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JOINT VENTURE AGREEMENT

DATED 27th JANUARY, 1988

BETWEEN

EBARA CORPORATION, JAPAN

AND

KIRLOSKAR BROTHERS LIMITED, INDIA

JOINT VENTURE AGREEMENT



THIS AGREEMENT, made and entered into this 27<sup>th</sup> day of JANUARY, 1988 by and between EBARA CORPORATION, a corporation duly organized and existing under the laws of Japan, having its principal office at 11-1, Haneda Asahicho, Ohta-ku, Tokyo 144, Japan (hereinafter called "EBR") and KIRLOSKAR BROTHERS LIMITED, a corporation duly organized and existing under the laws of India, having its principal office at Udyog Bhavan, Tilak Road, Pune 411002, India (hereinafter called "KBL").

WHEREAS, EBR and KBL desire to establish a limited joint venture company to be operated under and by virtue of the laws of the Republic of India in order to promote, manufacture and sell industrial process pumps and/or such other products as may be mutually agreed to from time to time by and between the parties herein, in India with mutual confidence and in cooperative spirit and for mutual benefit; and

WHEREAS, EBR and KBL desire to cooperate and assist each other in operating such a joint venture company in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants and conditions herein contained, the parties hereto agree as follows:

Clause 1: Definitions

When used in this Agreement, each of the terms set forth below in this Clause shall have the meaning indicated:

- (i) The term "Company" shall mean the joint venture company which will be incorporated in India pursuant to Clause 2 hereof.
- (ii) The term "Effective Date" shall mean the date on which all necessary procedures for the validation of this Agreement have been completed pursuant to Clause 19 hereof.
- (iii) The term "Product" shall mean the industrial process pump or any other item of production manufactured and marketed by the Company.
- (iv) The term "SICOM" shall mean THE STATE INDUSTRIAL AND INVESTMENT CORPORATION OF MAHARASHTRA LIMITED, a corporation duly organized and existing under the

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laws of India, having its principal office at "Nirmal", 1st Floor, Nirmal Point, Bombay 400021, India.

Clause 2: Formation of the Company

As soon as practically possible after the Effective Date, but in any event not later than ninety (90) days after the Effective Date, the parties hereto shall, subject to the terms and conditions of this Agreement, jointly establish or cause to be established a company limited by shares in accordance with the laws of the Republic of India.

Clause 3: Name and Location of the Company

3.01 The name of the Company shall be KIRLOSKAR EBARA PUMPS LIMITED or such other agreed-upon name as may be permitted by the Government Authorities in India.

3.02 The Company shall be located in the State of Maharashtra, India.

Clause 4: Capital and Shares of the Company

4.01 The authorized capital of the Company at the time of incorporation shall be Rs. 5,000,000 consisting of 500,000 shares each of Rs. 10/-.

4.02 Until otherwise decided, the initial issued capital of the Company shall be 400,000 shares of Rs. 10/- each and the same shall be subscribed and paid in cash, at par, by the parties hereto, SICOM and the public as follows, by the date which will be mutually fixed by the parties hereto:

"EBR"	160,000 shares (40%)
"KBL"	160,000 shares (40%)
"SICOM"	40,000 shares (10%)
"PUBLIC"	40,000 shares (10%)

Clause 5: Pre-emptive Rights

In case the share capital of the Company is increased in the future, each party hereto shall have pre-emptive rights to acquire such new shares in proportion to their respective shareholdings at the time of the increase; provided, however, that such

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pre-emptive right of EBR is subject to such approvals or consents as may be required by the mandatory provisions of law or ordinance of the Republic of India.

Clause 6: Transfer of Shares

6.01 In order to foster and promote the attainment of the mutual aims and objectives of the parties hereto with respect to the joint venture contemplated by this Agreement, the parties hereto covenant and agree that, notwithstanding anything to the contrary contained in the Memorandum of Association or the Articles of Association of the Company, they shall not sell, assign, transfer or otherwise dispose of (whether by way of pledge, encumbrance or otherwise) any of the shares of the Company respectively held by them or any interest therein or enter into a commitment to do any of the foregoing, unless prior written consent is obtained from the other party. In case either party offers to sell, assign or transfer any such shares with the consent of the other party, such other party shall have the right of first refusal of such offer.

