1 All notices to be given under this Agreement by either party to the other shall be in writing and shall either be delivered personally or sent by first class prepaid post or airmail prepaid post or by telex, cable, facsimile transmission

or email and shall be deemed duly served:

20.1.1 in the case of a notice delivered personally, at the time of delivery;

20.1.2 in the case of a notice sent inland by first class prepaid post, 2 Business Days after the date of dispatch;

20.1.3 in the case of a notice sent overseas by airmail prepaid post, 7 Business Days (being Business Days in the place to which the notice is dispatched) after the date of dispatch; and

20.1.4 in the case of telex, cable, facsimile transmission or email, if sent during normal Business Hours than at the time of transmission and if sent outside normal Business Hours then on the next following Business Day provided (in each case) that a confirmatory copy is sent by first class prepaid post or by hand by the end of the next Business Day.

20.2 All notices to be given under Sub-clause 20.1 shall be delivered to the other party:

20.2.1 in the case of the Company, to its registered or principal office; and

20.2.2 in the case of the Consultant, to his last known residential address or to such other address as may be notified to either party by the other party in writing from time to time.

## 21. **Force Majeure**

Neither party shall be liable to the other party insofar as it is prevented from performing its obligations under this Agreement for any reason beyond its control including (but not limited to) war, civil disorder, strikes, lockouts or other industrial disputes and shortage of labour or materials.

## 22. **Waiver**

No delay, neglect or forbearance on the part of either Party in enforcing any term or condition of this Agreement against the other Party shall be, or be deemed to be, a waiver or in any way prejudice any right of that Party under this Agreement. No right, power or remedy conferred upon or reserved for either Party in this Agreement is exclusive of any other right, power or remedy available to that Party.

## 23. **No Partnership**

Nothing contained herein shall be deemed to form or create any partnership relationship between the Parties.

## 24. **Assignment**

The Franchisee shall not assign any or all of its rights or obligations under the Franchise Agreement without prior written consent of the Franchisor.

25. **Entire Agreement**

25.1 This Agreement, together with any documents referred to herein, constitutes the entire agreement between the Parties relating to its subject matter and supersedes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to such subject matter.

25.2 No variation of this Agreement shall be effective unless made in writing.

26. **Severance**

If any provision of the Franchise Agreement is prohibited by law or judged by a court to be unlawful, void or unenforceable, the provision shall, to the extent required, be severed from this Agreement and rendered ineffective as far as possible without modifying the remaining provisions of this Agreement, and shall not in any way affect the validity or enforcement of this Agreement as a whole.

27. **Set Off**

Both the Franchisor and the Franchisee may set off any matured obligation due to it from the other Party against any obligation owed by it to the other Party under this Agreement.

28. **Expenses**

Subject to any provisions to the contrary, each Party to this Agreement shall pay its own costs of and incidental to the negotiation, preparation, execution and carrying into effect of this Franchise Agreement

29. **Governing Law and Jurisdiction**

This Agreement shall be governed by the laws of England and Wales and any dispute concerning it or its interpretation shall be adjudicated in that jurisdiction.

**IN WITNESS WHEREOF** this Agreement has been duly executed the day and year first before written

SIGNED by



Ajay Ahuja  
for and on behalf of Ahuja Group

SIGNED by

Franchisee:  
PRINT NAME:  
PRINT ADDRESS:

## **SCHEDULE 1**

### **Franchised Business**

The provision of letting agent services for landlords.

**SCHEDULE 2**  
**Intellectual Property**

None.

## **SCHEDULE 3**

### **Territory**

Via district council confirmed in application.

## **SCHEDULE 4**

### **Equipment**

Legal roadworthy car  
Phone  
Computer