

Kirloskar Corrocoat Pvt. Ltd.
Udyog Bhavan Pune

S.H. Godbole, Jt.

237451

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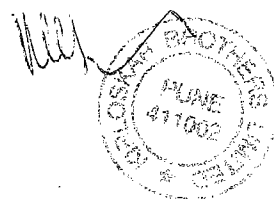
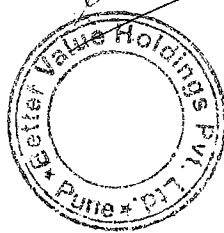
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SHAREHOLDERS AGREEMENT

FOR

KIRLOSKAR CORROCOAT PRIVATE LIMITED

THIS AGREEMENT made on the 8th day of April, 2006 BETWEEN KIRLOSKAR BROTHERS LIMITED, a Company registered under the Indian Companies Act, 1913, and an existing Company within the meaning of Section 3 of the Companies Act, 1956 having its registered office at Udyog Bhavan, Tilak Road, Pune 411 002, India, hereinafter referred to as "KBL" (which expression shall mean and include its successors and permitted assigns) of the first part, Better Value Holdings Pvt.Ltd a company within the meaning of the Companies Act, 1956 and having its registered office at 13 A, Kothrud, Pune 411 029 hereinafter referred to as "BVHPL" (which expression shall mean and include its successors and permitted assigns) CORROCOAT LIMITED, a Company organised and existing under the laws of England & Wales having its registered offices at Forster Street, Leeds, LS10 1PW, England hereinafter referred to as "CORROCOAT" (which expression shall mean and include its successors and permitted assigns) of the second part AND KIRLOSKAR CORROCOAT PRIVATE LIMITED, a company incorporated under the Companies Act, 1956, and having its registered office at Udyog Bhavan, Tilak Road, Pune 411 002, India,, hereinafter referred to as the "JVC", (which expression shall mean and include its successors and assigns) of the third part



WITNESSETH

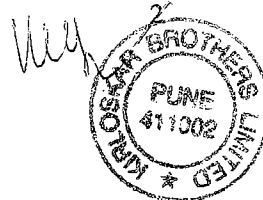
WHEREAS'

- A. By a Memorandum of Understanding between KBL and CORROCOAT dated the 19th day of August 1995 (hereinafter called "the MOU") the parties thereto agreed that they would participate in the organisation and promotion of a joint venture company to be called KIRLOSKAR CORROCOAT PRIVATE LIMITED (the JVC) on the terms and conditions therein stated;
- B. CORROCOAT and KBL have jointly promoted and organised the JVC;
- C. The JVC was incorporated under the Companies Act 1956 on the 28th day of March, 2006 with its registered office at Pune in the State of Maharashtra, India;
- D. KBL and CORROCOAT desire to record the following agreement to regulate their future relationship as shareholders of and joint venture partners in the JVC

IT IS HEREBY MUTUALLY AGREED AMONG THE PARTIES AS FOLLOWS

1. JOINT VENTURE COMPANY

- 1.1. KBL and CORROCOAT agree to participate as shareholders of and joint venture partners in the JVC, and agree to exercise their respective voting rights at meetings of the members of the JVC and to cause the JVC, and the directors respectively nominated or appointed by them on the board of directors of the JVC, to vote at board meetings and otherwise in such manner as duly to perform, effectuate and implement the terms and conditions of this Agreement and to prevent the taking by it or by them or by any third party of any action contrary to, or motivated by an intention to defeat, the terms of this Agreement.
- 1.2. The JVC is incorporated as a "Private Company" in accordance with Section 3(1)(iii) of the Companies Act, 1956 (hereinafter referred to as "the Act").



2. CORPORATE NAME

2.1. The name with which the JVC was registered is **KIRLOSKAR CORROCOAT PRIVATE LIMITED.**

2.2. During the term of this Agreement all the services of the JVC shall be marketed in India under the trade name "KIRLOSKAR CORROCOAT" and marketed abroad under the trade name "KIRLOSKAR CORROCOAT" or such other trade names as may be mutually agreed upon from time to time.

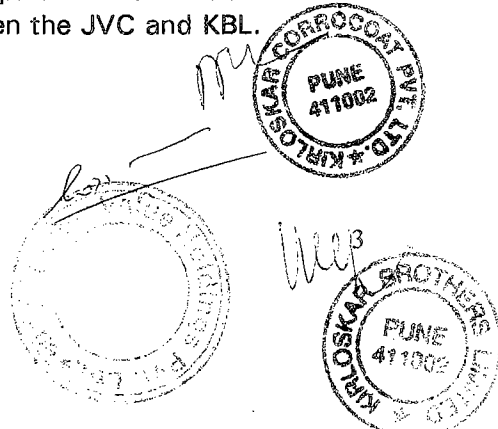
2.3. It is a basic term of this Agreement that the use of the name "Kirloskar" or its logo as a part of the corporate name of the JVC or of its Products or services or as a part of its logo or letterhead styling or stationary or stationary styling or packing styling or any other use thereof shall cease to be so used if at any time "KBL" ceases to hold less than 20% of the shareholding of the JVC and in which event KBL will be entitled by a written notice to the JVC to call upon the JVC to discontinue use of the word "Kirloskar" or its logo in any form or manner as a part of the JVC's corporate name or the trade name of its Products or services and to change its name in such a manner as to delete the word "Kirloskar" or its logo appearing in the name of the JVC or as the trade name of its Products or services and the JVC shall within 90 days from the date of receipt of such notice :-

2.3.1 discontinue the use of the word "Kirloskar" or its logo as part of its corporate name and/or as the trade name of its Products or services;

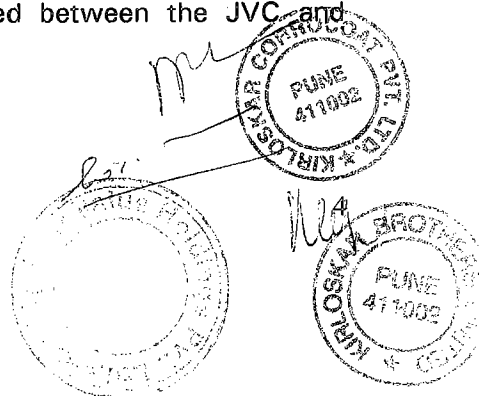
2.3.2 take all steps as may be necessary for the purpose of changing the corporate and/or trade name as aforesaid;

2.3.3 undertake at all times that the corporate and/or trade name shall not consist of any word or expression or logo similar to the word "Kirloskar" or its logo.

2.4 Appropriate provisions to implement this term of the Agreement shall be incorporated in the Articles of Association of the JVC and if required, a separate Name Use License Agreement will be executed between the JVC and KBL.