6.02 Notwithstanding the provisions of Paragraph 6.01 above, if there is a matter on the agenda at a General Meeting of Shareholders which requires a three-fourths (3/4) affirmative vote for adoption and which has been proposed with the mutual consent of the parties hereto, and that matter is rejected at such General Meeting, then within one (1) month after the close of such General Meeting, either party, if in its judgment the adoption of said matter is essential to the successful operation of the Company, may offer to sell, assign or transfer its shares in the Company, without the consent of the other party. The other party hereto shall have the right of first refusal of such offer.

6.03 To determine the price of the shares offered in Paragraphs 6.01 and 6.02 above, the provisions of Paragraph 11.01 shall apply.

6.04 In case either party hereto transfers its shares to a new party other than the other party hereto, it shall, unless it obtains a written waiver from the other party hereto, cause the transferee to sign and deliver to the other party hereto a letter agreeing to comply with and be bound by the provisions hereof as though it were a signatory to this Agreement.

Clause 7: Memorandum of Association and Articles of Association

7.01 At the time of registration of the Company pursuant to Clause 2 hereof, the parties hereto shall cause the Memorandum of Association and Articles of Association of the Company drafted and finalized by mutual consent and the same shall generally conform to the provisions and purpose of this Agreement.

7.02 For the purpose of avoidance of doubt, it is expressly agreed between the parties that in the event of any inconsistency existing between the Memorandum of Association and/or the Articles of Association, and this Agreement, it is understood between the parties hereto that this Agreement shall prevail and the parties hereto shall each take all steps that will be within their power to procure and effect any amendment or alteration to the Memorandum of Association and/or the Articles of Association as may be necessary to carry out the intention and terms of this Agreement.

Clause 8: Business Purpose of the Company

The Company shall engage in developing, planning, designing, manufacturing, assembling, marketing, selling, trading, servicing, supervising, constructing, commissioning, execution, operations and maintenance services, relating to industrial process pumps, other pumps, other engineering products and packaged products and systems thereof; provided that the specific products, packages and systems to be dealt with shall be mutually agreed upon by the parties hereto from time to time.

Clause 9: General Meeting of Shareholders

9.01 An Ordinary General Meeting of Shareholders shall be summoned by the Board of Directors once a year and an Extraordinary General Meeting of Shareholders may be summoned, whenever deemed necessary, by the Board of Directors or any shareholder holding ten percent (10%) or more of the total shares then issued and outstanding.

9.02 The notice summoning a General Meeting, whether ordinary or extraordinary, shall be sent together with the agenda to each shareholder by post, or to each overseas shareholder by telegram or telex if service of such notice is not possible within a

reasonable time. At any general meeting of shareholders, only such matters as are specified on the agenda in the notice to summon such meeting may be resolved.

9.03 The parties hereto may authorize any person to act as its representative at any General Meeting of Shareholders, and such representative shall be entitled to exercise all the powers on behalf of such party.

9.04 The Chairman of the Board of Directors shall preside at every General Meeting, provided that if he is not present at any such meeting, the Managing Director shall preside and, if he is not present, then the shareholders present shall elect the chairman of the meeting from among themselves or any Directors present.

9.05 The following matters shall be resolved by the General Meeting of Shareholders:

- (i) Alteration of the Memorandum of Association or the Articles of Association, or alteration of the line of business;
- (ii) Increase or decrease of the issued share capital, or acquisition, transfer or other disposal of real estate;
- (iii) Merger or dissolution;
- (iv) Transfer, lending, assignment or trust of management or joint management with any party of any part or the whole of the business;
- (v) Fixing borrowing limits or creation of mortgage;
- (vi) Approval of accounts, balance sheets and other related financial documents;
- (vii) Distribution of profits;
- (viii) Appointment or removal of Directors and Statutory Auditors;
- (ix) Making loans to or issuing guarantees for a third party;

- (x) Investment in any other company or the like;
- (xi) Determination of the duties and responsibilities, salaries, bonuses or fringe benefits of the Directors; or
- (xii) Any other matter decided by the General Meeting of Shareholders or the Board of Directors which are of such importance as may affect the financial and business position of the Company.

