

FRANCHISING AGREEMENT

This agreement is made on the ____ day of _____, 20__ at Bangalore:

BY AND BETWEEN

SHRI CANE FRESH BEVERAGES PRIVATE LIMITED, a company incorporated under the Companies Act, 1956, and having its principal office at Flat No. L-12, No. 10 Surveyor Street, Basavangudi, Bangalore – 560 004, (hereinafter called as **“THE FRANCHISOR or The Company”**, which

expression shall unless it is repugnant to the context be deemed to include its successors in interest and permitted assigns).

AND

_____ (hereinafter called "**THE FRANCHISEE**" which expression shall unless repugnant to the context or meaning thereof, include its heirs, legal representatives, executors, administrators, successors and permitted assigns).

A. RECITALS

WHEREAS the FRANCHISOR has developed a business operating under the style **SHRI CANE FRESH** in the course of which the FRANCHISOR *inter alia*:

- (a) Contract manufactures and installs the requisite machinery for crushing and making fresh cane juice, and sells by retail freshly crushed cane juice (hereinafter referred to as "**Product**");
- (b) Intends to operate a network of high quality comprehensive and distinctively designed retail outlets to sell the products;
- (c) The FRANCHISEE being desirous of obtaining the benefits of the FRANCHISOR'S knowledge, expertise and goodwill and to sell the Products, has requested the FRANCHISOR to grant to the FRANCHISEE, the right to establish a retail outlet to sell its products at the location (hereinafter referred to as "**the Franchise or Outlet**");

1. Term

1.1 Term shall mean the period of Five years from the Commencement Date. The initial term may be renewed by either party after the expiration of Five years from the Commencement Date by giving notice or written request to the FRANCHISOR of the intention of the same within 3 months from the expiration of the initial Term.

1.2 The Commencement Date for this Agreement shall be 1st, June, 2012.

2. Grant of Franchise

In consideration of the fees and other payments, which shall be paid by the FRANCHISEE at the time and in the manner set out in this Agreement and in further consideration of the observance and performance of the undertakings on the part of the FRANCHISEE the right to establish and sell the Products at the Outlet or Franchise at the Location at _____ only for the Term agreed upon.

3. FRANCHISOR'S Obligation

3.1 To permit the FRANCHISEE to carry on the business of setting up, operating and promoting the outlet under the style "SHRI CANE FRESH" juice and use the trademarks or such other names or styles as may be specified in writing by the FRANCHISOR in relation hereto.

3.2 The FRANCHISOR agrees to provide a cane crusher machine, air conditioning unit, storage cooler, visi-cooler, air curtain, plastic crates and glass mugs affixed with the Company logo all included towards the initial consideration paid by the FRANCHISEE to the FRANCHISOR. The specifications of the equipments, machinery, and fixtures provided is set

forth in a separate **Annexure A** with the list of items and numbers included along with the initial consideration paid by the FRANCHISEE.

- 3.2.1** Other items such as apron, trays, glasses, gloves, paper glasses, paper napkins, glass mugs affixed with company logo and trademark, menu chart, the flavor chart, advertising hoardings, display boards and other posters/banners containing relevant information about the company and the product along with other promotional materials and music C.D.'s etc., will be included for the initial consideration paid by the FRANCHISEE.

The items set out in clause **3.2** are a one time supply given by the FRANCHISOR at the time of initial set up of the Outlet for the initial consideration paid by the FRANCHISEE. However, the item listed in Clause **3.2.1** may be purchased subsequently depending on the demand and requirements at the Outlet from the FRANCHISOR only by paying the price prevailing at that time from the FRANCHISOR.

- 3.3** It undertakes to provide due and regular supply of products provided the proceeds of sugar cane bill and other ingredients sold shall be paid immediately at the time of next day supply as agreed by the parties.
- 3.4** To permit the FRANCHISEE to use the Intellectual Property Rights in relation to the Franchise.

3.5 Management Advice

- (a) To provide the FRANCHISEE, as the FRANCHISOR considers appropriate from time to time, with management, sales and administrative advice in the conduct of the Outlet and such other

advice as the FRANCHISOR considers appropriate to promote the mutual business interests of the FRANCHISOR and the FRANCHISEE.

- (b) To furnish the requisite technical expertise and assistance as the FRANCHISOR deems necessary to the FRANCHISEE for the completion, management and promotion of the Outlet.

3.6 Directions of layout of Location

To provide the FRANCHISEE with directions as to:

- (i) The layout and color scheme arrangements for the Outlet at the Location;
- (ii) The machinery, equipments, fixtures and fittings to be used in the Outlet, as well as for the installation of the same.

