

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT is made at _____, India on _____ day of _____ 20 ____ between _____, a company registered in India, under the Companies Act, 1956 and having its registered office at _____ INDIA hereinafter referred to as the **“Party of the First Part”** (which expression shall unless repugnant to the context include the Party of the First Part’s permitted successors and assigns) AND _____, a incorporated under the companies act, _____, and having its Registered Office at _____, (country) hereinafter referred to as **“Party of the Second part”** (which expression shall, unless repugnant to the context include the Party of the Second Part’s permitted successors and assigns).

WHEREAS the Party of the First Part is engaged in manufacture, sale and distribution of _____ in India.

WHEREAS the Party of the Second Part by itself and its subsidiary companies is engaged in manufacturing, sale and distribution of _____ in many other countries.

AND WHEREAS the Party of the First Part and the Party of the Second Part have entered into an Agreement for the purpose of expanding their business by setting up of a Joint Venture Company (hereinafter called the **“JVC”**) to be set up in India for the purpose of manufacturing, exporting and distributing _____.

IN CONSIDERATION of mutual agreement and undertaking hereunder set out the parties to this agreement have granted the rights and accepted the obligation as follows:

1. The Party of the Second Part and the Party of the First Part shall undertake to incorporate and form a company (hereinafter called the Joint Venture Company (**“JVC”**) to be registered in India under the Companies Act, 1956 by the name of _____.
2. The JVC will be registered in the State of _____ in India. And will have its Registered office _____ or such other place/s as the parties may agree upon. The headquarters of the JVC shall be at _____, India.
3. The main objects of the JVC will be as set forth in its **Memorandum of Association** attached hereto.

The main objects shall include establishment of manufacturing facilities and distribution, organization, relating to _____.

4. The JVC shall be entitled to operate sell and distribute goods manufactured by it in India or any other place outside India as mutually agreed between the parties.
5. The initial authorised capital of the JVC will be Rs. 1,00,00,000/- divided into 10,00,000 equity shares of Rs. 10 each. The Party of the First Part and the Party of the Second Part have agreed to subscribe the share capital of the proposed JVC in the proportion of 3:2:, i.e. the Party of the First Part to take 30,000 equity shares of the aggregate value of Rs. 3,00,000 and the Party of the Second Part 20,000 equity shares of Rs. 10/- each of the aggregate value of Rs. 2,00,000/-.

6. In addition to the initial subscription mentioned hereinabove, the parties agree to subscribe to the further issue of share capital of the JVC as may be required in the proportion of 3:2, i.e., the Party of the First Part 60% and the Party of the Second Part 40%.
7. The **Memorandum and Articles of Association** of the JVC will be as set forth in the draft attached as **Annexure – I** . These documents may be amended from time to time by written agreement between the parties, subject to the provisions of the Companies Act, 1956.
8. On signing this Agreement, the parties agree to take necessary action for the registration of the Joint Venture Company within 30(thirty) days hereafter.
9. The parties hereto agree to jointly own, operate and manage the JVC.
10. The JVC shall be owned, operated and managed by the parties jointly in accordance with this agreement and the Memorandum and Articles of Association.
11. The proposed Memorandum and Articles of Association of the Joint Venture Company shall include the following provisions:
 - a. The JVC shall have a Board of Directors composed initially of 5 directors, three of which shall be of the choice of the Party of the First Part and two of whom shall be of the choice of the Party of the Second part.
 - b. The Chairman of the Board of Directors shall, for the first accounting period of the JVC, be one of the members of the Board of Directors appointed by the Party of the First part and for the duration of the 2nd accounting period be one of the members appointed by the Party of the Second Part, where after the parties shall alternatively have the right to appoint the chairman during the subsequent accounting periods of the company.
 - c. The Board of Directors shall meet regularly at least four times a year, i.e., once in each quarter.
 - d. At least 21 days prior notice shall be given to all directors of the Board whether residing in India or otherwise. In case of directors residing outside India, notice shall be sent by telex/fax/cable. Each notice shall set out in sufficient detail, the Agenda of items to be transacted at each meeting. A meeting may be held at short notice if it is agreed by all the directors in writing.
 - e. The quorum necessary for transacting any business of or taking any decision of the Board of Directors shall consist of at least 4 members, of whom at least 2 shall have been those appointed by the Party of the First Part and 2 by the Party of the Second part.
 - f. If the minimum number of Directors of each of the parties is not present at the Board Meeting, the meeting shall be adjourned for a day, which shall not be less than 10 days from the original meeting and if at such adjourned meeting the quorum as required is not present, then the adjourned meeting may proceed, provided that the Board shall not take any action concerning matter specified in Annexure 1 hereto and any attempted action by the Board shall be null and void.

- g. The parties have agreed that they will obtain an undertaking from each person nominated by them to be a director of the Joint Venture Company with an undertaking that each of them will implement each and every provision of this agreement.
- h. Parties shall exercise their power to ensure that the appointment of directors nominated by each other is not terminated except as may be mutually agreed. In case any director vacates his office due to any reason, including operation of law, the party which had appointed such director shall have the right to fill in such vacancy by appointment of another director to fill such vacancy and parties shall ensure that the Board fills such vacancies as provided above.
- i. The day-to-day implementation of the projects and operation of the JVC shall be controlled by the Managing Director of the company to be appointed by the Party of the Second Part, who shall be in charge of the technical and administrative operations of the Company within the guidance set by the Board.

12. Important Decisions

All major policy matters of the JVC shall be decided by the Board of Directors of the JVC. The Managing Director of the Company shall control the day-to-day implementation of the projects and operations. In the meeting of Board of Directors, normally all matters should be decided unanimously. However, in case of difference of opinion, matters shall be decided by a majority of directors present at the meeting. However, following matters shall be decided only by the affirmative vote of the holders of at least $\frac{3}{4}$ ths of the equity shares of the company or of, at least one vote in favour of the directors appointed by the Party of the Second Part, it being the intent of the parties that the following matters will not be decided by the Board of Directors without the consent of at least one director appointed by the Party of the First Part and one director appointed by the Party of the Second Part:

- i. Amendment of Articles of Association of the Company.
- ii. Increase of share capital of the Company.
- iii. Terms relating to engagement of Managing Director of the Company.
- iv. Declaration of dividends.
- v. Merger of the Company.
- vi. Dissolution or winding up of the Company or disposition by the Company of substantially all of its assets.

13. Secrecy and non-competition

- i. It is agreed by the parties that during the term of this agreement they shall hold in confidence and shall not disclose to any third party without mutual agreement, any technical know how, advice, statistical or other data or information that the parties or the company may receive from each other or their employees except as is necessary in the ordinary course of business for implementing this agreement.

“Party of the First Part” }
_____ }
_____ through the }
hands of _____ }
in the presence of }
SIGNED, SEALED AND DELIVERED by }
the within named }
“Party of the First Second” }
_____ }
_____, through the }
hands of _____ }
in the presence of }