

HOTEL MANAGEMENT AGREEMENT

THIS AGREEMENT made on this _____ of _____, 20____, at _____

BETWEEN

ABC, a Company registered under the Indian Companies Act, 1956, having its registered office at _____ (hereinafter to be referred to as the 'ABC') through its Authorized Signatory Mr. _____ duly authorized vide a Company Resolution passed by its Board of Directors in a meeting held on _____,

... OF THE FIRST PART

AND

_____, a Company registered under the Indian Companies Act, 1956, having its registered office at _____ (hereinafter to be referred to as the 'Operator') through its Authorized Signatory Mr. _____ duly authorized vide a Company Resolution passed by its Board of Directors in a meeting held on _____,

... OF THE SECOND PART

WHEREAS:

1. The ABC is running a modern ____ **Star Hotel** of approximately _____ rooms and is desirous of availing the services of a suitable organization for the purpose of managing the said Hotel located at _____;
2. The Operator has been working in the Hospitality Industry for the last several years and has operating experience, as well as the requisite information concerning the industrial, commercial and

scientific knowledge, skill and technical know-how for operation of a hotel of the kind run by ABC;

3. The Operator approached ABC representing that it had the required industrial, commercial and scientific knowledge, skill and technical know-how for managing and operating the Hotel currently being run by ABC;
4. ABC has accepted the offer of the Operator to utilize it's services for managing the Hotel.

NOW THEREFORE THIS AGREEMENT WITNESSETH AND IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:

PART 1

DEFINITIONS

1. "Hotel" shall mean the entire structure existing on the land at the address _____ or any extension thereof at any time during the Term the this Agreement, and all building equipment installed therein, including but not limited to, all plumbing, heating and lighting equipment, elevators, air-conditioning equipment, exterior and interior signs, telephone equipment (except that leased from a Telephone Company), furniture and equipment, operating equipment, operating supplies, and all other related facilities constructed, installed or kept in or in appurtenant to the Hotel.
2. "Furniture", Furnishings and Equipment" shall mean and include all movable furniture, furnishings and like chattels for the guest rooms and suites, restaurants, bars, banquet rooms, public areas and other areas being beds, chairs, lounges, sofas, stools, luggage racks, lamps and lamp shades, planter boxes, waste paper

receptacles, captain and cashier stands, carpets, vinyl and other like removable floor coverings, curtains, drapery and blinds, cushions, bedspreads, artwork including paintings, sculptures, tapestries and murals, and all equipment being office equipment including facsimile machines, computers, material handling equipment including hand trucks and trolleys, food service equipment, housekeeping and cleaning equipment, gardening equipment, health club equipment, television sets, radios, video recorders, audio-visual equipment, refrigerators, mini-bars, swimming pool cleaning equipment, and other miscellaneous equipment, and other equipment required for the operation of restaurants, bars, banquet rooms, kitchens, laundry and dry cleaning, and all trade fixtures being shelving, racks, lockers, light fittings, chandeliers and movable furniture and like chattels temporarily affixed to the building of the Hotel BUT ALWAYS EXCLUDING "Plant" being all plants, machinery and other equipment and all component parts thereof (including wiring, cabling and conduits) being air-conditioning plants, heating, cooling, exhaust and / or ventilation systems including air-handling units and fan coil units, cooling towers, chillers and pumps, boilers, steam and hot water systems and steam pipes, refrigeration and cold storage equipment and refrigerated rooms, electrical systems including substations, distribution boxes, wiring and cabling, communication systems including telephone, intercommunication, paging and message systems, central video equipment, plumbing, drainage and sewerage including waste disposal, sanitary fixtures, bathroom fixtures and fittings, lifts, elevators and escalators, fire prevention, protection and / or fighting systems including sprinklers, smoke detectors and pressurization equipment, mechanical and hydraulic systems, power generating plants, water softening and filtration plants and other items and installations forming part of the Hotel

building not being trade fixtures as hereinabove described and also excluding "Operating Equipment."

3. "Operating Equipment" shall mean all silver, linen, uniforms, china, glass, cooking utensils and all other similar items.
4. "Operating Supplies" shall mean all guest room supplies, consumable merchandise, stationary and office supplies, cleaning supplies and similar items used or intended for use in connection with the operation of the Hotel.
5. "Agreement" shall mean this instrument as originally executed and delivered, or, if amended or supplemented, as so amended or supplemented.
6. "Term" shall refer to the term of this Agreement, and any renewal or extension hereof, as provided in these presents.
7. "Fiscal Year" shall mean the twelve month period commencing on the 1st day of April, and ending on the 31st day of March, except that the First Fiscal Year shall be the period commencing from the date of execution of this Agreement and ending on March 31st of the following fiscal year.
8. "Auditor" shall mean any reputable chartered accountant qualified to act as an auditor of a joint stock company under the provisions of the Companies Act, and to be appointed for the purpose of this Agreement by ABC.
9. "Gross turnover" shall mean all revenues of every kind from the operation of the Hotel, and all its facilities including without

