



FRANCHISE AGREEMENT

THIS FRANCHISE IS HEREBY GRANTED BY Pakistan State Oil Company Limited, a FRANCHISOR listed in all Stock Exchanges of Pakistan, having its Head Office at PSO House, Khyaban-e-Iqbal, Clifton, Karachi, hereinafter referred to and termed as “the FRANCHISOR” IN THE NAME AND IN FAVOUR OF

Mr. _____, dealer/operator of _____ service station resident of house No. _____
Holder of N.I.C No. _____ hereinafter referred to and termed as “the FRANCHISEE”.

WHEREAS THE FRANCHISOR has developed for its own use a distinctive system for:

- The identification, layout, merchandising, Retail of an extensive range of convenience items.
- The promotion and advertising of product and service.
- The operation, administration and Management of the business of Franchise.

Hereinafter collectively referred to and termed as the Shop stop facility.

WHEREAS THIS SHOP STOP means and includes

- Valuable trade marks such as the Shop Stop Logo, service marks, trade and business names, devices, designs, advertising matter, signage, and distinctive colour schemes.
- Shop fittings/equipment's.

AND WHEREAS THE FRANCHISEE wishes to obtain and for that purpose has approached the FRANCHISOR for grant of a FRANCHISE to manage, operate and run the Stop Shop including its identifications, hence this FRANCHISE.

1. DEFINITIONS:-

- 1.1 "Stop Shop" means the Retail convenience store the FRANCHISEE is authorized to operate, manage and run in terms of this Franchise.
- 1.2 "Confidential information" means any and all information, knowledge know how and technologies which the FRANCHISOR designates as confidential proprietary or trade secrets.
- 1.3 "Franchise" means this Franchise and the terms and conditions hereof as a whole.
- 1.4 "FRANCHISEE" means the holder of this Franchise or any other person or any body co-operate who is named herein as the "FRANCHISEE"
- 1.5 "FRANCHISOR" means the Company.

2. COMMENCEMENT:-

This Franchise is granted to commence with effect from _____ and unless sooner terminated as provided herein will be valid for a period of _____ years. The renewal or extension of this Franchise solely and exclusively rests with the discretion of the FRANCHISOR and the Franchise will have no vested right or entitlement therein, neither implied nor express.

3. RIGHTS AND ENTITLEMENT OF FRANCHISEE:-

- 3.1 This grant/FRANCHISE does not confer on the FRANCHISEE any right, title, interest or claim, whatever the nature may be, in or upon the Shop Stop, its identifications or premises other than the temporary right to manage, run and operate the system and/or its identification, and that too in the manner and to the extent prescribed and approved by the FRANCHISOR herein or elsewhere in writing.

3.2 This grant/FRANCHISE will not operate as restriction upon the FRANCHISOR to grant any other FRANCHISE in the name or in favor of any one else

4. FRANCHISE FEE:-

4.1 The FRANCHISEE will pay to the FRANCHISOR Rs. _____ per month as a Franchise Fee (MUF & MSF) in advance.

4.2 Initially the FRANCHISEE will have to deposit a security fee equivalent to 3 months Franchise Fee in advance at the time of signing the Franchise Agreement.

4.3 The FRANCHISEE will contribute towards promotion and advertising fees in such amounts and on such days as decided by the FRANCHISOR.

4.4 The FRANCHISEE will pay the rental to the FRANCHISOR on the fifth day of every month in advance through Pay Order in favor of the FRANCHISOR or through Cross Cheque.

4.5 The FRANCHISOR has right to enhance the MSF & MUF @ 10% per annum depending upon the sales of the Mart.

5. EQUIPMENT:-

5.1 The FRANCHISEE will bear all C-Store equipment cost. No financial assistance whatsoever will be given in this regard by the FRANCHISOR.

5.2 All equipment must be arranged/placed according to the footprint given by the FRANCHISOR. No additional equipment will be allowed by the FRANCHISOR without prior approval of the concerned FRANCHISOR representative.

6. SHOP FITTINGS:-

6.1 All Shop fittings/fixtures will be arranged by the FRANCHISOR as per its own specifications and designs. The FRANCHISOR will not allow the use of any substandard material at C-store facilities.

6.2 All shop fittings/fixtures/equipment must be checked/approved by the FRANCHISOR's representative prior to installation.

6.3 All such items must be placed/fixed according to the Mart internal layout developed and provided by the FRANCHISOR. No additional fixtures will be allowed by the FRANCHISOR without the prior approval of the concerned FRANCHISOR representative.

- 6.4 Franchisee will be responsible for the proper upkeep and maintenance of the shop fittings and no fittings or part thereof would be removed / replaced without prior approval of the Franchisor.

