



Sri Annai Kamakshi Kalaikudam
(Affiliated to Tamil Nadu Music and Fine Arts University)
No.979, Lakshmanaswamy Salai, K.K. Nagar, Chennai – 600078
www.sakkk.in

FRANCHISE AGREEMENT

This agreement is signed on this ___ day of _____ the year 20__.

Between

Sri Annai Kamakshi Kalaikudam, a private institution, affiliated by Tamil Nadu Music and Fine Arts University and having its head office at No.979, Lakshmanaswamy salai, K.K. Nagar, Chennai – 600078, herein after referred to as the “FRANCHISOR”

And

_____, herein after referred to as the “FRANCHISEE”, for a **Sri Annai Kamakshi Kalaikudam center** located at _____ (the “Center”)

WHEREAS,

A. FRANCHISOR as the result of significant expenditures of time, skill, effort and money, has developed and is owner of a unique proprietary system (hereinafter the "System") relating to the establishment, development and operation of a business ‘which provides Fine Arts education to students, parents, adults and people of all age groups.

B. FRANCHISOR has the exclusive right and license to use the System and the copyrights, trade names, trademarks, and service marks globally. Further, FRANCHISOR is the owner of such other copyrights, trade names, trademarks, and service marks as may be developed by FRANCHISOR as are now designated in this Agreement.

C. FRANCHISEE has applied to FRANCHISOR for a franchise to operate a Sri Annai Kamakshi Kalaikudam center (the "Center") and desires to acquire a license to operate a Center using the business format, methods, specifications, standards, training and operating procedures, training and operating assistance.

D. FRANCHISEE has had a full and adequate opportunity to seek counsel in order to be thoroughly advised of the terms and conditions of this Agreement and has had sufficient time and opportunity to evaluate and investigate the business concept and the procedures and financial requirements associated with the business as well as the competitive market in which it operates.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, hereby mutually agree as follows:

I. GRANT OF FRANCHISE

A. FRANCHISOR, as agent for the owner of the Marks, hereby grants to FRANCHISEE during the term of this Franchise Agreement the nonexclusive right and license (the "License") to use System and related service marks, trademarks and other marks (the "Marks") solely in connection with the operation of one Sri Annai Kamakshi Kalaikudam center at the Center Site. The only Marks which FRANCHISEE is entitled to use pursuant to this license are solely the Marks described on Exhibit A, which may be changed or supplemented from time to time by FRANCHISOR.

The license herein granted is limited to the operation of one Sri Annai Kamakshi Kalaikudam center and nothing herein contained shall be deemed to grant to FRANCHISEE the right to purchase, own or operate additional Sri Annai Kamakshi Kalaikudam centers. In addition, FRANCHISEE shall have the right to open its Franchise business in its own name.

B. FRANCHISOR maintains all rights to student data and financial information collected via FRANCHISEE'S system, on FRANCHISOR'S database. Such information shall include, without limitation, client and student data, financial records and reports, and all other information that FRANCHISOR so designates in writing.

C. The Franchisee shall not use the FRANCHISOR'S intellectual property rights for purposes outside the purview of the franchise agreement

D. The FRANCHISOR maintains the right to change operational terms and standards during the franchise relationship in case of unforeseen circumstances not contemplated by the agreement arising during the course of its performance after negotiation with the FRANCHISEE.

II. FRANCHISE FEE, ROYALTY, TERM and RENEWAL

A. This agreement is made and entered by default on the date of Initial Franchise fee payment made by the FRANCHISEE who intends to take franchise of FRANCHISOR.

The Franchise fee payment shall be made based on the Arts education the Franchisee desires to offer in its Center, as per options below:

Painting course: **INR 1,00,000/-**

Painting, Music & Bharathanatyam courses: **INR 2,00,000/-**

B. The initial term of this Franchise Agreement shall be for a period of **One (1) year**, commencing on the commencement date of this Franchise Agreement. The date this Franchise Agreement is executed by FRANCHISOR is the commencement Date of this Franchise Agreement. The Expiration Date of this Franchise Agreement shall be the date One (1) year after the execution of this Franchise Agreement by FRANCHISOR.

C. Upon the expiration of the initial term hereof, FRANCHISEE shall have the option to renew the Franchise for an additional **One (1) year period** the time in which FRANCHISEE'S lease for the Center Site remains in effect. This option to renew shall be subject to the following terms and conditions:

(1) FRANCHISEE shall deliver to FRANCHISOR written notice of FRANCHISEE'S intent to renew not more than 360 days and not less than 180 days prior to the Expiration Date of the term under which FRANCHISEE is then operating, and

(2) FRANCHISEE shall make such improvements as may be required to modernize, renovate, equip and decorate the Center, specifically including, but not limited to, cleanliness, paint, carpet and the condition of equipment, so as to reflect the then current standards of FRANCHISOR; and

(3) FRANCHISEE at the beginning of the new term shall pay to FRANCHISOR, a payment of **INR 25,000** for Painting course or **INR 50,000** for Painting, Music & Bharathanatyam courses (as the case may be) for new franchises.

D. The FRANCHISEE agrees to pay to the FRANCHISOR a monthly royalty (“**Royalty**”) equal to 25% of its Gross income generated from or through its Sri Annai Kamakshi Kalaikudam center on or before 10th of every calendar month.

