

SAMPLE SHARE PURCHASE AND SHARE HOLDER AGREEMENT

SHARE PURCHASE AGREEMENT

Among

THE GOVERNOR OF PUNJAB

And

NAME OF THE COMPANY

AND

NAME OF THE STRATEGIC PARTNER

AND

NAME OF THE PRINCIPAL(S)

(On a stamp paper of appropriate value)

## SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT is made and entered into on this \_\_\_\_\_.

BY AND AMONG:

(1) \_\_\_\_\_, a company duly incorporated and existing under the provisions of the (Indian) Companies Act, 1956, with its registered office at \_\_\_\_\_, (the "Strategic Partner" which expression shall include its Affiliates, successors and permitted assigns);

AND

(2) \_\_\_\_\_ (Principal 1) a company duly incorporated and existing under the laws of \_\_\_\_\_ with its registered office at \_\_\_\_\_ (hereinafter referred to as \_\_\_\_\_ which expression shall include its successors and permitted assigns);

AND

(3) \_\_\_\_\_ (Principal 2), a company duly incorporated and existing under the laws of \_\_\_\_\_, with its registered office at \_\_\_\_\_ (hereinafter referred to as \_\_\_\_\_ which expression shall include its successors and permitted assigns);

{Principal 1 and Principal 2 are hereinafter collectively referred to as "Principals" and "Principal" means any one of them)

AND

(4) \_\_\_\_\_, a private limited company duly incorporated and existing under the provisions of the (Indian) Companies Act, 1956, with its registered office \_\_\_\_\_ India (the "Company" which expression shall include its successors and permitted assigns).

WHEREAS

A. The Company is engaged principally in the business of \_\_\_\_\_.

B. Government is the beneficial and legal owner of \_\_\_\_\_% ( \_\_\_\_\_ percent) of the issued, subscribed and paid up equity share capital of the Company as on date of this Agreement.

C. Pursuant to an international competitive bidding process conducted by and on behalf of the Government, the Principals (now having identified and acting through

the Strategic Partner) have been selected by the Government to hold the shares of the Company.

D. The Principals have incorporated the Strategic Partner for the purpose of acquiring the Transaction Shares and to fulfill the various obligations set out in this Agreement and the Shareholders Agreement.

E. The Strategic Partner, the Principals, the Company and the Government are parties to an agreement of even date (the "Shareholders Agreement") to record their agreement as to the manner in which the Company's affairs shall be conducted after the Strategic Partner acquires the Transaction Shares from the Government and to identify and determine certain rights and obligations with respect to their ownership, directly and indirectly, of the equity shares of the Company.

G. The Parties have entered into this Agreement whereby the Government has, subject to the terms and conditions stated herein, agreed to sell to the Strategic Partner, and the Strategic Partner has agreed to purchase from the Government \_\_\_ % (the "Transaction Shares") of the Equity Share Capital of the Company.

NOW THEREFORE, in consideration of the premises and the covenants and mutual agreements contained herein (the receipt and adequacy of which are hereby mutually acknowledged), the Parties hereby agree as follows:

## ARTICLE – 1

### DEFINITIONS AND INTERPRETATION

1.1 In this Agreement (including the recitals above and the Annexures and the schedules attached hereto), except where the context otherwise requires, the following words and expressions mean the following:

"Act" means the (Indian) Companies Act, 1956, as now enacted or as the same may from time to time be amended, re-enacted or replaced;

"Additional Disclosed Information" shall have the meaning ascribed to such term in Clause 8.8 hereof;

"Affiliate" means, with respect to a specified Person, any Person which is a holding company or subsidiary of such specified Person, or any Person which, directly or indirectly, (a) owns or controls such specified Person, (b) is owned or controlled by such specified Person, or (c) is owned or controlled by the same Person who, directly or indirectly, owns or controls such specified Person. For the purposes of this Agreement, the terms "holding company" and "subsidiary" shall have the meanings ascribed to them under Section 4 of the Act, and the term "control" shall mean:

- (a) control over the composition of board of directors of a company; or
- (b) control of at least 50% (fifty percent) of the issued equity share capital of a company;

Provided however that in no event shall the Company be deemed to be an Affiliate of either the Government or the Strategic Partner;

“Agreement” means this Share Purchase Agreement and all attached Schedules and all instruments supplemental to or in amendment or confirmation of this Agreement entered into by the Parties in writing;

“Aggregate Liability Threshold” shall have the meaning ascribed to such term in Clause 11.4 hereof;

“Approvals” means all authorisations, consents, approvals and permissions required under the laws of the Republic of India for or in respect of this Agreement including for performance of any obligation or exercise of any right by a Party;

“Audited Financial Statement” shall mean the audited accounts of the Company as on \_\_\_\_\_, prepared by \_\_\_\_\_ and that have been made available to the Strategic Partner;

"Arbitration Act" means the (Indian) Arbitration and Conciliation Act, 1996, as now enacted or as the same may from time to time be amended, re-enacted or replaced;

“Board” means the board of directors of the Company;

“Business Day” means a day on which the principal commercial banks located in \_\_\_\_\_ are open for business during normal banking hours but excluding a Saturday, Sunday, a gazetted public holiday and any other day that is declared a holiday by the Government of India and/or the Government of the \_\_\_\_\_;

“Claim” means any claim, demand, action, cause of action, suit, litigation, damage, loss, costs, liability or expense including, without limitation, reasonable legal fees, professional fees and all costs incurred in pursuing any of the foregoing or proceedings relating to any of the foregoing;

“Closing” means the payment of the Purchase Price to the Government and the completion of the sale to and purchase by the Strategic Partner of the Transaction Shares, in accordance with the terms of this Agreement;

“Closing Board Meeting” shall have the meaning ascribed to such term in Clause 3.2 hereof;

“Closing Date” shall mean the day on which Closing occurs and would be the latter of (a) date of execution of this Agreement; or (b) a date which is mutually agreed to between the Parties but being within seven days from the date of this Agreement;

“Closing Time” means 1:00 PM, Indian Standard Time, on the Closing Date unless the Parties agree in writing on some other time as the time at which the Closing shall occur, in which case such other time shall be the Closing Time;

“Company” shall have the meaning ascribed to such term in the Preamble hereof;

“Confidential Information” shall have the meaning ascribed to such term in Clause 12.1 hereof.

“Conditions Precedent” means the conditions listed in Article 4 hereof;

“Data Room” means the rooms located at \_\_\_\_\_ where documents relating to the Company were made available for review by shortlisted bidders in connection with the purchase of the Transaction Shares;

“Data Room Documents” shall have the meaning ascribed to such term in Clause 8.8 hereof;

“De-Minimis Strategic Partner Losses” shall have the meaning ascribed to such term in Clause 11.4 hereof;

“Depository” means -----\_\_\_\_\_, a depository within the meaning of the Depositories Act, 1996 with whom the Company has an agreement under the Depositories Act, 1996;

“Depository Participant” or “DP” means a depository participant within the meaning of the Depositories Act, 1996 who has an agreement with the Depository under Section 4 of the Depositories Act, 1996;

“Disclosed Information” means any information that expressly forms part of any Data Room Document or Additional Disclosed Information or is capable of being inferred from any one or more of the Data Room Documents and Additional Disclosed Information;

“Dispute” shall have the meaning ascribed to such term in Clause 13.13 hereof;

“Earnest Money” means the bank guarantee of Rs. \_\_\_\_\_/- (Rupees \_\_\_\_\_) deposited by the Strategic Partner with the Government as a bid security during the competitive bidding process conducted by the Government pursuant to which the selection of the Strategic Partner to be the purchaser of the Transaction Shares was made;

"Event of Bankruptcy" means, with respect to any Person (other than Government), any of the following:

- (a) An adjudication that it is bankrupt or insolvent, or the entry of an order for relief under applicable bankruptcy Law;
- (b) The making by it of a general assignment for the benefit of creditors;
- (c) The commencement by it of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its assets or property, or consent to any such relief or to the appointment of or taking of possession by any such official in an involuntary case or other proceeding commenced against it; or
- (d) The commencement against it of an involuntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its assets or property and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of 120 (one hundred and twenty) days from the date of admission of such case or proceeding;

"Government" shall have the meaning ascribed to such term in the Preamble hereof;

"Government Losses" shall have the meaning ascribed to such term in Clause 11.2 hereof;

"Government DP" means \_\_\_\_\_, the Depository Participant of the Government with whom the Government has entered into an agreement dated \_\_\_\_\_;

"Government Nominee Directors" shall have the meaning ascribed to such term in Clause 2.1.1(d) hereof;

"Governmental Authority" shall mean any government, regulatory authority, governmental department, agency, commission, board, tribunal or court or other law, rule or regulation-making entity, having or purporting to have jurisdiction on behalf of any nation, or province or state or other subdivision thereof or any municipality, district or other subdivision thereof;

"Last Balance Sheet" shall have the meaning ascribed to such term in Clause 3.4(a) hereof;

"Law" means any statute, law, regulation, ordinance, rule, judgement, notification, rule of common law, order, decree, bye-law, Government approval, directive, guideline,

requirement or other Governmental instruction or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any authority having jurisdiction over the matter in question, whether in effect as of the date of this Agreement or thereafter.

“Material and Adverse Effect” or “Materially and Adversely Affect” as used in this Agreement, shall mean the material adverse effect on:

- (a) the assets, business, properties, liabilities, financial conditions, operations or the prospects of the Company;
- (b) the ability of the Parties to perform any of the obligations under this Agreement;
- (c) the validity and enforceability of this Agreement or of the rights or remedies of any of the Parties.

“Parties” means, collectively the Strategic Partner, the Principal(s), the Company, the Government and any other Person which becomes a party to this Agreement and “Party” means any one of them;

“Person” includes any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organisation, trust, company, body corporate, and a natural person in his capacity as trustee, executor, administrator, or other legal representative;

"Principals" and “Principal” shall have the meaning ascribed to such terms in the Preamble of this Agreement and refers to Person or Persons who directly or indirectly control(s) the Strategic Partner;

“Purchase Price” shall have the meaning ascribed to such term in Clause 2.2 hereof;

“R&W Claim Period” shall have the meaning ascribed to such term in Clause 11.5 hereof;

“Representative” means in relation to a Person, any director, officer, employee, agent, consultant, advisor, or other representatives, including legal counsel, accountant or financial advisor, of such Person;

“Shareholders Agreement” shall have the meaning ascribed to such term in Recital F hereof;

“Strategic Partner” shall have the meaning ascribed to such term in the Preamble hereof;

“Strategic Partner Losses” shall have the meaning ascribed to such term in Clause 11.1 hereof;

“Strategic Partner DP” means \_\_\_\_\_, the Depository Participant of the Strategic Partner with whom the Strategic Partner has entered into an agreement dated \_\_\_\_\_, “Third Party Claim” shall have the meaning ascribed to such term in Article 11.3 (a) hereof;

“Transaction Shares” shall have the meaning ascribed to such term under Recital G hereof.

## 1.2 Certain Rules of Interpretation:

In this Agreement:

(a) The descriptive headings of Articles and Clauses are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of this Agreement;

(b) The use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to any Person or Persons or circumstances as the context otherwise permits;

(c) The terms “hereof”, “herein”, “hereto”, “hereunder” or similar expressions used in this Agreement mean and refer to this Agreement and not to any particular Article or Clause of this Agreement. The terms “Article” and “Clause” mean and refer to the Article and Clause of this Agreement so specified;

(d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the immediately following Business Day if the last day of such period is not a Business Day; and whenever any payment is to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the immediately following Business Day.

(e) All capitalized words and expressions used in this Agreement but not defined shall have the same meaning as ascribed to them in the Shareholders Agreement.

(f) The damages payable by a Party to the other as set forth in this Agreement, are intended to be genuine pre-estimated loss and damage likely to be suffered and incurred by the Party entitled to receive the same and are not by way of penalty.

(g) The schedules annexed to this Agreement form an integral part of this Agreement.



## ARTICLE – 2

### SALE AND PURCHASE OF THE SHARES

2.1 Subject to the terms and conditions of this Agreement, the Government agrees to sell and the Strategic Partner agrees to purchase the Transaction Shares (being equivalent to \_\_\_ % of the Equity Share Capital of the Company) for the Purchase Price in the following manner:

2.1 On the Closing Date:

(a) The Government shall sell and the Strategic Partner shall purchase the Transaction Shares, free and clear of all liens and from all other rights exercisable by or Claims by third parties and together with all rights and benefits now and hereafter attaching thereto;

(b) The Strategic Partner shall pay to the Government the Purchase Price in the manner provided in Clause 2.3;

(c) On confirmation of receipt of the Purchase Price to the satisfaction of the Government, the Government shall simultaneously transfer the Transaction Shares in a dematerialised form to the Strategic Partner (by transfer of the beneficial ownership in the Transaction Shares) in a manner prescribed by the bye-laws and regulations of the Depository and its agreement with the Depository.

(d) The Government shall deliver to the Strategic Partner the resignation letters of \_\_\_\_\_ directors (including the working directors) of the Company nominated by Government (the “Government Nominee Directors”).

2.2 The consideration for the purchase by the Strategic Partner of the Transaction Shares shall be an aggregate sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) (the “Purchase Price”) at a per Equity Share price of Rs. (Rupees \_\_\_\_\_). The Purchase Price shall be payable to the Government without any deductions on any account whatsoever and exclusive and independent of all taxes, duties, fees and charges payable in respect of the sale of the Transaction Shares which shall be the responsibility of, and shall be paid by, the Strategic Partner.

2.3 On or before the Closing Date, the Strategic Partner shall upon the written instructions of the Government, pay the Purchase Price to the Government either (i) by way of a banker’s draft, drawn on a scheduled commercial bank registered with the Reserve Bank of India excluding any regional rural bank or any cooperative bank, and payable in favour of “Pay and Accounts Officer, Department of Economic Affairs, Ministry of Finance”,

2.4 On the Closing Date, the Strategic Partner shall give an irrevocable instruction to the Strategic Partner DP, with a notice to the Government, the Company and the Depository, wherein the Strategic Partner DP would be directed not to Transfer (as defined in Clause 5.1(a) of Shareholders Agreement) any Equity Shares (including the Transaction Shares) held by the Strategic Partner or its Affiliates, to any third party for a period of 3 (three) years from the Closing Date, unless otherwise directed by the Government.

## ARTICLE – 3

### CLOSING MECHANISM

3.1 The Closing shall take place upon the fulfillment of all the Conditions Precedent at the Closing Time on the Closing Date at the (**ADDRESS .....**) or such other place as the Parties may agree to in writing.

3.2 Promptly after the completion of the actions contemplated in Clause 2.1 there shall be held a board meeting of the Company on the Closing Date or on the earliest mutually convenient date (the “Closing Board Meeting”), at which the following business shall be conducted:

(a) Appropriate board resolutions shall be passed, for altering the articles of association of the Company to be in conformity with the provisions of this Agreement and the Shareholders Agreement and issue a notice for convening a general meeting of the Company on a date not later than sixty (60) days from the Closing Date for the approval of the same;

(b) Appropriate board resolutions shall be passed, including a board resolution taking on record the transfer in the beneficial ownership of the Transaction Shares from the Government to the Strategic Partner;

(c) The resignation letters of the Government Nominee Directors as provided in Clause 2.1(d) above shall be placed before the Board and accepted by the Board;

(d) \_\_\_\_\_ nominees of the Strategic Partner in accordance with the Shareholders Agreement shall be appointed as additional directors on the Board ;

(e) \_\_\_\_\_ nominees of Government in accordance with the Shareholders Agreement shall be appointed as additional directors on the Board.

(f) The Strategic Partner and the Government shall issue a joint notice to the Depository informing the Depository of the restrictions on the transfer of Equity Shares and preference shares of the Company as provided in the Shareholders Agreement and this Agreement.

(g) The Strategic Partner shall issue irrevocable instructions to the Strategic Partner DP, to secure the performance of the obligations of the Strategic Partner according to the terms of Clause 2.4 of this Agreement and Article 5 of the Shareholders Agreement.

### 3.3 Working Directors

(a) The Strategic Partner shall have an option to re-nominate as its nominee any or all of the working directors that have resigned at the Closing Board Meeting.

(b) The Parties agree that if any working director that has resigned at the Closing Board Meeting is not re-nominated by the Strategic Partner pursuant to Clause 3.3(a), then such working director(s) shall be entitled, subject to applicable Law, to compensation from the Company which is higher of:

(i) remuneration for the balance period remaining of their term of employment under their respective employment contract(s) with the Company; or

(ii) remuneration as provided under their respective employment contract(s) for a period of six months.

## ARTICLE – 4

### CONDITIONS PRECEDENT TO CLOSING

4.1 Conditions Precedent to be complied with by the Strategic Partner and the Principals.

The Strategic Partner and the Principals shall fulfill the following Conditions Precedent prior to Closing, unless waived in writing by the Government:

4.1.1 All Approvals that may be required for the purpose of implementation of this Agreement shall have been obtained by each of the Strategic Partner and the Principals.

4.1.2 All of the representations and warranties made by each of the Strategic Partner and the Principals in or pursuant to this Agreement shall be true and correct as at the Closing Date and with the same effect as if made at and as of the Closing Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement) and Government shall have received a certificate from each of the Managing Director/ Chief Executive Officer of the Strategic Partner and the Principals, confirming, to the best of his/her knowledge, information and belief (after due inquiry), the truth and correctness of the representations and warranties of the Strategic Partner and the Principals.