- 2.5 Without prejudice to any provisions contained in the Act, (including Section 87 and 92(2) of the Act) CORROCOAT agrees of its free will and volition that CORROCOAT and its nominee Directors will at all times exercise their voting rights to carry out the basic terms of the Agreement, i.e. to vote in favour of all resolutions required to be passed either at Board Meetings or at General Meetings to change the name and discontinue the user of the name Kirloskar as provided in Section 2.3.
- 2.6 It is a basic term of this Agreement that the use of the name "CORROCOAT" or its logo as a part of the corporate name of the JVC or of its Products or services or as a part of its logo or letterhead styling or stationary or stationary styling or packing styling or any other use thereof shall cease to be so used if at any time "CORROCOAT" ceases to hold less than 20% of the shareholding of the JVC and in which event CORROCAT will be entitled by a written notice to the JVC to call upon the JVC to discontinue use of the word "CORROCOAT" or its logo in any form or manner as a part of the JVC's corporate name or the trade name of its Products or services and to change its name in such a manner as to delete the word "CORROCOAT" or its logo appearing in the name of the JVC or as the trade name of its Products or services and the JVC shall within 90 days from the date of receipt of such notice :-
- 2.6.1 discontinue the use of the word "CORROCOAT" or its logo as part of its corporate name and/or as the trade name of its Products or services;
- 2.6.2 take all steps as may be necessary for the purpose of changing the corporate and/or trade name as aforesaid;
- 2.6.3 undertake at all times that the corporate and/or trade name shall not consist of any word or expression or logo similar to the word "CORROCOAT" or its logo.
- 2.7 Appropriate provisions to implement this term of the Agreement shall be incorporated in the Articles of Association of the JVC and if CORROCOAT requires, a separate Name Use License Agreement will be executed between the JVC and CORROCOAT.



2.8 Without prejudice to any provisions contained in the Act, (including Section 87 and 92(2) of the Act) KBL agrees of its free will and volition that KBL and its nominee Directors will at all times exercise their voting rights to carry out this basic terms of the Agreement, i.e. to vote in favour of all resolutions required to be passed either at Board Meetings or at General Meetings to change the name and discontinue the user of the name CORROCOAT as provided in Section 2.6.

2.9. The rights to such marks, logos or names shall only apply within India and the defined Territory of the Export Agreement

3. REGISTERED OFFICE

The registered office of the JVC is located at Pune in the State of Maharashtra. Any change in the location of the registered office will be with the mutual agreement of KBL and CORROCOAT.

4. OBJECTS

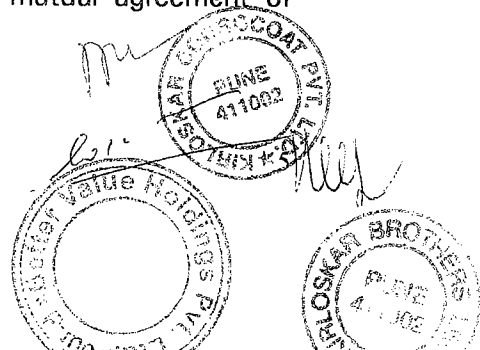
The main objects of the JVC are stated in its memorandum of association and relate to the manufacture, sale and marketing of Anti Corrosive Products. KBL and CORROCOAT agree that any change in the said business activity of the JVC will require the written consent of CORROCOAT and KBL.

5. SHARE CAPITAL

5.1 The authorised share capital of the JVC on its incorporation was and still is Indian Rupees 60,000,000 (Rupees Sixty million).

5.2 As of the date of this Agreement, the issued share capital of the JVC is Rs.1,00,000 (Rupees one Lac only) divided into 10000 equity shares of Rs. 10/- each. KBL and CORROCOAT agree to procure that the said issued equity share capital of the JVC shall be increased to Rupees 50,000,000 (Rupees fifty million only) to be divided into 5,000,000 equity shares of Rs 10/- each.

5.3 Any increase in the authorised or issued and paid up share capital shall be effected only with the mutual agreement of KBL and CORROCOAT.



- 5.4 All equity shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including, without limitation, to identical rights and privileges with respect to dividend, voting rights, and the distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the JVC.
- 5.5 All further issues of shares or increases in share capital shall require the mutual consent of KBL and CORROCOAT. If and when the JVC shall issue any additional shares, the JVC shall first offer such shares to the existing shareholders in proportion to the equity shares then owned by each of them subject to compliance with the conditions, if any, imposed by applicable law.
- 5.6 Unless otherwise agreed in writing, KBL and CORROCOAT agree to participate at all times in the paid up and subscribed equity share capital of the JVC in the following proportions:

KBL: 50%

BVHPL : 15 %

CORROCOAT: 35%

- 5.7 KBL and CORROCOAT shall exercise their voting rights as members of the JVC in such a way as to ensure that the said proportions shall always be maintained.

6. KBL's CONTRIBUTION

- 6.1. KBL shall acquire 50% of the issued equity share capital of the JVC for Rs. 25,000,000 (Rupees twenty five million) for cash on allotment. BVHPL shall acquire 15% of the issued capital of the JVC for Rs. 7,500,000 (Rupees seven million five hundred thousand) for cash on allotment.
- 6.2. On 1 April 2006, in consideration of the sum of Rs. 50,000,000 (Rupees fifty million), KBL shall transfer to the JVC the entire business of the existing Anti-Corrosion Products Division of KBL, including the fixed assets, net current assets, goodwill, business records, and all intellectual property rights associated therewith, such assets to be transferred free from any charge, lien or other encumbrance. The consideration shall be



paid for out of the proceeds of the share issues, subject to the deferment of payment of such amount as shall be necessary to ensure that the JVC has sufficient liquid resources to finance its working capital and capital expenditure requirements. The balance of the consideration payable to KBL shall be subject to interest at the same rate which KBL itself is liable to pay such interest to the banks and financial institutions.

6.3. KBL will use its best endeavors to ensure that the financial resources of the JVC shall be sufficient for the construction of the plant, and for the working capital necessary for normal operations. In the event that additional financing is required for completion of the plant/projects, KBL shall use its best endeavors to arrange for sufficient long term loans on terms and conditions mutually acceptable.

6.4. KBL shall provide certain services to the JVC from its premises at Pune, Kirloskarvadi and certain regional sales offices, to initially include the services listed in Schedule A. The JVC shall pay to KBL the fixed sum of Rs 700,000/- per month for the said services provided until such time as the JVC shall source such services independently. As and when the provision of KBL services provided is reduced, the monthly charges from KBL to the JVC shall be proportionately reduced as mutually agreed.

7. CORROCOAT's CONTRIBUTION

7.1. CORROCOAT shall acquire 35% of the issued share capital of the JVC for Rs.17,500,000 (Rupees seventeen million five hundred thousand) for cash on allotment.

7.2. CORROCOAT will enter into with the JVC and execute a separate Technical Know-How Licence Agreement (hereinafter referred to as the "Licence Agreement") by which CORROCOAT will provide to the JVC a licence of the Technical Know-How (as defined in clause 7.5 hereunder) of its products and processes, and any update/improvements of the same, developed during the term of the Licence Agreement, in respect of the PRODUCTS (as defined hereinbelow in clause 7.4) for a consideration (provided hereinbelow).

7.3. CORROCOAT shall grant the JVC (i) an exclusive non transferable licence to manufacture the PRODUCTS in India in accordance with CORROCOAT's Technical Know-How, and also an exclusive licence to sell the products in India, and (ii) pursuant



to a separate Export Agreement (as hereinafter provided in clause 8), the exclusive right to export the PRODUCTS to certain countries to be herein and therein specified.

