

**COLLABORATION AGREEMENT BETWEEN AN INDIAN COMPANY AND FOREIGN
COMPANY**

(.Principal to Principal)

THIS AGREEMENT is made at this day of between M/s. ABC Co. Ltd., a Company incorporated under the Laws of and having its registered office at hereinafter referred to as 'the Foreign Company' of the One Part and M/s. XYZ & Co. Ltd..... a Company registered under the Indian Companies Act, 1956, and having its registered office at hereinafter referred to as 'Indian Company' of the Other Part.

WHEREAS the Foreign Company Is carrying on the business of manufacturing certain machinery of a technical nature for producing or manufacturing the products viz... The particulars of such machinery are mentioned in the First Schedule hereto and which are hereinafter referred to as the said Machinery.

AND WHEREAS the Foreign Company desires to have a market for the said machinery in India and the Indian Company has offered to act as the agent of the Foreign Company for the sale of the said machinery in India.

AND WHEREAS after holding negotiations between the parties the Foreign Company has agreed to appoint the Indian Company as its Agent in India and the Indian Company has agreed to act as such agent on the terms and conditions hereinafter recorded.

AND WHEREAS approvals or permissions of the Government of India and other concerned authorities will be obtained by the parties entering into this Agreement.

NOW IT IS AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:-

- 1 The Foreign Company hereby appoints the Indian Company as its Sole Agent for the sale or supply of the said machinery mentioned in the First Schedule hereunder written on the terms and conditions herein recorded.
- 2 The Foreign Company will export to the Indian Company at the Indian Port or Ports Indicated by the Indian Company the said machinery in such quantities as will be required by the Indian Company from time to time, but subject to availability thereof

with the Foreign Company. The Machinery will be exported by the Foreign Company by opening Letters of Credit on some Bank in India, through the former's foreign Bankers in the name of the Indian Company for the price of the machinery agreed upon between the parties as hereinafter mentioned. The Foreign Company will give credit facility to the Indian Company for payment of the price of the said machinery as and when exported to India, on such terms and conditions as may be agreed upon from time to time and subject to approval by the Govt. of India and/or Reserve Bank of India, if necessary.

- 3 The price at which the said Machinery will be sold and exported to the Indian Company will be as per particulars mentioned in the Second Schedule hereunder written. The ratio of the price in terms of the Foreign currency with that of Indian currency will change according to the fluctuation In the International values thereof.
- 4 The License for importing the said machinery will be obtained by the Indian Company from time to time and the import duty, custom duty and other charges required to be paid for clearing the goods will be paid by the Indian Company. The machinery will be exported by the Foreign Company on F.O.B. terms to the ports In India as may be agreed upon from time to time.
- 5 The machinery when received by the Indian Company can be sold, by the Indian Company or given on hire or hire-purchase basis at such price as may be agreed upon between the parties hereto from time to time and on such other terms and conditions as the Indian Company may think fit. In any case the price at which it will be sold or give non-hire or hire purchase basis shall be competitive in the Indian market.
- 6 The machinery will be sold as the machinery manufactured by the Foreign Company and the name, address and trade mark or patent marks will be properly exhibited on the packaging of the machinery sold. The machinery will not be passed off as the machinery manufactured by the Indian Company or any other person.
- 7 The Foreign Company will furnish to the Indian Company all the know-how. including any literature, drawings as to the Installation and working of the said machinery.
- 8 The Foreign Company will give full training to the technicians (not more than) deputed by the Indian Company to the factory of the Foreign Company as to the

Installation mechanism and working of the said machinery. The costs of such persons deputed by the Indian Company by way of their salaries, boarding and lodging and travelling will be borne and paid by the Indian Company separately or by adding it to the cost of the machinery supplied to the Indian Company.

- 9 If required by the Indian Company the Foreign Company will depute their one or more technicians as will be required, to India for equipping the technicians of the Indian Company with full knowledge about the installation and working of the machinery as well as to help the technicians of the Indian Company in installing and putting in working order the machinery supplied to any customers of the Indian Company. The expenses incurred on account of such technicians of the Foreign Company will be borne and paid by the Indian Company and the recovered from the buyer thereof. If the machinery supplied to any customer fails to work and requires repairs which the technicians of the Indian Company are unable to carry out, the Foreign Company will depute their technicians as and when required to carry out such repairs and their travelling and other expenses in India will be borne and paid by the Foreign Company.
- 10 The Indian Company will be entitled to sell such machinery to any customer in India at such additional price (over and above the price paid by the Indian Company to the Foreign Company) as it thinks fit but consistent with the demand and market position.
- 11 The Indian Company can enter into contracts for sale of the machinery to be supplied by the Foreign Company on such terms as it thinks fit but not as the agent of the Foreign Company and the Foreign Company will not be responsible for the consequences of any breach of any term thereof by the Indian Company provided that if the breach occurs due to the failure of the Foreign Company to supply the machinery agreed to be sold by the Indian Company to the buyer, the Foreign Company will be liable to reimburse the Indian Company for the loss suffered by the latter due to such failure. Indian Company will keep the Foreign Company informed of such agreements entered into or orders for the supply of the machinery from time to time.
- 12 The said machinery will not be sold by the Indian Company anywhere outside India.
- 13 The Foreign Company warrants the quality and utility of the machinery for which it is intended and if any item of machinery is found to be defective in the manufacture

thereof or in manufacturing the products which it is intended to produce, the Foreign Company will make good the defect at its own costs by deputing its technicians to India at their own costs. The Foreign Company will not however be responsible for any damage done to the machinery in transit from the Indian Port to any other place in India.