3.7 Supply of Products

3.7.1 The FRANCHISOR shall supply all the raw materials required for the Franchise such as, sugar cane, various powders added to the cane juice for different flavors, glasses/mugs affixed with company logo, paper glasses, paper napkins, extra crates for storage of waste and other items necessary to operate the Franchise as mentioned above in Clause 3.2.

3.7.2 The FRANCHISEE shall not procure sugar cane from any outside sources or other items mentioned above in Clause 3 for time being if there is no available stock at the outlet or any other items mentioned above or necessary to operate the Franchise.

3.7.3 The sugar cane is sold per kilograms (Kg). It is the duty of the FRANCHISEE to intimate the FRANCHISOR of the stock requirements

in kilograms everyday before 6 p.m. IST and the FRANCHISOR shall provide such stock requests at the earliest. The quality and size of sugar cane may vary from crop to crop and the FRANCHISOR shall make no guarantees for yield per kilogram.

3.8 Increase in Demand than the Normal Requirement:

The FRANCHISOR may accommodate an increase in demand or requirements from time to time which may be between 10% and 20% increase than the usual or normal requirement of the Outlet. Anything more than the above, the FRANCHISOR shall make a good faith attempt to accommodate such increase in demand, however, if it fails to meet such unusual demand, the same shall not be considered as a breach of this Agreement on part of the FRANCHISOR.

- 3.8.1 At times where the FRANCHISOR can not supply fresh stocks of sugar cane and has made all other good faith attempts to procure the stock, then FRANCHISEE with prior consent, shall make its own arrangements during such times in order to keep the Outlet operational. However, once the stocks are supplied, the FRANCHISEE shall discontinue such other stock and use the supply made available by the FRANCHISOR.
- 3.8.2 FRANCHISOR shall intimate the FRANCHISEE in advance any such issues affecting the supply or procurement of sugar cane to the outlet as a result beyond the control of the FRANCHISOR. During which, the FRANCHISOR shall make good faith attempts to provide with alternate supplies or otherwise inform the FRANCHISEE the same.

3.9 Other Back End Services Provided: The FRANCHISOR shall use state of the art procurement services in order to maintain consistency in the quality of the sugar cane and shall also store the procured sugar cane in state of the art warehouse. The supply of the sugar cane and other ingredients are made by using state of the art logistics services in order to retain the freshness and quality of the sugar cane and other materials while in transit.

3.9.1 The FRANCHISOR shall make good faith attempt to fulfill orders for the Products made by the FRANCHISEE, provided always that the FRANCHISOR shall be under no obligation to fulfill any order for the Products made by the FRANCHISEE, if the FRANCHISEE is at the time in default of his liability to pay his dues.

3.10 Employ Staff and Training

3.10.1 It is the duty of the FRANCHISEE to employ sufficient and competent staff as the FRANCHISOR deems necessary for the efficient conduct and management of the Outlet. Generally advised 3 persons upto 1000 glasses sold at the outlet every day.

3.10.2 The FRANCHISOR shall provide initial training to such of the employees as recruited by the FRANCHISOR at the level which in the opinion of the FRANCHISOR is adequate to instruct, in order to efficiently conduct and sell the product at the Outlet.

3.10.3 To provide supplementary training as and when the FRANCHISOR deems necessary during the Term as well as further training in new techniques or concepts developed by the FRANCHISOR.

3.10.4 The FRANCHISOR may give periodical advertisement, product education, public interactions, and launch of new flavors after scientific study and approval from related scientific institution.

4 FRANCHISEE'S Obligations

The FRANCHISEE covenants and agrees with the FRANCHISOR promptly to perform and observe the following covenants and conditions:

4.1 The Franchise not to be carried on other than from the Location aforesaid mentioned. Not to sell the Products or any part thereof other than from the Location without prior written consent of the FRANCHISOR.

4.2 To maintain freshness of the sugar cane, the FRANCHISEE shall store the sugar cane in the coolers at 6-9 degrees centigrade according to prevalent ambient temperature.

4.3 The Franchisee understands the importance of the FRANCHISOR'S high and uniform standards of quality, cleanliness, appearance, and service, and the necessity of opening and operating SHRI CANE FRESH juice Outlet in conformity with the FRANCHISOR System.

4.4 The FRANCHISEE shall pack the crushed sugar cane wastages in the plastic crate with lids or insulated plastic cover to be removed at regular intervals by the Company vehicle in order to avoid deterioration of the waste and smell. The FRANCHISEE shall not dispose of the waste to anyone thereof apart from the FRANCHISOR.

4.5 At the time of unloading stocks, it is the duty of the Franchisee to make available his person to unload the stocks and also at the time of loading the waste in to the Company vehicle.

5 Promote Business

Actively to promote the Franchise and to exercise best endeavors in the conduct of the Franchise to promote the mutual business interests of the FRANCHISOR and the FRANCHISEE and shall cause to be provided at the Location such of the Products as are stipulated by the FRANCHISOR from time to time.

