

**MEMORANDUM OF UNDERSTANDING BETWEEN INDUSTRIALISTS OF DIFFERENT COUNTRIES TO DIVERSIFY THEIR ACTIVITIES OF BUSINESS**

**THIS MEMORANDUM OF UNDERSTANDING IS MADE AT MUMBAI ON THIS** .....DAY OF.....2000 Between Ws XYZ Plc, a company incorporated and existing under the German Companies Act and having its corporate office at ..... Germany (hereinafter referred to as "XYZ") of the ONE PART and M/s ABC Ltd., a company incorporated and existing under the Companies Act, 1956 and having its registered office at.....Mumbai(hereinafter referred to as "ABC") of the OTHER PART;

**WHEREAS** the parties are in the business for the last 20 years and have experience and capabilities in the field of business of manufacturing of various products and have factories in various parts of the world;

**AND WHEREAS** the parties intend to explore the possibilities and opportunities that exist in the countries of both the parties and to diversify their business activities and with that intention desire to join their skills, experience and resources;

**AND WHEREAS** with the said intention, the representatives of XYZ have come over to Mumbai to negotiate with ABC and felt that they agree in principle to co-operate and to further negotiate and finalise the business relations between the parties to establish factories in India or in Germany in joint collaboration;

**AND** the Parties herein desire to record their understanding and to agree for a programme for further negotiation for establishment of long lasting business relationship between the parties in the manner set forth in this Memorandum;

**NOW IN CONSIDERATION OF THE PREMISES, THE PARTIES HEREBY RECORD THEIR UNDERSTANDING AS FOLLOWS.**

(1) The Parties shall constitute a Working Group consisting of 4 persons, out of which each party will nominate two representatives within a period of 15 days from the date of execution of these presents. The representatives nominated by the parties shall have the authority to represent and bind appointing party, in all matters that come before it. The working group shall establish the rule, procedure, frequency and place of meeting. XYZ shall while nominating its representatives shall, nominate the person out of two persons nominated by it, to act as chairman of the Working Group. The Working Group shall submit a joint report every month to both the parties about the progress made by it and the parties will have right to give suggestions to the Working Group relating to the functioning and working of the Group.

(2) The Working Group appointed by the parties shall act to achieve the objectives of this Memorandum and will try to finalise the blue print of the business/s, which may be established by both the parties in India or Germany. The said group may also appoint consultants and advisors to help them in coming to a conclusion about the business activities to be conducted by the parties.

(3) Subject to the provisions of clause (4), all expenses and costs incurred by a party in relation to the Memorandum shall be borne and paid by the party incurring the same and the other party will not be liable to reimburse the expenses incurred by it.

(4) The costs and expenses incurred by the Working Group relating to the appointment of consultants and advisors will be borne by ABC, and 50% of the said costs and expenses, will be reimbursed by the XYZ to ABC. The ABC will submit a bill for reimbursement of the costs and expenses to XYZ along with the details and copies of the bills/receipts relating thereto. XYZ will make the payment of the bill to ABC within 15 days from the date of the receipt of the said bill.

(5) Any letter or notice required to be sent or required to be made under this Memorandum shall be in writing, signed by the authorised representative of the party giving such notice, and shall be sent by facsimile transmission or by registered air mail to the other party at its address set forth herein above or at such other address as such other party may subsequently notify.

(6) Both the parties agree that it and its associates or affiliates shall not associate individually or in combination with others, directly or indirectly relating to the subject matter of this Memorandum, except with the consent of the other party.

(7) This Memorandum shall remain in force for one year from the date of these presents or the execution of an agreement between the parties or agreement of the parties to terminate or otherwise withdraw from this Memorandum.

(8) The parties agree that the release and contents of all public announcements, other than when such disclosure is required under any law, relating to this Memorandum shall be made by any party with the prior written approval of the other party.

(9) The obligations of the Parties under clauses of this Memorandum are of binding nature and shall survive the termination or expiration of this Memorandum.

(10) It is made clear that the Parties have no intention to bind each other by this Memorandum and no party will have the right to file any claim against the other party for the breach of the Memorandum. It is specifically made clear that by this Memorandum, the Parties do not intend to create a partnership, joint venture or collaboration or any company or any other entity of whatsoever nature.

**IN WITNESS WHEREOF THE PARTIES HAVE CAUSED THIS MEMORANDUM TO BE EXECUTED THROUGH THEIR AUTHORISED REPRESENTATIVES** on the day and year first hereinabove written.

Signed and delivered by the within named XYZ Pic. through the hands of Shri..... its authorised official  
In the presence of

Signed and delivered by the within named ABC Ltd., through the hands of Shri .....its authorized official in the presence of

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- 2.