7.4. The term "PRODUCTS" shall mean anti corrosive products and continuing improvements to the PRODUCTS made within the terms of the Licence Agreement.

7.5. The term "Technical Know-How" shall mean CORROCOAT's secret drawings, designs, plans, trade secrets, formulae and manufacturing procedures and methods and other technical information relating to the assembly, manufacturing, quality control, testing and servicing of the PRODUCTS.

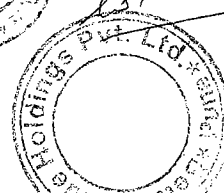
7.6. If any of the PRODUCTS are protected by an Indian patent granted to CORROCOAT which is valid at the commencement of the Licence Agreement, or which may be granted during the term thereof, CORROCOAT shall grant the JVC, without further payment, the right for the term of such patent, to make, use and sell such PRODUCTS, within the term of the Licence Agreement.

7.7. CORROCOAT shall permit a mutually agreed number of qualified employees of the JVC to visit and be trained at one or more of CORROCOAT's plants to be decided by CORROCOAT, in order to become familiar with the methods of manufacturing the PRODUCTS. The said visits/training shall be provided for by CORROCOAT free of charge, but the JVC shall be responsible for the salaries, air fare, living expenses and any and all other costs incurred by such employees.

7.8. CORROCOAT shall assist the JVC in the selection of machinery, equipment and tools for the JVC and for establishing research and development facilities with respect to the PRODUCTS.

7.9. So long as CORROCOAT and KBL remain shareholders of the JVC, CORROCOAT and KBL agree:-

- (a) that the JVC will be the only vehicle for its future activities in the field of anti corrosive products in India.
- (b) that they will not associate themselves with any other person in India or create any other subsidiary or office in India for any such activity without the prior permission of the other party;



(c) that after the JVC commences commercial production of any of the PRODUCTS the JVC will be the only channel for distribution of CORROCOAT and/or its affiliate and/or group companies product/s sold in India, (although not produced in India), and as appropriate, for any new product/s which may be introduced by CORROCOAT and/or its affiliate and/or group companies into India; and similarly CORROCOAT shall be the only distributor of Products produced by the JVC outside India (and the defined export territory).

7.10. CORROCOAT will enter into "Trade Marks Registered User Agreement" with the JVC in respect of such of its trade marks relating to the Products, as are registered in India, and to grant the JVC a Separate Trade Marks Common Law License to use in India such of its trade marks relating to the Products as are not so registered. The "Registered User Agreement" and the "Common Law License Agreement" shall be drawn in a form to be mutually agreed upon. Both the Agreements shall be granted by CORROCOAT to the JVC on a royalty free basis.

7.11. So long as CORROCOAT remains a shareholder in the JVC, CORROCOAT agrees to give or cause to be given to the JVC a licence of any new technology or know-how which CORROCOAT and/or its affiliate and/or associate companies may develop in respect of anti corrosive products on terms and conditions to be mutually agreed.

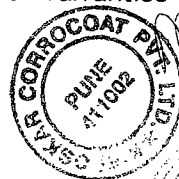
KBL and Corrocoat shall ensure that the JVC issues and allots the shares to KBL, BVHPL and Corrocoat as specified in this Agreement.

8. EXPORT

Subject to compliance with the provisions of the Act and all applicable laws and regulations, KBL and CORROCOAT shall cause the JVC to enter into an Export Agreement pursuant to which the JVC will be entitled to export the Products to certain stipulated jurisdictions and for such period as are stipulated in the Export Agreement.

8A. Representations and Warranties of CORROCOAT

CORROCOAT hereby represents and warrants the following for itself to KBL which representations and warranties are being relied



upon by KBL and are true, correct and complete on the date hereof and shall survive as provided herein.

(i) Corporate Organization

CORROCOAT is a company duly organized and validly existing under the laws of England. CORROCOAT has all the requisite power and authority to carry on its business as currently being conducted.

(ii) Authorization

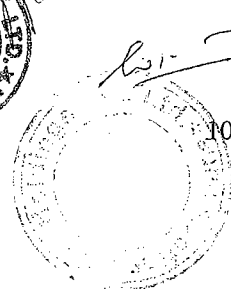
CORROCOAT has full corporate power and authority to enter into this Agreement and to cause the ancillary agreements i.e. the Leave and License Agreement, License Agreement, Export Agreement and Trademark Usership Agreements (hereinafter referred to as the Ancillary Agreements) to be entered into.

(ii) No violation

Neither the execution by CORROCOAT of this Agreements, if any, to which it is a party, nor the consummation of the transactions contemplated hereby and thereby, will (i) conflict with or result in the breach of any provision of the Articles of Association of CORROCOAT, (ii) conflict with or result in the breach of any term, condition, or provision of, or constitute a default under, or give rise to any right of termination, cancellation or acceleration with respect to, or result in the creation of any lien, charge or encumbrance upon any property or assets of CORROCOAT, pursuant to, or otherwise require the consent of any person under, any agreement or obligation to which CORROCOAT is a party, or which any of its or their properties or assets may be bound, or (iii) violate or conflict with applicable Indian law,

(iii) Regulatory Applications

The information provided or to be provided by KBL, if any, in any applications for any Indian government approvals does and shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.



- (v) 'CORROCOAT' is and shall continue, as long as it is a shareholder of the JVC to be a wholly owned subsidiary of Corrosioneering Group Limited.

8B. REPRESENTATIONS AND WARRANTIES OF KBL

KBL hereby represents and warrants the following for itself to CORROCOAT which representations and warranties are being relied upon by CORROCOAT and are true, correct and complete on the date hereof and shall survive as provided herein.

(i) Corporate Organization

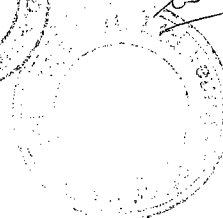
KBL is a company duly organized and validly existing under the Act. KBL has all the requisite power and authority to carry on its business as currently being conducted.

(ii) Authorization

KBL has full corporate power and authority to enter into this Agreement and the Ancillary Agreements, if any.

(iii) No violation

Neither the execution by KBL of this Agreement and the Ancillary Agreements, if any, to which it is a party, nor the consummation of the transactions contemplated hereby and thereby, will (i) conflict with or result in a breach of any provision of the Articles of Association of KBL, (ii) conflict with or result in the breach of any term, condition, or provision of, or constitute a default under, or give rise to any right of termination, cancellation or acceleration with



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respect to, or result in the creation of any lien, charge or encumbrance upon any property or assets of KBL, pursuant to, or otherwise require the consent of any person under, any agreement or obligation to which KBL is a party, or which any of its properties or assets may be bound, or (iii) violate or conflict with applicable Indian law,

(iv) Regulatory Applications

The information provided or to be provided by KBL, if any, may be for use in any applications for any Indian governmental approvals and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein

9. TRANSFER AND SALE OF SHARES

9.1 KBL and CORROCOAT agree that there will be a restriction on the transfer of shares to the extent that neither of them will be entitled to transfer its shareholding wholly or in part to any other person or party save and except to the extent as follows:

9.1.1 The transfer of shares within the Kirloskar Group and within the CORROCOAT

Group shall be permitted subject to the condition that KBL and CORROCOAT shall at all times be responsible and liable to discharge all their obligations to the JVC and to each other. The word "Group" shall mean only the holding, subsidiary, parent, promoter, associate or affiliate company of KBL or CORROCOAT as the case may be.