4.1.3 Each of the Strategic Partner and the Principals shall have performed or complied with, in all respects, all the obligations, covenants and agreements under this

Agreement that are to be performed or complied with by the Strategic Partner or the Principals, prior to Closing.

4.1.4 Each of the Strategic Partner and the Principals shall have executed and delivered the Shareholders Agreement in the form attached hereto as Exhibit A.

4.2 Conditions Precedent to be complied with by Government

The Government shall fulfill the following Conditions Precedent on or before the Closing Date unless waived in writing by the Strategic Partner:

4.2.1 All of the representations and warranties of Government and the Company made in or pursuant to this Agreement shall be true and correct as at the Closing Date and with the same effect as if made as of the Closing Date (except as such representations and warranties may be effected by occurrence of events or transactions expressly contemplated or permitted by this Agreement) and the Strategic Partner shall have received (i) a certificate from Government confirming, that to its knowledge, the representations and warranties of Government are true, correct and complete, in all material respects, as of the Closing Date; and (ii) a certificate from the Chairman and Managing Director of the Company, confirming, that to its knowledge, the representations and warranties of the Company are true, correct and complete, in all material respects, as of the Closing Date.

4.2.2 The Government has and shall continue to have marketable title and unfettered right to transfer the Transaction Shares on the Closing Date to the Strategic Partner, free and clear of all liens, in accordance with the terms of this Agreement.

4.2.3 Each of Government and/or the Company shall have performed or complied with, in all material respect the obligations, covenants and agreements in this Agreement that are to be performed or complied with by the Government and/or the Company, prior to Closing.

4.2.4 The Government and the Company shall have executed and delivered the Shareholders Agreement in the form attached hereto as Exhibit A.

## ARTICLE – 5

### COVENANTS OF THE PARTIES

5.1 Each of the Parties agree to take all such actions as are within their power to control, and to use their best efforts to cause other actions to be taken which are not within their power to control, so as to ensure compliance with each of the conditions and covenants set forth herein which are for the benefit of the other Party or to otherwise consummate the transactions contemplated herein. Each of the Government, the Company the Strategic Partner and the Principals shall refrain from taking any action that

would render any representation or warranty made by it and contained in this Agreement inaccurate.

5.2 Each of the Strategic Partner and the Principals shall take all necessary steps to preserve and keep the records of the Company in connection with the completion of the transactions contemplated by this Agreement for a period of 6 (six) years from the Closing Date, or for any longer period as may be required by any Law or Governmental Authority, and shall make such records available to the Government or the Company as may be reasonably required by the Government or the Company, as the case may be, in connection with a Claim by the Strategic Partner, Principal(s) or another Person against the Government or the Company, as the case may be, under this Agreement or otherwise.

5.3 Each of the Strategic Partner and the Principals shall not issue, or cause the publication of, any press release or other announcement or public communication concerning the transactions contemplated by this Agreement, except:

(a) With the prior approval of the Government, which approval shall not be unreasonably withheld; or

(b) When required by Law after prior consultation with the Government, and then only to the extent required by Law.

5.4 If, the Closing Date is not on the date of execution of this Agreement, the Strategic Partner shall be entitled to nominate not more than \_\_\_ of its representatives to be stationed at the Company. Such representatives shall have, subject to applicable laws, without interference to the ordinary conduct of the Company's business, access to the employees, agents, representatives, officers, consultants, auditors, premises, plant, machinery, books of account, records, documents, writings and other papers of the Company. The representatives shall also be provided with copies of all notices concerning shareholders meetings of the Company and meetings of the Board or any committee of such Board along with all agenda papers, and representatives nominated by the Strategic Partner shall be entitled to attend such meetings as special invitees and observers.

5.5 The Government and the Strategic Partner covenants and undertakes that each of them shall vote in favour of necessary resolutions seeking to amend the Memorandum of Association and the Articles of Association so as to enable the following:

(a) reflect the provisions of the Shareholders Agreement;

(b) reflect the change in status of the Company from a government company under Section 617 of the Act to a non – government company.

## ARTICLE – 6

### REPRESENTATIONS AND WARRANTIES OF GOVERNMENT

Except as disclosed in the Disclosed Information, Government hereby represents and warrants to the Strategic Partner that:

6.1 Government is the sole registered and beneficial owner of the Transaction Shares which are free and clear of all liens.

6.2 Government has all necessary power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement.

6.3 Save and except as disclosed or provided for in this Agreement, the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of Government. Government further represents that the signatory to this Agreement on behalf of Government has been duly authorized by Government and has the requisite signing authority to that effect.

6.4 This Agreement constitutes a valid and binding obligation of Government enforceable against it in accordance with its terms, except to the extent of equitable remedies of specific performance and injunction which are at the discretion of the court from which they are sought.

6.5 Save and except the representations and warranties expressly stated in this Agreement, Government makes no other representations or warranties of any kind or nature including, without limitation, any representations or warranties concerning the business, financial viability, assets or liabilities of the Company and no statutory or other representations or warranties shall be implied.

6.6 The execution, delivery and performance of this Agreement will not constitute a breach of any statute, judgment or decree by which the Government is bound.

6.7 Save and except as disclosed or provided for in this Agreement, no Person has any agreement or option or right capable of becoming an agreement for the purchase, of any Equity Shares owned by the Government.

6.8 Excepting as disclosed or provided for in this Agreement, the execution and performance by the Government of the obligations contained herein shall not constitute a breach of any agreement including, but not limited to, any financing, joint venture, licensing or technology transfer agreements to which the Government is a party.

6.9 The Government has not, at any time, received any Claim, from any third party in respect of the Transaction Shares and neither the Transaction Shares are a subject matter of any suit, action or other proceedings whereby the rights of the Government in

respect of the said Transaction Shares shall be lost, limited or otherwise be encumbered in any manner whatsoever.

6.10 All information which has been provided to the Strategic Partner and the Principal(s) with respect to the sale of Transaction Shares is, to the knowledge of the Government, true and correct in all material respects and no material fact or facts has been omitted therefrom which would make such information misleading.

6.11 Save and except what is expressly stated herein, neither the Government nor the Company nor any of their agents, affiliates, attorneys, representatives, directors, officers or employee(s) has made any representations or warranties regarding the Company or any of its assets.

## ARTICLE – 7

### REPRESENTATIONS AND WARRANTIES OF COMPANY

Except as disclosed in the Disclosed Information, the Company hereby represents and warrants to the Strategic Partner the matters set out below:

7.1 It is a company duly incorporated or created and is validly subsisting and in good standing under the laws of India with power and authority to own its properties and conduct its business.

7.2 The Company has all the necessary corporate power, authority and capacity, including under its Articles of Association, to enter into this Agreement and to carry out its obligations under this Agreement.

7.3 The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India applied on a basis consistent with that of the preceding period and present fairly in all material respects, assets, liabilities and the financial position of the Company as of \_\_\_\_\_ and the sales, earnings, results of its operations and changes in financial position for the Financial Year ended on \_\_\_\_\_ as reflected in the Audited Financial Statement. The Audited Financial Statements have been audited by the statutory auditors under the Act and is being audited by the Comptroller and Auditor General of India as required under the Act.

7.4 Excepting as otherwise disclosed or provided for in this Agreement or Schedule \_\_\_\_\_ since the date of the Audited Financial Statements, there has not been:

(a) any material change in the financial condition, operations or prospects of the Company other than changes in the ordinary and usual course of business; or

(b) any material damage, destruction or other development (whether or not covered by insurance) that may Materially and Adversely Affect the business, assets, properties or future prospects of the Company.

7.5 Excepting as otherwise disclosed or provided for in this Agreement, no Approval is required (other than those that may be required for effecting and completing the Restructuring or those required under the [Indian] Monopolies and Restrictive Trade Practices Act, 1969, as amended; the [Indian] Foreign Exchange Management Act, 1999, including any rules, regulations or notifications made thereunder, as amended; the Act; or the Foreign Investment Promotion Board as required by the Secretariat of Industrial Assistance) on the part of the Company in connection with its execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement.

7.6 Excepting as otherwise disclosed or provided for in this Agreement or Schedule \_\_\_\_, there is no suit, action, litigation, investigation, claim or proceeding, including Public Interest Litigation and Writ Petition, appeals and applications for review, which is in progress or pending against or relating to the Company before any Governmental Authority which, if determined adversely to the Company, would:

- (a) Materially and Adversely Affect the properties, business, future prospects or financial condition of the Company; or
- (b) enjoin, restrict or prohibit the transfer of all or any part of the Transaction Shares as contemplated by this Agreement.

7.7 This Agreement constitutes a valid and binding obligation of the Company enforceable against it in accordance with its terms, subject, however, to limitations with respect to enforcement imposed by Law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies as specific performance and injunction are in the discretion of the court from which they are sought.

7.8 Excepting as otherwise disclosed or provided for in this Agreement or Schedule \_\_\_\_,

- (a) the Company has duly and timely filed its tax returns with the appropriate Government Authority and, to the best of Company's knowledge and belief, has duly, completely and correctly reported all income and all other amounts and information required to be reported thereon; and
- (b) there are no actions, suits, proceedings, investigations, or claims now pending or in progress, against the Company in respect of any taxes and there are no matters under discussion, or appeal with any Governmental Authority relating to taxes.

7.9 Excepting as otherwise disclosed or provided for in this Agreement, the execution and performance by the Company of the obligations contained herein shall not constitute a breach of any agreement including, but not limited to, any financing, joint venture, licensing or technology transfer agreements to which the Company is a party.



7.10 Excepting as otherwise disclosed or provided for in this Agreement or Schedule \_\_\_\_,

(a) to the best of Company's knowledge and belief, the Company has been and is being operated in full compliance with Laws relating to employees, including employment standards and occupational health and safety;

(b) the Company does not have any serious labour problems that may have a Material and Adverse Effect on the value of the Company;

(c) the Company has made all contributions or premiums required to be paid in respect of the provident fund, gratuity fund, employee state insurance (ESI) and all other statutory dues in accordance with the applicable Laws and no Governmental Authority has asserted that the Company is liable for any arrears or any penalties for failure to comply for the foregoing;

(d) the Company does not have any labour contracts or collective bargaining agreements with any of its employees, personal or any of their representatives;

(e) in respect of retired/resigned employees all statutory liabilities have been provided for; and

(f) there are no outstanding liabilities towards the contractually engaged manpower.

7.11 Excepting as otherwise disclosed or provided for in this Agreement or Schedule \_\_\_\_, the Company has not given or agreed to give any guarantee in respect of indebtedness, performance or other obligations, of any Person, or any other commitment by which the Company is, or is contingently, responsible for such indebtedness or other obligations.

7.12 The Company is not a party to any agreement, which would have a Material and Adverse Effect on the business operations of the Company after the Closing. After the Closing, excepting the impact or consequences that arise due to the Company no longer being treated as a "Government Company" or a "public sector undertaking", the Company will be able to carry on its business on substantially the same basis as its business is presently carried on.

7.13 Environmental Matters

Excepting as otherwise disclosed or provided for in this Agreement or Schedule \_\_\_\_:

(a) all operations of the Company conducted on its real property while occupied by the Company, have been and are now, in compliance in all material respects with all environmental Laws;

(b) to the best of the Company's knowledge, neither the Company nor any of its operations has been or is now the subject of any remedial order which mandatorily requires the Company to reduce, modify or eliminate any release made by it into the environment nor are there any circumstances which could result in the issuance of any such remedial order; and

(c) the Company has not been prosecuted for or convicted for any offence under the applicable environmental Laws.

7.14 Excepting as otherwise disclosed or provided for in this Agreement or Schedule \_\_\_\_:

(a) the Company is the legal and beneficial owner of all its freehold property with good and marketable title thereto and the Company has valid rights to all its leasehold properties;

(b) there are no agreements, undertakings or other documents, which adversely affect the title to, or ownership of, its immovable property;

(c) the Company has such rights of entry and exit to and from its immovable property, as are reasonably necessary to carry on its business upon such immovable property substantially in the manner in which such business is currently carried on upon such immovable property;

(d) the Company has not granted any option, right of first refusal or other contractual rights with respect to any of its movable or immovable property;

(e) the Company has not entered into any agreement to sell, transfer, lease, encumber, or otherwise dispose of or impair the Company's right, title and interest in and to its movable and immovable property;

(f) the Company has not received any notification of any outstanding or incomplete work orders in respect of any of the buildings, improvements or other structures constructed on its immovable property, or of any current non-compliance with applicable Laws;

(g) the Company has no knowledge of any expropriation or condemnation or similar proceeding pending or in progress against its movable or immovable property or any part of such movable or immovable property;

(h) the Company has not received any notice of eviction or termination of the lease agreement for any of its leasehold properties; and

(i) there are no trespassers of any nature of any of the immovable properties, either free hold or leasehold of the Company.

7.15 The authorized share capital of the Company is \_\_\_\_\_.

7.16 The issued and paid-up share capital of the Company is \_\_\_\_\_.

7.17 Since the date of the Audited Financial Statements, the Board of Directors of the Company have not recommended dividends pertaining to the Financial Year \_\_\_\_\_ and the Company has not declared or made any other payments or distribution on or in respect of any Equity Shares.

7.18 No person has any agreement or option or right capable of becoming an agreement for the subscription or issue of Equity Shares.

7.19 Except as otherwise disclosed or provided for in this Agreement, to the Company's knowledge and belief, the operations of the Company have been and are now, in all material respects, conducted in compliance with applicable Laws and there has been no major violation of any intellectual property right related laws, rules and regulations including infringement of any third party's intellectual property rights.

7.20 Except as otherwise disclosed or provided for in this Agreement, the Company is not a partner, joint venture or otherwise a participant in any partnership, joint venture or other similar jointly owned business undertaking and the Company has no other significant investment interests in any business owned or controlled by any third party.

7.21 The Company has not knowingly permitted any of its normal insurances to lapse or done anything to make any policies of insurance void or voidable.

7.22 Excepting as otherwise disclosed or provided for in this Agreement or Schedule XI, no item of plant, computers, machinery, fixtures, fittings or equipment and motor vehicles as appearing in the balance sheet of the Company have been taken into possession by the owners under any hire purchase/lease agreement, nor have the same been sold or disposed of at prices materially less than their book value.

7.23 Excepting as otherwise disclosed or provided in this Agreement or Schedule \_\_\_\_\_, neither the execution and delivery of this Agreement by the Company, nor the performance by the Company of its obligations hereunder nor compliance by the Company with the provisions hereof will violate, adversely affect, contravene or breach or create a default or accelerate any obligation under any indenture, mortgage, lease, agreement, instrument, charter or by-law provision, statute, regulation, judgement, ordinance, decree, writ, injunction or Law applicable to the Company.

7.24 Except as otherwise disclosed or provided for in this Agreement, neither the company has any outstanding debt securities or any of its indebtedness that may be required to be accelerated or repaid, repurchased or redeemed as a result of the execution, delivery or performance by the Company of this Agreement.

7.25 Except as otherwise disclosed or provided for in the Agreement the Company does not directly or indirectly beneficially own or own on record any shares of any other Person or have any other equity investment or other ownership interest in any other Person.

7.26 Except as disclosed there are no agreements between the Company and its directors or Employees which cannot be terminated by the Company or which imposes any unreasonable liability on the Company in terms of severance pay, fringe benefits or any other payments.

7.27 Except as otherwise disclosed or provided for in the Agreement or in Schedule \_\_\_\_\_, the Company has not at any time defaulted in the repayment of the principal and/or interest payable in respect of any loan taken by it.

## ARTICLE – 8

### REPRESENTATIONS AND WARRANTIES OF THE STRATEGIC PARTNER AND THE PRINCIPALS

Each of the Strategic Partner and the Principals hereby jointly and severally represents and warrants to the Government and the Company that:

8.1 The (a) Strategic Partner is a company duly incorporated and validly existing under the laws of India; (b) \_\_\_\_\_ (Principal 1) is a company duly incorporated and validly existing under the laws of \_\_\_\_\_; and (c) \_\_\_\_\_ (Principal 2) is a company duly incorporated and validly existing under the laws \_\_\_\_\_.

8.2 Each of the Strategic Partner and the Principals have all necessary corporate power, authority and capacity (corporate and financial) to enter into this Agreement and to carry out its obligations under this Agreement.

8.3 The execution and delivery of this Agreement and the consummation of the transaction contemplated under this Agreement have been duly authorized by all necessary corporate action of the Strategic Partner and the Principals.

8.4 This Agreement constitutes a valid and binding obligation of the Strategic Partner and the Principals enforceable against each in accordance with the terms hereof, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies as specific performance and injunction are in the discretion of the court from which they are sought.

8.5 Each of the Strategic Partner and the Principals are not a party to, bound or affected by or subject to any indenture, mortgage, lease, agreement, instrument, charter or by-law provision, statute, regulation, order, judgment, decree, license, permit or law

which would be violated, contravened or breached by, or under which any default would occur, or an encumbrance would be created, as a result of the execution, delivery and performance by it of this Agreement or any of its terms.

8.6 There is no suit, action, litigation, investigation, Claim, complaint or proceeding in progress or pending or threatened against or relating to the Strategic Partner or the Principals, which, if determined adversely to the Strategic Partner or the Principal(s), could

(a) Prevent the Strategic Partner or prevent the Principals to cause the Strategic Partner from paying to Government, the Purchase Price;

(b) Enjoin, restrict or prohibit the transfer of all or any part of the Transaction Shares as contemplated by this Agreement; or

(c) Prevent the Strategic Partner or the Principals from fulfilling any or all of its obligations set out in this Agreement or arising from this Agreement;

and neither the Strategic Partner nor the Principals have knowledge of any existing ground on which any such action, suit, litigation or proceeding might be commenced with any reasonable likelihood of success.

