

SHAREHOLDERS AGREEMENT

(Draft 2)

**For implementation of the objectives of:
MADHYA PRADESH URBAN INFRASTRUCTURE FUND**

SHAREHOLDERS AGREEMENT

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SHAREHOLDERS AGREEMENT

This Shareholders Agreement (hereinafter referred to as '**Agreement**') dated this _____ day of _____, 2008 is executed at _____;

BY AND BETWEEN:

1. **Madhya Pradesh Urban Infrastructure Fund**, a trust formed and incorporated under the Indian Trusts Act, 1882 and having its registered office at [*insert*]
(hereinafter referred to as '**MPUIF**', which expression shall include its successors and permitted assigns), of the FIRST PART;
2. The Party as described in **Annexure A** hereto (hereinafter referred to as '**Consultant**', which expression shall include its successors and permitted assigns), of the SECOND PART;
3. [*insert name of company*], a private limited company incorporated under the Indian Companies Act, 1956, having its registered office at [*insert address*]
(hereinafter referred to as the '**Company**', which expression shall, unless contrary to the context hereof be deemed to include its successors and permitted assigns), of the THIRD PART.
(MPUIF, the Consultant and the Company shall hereinafter be collectively referred to as '**Parties**' and severally as '**Party**'.)

WHEREAS:

- (A) MPUIF is desirous of identifying and developing bankable urban infrastructure projects in the State of Madhya Pradesh with a view to facilitate financing and implementation of such projects;
- (B) The Consultant has represented itself as a body having special expertise and experience in the field of identifying, developing and financially structuring urban infrastructure projects including with respect to preparing financial models for the same and plans for successful financial closure of such projects;
- (C) MPUIF has been set up by Government of Madhya Pradesh as a trust under the Indian Trusts Act, 1882, *inter alia*, to encourage and facilitate investment in and implementation of urban infrastructure in the State of Madhya Pradesh by providing financial assistance to Urban Local Bodies, including Municipalities for project development, raising of finance from financial institutions or capital market and/or by providing selective technical assistance for implementation of infrastructure projects in the State of Madhya Pradesh;
- (D) The Company has been incorporated with a view to providing advisory services to MPUIF for achieving the objectives of MPUIF and shall enter into an Agreement with MPUIF for the same (hereinafter '**Services Agreement**'); and
- (E) The Parties are desirous of putting the terms and conditions of their understanding concerning their participation in the Company and other ancillary aspects.

NOW, THEREFORE, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES

HERETO AS FOLLOWS:

1. Definitions and Interpretation

1.1. Unless the context otherwise requires, the following terms shall carry the meaning assigned to them herein below:

- (i) **'Act'** means the Companies Act, 1956, of India and any statutory modification, amendment or re-enactment thereof from time to time.
- (ii) **'Affiliate'** of a Party means: (i) in the case of any Party other than a natural person, any other person that, either directly or indirectly through one or more intermediate persons, controls, is controlled by or is under common control with such Party; and (ii) in the case of any Party that is a natural person, any other person who is a Relative of such Party. For purposes of this definition, "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of any entity, whether through the ownership of voting securities, by contract or otherwise.
- (iii) **'Agreement'** means this Shareholders Agreement together with the Annexures, Schedules and Appendices thereto.
- (iv) **'Board'** means the Board of Directors of the Company.
- (v) **'Business Day'** shall mean a day other than Saturday and Sunday on which banks are open for normal banking business in Bhopal.
- (vi) **'Charter Documents'** shall mean the Memorandum of Association and the Articles of Association of the Company as amended from time to time.
- (vii) **'Completion'** shall mean the issue and allotment of the Subscription Shares to the Consultant in accordance with the terms of this Agreement.
- (viii) **'Completion Date'** shall mean the date on which Completion occurs in accordance with the terms of this Agreement.
- (ix) **'CP Confirmation'** shall have the meaning assigned to it in clause 4.2 below.
- (x) **'Effective Date'** shall mean the date of execution of this Agreement by all the Parties, and in case of separate dates of execution by the Parties, the date on which the last Party signs this Agreement.
- (xi) **'Event of Default'** shall mean occurrence of any of the following events:
 - (a) Breach of any material obligation of a Party under this Agreement;
 - (b) Breach or inaccuracy of any of the representations and warranties of a Party.
- (xii) **'Equity Shares'** shall mean equity shares of par value Rupees Ten (Rs 10/-) each in the Company.
- (xiii) **'Government Director'** shall have the meaning assigned to it in clause 7.2(ii) below.
- (xiv) **'Long Stop Date'** shall have the meaning assigned to it in clause 4.2 below.
- (xv) **'Related Party'** means: (i) any shareholder or partner or director or officer of the Consultant or the Company; (ii) any Relative of any shareholder or partner or director or officer of the Consultant or the Company; (iii) any person in which any shareholder or partner or director or officer of the Consultant or the Company has any interest, other than a passive shareholding of less than 5% in a publicly listed company; and (iv) any other Affiliate of the Company or the Consultant.
- (xvi) **'Related Party Transactions'** means any contracts, understanding, transactions or proposed transactions between the Company on the one hand and any Related Party on the other hand.
- (xvii) **'Relative'** shall have the meaning assigned to it under Section 2(41) of the Act.
- (xviii) **'Services Agreement'** shall have the meaning assigned to it in Recital (Whereas clause) (D) above.
- (xix) **'Share Capital'** means the issued and paid up equity share capital of the Company subsequent to the issue and allotment of the Subscription Shares calculated on a fully diluted basis.
- (xx) **'Share Value'** shall mean the value of the shares as arrived at by an independent valuer acceptable to all the Parties acting in his capacity as an expert and not as a conciliator or arbitrator. The valuer shall not ascribe any value to transfer or non-transfer of controlling

interest for determination of the value of the shares. In case of failure of the Parties to agree on an independent valuer within fifteen (15) days of request by one to the other, the value shall be taken by a majority of a panel of three valuers constituted of one valuer appointed by the Consultant, one by MPUIF and one by the two valuers together. The respective Party shall appoint its valuer within seven (7) days of expiry of the fifteen (15) day period. Failure of a Party to appoint its valuer would be deemed to be acceptance of the other Party's valuer as the sole valuer. In case of failure of the two valuers to agree on a third valuer within seven (7) days from the appointment of the later of the two valuers, the statutory auditor of the Company shall act as the third valuer.