9.1.2 Except as provided in clause 9.1.1, CORROCOAT shall not sell or otherwise transfer to any third party all or any part of the shares owned by it in the JVC unless the said shares have first been offered to KBL at the fair market value as determined from the relevant audited financial statements of the JVC and certified in writing by the auditors of the JVC who in so doing shall act as valuers and not as arbitrators. KBL shall have twelve weeks after the receipt of the notice to accept such offer and, subject to its

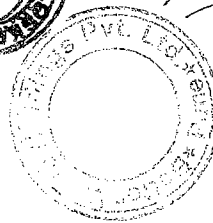


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obtaining all necessary corporate and Indian governmental approvals, to pay in cash the full purchase price of the shares offered for sale within four weeks of receiving such approvals. If KBL shall decline to accept such offer, Then in that event CORROCOAT will be entitled to offer the said shares to any third party (herein called "the Permitted Transferee"),

- 9.1.3 Except as provided in clause 9.1.1, KBL shall not sell or otherwise transfer to any third party all or any part of the shares owned by it in the JVC unless the said shares have first been offered to CORROCOAT at the fair market value as determined from the relevant audited financial statements of the JVC and certified in writing by the auditors of the JVC who in so doing shall act as valuers and not as arbitrators. CORROCOAT shall have twelve weeks after the receipt of the notice to accept such offer and subject to its obtaining all necessary corporate and Indian governmental approvals to pay in cash the full purchase price of the shares offered for sale within four weeks of receiving such approval. If CORROCOAT shall decline to accept such offer, then in that event, KBL will be entitled to offer 'the said shares to any third party (herein called "the Permitted Tranferee")', PROVIDED however, if CORROCOAT is unable to acquire any shares so offered by KBL because of the restrictions imposed by the Indian Governmental authority, CORROCOAT shall in that event have a right to require KBL to sell the shares so offered to persons designated or approved by CORROCOAT, who are legally capable of acquiring the said shares.
- 9.1.4 It is agreed that no shares in the JVC shall be transferred except in accordance with this Agreement or in such other manner as KBL and CORROCOAT shall agree in writing.
- 9.1.5 Nothing herein contained shall prevent KBL or CORROCOAT, subject to all necessary approvals, from selling, transferring or assigning any or all of its or their shares to a a Group company as defined in clause 9.1.1.
- 9.1.6 Notwithstanding anything contained hereinabove, if CORROCOAT shall be acquired or taken over by any other person, entity, company, or a body corporate which has either by itself or through an affiliate or subsidiary made a material financial investment in, or granted manufacturing rights concerning any Products similar to the Licensed Products to , an Indian Company or body corporate, which is in direct or indirect competition with the JVC, or if CORROCOAT becomes a subsidiary or affiliate of

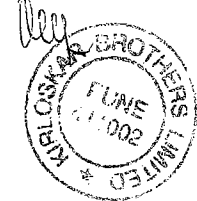


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any such company or body corporate, KBL shall have a right to terminate this agreement by giving or delivering a ninety days written notice to CORROCOAT. Upon such termination, CORROCOAT shall sell its entire shareholding in the JVC to KBL, the purchase price being decided upon in terms of clause 9.1.2 hereof. Notwithstanding anything contained hereinabove, if KBL is acquired or taken over by any other person, entity, company, or a body corporate which has either by itself or through an affiliate or subsidiary made a material financial investment in, or granted manufacturing rights concerning any Products similar to the Licensed Products to an Indian company or body corporate, which is in direct or indirect competition with the JVC, or if KBL becomes a subsidiary or affiliate of any such company or body corporate, CORROCOAT shall have a right to terminate this agreement under clause 24 hereof by giving or delivering a ninety days written notice to KBL. Upon such termination, KBL shall sell its entire shareholding in the JVC to CORROCOAT, the purchase price being decided upon in terms of clause 9.1.2 hereof.

- 9.1.7 If there is an agreed transfer of Corrocoat's shareholding in the JVC to another Corrocoat group company or to a company within Corrocoat's control, Corrocoat agrees that it will continue to render its full technological support to the JVC as provided for in the Licence Agreement between CORROCOAT and the JVC.
- 9.1.8 No shares in the JVC shall be transferred except in accordance with the provisions of this Agreement or as the Parties mutually agree to in writing.
- 9.1.9 Any third party acquiring any shares of the JVC shall be required to sign an undertaking addressed to the non-selling party and to the JVC undertaking to observe and perform all the terms and conditions of this Agreement as if it had been a party thereto, to the extent that it is able or logical for it to do so.
- 9.1.10 No shareholder shall without the consent of the other shareholders create or permit to any mortgages, charges, pledges, liens, or any other encumbrances over any of its shares in the JVC except for a normal floating charge in the ordinary course of business.
- 9.1.11. Where control of one party changes, the other party may require the company whose control changes to sell its shareholdings in the JVC to the other party, such sale of shares to be at a fair market value and to be purchased within 30 days of giving



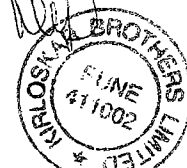
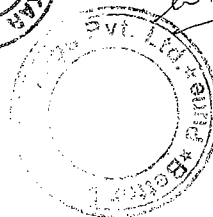
written notice to do so.

The expression "Control" for the purposes of this Article 9.1.11 shall include the right to appoint the majority of the directors or to control the management or policy decisions exercisable by a person or persons acting in concert directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

9.1.12. For the purposes of Article 9.1.11, the fair market value will be the value determined by the Auditors of the JVC.

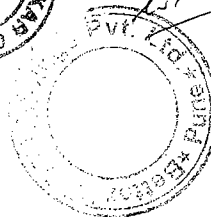
10 BOARD OF DIRECTORS

- 10.1 The Board of Directors of the JVC shall consist of 3 directors, of which 2 shall be nominated by KBL and 1 shall be nominated by CORROCOAT. As far as possible, the number of directors shall be proportionate to the shareholding of KBL / group company and Corrocoat.
- 10.2 All the Directors will be Permanent Directors.
- 10.3 The Chairman of the Board and the Company shall be nominated by KBL from amongst the members of the Board of Directors so long as KBL holds at least 50% of the shares of the Company. The Chairman shall have the right to a casting vote in case of deadlock for any matters to be resolved by the Board of Directors.
- 10.3A. The Vice Chairman of the Board and the Company shall be nominated by the CORROCOAT, from amongst the Board of Directors, so long as CORROCOAT holds at least 20% of the shares of the Company. In the absence of the Chairman, the Vice Chairman shall preside the meetings of the Board of Directors and of the Shareholders
- 10.4 Should either KBL or COROCOAT desire to replace any of its nominated directors, or in the case of KBL, should its nominated Chairman be replaced, with or without cause, the other Party is obligated to vote in confirmation of the new nominee directors or KBL's new nominee for Chairman; Provided, however, that if such replacement is without cause, the Party proposing the replacement shall indemnify, and hold the JVC and the other Party



harmless, for any and all damages and other expenses that may arise from such action.