8.7 Except as disclosed in Schedule \_\_\_ hereto, no governmental or regulatory authorization, approval, order, consent or filing is required on the part of the Strategic Partner and the Principals in connection with the execution, delivery and performance of this Agreement or any other agreement to be delivered under this Agreement. The Strategic Partner and the Principals declare that all such governmental or regulatory authorization, approval, consent, order or filing required has been obtained/ made or shall be obtained/ made before Closing.

8.8 Each of the Strategic Partner and the Principals have reviewed the documents with respect to the Company and its business and operation which were made available for review in the Data Room by the Government and/or which were subsequently made available to the Strategic Partner and the Principals, such documents identified in Schedule \_\_\_ (collectively, the "Data Room Documents"). In addition to such review, the Strategic Partner and the Principals have had discussions with the senior management and operational personnel of the Company and have conducted an on-site review of all the facilities of the Company (collectively the "Additional Disclosed Information"). Each of the Strategic Partner and the Principals are not aware of any facts, conditions or circumstances that reasonably could indicate that any of the representations and warranties of the Government or the Company contained herein are false, incorrect or inaccurate in any material respect.

8.9 The Principals are causing the Strategic Partner to and the Strategic Partner is acquiring the Transaction Shares for strategic investment purposes and solely for the

account of the Strategic Partner and not with a view to or for resale in connection with the distribution or other disposition thereof to any other Person.

#### 8.10 Source of Funds

(a) Each of the Strategic Partner and the Principals have furnished and if so required shall furnish to the full satisfaction of Government such information regarding the source of its funds as required by the Government (in the exercise of the Government's sole discretion) including, without limitation, information relating to the source and the amount of funds or other consideration used or to be used in purchasing the Transaction Shares, and if any part of the Purchase Price is to be represented by funds or other consideration borrowed or otherwise, a description of such transaction and the names of the parties thereto.

(b) Each of the Strategic Partner and the Principals shall ensure that the source of its funds (including, without limitation, any source used or to be used for payment of the Purchase Price) will be satisfactory and be acceptable to the Government.

(c) Notwithstanding anything to the contrary contained in this Agreement, for purposes of clarity and avoidance of doubt, the Strategic Partner and the Principals agrees that the satisfaction of the Government regarding the source of funds of the Strategic Partner and the Principals and their respective Affiliates based on the information provided by the Strategic Partner and the Principals shall be without prejudice to, and shall not preclude or limit any Governmental Authority from undertaking, any investigation, inquiry or other course of action with respect to the affairs (including without limitation the source of funds) of the Strategic Partner, the Principals or their respective Affiliates.

8.11 (a) the Strategic Partner and the Principals have reviewed and understood the contents of the Government of India office memorandum No. 64/2001 – DDII dated July 13, 2001 (“Guidelines for qualification of bidders seeking to acquire stake in public sector enterprises through the process of disinvestment”) and represent that each of the Strategic Partner and the Principals are duly qualified to participate in the process of disinvestment in terms thereof.

(b) Neither the Strategic Partner, the Principals, their respective Affiliates nor any of their directors or principal officers have been convicted by a Court of law nor has any adverse order been passed by a regulatory authority which casts a doubt on the ability of the Strategic Partner and/or the Principals to manage the Company or relates to a “grave offence”, For the purposes of this Clause 8.11, “grave offence” would mean an offence of such a nature which would outrage the moral sense of the community.

(c) No charge-sheet has been filed against the Strategic Partner, the Principals, nor against any sister concern or Affiliate of the Strategic Partner and the Principals or any of their officers by any agency of the Government of India or any of its political subdivisions or any other Governmental Authority nor has the Strategic Partner, Principals or

its sister concern including Affiliates of the Strategic Partner and Principals or any of their respective officers been convicted for any offence.

(d) Neither the Strategic Partner, the Principals nor any of its sister concerns (including Affiliates of the Strategic Partner and the Principals) nor any of their respective directors and principal officers, are or are reasonably expected to be in breach of any criteria laid down by the Government of India for selection of strategic investors for disinvestments in government companies.

#### 8.12 Principals's Additional Covenants, Representation and Warranties

(a) The Principals, jointly and severally, irrevocably and unconditionally:

(i) covenants with and guarantees to the Government that each Principal shall make all efforts to ensure that the Strategic Partner shall, at all times, fully and faithfully perform and discharge all its obligations under this Agreement and that the Strategic Partner shall, at all times, duly comply with all the terms and conditions of this Agreement;

(ii) as a separate and independent stipulation, each Principal agrees that any obligation expressed to be undertaken by the Strategic Partner which may be unenforceable against the Strategic Partner by reason of any, disability or incapacity on or of the Strategic Partner or of any fact or circumstance (other than a limitation imposed by this Agreement) shall nevertheless be enforceable against and recoverable from each Principal as though the same had been incurred by each Principal and each Principal was the sole and principal obligor in respect thereof.

(iii) in addition to any other provisions in this Agreement and as a separate and independent stipulation, agrees with the Government as a primary obligor to defend, indemnify, keep indemnified and hold the Government harmless from and against any and all losses, liabilities, damages, judgments, settlements, costs and expenses, including reasonable attorney's fees, incurred or suffered by the Government arising out of or resulting from or as may be payable by virtue of, any breach by the Strategic Partner or any of the Principals of any of the representations, warranties, covenants, agreements or obligations contained in this Agreement.

(iv) agrees that it shall cause the Articles of Association or other constituting documents of the Strategic Partner to be amended to include the provisions of this Clause 8.12, and shall take and cause to be taken by any Person all such actions as may be required to ensure that the provisions of this Clause 8.12 are and remain valid, binding and enforceable against each of the Principals and the Strategic Partner.

(b) The Principals, jointly and severally represents and warrants to, each of the Government and the Company that:

(i) \_\_\_\_\_ (Principal 1) is the beneficial and legal owner of \_\_\_\_\_ equity shares of the Strategic Partner constituting \_\_\_\_% of the total outstanding, issued and paid-up equity

capital of the Strategic Partner and that \_\_\_\_\_ (Principal 2) is the beneficial and legal owner of \_\_\_\_\_ equity shares of the Strategic Partner constituting \_\_\_\_% of the total outstanding, issued and paid-up equity capital of the Strategic Partner;

(ii) the Principals, together, jointly control the Strategic Partner and by virtue of such control, are in a position to ensure and procure, severally and/or jointly, that the Strategic Partner at all times performs and discharges all its obligations under this Agreement and complies with all the terms and conditions hereunder and undertakes to ensure that such control is not prejudiced, diminished or reduced in any manner whatsoever.

## ARTICLE 9

### CERTAIN AGREEMENTS ON REPRESENTATION AND WARRANTIES BETWEEN THE PARTIES

9.1 Each of the Strategic Partner, the Principals and the Government is a sophisticated Person that was advised by experienced counsel and, to the extent such Parties deemed necessary, other Representatives in connection with this Agreement and the Strategic Partner and the Principals have undertaken such investigation, and have been provided with and have evaluated such documents and information (including the Data Room Documents), as it has deemed necessary in connection with the execution, delivery and performance of this Agreement. The Strategic Partner further warrants that even where it has not by itself, undertaken such investigation and/ or evaluation, that the investigation and/ or evaluation undertaken by the Principals and/or Representatives of the Principals and/or Strategic Partner is adequate, sufficient and to its satisfaction. Accordingly, each of the Parties to this Agreement hereby acknowledges that (a) other than the representations and warranties made in and/ or referred to in Articles 6, 7 and 8, no Party has relied upon or will rely upon any other representation or warranty (whether written or oral) or any financial projection or forecast or market information delivered to it with respect to the business and operations of the Company; and (b) there are no representations or warranties by or on behalf of any Party or its Representatives other than those expressly set forth and/ or referred to in Articles 6, 7 and 8 of this Agreement. With respect to any projection or forecast delivered by or on behalf of the Government to the Strategic Partner or the Principals, the Strategic Partner and the Principals understands, acknowledges and agrees that there are uncertainties inherent in making such projections and forecasts and that neither the Government nor the Company nor any of their Representatives has given, or will give, any representation or warranty with respect to any projection or forecast relating to the Company or the business or operations of the Company which will be relied upon by the Strategic Partner or the Principals. The Strategic Partner and the Principals further acknowledge that (x) they have conducted their own independent due diligence, enquiry and investigation into the business and operations of the Company; and (y) the Strategic Partner and the Principals have entered into this Agreement and is purchasing the Transaction Shares and is fulfilling its obligations in terms hereof solely on its own judgement and not in reliance on any



representations or warranties of the Government, the Company or any of their Representatives (other than those and to the extent set forth in Article 6 and 7).

## ARTICLE – 10

### TERMINATION

10.1 This Agreement may be terminated on or prior to the Closing Date as follows:

- (a) By written consent of each of Government the Strategic Partner and the Principals; or
- (b) By Government in the event that the Strategic Partner or the Principal(s) fails to fulfill any of its Conditions Precedents or fails to fulfill any of its obligations at Closing; or
- (c) By the Strategic Partner in the event that Government fails to fulfill any of its Conditions Precedents or fails to fulfill any of its obligations at Closing by the Closing Time; or
- (d) By Government if an Event of Bankruptcy occurs in relation to the Strategic Partner or Principal(s) or any of their respective Affiliates and/or if there is any breach on or after the date hereof of any of the Strategic Partner's and the Principal(s) representation and warranties contained herein.

10.2.1 The termination of this Agreement pursuant to Clause 10.1(b) and (c) hereof shall be effected by the Party terminating this Agreement by delivering 3 (three) days' prior written notice of such termination to the other Parties. If this Agreement so terminates, it shall become null and void and have no further force or effect, except as provided in Clause 10.3.

10.2.2 In the event Government terminates this Agreement pursuant to the provisions of Clause 10.1(b) and/ or 10.1(d) then the Government may in addition to termination of this Agreement forfeit the Earnest Money, to compensate Government for the expenses incurred in connection with the transaction contemplated in this Agreement, the delay caused to Government's efforts to sell the Transaction Shares and other losses that would be incurred to the Government which the Strategic Partner and the Principal(s) acknowledge would be a reasonable pre-estimate of the damages likely to be suffered by the Government. The entitlement of Government to forfeit the Earnest Money in accordance with this Clause 10.2.2 shall not limit Government's right to exercise any other rights which it may have against the Strategic Partner and/or the Principals in respect of such default. Government shall also be free to transfer any Equity Shares owned by it including the Transaction Shares to any third party.

10.3 If this Agreement is terminated pursuant to Clause 10.1 or otherwise, all obligations of Government, the Strategic Partner, the Principals and the Company under

this Agreement shall automatically terminate with no further act or conduct being necessary or required on the part of any such Party, or any liability of any such Party, and each of the Parties shall irrevocably be released from all obligations and liabilities hereunder, except that, in each case

(a) Notwithstanding any provision of this Agreement to the contrary, the provisions under Articles/Clauses 1, 11.2, 12, 13.2, 13.3, 13.8, 13.12, 13.13 and this Clause 10.3 shall survive such termination;

(b) Such termination shall not constitute a waiver by any Party of any obligation that by its terms shall survive such termination pursuant to this Agreement; and

(c) Such termination shall not constitute a waiver by any Party of any Claim it may have for actual damages caused by reason of, or relieve any Party from liability for, any breach of this Agreement prior to termination under Clause 10.1 hereof.

## ARTICLE 11

### INDEMNIFICATION

#### 11.1 Indemnification by Government

#### 11.2

From and after the Closing Date, subject to the remainder of this Article 11, Government shall defend, indemnify and hold only the Strategic Partner (and no other Person whatsoever) harmless from and against any Claim actually incurred or suffered by the Strategic Partner (collectively, the “Strategic Partner Losses”) arising out of or resulting from:

(a) any breach by Government or the Company of any representation and warranty contained in this Agreement; and

(b) any breach by Government of any of its covenants, agreements or obligations contained herein; provided that in no event shall Government be liable, whether in contract, tort or otherwise for any special, indirect, incidental or consequential damages arising out of or in connection with this Agreement, or any breach, performance or non performance of any provision hereof.

#### 11.2 Indemnification by the Strategic Partner and the Principals

From and after the Closing Date, subject to the remainder of this Article 11, each of the Strategic Partner and the Principals shall defend, indemnify and hold Government harmless from and against any Claim actually incurred or suffered by Government (collectively, the “Government Losses”) arising out of or resulting from:

(a) any breach by the Strategic Partner or the Principals of any representation and warranty contained in this Agreement; and

(b) any breach by the Strategic Partner or the Principal(s) of any of its covenants, agreements or obligations contained herein; provided that in no event shall the Strategic Partner and the Principals be liable, whether in contract, tort or otherwise for any special, indirect, incidental or consequential damages arising out of or in connection with this Agreement, or any breach, performance or non performance of any provision hereof.

### 11.3 Notice of Claim; Right to Participate in and Defend Third Party Claim; Non-Third Party Claims.

(a) If any indemnified party receives notice of any Claim in respect of which indemnification may be sought under this Agreement (a "Third Party Claim"), and the indemnified Party intends to seek indemnification under this Agreement, then the indemnified Party (the "Beneficiary") shall promptly provide the indemnifying Party with written notice of the Third Party Claim and the relevant facts and circumstances to the extent known, provided, however, that if:

(i) such Claim is under Clause 11.1(a) or 11.2(a), any notice of the Third Party Claim must be delivered prior to the expiration of the R&W Claim Period with respect to the pertinent representation and warranty described in Clause 11.5 of this Agreement;

(ii) if such Claim is under Clause 11.1(b) or 11.2(b), any notice of the Third Party Claim must be delivered within 30 (thirty) calendar days of the breach of the pertinent covenant or obligation;

(iii) the failure by the Beneficiary to notify an indemnifying Party of a Third Party Claim shall not relieve the indemnifying Party of any indemnification responsibility under this Article 11, unless:

(a) such failure prejudices the ability of the indemnifying Party to defend such Third Party Claim, or

(b) such Claim is under Clause 11.1(a) or 11.2(a) and notice of the Third Party Claim is delivered after the expiration of the R&W Claim Period with respect to the pertinent representation and warranty as described in Clause 11.5, or

(c) such Claim is under Clause 11.1(b) or 11.2(b) and notice of the Third Party Claim is delivered after 30 calendar days following the breach of the pertinent covenant or obligation;

(iv) the indemnifying Party shall have the right, at its option and expense, to participate in the defence of such Third Party Claim, but not to control the defence, negotiation or settlement thereof (which control shall at all times rest with the Beneficiary) unless (1) such Third Party Claim involves only money damages and not an injunction or other equitable relief; or (2) if the indemnifying Party has a defence or counterclaim in relation to such Third Party Claim which the Beneficiary is not entitled to

assert (to the extent necessary to assert and maintain such defence or counterclaim). The Beneficiary shall continue to have the right to be represented, at its own expense, by counsel of its choice in connection with the defence, negotiation or settlement of such Third Party Claim;

(v) if the indemnifying Party does not assume control of the defence of such Third Party Claim, the entire defence, negotiation or settlement of such Third Party Claim by the Beneficiary shall be deemed to have been consented to by, and shall be binding upon, the indemnifying Party as fully as though the indemnifying Party alone had assumed the defence thereof and a judgment had been entered in such Third Party Claim in respect of such settlement or judgment.

(b) The Parties agree to cooperate fully with each other in connection with the defence, negotiation or settlement of any such Third Party Claim, including, without limitation, at the request of the indemnifying Party, in participating in the defence, negotiation or settlement thereof.

(c) Any indemnifiable Claim under this Agreement that is not a Third Party Claim must, in order to be valid and effective hereunder, be asserted by the indemnified Party by prompt delivery of written notice thereof to the indemnifying Party, provided that (i) if such Claim is under Clause 11.1(a) or 11.2(a), it must be delivered prior to the expiration of the R&W Claim Period with respect to the pertinent representation and warranty as described in Clause 11.5 of this Agreement; or (ii) if such Claim is under Clause 11.1(b) or 11.2(b), notice of the Claim must be delivered within 30 (thirty) calendar days of the breach of the pertinent covenant or obligation.

11.4 Notwithstanding any other provision in this Agreement or of any applicable Law the Government shall not be obligated or required to indemnify, defend and hold harmless the Strategic Partner from and against any Strategic Partner Losses under Clause 11.1 hereof unless and until the cumulative aggregate amount of such Strategic Partner Losses equal or exceeds Rs. \_\_\_\_/- (Rupees \_\_\_\_ only) (the "Aggregate Liability Threshold"). After the Strategic Partner Losses exceed the Aggregate Liability Threshold, the Government shall pay all Strategic Partner Losses, including any Strategic Partner Losses that are less than the Aggregate Liability Threshold; provided however, that in calculating the Strategic Partner Losses for purposes of indemnification under Clause 11.1, any Strategic Partner Losses in respect of any individual event or occurrence that is less than Rs. \_\_\_\_/- (Rupees \_\_\_\_ Only) (the "De-Minimis Strategic Partner Losses") shall be excluded in their entirety and Government shall have no liability whatsoever to the Strategic Partner for any such De-Minimis Strategic Partner Losses;

#### 11.5 Representation and Warranty Survival Period

All representations and warranties of the Parties contained in this Agreement shall survive for a period of \_\_\_\_ (\_\_\_\_) years from the Closing Date (the "R&W Claim Period"), and upon the expiration of the R&W Claim Period, all representations and warranties to which such R&W Claim Period relates to shall automatically expire without

any action from the Parties hereto. The representations and warranties made in this Agreement by the Government and the Company will be deemed for all purposes to be qualified with by the disclosures made in the Schedules regardless of whether in the case of any particular representation and warranty such representation and warranty refer to such Schedule in which the disclosure is made or to any other Schedule.