- (xxi) **'Subscription Shares'** means 74,999 fully paid up Equity Shares, representing 74.999% of the Share Capital, to be issued by the Company to the Consultant in accordance with this Agreement
- (xxii) **'Subscription Consideration'** means a sum of Rs 7,49,990/- (Rupees Seven Lakh and Forty-nine Thousand Nine hundred and Ninety only).
- (xxiii) **'Transfer'** means the indirect or direct sale, transfer, assignment, pledge, conveyance, encumbrance or any other form of alienation or disposal of any Equity Shares of the Company.

1.2. Interpretations:

- (i) In calculations of share numbers, references to 'fully diluted basis' means that the calculation should be made assuming that all outstanding options, warrants and other equity and/or debt securities convertible into or exercisable or exchangeable for Equity Shares (whether or not by their term then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged.
- (ii) References to any statute or statutory provision or order or regulation made there under shall include that statute, provision, order or regulation as amended, modified, re-enacted or replaced from time to time whether before or after the date hereof.
- (iii) References to persons shall include bodies corporate, unincorporated associations, partnerships and any organisation or entity having legal capacity.
- (iv) Headings to clauses are for convenience only and shall not form part of the operative provisions of this Agreement and shall not be taken into consideration in its interpretation or construction.
- (v) References to recitals, clauses or appendices are, unless the context otherwise requires, references to recitals to, clauses of or appendices to this Agreement.
- (vi) References to the words "include" or "including" shall be construed as being suffixed by "without limitation".
- (vii) Any statement or representation made by a Party on the basis of its knowledge, belief or awareness is made on the basis that the Party has, in order to establish that the statement is true and not misleading in any respect:
 - (a) made all reasonable inquiries of the officers, managers, employees and other persons who could reasonably be expected to have information relevant to the matters to which the statement relates;
 - (b) where those inquiries would have prompted a reasonable person to make further inquiries made those further inquiries; and (c) and that as a result of inquiries, the Party has no reason to doubt that the statement is true and not misleading in any respect.

2. Shareholding of the Company

2.1. The Company has been formed and incorporated under the Act as a private limited company and the present shareholding of the Company is as under:

Sl. No. Name of Shareholder No. of

Equity

Shares Held

Percentage of

Share Capital

- (i) MPUIF 25,000 99.99%

- (ii) MPUIF through nominee ,Principal Secretary Urban Administration & Development 1 0.01%
Total 25,001 100%

2.2. The Consultant agrees to subscribe to shares in the Company in the manner contained herein such that upon Completion shareholding pattern of the Company shall be as under:

Sl. No. Name of Shareholder No. of

Shares Held

Percentage of

Share Capital

- (i) MPUIF (the nominee would sell the 1 share held by him to MPUIF at par) 25,001 25.001
- (ii) Consultant 74,999 74.999 **Total 1,00,000 100%**

3. Subscription to Shares

3.1. Subject to the terms of this Agreement and the fulfilment of the Conditions Precedent, the Consultant hereby agrees to subscribe to, and the Company hereby agrees to allot and issue to the Consultant, on the Completion Date, the Subscription Shares at the Subscription Consideration.

4. Conditions Precedent

4.1. This Agreement and the obligations of the Parties herein shall be subject to the fulfilment (or, where permissible, waived in writing, as the case may be) of the following Conditions Precedent to Completion:

- (i) Each of the Parties having performed in all material respects all of the obligations hereunder required to be performed by them on or prior to Completion;
- (ii) All internal approvals and submissions of each Party, including their respective board resolutions, having been obtained;
- (iii) Approval of the Services Agreement in a form ready for execution between the Trust and the Company by the Consultant;
- (iv) Transfer of the Subscription Consideration by the Consultant to the Company;
- (v) Nomination of a person by the Consultant who would act as the Managing Director of the Company on a full-time basis with such credentials as are acceptable to MPUIF supported by a consent letter from such person; and
- (vi) Nothing shall have occurred which would render (or have the effect of rendering) any of the warranties and representations contained in clause 6 below hereof untrue in any material aspect.

4.2. The Consultant shall take all steps to promptly fulfil the Conditions Precedent (insofar as applicable to the Consultant) by *[insert]*, 2008 ('Long Stop Date') and upon the fulfilment of the Conditions Precedent (or waiver by MPUIF, as case may be), it shall provide written confirmation of the same ('CP Confirmation') to MPUIF and the Company.

4.3. If any condition set forth in clause 4.1 above shall not have been fulfilled or waived by the Long Stop Date, MPUIF may, at its option, without prejudice to its rights hereunder and under applicable law:

- (i) defer Completion to a later date;
- (ii) proceed to Completion so far as practicable; and
- (iii) terminate this Agreement.

4.4. In the case of termination, no Party shall have any rights or claims against the other, save for those that expressly survive termination of this Agreement.

4.5. During the period from the Effective Date till the Completion Date, the Parties shall be bound by the provisions of this Agreement and each of the Parties agrees that:

- (i) It shall not take any action that will render any of its representations and warranties contained in this Agreement to be incorrect, false, misleading or inaccurate as on the Completion Date;
- (ii) It will use its best efforts to obtain, at its own cost and expense, such approvals, permits, licenses and other authorisations, if any, required for the transactions contemplated herein and to take all other actions reasonably required for the effectiveness of this Agreement; and
- (iii) It will promptly notify the others in writing when any such authorization has been obtained and such other actions are taken.

5. Completion and Post-Completion Actions

- 5.1. The Completion shall take place within ten (10) Business Days following receipt of the CP Confirmation by MPUIF and the Company (which ever is later).
- 5.2. At Completion, the following shall occur simultaneously and no such transaction shall be consummated unless all such transactions are consummated:
- (i) The Consultant shall nominate three (3) persons to be appointed as directors on the Board including the Managing Director in accordance with clause 4.1(v) above and shall provide the Company with consents of the said persons;
 - (ii) The Company shall:
 - (a) allot and issue the Subscription Shares to the Consultant;
 - (b) deliver to the Consultant one or more original share certificates evidencing the Subscription Shares, each duly completed in the name of the Consultant, as the case may be;
 - (c) duly register the Subscription Shares in the name of the Consultant in the Company's register of members and provide evidence thereof to the Consultant;
 - (d) appoint the three nominees of the Consultant on the Board as directors; and
 - (e) appoint one of the three nominees of the Consultant on the Board as the Managing Director; and
 - (f) pass a resolution of the Board (with participation of the nominees of the Consultant) and approve the Services Agreement for execution by the Company.
- 5.3. Within five (5) Business Days of the Completion Date, the Company shall:
- (i) file the return of allotment with the Registrar of Companies, Madhya Pradesh & Chhattisgarh, for the allotment of the Subscription Shares and provide an acknowledged copy of the same to the Consultant;
 - (ii) file all necessary forms in relation to appointment of the nominees of the Consultant on the Board with the Registrar of Companies, Madhya Pradesh & Chhattisgarh, subject to the Consultant providing the Company with all documents as may be required by the Company for completing the requirements under law for the appointment as aforesaid and no appointment shall be made without providing the Company with all such documents as it may require for the said purpose; and
 - (iii) execute the Services Agreement with MPUIF.