- 10.5 A yearly calendar for the Board Meetings shall be fixed in advance. However, meetings of the Board of Directors may be called at the request of at least two (2) Directors (being nominees of each of KBL and CORROCOAT respectively). Not less than 14 days notice shall be given of meetings of the JVC's Board of Directors, to all Directors whether in India or overseas. An emergency meeting of the Board may be held on giving 7 days notice or shorter notice, if all the members of the Board unanimously agree. The meetings of the Board of Directors may be held in India or out of India.
- 10.6 If any director (hereinafter referred to as the "Principal Director") is absent from the State where board meetings are ordinarily held for a period of not less than three (3) months, he may, by notice in writing addressed to the Board of Directors, nominate a person of his choice to act as an Alternate Director (hereinafter referred to as the "Alternate Director") in his absence. The Board of Directors shall appoint such person as his Alternate Director. The Principal Director may at any time, by notice in writing addressed to the Board of Directors, remove the Alternate Director and nominate another person to act in his place as Alternate Director. An Alternate Director shall be entitled to exercise all the rights and shall be subject to all the obligations and duties of the Principal Director provided in this Agreement. All references in this Agreement to "directors" shall be deemed to include their respective "Alternate Directors".
- 10.7 (a) No meeting of the Board of Directors thereof shall be held unless not less than one-third (1/3) of the total number of the Board of Directors or two (2) directors, whichever is less are present at such meeting. Provided that no such meeting shall be deemed to have quorum and no such meeting shall proceed to do any business unless at least one (1) director nominated by KBL and at least one (1) director nominated by CORROCOAT, or its or their Alternate Directors, are present at such meetings.
- (b) If any meeting of the Board of Directors thereof cannot be held for want of a quorum, it shall be adjourned to the same day of the next following week at the same time and at the same place, or if that day is a holiday, to the next working day. If such adjourned meeting cannot be held for want of



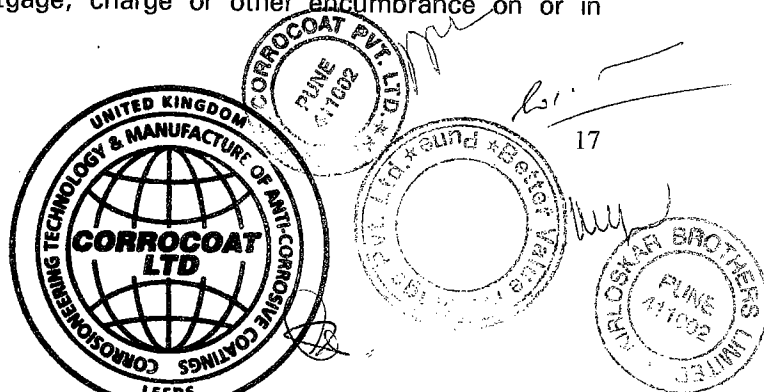
a quorum, the directors present at that meeting shall, constitute the quorum at that meeting.

- 10.8 Provided however, if all the Directors unanimously agree, the adjourned meeting may be held on any other mutually convenient day at the same time and place.
- 10.9 Subject to the provisions of Section 292 of the Act, and Article 10.10 herein listed, no resolution shall be deemed to have been passed by the Board by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all Directors, and has been approved by all such Directors, as are entitled to vote on the resolution.
- 10.10 In case the position of a director of the JVC becomes vacant for any reason, the Parties agree to cause their respective shares to be voted for the purpose of electing as a replacement a nominee of the Party whose office is vacated.
- 10.11 All actions and resolutions taken at a meeting of the Board of Directors shall be adopted by a majority vote of all Directors
- 10.12 The Board of Directors shall meet at least once in every 3 (three) months and shall have at least 4 (four) such meetings every year.

11 POWERS OF THE BOARD

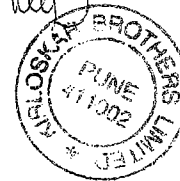
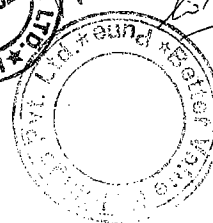
Neither the JVC itself, nor the JVC's board of directors, nor a committee thereof, (whether at a board meeting or at a committee meeting or by circular resolution or otherwise) nor its Managing Director shall take any action in respect of any of the matters specified below, except upon the affirmative vote of a majority of the Directors, which majority shall include at least one of the permanent non-retiring Directors respectively appointed or nominated by CORROCOAT and KBL.

- 11.1 Employment or removal of the Chief Executive Officer or Managing Director or Wholtime Director of the JVC, or the Heads of (a) Marketing, (b) Finance, or (c) Production.
- 11.2 Negotiating for or taking long-term loans (for a term exceeding 36 months) or an amount exceeding Rs. 12.5 million or altering any material term or condition of any such loan.
- 11.3 Creating any mortgage, charge or other encumbrance on or in



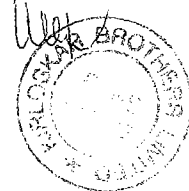
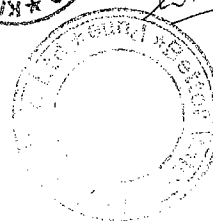
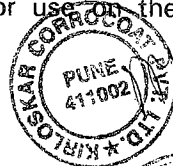
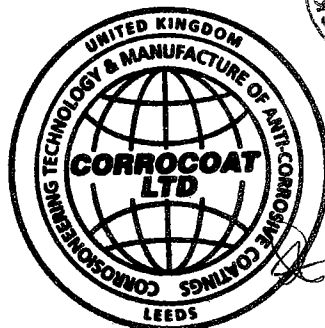
respect of any of the JVC's properties or assets for above loans.

- 11.4 Increasing the authorized or subscribed share capital of the JVC.
- 11.5 The issue of further shares from the authorised, but unissued share capital, or increasing the authorised share capital.
- 11.6 The issue of debentures, whether convertible, non convertible or partly convertible.
- 11.7 Short term borrowings (term not exceeding 12 months), in excess of 10% of the of the amount gross sales turnover of the JVC as disclosed in its latest audited profit and loss account for the last preceding financial year of the JVC, (hereinafter referred to as "the Turnover").
- 11.8 Declaring a dividend.
- 11.9 Filling vacancies on the Board of Directors other than those of Directors nominated or appointed by CORROCOAT or KBL.
- 11.10 Entering into contracts with either KBL or CORROCOAT or companies, firms or other persons affiliated or interested with or related to either of them.
- 11.11 Entering into any contract, the term of which exceeds two (2) years and the value of which exceeds 5% of the Turnover other than normal contracts entered into in the ordinary course of business.
- 11.12 Purchasing, leasing or otherwise acquiring machinery, equipment or other assets having a value, in any single transaction, of more than 5% of the Turnover.
- 11.13 Purchasing, leasing or otherwise acquiring or selling or otherwise transferring any immovable property, of any interest in such immovable property, owned by the JVC, of any value.
- 11.14.(a) Providing loans to third parties or guaranteeing the obligations of third parties, other than loans to, or guarantees concerning, employees of the JVC, in either case of an amount exceeding Rupees 1 million per transaction.
- 11.14.(b) Supplying goods or services on credit or generating accounts receivable or advances to suppliers and/or ancillaries of an amount



exceeding 5% of the "Turnover" in any single transaction, within a ceiling of 10% of the Turnover in any fiscal year of the JVC.

