

Franchise Agreement Overview

A Franchise Agreement is a legal document that defines the relationship between the brand owner (Franchisor) and the person running the business.

Here are some key terms and conditions that are typically included in a Franchise Agreement:

1. Fees and Royalties

- Franchise Fee :- This is the initial amount you pay to use the brand name.
- Royalty Fee :- This is a fixed portion of your monthly or annual earnings (for example, 5% to 10%) that you must pay to the company.
- Marketing Fee :- The company may also charge you separately for brand advertising and promotion.

2. Duration and Renewal.

- How many years this agreement is valid for (for example, 5 years or 10 years).
- What the terms and conditions will be for renewing the agreement after the limit expires.

3. Training and Support.

- Whether or not the company will provide you with training to start the business.
- What the company's role will be in staff hiring, interior design, and operational support.

4. Location and Territory.

- Exclusive Territory: whether you will be the sole operator in that specific area, or if the company can open another franchise nearby.
- It is mandatory to obtain selection and approval of the location from the company.

5. Operations and Standards.

- You must follow the rules, recipes, or service standards set by the company.
- Regarding where to buy goods (Raw material), the company may determine its own suppliers.

6. Trademark and Intellectual Property

You can use the company's logo name, and patents solely for business purposes. You cannot make changes to these of your own accord.

7. Termination

- If you do not follow the rules, the company can cancel (terminate) the agreement
- what the Notice period will be in the event the agreement is terminated.

8. Governing Law and Dispute Resolution.

This Agreement shall be governed by and ~~to~~ constructed in accordance with the laws of India.