**Joint Venture Agreement – Specimen Clauses**

**1.**     **Information of Joint venture Company**

1.     Local and foreign (or else Local along) shall take all necessary steps for the incorporation of a (type of corporation to be formed) corporation under the laws of (jurisdiction of incorporation), which said corporation shall be hereinafter referred to as the “Joint Company’

2.     Local and foreign (or else Local alone) shall cause the Joint Company to be duly organized in accordance with the terms of this Agreement, with (name for the documents of incorporation, under the law of the jurisdiction of incorporation, such as “Statutes” “Letters Patent of Incorporation”, “Memorandum and Articles of Association” etc.), which in the English translation shall read in substantially the form schedule attached hereto.

3.     The costs of incorporating the Joint Company shall be borne equally (or accordingly to some other formula) by foreign and Local.

4.     If any of the provisions contained in the said Schedule should not be approved by the appropriate authority for inclusion in the documents of incorporation of the Joint Company, then the parties agree to make such amendments thereto as shall be acceptable to the said appropriate authority without altering their purpose or intention, or failing such amendment, to take all such other steps and do such other things, including the execution of any other agreements as may be necessary, to achieve the interest and purpose of such of the provisions as may not have been found acceptable by the said appropriate authority.

**2.**     **Payment for equity participation**

In payment for the shares of the Joint Company to be acquired by Foreign (Local ) at the time of incorporation of the Joint Company (or, within-days after the incorporation of the Joint Company), Foreign (Local) shall assign and transfer to the Joint Company), Foreign (Local) shall assign and transfer to the Joint company.

1.     Cash : (amount ) in cash.

2.     Machinery and Equipment : All the machinery and equipment set forth in Schedule-annexed hereto, which said machinery shall become the sole property of the Joint company, free and clear of all liens, charges and claims of any king whatsoever.

3.     Land : The absolute title, free and clear of all liens, charges and claims of any kind whatsoever, to the real property and all buildings and other structures thereon, including all fixtures, equipment and machinery located therein situated at (municipal address) which said real property, buildings structures, fixtures, equipment and machinery are more specifically described in the schedule annexed hereto.

4.     Industrial Property :

**a.**     **Assignment**

                               i        Patents : Foreign’s entire right, title and interest in and to all unexpired patents and patent applications theretofore issued or assigned to or filed by Foreign anywhere in the world to the Licensed Products or to the production, manufacture or use thereof (a list of such patents and patent applications heretofore issued or assigned to or filed by Foreign being set out in the attached Schedule), together with all rights which Foreign then has to apply for patents in the territory on inventions relating to the Licensed Products or to their production, manufacture or use, and including all of Foreign’s rights with respect to patents which may thereafter issue anywhere in the territory or any such patent applications and with respect of divisions, patents of addition, continuations, renewals, reissues and extensions of all such patents, patent applications and patents which may issue on such patent applications ;

                                      ii        Trade Mark and Trade Name : Foreign’s entire right, title and interest in and to all rights in the territory which it then has to all of the following trade marks and trade names, namely : (to all the trade marks and trade names set out in the attached Schedule);

**b.**    **Licenses :**

Foreign shall enter into a Licence Agreement with the Joint company in the form as set out in Schedule-hereto annexed, under which said Licence Agreement the Joint Company shall become the exclusive licensee for the world for all unexpired patents and patent applications of foreign for the Licensed Products or to the production, manufacture or use thereof, together with all rights which Foreign then has to apply for patents in the territory on inventions relating to the Licensed Products or to their production, manufacture or use, and including all of Foreign’s rights with respect to patents which may thereafter issue anywhere in the territory or any such patent applications and with respect to divisions, patents to addition, continuations, renewals, re-issue and extensions of all such patents, patent applications and patents which may issue on such patent applications ;

**c.**     **Sub-licenses :**

Foreign’s entire right , title and interest in and to all rights in the territory which it then has under patents owned by others relating to the Licensed products or to their production manufacture or use , a list of Foreign’s present right under such patents being set out in the attached Schedule.