7. MERCHANDISING:-

- 7.1 The FRANCHISOR shall procure & arrange Merchandise/Products for the Mart. However, the cost of Merchandising will be borne by the Franchisee. The Franchisee shall hold FRANCHISOR free from all liabilities, action and claim that may arise during Products/Merchandise procurement.
- 7.2 In case of the Merchandise procurement arranged by the FRANCHISOR, the FRANCHISEE shall pay the entire cost to the suppliers. For the suppliers who have given exclusivity rights by the FRANCHISOR, the FRANCHISEE will purchase Products from them and Purchase/Place No Products of Competing Brands without the Prior Approval of the FRANCHISOR
- 7.3 The placement and the presentation of merchandise/products must be done in accordance with Planograms given to them by FRANCHISOR or mutual consultation with FRANCHISOR representative.
- 7.4 The FRANCHISEE will ensure that all perishable products shall be removed before the useful shelf life.
- 7.5 The FRANCHISOR will require from the FRANCHISEE that all products must be compatible with C-store business. The FRANCHISOR reserves the right to remove all such products that are either prohibited by law or incompatible with the C-store business.
- 7.6 The FRANCHISEE will record sale of each & every item in electronic cash register/Computer software regularly and submit daily/weekly sales figures to the FRANCHISOR's representative. The FRANCHISOR reserves the right to check sales figures at any point in time without intimating the FRANCHISEE
- 7.7 The FRANCHISEE will stock the FRANCHISOR'S approved range of products as stipulated time to time by the Franchisor's representative.
- 7.8 The FRANCHISEE will purchase the approved range of products from the FRANCHISOR'S authorized supplier(s) as stipulated from time to time in the list provided to the FRANCHISEE by the FRANCHISOR.
- 7.9 The FRANCHISEE will not sell or offer for sale products purchased from the FRANCHISOR'S authorized supplier(s) at any location other than the Shop Stop.
- 7.10 The FRANCHISEE will not transfer stock of products purchased from the FRANCHISOR'S authorized supplier(s) to any other convenience store except to another Stop Shop and only with the written approval of the FRANCHISOR.

7.11 The FRANCHISEE will keep reasonable stocks of good and provide services that are the subject of a current advertising campaign or promotion relating to any part of the business for the duration of the promotion to ensure that customers are able to obtain the goods or services promoted.

8. CUSTOMER SERVICE:-

8.1 Charge Fair Prices.

8.1.1 The FRANCHISEE should charge the products at fair prices. The FRANCHISOR requires that the FRANCHISEE should:

- (a) Price the products competitively.
- (b) Mark the price of every product distinctly and clearly.
- (c) Follow the fair trade practices.

8.2 Provide & Maintain Professional Environment.

8.2.1 The FRANCHISEE should always provide and maintain an attractive store image that is inviting to customers as per FRANCHISOR standards. The FRANCHISOR requires that every store as should:

- (a) Have comfort conditions i.e. proper HVAC system.
- (b) Maintain pleasant and clean smell.
- (c) Keep internal floor area, exterior including forecourt and landscaping neat.
- (d) Ensure the shelving and display cases are clean and dust free.

8.3 Quick service.

The FRANCHISEE should always provide quick and convenient service. The FRANCHISOR recognized the store attendants as front line warriors as they are the first to contact the customers. It is expected that the store employees:

- (a) Provide fast and efficient service.
- (b) Are trained enough to handle each customer transaction.
- (c) Make every customer feel important and welcome by:
 - Acknowledging and pleasantly greeting them.
 - Offering additional items to enhance sales.
 - Thanking every customer.
- (d) Are capable of performing assigned duties.
- (e) Are wearing clean uniforms approved by the FRANCHISOR.
- (f) Are well groomed, including their
 - Hair
 - Hands and Fingernails
 - General body cleanliness

8.4 The operator will run the mart 24 hours round the clock.

9.0 MARKETING

9.1 The FRANCHISEE will participate fully in the marketing, sales promotion, advertising or incentive programmes initiated by FRANCHISOR and comply with all the rules and regulations governing the programmes.

9.2 ADVERTISING AND SIGN WRITING

- 9.2.1 The FRANCHISEE will not establish, alter, remove or add to any logos, advertisement, signwriting, sign or lettering anywhere on or about the PREMISES without the FRANCHISOR'S prior written consent.
- 9.2.2 The FRANCHISEE will not change or modify the colour scheme of the interior or exterior of the PREMISES or alter or modify the size, location or composition of any sign, logo, symbol, mark or advertisement upon, within or about the PREMISES.
- 9.2.3 All advertising will be subject to the FRANCHISOR'S written approval and the FRANCHISEE will have no right to use any of the FRANCHISOR'S identification or any advertising without the FRANCHISOR'S written consent.