9.06 Unless otherwise provided for in the mandatory provisions of the laws of the Republic of India, the resolutions of the General Meeting of Shareholders with respect to items (i) to (iv) of Paragraph 9.05 shall be adopted by a majority of three fourths (3/4) affirmative votes, and all the other resolutions by a simple majority of the votes, represented in person or by proxy at a meeting at which the shareholders holding a majority of the issued and outstanding shares of the Company entitled to vote are present or represented by proxy.

9.07 Unless otherwise provided for in and subject to the mandatory provisions of the laws of the Republic of India, a resolution in writing signed by all the shareholders or their agents authorized in writing shall be as valid and effectual as if it had been passed at a General Meeting duly convened and held, and any such resolution may consist of several documents in like form signed by or on behalf of one or more shareholders. In the case of a corporate body which is a shareholder of the Company, such resolution may be signed on its behalf by any one of its Directors or by any person (whether identified by name or by reference to the holding of any particular office) duly authorized by such corporate body by resolution of its directors or other governing body or by power of attorney to sign resolutions on its behalf.

Clause 10: Board of Directors

10.01 Until otherwise decided, the management of the Company shall be carried on by the Board of Directors.

10.02 The Board of Directors of the Company shall, unless otherwise decided at a General Meeting of Shareholders, consist of five (5) Directors. Appointment of Directors shall be made by ordinary resolu-

tion of the General Meeting of Shareholders, EBK shall be entitled to nominate two (2) Directors, and KBL shall be entitled to nominate two (2) Directors. The parties hereto agree to have SICOM nominate one (1) Director. The parties hereto agree to vote their shares so as to appoint as Directors such individuals nominated by the respective parties and SICOM.

10.03 The above-mentioned distribution ratio and nomination rule of the Directors shall be maintained as long as each party hereto and SICOM holds the shares in such ratio of the total issued shares of the Company as stipulated in Paragraph 4.02 hereof. It is further provided that in the event of any change in the above-mentioned shareholding ratio, the Directors distribution ratio and if necessary, the number of Directors referred to herein, shall be determined according to the new shareholding ratio by mutual agreement of the parties hereto. To the foregoing end, in the case of death, resignation or other removal of a Director prior to the end of his term, the parties hereto agree to vote their shares or cause the Directors to act so as to appoint as his replacement an individual nominated by the party who has nominated the Director whose death, resignation or removal was the cause of the vacancy.

10.04 Subject to the provisions of Paragraphs 10.02 and 10.03 above, the Board of Directors shall have power to appoint any other qualified person to be a Director either to fill a casual vacancy or as an addition to the Board. Any person so appointed shall retain his office only until the next annual General Meeting, but shall then be eligible for reelection.

10.05 No Director shall be required to be a shareholder of the Company.

10.06 The term of office of not less than two thirds (2/3) of the total number of Directors shall be liable to determination by retirement by rotation. At every Annual Ordinary General Meeting of Members, one-third (1/3) of such of the Directors as are liable to retire by rotation, or if the number is not three (3) or a multiple thereof, then the number nearest to one-third (1/3) shall retire from office. The Directors whose terms of office have expired may be reelected.

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10.07 The meeting of the Board of Directors shall be summoned from time to time by the Chairman of the Board or the Managing Director or under the directions of either, by the Secretary of the Company, if any, as the case may be.