#### 11.6 Mitigation of Losses

The Strategic Partner shall not be entitled to indemnification or compensation with respect to any Strategic Partner Loss to the extent that the Strategic Partner or the Principals had a reasonable opportunity, in good faith, to mitigate the Strategic Partner Loss but failed to do so.

#### 11.7 Exclusive Remedy

The remedies set forth in this Article 11 shall be the sole and exclusive remedies of the Strategic Partner for any breach of or any matter relating to, any representation, warranty, covenant, agreement or obligation contained in this Agreement.

#### 11.8 No Set Off Right

Notwithstanding any other provisions in this Agreement to the contrary, no Beneficiary shall be entitled to (and such Beneficiary shall not) recover any indemnification payment or other amounts due from an indemnifying Party under this Agreement or otherwise by retaining and setting off such payment or amounts (whether or not such amounts are liquidated or reduced to judgment) against any amounts due or to become due from the Beneficiary to such indemnifying party under this Agreement or otherwise.

## ARTICLE – 12

### CONFIDENTIAL INFORMATION

12.1 For a period of 3 (three) years from the Closing Date, the Strategic Partner and the Principals on its own behalf and on behalf of its Affiliates agrees that information exchanged to date and which may be exchanged during the term of this Agreement and any technical information in any form provided to the Strategic Partner and the Principals by Government or the Company or their Representatives (“Confidential Information”) is confidential and proprietary and shall not be reproduced, copied or disclosed to any third parties.

12.2 The Strategic Partner and the Principals hereto shall at all times cause its Affiliates, partners, directors, officers, employees, agents, representatives, advisors, associates and any other person acting on their behalf to refrain from disclosing Confidential Information and shall ensure that such Confidential Information is only used for the purposes of the Company, irrespective of whether the Confidential Information

was provided in writing or orally or whether the written embodiment of the Confidential Information has been marked as confidential.

12.3 Nothing contained hereinabove shall apply to any disclosure of Confidential Information if:

(a) Such disclosure is required by law or requested by any statutory or regulatory or judicial/quasi-judicial authority or recognized self-regulating organization or other recognized investment exchange having jurisdiction over the Strategic Partner and the Principals ; or

(b) Such disclosure is required in connection with any litigation affecting a Strategic Partner or the Principals; or

(c) Such information has entered the public domain other than by a breach of the Agreement.

12.4 The confidentiality obligations shall survive the expiry of this Agreement and is legally binding on the Strategic Partner and the Principal(s) and shall be in full force and effect for the time period specified in Clause 12.1.

## ARTICLE – 13

### MISCELLANEOUS

13.1 Public Notices: All public notices to third parties and all other publicity concerning the transactions contemplated by this Agreement shall be jointly planned and coordinated by Government and the Strategic Partner and no Party shall act unilaterally in this regard without the prior approval of the other Parties, such approval shall not to be unreasonably withheld, except:

(a) in the case of Government for communications made in confidence to Government's employees affected by such transactions; or

(b) where required to do so by Law in circumstances where prior consultation with the other Parties is not practicable.

13.2 Expenses: Each of the Parties shall pay their respective legal, accounting, and other professional advisory and other fees, costs and expenses incurred in connection with the purchase and sale of the Transaction Shares and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement. In particular, it is agreed that the stamp duty payable on the transfer of the Transaction Shares (in the event the Transaction Shares are not transferred in the dematerialised form) and the stamp duty on this Agreement shall be paid by the Strategic Partner and such expenses shall not constitute an obligation of the Company or the Government.

13.3 Any notice or other writing required or permitted to be given under this Agreement or for the purposes of this Agreement (referred to in this Article as a “Notice”) to any Party shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by fax or other form of recorded communication tested prior to transmission to such Party:

(a) in the case of a Notice to Government, at:

Attention: Administrative Secretary

Address:

Fax:

(b) in the case of a Notice to the Strategic Partner, at:

Attention: Managing Director

Address: Fax:

(c) in the case of Principal 1, at Attention: Managing Director

Address:

Fax:

(d) in the case of Principal 2, at

Attention: Managing Director

Address:

Fax:

(e) in case of a Notice to the Company, at:

Attention: Managing Director

Address: Fax:

Or at such other address as the Party to whom such writing is to be given shall have last notified to the Party giving the same in the manner provided in this Clause. Any notice personally delivered to the Party to whom it is addressed as provided in this Clause shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day then the notice shall be deemed to have been given and received on the manner provided for in Clause 1.2(d). Any notice sent by prepaid registered mail shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing. Any notice transmitted by fax or other form of recorded communication shall be deemed given and received on the first Business Day after its transmission.

13.4 Assignment: Neither this Agreement nor any benefits or burdens under this Agreement shall be assigned by any Party without the prior written consent of all the other Parties. Subject to the foregoing, this Agreement shall ensure to the benefit of and

be binding upon the Parties and their respective successors (including any successor by reason of amalgamation or merger of any Party) and permitted assigns.

13.5 Further Assurances: The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing, provided that such co-operation shall not extend to joining in or commencing litigation or arbitration proceedings.

13.6 Amendments and Waivers: No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the parties to this Agreement. To the extent any such modification or amendment requires a corresponding modification or amendment to the Company's Memorandum and/or Articles of Association, the Parties shall use their best efforts in good faith to cause all such modifications or amendments to such Memorandum and/or Articles of Association. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

13.7 Non-Sovereign Act: The execution, delivery and performance by the Government of this Agreement and any other related agreements to which it is a party constitutes commercial acts done and performed for commercial purposes and do not constitute sovereign acts and the Government, saving and excepting the present or future assets and properties concerning the military of the Government or any diplomatic/consular office or the constitutional authorities (of India) and their offices, waives any and all rights of immunity that it or any of its assets may have or may acquire in future against the institution of any legal or arbitral proceedings and the enforcement of any judgement, settlement or arbitral award.

13.8 Governing Law: This Agreement shall be governed and interpreted by and construed in accordance with the laws of India, without giving effect to the principles of conflict of laws thereunder.

13.9 Severability: If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part of such provision and the remaining part of such provision and all other provisions of this Agreement shall continue to remain in full force and effect.

13.10 Counterparts: This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

13.11 Rights of Third Parties: Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person, other than the Parties



hereto any rights or remedies under or by reason of this Agreement or any transaction contemplated by this Agreement.

13.12 Limitation on Government's Liability: Notwithstanding anything to the contrary contained anywhere in this Agreement, the Government's aggregate liability under this Agreement shall not exceed \_\_\_\_\_% ( \_\_\_ percent) of the Purchase Price.

13.13 Dispute Resolution: Any and all Claims, disputes, questions or controversies involving any of the Parties hereto and arising out of or in connection with this Agreement, including the execution, interpretation, validity, performance, breach or termination hereof, (collectively, "Disputes"), shall be resolved and settled, subject to the procedures set out in Schedule III to this Agreement.

IN WITNESS WHEREOF, each of the Parties have caused this Agreement to be duly executed by their duly authorised representatives on the date and year first hereinabove written.

For and on behalf of the  
Governor (the Government of Punjab)

Signed By:

Designation:

Witnessed by :

Name:

Address

For and on behalf of (Strategic Partner) having authority to sign on behalf of the  
Strategic Partner vide resolution dated [\_\_\_\_\_] of the board  
of directors

Signed by:

Designation

Witnessed by:

Name:

Address

For and on behalf of \_\_\_\_\_ (Principal 1) having authority to sign on behalf of the  
Principal 1 vide resolution dated [\_\_\_\_\_] of the board of directors

Signed by:

Designation

Witnessed by:

Name:

Address

For and on behalf of \_\_\_\_\_ (Principal 2) having authority to sign on behalf of the  
\_\_\_\_\_ vide resolution dated [\_\_\_\_\_] of the board of directors

Signed by:

Designation

Witnessed by:

Name:

Address

For and on behalf of the Company \_\_\_\_\_ having authority to sign on behalf of the  
Company vide resolution dated [\_\_\_\_\_] of the board of directors

Signed by:

Designation

Witnessed by:

Name:

Address

## SCHEDULE I

### LIST OF APPROVALS

## SCHEDULE II

### DATA ROOM DOCUMENTS

## SCHEDULE III

### DISPUTE RESOLUTION

(a) Dispute resolution

Disputes which cannot be finally resolved by such Parties within 30 (thirty) calendar days of the arising of a Dispute by amicable negotiation (each Party in good faith making its best effort to reach a reasonable and equitable resolution of the matter) shall be immediately referred for resolution by good faith negotiation between their respective senior officers with decision-making power and who shall not have had substantive involvement in the matters involved in the Dispute, unless the Parties otherwise agree. If any such panel of senior officers is unable to resolve and settle the Dispute within 60 (sixty) calendar days after the Dispute is first submitted to it, then any Party shall be entitled to cause the Dispute to be submitted for arbitration pursuant to the terms of Clause (b) of this Schedule III.

(b) Arbitration

Any Dispute which is not settled in accordance with paragraph (a) of this Schedule shall be referred to arbitration in accordance with the provision of the Arbitration Act.

The Disputes shall be referred to a sole arbitrator if the Government and the Strategic Partner agree upon a sole arbitrator. In the event a sole arbitrator cannot be agreed upon, the arbitral tribunal shall comprise of three arbitrators, one to be appointed by each of Government and the Strategic Partner and the third to be jointly appointed by the two arbitrators appointed by the Parties.

SHARE HOLDERS AGREEMENT

Among

THE GOVERNOR OF PUNJAB

And

(NAME OF THE COMPANY)

AND

(NAME OF THE STRATEGIC PARTNER)

AND

(NAME OF THE PRINCIPAL)

AND

(NAME OF THE PRINCIPAL)

(On a stamp paper of appropriate value)

SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT is made and entered into on this \_\_\_\_\_.

BY AND AMONG

(1) THE GOVERNOR OF PUNJAB, acting through and represented by the Director-cum-Secretary, Directorate of Disinvestment, Government of Punjab (hereafter referred to as the "Government" which expression shall include its assigns)

AND

(2) \_\_\_\_\_, a company duly incorporated and existing under the provisions of the (Indian) Companies Act, 1956, with its registered office at \_\_\_\_\_ (the "Strategic Partner" which expression shall include its Affiliates, successors and permitted assigns);

AND

(3) \_\_\_\_\_, a company duly incorporated and existing under the laws of \_\_\_\_\_, with its registered office at \_\_\_\_\_ (hereinafter referred to as Principal 1 which expression shall include its successors and permitted assigns);

AND

(4) \_\_\_\_\_, a company duly incorporated and existing under the laws of \_\_\_\_\_, with its registered office at \_\_\_\_\_ (hereinafter referred to as Principal 2 which expression shall include its successors and permitted assigns);

\_\_\_\_\_, \_\_\_\_\_ are hereinafter collectively referred to as "Principals" and "Principal" means any one of them)

AND

(5) \_\_\_\_\_, a private limited company duly incorporated and existing under the provisions of the (Indian) Companies Act, 1956, with its registered office at \_\_\_\_\_ (hereinafter referred to as "Company", which expression shall include its successors and permitted assigns).

WHEREAS

A. The Company is engaged principally in the business \_\_\_\_\_.

B. Government is the beneficial and legal owner of \_\_\_\_\_% of the issued, subscribed and paid up equity share capital of the Company as on date of this Agreement.

C. The Strategic Partner, the Principal, the Company, and the Government are parties to an agreement of even date whereby Government, has subject to the terms and conditions stated therein, agreed to sell to the Strategic Partner, and the Strategic Partner has agreed to purchase from Government \_\_\_\_\_ Equity Share Capital of the Company (such agreement, the "Share Purchase Agreement").

D. The Parties have entered into this Agreement to record their agreement as to the manner in which the Company's affairs shall be conducted after the Strategic Partner acquires the Transaction Shares from Government and to identify and determine certain rights and obligations with respect to the ownership, directly and indirectly, of the Equity Shares (defined hereinafter).

E. The Company has agreed to give the representations and warranties set out in and enter into this Agreement in consideration of the benefits it has determined it will receive from the sale of the Transaction Shares which include the creation of a significant awareness of, and interest in, the Company.

F. The Parties have agreed that all Employees (defined hereinafter) of the Company on the date hereof will continue in the employment of the Company.

G. The Strategic Partner recognizes that Government in relation to its employment policies follows certain principles for the benefit of the members of the Schedule Caste, Schedule Tribes, physically handicapped persons and other socially disadvantaged categories of the society. The Strategic Partner shall use its best efforts to cause the Company to provide adequate job opportunities for such persons. Further, in the event of any reduction in the strength of the employees of the Company, the Strategic Partner shall use its best efforts to ensure that the physically handicapped persons are retrenched at the end.

NOW THEREFORE, in consideration of the premises and the covenants and mutual agreements contained in this Agreement (the receipt and adequacy of which are hereby mutually acknowledged), each of the Parties hereby agree as follows:

## ARTICLE 1

### DEFINITIONS AND PRINCIPLES OF INTERPRETATION

#### 1.1 Definitions

In addition to the terms defined in the introduction to and the text of this Agreement, wherever used in this Agreement, the following words and terms shall have the meaning set out below:

“Acceptance Notice” shall have the meaning ascribed to such term in Clause 5.3 (d) hereof;

"Act" means the (Indian) Companies Act, 1956, as now enacted or as the same may from time to time be amended, re-enacted or replaced;

"Affiliate" means with respect to a specified Person, any Person which is a holding company or subsidiary of such specified Person, or any Person which directly or

indirectly, (a) owns or controls such specified Person, (b) is owned or controlled by such specified Person, or (c) is owned or controlled by the same Person, who, directly or indirectly, owns or controls such specified Person. For the purposes of this Agreement, the terms "holding company" and "subsidiary" shall have the meaning ascribed to them under Section 4 of the Act, and the term "control" shall mean:

- (a) control over the composition of majority of board of directors of a company; or
- (b) control of at least 50% (fifty percent) of the issued equity share capital of a company Provided however that in no event shall the Company be deemed to be an Affiliate of the Government or the Strategic Partner.

"Agreement" means this Shareholders Agreement and all attached schedules, exhibits and all instruments supplemental to or in amendment or confirmation of this Agreement entered into by the Parties in writing;

"Arbitration Act" means the (Indian) Arbitration and Conciliation Act, 1996, as now enacted or as the same may from time to time be amended, re-enacted or replaced;

"Articles of Association" means the articles of association of the Company;

"Assets" means all plant, machinery, equipment, buildings, land and other real estate property whether owned by or in which the Company has any interest.

"Board" means the board of directors of the Company;

"Business Day" means a day, on which the principal commercial banks located in \_\_\_\_\_ are open for business during normal banking hours but excluding a Saturday, Sunday, a gazetted public holiday and any other day that is declared a holiday by the Government of India or the Government of Punjab;

"Call Option" shall have the meaning ascribed to such term in Clause 5.9 (a) hereof;

"Call Option Notice" shall have the meaning ascribed to such term in Clause 5.9 (a) hereof;

"Call Option Price" shall have the meaning ascribed to such term in Clause 5.9 (a) hereof;

"Called Shares" shall have the meaning ascribed to such term in Clause 5.9 (a) hereof;

"Closing" shall have the meaning ascribed to such term in the Share Purchase Agreement;

"Closing Date" shall have the meaning ascribed to such term in the Share Purchase Agreement;



“Confidential Information” shall have the meaning ascribed to such term in Clause 8.2 (a) hereof;

“Default Notice” shall have the meaning ascribed to such term in Clause 5.7 (a) hereof;

“Defaulting Party” shall have the meaning ascribed to such term in Clause 5.7 (a) hereof;

“Dispute” shall have the meaning ascribed to such term in Clause 10.1(a) hereof;

“Employee” shall mean persons who are on the rolls of the Company on the Closing Date and shall include workmen, managers and supervisors but shall exclude the directors of the Company prior to the Closing Date.

"Equity Share(s)" means the voting equity share(s) of the Company, which have been issued or may be issued from time to time in accordance with its Articles of Association, Memorandum of Association and the Act;

"Fair Value" means with respect to any Equity Shares, the price of such Equity Shares as determined in accordance with Schedule II of this Agreement and expressed in terms of money;

"Financial Year" means, except as otherwise agreed by the Board in accordance with this Agreement, the financial year consisting of a period of 12 consecutive months commencing on 1st April of each calendar year and ending on 31st day of March of the immediately following calendar year.

“Funding Notice” shall have the meaning ascribed to such term in Clause 3.2 (a) hereof;

“Funding Period” shall have the meaning ascribed to such term in Clause 3.2 (a) hereof;

“Insolvency Acceptance Notice” shall have the meaning ascribed to such term in Clause 5.5 (b) hereof;

“Insolvency Offer Notice” shall have the meaning ascribed to such term in Clause 5.5 (a) hereof;

“Insolvency Offer Period” shall have the meaning ascribed to such term in Clause 5.5 (b) hereof;

“Managing Director” means the managing director of the Company, as may be appointed from time to time;

"Maximum Benefit" shall mean employee benefits which are the higher of (a) the terms of the voluntary retirement scheme as provided by the Department of Public Enterprises (Government of India) guidelines and applicable to the Company on the Closing Date or

(b) the terms of the voluntary retirement scheme as applicable to the Company on the Closing Date.