- 11.15 Formulating or approving long term management plans, annual financing, operating, production and sales plans and capital budgets, manpower and personnel compensation plans and counter measures against labour disputes, formulating of R & D plans and working programmes, and any material modifications thereto.
- 11.16 Selling, exchanging or otherwise transferring any machinery, equipment or other assets of the JVC having a value, in any single transaction, of more than five per cent of the Turnover.
- 11.17 Undertaking any new business or substantially expanding the business contemplated hereunder.
- 11.18 Recommending to the members a firm of Chartered Accountants to be appointed as auditors of the JVC.
- 11.19 Negotiating for or acquiring any licence or right from third parties in respect of manufacturing technology, patents, trademarks or other intellectual property.
- 11.20 Granting any sub-licence in respect of technical know-how, trade secrets, patents, copyright, or, other intellectual property obtained by the JVC from CORROCOAT or any third party.
- 11.21 Instituting, except in the case of an emergency, abandoning or compromising any action, suit or other legal proceedings, except in the case of routine debt collection matters.
- 11.22 Negotiating for or forming a subsidiary of the JVC or subscribing to the equity shares of any other company.
- 11.23 Negotiating for the merger or amalgamation of, or merging or amalgamating the JVC, with any other company, or negotiating for the sale of, or selling its undertaking or undertakings to any third party.
- 11.24 Adopting or modifying trade marks for use on the PRODUCTS manufactured by the JVC.



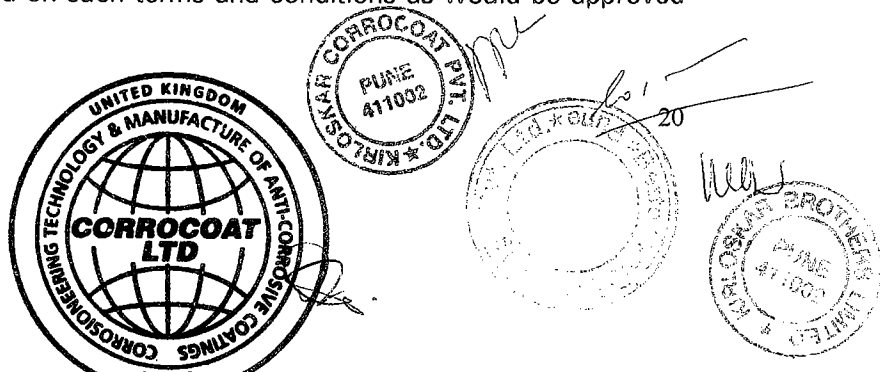
- 11.25 Considering or approving any matter concerning the winding-up of the JVC or the notification of its financial status to any statutory authority.
- 11.26 Changing or relocating the registered office or principal place of business of the JVC.
- 11.27 Calling, convening or adjourning any annual or extraordinary general meeting of the members of the JVC, and the approval of the draft notice convening the such meetings, and the approval of the balance sheet and profit and loss account to be submitted to the shareholders at such meetings.
- 11.28 Altering the objects clause in the memorandum of association of the JVC.
- 11.29 Lending or advancing any money to Directors or their relatives.
- 11.30 The appointment, removal or change in the conditions of appointment of CORROCOAT as an export agent.
- 11.31 Any other important policy matters to be agreed upon in writing by CORROCOAT and KBL.

12. APPROVAL OF THE SHAREHOLDERS

In case any of the matters specified in sub clauses 11.1 to 11.31 requires to be approved by the shareholders of the JVC, said approval shall be accorded by a special resolution passed at a general meeting.

13. MANAGEMENT OF THE JVC

- 13.1 The JVC shall have its own professional management.
- 13.2 The appointment, re-appointment or removal of the Managing Director(s) or Wholtime Director(s), or the President or Chief Executive Officer, or the Heads of marketing, finance and production of the JVC shall be subject to the mutual agreement of KBL and CORROCOAT.
- 13.3 The Managing Director(s)/ Wholtime Director(s) / the President/ the CEO shall function subject to supervision by the Board of Directors and on such terms and conditions as would be approved

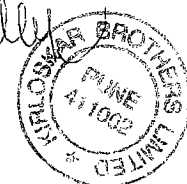
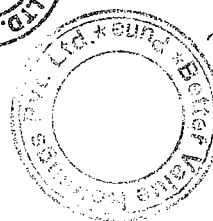
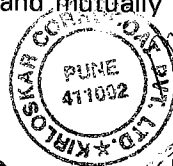


by the Board of Directors of the JVC. They shall be the persons in charge of and responsible to the JVC for the conduct of the business of the JVC and shall be concerned and responsible to ensure full and due compliance with all statutory laws, rules and regulations required to be complied with by the JVC and/or by the Directors of the JVC.

- 13.4 The Company Secretary of the JVC shall be the person responsible to ensure that there should be no default, non-compliance, failure or refusal or contravention of any of the provisions of the Act, or any rules, regulations or directions which the JVC is required to conform to or which the Directors of the JVC are required to conform to and shall be designated as such and be the officer in default, and shall be a person mutually acceptable to KBL and CORROCOAT.
- 13.5 The Heads of Marketing, Finance & Operations of the JVC, shall have ultimate control over their respective Departments.
- 13.6 Qualified experienced managerial, and marketing executives and other officers shall be appointed for the operation and conduct of the business of the JVC as mutually agreed.
- 13.7 The Board may, subject to the provisions of the Act from time to time and at any time, delegate any of its powers to a committee consisting of such Director or Directors, as it thinks fit and may from time to time, revoke such delegation. Subject to any applicable laws and regulations, any committee so formed, shall consist of nominee Directors of KBL and nominee directors of CORROCOAT and shall in the exercise of their powers so delegated, conform to any regulations that may from time to time be imposed upon them by the Board.

14 AUDITORS AND LEGAL ADVISERS

- 14.1 The annual audit of the books of account and records and affairs of the JVC shall be made each year immediately the following the close of financial year by a known and recognised firm of chartered accountants after having been selected and mutually agreed upon by KBL and CORROCOAT.
- 14.2 The legal advisers and solicitors of the JVC shall be appointed by the JVC after having been selected and mutually agreed upon by KBL and CORROCOAT.



15 BOOKS OF ACCOUNT

- 15.1 The JVC shall maintain its books of account in the English language. They shall be open for inspection by the authorised representatives of KBL and CORROCOAT. A regular reporting system will be established by the Board of Directors.
- 15.2 The financial year of the JVC shall be April to March of each year. The accounting year of the JVC for Indian tax purposes shall be the fiscal year prescribed by the Income Tax Act 1961, and which at present is April to March of each year.

16 DIVIDEND POLICY

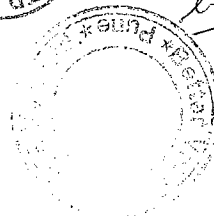
The Board of Directors of the JVC shall have the authority to determine, subject to any requirements of the Indian laws, the amount and timing for the declaration and payment of any dividend or the making of any other distribution out of its profits of the JVC. KBL and Corrocoat agree that, subject to the provisions of the Act and other applicable laws, the JVC shall declare and pay at least 33% (thirty-three percent) of after tax profits subject to the exigencies of business and unless otherwise decided by the shareholders. The JVC shall strive to declare a dividend of at least a 20% (twenty percent) of the paid up capital of the JVC subject to available/surplus profits.