10.08 Resolutions of the Board of Directors shall be adopted by the affirmative vote of a majority of the Directors of the Company present at a meeting of the Board of Directors at which at least one-third (1/3) of the Directors then in office (any fraction contained in that one-third being rounded off as one), or two (2) Directors, whichever is higher, are present. In case the ayes and noes are equally divided, the chairman of the meeting shall have a casting vote.

10.09 The meeting of the Board of Directors shall be chaired by the Chairman of the Board of Directors, and in his absence for the first fifteen (15) minutes or more, chaired by one of the Directors chosen by the Directors present.

10.10 The meeting of the Board of Directors shall be normally held in India unless otherwise agreed upon by the parties hereto.

10.11 Unless otherwise provided for in the mandatory provisions of the laws of the Republic of India, a resolution in writing signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Board of Directors duly convened and held.

Clause 11: Price and Other Conditions in Case of Share Transfer

11.01 The transfer or sale of shareholding as provided herein between the parties hereto shall be made at an assessed value of the shares as determined by the Statutory Auditor of the Company on the basis of the net worth of the Company as of the date of offer; provided, however, that the offering party may elect to sell or transfer such shareholding at a lower price than such assessed value. Notwithstanding the foregoing, the price of such shareholding may be negotiated between the parties hereto, if both parties agree to do so. All expenses in connection with the transfer or sale shall be equally borne and paid by the parties hereto, unless otherwise agreed upon.

11.02 In the event of refusal, if no reply is communicated within three (3) months to the party offering the shares under firm terms and conditions, and/or in the event of nonpayment of the price within one (1) month from the date of acceptance, the party offering the same may, subject to such approvals or consents as may be required by the mandatory provisions of law or ordinance of the Republic of India, sell the shares so offered to any third party within three (3) months thereafter. The price per share and the terms and conditions of sale to any such third party shall not be less favorable for the party offering such shares than offered to the other party to this Agreement. The refusal or deemed refusal (either by way of non-reply or non-payment of the price within one (1) month) by one party shall not, however, be operative for more than three (3) months, after which a fresh offer will have to be made in case of any proposed sale.

Clause 12: Statutory Auditors

12.01 The Statutory Auditors shall be appointed at the Ordinary General Meeting of Shareholders, provided that the first Statutory Auditors shall be appointed by the Board of Directors. The number of Statutory Auditors shall, unless otherwise decided by the Board of Directors, be one (1).

12.02 The term of office of the Statutory Auditors shall be until the conclusion of the first ordinary General Meeting of Shareholders after their assumption of office. The retiring Statutory Auditor may be reappointed.

Clause 13: Appointment of Chairman and Managing Director, etc.

13.01 The Chairman of the Board, the Managing Director and the whole-time Directors of the Company shall be appointed by the Board from among the Directors in consultation and with the prior approval of the parties hereto. The term of office of the Managing Director and the whole-time Directors shall not exceed five (5) years at a time. The Managing Director or any of the whole-time Directors whose term of office has expired may be reappointed as such as long as he is a Director of the Company.

13.02 The parties hereto shall ensure that the appointment of the Chairman, the Managing Director and the whole-time Directors of the Company is made on a

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remuneration and other terms and conditions as are agreed to by the parties herein. Without prejudice to the prime responsibility and rights of the Board of Directors of the Company or its shareholders, it shall be the duty of the parties hereto to consult each other on all the important matters relating to the Company, its project and the working thereof.

Clause 14: Assistance from the Parties

14.01

Each party hereto agrees to exert its best efforts through the following manners (which is indicative only and not conclusive) to ensure that the Company achieves sufficient business results:

(A)

"EBR"

Subject to the terms and conditions provided in a License Agreement to be executed separately between the Company and EBR which shall be substantially similar in substance and form to Exhibit A, EBR shall grant to the Company an exclusive license to manufacture and sell all such Products of EBR design, specification and make as may be agreed to between the parties hereto.