E. Manpower cost

1. In the event, FRANCHISEE availing the faculty services of the FRANCHISOR, for a limited pre-determined period, FRANCHISEE shall pay to the FRANCHISOR an amount equivalent 75% of the revenue generated from the respective batches.
2. In a similar manner, if the FRANCHISOR desires to avail the faculty services of the FRANCHISEE, the FRANCHISOR shall pay an amount equivalent to 35% of the revenue generated from the respective batches.
3. If it is on an ad-hoc basis, the same shall be worked out in a mutually accepted formula between the FRANCHISOR and the FRANCHISEE.

F. In the event, if the FRANCHISEE is unable to generate a revenue of the initial payment of **INR 1,00,000 or INR 2,00,000 (as the case may be)** in a period of 1 year, then the FRANCHISOR shall make up such shortfall of revenue to compensate the FRANCHISEE.

G. Either party shall have the right to terminate this agreement, upon providing written notice of their intention of termination at least two months prior to termination without bearing any liability so assigning any reason whatsoever.

III.DUTIES OF FRANCHISOR

All of the obligations of the FRANCHISOR hereunder are to FRANCHISEE, and no other party is entitled to rely on, enforce, or obtain relief for breach of such obligations either directly or by subrogation.

A. Within fifteen (15) days of the execution of this Agreement, the FRANCHISOR shall provide FRANCHISEE general counselling regarding specifications for the Franchise Business office (but not architectural drawings for construction or remodeling of the actual premises). In addition, FRANCHISOR shall incorporate FRANCHISEE’s logo on Sri Annai Kamakshi Kalaikudam’s website.

B. FRANCHISOR will provide, FRANCHISEE and its designated Manager (if any), the initial franchise training program two (2) weeks prior to opening the Franchise Business, which training shall be conducted at Sri Annai Kamakshi Kalaikudam’s head office or at at No.979, Lakshmanaswamy salai, K.K. Nagar,

Chennai – 600078. The initial training program will be conducted over a 3-day period, which may be modified from time to time in FRANCHISOR's discretion.

C. FRANCHISOR shall provide Sri Annai KamkashiKalaikudam's **Levels 1-7 Advanced Curriculum Training** to FRANCHISEE and its Manager (if any) during the FRANCHISEE's first year operating the Franchise Business. Such advanced training will be conducted at Sri Annai Kamkashi Kalaikudam's head office or at a location designated by the FRANCHISOR. FRANCHISOR reserves the right, from time to time, to update, extend and/or expand its training requirements, which may include on-the-job training.

D. FRANCHISOR shall provide to FRANCHISEE continuing general assistance in establishing its daily, weekly and monthly reporting systems; bookkeeping procedures; and accounting systems and administrative assistance in the operation of the Franchise Business as the FRANCHISOR deems necessary. In addition, FRANCHISOR shall provide FRANCHISEE with reporting documents for purposes of reporting financial and/or sales- related information to FRANCHISOR.

E. FRANCHISOR shall provide FRANCHISEE with all the required equipment, materials, products, and supplies that are required for the Art classes, which is payable by FRANCHISEE.

F. Following FRANCHISEE's completion of initial franchise training, should FRANCHISEE request additional support fee and assistance from FRANCHISOR to conduct exhibitions or competitions, FRANCHISOR shall provide the financial assistance as the FRANCHISOR deems necessary subject to FRANCHISEE paying a fixed percentage of revenue generated through the event.

IV. DUTIES OF FRANCHISEE

A. FRANCHISEE understands and acknowledges that compliance with the System and consistency with respect to every detail of the operation of the Franchise is critical to FRANCHISOR, in order to: (1) maintain high and uniform operating standards; and (3) protect FRANCHISOR's Proprietary Mark(s), System, reputation and goodwill.

B. FRANCHISEE shall consult with FRANCHISOR before the recruitment of personnel and teachers. In addition, Franchisee and its designated Manager, if any (who has been approved by FRANCHISOR and has successfully completed the required training program) shall devote their full time and best efforts to the management and operation of the Franchise Business. FRANCHISEE will immediately notify the FRANCHISOR in writing of any personnel changes in the Franchise Business.

C. FRANCHISEE shall purchase exclusively from FRANCHISOR or its approved suppliers, certain products, art supplies, and other proprietary products, materials and supplies which include, but are not limited to teaching aids and materials, student instruction books and materials.

D. FRANCHISEE shall not attempt to duplicate FRANCHISOR's proprietary services by its own efforts or with the assistance of any company, agency or other entity.

E. FRANCHISEE shall display FRANCHISOR's Proprietary Mark(s) and logo in the manner prescribed by the FRANCHISOR in all its promotion materials. The color, design, signage, and promotional displays and materials shall be specified by FRANCHISOR.

F. FRANCHISEE shall subscribe to the format designed to accommodate FRANCHISOR's reporting procedures. FRANCHISOR maintains all rights to the data collected by FANCHISEE in the operation of the Franchise Business, including but not limited to: client and student names and contact information,

client and student demographic information and profiles, sales data, inventory data, and other information that FRANCHISOR may designate from time to time in writing.

G. FRANCHISEE shall maintain regular attendance of all the classes and shall send the photographs of classes, student names attending the class and other information that FRANCHISOR may designate from time to time in writing.

H. FRANCHISEE shall meet and maintain the highest hygiene, health, safety and security standards applicable to the operation of the Franchise Business and its employees and students.

I. FRANCHISEE shall comply with all other requirements set forth in this Agreement, or otherwise in writing.