limitation all revenue from guests, tenants, concessionaires and from other persons occupying space in the Hotel, or from rendering services to the Hotel or its guests, determined in accordance with sound accounting principles and the Uniform System of Accounts for Hotels, but shall not include interest earned or monies placed on fixed deposit by ABC in the name of the Hotel, or otherwise, sums received or receivable by way of Government excise, sales or other taxes, gains arising from the sale or disposition of capital assets. Gross turnover shall be exclusive of all taxes.

10. "Gross Operating Profit" shall mean profit before interest, depreciation, tax & head office expenses, Management Fee, renovation, but after interest on working capital.
11. It is expressly understood that all costs and expenses not specifically provided for in this Agreement shall be borne and met by ABC including the following:
 - a. Provision for depreciation
 - b. Interest on loans
 - c. Payment of loans
 - d. Ground rent
 - e. Municipal taxes on property by whatever name called
 - f. All corporate expenses of ABC

PART II

OPERATION OF THE HOTEL

1. The Operator will recruit the managers and staff in the Hotel in stages as per the requirement of the Hotel and the same will be communicated to the Board of Directors of ABC before doing so.
2. The Chief Executive Officer, Managerial and Supervisory staff will be on the payroll of the Operator which will be reimbursed on an actual basis by ABC.
3. All the balance Staff will be appointed by ABC.
4. The Operator will operate the Hotel under the brand name _____.
5. Any decision regarding a matter of policy in the operation and management of the Hotel shall be taken unanimously by the Parties to this Agreement.
6. ABC shall create a reserve of ____% of the total turnover in the balance sheet for advertising and sales promotion.
7. ABC hereby covenants that the Operator shall be the exclusive Operator of the Hotel and shall accordingly supervise and direct the Operation of the Hotel and the Operator hereby undertakes to discharge and perform efficiently and with due diligence the obligation of the Operator hereunder.
8. The Operator shall supervise and direct the operations of the Hotel and shall have, within the limits stipulated in the Agreement, complete and exclusive control and discretion over the operation of the Hotel and all operating plans including use of space and facilities, prices, entertainment and amusement policies, labour policies, wage rates, hire and discharge of employees and all phases of promotion, publicity and advertising in mutual understanding with ABC, save and except as herein otherwise provided.
9. All directions, suggestions, guidance and advice give by ABC to the Operator from time to time, shall be honoured and implemented by the Operator in so far as they are compatible with the smooth and efficient running of the Hotel.

10. In the event of any liability to the Operator and / or ABC in connection with the Operation of the Hotel, arising on employees', workers' or customers' claims not covered by insurance, the amount thereof shall be a proper expense.
11. The Operator shall operate the Hotel and all its facilities in the same manner as is customary and usual in the operation of other similar hotels, having regard to the highest levels of efficiency, competence and standards of service and best practices and, in any event, shall provide such services at the Hotel as are normally provided by operators of Hotels of comparable class and standing consistent with the Hotel's facilities.
12. ABC shall apply for and use its best efforts to obtain and maintain for and on behalf of the Hotel, all licenses and permits required in connection with the management and Operation of the Hotel. ABC agrees to execute and deliver all applications and other documents and otherwise to cooperate to the fullest extent with the Operator in applying for, obtaining and maintaining such licenses and permits.
13. The MANAGEMENT FEE payable by ABC to the Operator for services to be rendered in pursuance to this Agreement shall be as under:
 - a. In consideration of the operation of the Hotel, ABC shall pay to the Operator the following Management Fees:

[GIVE DETAILS OF FEES, INCLUDING INCREASES IN FEES DURING DURATION OF THIS AGREEMENT]
 - b. A one time fee for the signing of this Agreement of Rs. _____ per room shall be payable by ABC to the Operator. 50% of the said amount shall be paid at the time of signing this Agreement, and the remaining amount shall be paid within ____ days of signing of this Agreement.
 - c. Any taxes, surcharges or any government levy of any type applicable currently or in future on the above fee will be payable

by ABC. The law in force in the Union of India shall be applicable in all cases.

- d. The Management Fee shall be paid on a monthly basis by the ___ of the following month.

PART III

RESTRICTION ON OPERATOR

The Operator shall have full discretion and control in the operation of the Hotel subject only to such limitations as are explicitly set out in this Agreement and particularly in this Part.