6. Warranties

- 6.1. Each Party represents to each other as under:
- (i) It is duly incorporated and organised and existing under the applicable laws and is capable of suing and being sued in its own name in India.
 - (ii) It has the full power, authority and legal right to own assets and carry on its business.
 - (iii) All corporate and other action required to authorise acceptance of the terms and conditions and the performance of its obligations under this Agreement have been duly taken.
 - (iv) It is not in liquidation and has taken no steps to enter into liquidation, and no petition has been presented for the winding-up of the Party. There are no grounds on which a petition or application could be based for the winding-up or appointment of a receiver of the Party.
 - (v) The execution, delivery and performance of this Agreement by the Party will not:
 - (a) violate any provision of the organisational documents of the Party;
 - (b) conflict with or result in any material breach or violation of any of the terms and conditions of, or constitute (or with notice or lapse of time or both constitute) a default under, any agreement to which it is a party or by which it is bound;
 - (c) violate any court order, judgment, injunction, award, decree or writ against, or binding upon, the Party or upon its securities, properties or business; and (d) violate any law or regulation of India or any other jurisdiction in which the Party maintains a business presence.
 - (vi) It has the full power and authority to enter into, execute and deliver this Agreement and to perform the transactions contemplated hereby. The execution and delivery of this Agreement

by the Party and the performance by the Party of the transactions contemplated hereby have been duly authorised by all necessary corporate or other action of the Party.

- (vii) This Agreement constitutes legal, valid and binding obligations of the Party, enforceable against it in accordance with its terms.
- 6.2. The Consultant acknowledges that the Company and MPUIF are entering into this Agreement relying on the representations and warranties of the Consultant.
- 6.3. Knowledge: Each Warranty is given subject to the matters disclosed in the **Disclosure Letter** with respect to such Warranty, and no other information of which the Consultant has knowledge (actual or constructive) and no investigation by or on behalf of the Consultant or any of their agents, representatives, officers, employees or advisers, shall prejudice any claim made by MPUIF or the Company under this Agreement. It shall not be a defence to any claim against the Consultant, that the other Parties knew or ought to have known or had constructive knowledge of any information relating to the circumstances giving rise to such claim. Subject to the disclosures made in the Disclosure Letter, the Warranties shall not be in any manner limited by any information disclosed or made available to or received by MPUIF or the Company or any of their representative(s).
- 6.4. Completion Warranties: The Warranties shall be deemed to be repeated as at Completion as if they were made on and as of the Completion Date and all references therein to the date of this Agreement were references to the Completion Date. The Warranties shall survive Completion.

7 Corporate Governance

- 7.1. Authority of the Board. Subject to the provisions of this Agreement and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company. Subject to the provisions of this Agreement, the Board shall be entitled to delegate powers to such persons and such committees that the Board may create to assist it in its business strategy and objectives.
- 7.2. Size of the Board:
 - (i) The Board shall consist of four (4) directors.
 - (ii) From the Completion Date and until such time that MPUIF holds at least 10% of the issued and paid up equity capital of the Company calculated on a fully diluted basis, MPUIF shall be entitled to appoint one (1) director on the Board ('**Government Director**'). The Consultant shall at all times exercise their votes on the Board to ensure that the Government Director is appointed on the Board. The Government Director shall be director whose office is not capable of being vacated by retirement or by rotation.

The Government Director shall act as the Chairman of the Board only for the purpose of chairing the meetings of the Board. The Company expressly agrees and undertakes that the Government Director shall not be in charge of, or responsible for the day to day management of the Company and shall not be identified as officer in charge/default of the Company or occupier of any premises used by the Company or an employer of the Company. The Government Director will also not be required to give any personal guarantee in terms of guaranteeing the performance or any obligation undertaken by the Company pursuant to any financial transaction or indebtedness. The costs incurred by a Government Director in attending a meeting of the Board or committee thereof or a General Meeting shall be borne by the Company.
 - (iii) From the Completion Date and until such time that the Consultant holds at least 70% of the issued and paid up equity capital of the company calculated on a fully diluted basis, the Consultant shall have the right to nominate three (3) directors one of whom shall be the Managing Director.
- 7.3. Election of Directors: The Consultant and MPUIF shall each exercise their votes in relation to all the equity shares held by them at any Shareholders Meeting called for the purpose of filling the positions on the Board or in any decision of the Board for such purpose to elect the Government Director to the Board, and shall take all other actions necessary to ensure the election to the Board of the Government Director.
- 7.4. Board Committees: In the event of any committee(s) formed by the Board, MPUIF's right to appoint its nominee to such committee shall be the same as it's right to appoint a Director as set out in clause 7.2(ii) above. The proceedings and decisions of any committee(s) formed by the Board shall be subject to clause
- 7.13 below. The provisions of clause 7.10 below relating to quorum in so far as they apply to meetings of the Board shall apply mutatis mutandis to meetings of any committee(s) of the Board.