6 Products

6.1 Only to sell at the Outlet, the Products, which are specified by the FRANCHISOR and which may be purchased from the FRANCHISOR alone.

6.2 In no case will the FRANCHISOR stock or sell any goods other than the Products and goods which the FRANCHISOR otherwise deems to be unsuitable for sale at the Outlet.

6.3 The FRANCHISEE shall pay for all Products acquired by him from the FRANCHISOR according to the terms of payment as notified in writing from time to time by the FRANCHISOR to the FRANCHISEE.

6.4 Notwithstanding that risk in any Products supplied by the FRANCHISOR to the FRANCHISEE, shall pass to the FRANCHISEE upon delivery, full legal and equitable title and interest in all and any Products supplied to the FRANCHISEE shall remain in the FRANCHISOR and shall not pass to the FRANCHISEE until the FRANCHISOR shall have received full payment of all amounts due and owing from the FRANCHISEE to the FRANCHISOR for the time being (including any interest accruing and owing to the FRANCHISOR) and from time to time in respect of all such Products supplied by the FRANCHISOR to the FRANCHISEE at any time.

6.5 The FRANCHISEE shall pay costs incurred for delivery of the products acquired later from the FRANCHISOR or supplied by the FRANCHISOR and prices of such products may vary depending on prevailing market conditions.

7 Maximum prices

Not to charge the customers prices in excess or less than the prices specified by the FRANCHISOR in writing from time to time.

8 Maintain Stock

The FRANCHISEE shall ensure maintenance of fresh stock of sugar cane as instructed at all times in order to provide uninterrupted service and fresh juice to the customers at all times. It is the duty of the FRANCHISEE to intimate FRANCHISOR if fresh stocks are needed before 6 p.m. IST everyday.

9 Books of Account

- 9.1 To keep such books of account and records and operate such finance and accounting made up in accordance with proper and accepted accounting practices and accurately maintain them up to date at all times.
- 9.2 To provide the FRANCHISOR with True Copies of quarterly audited profit and loss accounts and balance sheets for the Project made up in accordance with proper and accepted accounting practices, which shall be provided no later than 30 days after the end of each quarter.

10 Payments and Schedule

- 10.1 In consideration of the said terms and conditions, the FRANCHISEE shall pay a sum of Rs. _____ (Rupees _____ only) as non-refundable deposit, which is received herein.
- 10.2 The initial consideration paid by the FRANCHISEE shall include all the items mentioned in Clause **3.2, 3.2.1** as set forth in **Annexure A**.
- 10.3 Additional charges apply as set forth in Clause **3.2.2** for subsequent demands and requirements of the FRANCHISEE and the same shall be supplied by remittance of such costs to the FRANCHISOR.
- 10.4 The initial consideration paid shall also include other services such as the state of art procurement, warehousing and logistics services provided by the FRANCHISOR. The FRANCHISEE shall further incur additional costs towards boarding and lodging for the service personals attending for the service and maintenance.

10.5 All payments shall be made by the FRANCHISEE by way of a bankers cheque/demand draft made payable at Bangalore in favor of the Company.

11 Right to Inspection

11.1 To permit officers, servants and agents of the FRANCHISOR during the normal hours of business to inspect and observe the Outlet, and all parts of the Location; the stocks of the Products held by the FRANCHISEE and the manner in which the product is sold by the FRANCHISEE.

11.2 To permit the FRANCHISOR and its servants and agents to inspect and copy, books of account, records, finance and accounting systems at the Location.

12 Comply with laws

12.1 The FRANCHISEE will ensure that it obtains at its own expense all necessary authorizations for the Franchise including water supply, electricity, insurance, local Municipal license and other such requirements before the operation of the Franchise.

12.2 The FRANCHISEE undertakes to get required premises, power, water supply, painting the interior and exterior of premises, insurance etc. on its own risk and costs.

13 Independent Proprietor

13.1 To conduct the Franchise as an independent proprietor under the name of the FRANCHISOR, and not as a partner, representative, agent or employee of the FRANCHISOR and it is also agreed and declared that nothing in this Agreement shall be deemed or construed to constitute a partnership between the FRANCHISOR and the FRANCHISEE.

13.2 To evidence the fact that the FRANCHISEE is conducting the Outlet as an independent proprietor and ensure that customers are aware that any deposits paid by them against sales of any products have been received by the FRANCHISEE in his own right and not as agent of the FRANCHISOR.

13.3 The FRANCHISOR would not ensure or guarantee to any agency etc., on behalf of the Franchise holders for compliance of any contract or finance or mortgage or payments.