1. The Operator shall deliver to ABC prior to the end of each month, a profit and loss statement showing the results of operation of the Hotel for the preceding calendar month and the year to date and containing the computation of the Management fee payable.
2. The Operator shall not pledge the credit of ABC nor shall the Operator in the name of or on behalf of ABC borrow any money or execute any promissory notes, or other obligations on behalf of ABC.
3. The Operator shall maintain or cause to be maintained all records and registers and shall submit or cause to be submitted to appropriate authorities all information, reports, etc. as are legally obligatory on the Operator, and / or ABC.
4. The Operator shall prepare and submit to ABC as far as possible, not later than the commencement of the Accounting Year, the following budgets for ABC's approval which shall not be unreasonably withheld:
 - a. A budget for operation - Revenue and expense.

- b. A budget of expenditure for maintenance, renovation and repairs.
 - c. A budget for expenditure for replacement.
5. Duly authorized representatives of ABC shall at all times have access to the Hotel, and shall in particular have a right to enter the Hotel at all reasonable times while this Agreement remains in effect for the purpose of inspection of the Hotel or of examining or making extracts from its books and records, or for any other purposes which ABC shall reasonably deem necessary or desirable, but the same shall be done with as little disturbance to the operations of the Hotel as possible.
 6. The Operator shall not lien any property of ABC.

PART IV

ADVERTISING & SALES PROMOTION

1. The Operator shall arrange and contract for all advertising and promotion which the Operator may deem necessary for successful operation of the Hotel.
2. Prior to the commencement of each Fiscal Year, the Operator shall deliver to ABC for approval a budget of the estimated advertising and promotion costs related solely to the Hotel whether within or outside India. Such costs to the extent they are approved, shall be part of the Gross Operating expenses. Such budget for the First Fiscal Year may be based on the Operator's projection of Gross Income for that Fiscal Year.
3. ABC shall create a reserve @ ___% of total turnover in the balance sheet for advertisement and sales promotion.

PART V

DAMAGE AND DESTRUCTION

1. If the Hotel or any part thereof suffers damaged or destruction at any time during the Term of this Agreement by fire or such other insured risks or casualties, ABC shall, at its own cost and expense and with due diligence repair, rebuild, replace and reinstate the same so that after such repair, rebuilding, replacement and reinstatement the Hotel shall be substantially the same as the Hotel was prior to such damage or destruction.

PART VI

ADVERSE OR EXCEPTIONAL CIRCUMSTANCES

1. In the event of an occurrence of exceptional circumstances of a general character and beyond the control of ABC and the Operator, such as to adversely affect the flow of tourists or foreigners into India and to indicate that the operation of the Hotel would result in a Gross Operating Loss, then the Operator and ABC shall decide on the measures to be taken to counter such circumstances. These measures may in particular, include complete or partial suspension of the operation of the Hotel, transfer of the Hotel staff, relocation of bookings and in general, any other measures calculated to alleviate the effects of such exceptional circumstances. ABC and the Operator shall thereafter confer at the request of either Party in order to decide the continuation, modification or termination of such measures in the light of the then prevailing circumstances.

PART VII

BANK ACCOUNT

1. All monies received by the Operator from the Operation of the Hotel shall be deposited by the Operator in a Special Account in the Hotel's name. Such monies shall not be mingled with the Operator's or ABC's own funds.
2. The Parties hereto hereby agree that the said Special Account shall be opened in _____ Bank.

PART VIII

BOOKS OF ACCOUNTS, RECORD AND STATEMENTS

1. The Operator shall deliver to ABC by the 20th of each calendar month a profit and loss statement showing the results of the operations of the Hotel for the immediate preceding calendar month and the Fiscal Year to date. Such a statement:
 - a. Shall be in the customary form, with the Schedule annexed and in the same detail as generally prepared by other operators for similar hotels;
 - b. Shall be taken from the books and records maintained by the Operator of the Hotel;By August 31 of each year, the Operator shall deliver to ABC an Annual Profit and Loss Statement, certified by the Auditor, showing the results of the operation of the Hotel during the Fiscal Year.

PART IX

REPAIRS, MAINTENANCE AND IMPROVEMENTS

1. The Operator shall, before the commencement of each Fiscal Year, submit to ABC an estimate of expenditure likely to be incurred during

the Fiscal Year for repairs, maintenance and improvements of the Hotel.

PART X

CONSENT

1. Whenever in this Agreement the consent or approval of the Operator or ABC is required, such consent or approval shall not be unreasonably withheld. Such consent shall also be in writing only, and shall be duly executed by an authorized officer or agent of the Party granting such consent or approval.

PART XI

TERM OF AGREEMENT

1. This Agreement shall commence upon the execution hereof by both Parties hereto, and shall continue in force for a period of ____ years.
2. The Parties to this Agreement can renew this Agreement for such period(s) on the same terms and conditions as contained herein, or with such modifications as may be agreed upon by the Parties at the time of such renewal.
3. The minimum Lock-in period of the Agreement is ____ year(s).