(B)

"KBL"

KBL shall :

- (i) Ensure the Company observes confidentiality of all the technology provided by EBR to the Company;
- (ii) Obtain and arrange for approvals of the appropriate authorities in India for remittance of any fees to EBR for any services rendered by it;
- (iii) Ensure that the Company will manufacture the Products strictly in accordance with the EBR drawings and specifications; and
- (iv) Render assistance to the Company for efficient management.

Clause 15: Finance

15.01

Any funds necessary for the Company's activities and not fully covered by the paid-up capital shall be raised by the Company itself.

15.02 In case the Company is unable to raise the necessary funds by itself, the parties hereto shall either directly or indirectly procure such necessary funds in proportion to their shareholding ratio.

Clause 16: Accounting

16.01 Unless otherwise provided for in the mandatory provisions of the laws of the Republic of India, the fiscal year of the Company shall commence on 1st October of each year and shall end on 30th September of the next succeeding year.

16.02 The Company shall keep true and accurate books of account and records in accordance with sound accounting practices, employing standards, procedures and forms in conformity with mandatory requirements of the laws of the Republic of India and generally accepted international accounting principles.

16.03 At the end of each fiscal year of the Company, the books of account and records of the Company shall be audited, at the expense of the Company, by an independent certified public accountant to be agreed upon by the parties, who are authorized to practice in the Republic of India and competent to audit the books and records required by Paragraph 16.02 hereof. Examination by such an independent certified public accountant shall be made in accordance with generally accepted international auditing standards, practices, procedures and forms. Reports of all audits to be prepared by such an independent certified public accountant shall be prepared in the English language.

16.04 The Company shall make available to the parties hereto or their designated representatives its books of accounts and records, if and when any of them so requests.

16.05 The parties hereto agree that their respective accountants, auditors or other individuals with corresponding responsibilities in the employ of each of them shall have full access at all reasonable times to all financial and operational areas in the possession or under the control of the Company and to all books of account and other records and documents of the Company. The examinations by such internal accountants, auditors or other individuals as aforesaid will be at the expense of each party who makes such examinations

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and shall be for the purpose of assuring such party that all operations of the Company are being conducted in accordance with this Agreement and of detecting any inefficiencies or lack of control which may exist to the detriment of the profitability of the Company.

Clause 17: Expenses

17.01

The expenses incurred in entering into this Agreement, including legal fees paid by each party hereto to any counsel of its selection, and the cost of preparing, filing, and prosecuting necessary applications with the respective governments of the parties hereto to obtain the necessary approval respecting this Agreement, shall be respectively borne by the parties hereto.

17.02

The expenses required for the registration and organization of the Company including, but not limited to the attesting fees of the Memorandum of Association, the registration fees, paying-in commission, and other Government levies and charges which may be charged thereon shall be borne by the Company.

Clause 18: Confidential Information and Non-Competition

18.01

Neither party hereto shall disclose or otherwise divulge to any third party or use or cause to be used for its own or any third party's interest any secret and confidential information of any other party acquired through or in connection with the transaction contemplated hereunder without the prior written consent of such other party. KBL shall not disclose or otherwise divulge to any third party or use or cause to be used for its own or any third party's interest any knowledge or know-how it might obtain from or in connection with the licenses EBR provides to the Company under Paragraph 14.01(A) hereof.

Provided, however, that this shall not apply to the information which the receiving party proves was already in its possession or in its own right at the time of receipt of information or which at the time of receipt or thereafter became public knowledge without any fault of the receiving party. The obligation under this Clause shall survive the invalidity or termination of this Agreement.

18.02

Unless otherwise agreed upon, neither party hereto may, in the Republic of India, engage in any operation of the business which may be competitive with the business of the Company except such businesses as are actually engaged in at the time of the execution of this Agreement.

Clause 19: Authorization of Agreement

19.01

The parties hereto, together or respectively, shall, before or promptly after the execution of this Agreement, file with the appropriate governmental authority notifications or applications for governmental validations or other approvals or actions as may be required under any applicable laws or regulations of any government having jurisdiction over any of the parties hereto or the Company in connection with or relating to the performance of this Agreement, any acts, transactions, arrangements or understandings by or among the parties hereto and the Company as set forth in this Agreement.