- 7.5. Removal and Replacement of Directors: The Government Director shall be removed from the Board, with or without cause, upon, and only upon, the affirmative vote of MPUIF. Each shareholder shall exercise its vote in relation to the equity shares controlled by it for the removal of the Government Director upon the written request of MPUIF. No shareholder shall exercise its votes in relation to the equity shares controlled by it for the removal of the Government Director in any other circumstances. In the event the Government Director resigns or is removed in accordance with this clause, MPUIF will have the right to nominate such Director's successor or replacement, and such successor or replacement Director shall be nominated and elected on or as soon as practicable after the date of such resignation or removal and in any event within 30 days after such resignation or removal.
- 7.6. Alternate Director: MPUIF shall be entitled through its Government Director to nominate an alternate Director to act in accordance with the Act for any Director nominated by MPUIF and shall issue a written notice to the Company in accordance with clause 12.6 below providing the name and contact address of such alternate Director ("**Alternate Director Nomination Notice**"). The Board shall appoint the alternate Director so nominated within five (5) Business Days of the receipt of such Alternate Director Nomination Notice. MPUIF shall also have a right to withdraw its nominated alternate Director and nominate another in his place. MPUIF and the Consultant shall take all such actions, including exercising their respective votes in relation to the equity shares controlled by it, as may be required to cause any alternate Director nominated pursuant to this clause to be duly elected or appointed.
- 7.7. Director's Access: The Government Director shall be entitled to examine the books, accounts and records of the Company and shall have free access, at all reasonable times and without prior notice, to any and all properties and facilities of the Company. The Company shall provide such information relating to the business affairs and financial position of the Company, as the Government Director may require.
- 7.8. Frequency and Location of Board Meetings: Meetings of the Board shall take place at least once in every three-month period. Meetings shall be held in Bhopal or any other location approved in writing by a majority of the Directors including the Government Director.
- 7.9. Notice: A meeting of the Board may be called by the Chairman of the Board or any Director giving notice in writing to the company secretary of the Company specifying the date, time and agenda for such meeting. The company secretary shall upon receipt of such notice give a copy of such notice to all Directors of such meeting, accompanied by a written agenda specifying in reasonable detail the business of such meeting. The Company shall ensure that notice of a meeting of the Board shall be accompanied by necessary background and other information and/or supporting documents pertaining to the business proposed to be transacted thereat. Not less than seven (7) Business Days notice of a meeting of the Board shall be given to all Directors; provided, however, that such notice period: (i) shall not apply in the case of an adjourned meeting pursuant to clause 7.10 below; and (ii) may be reduced with the written consent of a majority of the Directors, provided, however, that such majority shall include the Government Director.
- 7.10. Quorum: Subject to the provisions of the Act, all meetings of the Board shall require a quorum of at least two Directors; provided, however, that the quorum must include the Government Director (present either in person or by the means specified in clause 7.12 below) in respect of any meeting of the Board. If such a quorum is not present within one hour from the time appointed for the meeting, the meeting shall adjourn to such place and time as those Directors who did attend shall decide or, if no such decision is reached, at the same place and time seven (7) Business Days later. Written notice of such adjourned meeting shall have been delivered to all Directors at least five (5) Business Days prior to the date of such adjourned meeting. In the absence of a valid quorum at such adjourned meeting, the Directors present thereat shall, notwithstanding anything to the contrary herein contained, constitute a quorum and all business transacted thereat shall be regarded as having been validly transacted provided, however, that in any such adjourned meeting, no matter listed in **Schedule 7.13 below** shall be taken up unless the Government Director is present.
- 7.11. Voting: At any Board meeting, each Director may exercise one vote. Except as provided in clause 7.13 and 7.15 below, the adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board or in the case of a circular resolution signing by the majority of the Directors to whom the resolution is circulated. Subject to clause 7.13 and 7.15 below, the Board shall not at any meeting adopt any resolution covering any matter that is not expressly specified on the agenda for such meeting unless a majority of the Directors present at such meeting, which shall include the Government Director's, vote in favour of such resolution.
- 7.12. Telephonic/Video Participation: If permitted by the Act, Directors may participate in Board meetings by telephone or video conferencing or any other means of contemporaneous communication, provided that each Director must acknowledge his presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. A Director may not leave the meeting by disconnecting his telephone or other means of communication unless he has previously obtained the express consent of the chairman of the meeting and a Director shall conclusively be presumed to have

been present and formed part of the quorum at all times during the meeting unless he has previously obtained the express consent of the chairman of the meeting to leave the meeting as aforesaid. The Parties acknowledge, however, that as of the Effective Date, the Act does not presently deem such participation to constitute presence "in person" for purposes of quorum.

- 7.13. **Affirmative Voting Matters:** Subject to any additional requirements imposed by the Act and to the last sentence of this clause 7.13, the shareholders agree that neither the Company nor any shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall, without the affirmative written consent or approval of at least a majority of the Directors, including the affirmative written consent or approval of the Government Director, obtained at a validly convened Board meeting, take any of the actions set forth in the attached **Schedule 7.13**, whether by circular resolution or otherwise. All matters in respect of the actions set forth in **Schedule 7.13** must be referred to the Board, and no shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall take any actions purporting to commit the Company in relation to any such matters without the prior approval of the Board in accordance with this clause
- 7.14. **Complete Effect:** Each shareholder shall vote at any general or extraordinary general meeting of the shareholders or matters required to be voted by way of a postal ballot (a "**Shareholders Meeting**"), and shall take all other actions necessary, to give effect to the provisions of this Agreement and to ensure the inclusion in the Charter Documents the rights and privileges of the shareholders included in this Agreement. In addition, each shareholder shall vote its equity shares at any Shareholders Meeting upon any matter submitted for action by the shareholders or with respect to which the shareholders may vote and shall cause its Directors on the Board to vote, in conformity with the specific terms and provisions of this Agreement to the extent legally permissible to give complete legal effect to the provisions of this Agreement. The Parties shall use their best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under the applicable law to consummate or implement expeditiously the transactions contemplated by, and the agreements and understanding contained in this Agreement. The shareholders shall vote with respect to their equity shares and shall take all other action necessary or required, to ensure that at all times the Charter Documents, as the case may be, facilitate, and do not conflict with, the provisions of this Agreement, and require the approval of MPUIF for each of the actions set out on **Schedule 7.13 above**.
- 7.15. **Shareholders Meeting:** Subject to the provisions of the Act, all Shareholders Meetings shall require a quorum of at least two (2) shareholders present in person or through their representative; provided, however, that such quorum must include MPUIF. If such quorum is not present within one hour from the time appointed for the meeting, the meeting shall be adjourned to the same time and place not earlier than ten (10) Business Days but no later than twenty-one (21) Business Days thereafter as the Chairman may determine after prior consultations with the Government Director. In the absence of a valid quorum at such adjourned meeting, the shareholders present in person or through their representative thereat shall, notwithstanding anything to the contrary herein contained, constitute a quorum and all business transacted thereat shall be regarded as having been validly transacted provided, however, that in any such adjourned meeting, no matter listed in **Schedule 7.13 above** shall be taken up unless a quorum of at least two shareholders is present, which quorum must include MPUIF.
- 7.16. The Company shall hold the Government Director harmless from and against any direct losses, reasonable costs (including without limitation the fees, disbursements and other charges of counsel), expenses, claims, damages, penalties and liabilities (collectively, "**Losses**") that the Government Director may incur or suffer as a result of, arising out of or in connection with his duties as director on the Board.
- 7.17. Within thirty (30) Business Days of exercise by MPUIF of its right to appoint Government Director under clause 7.2(ii) above, the Company will purchase suitable directors' and officers' liability insurance for a sum of Rs. 2 crores for the Government Director.
- 7.18. **Annual Business Plan**
- (i) The Board shall, from time to time, develop (or cause to be developed) a Business Plan of the Company, which will cover all the projected revenues and costs and expenses relating to the activities of the Company for that period, as well as sources of funding for such costs and expenses. Each Business Plan will be prepared in accordance with the accounting principles followed by the Company in accordance with clause 7.20 below herein below and will be approved by the Board including the Government Director.
 - (ii) The Business Plan of the Company shall be an annual statement including but not limited to, the revenue targets, approved operating expenditure, manpower and proposed aggregate funding needs of the Company. The Business Plan shall highlight the sectors, projects and Urban Local Bodies that the Company proposes to work on through the plan year. This

