**MOU FOR FOREIGN COLLABORATION**

This memorandum of understanding is executed between AB Co. Ltd. and XY Ltd., London relating to technology transfer by the X Y Ltd. to the A B Co. Ltd. to be implemented in…………………………..State of…………...............by setting up a factory. The principal terms of the technology transfer are as under

(i) XY Ltd. would provide the technical know-how to AB Co. Ltd for the manufacture of Electronic goods

(ii)XY Ltd. will be entitled to the following amounts for providing the technical know-how:

(a) A lump sum of……………..…………..US $ dollars for technical knowhow in three installments

(b) A sum of ………………………………..……..US $ dollars for improvements and training of personnel of Indian company.

(iii) Both the companies will form a company in India with a capital of Rs. 100 crore out of which XY Ltd. will take 30% of the equity, 30% will be taken by AB Co. Ltd., and rest will be offered to public financial institutions, mutual funds, general public as per guidelines of Government of India. The foreign company will have 3 directors in the new company out of total 8 directors. The managing director of the proposed company will be nominated by both the companies turn by turn for a period of5 years, the first managing director will be nominated by AB Co. Ltd. However no company will nominate managing director without the consent of the other company in writing

(iv) The foreign collaboration will be subject to the approval of Government of India/RBI and any other authority in India/Uk.

(v) The foreign collaboration agreement containing detailed terms/ conditions will be executed within……………..months from the date of the execution of MOU and the factory will be set up in such a way that commercial production may commence from

(vi) Any party to this memorandum will be entitled to withdraw from the obligations under this MOU within a period of days from the date of these presents, in which case neither party will have any right/obligation against other party.

Signed by the companies by their authorized representatives on this…………….. day of…………………..20……………..

For XY Ltd. For AB Co. Ltd.

......................... ……………..

President

Managing Director