“Non-Defaulting Party” shall have the meaning ascribed to such term in Clause 5.7 (a) hereof;

“Offer” shall have the meaning ascribed to such term in Clause 5.3 (a) hereof;

“Offeror” shall have the meaning ascribed to such term in Clause 5.3 (a) hereof;

“Offer Price” shall have the meaning ascribed to such term in Clause 5.3 (b) hereof;

“Offer Period” shall have the meaning ascribed to such term in Clause 5.3 (d) hereof;

“Offer Shares” shall have the meaning ascribed to such term in Clause 5.3 (b) hereof;

“Other Shareholder” shall have the meaning ascribed to such term in Clause 5.3 (a) hereof;

“Offer to Purchase” shall have the meaning ascribed to such term in Clause 5.7(a)(ii) hereof;

“Offer to Sell” shall have the meaning ascribed to such term in Clause 5.7(a)(i) hereof;

"Parties" means collectively, the Government, the Strategic Partner, the Principal(s), the Company and any other Person which becomes a party to this Agreement and "Party" means any one of them;

"Person" includes any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organisation, trust, body corporate and a natural person in his capacity as trustee, executor, administrator or other legal representative;

“Preliminary Default Remedy Period” shall have the meaning ascribed to such term in Clause 5.7(a);

"Principal" shall have the meaning ascribed to such term in the preamble of this Agreement and refers to Person or Persons who directly or indirectly control(s) the Strategic Partner;

“Put Option” shall have the meaning ascribed to such term in Clause 5.8 (a) hereof;

“Put Option Price” shall have the meaning ascribed to such term in Clause 5.8 (a) hereof;

“Put Option Notice” shall have the meaning ascribed to such term in Clause 5.8 (a) hereof;

“Put Shares” shall have the meaning ascribed to such term in Clause 5.8 (a) hereof;

“Rematerialised Shares” shall have the meaning ascribed to such term in Clause 5.2 (b) hereof;

“Restructured Equity Share Capital” shall have the meaning ascribed to such term in the Share Purchase Agreement;

"Request for Proposal" means the request for proposal dated \_\_\_\_\_ issued in connection with the sale of the Transaction Shares by the Government;

“Right” shall have the meaning ascribed to such term in Clause 3.2 (c) hereof;

“Sale Notice” shall have the meaning ascribed to such term in Clause 5.3 (a) hereof;

"Shareholders" means Government and the Strategic Partner and such other Person(s) who may become bound by the terms of this Agreement for acquiring the Equity Shares in terms of and as permitted under this Agreement but shall not include the Employees, collectively, and "Shareholder" means any one of such parties individually;

“Share Purchase Agreement” shall have the meaning ascribed to such term in Recital C hereof;

“SP’s Shares” shall have the meaning ascribed to such term in Clause 5.5 (a) hereof;

“Tag Along Notice” shall have the meaning ascribed to such term in Clause 5.4 hereof;

“Technical Proposal” means the technical proposals of the Strategic Partner, dated \_\_\_\_\_ submitted pursuant to the Request for Proposal and attached hereto as Annexure I;

“Transaction Shares” shall have the meaning ascribed to such term in the Share Purchase Agreement;

"Valuation Date" means the date on which a Shareholder exercises its right, granted in terms of this Agreement or arising on account of default of the other Shareholder, to purchase Equity Shares from the other Shareholder or sell the Equity Shares held by it to the other Shareholder.

## 1.2 Certain Rules of Interpretation in this Agreement

(a) the descriptive headings of Articles and Sections are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of this Agreement;

(b) The use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to any Person or Persons or circumstances as the context otherwise permits;

(c) The terms "hereof", "herein", "hereto", "hereunder" or similar expressions used in this Agreement mean and refer to this Agreement and not to any particular Article or Clause of this Agreement. The terms "Article", "Clause", "Paragraph" and "Schedule" mean and refer to the Article, Clause, Paragraph and Schedule of this Agreement so specified;

(d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the immediately following Business Day if the last day of such period is not a Business Day; and whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the immediately following Business Day;

(e) All capitalized words and expressions used in this Agreement but not defined herein shall have the same meaning as ascribed to them in the Share Purchase Agreement;

(f) The damages payable by a Party to the other as set forth in this Agreement, are intended to be genuine pre-estimates of loss and damage likely to be suffered and incurred by the Party entitled to receive the same and are not by way of penalty.

### 1.3 Schedules

The Schedules annexed to this Agreement, as listed below, form an integral part of this Agreement

Schedule I - Matters Requiring Special Consent;

Schedule II - Principles of Valuation;

Schedule III - Dispute Resolution Procedures.

## ARTICLE 2

### EFFECTIVE DATE, PURPOSE AND SCOPE

#### 2.1 Effective Date

This Agreement shall come into force and effect from the Closing Date.

#### 2.2 Compliance with Agreement

The Shareholders agree at all times, to vote and act in a manner so as to fulfill the provisions of this Agreement and in all other respects to comply with, and use all reasonable efforts to comply and to cause the Company to comply with, this Agreement. The Strategic Partner and Government shall, at all times, cause its respective nominee(s)

as directors of the Company to act in accordance with this Agreement including amending the Articles of Association to conform to this Agreement and causing the Company to adopt such amended Articles of Association through the passage of appropriate Board and shareholder's resolutions and take other actions as required under Law in this regard.

### 2.3 Compliance by the Company

The Company undertakes to carry out and be bound by the provisions of this Agreement to the fullest extent that it has the capacity and power at Law to do so. The Shareholders shall, to the extent possible, cause the Company to take all steps as may be necessary to effectively adopt, abide by and ratify the terms of this Agreement.

### 2.4 Compliance with Laws

In carrying out the obligations specified herein, the Parties shall comply with all applicable Laws.

## ARTICLE 3

### EQUITY PARTICIPATION; FINANCIAL SUPPORT

#### 3.1 Equity Participation

(a) The Strategic Partner and Government hereby represent and warrant to the other that upon the occurrence of the Closing, their equity and preference capital shareholding in the Company shall be in the following percentages (Government and Strategic Partner shall be the legal and beneficial owner of the percentage of Equity Shares and preference shares indicated against their respective names):

Shareholder	Percentage of the Total Equity Share Capital of the Company	Percentage of the Total Preference Share Capital of the Company
India		Government of
	Strategic Partner	

#### 3.2 Additional Capital

(a) If the Board, in exercise of good faith and in its reasonable judgement, determines that the Company requires additional funds and that such funds cannot be obtained from banks or other financial institutions on reasonable arms-length commercial terms (or terms that are more favourable to the Company than reasonable arms-length commercial terms) and without guarantees of or recourse to the Shareholders or the Principal(s) or any Person not dealing at arm's length with any Shareholder or the Principal(s), the Board may request by issuance of notice (the "Funding Notice") to all the shareholders of the Company, to contribute, within 90 days after the issuance of the Funding Notice (the "Funding Period"), additional capital to the Company, on a pro-rata basis depending upon the number of Equity Shares then held by such shareholders, by

way of subscription for additional Equity Shares in accordance with Section 81(1) of the Act or provide a loan to the Company on a pro-rata basis depending upon the number of Equity Shares then held by such Shareholder, all as determined by the Board and set forth in the Funding Notice.

(b) If additional capital is to be contributed pursuant to Clause 3.2(a) by way of subscription for additional Equity Shares, then the subscription price for each such additional Equity Shares shall be determined by the Board and set out in the Funding Notice. The Company shall, promptly upon the receipt of such subscription price, issue to its shareholders the appropriate number of Equity Shares based upon the payment received from each such shareholder. Such Equity Shares shall rank *pari passu* with the existing issued Equity Shares in all respects, except for the purposes of dividend which shall be pro rated to the period for which such newly issued shares are in existence.

(c) If any offer to subscribe for Equity Shares pursuant to Clause 3.2(a) (such offer, the "Right") includes a right to renounce the Right in favour of any other Person, then, no Shareholder shall renounce such Right in favour of any third Person (other than, in the case of the Strategic Partner to a nominee which is an Affiliate of the Strategic Partner, and in the case of the Government to a nominee which is either a government company under the provisions of the Act or is a public financial institution notified under Section 4A of the Act) without first giving the other Shareholders a reasonable opportunity on a pro-rated basis to acquire such Right, either directly or through its nominee or partly directly and partly through its nominee, on the same terms and conditions that such Right is proposed to be renounced in favour of such third Person (other than an nominee of the renouncing Shareholder). The Person in whose favour the Right is renounced should be a creditworthy, genuine and reputed party and shall execute a deed of adherence prior to becoming a shareholder of the Company, whereby it undertakes to adhere to the terms and conditions of this Agreement.

(d) Any Person other than a Party hereto, who acquires any Equity Shares in the Company pursuant to Clause 3.2 (c), shall execute a deed of adherence prior to becoming a shareholder of the Company whereby it undertakes to adhere to the terms and conditions of this Agreement.

(e) The rights of such Person shall be determined in the following manner:

i) Subject to the provisions of Clause 3.2 (c) above, in the event that a non-renouncing Shareholder exercises its option to cause its nominee to acquire the Right, such non-renouncing Shareholder shall exercise all the rights and privileges on behalf of such nominee and shall be responsible for all the duties and obligations of such nominee under the terms of this Agreement. The rights of the non-renouncing Shareholder and such nominee shall be the rights available to the non-renouncing Shareholder under this Agreement and no additional rights or privileges shall accrue to or be available to the non-renouncing Shareholder or the nominee.

ii) Subject to the provisions of Clause 3.2(c) above, in the event that the non-renouncing Shareholder does not exercise its option to acquire or cause its nominee to acquire the Right and the renouncing Shareholder offers the Right to a third party, such renouncing Shareholder shall exercise all the rights and privileges on behalf of such third party and shall be responsible for all the duties and obligations of such third party under the terms of this Agreement. The rights of the renouncing Shareholder and such third party shall be the rights available to the renouncing Shareholder under this Agreement and no additional rights or privileges shall accrue to or be available to the renouncing Shareholder or the third party.

(f) Notwithstanding anything to the contrary in this Agreement, Strategic Partner agrees that except with the prior written approval of the Government, it shall not take or cause to be undertaken any steps for a period of 1 (one) year from the Closing Date, including but not limited to any further issue of Equity Shares, by way of a rights issue or in any other manner, that would have the effect of diluting the equity shareholding of Government below \_\_\_\_\_ (\_\_\_\_ per cent) of the total issued and subscribed equity share capital of the Company.

(g) For the avoidance of doubt, under no circumstances shall a failure to provide funds by a Shareholder pursuant to a Funding Notice be considered to be default by such Shareholder under this Agreement or make such Shareholder in any way liable for the payment of such funds.

### 3.3 Adherence by Affiliates

In the event, that any of the Affiliate(s) of the Strategic Partner becomes a Shareholder of the Company, whether pursuant to a renunciation of a Right under Clause 3.2 or otherwise, such Affiliate of the Strategic Partner shall adhere to this Agreement and be compliant with the provisions hereof and shall execute a deed of adherence, prior to becoming a shareholder of the Company, whereby it undertakes to adhere to the terms and conditions of this Agreement.

## ARTICLE 4 MANAGEMENT OF THE COMPANY

### 4.1 Board of Directors

a) The Company shall have a Board consisting of not more than \_\_\_\_ directors who shall be nominated as follows:

(i) The Government shall be entitled throughout the term of this Agreement to nominate \_\_\_\_\_ directors on the Board, provided that if the equity shareholding of the Government falls below \_\_\_\_\_% (\_\_\_\_ percent) of the issued and subscribed equity share capital of the Company the Government would be entitled to nominate only \_\_\_\_ (\_\_\_\_) director on the Board. Each of such Government nominee directors would be non-executive and non-retiring directors;

(ii) The Strategic Partner shall be entitled to nominate directors on the Board in proportion to its equity shareholding in the Company provided such number shall throughout the term of this Agreement not exceed \_\_\_\_ (\_\_\_). The Chairperson and the Managing Director shall be appointed from amongst the Directors nominated by the Strategic Partner; and

(iii) The Board shall nominate such number of independent directors as may be required for compliance with corporate governance laws which is agreed at \_\_\_\_ (\_\_\_).

b) The Parties agree that immediately after Closing, the Board shall comprise of \_\_\_\_ (\_\_\_) directors of which the Strategic Partner shall have the right to nominate \_\_\_\_ (\_\_\_) directors and the Government shall have the right to nominate \_\_\_\_ (\_\_\_) directors.

c) Both Government and the Strategic Partner shall vote the Equity Shares held by them to elect/ remove the directors nominated in accordance with this Agreement.

d) During the term of this Agreement, one of the directors appointed by the Strategic Partner on the Board shall be the Chairperson of the Board and will preside at all meetings of the Board and the shareholders of the Company. The Chairperson of the Board shall not have a tiebreaker vote.

e) In the event that the Board constitutes a share transfer committee for the purposes of effecting the transfer of shares of the Company, such transfer committee shall include at least one nominee each of the Strategic Partner and Government.

#### 4.2 Removal and Replacement of Nominee Directors

Government and the Strategic Partner shall be entitled to remove any director nominated by them by notice to such director and the other Parties. Any vacancy occurring on the Board because of the removal, death, disqualification, inability to act, shall be filled by the Party whose nominee was so affected so as to maintain a Board that is consistent with the provisions of Clause 4.1(a).

#### 4.3 Meeting of Board

(a) The Board shall meet at least once every calendar quarter period during the term of this Agreement and in the event that a meeting of the Board is not held during any such quarter period, any director may call a meeting of the Board on 48 (forty eight) hours prior notice to the other directors. At each meeting of the Board, unless waived by at least one nominee director each of the Strategic Partner and Government, the Managing Director shall duly report or cause to be reported to the Board with respect to the current status of the operations of the Company and with respect to all major



developments or planned action involving the Company and shall present to the meeting complete current financial information with respect to the Company.

(b) At any time any Director of the Company may convene a special meeting of the Board to discuss any matter which cannot reasonably be postponed to the next regular meeting of the Board. Notice of the special meeting of the Board shall be given to all the Directors not less than 7 (seven) days prior to the scheduled date of such special meeting, unless a shorter period is agreed to by all the Directors.

(c) The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two directors, whichever is higher provided however, that no quorum shall exist unless at least one director nominated by the Government is present. In the absence of quorum the meeting shall automatically stand adjourned and be reconvened in accordance with Clause 4.3(d).

(d) In the absence of quorum in a meeting referred to in Clause 4.3(c), the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or on such later day as may be decided by the Chairperson and notified to the Government provided that such day is not a public holiday. The quorum for a reconvened meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two directors, whichever is higher, Provided that at least one director nominated by the Government must be present for such meeting.

(e) In the event of absence of a quorum in a meeting referred to in Clause 4.3(d), the meeting shall again automatically stand adjourned till the same day in the next week, at the same time and place, or on such later day as may be decided by the Chairperson and notified to the Government provided that such day is not a public holiday. The quorum for a meeting of the Board reconvened in accordance with this Clause 4.3(e) shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two directors, whichever is higher.

(f) In the event the Government nominated director is not present in the reconvened meeting referred to in Clause 4.3(e), it shall be deemed that the presence of the Government nominated director is not required for such meeting and the directors present at such meeting shall be entitled to proceed with the items on the agenda in such manner as they deem fit even though such items may be relating to matters referred to in Clause 4.4 read with Schedule I.

#### 4.4 Approval of Matters

(a) Notwithstanding any other provisions of this Agreement or in the Articles of Association or otherwise permitted under the Act, no obligation of the Company or any of its subsidiaries shall be entered into, no decision or the determination shall be made and no action shall be taken by or with respect to the Company or any of its subsidiaries in relation to the matters identified in Schedule I, unless such obligation, decision or action, as the case may be, is approved:

(i) If at any meeting of the Company's shareholders duly called for the purpose of considering such obligation, decision or action, then subject to the provisions of sub-clause 4.8(e), by the affirmative vote of the Government cast at such meeting;

(ii) If at any meeting of the Board, then subject to the provisions of sub-clause 4.3(f) by the affirmative vote of at least one nominee director of the Government (or, in the case of Board resolutions by circulation by the approval to such resolution in writing by at least one nominee director of the Government)

(b) The grant of approval by the Government to any matter provided in Clause 4.4(a) shall be valid for a period of 12 (twelve) months from the date of the shareholders meeting or Board meeting, as the case may be, or such other period as may be prescribed by the Government as a condition of the grant of its approval, at the expiry of which period such approval shall be deemed to have lapsed and thereafter, fresh approval of the Government as provided in Clause 4.4(a) would be required prior to taking any action in relation to matters specified in Schedule I.

#### 4.5 Managing Director

Throughout the term of this Agreement, the Company shall have a Managing Director to be appointed by the Board from amongst the directors nominated by the Strategic Partner. The term of the office of the Managing Director shall be determined by a resolution of the Board. The Managing Director shall be a member of the Board who shall be entrusted with substantial powers of management of the Company. The Managing Director shall function under the supervision, control and direction of the Board and subject to such supervision, control and direction shall have the authority to manage the business operation of the Company.

Subject to the provisions of Clause 4.4 read with Schedule I, the powers and duties of the Managing Director shall be defined and/ or modified from time to time by resolution of the Board, and shall include the powers and duties to:

(a) incur capital expenditure which has been previously approved by the Board and any other operational expenditure;

(b) appoint and terminate any buyers, suppliers, ancillaries, franchisees and distributors;

(c) make decisions regarding the marketing of the Company's products including determining the advertisement policy and budgets thereof; and

(d) take such actions or execute such contracts on behalf of the Company that are in the ordinary course of business of the Company except as specified in Clause 4.4.