Business Plan shall be discussed and approved by the Board of the Company at the beginning of each Financial Year.

- (iii) The Board of the Company may from time to time, as and when required, modify the Business Plan of the Company during any Financial Year.
- 7.19. Bank Account: The Company shall maintain one or more bank accounts with such banks as may be decided by the Board. All such bank accounts shall be operated by such persons and in such manner as may be authorised by the Board.
- 7.20. Accounting Matters: The Consultant shall ensure that:
- (i) The Company shall at all times maintain accurate and complete accounting and other financial records in accordance with the requirements of all applicable laws and in accordance with all relevant Indian statutory and accounting standards and the policies adopted by the Board from time to time.
 - (ii) The Company shall prepare and present to the Board the following financial statements and reports derived from the books of accounts maintained by it:
 - (a) balance sheet;
 - (b) profit and loss account;
 - (c) cash flow statements; and
 - (d) such other statements/reports as may be decided by the Board and required under any law, regulatory and/or statutory guidelines.
 - (iii) The frequency of the above financial statements and reports shall be decided by the Board from time to time but in no event less than once each calendar quarter.
- 7.21. The Parties shall ensure that the Business shall be conducted in accordance with the Business Plan.
- 7.22. Audit
- (i) The books of accounts and other records of the Company kept at its Registered Office and all its branches shall be subject to statutory audit by a reputed firm of chartered accountants, as the case may be. The Company may also subject its accounts to periodical internal audits at regular intervals by a reputed firm of chartered accountants as per the scope approved by the Board.
 - (ii) The Parties, in their capacity as shareholders, will have the right to obtain from the Company periodic revenue, expense, and profit and loss statements and balance sheet and cash flow statements and other financial statements, as may be reasonably necessary to keep advised of the operations and financial position of the Company.
- 7.23. Dividends
- (i) Dividends shall be declared and paid to the shareholders of the Company only as and when and in amounts determined by the Board of the Company, and any such dividends will be distributed to the shareholders on a pro rata basis.
 - (ii) The Company's dividend policy shall call for a distribution of each year's net profit after tax, net of any and all amounts set aside to meet all statutory requirements, requirements outlined in the approved Business Plan and business contingencies, as may be recommended by the Board and in accordance with the provisions of the Act.
 - (iii) The Board may, at any time, declare and pay interim dividends which shall be paid from the Company's net profits determined from the most recent interim unaudited Financial Statement of the Company.
 - (iv) Final dividends shall be recommended by a resolution of the Board and approved by the shareholders at an AGM or an EGM, as the case may be, provided that the shareholders covenant and undertake to exercise the voting rights attaching to their respective Shares to declare all dividends required to be declared pursuant to this clause.

8 Restriction on Transfer of Shares

- 8.1. Save as otherwise expressly provided in this Agreement or with the prior consent of the Parties, none of the Parties shall, or attempt to Transfer, all or any part of the legal and beneficial interest in any of its shares for a period of three (3) years (hereinafter referred to as the "**Lock-in Period**") from the Effective Date, except in accordance with this Agreement. Any such Transfer of Equity Shares attempted in violation of this clause shall be null and void and shall not be binding upon the Company or the Board and the Company shall not be bound to register such Transfer in its Register of Members.

- 8.2. If at any time after the expiry of the Lock-in Period, any Party desires to Transfer all or any of the legal and beneficial interest in the Shares (hereinafter referred to as "**Sale Shares**") held by it (hereinafter referred to as the "**Selling Party**"), the Selling Party shall inform the other Party and the Company of its intention by giving it a notice in writing (hereinafter called the "**Transfer Notice**"). Such Transfer Notice shall set out the terms and conditions for the Transfer of the Sale Shares including the proposed price and terms of sale and shall not be revocable. In the event that the Selling Party fails to mention the proposed price in the Transfer Notice, it shall be deemed that no such Transfer Notice was sent.
- 8.3. Within fourteen (14) Business Days of the Transfer Notice, the other Party (hereinafter referred to as the "**Continuing Party**") may express its intention to purchase the Sale Shares by notice expressly stating:
- (i) its acceptance of the terms of the Transfer as set forth in the Transfer Notice; or
 - (ii) its option to purchase the Sale Shares at Share Value.
- The choice as exercised by the Continuing Party is hereinafter referred to as '**Sale Consideration**'. The Purchasing Party shall be entitled to nominate any other person at its choice who would purchase the Sale Shares in its place.
- 8.4. In case of failure of the Continuing Party to so issue the notice, it shall be deemed that the Continuing Party is not desirous of purchasing the Sale Shares.
- 8.5. In case the Continuing Party decides to purchase the Sale Shares so offered to it, the Selling Party shall be bound to transfer its Sale Shares to the Continuing Party or its nominee at the Sale Consideration. Such transaction shall be completed within fourteen (14) days of arriving at the Sale Consideration.
- 8.6. In case a portion of Sale Shares is not sold after complying with the procedure set out in this clause, the Selling Party may sell any or all of the Sale Shares (as the case may be), to any other entity as desired by it, provided such entity is acceptable to the Continuing Party. Provided further that such sale shall not be on terms more advantageous than those set out in the Transfer Notice. The consent of the Continuing Parties shall not be unreasonably withheld.
- 8.7. Any other party who purchases the shares pursuant to clause 8.6 above, shall sign a deed of adherence, substantially in the form attached herewith as **Schedule 8.7** hereto, whereby it confirms that it shall comply with all the provisions of this Agreement.