19.02

Each party shall duly confirm to the other party in writing that any such procedures mentioned above have been duly completed.

Clause 20: Term and Termination

20.01

This Agreement shall become effective as of the Effective Date and shall continue in force and effect for an indefinite term thereafter unless this Agreement is terminated by mutual written agreement of the parties or pursuant to the provisions of this Clause or otherwise by lawful exercise by any party hereof of its rights under the applicable laws.

20.02

In the event either party hereto breaches any provisions of this Agreement and such breach shall not be cured within sixty (60) days after a written notice of such breach is given by the other party, such other party may, in addition to the right to take any other actions, have the following options:

- (i) To terminate this Agreement without giving any prior warning; and/or
- (ii) To instruct the breaching party to transfer or sell all of its shares of the Company to the other party; or

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(iii) To sell all of its shares of the Company to the breaching party.

20.03 Notwithstanding the provisions of Paragraph 20.02 above, in the event any party hereto breaches the provisions of Paragraph 18.01 hereof, the other party may immediately have the options provided in Paragraph 20.02.

20.04 In the event that either party be dissolved or liquidated or be declared insolvent or bankrupt, or in the event that the shareholding of any party falls below ten percent (10%) of the subscribed and paid up capital of the Company, such party shall retire from this Agreement and the other party shall have the right to purchase all the shares of the Company owned by such party.

20.05 Either party hereto shall have the right to submit at any time to the other party and the General Meeting of Shareholders a proposal of dissolution of the Company, if accumulated losses exceed two thirds (2/3) of paid-up capital, capital surplus and retained earnings of the Company. In case that such proposal is rejected by the other party and/or by the General Meeting of Shareholders, the other party who had rejected the proposal shall purchase within two (2) months after such rejection all shares of the Company owned by the party which submitted the proposal.

20.06 To determine the price of the shares under this Clause 20, Paragraph 11.01 shall apply.

20.07 Nothing in this Clause 20 shall affect, or be construed or operate as a waiver of the right of the party aggrieved by any breach of this Agreement for recovery of any injury or damage incurred resulting from such breach, either before or after the effective date of termination hereof.

20.08 The financial assistance given to the Company by the transferor at the time of the transfer of shares shall be taken over by the transferees in proportion to the shares transferred.

20.09 Unless otherwise provided for in this Agreement, any termination shall not be construed or operate as an exemption from the obligations of either party under this Agreement, and each party shall be obligated to carry out its obligations under this Agreement, to properly assist the Company to complete the operation contracts it has already entered into as of the date of termination.

20.10

In the event of termination of this Agreement for any reason whatsoever, the parties hereto shall mutually consult in good faith for a period of sixty (60) days following the date of such termination concerning the treatment of the respective shareholdings of each of the parties hereto in the Company and concerning the future, operations or advisability of disposition of the Company, including the assets of the Company; provided, however, in the event that the parties hereto fail to reach a complete and final agreement with respect to the matters referred to above in this paragraph during said period of sixty (60) days, the parties hereto shall be deemed to have elected dissolution and liquidation of the Company unless they agree to extend this sixty (60) day period.

Clause 21: Liquidation

21.01

In the event that the parties hereto elect or are deemed to have elected dissolution and liquidation of the Company pursuant to the provisions of Paragraph 20.10, the parties hereto shall immediately institute and cause the Company to institute any and all procedures necessary or desirable for or in connection with the prompt dissolution and liquidation of the Company in accordance with the applicable provisions of the laws; provided, however, that in case the Company has to carry out any operation contract it has already entered into, such dissolution or liquidation shall be instituted after completion of such contract.

21.02

In case of liquidation of the Company, if there remains any assets out of the total assets of the Company after providing for the costs and expenses of winding-up and paying in full the outstanding debts owed by the Company, then such surplus shall be distributed among the parties hereto in proportion to their then respective shareholding ratio.