17 REGULATION OF ACQUISITION OF EQUITY INTERESTS:

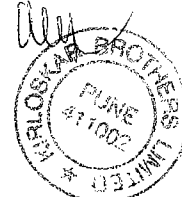
- 17.1 Neither KBL nor CORROCOAT shall at any time, either directly or indirectly, acquire or attempt to acquire the whole or any part of the Equity Interest in the Capital of each other, whether by themselves or by their holding, subsidiary, affiliate or associate companies, (nor shall KBL acquire any such interest, either directly or indirectly, in the holding company of CORROCOAT.)

17A. BORROWING POLICY

- 17A.1 Any capital initially required by the JVC for its working capital and other capital funding requirements for the start up of the JVC in excess of the capital to be provided for by KBL and CORROCOAT shall be financed by sufficient long term loans on terms and conditions mutually acceptable to be provided by or arranged by KBL.



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17A.2 The Parties agree that they will cause their nominees on the Board of Directors of the JVC to adopt a borrowing policy sufficient in all respects to support the continuing business requirements of the JVC and consideration shall be given to use of the lowest cost source of available financing consistent in all respects with a general policy of prudent financial management.

17B. INSURANCE

17B.1 Both Parties shall ensure that at all times the JVC shall obtain, pay for and maintain adequate insurance with insurers satisfactory to KBL and CORROCOAT of the following insurances :-

17B.1.1 Public Liability Insurance;

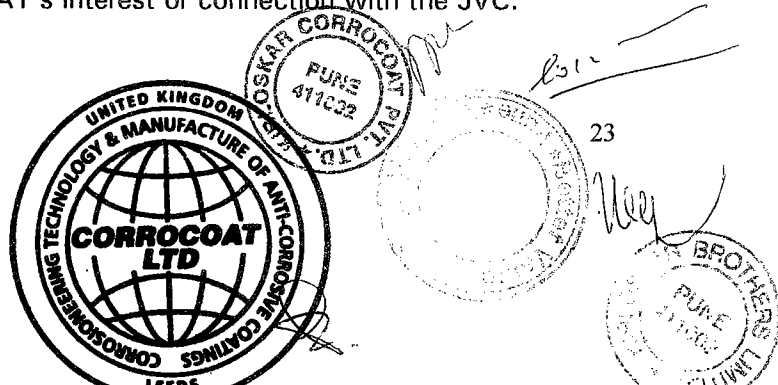
17B.1.2 Insurance under the Consumer Protection Act, 1986;

17B.1.3 Directors and Officers Liability Insurance;

17B.1.4 Employees Liability Insurance;

17B.1.5 Insurance of Building -

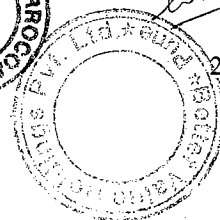
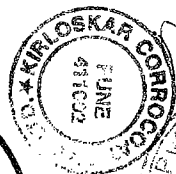
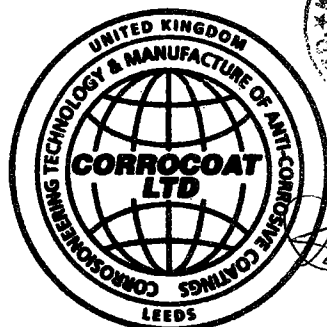
Such policies of insurance as mentioned aforesaid shall be endorsed; (a) to provide that such insurance shall be the primary insurance and to acknowledge that any other insurance policy or policies of the JVC or of KBL or CORROCOAT or any other Party shall be secondary or excess insurance notwithstanding any provisions in such policies regarding other insurance; (b) to name KBL and CORROCOAT and their directors, officers, agents and employees, holding company, subsidiary companies and group companies as additionally insured; (c) to provide that all provisions of such insurance up to the limit of liability shall operate in the same manner as if they were separate policies issued to each insured; and (d) to specifically cover and indemnify and hold harmless KBL and CORROCOAT, and their directors, officers, agents, employees, holding company, subsidiary companies and associate companies against any liability accruing or arising to them or any of them through or from or by virtue of KBL and/or CORROCOAT's interest or connection with the JVC.



18 COMPETING BUSINESS AND PROTECTIVE COVENANTS

KBL and CORROCOAT agree and covenant on behalf of themselves, their subsidiaries, holding companies, affiliate companies and group companies that:

- 18.1 Neither KBL nor CORROCOAT shall do any business in India relating to the business of JVC.
- 18.2 Neither KBL nor CORROCOAT shall be interested directly or indirectly in a business in competition with JVC's business in India.
- 18.3 If any additional or new activity arising out of or akin to the activity of the JVC in India is to be undertaken by either KBL or by CORROCOAT, it shall be either through the JVC or through any other arrangement in which KBL and CORROCOAT will jointly participate and on terms to be mutually agreed between them.
- 18.4 CORROCOAT further agrees that it shall not license or transfer any technical know-how in respect of any of the PRODUCTS or its marks to any other person in India, including for the manufacture of the Products in India by any third party and/or cause therein to be used by any third party as long as CORROCOAT has an equity interest in the JVC.
- 18.5 Neither Party shall canvass or solicit orders for the Products in India from any person who is on the Termination Date a customer of the JVC.
- 18.6 Neither Party shall induce or attempt to induce, any supplier of the JVC to cease to supply, or to restrict or vary the terms of supply.
- 18.7 Neither Party shall induce or attempt to induce, any director or senior employee of the JVC to leave the employment of the JVC.
- 18.8 The provisions contained in Sub clauses 18.1 to 18.7 will continue to be binding on KBL and the CORROCOAT for a period of 2 years after the Termination Date. Furthermore, each of KBL and CORROCOAT shall upon disposing of its entire equity interest in the JVC execute an Undertaking in favour of the JVC and the other members confirming on behalf of themselves and their transferees that they and their transferees will abide by the



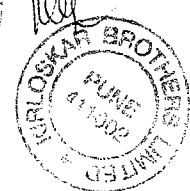
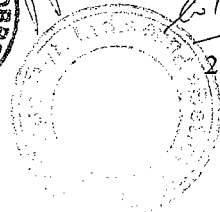
covenants contained herein for the aforementioned period of 3 years.

19 ISSUE OF SHARES AND TECHNICAL-KNOW HOW LICENCE AGREEMENT

- 19.1 KBL and CORROCOAT shall cause the JVC to issue shares to themselves in the amounts and manner provided for in this Agreement.
- 19.2 KBL and CORROCOAT shall cause the JVC to make a first call on the shares to be issued, at the rate of Rs. 5/- per share, as soon as practicable after approval of this Agreement by the Reserve Bank of India, and a second call on the shares six (6) months thereafter.
- 19.3 KBL and CORROCOAT shall cause the JVC to execute the Licence Agreement on the terms and conditions stipulated in clause 7.2 hereof, and the JVC shall forthwith file the same with the Reserve Bank of India in accordance with the procedure prescribed therefor.
- 19.4 If in the process of reviewing the Licence Agreement lodged with it for filing, the Reserve Bank of India requires any modification thereof, KBL and CORROCOAT shall consult with each other and with the Reserve Bank of India, shall and endeavour to comply with such requirements.