5.     **Technical Date :**

Foreign’s entire right, title and interest in and to the sue in the territory of all Technical Date which Foreign is then entitled to use anywhere in the world ; and thereafter during the term of this Agreement, Foreign shall assign and transfer promptly to the Joint company any and all rights in the territory with respect to Technical Date relating to the Licensed Products and all other products being manufactured by the Joint Company, which Foreign shall acquire during such term incidental or relating to such products; foreign shall take all such action and shall execute all such documents as the Joint Company referred to above, including, without limitation, the full and complete disclosure to the Joint Company of Foreign’s Technical Data, and lists of Foreign’s distributors and customers for all of the Licensed products and other products produced or sold by foreign which may be similar to the products manufactured or sold from time to time by the Joint Company.

In the above Section, the term “Technical Data” shall mean formula, inventions, whether or not patentable, secret processes and technical information relating to the products and to the production, manufacturing, engineering and test data, specifications, application, instructions, information, regarding uses, raw materials and methods for controlling and analysing quality and sample copies of advertising and publicity materials, except that information received in confidence from others or information forbidden to be disclosed by virtue of any law or governmental regulation restricting the dissemination of such information shall not be included.

**Note:** Indian government does not normally allow adjustment of share Capital against equipment or know-how fee transferred by the foreign party to Indian Joint Venture Company.

**3.**     **Decision by Board of Directors**

**A. Simple majority** : All decisions of the Board of Directors shall require an affirmative vote of at least (number-it should be half of the total number of directorship plus one ) directors.

**OR**

**B. Special majority** : All decisions of the Board of Directors shall require an affirmative vote of at least (number it should be half of the total number of nominees of the partner with the largest number of nominees on the Board, plus one for each of the other partners) directors.

**AND/OR**

**C. No casting vote :** The chairman shall not have a casing or second vote in the event of a deadlock.

**4.**     **Distribution of profits**

A.    The parties hereto recognize that their own and the best interest of the joint Company will be best served by taking all reasonable steps to ensure the expansion of the production facilities of the Joint Company as rapidly as market conditions permit, and to this end, agree to retain sufficient earnings in the Joint Company before distributing profits to the shareholders, as shall be reasonably required in the circumstances to provide for such expansion and for the other requirements of conducting the affairs of the Joint Company according to sound business practices.

**OR**

B.    Before any profits of the Joint Company shall be distributed as dividends to the shareholders thereof…………per cent of each year’s net profits after tax shall be set aside to meet the capital and other requirements of the Joint Company.

**5.**     **Grant of Licence**

1.     The licensor shall make available to the Licensee without charge and as required by the Licensee all such technical data and information as shall be necessary for the Licensee to manufacture, sell and service the licensed products and all products related thereto.

2.     If the Licensee shall desire technical assistance in connection with the manufacture, sale, application or servicing of the licensed products and all products related thereto, the Licensor shall make available to the Licensee the services of trained personnel for and during such period as the Licensee shall reasonable require.

3.     Representative of the Licensor and the Licensee shall from time to time consult with each other regarding research, production, sales, servicing, advertising and promotion pertaining to the manufacture of the licensed products, and including all developments and improvements in respect thereof, and the Licensor shall do all such things as shall be necessary to supply all the technical data and information and technical assistance in respect thereof as the Licensee shall request in accordance with the terms of the two preceding paragraphs.

**6.**     **Grant of sub-licence**

a.     The Joint Company shall have the right to assign the benefits to this Agreement, and to sub-licence the rights to the trade names and trade marks, to such other parties and upon such terms and conditions as it shall in its absolute discretion determine, provided, however, that it remains responsible to Foreign for its obligations hereunder and provided that such assignment or sub-licence shall apply only to the designated territory.

**7.**     **Trade mark**

d.    Foreign hereby grants to the Joint Company the right during the continuance and subject to the provisions of this Agreement to use each and every of the trade arks and trade names upon or in connection with the authorised products manufactured and/or assembled by or on behalf of the Joint Company within the territory and which comply with the relative standards, and the Joint Company agrees that it will use the trade marks and trade names upon or in connection with al authorised products so manufactured and/or assembled.

e.     The right of the Joint Company to use the trademarks and trade names as aforesaid is an exclusive right for the whole of the territory.

**8.**     **Grant of Technical Assistance**

1.     Foreign shall furnish to the Joint Company detailed plans, specifications, blueprints and other date and information sufficient to enable a qualified contractor or contractors to construct production facilities at (address of site in host country) capable of producing (quantity) per year of ( list products), which said production facilities shall be capable to being altered, added to or expended in an economical fashion so as to increase the production of the above said products or to adopt the facilities for the production of other related or similar products as the business exigencies of the Joint Company may from time to time require, and shall be of the latest, most modern and most economical design, and shall be capable of producing the said products in the most efficient and economical fashion.