21.03

If in the above case the total assets of the Company are not sufficient to meet all of the costs, expenses and debts mentioned in the preceding Paragraph, the parties hereto shall mutually consult for the disposal of such deficit.

Clause 22: Assignment

This Agreement and any of the rights and obligations hereunder shall not be assigned by any party

without prior written consent of the other party. In the event an assignment is consented to by the other party, this Agreement shall inure for the benefit of and be binding upon the successors or assignees.

Clause 23: Modification, Etc. of Agreement

No amendment or change hereof or addition hereto shall be effective or binding on any of the parties hereto unless set forth in writing and executed by the respective duly authorized representatives of each of the parties hereto.

Clause 24: Notice

Except as otherwise provided herein, any communications between the parties hereto or notices provided herein to be given shall be in writing and sent by registered or certified airmail, postage prepaid, to the following address of each party or to such other addresses as either party may in writing hereafter indicate.

EBR

General Manager  
Standard & Engineered Products Div.  
Ebara Corporation  
6-7, Ginza 6-chome, Chuo-ku  
Tokyo 104, Japan

KBL

The Secretary,  
Kirloskar Brothers Limited,  
Udyog Bhavan, Tilak Road,  
Pune - 411 002  
India.

Clause 25: Severability

The invalidity or unenforceability of any particular provision or provisions of this Agreement shall not in any manner or way affect any other provision hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision or provisions, if any, were omitted; provided, however, that if such provision can be reasonably considered by either party as an essen-

tial element of this Agreement, the parties hereto shall negotiate a new provision. If the parties hereto are unable to agree upon the terms of such new provision within three (3) months of the negotiation, then either party may terminate, at its option, this entire Agreement by giving written notice to the other party.

Clause 26: Headings

The headings to Clauses and Paragraphs of this Agreement are to facilitate reference only, do not form a part of this Agreement and shall not in any way affect or be considered in the interpretation hereof.

Clause 27: Force Majeure

27.01 Any other provisions contained herein to the contrary notwithstanding, in the event either party's obligations hereunder have been prevented from being carried out due to Governmental restrictions, acts of God, war, civil war, riots or any other causes similar to the foregoing which is beyond the control of the parties, neither of the parties hereto shall be responsible to the other party for failure or delay of performance of the obligations under this Agreement; provided, however, that if such failure continues for more than six (6) months, the other party hereto may terminate this Agreement by notice in writing to that effect.

27.02 The provisions in the preceding Paragraph shall not exempt any party hereto from its duty to perform its obligations under this Agreement as soon as possible after such force majeure ceases to exist.

Clause 28. Settlement of Dispute

In the event any dispute or doubt should arise among the parties, out of or in relation to or in connection with this Agreement or any action taken under this Agreement, the parties shall thoroughly explore all possibilities for an amicable settlement. If the disputes cannot be settled through mutual consultation as stipulated in the preceding sentence, then the matter will be finally settled by arbitration to be held in Bombay. The dispute shall be submitted to the Arbitration Tribunal of the Federation of Indian Chambers of Commerce and

Industry and shall be construed in accordance with the Rules of that Tribunal. The award of the arbitration shall be final and binding upon the parties.

Clause 29: Governing Law

This Agreement shall be governed and construed in accordance with the laws of Republic of India.

Clause 30. Entire Agreement.

This Agreement shall supersede any and all prior agreements, understandings, arrangements, promises, representations, warranties or any contract of any form or nature whatsoever, whether oral or in writing and whether explicit or implicit, which may have been entered into prior to the execution hereof between the parties, their officers, directors or employees as to the subject matter hereof. Neither of the parties hereto has relied upon any oral representation or oral information given to it by any representative of the other party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the day and year first above written.

Hiroyuki Fujimura  
Hiroyuki Fujimura  
Managing Director  
EBARA CORPORATION

By:

Sanjay C. Kirloskar  
Sanjay C. Kirloskar  
Managing Director  
KIRLOSKAR BROTHERS LIMITED