9. Deadlock Resolution

- 9.1. For the purposes of this clause, a "deadlock" is deemed to have occurred if:
- (i) a matter relating to or affecting the Company has been raised at and/or considered by a meeting of the Board or a Shareholder meeting; and
 - (ii) no resolution has been passed by such meeting by reason of any equality of votes for and against any resolution proposed relating to such matter or by virtue of consent not having been obtained in accordance with clause 7.13 above.
- 9.2. In the event of a deadlock, any of the Parties, within ten (10) Business Days after the date of the deadlock, can serve on the other Party (including the Company), a notice ("Deadlock Notice") stating the details and the circumstances of the deadlock and the stand of the Party issuing the Deadlock Notice.
- 9.3. If a Deadlock Notice is served pursuant to this clause, the matter shall be referred for resolution to the Chairman of the Consultant and the Chairman of MPUIF (or other person of equivalent status) who shall endeavour to resolve the matter in good faith through informal discussion.
- 9.4. In the event that in spite of the above, the Deadlock is not resolved within a period of forty-five (45) Business Days of the date of service of the Deadlock Notice, then the matter shall be referred to arbitration in accordance with the provisions of clause 12.5 below.

10. Notice of Default

- 10.1. Upon the occurrence of any of the Events of Default, the non-defaulting Party shall serve a notice in writing to the defaulting Party to remedy such default within a period of thirty(30) days from the date of receipt of the notice detailing therein the Event of Default alleged and the attending circumstances ("**Default Notice**").
- 10.2. In the event that the defaulting Party fails to remedy such breach within a period of thirty (30) days from the date of the receipt of the Default notice, then:
- (i) In case the Consultant is the defaulting Party, the Consultant shall, at the option of MPUIF, sell its shares to MPUIF or a party identified by MPUIF, at Share Value. MPUIF shall be entitled to call for such transfer at any time within six (6) months of the expiry of the thirty (30) day period. Provided however that MPUIF shall also be entitled to issue a notice of termination within the said period of six (6) months.

- (ii) In case MPUIF is the defaulting Party, the Consultant may offer to sell its shares to MPUIF or its nominee at Share Value at any time within six (6) months of the expiry of the thirty (30) day period. In case of failure of MPUIF to accept the same within the period of six months as aforesaid shall entitle the Consultant to issue a sixty (60) day notice for termination of this Agreement.

11. Term & Termination

- 11.1. This Agreement shall continue to be in effect and bind the Parties until terminated in accordance herewith.
- 11.2. This Agreement shall terminate:
 - (i) if the Parties mutually agree to terminate this Agreement, on the date determined by the Parties;
 - (ii) if an event occurs, which restricts or prohibits the Company from conducting its business, on the date the Company becomes unable to conduct its business; or
 - (iii) if MPUIF issues a notice terminating this Agreement, in terms of clause 10.2(i) above or the Consultant issues a notice terminating this Agreement, in terms of clause 10.2(ii) above, on the expiry of sixty (60) days from the date of receipt of such notice.
- 11.3. Upon termination of this Agreement, the Company shall be wound up in accordance with law.
- 11.4. Upon occurrence of an event of default under the Services Agreement which is not resolved to the satisfaction of MPUIF or in the event of termination of the Services Agreement, MPUIF may, at its option, buy or nominate another entity to buy, all (but not part) of the Equity Shares of the Consultant at Share Value or at a price mutually acceptable to MPUIF and the Consultant.

12. Miscellaneous

12.1. Confidentiality

- (i) Each Party shall keep confidential all information and other materials passing between it and the other Party in relation to the transactions contemplated by this Agreement and also in relation to the business of the Company (including all information concerning the business transactions and the financial arrangements relating to Company), which was either designated as confidential or which was by its nature confidential (the "**Information**"), and shall not without the prior written consent of the other Party divulge such information to any other person or use such Confidential Information other than for carrying out the purposes of this Agreement. Notwithstanding anything in this clause 12.1(i), MPUIF may communicate with any officer of MPUIF or the Government of Madhya Pradesh or any elected representative information concerning any and all affairs of the Company.
- (ii) Nothing in this clause 12.1 shall restrict any Party from disclosing Information for the following purposes:
 - (a) to the extent that such Information is in the public domain other than by breach of this Agreement;
 - (b) to the extent that such Information is required to be disclosed by any applicable law or by any governmental authority to whose jurisdiction the relevant Party is subject or with whose instructions it is customary to comply, including, where applicable under the Right to Information Act, 2005;
 - (c) insofar as it is disclosed to the employees, directors or professional advisers of any Party, provided that such Party shall procure that such persons treat such Information as confidential;
 - (d) to the extent that any of such Information is later acquired by a Party from a source not obligated to any other Party hereto to keep such Information confidential;
 - (e) to the extent that any of such Information was previously known or already in the lawful possession of a Party, prior to disclosure by any other Party hereto; and
 - (f) to the extent that any information, materially similar to the Information, shall have been independently developed by a Party without reference to any Information furnished by any other Party hereto.
- (iii) Unless otherwise agreed to by the Parties in writing, none of the Parties to this Agreement shall make or permit or authorise the making of any press release or other public statement or disclosure concerning this Agreement or any of the transactions contemplated in it without the prior written consent of the other Parties.

- (iv) The obligations contained in this Clause shall continue to apply for a period of two years from the date of the termination of this Agreement.

12.2. Right to Information

- (i) MPUIF or the Government Director shall be entitled to receive such information and documents as is reasonably requested by MPUIF or the Government Director, unless prohibited by applicable law.
- (ii) Without prejudice to the generality of the foregoing, MPUIF or the Government Director or their nominees shall be entitled to receive:
 - (a) within 120 days of the end of the financial year, the audited consolidated financial statements of the Company and its subsidiaries; and
 - (b) within 45 days of the end of each financial quarter in respect of the Company, the Company's unaudited quarterly financial statements.
- (iii) Each Party (or any person duly authorised by it) shall:
 - (a) be given an opportunity to discuss the affairs, finances and accounts of the Company with its officers, other principal executives and external auditors;
 - (b) be provided promptly by the Company with all information requested by it relating to the policies, practices and actions of the Company; and
 - (c) be given full rights to inspect the premises, operations and accounts of the Company and to have full access to the Company's advisers.