2.     Foreign hereby warrants and guarantees that the said production facilities shall satisfy all the above requirements.

**9.**     **Installation of Plant & Machinery**

Foreign shall furnish to the Joint Company all the necessary technical assistance to assemble and install the equipment and machinery in the plant so that it will function in the matter required in the specifications.

**10.**  **Maintenance Facilities**

Foreign shall furnish to the Joint Company all the technical data, information and assistance necessary to ensure the effective operation and maintenance of the machinery and equipment, including :

a.     A list of recommended plant spares;

b.    Lubrication and maintenance manuals’;

c.     Detailed operating instructions ;

d.    Detailed manuals indicating the construction and assembly of each model and typed of machinery and equipment ;

**11.**  **Operation of Facilities**

Foreign shall furnish to the joint Company technical assistance and advice on all aspects of plant operation including, but without limiting, the generality of the foregoing :

a.     Scheduling, material specifications and ordering, and production techniques relating to the manufacture of the products.

b.    Quality control and production planning;

c.     Methods, studies and other industrials engineering activities in connection with the organizing, planning , training or personnel, and development of operating practices and procedures to obtain the most efficient use of the production facilities;

d.    Recommended safety procedures.

**12.**  **Testing Facilities**

1.     The Joint Company shall not be required to accept the plant or production facilities until, such time as it shall be wholly satisfied that the said production facilities are capable of producing the required products in the required quantities.

2.     Accordingly, before such acceptance, representative samples of each type of product to be produced by the Joint Company shall be sent to (name of independent testing agency or firm ; or to Foreign’s main production plant) for testing to ensure their compliance with the required standards and specifications and that they have been constructed in a good and workmanlike manner, and the Joint Company shall have been furnished with a guarantee and warranty of the satisfaction of such conditions.

**13.**  **Research and Development**

Foreign shall during the term of this Agreement, provide to the Joint Company all technical information and assistance as shall be necessary to keep the Joint Company aware of, current with, and able effectively to use, the latest developments in technology applicable or relating to the manufacture, sale or use of the products to be produced by the Joint Company.

**14.**  **Training**

Foreign hereby undertakes to provide training and technical assistance to the Joint Company upon the following terms and conditions :

1.

a.     Prior to the start-up of production, Foreign agrees to accept for training up to (maximum number) operating employees of the Joint Company as its plant located (site of Foreign’s plant) for periods of at least-months each.

b.    It is understood that the maximum number of such employees to be trained by Foreign at any one time shall be and that they shall be made familiar with all operational and technical aspects of production as relate to or are similar to the production operation to be undertaken by the Joint Company.

c.     The Joint Company shall have no obligation to pay for the costs of such training, other than to pay for their travelling expenses to and from (Foreign’s Country) and their salaries, if any.

d.    Foreign will use its best efforts to assist in arranging for immigration visas for such trainees and in finding suitable living accommodation at reasonable prices for such trainees while they shall be in (Foreign’s Country).

2.     For a period prior to the start-up of production and during the initial operating period, which initial operating period shall not last longer than-days, Foreign agrees to provide to the Joint Company :

a.     One qualified production supervisor, and –assistants, all of whom shall be graduate engineers, who, besides their responsibilities in respect of readying the plant and operating facilities for the start-up of production and the initial operating period, shall assume responsibility for training all the operating employees of the Joint Company in their operating functions.

b.    One qualified individual who will assist in the recruitment and hiring of the necessary employees and in the development of personnel and labour relations skills in the Joint Company.

c.     The Joint Company agrees to reimburse to Foreign all expenses in respect of such individuals, including their salaries, travel expenses and living expenses while in (host country), provided that such expenses inclusive of all taxes but exclusive or travel to and from (host country), shall not exceed-per man per month.

d.    Local agrees to use its best efforts to arrange for their immigration visas into (host county) and suitable accommodation while they should be in (host country).

3.     .

a.     The Joint Company shall be entitled, from time to time and as it shall consider necessary, to require Foreign to send to (host country) such personnel or individuals as it shall consider necessary to assist the Joint Company in finding solutions to any of its problems and in training employees of the joint Company to cope with such problems.

b.    The Joint Company shall reimburse to Foreign the expenses of such employees for the period during which they shall be absent from their regular business duties with Foreign, including their travel to and from the (host country) by economy fare air passage, their salaries and their living expenses, provided that the total of such expenses including all taxes but excluding the said air passage, shall not exceed-per man per month.