13.4 The FRANCHISOR is not responsible for nonpayment of any rental or lease, power, water supply, taxes or other charges levied by the local authorities, such as Corporation, Municipality, Panchayat or local bodies and they are the FRANCHISEE owner's responsibility.

14 Machinery, Equipment and Fittings

14.1 The FRANCHISEE shall obtain and use for the operation of the Outlet such machinery and equipment, fixtures and fittings as prescribed from time to time by the FRANCHISOR and also observe the FRANCHISOR'S

directions as the layout and use of such machinery and equipment and fixtures and fittings.

14.2 The FRANCHISEE has to maintain machineries and other equipments provided by the FRANCHISOR with due care and safety in good repair and working order at his own costs and expense. The FRANCHISEE is not allowed to use any other machinery, equipments or other materials, things, articles, except provided by the FRANCHISOR. If any of the machineries, things etc., are damaged, the FRANCHISEE has to purchase the same at its own costs from the FRANCHISOR only. The FRANCHISOR undertakes to replace any materials or machines for manufacturing defects for a period of 1 year from the date of this agreement. Subsequent to which, the FRANCHISEE will be liable for repairs or replacement costs for any breakage or repair as a result of mishandling. The FRANCHISOR will provide all the repair service personal and maintenance and the FRANCHISEE shall pay the FRANCHISOR for any such repairs. The FRANCHISEE shall pay the FRANCHISOR annual maintenance fees after the period of one year as agreed by the parties. The FRANCHISEE shall further incur additional costs towards boarding and lodging for the service personals attending for the service and maintenance.

15 Ownership of the Machinery, Equipments etc.

15.1 After completion of Five (5) years, the FRANCHISEE shall own the machinery and other equipments provided by the FRANCHISOR at the time of the set up.

15.2 However, if the FRANCHISEE decides to terminate this agreement before the completion of Five years, the FRANCHISEE shall return all

such machinery and other equipments provided by the FRANCHISOR. On such return, the FRANCHISEE shall bear or pay any such costs for damages caused to the machinery as a result of mishandling the machinery and equipments.

16 Ownership of Intellectual Property Rights

The FRANCHISEE acknowledges and recognizes the exclusive right of the FRANCHISOR to the Intellectual Property Rights including without limitation as well as the insignia, logos, designs, and other Intellectual Property Rights associated with the FRANCHISOR.

17 Assignment

Not to assign, sub-lease, license or otherwise deal with the Franchise in any way without the prior written consent of the FRANCHISOR.

18 Indemnity

The FRANCHISEE covenants and agrees with the FRANCHISOR that the FRANCHISEE shall assume sole and entire responsibility for and indemnify and save harmless the FRANCHISOR from any and all claims, liabilities, losses, expenses, responsibility and damages by reason of any claim, proceedings, action, liability or injury arising out of FRANCHISEE'S conduct of the Outlet or as a result of the FRANCHISEE'S relations with his customers and other third parties or because of any breach of this Agreement by the FRANCHISEE.

19 Termination

- 19.1 Either party can terminate this Agreement by giving the other party a written notice of not less than 3 months after the period of Five years from the date of commencement of this Agreement.
- 19.2 On occurrence of any breach of the terms and conditions of this Agreement by the FRANCHISEE, the FRANCHISOR shall terminate the agreement and the FRANCHISEE shall pay any such dues owed by the FRANCHISEE to the FRANCHISOR at the time of the termination.
- 19.3 The term of this Agreement may be extended further by the FRANCHISOR on receiving a written request by the FRANCHISEE 3 months prior to the expiration of the term of this Agreement and the FRANCHISEE will accept such further terms upon the FRANCHISOR'S prevailing terms and conditions at that time.
- 19.4 Cease to exploit, use any Intellectual Property Rights of the FRANCHISOR at the termination of the Term or this Agreement.

20 Force Majeure

The FRANCHISOR shall not be liable to the FRANCHISEE for any loss to the FRANCHISEE caused by the failure of the FRANCHISOR to observe the terms and conditions of this Agreement and on his part to be observed and performed where such failure is occasioned by any cause beyond the FRANCHISOR'S reasonable control including the failure of the FRANCHISOR to supply or delay in supplying any goods, stock to be supplied by the FRANCHISOR to the FRANCHISEE.

21 Governing Law and Jurisdiction

21.1 This Agreement shall be governed by Indian law in every particular formation and interpretation and shall be deemed to have been made in India.

21.2 Any proceedings arising out of or in connection with this Agreement shall be brought before the court of competent jurisdictions in Bangalore.

In WITNESS WHEREOF, the parties hereto have executed this Agreement as on the day and year first above written.

Witnesses:

1. _____ Signature (Franchisor) _____
Swaroop R., (Managing Director)
For the Company

2. _____ Signature (Franchisee) _____