10.0 PREMISES:-

10.1 USE OF PREMISES

- 10.1.1 The FRANCHISEE will use the PREMISES only for the operation of a Shop Stop and for other associated businesses approved of in writing by the FRANCHISOR (hereinafter referred to as "The BUSINESS").
- 10.1.2 The FRANCHISEE will at his own expense obtain and renew all licenses or permits necessary for the use of the PREMISES as a Shop Stop and for the installation and use of any equipment thereon.
- 10.1.3 The FRANCHISEE will maintain, at his own expenses in accordance with the MANUALS, all fittings and fixtures, door, windows, plateglass, locks, key, window and other fittings, electric light globes, fluorescent tubes, starters, ballasts, water taps, and the like and all electrical, drainage and sanitary works in or upon the PREMISES in good (and where appropriate good working) order and condition and to repair or if necessary replace any of these items which have been damaged, lost or which for any reason cease to work efficiently.
- 10.1.4 Not to keep or sell anywhere in the premises any explosive items on any other item prohibited by law.
- 10.1.5 The operator will bear all the related expenses of the Franchise like utility bills and will liable to pay all the related bills with in due time.

10.2 DAMAGE OR DESTRUCTION

If at any time during the term of this Agreement the PREMISES is destroyed or damaged and the cost of repair or rebuilding is, in the FRANCHISOR'S opinion, uneconomical, the FRANCHISOR will be entitled to terminate this Franchise.

10.3 INTERIOR AND EXTERIOR APPROACHES

The FRANCHISEE will keep the interior and exterior of the PREMISES approaches in a clean, safe and tidy condition, in accordance with the FRANCHISOR standard.

10.4 ALTERATIONS AND ADDITIONS

The FRANCHISEE will not without the prior written consent of the FRANCHISOR.

10.4.1 Make any alterations (which include additions, relocations and removals) to, upon, within or about the PREMISES.

10.4.2 Change or modify the colour scheme of the interior or exterior of the PREMISES or modify the size, location or composition of any sign, symbol, mark or advertising's upon, within or about the PREMISES.

Or the BUSINESS whereby or by reason whereof the FRANCHISOR'S good name or repute is or may be adversely affected or called into question.

10.5 CONDITION OF THE PREMISES

10.5.1 Within three (3) days of commencement date of this Agreement, the FRANCHISOR and the FRANCHISEE will inspect the PREMISES and together compile an agreed list of defects. The FRANCHISEE will be deemed to have accepted the PREMISES in good order and repair save for any agreed defects, which the FRANCHISOR will be obliged to repair as soon as possible.

10.5.2 On termination of this Agreement, the FRANCHISEE will hand over and deliver the PREMISES to the FRANCHISOR in the same good order and repair. If the PREMISES are not in the same good order and repair, fair wear and tear expected, the FRANCHISOR would be entitled to claim any necessary repair cost from the FRANCHISEE.

11.0 THE TERMINATION OF THE CONTRACT

11.1 The FRANCHISOR will have the right to terminate this Grant with immediate effect by so advising the FRANCHISEE in writing

- a) That the FRANCHISEE has committed breach of any of the terms and conditions of this agreement
- b) If the Franchise Fee or any part thereof is at any time in arrears.
- c) If the FRANCHISEE fails or is unable to pay any amount which have become due and payable by the FRANCHISEE to the FRANCHISOR or any of the FRANCHISOR'S approved and appointed suppliers either in respect of goods uplifted or otherwise.
- d) If any cheque given by or on behalf of the FRANCHISEE to the FRANCHISOR not be honoured.
- e) If the FRANCHISEE dies or where there is more than one person as the FRANCHISEE, anyone of them dies.
- f) If the FRANCHISEE is unable, by reason of mental or physical incapacity, to control the operation of the PREMISES.
- g) If the FRANCHISEE commits an act of insolvency.

- h) If the FRANCHISEE refuses the FRANCHISOR or its representatives entry to the PREMISES.
- i) If the FRANCHISEE discloses or fails to keep secret, or to the best of his ability fails to ensure that his employees and/or agents keep secret, any know-how supplied by the FRACHISOR hereunder.
- j) If the FRANCHISEE performs an act, or omits to perform an act, or makes a statement, where the act or omission, or the making of the statement constitutes an offence punishable by imprisonment.
- k) If the FRANCHISEE being a natural person, tends to show that he is a dishonest or is otherwise not a good character.
- l) If a default judgement is entered against the FRANCHISEE in any Court and remains unsatisfied after a period of fourteen (14) days.
- m) In the event of any restrictions imposed or license or permits withdrawn or renewal refused by any competent authority, the FRANCHISOR shall have a right to terminate this Franchise Agreement by giving notice.

When any of the above happens, the agreement shall be terminated by the FRANCHISOR and the FRANCHISEE shall hand over peaceful possession. The FRANCHISEE shall however be entitled to remove C-Store equipment, merchandise/products, and shop fittings in case not provided by the FRANCHISOR. The FRANCHISEE shall not claim any damages, compensation or any other right against the FRANCHISOR.

Witnesses:

1. _____

FRANCHISOR
PAKISTAN STATE OIL COMPANY LTD

2. _____

EXECUTANT
FRANCHISEE