4.     During such time as said personnel supplied by Foreign shall be rendering technical assistance and training to the Joint Company, they shall not be regarded as employees of the Joint Company, for any purposes nor shall Foreign make any claim on behalf as such personnel arising from accident or any other cause.

**15.**  **Restriction on sale of shares**

Foreign and Local agree that neither will sell, transfer, assign, mortgage, pledge or otherwise encumber or deal with any or all shares of the capital stock of the Joint Company without the prior written consent of the other except as is hereinafter provided and provided that this provision shall not apply to transfer of directors’ qualification share so long as the beneficial ownership of such shares is retained by Foreign or Local as the case may be.

**16.**  **Buy-sell arrangement**

A. Complex agreement

1.     Either Foreign or Local (hereinafter in this clause called the “offer-or”) shall have the right at any time-after years from the execution of this Agreement by notice in written (hereinafter called the “original notice”) to the other to offer to sell to the other (hereinafter in this clause called the “offeree”) all but not less than all of the outstanding shares of the Joint Company then owned by the offeror at a price and terms to be specified in the original notice, provided, however, that the price shall be payable on the “closing date”, as hereinafter defined, and the balance shall be payable in not more than (number) annual installments and provided further that the original notice shall provide that the offeree shall have the right to elect to sell to the offeror all of the shares of the Joint Company then owned by the offeree at the price and then on the terms set forth in the original notice.

2.     Within 90 days after receipt of the original notice the offeree shall advice the offeror by “notice in writing (hereinafter called the “notice of election”) whether the offeree accepts the offer of the offeror to sell all but not less than all of the outstanding shares of the Joint Company owned by the offeror or elects to sell to the offeror all of the outstanding shares of the Joint Company owned by the offeree.

3.     If the offeree does not advice the offeror by notice in writing within the said period of 90 days as hereinbefore provided then the offeree shall be deemed to have accepted the offer of the offeror to sell all but not less than all of the shares of the Joint Company owned by the offeror in accordance with the terms of the original notice.

4.     The purchase and sale of the shares of the Joint Company any resulting from acceptance or deemed acceptance by the offeree of the offer of the offeror to sell contained in the original notice as aforesaid or the election by the offeree to sell to the offeror all but not less than all of the shares of the Joint Company owned by the offeree or the offeror, as the case may be as aforesaid, shall be completed on a date (hereinafter called the “closing date”) not later than ………days after receipt by the offeror of the notice of election, or if the offeree does not deliver a notice of election as aforesaid …………..days after receipt of the original notice by the offeree, at which time the nominees of the party whose shares are to be sold (hereinafter called the “vendor”) shall resign as directors, officers and employees of the Company and the other party who is purchasing the vendor’s shares (hereinafter called the “purchaser”) shall and will pay to the vendor the price or the portion thereof set forth in the original notice by cash or certified cheque.

If, on the closing date, the vendor shall fail or refuse to complete the transaction, the purchaser shall have the right on payment of the purchase price (or the portion thereof then due) to credit of the vendor in any chartered bank in the city of (name of city) and on giving notice thereof to the vendor to execute and deliver all such transfers, resignations and other documents and instruments which may be necessary or advisable in order to complete the transaction and the purchaser is hereby irrevocably appointed attorney of the vendor for and in the name of and on behalf of the vendor to execute and do any deeds, transfers, conveyances, assignments, assurances and things which the vendor ought to execute and do under the covenants herein contained.

If, on the closing date, the purchaser shall fail or refuse to complete the transaction, the vendor shall have the right to purchase the purchaser’s shares and on payment to the purchaser of an amount equal to 75 per cent of the purchase price, to execute and deliver all such transfers, resignations and other documents and instruments which may be necessary or advisable in order to complete the transaction and the vendor is hereby irrevocably appointed the attorney of the purchaser for and in the name of and on behalf of the purchaser to execute and do any deeds, transfers, conveyances, assignments, assurances and things which the purchaser ought to execute and do under the covenants herein contained.

It is understood and agreed that neither party hereto shall make or assist in making any application to wind up the Joint Company after an original notice shall have been delivered pursuant to the provisions of this section.