#### 4.6 Reporting Requirements

The Strategic Partner shall ensure that the Company provides to Government:

- (i) annually within 6 (six) months of the end of a relevant Financial Year an audited profit and loss account, balance sheet and cash flow analysis for such Financial Year, together with all reports and statements required to be annexed thereto;
- (ii) within 30 (thirty) days of the end of each quarter period, financial statements for such quarter showing profits or losses before taxation, taxation on profits, profits or losses attributable to shareholders, the balance at the end of the period of share capital and reserves, and comparative figures for the previous quarter and any other financial information together with a commentary on the business performance of the Company;
- (iii) at least 30 (thirty) days prior to the commencement of a Financial Year, the projections, financial budget and operating plan for the next succeeding three Financial Years (prepared on an yearly basis) and in respect of the first financial year of such succeeding three years a detailed financial budget and operating plan which shall be prepared on a quarterly basis;
- (iv) such reports and such additional information prepared in the usual form of the Company concerning any financial data regarding operations, financial condition, business, affairs or prospects of the Company.

#### 4.7 Government's Right to Inspect Accounts

The Government shall have the right to inspect the books of account and other records of the Company and shall be entitled to appoint, at its own cost, qualified accountant(s) and other advisors to inspect such records of the Company.

#### 4.8 Shareholder Meetings

- (a) The Company shall hold at least one general meeting of the shareholders in any given calendar year. Except as provided in this Clause 4.8, all general meetings of the shareholders shall be governed by the Act and the Articles of Association. The Chairperson of the Board shall preside at all general meetings of the shareholders. If within 15 (fifteen) minutes from the time appointed for holding a general meeting of the Company, the Chairperson of the Board is not present, one of the directors present at the general meeting shall be elected as the chairperson for such meeting and shall preside over such general meeting.
- (b) Prior notice of 21 (twenty one) calendar days shall be given to the shareholders of the Company for the general meetings; provided, however, that, any general meeting of the shareholders may be held upon shorter notice in accordance with the provisions of the Act. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at such meeting of the shareholders.
- (c) The quorum for a general meeting of the shareholders shall be the presence in person of at least 2 (two) members; provided however, there shall be no quorum unless at

least one nominee or duly approved representative of the Government is present at the meeting. In the absence of a quorum, the general meeting shall stand adjourned and be reconvened in the manner provided in Clause 4.8(d).

(d) In the absence of quorum in a meeting referred to in Clause 4.8(c), the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other later day and such other time and place as the Board may determine. Reasonable notice of such reconvened general meeting shall be given to the Shareholders. The quorum for the reconvened general meeting shall be the presence in person of at least 2 (two) members, provided that there shall be no quorum unless at least one nominee or duly approved representative of the Government is present at such meeting.

(e) In the event of absence of a quorum in a meeting referred to in Clause 4.8(d), the meeting shall again stand adjourned till the same day in the next week, at the same time and place, or to such other later day as may be decided by the Board. Reasonable notice of such reconvened general meeting shall be given to all the Shareholders. If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum and it shall be deemed that the presence of a nominee or duly approved representative of the Government is not required for such meeting and the members present at such meeting shall be entitled to proceed with the items on the agenda in such manner as they deem fit even though such items may be relating to matters referred to in Clause 4.4 read with Schedule I.

#### 4.9 Protection of Assets

Notwithstanding anything to the contrary contained elsewhere in this Agreement, and notwithstanding the termination of this Agreement pursuant to Clause 10.9 (a) (iii) hereof, the Strategic Partner agrees that, for a period of 3 (three) Financial Years, commencing from the Financial Year following the Financial Year in which the Closing Date occurs, no sale, transfer, mortgage, lease, pledge, hypothecation of any Assets shall be made nor a charge or encumbrance or lien created on any Assets, nor any action shall be taken or decision made to this effect, without the previous written consent of a director nominated by the Government, if the total book value of the Assets involved or the total consideration to be derived from all such transactions involving sale, transfer, mortgage, lease, pledge, hypothecation, charge, encumbrance or lien of the Assets in a Financial Year exceeds \_\_\_% (\_\_\_\_\_ percent) of the total value of the net fixed assets of the Company as specified in the latest Audited Financial Statement.

### ARTICLE 5

#### DEALING WITH SHARES

##### 5.1 Restrictions in relation to Equity Shares

(a) The Strategic Partner expressly agrees and undertakes that it shall not for a period of 3 (three) years from the Closing Date, directly or indirectly, sell, transfer, assign, pledge, charge, grant a beneficial interest in, grant any option or right to purchase, or in any other way dispose or encumber (collectively, "Transfer") any Equity Shares or the legal or beneficial ownership of the Equity Shares, to any Person;

Provided however that the aforesaid restriction shall not apply if a pledge of Equity Shares is made by the Strategic Partner pursuant to Clause 5.1(c).

(b) The Parties agree that in the event that any share transfer committee is constituted pursuant to Clause 4.1(e), no Transfer of any Equity Shares held by any Shareholder shall be approved by such share transfer committee without an affirmative vote of the nominee of the Government on the share transfer committee. Provided however, that the Government nominee on the share transfer committee shall not withhold its approval to any Transfer of Equity Share(s) if such Transfer is in accordance with the terms of this Agreement.

(c) The Strategic Partner may with the prior written approval of Government, pledge the Equity Shares held by it with an Indian financial institution, a scheduled bank or a recognised international lender as security for any loan or advances made by such financial institution, scheduled bank or recognized international lender to the Company. The Strategic Partner shall at the time of seeking the approval of the Government reveal the identity of the proposed pledgee(s) and the material terms and conditions concerning the creation of the pledge and shall procure an undertaking from the pledgee(s) to the effect that it shall be bound by the restrictions on transfer of Equity Shares and the contractual obligations and covenants as provided in this Agreement.

(d) The Government may pledge, charge or mortgage the Equity Shares held by it, provided it gives a written notice to the Strategic Partner 15 (fifteen) days prior to the creation of such pledge, charge or mortgage specifying the identity of the Person in whose favour the Government proposes to pledge, charge or mortgage the Equity Shares held by it and the material terms and conditions concerning the creation of such pledge, charge or mortgage.

## 5.2 Notice of Restrictions

a) On the Closing Date, the Strategic Partner shall give irrevocable instructions to the Strategic Partners DP with a notice to the Government, Company and the Depository, wherein the Strategic Partners DP would be directed not to Transfer any Equity Shares and preference shares of the Company held by the Strategic Partner or its Affiliates to any third Person for a period of 3 (three) years from the Closing Date, unless otherwise directed by Government. The Strategic Partner undertakes to issue similar irrevocable instructions to the Strategic Partners DP in respect of any Equity Shares acquired by it or its Affiliates in terms of this Agreement within a period of 3 (three) years from the Closing Date.

b) If the Strategic Partner holds any Equity Shares or preference shares of the Company in the physical form or in the event that the Equity Shares or preference shares held by the Strategic Partner are rematerialised ("Rematerialised Shares") prior to the expiry of 3 (three) years from the Closing Date, each share certificate of the Company in respect of such Equity Shares or preference shares held by any Shareholder in the physical form and the Rematerialised Shares shall bear the following legend, either as an endorsement or on the face of such share certificate:

"THIS CERTIFICATE AND THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT IN ALL RESPECTS TO THE PROVISIONS OF THE SHAREHOLDERS AGREEMENT AND THE SHARE PURCHASE AGREEMENT BOTH OF WHICH ARE DATED \_\_\_\_\_ BY AND AMONG THE GOVERNOR OF PUNJAB, NAME OF THE STRATEGIC PARTNER, NAME OF THE PRINCIPAL(S), COPIES OF WHICH ARE ON THE FILE AT THE CORPORATE OFFICE OF THE COMPANY. SUCH SHAREHOLDERS AGREEMENT, AMONG OTHER THINGS, IMPOSES VARIOUS RESTRICTIONS ON THE TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION, GIFT, PLACEMENT IN TRUST (VOTING OR OTHERWISE) OR OTHER ENCUMBRANCE OR DISPOSAL OF AN INTEREST DIRECTLY OR INDIRECTLY AND WHETHER OR NOT VOLUNTARILY BY, OPERATION OF LAW OR OTHERWISE IN THE COMPANY'S EQUITY SHARES, PAR VALUE Rs. \_\_\_\_\_ PER SHARE, AND GRANTS TO CERTAIN SHAREHOLDERS OF THE COMPANY CERTAIN OPTIONS TO PURCHASE AND SELL THE EQUITY SHARES."

THE ABOVE LEGEND SHALL BE VALID FOR A PERIOD OF THREE YEARS COMMENCING FROM \_\_\_\_\_ AND SHALL BE DEEMED TO HAVE AUTOMATICALLY LAPSED UPON THE EXPIRY OF THREE YEARS FROM \_\_\_\_\_ OR THE TERMINATION OF THE SHAREHOLDERS AGREEMENT, WHICHEVER IS EARLIER."

c) Upon the expiry of 3 (three) years from the Closing Date, Strategic Partner shall have the right to submit the share certificate(s) bearing the legend to the Company and seek replacement by a new share certificate(s) without the legend.

### 5.3 Right of First Refusal

(a) If the Government desires to sell all or any of the Equity Shares held by it on the date of this Agreement or any other Equity Shares acquired pursuant to this Agreement, and subject to Clause 5.1(a) if the Strategic Partner desires to sell all or any of the Transaction Shares or any other Equity Shares acquired pursuant to this Agreement, Government or the Strategic Partner, as the case may be (the "Offeror") shall first offer (the "Offer") to sell such Equity Shares to the other Shareholder (the "Other Shareholder"). The Offeror shall send a notice of the offer (the "Sale Notice") to the Other Shareholder irrevocably offering to sell the Offer Shares, for cash, to the Other Shareholder.

(b) The Sale Notice shall clearly stipulate among other things, the number of Equity Shares of the Company that the Offeror desires to sell (the "Offer Shares"), the price at which it wishes to sell the Offer Shares (the "Offer Price"), and details of any willing third party buyer.

(c) Upon the Sale Notice being given, the Other Shareholder shall have the right exercisable at its sole discretion, to purchase all, but not less than all, of the Offer Shares. The Offer Shares could be purchased by the Other Shareholder either directly and/or through its Affiliates (in case the Strategic Partner is the Other Shareholder) or nominees (in case the Government is the Other Shareholder).

(d) Within 15 Business Days of the Sale Notice (the "Offer Period"), the Other Shareholder may give to the Offeror a notice in writing (an "Acceptance Notice") accepting the offer contained in the Sale Notice. If the Other Shareholder gives the Acceptance Notice, the transaction of purchase and sale of the Offer Shares shall be completed within 45 (forty five) Business Days of the expiry of the Offer Period.

(e) If the Other Shareholder does not give Acceptance Notice in accordance with the provisions of Clause 5.3(d), the rights of the Other Shareholder, subject to the terms provided in this Clause 5.3 to purchase the Offer Shares shall cease and the Offeror may sell the Offer Shares to any Person or Persons within 90 (ninety) Business Days after the expiry of the Offer Period, for a price and on terms no more favourable to such Persons than those set out in the Sale Notice. If the Offer Shares are not sold within such 90 Business Days period on such terms, the rights of the Other Shareholder pursuant to this Clause 5.3 shall again take effect with respect to any sale of Equity Shares held by the Offeror, and so on from time to time. For the avoidance of doubt, if the Offeror proposes to sell the Offer Shares at a price lower than the Offer Price stipulated in the Sale Notice, the Offeror shall be bound to offer the Offer Shares at such lower price to the Other Shareholder in accordance with Clause 5.3(a) and such lower price shall then be deemed to be the 'Offer Price' for the purposes of this Clause 5.3.

(f) In the event that the Offeror is Government and the Other Shareholder being the Strategic Partner does not give the Acceptance Notice in accordance with the provisions of Clause 5.3(d), Government may decide, in exercise of rights of an Offeror provided in Clause 5.3(e), to offer the Offer Shares to the public and Government shall promptly inform the Strategic Partner of such decision to offer the Offer Shares to the public.

(g) For the purposes of Clause 5.3(f), the Shareholders agree to cause the conversion of the Company from a private company to a public company and the Strategic Partner and Government further agree to cause such resolutions to be passed at the shareholders meeting and Board meeting of the Company as may be required for the listing of the Equity Shares at the stock exchange(s) under applicable Law. The Strategic Partner and Government shall cause the Company to comply with all applicable Laws in relation to the offer to the public and listing of the Equity Shares including the guidelines

of the Securities and Exchange Board of India and the listing agreement. Further, the Strategic Partner and the Government shall cause the Company to prepare and/or assist in the preparation of all reports and documents which may be required in relation to the offer to the public and shall cause the Company to execute such documents and agreements as may be required to facilitate the offer to the public and listing thereof.

(h) Except when a sale of Offer Shares is made pursuant to Clause 5.3(f), the Other Shareholder shall be entitled to require proof that the purchase and sale of the Offer Shares was completed at a price and on terms no more favourable than those that would have been applicable had the Other Shareholder agreed to purchase the Offer Shares.

(i) All Sale Notices, Acceptance Notices or any other notices given under this Clause 5.3 shall be given concurrently to the Company.

#### 5.4 Tag Along Right

a) In the event the Government decides not to exercise its right of first refusal pursuant to a Sale Notice sent by Strategic Partner as the Offeror, Government may instead of exercising its right to purchase the Offer Shares, send a tag along notice (the "Tag Along Notice") to the Strategic Partner, requiring the Strategic Partner (as the Offeror) to ensure that the proposed third party purchaser of the Offer Shares also purchases all of the Equity Shares held by the Government at the same price and on the same terms as the Offer Shares. It is hereby expressly agreed that if the Offeror under Clause 5.3(a) is Government, the Strategic Partner shall not have any corresponding right to issue the Tag Along Notice and the provisions of this Clause 5.4 shall not apply in such case.

b) In the event that the proposed third party purchaser is unwilling or unable to acquire all of the Offer Shares and Government's Equity Shares mentioned in the Tag Along Notice, upon such terms, then the Strategic Partner may elect either to cancel such proposed transfer or to allocate the maximum number of Equity Shares which the proposed third party purchaser is willing to purchase among the Offer Shares and the Equity Shares mentioned in the Tag Along Notice pro-rata in the ratio of equity shareholding of the Strategic Partner and the Government in the Company and to complete such transfer in accordance with the revised terms.

c) The Strategic Partner shall not be entitled to sell or transfer any of the Offer Shares to any proposed purchaser/ transferee unless the proposed purchaser/ transferee simultaneously purchases and pays for the required number of Equity Shares mentioned in the Tag Along Notice or a proportionate number of Equity Shares, as the case may be, in accordance with the provisions of this Clause 5.4.

#### 5.5 Insolvency

a) If an Event of Bankruptcy occurs in relation to the Strategic Partner, the Strategic Partner shall give notice of such Event of Bankruptcy ("Insolvency Offer Notice") to Government within 7 (seven) days of such Event of Bankruptcy, offering to



sell all, but not less than all, of the Equity Shares beneficially then owned by the Strategic Partner (the "SP's Shares") to Government and/or its nominee at a price that is \_\_\_\_% (\_\_\_\_ percent) of the Fair Value of the SP's Shares determined pursuant to Clause 6.1.

b) Within 60 Business Days of the date of determination of the purchase price in accordance with Clause 6.1 (for the purposes of this Clause the "Insolvency Offer Period") Government may give to the Strategic Partner, with a copy to the Company, a notice in writing exercising its right (through itself and/or its nominees) to purchase the SP's Shares under this Clause 5.5 (an "Insolvency Acceptance Notice"). If the Insolvency Acceptance Notice is given by Government, the transaction of purchase and sale shall be completed within 60 Business Days of the expiry of the Insolvency Offer Period.

c) Upon the completion of the purchase of the SP's Shares by the Government pursuant to this Clause 5.5, the Government shall be constituted as successors in interest of the Strategic Partner to the extent of the Equity Shares held by the Strategic Partner, and the Government and/or its nominees shall be entitled to succeed to, and be transmitted as the successor Shareholders on the register of members of the Company.

d) If an Event of Bankruptcy occurs in relation to the Principal(s), the provisions of this Clause shall apply to the Equity Shares held by the Shareholder(s) which the Principal(s) controls, mutatis mutandis.

#### 5.6 Sale of Equity Shares to the Employees of the Company

Notwithstanding anything to the contrary contained in Clauses 5.1(b) and 5.3, Government shall at its sole discretion at any time after the lapse of 6 (six) months from the Closing Date, have the option of selling from its shareholding, Equity Shares representing not more than \_\_\_\_% (\_\_\_\_ percent) of the Equity Share Capital of the Company, to the Employees of the Company in the manner as decided by the Board. In the event that Government exercises its option to sell part of the Equity Shares held by it to the Employees, the Employees shall be issued fresh share certificates for the Equity Shares transferred to the Employees if such Equity Shares are not held in a dematerialised form. The Parties agree that upon the completion of transfer, the Equity Shares transferred to the Employees pursuant to this Clause 5.6 shall not be subject to any restrictions in this Agreement, whether by way of a voting arrangement or a right of first refusal.