- 14 All technical information, drawings, and other material to be supplied by the Foreign Company will be in English language.
- 15 If after the machinery is supplied to the Indian Company any improvements, additions or alterations are made by the Foreign Company, the same will be immediately conveyed to the Indian Company so that necessary improvements alterations or additions can be made by the Indian Company. If necessary the Foreign Company will depute its technicians to carry out such improvements additions or alterations. The machinery to be supplied from time to time by the Foreign Company will be up to date in all respects as to new inventions and improvements made therein.
- 16 The Foreign Company will also sell and supply to the Indian Company such spare parts, Instruments and tools as may be required by the Indian Company from time to time.
- 17 The Indian Company will not make any changes or alterations or additions to the machinery supplied without the express consent of the Foreign Company and In the latter case the Indian Company will furnish all information and technical know-how of the proposed changes, alterations or additions. if required by the Foreign Company.
- 18 The said machinery will be sold under the trade mark or merchandise mark or patent mark of the Foreign Company and for that purpose the Foreign Company shall grant users license to the Indian Company as may be required by Law by a separate agreement.
- 19 The Indian Company will be entitled to appoint distributors and selling agents or sub agents at different places in India on such terms and conditions as the Indian Company may think fit but such appointments will be subject to the terms and conditions of this Agreement.

- 20 The Indian Company will not attempt to manufacture the said machinery in India and disclose the know how and any other technical information regarding the said machinery to any other person in India.
- 21 The Indian Company will not accept the agency of any other manufacturer manufacturing similar machinery.
- 22 It is expected that the Indian Company will be able to sell at least ... Items of such machinery every year. In case the Indian Company fails to do so, without any reasonable cause acceptable to the Foreign Company, the latter will have the option to cancel this agreement by giving three months' prior notice in that behalf.
- 23 All payments to be made by the Indian Company to the Foreign Company and vice versa will be subject to the approval of the Reserve Bank of India and will be subject to such terms and conditions as the said Bank will stipulate.
- 24 This agreement "I remain in force for a period of... years from the date hereof subject to the other terms hereof. The parties may extend the said period by mutual consent.
- 25 The approval to be granted to this agreement shall be deemed to form part of this agreement. Any term of this agreement which is inconsistent with or contrary to any term or condition mentioned in the letter of approval shall be treated as void and of no effect.
- 26 This agreement will be treated as terminated on the happening of any of the events below mentioned :
 - (i) If any party hereto commits breach of any provisions of this agreement and the party who is alleged to have committed breach is served with a notice by the other party, three months prior to the intended date of termination by the other party and the former party has failed to amend the breach within the said period.
 - (ii) If any event happens which will make the performance of this agreement impossible including any force majeure event.
 - (iii) If either the Indian Company or the Foreign Company goes in either voluntary or compulsory liquidation according to or under the law by which it is governed.
 - (iv) If the parties hereto mutually agree to terminate this agreement.

- 27 All the sanctions, approvals, permissions, licenses and other requirements of the Government of India and of any statutory authorities required for giving effect to all the terms and conditions of this agreement shall be obtained by the Indian Company.
- 28 In the event of any dispute or difference arising between the parties hereto or as to the rights and obligations under this agreement or as to any claim. monetary or otherwise of one party against the other or as to the Interpretation and effect of any terms and conditions of this agreement, such dispute or difference shall be referred to arbitration of a common Arbitrator if agreed upon or otherwise to two Arbitrators, one to be appointed by each of the parties to this agreement and such Arbitration shall be governed by the Indian Arbitration & Conciliation Act, 1996. The venue for such Arbitration shall be in India.
- 29 The validity of this agreement and effect or meaning of the terms hereof will be decided according to the Indian Law.
- 30 Any communication by one party to the other shall be made by registered post through airmail, with acknowledgement due or by telex or fax or cable. In case the communication is made by telex or fax or cable the same will be subsequently but immediately thereafter confirmed by written communication sent by registered post as aforesaid. Any evidence showing the communication was posted or telex, fax or cable communication was made will be sufficient to prove the posting or sending the communication.
- 31 In this agreement the expression 'know-how' shall include technical Information such as inventories formulae processes, engineering and manufacturing skill, scientific data, calculations, specifications, drawings, standards, sketches and all other relevant information and knowledge.
- 32 Each of the parties hereto shall be deemed to include its successors or permitted assigns.

*THE FIRST SCHEDULE ABOVE REFERRED TO
THE SECOND SCHEDULE ABOVE REFERRED TO*

IN WITNESS WHEREOF the parties have put their respective seals the day and year first hereinabove.

The common seal of M/s. XYZ Co. Ltd.,
is hereunto affixed pursuant to the resolution of the
Board of Directors dated in the presence of
Mr.....,a Director duly authorised in that behalf

The common seal of M/s. ABC & Co. Ltd.,
is hereunto affixed pursuant to the resolution of the
Board of Directors dated..... in the presence of
Mr. a Director, duly authorised In that behalf.

Witnesses;

1.

2.