

## **JOINT VENTURE AGREEMENT**

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

WHEREAS the Party of the First Part is engaged in manufacture, sale and distribution of \_\_\_\_\_ in India

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

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

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

1. The Party of the Second Part and the Party of the First Part shall undertake to incorporate and form a company (*hereinafter called the Joint Venture Company ("JVC")*) to be registered in India under the Companies Act, 1956 by the name of \_\_\_\_\_.
2. The JVC will be registered in the State of \_\_\_\_\_ in India. and will have its Registered Office \_\_\_\_\_ or such other place/s as the parties may agree upon. The headquarters of the JVC shall be at \_\_\_\_\_, India.
3. The main objects of the JVC will be as set forth in its **Memorandum of Association** attached hereto.
5. The initial authorised capital of the JVC will be Rs. 1,00,00,000/- divided into 10,00,000 equity shares of Rs. 10 each. The Party of the First Part and the Party of the Second Part have agreed to subscribe the share capital of the proposed JVC in the proportion of 3 : 2, i.e., the Party of the First Part to take 30,000 equity shares of the aggregate value of Rs.3,00,000 and the Party of the Second Part 20,000 equity shares of Rs.10/- each of the aggregate value of Rs.2,00,000/-.
6. In addition to the initial subscription mentioned hereinabove, the parties agree to subscribe to the further issue of share capital of the JVC as may be required in the proportion of 3 : 2, i.e., the Party of the First Part 60% and the Party of the Second Part 40%
7. The **Memorandum and Articles of Association** of the JVC will be as set forth in the draft attached as **Annexure - I**. These documents may be amended from time to time by written agreement between the parties, subject to the provisions of the Companies Act, 1956.
8. On signing this Agreement, the parties agree to take necessary action for the registration of the Joint Venture Company within 30 (thirty) days hereafter.
9. The parties hereto agree to jointly own, operate and manage the JVC.
10. The JVC shall be owned, operated and managed by the parties jointly in accordance with this agreement and the Memorandum and Articles of Association.
11. The proposed Memorandum and Articles of Association of the Joint Venture Company shall include the following provisions:
  - a. The JVC shall have a Board of Directors composed initially of 5 directors, three of which shall be of the choice of the Party of the First Part and two of whom shall be of the choice of the Party of the Second Part.
  - b. The Chairman of the Board of Directors shall, for the first accounting period of the JVC, be one of the members of the Board of Directors appointed by the Party of the First Part and for the duration of the 2nd accounting period be one of the members appointed by the Party of the Second Part, whereafter the parties shall alternatively have the right to appoint the chairman during the subsequent accounting periods of the company.
  - c. The Board of Directors shall meet regularly at least four times a year, i.e., once in each quarter.
  - d. At least 21 days prior notice shall be given to all directors of the Board whether residing in India or otherwise. In case of directors residing outside India, notice shall be sent by telex/fax/cable. Each notice shall set out in sufficient detail, the Agenda of items to be transacted at each meeting. A meeting may be held at short notice if it is agreed by all the directors in writing.
  - e. The quorum necessary for transacting any business of or taking any decision of the Board of Directors shall consist of at least 4 members, of whom at least 2 shall have been those appointed by the Party of the First Part and 2 by the Party of the Second Part.
  - f. If the minimum number of directors of each of the parties is not present at the Board Meeting, the meeting shall be adjourned for a day, which shall not be less than 10 days from the original meeting and if at such adjourned meeting the quorum as required is not present, then the adjourned meeting may proceed, provided that the Board shall not take any action concerning matters specified in Annexure 1 hereto and any attempted action by the Board shall be null and void.
  - g. The parties have agreed that they will obtain an undertaking from each person nominated by them to be a director of the Joint Venture Company with an undertaking that each of them will implement each and every provision of this agreement.
  - h. Parties shall exercise their powers to ensure that the appointment of directors nominated by each other is not terminated except as may be mutually agreed. In case any director vacates his office due to any reason, including operation of law, the party which had appointed such director shall have the right to fill in such vacancy by appointment of another director to fill such vacancy and parties shall ensure that the Board fills such vacancies as provided above.