#### 5.7 Consequences of Breach by Parties

(a) If either of the Strategic Partner or Government commits any breach or default of the terms of this Agreement (the "Defaulting Party") which if capable of being remedied, is not remedied within 30 (thirty) days of receipt of notice (and such period being referred to as "Preliminary Default Remedy Period") of such breach, from the other party (the Non-Defaulting Party), the Non Defaulting Party shall have the right, exercisable at its sole discretion, at any time within 60 (sixty) days of the expiry of the Preliminary Default Remedy Period to give another notice (such notice being referred to

in this Clause 5.7 as the "Default Notice") to the Defaulting Party containing an offer by the Non-Defaulting Party, at the option of the Non-Defaulting Party to either:

(i) sell all or any of the Equity Shares held by the Non-Defaulting Party to the Defaulting Party (such offer being referred to in this Clause 5.7 as an "Offer to Sell") at a price that is equivalent to 125% (one hundred twenty five percent) of the price of such Equity Shares determined in accordance with Clause 6.1. Provided however, that in the event that the Defaulting Party is the Strategic Partner and the event of breach committed by the Strategic Partner is under the terms of Clause 4.9 or Clause 7.2(e) or Clause 7.2 (f) or this Article 5, the price at which Government (the Non-Defaulting Party) may make the Offer to Sell shall be 150% (one hundred fifty percent) of the price of such Equity Shares determined in accordance with Clause 6.1 and the Strategic Partner shall be obligated to buy at such price; or

(ii) purchase (in the case of Strategic Partner either directly or through its Affiliates and in the case of the Government either directly or indirectly through a designated nominee), all or any of the Equity Shares held by the Defaulting Party (such purchase being referred to in this Clause 5.7 as an "Offer to Purchase") at a price that is equivalent to 75% (seventy five percent) of the price of such Equity Shares determined in accordance with Clause 6.1. Provided however, that in the event that the Defaulting Party is the Strategic Partner and the event of breach committed by the Strategic Partner is under the terms of Clause 4.9 or Clause 7.2(e) or Clause 7.2(f) or this Article 5, the price at which Government (the Non-Defaulting Party) may make the Offer to Purchase shall be 50% (fifty percent) of the price of such Equity Shares determined in accordance with Clause 6.1 and the Strategic Partner shall be obligated to sell at such price.

(b) Within 45 (forty five) Business Days of the Notice being given containing the Offer to Sell or the Offer to Purchase, as the case may be, the Defaulting Party shall complete the transaction of the purchase and sale of the Equity Shares.

(c) The Defaulting Party shall be liable for all costs and expenses (including reasonable legal fees) including, but not limited to, those that the Defaulting Party (or its nominee) may incur to complete the transaction of sale and purchase pursuant to this Clause 5.7.

(d) For the purpose of this Clause 5.7, the Strategic Partner shall be deemed to be in breach of this Agreement if the Principal(s) commits any breach or default of the terms of this Agreement.

## 5.8 Put Option Right of Government

- (a) The Parties hereby agree that at any time after the expiry of \_\_\_\_ (\_\_\_\_) year from the Closing Date, the Government shall be entitled to issue one or more notice(s) (“Put Option Notice”) to the Strategic Partner, requiring the Strategic Partner to purchase from the Government ("Put Option") some or all of the Equity Shares held by Government at the time it exercises the Put Option (“Put Shares”) at the Fair Value of the Put Shares (“Put Option Price”).
- (b) In the event Government issues the Put Notice, the Strategic Partner shall be under an obligation to buy and complete the purchase of the Put Shares within a period of 15 Business Days of the determination of the Put Option Price.
- (c) The Strategic Partner shall deliver a bank draft drawn on a scheduled commercial bank registered with the Reserve Bank of India, excluding any regional rural bank or any co-operative bank, which is acceptable to the Government for the Put Option Price. The Government shall transfer the Put Shares to the Strategic Partner only upon receipt of the Put Option Price in the account of the Government, provided that if the Put Shares are not held in a dematerialised form then the stamp duty payable on the transfer of Put Shares shall be paid by the Strategic Partner.
- (e) For the avoidance of doubt, the right of Government under this Clause 5.8 is in addition to the right of the Government to sell any or all of the Equity Shares held by it in accordance with the other provisions of Article 5 of this Agreement.

## 5.9 Call Option Right of Strategic Partner

- (a) The Parties hereby agree that at any time after the expiry of \_\_\_\_ (\_\_\_\_) year from the Closing Date, Strategic Partner shall be entitled to issue a notice to Government (“Call Option Notice”), requiring Government to sell to the Strategic Partner (“Call Option”) all but not less than all of the Equity Shares held by Government on the date of the issue of the Call Option Notice (“Called Shares”) at a price which is higher of (“Call Option Price”):
- (i) the Fair Value of the Called Shares; or
  - (ii) if the Company is listed, the value of the Called Shares computed on the basis of the highest price of the Equity Shares (during the period 15 days prior to the date of the Call Option Notice) as quoted in the stock exchange(s) where they are primarily traded; or
  - (iii) the price obtained by multiplying the number of Called Shares with Rs.\_\_\_\_.
- (b) The Parties shall complete the sale and purchase of the Called Shares within a period of 15 Business Days of the determination of the Call Option Price. If the purchase of the Called Shares is not completed by the Strategic Partner within the aforesaid period of 15 Business Days, the Call Option shall lapse and the Government shall be relieved of

its obligations for all times thereafter to sell the Called Shares to the Strategic Partner in accordance with this Clause 5.9.

(c) The Strategic Partner shall deliver a bank draft drawn on a scheduled commercial bank registered with the Reserve Bank of India, excluding any regional rural bank or any co-operative bank, which is acceptable to the Government for the Call Option Price. The Government shall transfer the Called Shares to the Strategic Partner only upon receipt of the Call Option Price in the account of the Government, provided that if the Called Shares are not held in a dematerialised form then the stamp duty payable on the transfer of Called Shares shall be paid by the Strategic Partner.

#### 5.10 Permitted Transfers

(a) Notwithstanding anything contained in this Article 5, any Equity Shares held by the Strategic Partner may be Transferred to a Person who is an Affiliate of the Strategic Partner provided that, in connection with any such Transfer (i) the transferee shall, in writing (in form and substance reasonably satisfactory to the Government), assume all rights and obligations of the transferor under this Agreement and agree to be bound by all the terms and conditions of this Agreement, and (ii) effective provision is made whereby the transferee and the transferor are bound, prior to the transferee ceasing to be an Affiliate of the Strategic Partner to effect the Transfer back to the Strategic Partner or any of the Affiliates of the Strategic Partner of all (but not less than all) of such Equity Shares held by the transferee.

(b) Notwithstanding the Transfer of Equity Shares by the Strategic Partner to an Affiliate pursuant to Clause 5.10(a), the Strategic Partner shall continue to be bound by all the obligations under this Agreement as the principal obligor. In computing the shareholding of the Strategic Partner for determining the rights and privileges under this Agreement, the Equity Shares held by its Affiliates shall be considered as held by the Strategic Partner.

### ARTICLE 6

#### VALUATION

6.1 The purchase price payable for Equity Shares to be transferred pursuant to Article 5 shall be equal to the Fair Value or the prescribed percentage of the Fair Value, as the case may be, determined as of the Valuation Date. The Fair Value shall be determined in accordance with the principles of valuation set forth in Schedule II.

### ARTICLE 7

#### REPRESENTATIONS AND WARRANTIES

7.1 Company's Representations and Warranties

The Company represents and warrants to each of the Shareholders that:

(a) No Person has any agreement or option or right capable of becoming an agreement for the purchase, subscription or issue of any shares of the Company save and except as provided for in this Agreement and the Share Purchase Agreement.

## 7.2 Principals and Strategic Partner's Representations, Warranties and Covenants

Each of the Strategic Partner and the Principals jointly and severally represents and warrants to, and jointly and severally covenants with, each of the Government and the Company that:

(a) each of the Strategic Partner and the Principals have been duly incorporated or created and is validly subsisting and in good standing under the laws of jurisdiction indicated in the preamble to this Agreement;

(b) each of the Strategic Partner and the Principals have the corporate power and authority to enter into and perform its obligations under this Agreement;

(c) this Agreement has been duly authorized, executed and delivered by each of the Strategic Partner and the Principals and constitutes a valid and binding obligation enforceable against each of them in accordance with its terms;

(d) each of the Strategic Partner and the Principals is not a party to, bound or affected by or subject to any indenture, mortgage, lease agreement instrument, charter or by-law provision, statute regulation, judgement, decree or law which would be violated, contravened, breached by or under which default would occur or under which any payment or repayment would be accelerated as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement;

(e) each of the Strategic Partner and the Principals shall not retrench any Employees of the Company for a period of 1 (one) year from the Closing Date other than any dismissal or termination of Employees of the Company from their employment in accordance with the applicable staff regulations, standing orders of the Company and applicable Law; provided however, that after the aforesaid period of 1 (one) year no retrenchment of an Employee shall be undertaken unless the affected Employee is given benefits that are equal to or exceed the Maximum Benefit;

(f) subject to sub-clause (e) above any restructuring (including any reduction) of the employee force of the Company shall be implemented in the manner recommended by the Board and in accordance with applicable Laws and the Strategic Partner and Principals shall ensure that the Company offers to the Employees, an option to voluntarily retire on terms that are not, in any manner less favourable than Maximum Benefit;

(g) the Strategic Partner shall and the Principals shall cause the Strategic Partner to exercise its voting rights by virtue of the Equity Shares, directly or indirectly held by it, to ensure that all provisions of this Agreement to the extent required are incorporated in the Articles of Association;

(h) neither the Strategic Partner nor the Principals have made any assignment for the benefit of creditors nor has been adjudged insolvent or bankrupt. Further, each of the Strategic Partner and the Principals are not the subject of any proceeding under any insolvency or bankruptcy laws, nor is any winding up or like natured proceeding pending or adjudicated against it in any court of law;

(i) the Strategic Partner shall and the Principals shall cause the Strategic Partner to use its best efforts to ensure that the Company is profitable and shall cause the Company to implement Section 3 in the Technical Proposals in good faith and will use its best efforts to cause the Company to accomplish the objectives set forth therein;

(j) the Strategic Partner shall and the Principals shall cause the Strategic Partner to, cause the Company to honour all the outstanding contracts and commitments and ensure timely payment of all the existing debts and/or liabilities of the Company outstanding as on the Closing Date;

(k) the Strategic Partner shall and the Principals shall cause the Strategic Partner to furnish to the full satisfaction of the Government such information regarding the source of its funds and the funds of its Affiliates as may be required by the Government (in the sole discretion of the Government) from time to time, including without limitation, information relating to the source and the amount of funds or other consideration to be used in subscription or purchase of any Equity Shares, preference shares or granting any shareholder loans to the Company, and if any part of the proposed subscription or purchase price is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring or holding Equity Shares or preference shares or granting any shareholder loans, a description of such transaction and the names of the parties thereto. Such information shall be furnished to the Government prior to the utilisation of such funds for subscription or purchase of any Equity Shares or preference shares or granting any shareholder loans to the Company and no such funds shall be utilised for any purposes under this Agreement, unless the Government is satisfied with the same/ sources of the same;

(l) to the best of each of Strategic Partner and the Principals knowledge there is no suit, action, litigation, investigation, claim, complaint or proceedings in progress or pending or threatened against or relating to the Strategic Partner or the Principals, which, if determined adversely to the Strategic Partner or the Principal(s), could prevent the Strategic Partner or the Principal(s) from fulfilling all or any of its obligations set out in this Agreement or arising from this Agreement and each of the Strategic Partner and the Principals have no knowledge of any existing ground on which any such action, suit, litigation or proceeding might announce with any reasonable likelihood of success;

(m) the representations and warranties made by Strategic Partner and the Principals in terms of the Share Purchase Agreement, whether by way of reference or otherwise, shall remain valid throughout the term of this Agreement; and

(n) except as set forth in this Agreement, neither the Strategic Partner nor the Principals have entered nor shall enter into any agreement, arrangement or understanding with any third party, that obligates the Strategic Partner to vote the Equity Shares held by it in any specific manner with respect to any matter.

### 7.3 Government's Representations and Warranties

Government represents and warrants to each of the Company and the Strategic Partner that:

(a) it has the power and authority to enter into and perform its obligations under this Agreement;

(b) this Agreement has been duly authorised, executed and delivered by it and constitutes a valid and binding obligation enforceable against it in accordance with its terms;

(c) it shall vote all the voting equity shares of the Company held by it to ensure that all provisions of this Agreement to the extent required, are incorporated in the Articles of Association; and

(d) except as disclosed in the Disclosed Information or the Share Purchase Agreement, to the knowledge of the Government, neither the execution and delivery of this Agreement by the Government, nor the performance by the Government of its obligations hereunder nor compliance by the Government with the provisions hereof will violate, adversely affect, contravene or breach or create a default or accelerate any obligation under any indenture, mortgage, lease, agreement, instrument, charter or by-law provisions, statute, regulation, judgement, ordinance, decree, writ, injunction or law applicable to the Government.

### 7.4 Principals Additional Covenants, Representation and Warranties

(a) The Principals, jointly and severally, irrevocably and unconditionally:

(i) covenants with and guarantees to the Government that each of the Principals shall make all efforts to ensure that the Strategic Partner shall, at all times, fully and faithfully perform and discharge all its obligations under this Agreement and that the Strategic Partner shall, at all times, duly comply with all the terms and conditions of this Agreement;

(ii) undertakes that throughout the term of this Agreement, it shall control the Strategic Partner and shall ensure and procure that such control is not prejudiced, diminished or reduced in any manner whatsoever;

(iii) undertakes that throughout the term of this Agreement, it shall not, without obtaining the prior written consent of the Government, directly or indirectly, sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any shares or other interests held by any of them in the Strategic Partner;

(iv) as a separate and independent stipulation, each of the Principals agrees that any obligation expressed to be undertaken by the Strategic Partner which may be unenforceable against the Strategic Partner by reason of any, disability or incapacity on or of the Strategic Partner or of any fact or circumstance (other than a limitation imposed by this Agreement) shall nevertheless be enforceable against and recoverable from each of the Principals as though the same had been incurred by each of the Principals and each of the Principals was the sole and principal obligor in respect thereof;

(v) in addition to any other provisions in this Agreement and as a separate and independent stipulation, agrees with the Government as a primary obligor to defend, indemnify, keep indemnified and hold the Government harmless from and against any and all losses, liabilities, damages, judgments, settlements, costs and expenses, including reasonable attorney's fees, incurred or suffered by the Government arising out of or resulting from or as may be payable by virtue of, any breach by the Strategic Partner or any of the Principals of any of the representations, warranties, covenants, agreements or obligations contained in this Agreement;

(vi) agrees to cause and procure that the Strategic Partner shall not, throughout the term of this Agreement, without obtaining the prior written consent of the Government, issue any shares to any Person except that issue of any shares to the Principals or their Affiliates is freely permitted; and

(vii) agrees that it shall cause the articles of association or other constituting documents of the Strategic Partner to be amended to include the provisions of this Clause 7.4, and shall take and cause to be taken by any Person all such actions as may be required to ensure that the provisions of this Clause 7.4 are and remain valid, binding and enforceable against each of the Principal and the Strategic Partner.

(b) Each Principal, jointly and severally represents and warrants to, each of the Government and the Company that:

(i) \_\_\_\_\_ (Name of the Principal 1) is the beneficial and legal owner of \_\_\_\_\_ equity shares of the Strategic Partner constituting \_\_\_\_ of the total outstanding, issued and paid-up equity capital of the Strategic Partner and \_\_\_\_\_ (Name of the Principal 2) is the beneficial and legal owner of \_\_\_\_\_ equity shares of the Strategic Partner constituting \_\_\_\_ of the total outstanding, issued and paid-up equity capital of the Strategic Partner;



(ii) the Principals, together, jointly control the Strategic Partner and by virtue of such control, are in a position to ensure and procure, severally and/or jointly, that the Strategic Partner at all times performs and discharges all its obligations under this Agreement and complies with all the terms and conditions hereunder.

## ARTICLE 8

### INDEMNIFICATION AND CONFIDENTIALITY

#### 8.1 Indemnification

Each of the Shareholders, Principals and the Company agrees to indemnify, defend and hold harmless each other and their respective lawful successors and assigns from and against any and all Claims incurred or suffered by the Company or such other Shareholders or Principals which arise out of; results from, or may be payable by virtue of any breach of any representation, warranty, covenant or agreement made or obligations required to be performed by the indemnifying Person pursuant to this Agreement; provided, however that in no event shall the indemnifying Person be liable in contract, tort, misrepresentation, warranty, negligence, strict liability or otherwise, for any special, indirect, incidental or consequential damages arising out of or in connection with this Agreement, or any performance, non-performance or breach of any provision hereof.

#### 8.2 Confidentiality

(a) The Strategic Partner agrees that it shall not, at any time or under any circumstances subject to the provisions of Sub-Clause 8.2(c), without the prior written consent of the Company and Government, directly or indirectly communicate or disclose to any Person (other than an Affiliate of the Strategic Partner) any knowledge or information, irrespective of form, howsoever acquired by them relating to the customers, products, technology, trade secrets, systems, operations or other confidential information regarding the property, business and affairs of the Company or any of its subsidiaries including, but not limited to any foreign collaboration agreements and technical collaboration agreements entered into by the Company or any of its subsidiaries ("Confidential Information").

(b) Provided however that the confidentiality obligation under this Clause 8.2 shall be subject to the following exceptions:

(i) Disclosure to the employees and auditors requiring the information for the purposes of this Agreement subject to the execution of a confidentiality agreement by them; or

(ii) Disclosure to legal advisors and professional consultants subject to the execution of a confidentiality agreement by them; or (iii) If the information is, prior to the execution of this Agreement lawfully in the possession of the Strategic Partner through sources other than the Party(ies); or

(iv) If such information has been released or disclosed by requirement of Law; or

(v) If the information is or becomes generally and publicly available, other than due to reason of breach of this Agreement.

