

## FORM OF TECHNICAL COLLABORATION AGREEMENT

THIS AGREEMENT made on this.....day of.....BETWEEN .....an Indian company having its registered office at.....(hereinafter referred to as “A”) of the one part AND.....a foreign firm having its principal place of business at.....(hereinafter called “B”) of the other part.

WHEREAS “A” is engaged in the manufacturing and marketing of.....and has considerable engineering know-how and technical information and equipment regarding said.....and their method of manufacture.

AND WHEREAS “A” is desirous of manufacturing in India and marketing in India and other countries of various types of items which are set out in Schedule “A” hereto annexed (hereinafter referred to as PRODUCTS) on the terms and conditions herein contained.

NOW THEREFORE IT IS AGREED between the parties that :

1. Know how” means and includes all inventions, processes, patents, engineering and manufacturing skill and other technical information whether patent or patentable or not which are presently owned by “B” or which may be so owned, during the term of this agreement including without limitation :

- Technical and engineering data, calculations and information.
- Design data, calculations and information.
- Details of layout of works, including details and specification of machinery
- All other forms of recovered information, technique and design in making of jigs, tools, dies, patterns and moulds.

- 2(a) "B" shall fully and promptly furnish "A" with such "know-how" as "A" may require from time to time during the term of this agreement in connection with the manufacture of the products.
- (b) "B" will depute .....technicians at the expense of "A" to help to establish and operate the plant at.....and to train.....Indian technicians in its work in.....at expense of "A".
- © "A" at their expense, shall procure and maintain patents in India on such inventions and improvements made by "A" : as "A" in their sole discretion shall choose. "B" shall also have the right to use the invention and improvements in all countries outside India and shall take full title to such procured by "B" outside India. However, "B" shall not, without the consent of "A", licence any third party under said patents except its subsidiaries, its parent company or other subsidiaries of the parent company.
- (d) "A" shall manufacture the PRODUCTS in strict accordance with the said know-how, the STANDARD of quality embodied therein or as may be set from time to time by "B". To ensure the performance of this provision, "B" shall have the right to inspect at reasonable intervals and during business hours the facilities of "A" to the manufacture of the said PRODUCTS.
3. Subject to other provisions of this agreement, "B" hereby grants to "A".
- (a) an exclusive licence to make in India the products by the use of any or all of "Bs" know-how.
- (b) a non-exclusive licenses to use and sell the said PRODUCTS throughout the world.
- 4(a) in consideration of "B" having agreed to disclose to "A" the latest method of manufacture of

PRODUCTS and other processes and having further agreed to supply technical advice and date, "A" agrees to pay "B" a sum of .....which due and payable in installments as follows.

- i) upon effective date.
- ii) upon delivery by "B" of the complete design and engineering documents.
- iii) within.....months after tender or certificate of Discharge of guarantees.

.....  
Total .....

In consideration of "B" for having agreed to disclose to "A" the latest method of manufacture of products and other process, and having further agreed to supply technical advice and date, "A" will arrange to allot "B" .....shares atRs.....each without any payment by "B"

- (b) "A" further agrees to pay to "B" a royalty of.....per cent of the net selling price of the products covered by the agreement for a period of.....years from the date of execution of the agreement. The net selling price would mean the ex-works price of the products covered (less the landed cost of all imported components) including ocean freight, insurance, customs duties payable thereon, etc., irrespective of the source of import. Such royalty payments are subject to Indian taxes.

- 5(a) "A" shall render to "B" bi-annual/annual reports on or before the last day of.....following each calendar year with respect to which royalties are payable under this agreement, stating the amount of PRODUCT manufactured in the plant during the preceding year the amount of royalty due and payable with respect thereto. At the time of rendering such reports A shall pay to B the

amount of royalty stated therein to be due and payable.

- (b) A agrees to keep complete records of the account concerning the products which are the subject-matter of this agreement, which records shall be open to inspection of B 'its appointed representative agreeable to both parties, during regular business hours for verifying the payments due to B under this agreement .
  
- 6. All payments due by A to B under the agreement are to be made in ..... to B's account in any bank hit designates.
  
- 7(a) "A" shall maintain secrecy at all time during this agreement of all the know how, drawings and the like disclosed by "B" to "A" and/or pursuant to the terms herein or about which "A" learns during the performance of this agreement.
  
- (b) "A" will, however, be free to sub-license the technical know-how, product design/engineering design under the agreement to another Indian party/parties, should it become necessary. The terms of such sub-licence will, however, be as mutually agreed to by all parties concerned including "B" and will be subject to the approval of the Government.
  
- 8. This agreement shall become effective after it has been duly approved and signed by "A" and "B" and the approval of the Government of India has been obtained thereto.
  
- 9(a) This agreement shall remain effective for a period of..... years from the date of signing the agreement. Upon the expiration of this agreement, the KNOW HOW THEREFORE delivered to "A" shall remain its property for its full and free use thereof.
  
- (b) Subject to the approval of the Indian Government, this agreement may be renewed in whole or

- in part for further period by mutual agreement.
10. This agreement shall be binding upon and ensure to the benefit of the successors and assigns of the respective parties hereto, and the obligations hereunder shall not be assignable by either party without written consent being first obtained from the other.
  11. This agreement embodies entire understanding of the parties as to its subject matter, and it shall not be amended except in writing executed by both parties to the agreement.
  12. Either party may by notice in writing to the other terminate this agreement in the event of:
    - (a) Any default by such other party in the performance or observation of any of its obligations under this agreement which is not remedied to the satisfaction of the party giving such notice within ninety (90) days following delivery of such notice, such notice to contain reasonable particulars of such default and to state the intention to terminate the agreement under this clause unless such default is made good or remedied.
    - (b) Judicial proceedings for bankruptcy, composition with creditors, sequestration of assets for creditors, or receivership instituted by or against such other party, insolvency of such other party or its failure to meet its obligations as they mature for any material period of time.
    - © Liquidation, compulsory or voluntary of such other party except in connection with an amalgamation, reconstruction, merger, consolidation, re-organisation or disposition of assets as a going concern voluntarily undertaken and with a view to the continuance of the business by the transferee thereof, provided, however, that upon such event the business entity continuing the business formerly carried on by such other party shall, in an appropriate instrument delivered to the other party to this agreement, undertake to perform all of the obligations of such other party

hereunder.

13. Neither party shall be in default under this agreement by reason of its failure or delay in the performance of its obligations is such failure or delay is caused by acts of God, Government laws and regulations, strikes, lock-outs, war or any other cause beyond its control and without its fault or negligence.
14. All disputes, questions, or differences, etc., arising in connection with this agreement shall be referred to a single arbitrator in India in case parties agree upon one, otherwise two arbitrators in India are to be appointed by each party in accordance with and subject to the provision of the Arbitration & Conciliation Act, 1996, or any other enactment or statutory modification thereof for the time being in force.
15. Notices and other communications under the agreement shall be in writing, or by established cable, radio or facsimile service, addressed as indicated in the description of parties above or as either party may request in writing, and the effective date of each is the date of its repaid deposit in the mail for dispatch by air or such service properly addressed.
16. The agreement should be construed in accordance with and be governed by the laws of India.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first above written.

For "B"

.....

(Chairman of the Board)

For "A"

.....

(Director)