PART XII

TERMINATION OF THE AGREEMENT

1. Either party shall have the right to terminate this Agreement by giving ___ year(s) written Notice after the expiry of the minimum Lock-in period as abovementioned.
2. It is mutually agreed between the Parties that in the event that ABC intends to dilute or sell or transfer or assign its right or any part thereof in the Hotel and / or under this Agreement, he shall inform the Operator.
3. Notwithstanding anything to the contrary contained in this Agreement, either Party shall be entitled to remedy any default of the other under this Agreement with reasonable Notice to the other or without notice in the event of any emergency or apprehended emergency, without prejudice to any rights under this Agreement and the Party so remedying such default shall be repaid on demand by the other for the cost of remedying such default, together with interest on such cost from the date of incurring such cost at the Interest Rate.
4. If this Agreement is terminated, the Operator shall be entitled, in addition to any rights or remedies available to it at law or in equity, to all sums, charges, and fees which it is entitled to receive under this Agreement.
5. Notwithstanding anything contained in this Agreement, the termination of this Agreement shall not prejudice any cause of action, claim or right of either Party against the other, accrued or to accrue, on account of any default by the other of its obligations under this Agreement, or arising as a result of the termination of this Agreement and any term, covenant, condition or provision of this Agreement referable thereto shall not lapse, but shall survive the termination of this Agreement.

PART XIII

COMPLIANCE WITH LAWS AND REGULATIONS

1. The Operator shall comply with and abide by all applicable laws, regulations and ordinances from time to time in force.

PART XIV

LIABILITY AND MUTUAL INDEMNITY

1. Nothing contained herein shall be construed to make the Parties hereto partners or joint ventures or to render either Party hereto liable except as herein expressly provided.
2. The Operator shall at all times keep ABC sufficiently indemnified against all liabilities (including Income Tax, Sales Tax and other tax liabilities), debts or obligations of the Operator and against all actions, suits, proceedings, claims, demands, costs and expenses whatsoever, which may be taken or made against ABC in respect thereof.

PART XV

DISPUTE RESOLUTION

1. The Parties shall consult each other and settle amicably all the matters which arise from interpretation of the provisions of this Agreement and other matters arising therefrom.
2. In the event of any dispute or difference between the parties hereto on the construction of any clause herein contained or rights, duties and liabilities of the Parties hereto arising out of this Agreement including any account valuation, division, debts or liabilities to be made under this Agreement, the same shall be referred to a Sole Arbitrator to be mutually agreed upon by the Parties, or if no such agreement can be

arrived at, then as per the provisions of the Indian Arbitration and Conciliation Act, 1996 and Rules framed thereunder.

3. The decision of the Arbitration Panel or, as the case may be, the sole Arbitrator, shall be final and binding on both Parties to this Agreement.
4. The Arbitration proceedings shall be governed by the said Indian Arbitration and Conciliation Act, 1996 and Rules framed thereunder.
5. The venue of Arbitration shall be _____ and the cost of Arbitration shall be borne equally by the Parties.

PART XVI

FORCE MAJEURE

1. This Agreement shall not in any way be affected, nor shall any Party hereto be held liable for any failure or delay in the performance of any undertaking of a term or condition herein, if such failure or delay is due to any cause or causes beyond its control, including but not limited to fire, flood, damage by the elements, perils of the sea or air, accident, act of God, strike, lockout, or other labour disorder, act of foreign or domestic de jure or de facto government, whether by law, order, legislative decree, rule, regulation or otherwise, revolution, civil disturbance, breach of peace, declared or undeclared war, act of interference or action by civil or military authorities or due to any other cause beyond the Party's control.

PART XVII

NOTICES

1. All Notices, statements or demands between the Parties hereto shall be sent either by Registered Post, courier, facsimile or electronic mail at the following address:

i. To ABC:

Mr. _____

Address: _____

Tel: _____

Fax: _____

E-mail: _____

ii. To the Operator:

Mr. _____

Address: _____

Tel: _____

Fax: _____

E-mail: _____

2. Any change or alteration in the above addresses of either Party shall be communicated to the other Party within 7 days of such change or alteration.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE SET THEIR HANDS TO THIS AGREEMENT ON THE DAY AND AT THE PLACE FIRST MENTIONED HEREINABOVE.

Signed, sealed and delivered]

for and on behalf of _____]

by Mr. _____] PARTY OF THE FIRST PART

Signed, sealed and delivered _____]

by _____] PARTY OF THE SECOND PART

In the presence of: _____]

1. _____]

2. _____]

_____] WITNESSES

DRAFT