(c) The Strategic Partner shall maintain and cause to be maintained all Confidential Information obtained from the Company or from a party providing it on behalf of the Company, as secret and confidential as per the terms of Article 8.2 herein, and shall continue to do so for a period of 3 (three) years from the date of termination of this Agreement.

## ARTICLE 9

### GOOD FAITH

9.1 Each of the Strategic Partner and the Principals confirms that it has prior to the Closing, disclosed particulars to Government of any activities or business that it or any of its Affiliates are engaged in which are in competition with and/or is similar to the business of the Company.

9.2 In the event the Strategic Partner or the Principals or any of their Affiliates or nominees at any time after Closing, decides to undertake any activities or business that may be or is in competition with the then existing business of the Company, the Strategic Partner shall and the Principals shall cause the Strategic Partner to disclose such activity or business to the Government.

9.3 The Strategic Partner and the Principals agree that, in the event that, at any time, the Strategic Partner or the Principal(s) or any of their Affiliates or nominees is engaged in any activities or businesses that may be or is in competition with the Company's business, both existing or future, then the Strategic Partner, Principals, their Affiliates or nominees shall always act in good faith and in the best interest of the Company.

## ARTICLE 10

### MISCELLANEOUS

#### 10.1 Dispute Resolution

a) Any and all claims, disputes, questions or controversies involving any of the Parties hereto and arising out of or in connection with this Agreement, including the execution, interpretation, validity, performance, breach or termination hereof, (collectively, "Disputes"), shall be resolved and settled, subject to the procedures set out in Schedule III of this Agreement.

b) Notwithstanding anything to the contrary in Clause 10.1, the Parties agree that any valuation pursuant to Clause 6.1 is an expert opinion and shall be final and binding on the Parties and shall not be the subject matter of Dispute between the Parties.

## 10.2 Application of this Agreement

The terms of this Agreement shall apply mutatis mutandis to any shares:

(a) resulting from any conversion, reclassification, re-designation, subdivision or consolidation or other changes of the Equity Shares or preference shares of the Company; and

(b) of the Company or any successor body corporate which may be received by the Shareholders as a result of any merger, amalgamation, arrangement or other reorganisation of or including the Company.

Prior to effectuating any action under the aforesaid Clause 10.2(a) or (b), the Parties shall consider any changes, which may be required to this Agreement in order to give effect to the intent of this Clause 10.2.

## 10.3 Non-Sovereign Act

The execution, delivery and performance by the Government of this Agreement and any other related agreements to which it is a party constitute commercial acts done and performed for commercial purposes and do not constitute sovereign acts and the Government, saving and excepting the present or future assets and properties concerning the military of the Government or any diplomatic/consular office or the constitutional authorities (of India) and their offices, waives any and all rights of immunity that it or any of its assets may have or may acquire in future against the institution of any legal or arbitral proceedings and the enforcement of any judgement, settlement or arbitral award.

## 10.4 Further Assurances

The Parties shall, with all reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

## 10.5 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, liquidators, successors and permitted assigns of the Parties hereto. Irrespective of whether or not the Articles of Association and/or memorandum of association of the Company fully incorporate the provisions hereof or any of them, Government and the Strategic Partner's rights and obligations shall be governed by this Agreement and in the event of any ambiguity or inconsistency between the Articles of

Association and the provisions of this Agreement the provisions of this Agreement shall prevail.

#### 10.6 Entire Agreement

Except as expressly stated in this Agreement, this Agreement constitutes the entire agreement between the Parties to this Agreement with respect to the subject matter of this Agreement. This Agreement cancels and supersedes any prior understanding and agreements between the Parties with respect to such subject matter. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory between the Parties other than those expressly set forth in this Agreement and the Share Purchase Agreement.

#### 10.7 Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties to this Agreement. To the extent any such modification or amendment requires a corresponding modification or amendment to the Articles of Association and/ or Memorandum of Association, the Parties shall use their best efforts in good faith to cause all such modifications or amendments to the Articles of Association and/or the Memorandum of Association of the Company. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

#### 10.8 Assignment

Except as may be expressly provided in this Agreement, none of the Parties to this Agreement shall assign its rights or obligations under this Agreement without the prior written consent of all the other Parties.

#### 10.9 Termination

(a) This Agreement shall terminate upon :-

- (i) the written agreement of each of the Company, Strategic Partner, Principals and Government to terminate this Agreement; or
- (ii) the dissolution or bankruptcy of the Company; or
- (iii) either the Strategic Partner or the Government, directly or indirectly, ceases to hold the legal and beneficial ownership of, in case of the Strategic Partner not less than % and in case of Government not less than \_\_%, of the issued, subscribed and paid-up equity share capital of the Company, provided that for the purposes of this sub-clause, the shareholding of any person(s) who becomes a party to this Agreement by virtue of Clause 5.3(e) shall be included in the shareholding of the Shareholder who transferred any Equity Shares under Clause 5.3 (e).

(b) In the event of any termination pursuant to this Clause 10.9 (other than pursuant to Clause 10.9(a)(i)), a 15 (fifteen) Business Days written notice setting forth the reasons therefor shall promptly be given by the terminating Party, to the other Party(ies).

#### 10.10 Survival

(a) Notwithstanding anything to the contrary in this Agreement, any termination pursuant to Clause 10.9 will not affect the effectiveness of Articles 1, 6, 8 and 10, Clause 4.9 and Schedule III and additionally to the extent that the termination is caused pursuant to Clause 10.9(a)(iii) the effectiveness of Clauses 5.3, 5.4, 5.5, 5.6, 5.7 and 5.8 and Schedule II of this Agreement and the Parties obligations stated therein.

(b) No termination of this Agreement or any agreement related hereto shall release any Party from any liability to any other party which at the time of such termination has already accrued, nor affect in any way the survival of any right or obligation of any Party which is expressly stated elsewhere in this Agreement or in any agreement related hereto to survive the expiration or termination hereof.

(c) If after termination of this Agreement, the consent of the Government is required for any matter under this Agreement including Clause 4.9, the Parties agree that the Joint Secretary, Department of \_\_\_\_\_, Ministry of \_\_\_\_\_ shall be the authorised representative of the Government for such purpose.

#### 10.11 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part of such provision and the remaining part of such provision and all other provisions of this Agreement shall continue to be in full force and effect.

#### 10.12 Notices

Any notice or other writing required or permitted to be given under this Agreement or for the purposes of this Agreement (referred to in this section as a "Notice") to any Party shall be sufficiently given if delivered personally, or if sent by prepaid registered mail or if transmitted by fax or other form of recorded communication tested prior to transmission to such Party;

(a) in the case of a notice to Government, at:

Attention: Administrative Secretary  
Address: Department of \_\_\_\_\_, Government of Punjab.

Fax:

(b) in the case of Notice to the Strategic Partner, at:

Attention:  
Address:

Fax:

(c) in the case of Notice to the Principal, at:

Attention:  
Address:

Fax:

(d) in case of Notice to the Company, at:

Attention:  
Address:

Fax:

Or at such other address as the Party to whom such Notice is to be given shall have last notified to the Party giving the same in the manner provided in this sub-clause 10.12. Any Notice personally delivered to the Party to whom it is addressed as provided in this Clause shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day then the Notice shall be deemed to have been given and received on the manner provided for in Clause 1.2(d). Any Notice sent by prepaid registered mail shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing. Any Notice transmitted by fax or other form or recorded communication shall be deemed given and received on the first Business Day after its transmission.

The Parties hereby expressly agree that within 7 (seven) days of any change in the address as specified above in this sub-clause 10.12, they would intimate the same to the other in writing at the above specified address.

#### 10.13 Governing Law

This Agreement shall be governed and interpreted by and construed in accordance with the laws of India without giving effect to the principles of conflict of laws thereunder.

#### 10.14 Counterparts

This Agreement may be executed by the Parties in separate counterparts each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

10.15 Interest

Any amount properly due and payable to a Party pursuant to this Agreement and remaining unpaid after the date when payment was due and payable shall bear interest, such interest to accrue from day to day at a rate equal to two percentage points above the State Bank of India's prevailing prime lending rate for rupee loans, from the date when payment was due and payable until the amount due is actually received by the payee.

IN WITNESS WHEREOF, EACH OF THE PARTIES HAVE CAUSED THIS Agreement to be duly executed by their authorised representatives on the date and year first hereinabove written

For and on behalf of the  
President of India (the Government of India)

Signed By:

Designation:

Witnessed by :

Name:

Address

For and on behalf of (Strategic Partner) having authority to sign on the behalf of  
Strategic Partner vide resolution dated [\_\_\_\_\_] of the board of directors

Signed by:

Designation Witnessed by :

Name:

Address

For and on behalf of (Principal1) having authority to sign on behalf of Principal1  
vide resolution dated [\_\_\_\_\_] of the board of directors Signed by:

Designation Witnessed by :

Name:

Address

For and on behalf of (Principal 2) having authority to sign on behalf of Principal 2  
vide resolution dated [\_\_\_\_\_] of the board of directors

Signed by:

Designation

Witnessed by :

Name:

Address

For and on behalf of the Company  
vide resolution dated [\_\_\_\_\_] of the board of directors

Signed by:

Designation

Witnessed by:

Name:

Address

## SCHEDULE I

### Matters Requiring Special Consent

- (i) Any change in the Memorandum of Association and/or Articles of Association.



- (ii) Change in the name of the Company.
- (iii) Any change in the authorized or issued capital of the Company.
- (iv) Any change in the Financial Year of the Company.
- (v) Any increase, reduction or issue of the share capital of the Company or other changes in the Company's capital structure including, but not limited to, a rights issue, issue of Equity Shares to non-members, the creation or issue of Equity Shares or any other security {for this item no. (iv) the term 'security' shall have the meaning given to such term under the Securities (Contract) Regulation Act, 1956}, or the creation, issue or grant of any option, warrant or similar right to acquire Equity Shares or other security(ies) of the Company, any split of the Equity Shares or variation of the rights attached to the Equity Shares or other security(ies) of the Company.
- (vi) Conversion of loans or debentures into Equity Shares and the terms and conditions of the issue under which such conversion may be made.
- (vii) Commence any new line of business and/ or discontinue existing line of business.
- (viii) Keep registers and returns at any place other than the city where the registered office is situated.
- (ix) The approval of the annual audited accounts of the Company.
- (x) Any determination that the Transfer of any Equity Shares has been made in accordance with the provisions of this Agreement.
- (xi) The taking of any steps to wind-up or terminate the corporate existence of the Company or entering into any arrangement with the creditors of the Company.
- (xii) The approval of any dividends or distributions by the Company and/or the allocation of its post-tax profits.
- (xiii) The making, directly or indirectly, of loans or advances in any Financial Year in excess of Rs. \_\_\_\_\_(Rupees \_\_\_\_ only) to any Person other than in the ordinary course of business of the Company.
- (xiv) Obtaining directly or indirectly, of loans or advances in any Financial Year in excess of Rs. \_\_\_\_\_/- (Rupees \_\_\_\_\_ only).
- (xv) The entering into of an amalgamation, merger or consolidation with any other company or body corporate.

(xvi) The entering by the Company into any business relations or contracts (including the conclusion or termination of agreement) having commitment exceeding Rs. /- (Rupees \_\_\_\_\_) with any Affiliate of the Strategic Partner and/or the Principal(s).

(xvii) Matters referred to in Clause 3.2(f) and Clause 4.9 of this Agreement.

(xviii) The granting of any security or creation of any encumbrances on the assets of the Company or guaranteeing the debts or performance of any person (other than as specified in item (xix) below).

(xix) The granting of any security or creation of any encumbrances on the assets of the Company on account of any loan or advances taken by the Company or any of its subsidiary or guaranteeing the debts of any of its subsidiary which in aggregate exceeds \_\_\_% of the free reserves and paid up capital of the Company but excluding those necessary to secure operating lines of credit/working capital requirements of the Company with institutional investors, multilateral agencies, scheduled banks and financial institutions.

(xx) Appoint sole selling or buying or purchasing agent.

(xxi) Any buy-back by the Company of its shares (including the Equity Shares) or other specified securities under the provisions of Section 77A of the Act.

(xxii) Any change in the number of directors of the Company from that provided in this Agreement.

(xxiii) Bind the Company by a scheme of arrangement made under Section 517 of the Act.

(xxiv) Establishment of any subsidiary or associated company (ies) by the Company.

(xxv) For 5 (five) calendar years after the Closing Date, any adverse change in the pay scales or in the pension or retirement benefits to Employees of the Company as of the Closing Date from the pay scales or pension or retirement benefits available to such Employees as of the Closing Date.

(xxvi) Any one or a series of transactions which causes a sale, lease, exchange or disposition of the Existing Assets of the Company or its subsidiary having an aggregate value exceeding \_\_\_% of the total value of the Existing Assets.

(xxvii) Any commitment or agreement to do any of the foregoing.

## SCHEDULE II

### Principles of Valuation

(a) Valuation procedure

Upon the provisions of this Schedule becoming applicable (but subject to paragraph (b)), the non-defaulting party/ selling party (if not a Defaulting Party)/ Government (in case of insolvency of Strategic Partner or Principal(s)) shall, unless otherwise agreed to between the Parties, appoint an independent valuer of international repute from among the entities mentioned in Paragraph (c) of this Schedule II to determine the Fair Value of the relevant Equity Shares as of the Valuation Date. The appointment of the independent valuer shall be made within 5 (five) days of the Valuation Date.

In determining the Fair Value of the relevant Equity Shares of the Company, the independent valuer shall take into account various factors, including but not limited to the following:

- (i) Discounted cash flow principles;
- (ii) Commonly used valuation multiples;
- (iii) If the Company is listed, the current price of the Equity Shares of the Company as quoted on the stock exchange(s) where they are primarily traded;
- (iv) The Securities and Exchange Board of India's guidelines and principles of valuation, if applicable
- (v) Whether such Equity Shares of the Company which are subject to the transaction of purchase and sale constitute a minority block or a majority block of all the issued and outstanding Equity Shares;
- (vi) Whether such Equity Shares have any contractual rights with respect to the Company attached to them and appropriate discount or premium shall be applied to its valuation on the basis thereof;
- (vii) Discounting principles if the selling party is insolvent for assuming any restriction and obligations attached to the shares.
- (viii) Asset valuation.
- (ix) Value of entities in business similar to or associated with the business of the Company.

The valuation arrived at by the independent valuer is made in his capacity as an expert and not as an umpire or arbitrator, and shall be final and binding on the Parties and no appeal shall lie from such valuation.

(b) Costs of Valuation

All cost and expenses relating to the determination of the Fair Value pursuant to this Schedule II shall be, unless otherwise expressly provided, shared equally among the vendor(s) and purchaser(s) in the subject transaction.

(c) The Parties agrees that the following entities and their successor entities are acceptable to each of them as the independent valuer to be appointed pursuant to Paragraph (a) of this Schedule II.

- 1.
- 2.
- 3.
- 4.

(d) The Parties agree that the list of entities in Paragraph (c) of this Schedule II shall be subject to such additions and modifications as the Parties may mutually decide from time to time.

(e) The independent valuer shall commence the valuation process immediately upon its appointment and shall notify the Fair Value to the Parties not later than 30 (thirty) days from the date of its appointment.

### SCHEDULE III

#### Dispute Resolution

(a) Dispute resolution

Disputes which cannot be finally resolved by the Parties within 30 (thirty) calendar days of the arising of a Dispute by amicable negotiation (each Party in good faith making its best effort to reach a reasonable and equitable resolution of the matter) shall be immediately referred for resolution by good faith negotiation between their respective senior officers with decision-making power and who shall not have had substantive involvement in the matters involved in the Dispute, unless the Parties otherwise agree. If any such panel of senior officers is unable to resolve and settle the Dispute within 60 (sixty) calendar days after the Dispute is first submitted to it, then any Party shall be entitled to cause the Dispute to be submitted for arbitration pursuant to the terms of Paragraph (b) of this Schedule III.

(b) Arbitration

Any Dispute which is not settled in accordance with Paragraph (a) of this Schedule III shall be submitted to arbitration in accordance with the provision of the Arbitration Act. The Disputes shall be referred to a sole arbitrator if the Government and the Strategic Partner agree upon a sole arbitrator. In the event a sole arbitrator cannot be agreed upon within 30 (thirty) days of the Dispute having been submitted to arbitration, the arbitral tribunal shall comprise of three arbitrators, one to be appointed by each of Government and the Strategic Partner and the third to be jointly appointed by the two arbitrators appointed by the Parties.

The venue of arbitration shall be \_\_\_\_\_, India. The language to be used in the arbitration shall be the English language, and any award shall be made in the English language.

In connection with the arbitration proceedings, the Parties to the Dispute hereby agree to cooperate in good faith with each other and with the arbitral tribunal and to use their respective best efforts to respond promptly to any reasonable discovery or demand made by the other Party(ies) and/or the arbitral tribunal.

Each of the Parties expressly understands and agrees that the arbitral award shall be the sole, exclusive, final and binding remedy between them regarding the Dispute(s) presented to the arbitral tribunal. The Parties hereto agree that the arbitral award may be enforced against the Parties or their assets wherever they may be found and that a judgement upon the arbitral award may be entered in any court having jurisdiction.

(c) Continuing obligations

Neither the existence of any Dispute nor the fact that any arbitration is pending hereunder shall relieve any of the Parties of their respective obligations under this Agreement.

The pendency of a Dispute in any arbitration proceeding shall not affect the performance of the obligations of the Parties under this Agreement.