12.3. Force Majeure

- (i) No Party shall be liable for any failure or delay in performance of any obligation under this Agreement (other than an obligation to pay money) to the extent such failure or delay is due to fire, strike, lockout, war, civil commotion, labour unrest such as but not limited to gherao, acts of God, changes in law, regulations or policies of the Government, the Reserve Bank of India or other regulatory authority acts beyond the control of the Party, or for any other reasons which cannot reasonably be forecast or provided against.
- (ii) The Party having any such cause shall promptly notify the other Parties in writing of the nature of such cause and the expected delay and take all reasonable steps to prevent occurrence of the cause and to ensure speedy termination of the cause.
- (iii) If, however, it is not feasible for a Party to prevent the occurrence of the Force Majeure event as a result of which that Party is prevented from performing its obligation, the other Parties may decide to release that Party from performing its obligation hereunder or may modify the relevant provisions of this Agreement which have been affected by the Force Majeure event (for so long as the Force Majeure event continues) in order to enable such Party to perform its obligations under this Agreement.
- (iv) If, however, the Force Majeure event continues for more than six (6) months from its occurrence, the Parties may elect either to terminate this Agreement with all its consequences or may suspend operation of this Agreement until the Force Majeure event shall cease to exist.

12.4. Supremacy

- (i) If any provisions of the Memorandum or Articles of the Company at any time conflict with any of the provisions of this Agreement, so far as the provisions of this Agreement are not in contravention of the provisions of the Act and any other statute, the provisions of this Agreement shall prevail and the Parties shall, whenever necessary, exercise all voting and other rights and powers available to them to procure the amendment of the Memorandum and/or Articles to the extent necessary to permit the Company and its affairs to be carried out as provided in this Agreement.
- (ii) Each of the Parties shall exercise all voting rights and other powers of control available to them in relation to the Company so as to procure (so far as each is respectively able by the exercise of such rights and powers) that at all times during the term of this Agreement, the provisions concerning the structure and organisation of the Company and the regulation of its affairs set out in this Agreement are duly observed and given full force and effect and all actions required of the Parties under this Agreement are carried out in a timely manner.

12.5. Arbitration

- (i) All matters, questions, disputes, differences or claims arising between the Parties as to the effect, interpretation or application of this Agreement, or as to their rights, duties or liabilities

thereunder or as to any act, matter or thing arising out of, consequent to or in connection with this Agreement (hereinafter 'the Difference') shall be resolved amicably through negotiations. Such negotiations shall commence within a period of seven (7) Business Days of the receipt of notice by either Party calling for the same.

- (ii) In the event that the negotiations fail to so resolve the Difference within a period of fourteen (14) Business Days from the date of receipt of the notice by the other Party, either Party may invoke this arbitration clause under notice to the other. The Difference shall then be referred to and finally resolved by arbitration, which shall be governed by the Indian Arbitration and Conciliation Act, 1996, by a sole arbitrator appointed by mutual consent of the Parties.
- (iii) The place of Arbitration shall be Bhopal and the language of Arbitration proceedings shall be English.
- (iv) In absence of a finding in that regard, the cost of any arbitration proceeding between the Parties shall be borne equally by them.
- (v) The Arbitrator shall have the power to award interest on any sum awarded pursuant to the arbitration proceedings and such sum would carry interest, if awarded, until the actual payment of such amounts.
- (vi) Any award made by the Arbitrator shall be final and binding on each Parties.

12.6. Notices

- (i) Any notice to be given by any Party to this Agreement shall be in writing and shall be deemed duly served if delivered by prepaid speed post acknowledgement due or facsimile at the address provided below:
 - (a) MPUIF
Name of the person concerned: *[insert designation]*
Address: *[insert address]*
Fax #: *[insert]*
 - (b) Consultant
Name of the person concerned: *[insert designation]*
Address: *[insert address]*
Fax #: *[insert]*
 - (c) Company
Name of the person concerned: *[insert designation]*
Address: *[insert address]*
Fax #: *[insert]*

or at such other address and facsimile numbers as the Party to be served may have notified in accordance with the provisions of this clause. Any notice served by facsimile shall be followed by prepaid speed post acknowledgement due to the addressee at its address. Any notice served by prepaid speed post shall be deemed served seven (7) days after posting. In proving a service of any notice, it will be sufficient to prove, in the case of a letter, that such letter was properly stamped, addressed, and placed in the post or delivered or left at the address of addressee given above or subsequently notified for the purposes of this Agreement.

12.7. No Partnership: The Parties expressly do not intend hereby to form a partnership, either general or limited, under any jurisdiction's partnership law.

The Parties do not intend to be partners to one another or partners as to any third party, or create any fiduciary relationship among themselves, solely by virtue of their status as shareholders of the Company. To the extent that any Party, by word or action, represents to another Person that any other Party is a partner or that the Company is a partnership, the Party making such representation shall be liable to any other Parties that incur any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including but not limited to any investigative, legal or other expenses incurred in connection with, and any amount paid in settlement of, any pending or threatened legal action or proceeding) arising out of or relating to such representation.

12.8. No Agency: No Party, acting solely in its capacity as a shareholder of the Company, shall act as an agent of the other Parties or have any authority to act for or to bind the other Parties. Any Party that takes any action or binds any other Parties in violation of this clause shall be solely responsible for, and

shall indemnify the other Party against, any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including but not limited to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding) that such other Party may at any time become subject to or liable for by reason of such violation.

- 12.9. Entire Agreement: This Agreement (including the Schedules) contains the entire agreement among the parties with respect to matters covered by this Agreement, and supersedes all prior agreements, written or oral, with respect thereto.

Changes in or additions to this Agreement may be made only upon prior written consent of the Parties. None of the terms of this Agreement shall be deemed to have been waived or altered unless such waiver or alteration is in writing and is signed by all the Parties.

- 12.10. Severability: In the event that any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby and the Parties agree to attempt to renegotiate such provisions in good faith. In the event that the Parties cannot renegotiate such provisions, this Agreement may, at the discretion of the Company, terminate. In the event that the Parties cannot renegotiate such provisions but the Company does not terminate the Agreement then:

- (i) Such provisions shall be excluded from the Agreement;
- (ii) The remainder of the Agreement shall be interpreted as if the provisions were so excluded; and
- (iii) The remainder of the Agreement shall be enforced in accordance with its terms.

- 12.11. Binding Effect: All covenants, agreements, representations, warranties and undertakings contained in this Agreement by and on behalf of any of the Parties hereto shall bind and inure to the benefit of the respective successors and assigns of the Parties hereto, whether so expressed or not. This Agreement shall inure to the benefit of and be binding upon the Parties, their successors-in-interest and permitted assigns, but shall not be assigned by any Party without the prior written consent of the other Parties.

- 12.12. Costs And Expenses

- (i) Each Party agrees that it shall bear by itself all costs and expenses incurred by it in connection with any discussions, negotiations and investigations undertaken in connection with the subject matter hereof, including costs and expenses associated with retention of financial, legal, tax and other professional advisers.
- (ii) All costs and expenses in relation to and for the consummation of the transaction including the expenses relating to issue of the shares, stamp duty and other charges payable in respect of the issue of the Subscription Shares and the execution of this Agreement shall be paid by the Company.

- 12.13. Amendments: No amendment, modification or variation of this Agreement shall be binding on any Party unless such amendment, modification or variation is recorded in a written document and executed by the Parties, but where any such document exists and is so signed, no Party shall allege that such document is not binding by virtue of an absence of consideration.

- 12.14. Waiver: A waiver by a Party of a provision or of a right under this Agreement is binding on the Party granting the waiver only if it is given in writing and is signed on behalf of the Party granting the waiver. No delay in exercising or omission to exercise any right, power or remedy shall impair any such right or constitute a waiver thereof or any acquiescence by the holder thereof in respect of any default, nor shall it affect or impair any right, power or remedy of either party in respect of any other default. If at any time any Party shall waive its rights accruing to it under this Agreement due to breach of any of the provisions of this Agreement, such waiver shall not be construed as constituting waiver of the rights accruing to it under this Agreement as regards other breaches or other provisions of this Agreement.

- 12.15. Counterparts: This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

[insert name]

Authorised signatory

For and on behalf of Madhya Pradesh Urban Infrastructure
Fund

[insert name]

Authorised signatory

For and on behalf of *[Company]*

[insert name]

Authorised signatory For and on behalf of

[Consultant]

Annexure A: Consultant

[insert name, address and description of entity of the Consultant]

Schedule 7.13: Affirmative Vote Matters

- 1 Amendment to the Charter Documents of the Company.
- 2 Issue, allot, repurchase, redeem, alter, reorganise or retire Equity Shares or convertible securities or options in respect of such Equity Shares and any rights attached to such Equity Shares or otherwise permit any change in the share capital of the Company, any changes in class rights for securities, undertake stock splits or stock consolidations, or modify or adopt any equity option plan.
- 3 Merger of the Company with another company, consolidation or sale of substantial part of the assets of the Company.
- 4 Causing the Company to: (1) commence any case, proceeding or other action (A) under any bankruptcy, insolvency or similar law seeking to have an order of relief entered with respect to it or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganisation, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or all or any substantial part of its property; (2) make a general assignment for the benefit of its creditors; or (3) admit in writing its inability to pay its debts when they become due.
- 5 Change in the number of Directors over and above the limits set out in the Articles of the Company and changes to any Party's nominated members of the Board.
- 6 Any change in the Managing Director of the Company.
- 7 Any changes in the scope of business outlined in the Business Plan.
- 8 Any Related Party Transaction.
- 9 Change the statutory auditors, accounting standards or tax policies or practices employed by the Company.
- 10 The acquisition by the Company of any other business or entity or setting up a subsidiary and the purchase or subscription of shares in any other company.
- 11 Expansion of the Company's business, beyond what is outlined in the adopted Business Plan.
- 12 Matters pertaining to investment in or dis-investment from any real estate or shares or debentures, etc.
- 13 Declaration of dividend of the Company.
- 14 Any proposal for change in the Services Agreement.

Schedule 8.7 above: Form of Deed of Adherence

This Deed of Adherence entered into this _____ day of _____ 20_____

By and Between:

M/s. _____, a Company/Partnership/Individual having place of residence and registered address at _____;

and

[*insert name of Company*], a public limited company incorporated under the Indian Companies Act, 1956, having its registered office at [*insert address*] (hereinafter referred to as 'the Company').

and

Madhya Pradesh Urban Infrastructure Fund, a trust formed and registered under the Indian Trusts Act, 1882 and having its office at [*insert*] (hereinafter referred to as '**MPUIF**' which expression shall include its successors and permitted assigns);

AND WHEREAS a Shareholders Agreement ('Agreement') dated _____ has been entered into between MPUIF, the Company and [*insert name description and address of the Consultant*];

AND WHEREAS under the Agreement any person purchasing any shares in the Company shall execute a Deed of Adherence and be bound by the Agreement;

NOW THIS DEED WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES:-

1. DEFINITIONS AND INTERPRETATION

Capitalised terms used but not defined in this Deed shall, unless the context otherwise requires, have the respective meanings ascribed thereto in the Agreement.

2. _____ (Name of Affiliate/New Shareholder/Transferee, as the case may be) hereby acknowledge that it has received a copy of and has read and understood, the Agreement and covenants, thereof and agrees and confirms that it shall be bound by all provisions of the Agreement as if it was an original Party thereto, and the Agreement shall have a full force and effect on it and shall be read and construed to be binding on it.

3. _____ shall be bound by each and all the obligations of M/s. _____ (Name of Party).

4. This Deed shall be governed by and construed in accordance with the laws of the India. The terms and conditions of the Agreement in relation to the provisions regarding arbitration and other terms and conditions shall be deemed to have been incorporated in this Deed and expressly agreed to between the Parties hereto.

IN WITNESS WHEREOF the Parties hereto have executed this Deed as of the date and year first hereinabove mentioned.

[*insert name*]

Authorised signatory

For and on behalf of

Madhya Pradesh Urban Infrastructure Fund

[*insert name*]

Authorised signatory

For and on behalf of [*Company*]

[*insert name*]

Authorised signatory

For and on behalf of [*Consultant*]

[*insert name*]

Authorised signatory

For and on behalf of [*new shareholder/ assignee*]