19A. Governmental Approval

- 19A.1 KBL shall use its best efforts to assist CORROCOAT in obtaining Indian governmental approvals for executing this Agreement. KBL, shall apprise CORROCOAT of any and all actions it plans to take with governmental authorities well in advance of the proposed action, and shall take no action to which CORROCOAT objects.
- 19A.2 If after the Effective Date of this Agreement, (as hereinafter defined in clause 19B) further government review and approval of this Agreement or of any amendment thereto are required under the laws or regulations or other legal authority of India, KBL shall use its best efforts to assist CORROCOAT to obtain such approval. KBL shall provide CORROCOAT with copies of all



correspondence and documents transmitted to and received from any Indian governmental authorities relating to such approval.

19B Effective Date

This Agreement shall come into force as on the date hereof. However neither KBL or CORROCOAT shall be obliged to subscribe to the equity share capital of the JVC until the last of the Indian governmental approvals are obtained.

20 PRE-FORMATION COSTS:

KBL and CORROCOAT will bear their own costs, save and except for the expenses incurred for the incorporation of the JVC which will be reimbursed by the JVC after its incorporation.

21 MEMORANDUM AND ARTICLES OF ASSOCIATION

21.1 KBL and CORROCOAT agree that any resolution for the amendment of the Memorandum or of the Articles of Association of the JVC shall not be allowed to be passed in any meeting unless mutually agreed to in advance in writing.

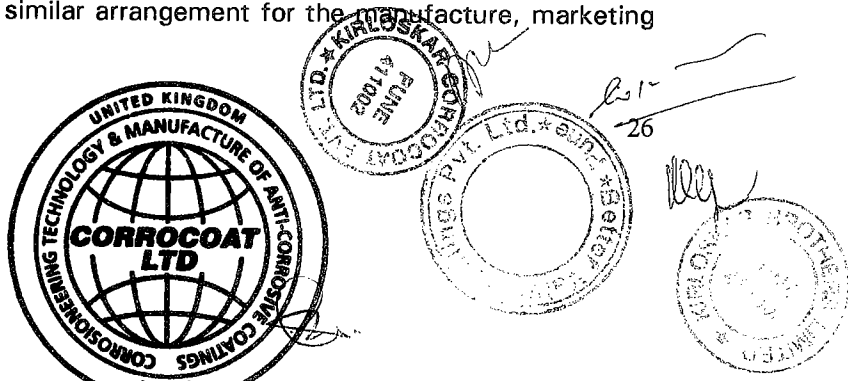
21.2 It is expressly agreed that the Memorandum and Articles of Association of the JVC shall fully incorporate the provisions of this Agreement and this agreement has precedence over the Articles of Association of JVC in the event that there should be any inconsistency or ambiguity.

21.3 KBL and CORROCOAT agree that this agreement will be adopted by the JVC and made a part of its Articles of Association by an alteration of the Articles of Association of the JVC if so required.

22 CONFIDENTIALITY AND EXCLUSIVITY

22.1 Neither KBL nor CORROCOAT will discuss or negotiate with any other corporation, firm or other person, or entertain or consider any inquiries or proposals relating to the manufacture in India of the PRODUCTS.

22.2 KBL agrees not to discuss negotiate or enter into any similar arrangement for the manufacture, marketing or sale of the PRODUCTS. CORROCOAT also agrees not to discuss negotiate or enter into any similar arrangement for the manufacture, marketing



or sale in India of the PRODUCTS.

- 22.3 All proprietary or confidential information shall be transmitted in writing with a marking on such transmittals of the term "confidential" or words to that effect. In the event proprietary or confidential information is transmitted verbally, the transmitting party shall, within thirty days after such verbal transmission, advise the receiving party, in writing of the fact that such information is Proprietary and confidential. Proprietary and confidential information shall not include information which has been disclosed to third parties, is previously known to the receiving party, or which the third party learns of through a third party who legitimately possesses such information, or which is independently developed by the receiving party. In order to further the joint venture contemplated herein, it may be necessary for CORROCOAT and KBL to reveal to each other certain information concerning operations or technical know-how which is of a proprietary or confidential nature. Both KBL and CORROCOAT agree to keep confidential all proprietary and confidential information disclosed by each to the other and not to disclose any such information to any third party or use any such information for their own purposes. At each other's request, both KBL and CORROCOAT will promptly return any drawings, plans, specifications, equipment lists or other documents that may have been supplied by one to the other.

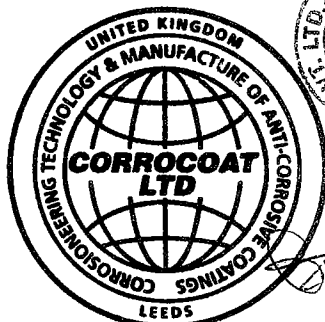
23 TERM

This agreement shall commence upon the Effective Date hereof, and subject to the provisions hereof, shall thereafter continue in full force and effect until terminated in accordance with the provisions contained herein.

24 TERMINATION

- 24.1 This Agreement may be terminated by the mutual consent of CORROCOAT and KBL.

- 24.1.1 If either KBL or CORROCOAT goes into liquidation, whether voluntary or compulsory, or makes a composition with its creditors, or if any law for the relief of financially sick companies becomes applicable to it, or if a receiver is appointed to take possession of its undertaking, (and which appointment is not stayed or vacated within 90 days from such appointment) then and in any of the said events, the party not so affected may



terminate this Agreement by giving and delivering ninety days written notice to the party so affected, and on the expiry of such notice, this agreement shall absolutely cease and determine.

24.1.2 If either KBL or CORROCOAT shall have committed or knowingly permitted any breach of the a covenants, conditions or agreements hereinbefore contained, and on its part to be performed or observed, the party not in default may serve on the party in default a notice specifying the breach in writing, and requiring it within ninety days to make good the same in the case of a breach capable of being made good, or to pay the party or parties that has served such notice adequate compensation in the case of a breach not capable of being made good, and if the party served with such notice shall not within the period of ninety days aforesaid comply with the said notice, then the party that served such notice may serve on the other thirty days' notice in writing to terminate this agreement and on the expiry of the said notice, this agreement shall stand absolutely terminated. No right or remedy contained in this Agreement is intended to be exclusive of any other right or remedy, and each and every right or remedy given hereunder shall be cumulative and in addition to any other right or remedy now or hereafter existing in law, or in equity, or by statute.

24.1.3 In the event that the laws or regulations of the Republic of India or of England shall at any time be or become such that this Agreement cannot continue to be enforced or performed according to its terms including without limitation, the ability of KBL and CORROCOAT if they so desire to retain their respective ownership and voting interests in the JVC in accordance with this agreement, then KBL and CORROCOAT shall endeavour to make appropriate changes in this agreement or in the Articles of the JVC for the satisfactory continuation of the joint venture. In case such endeavour does not succeed, either party shall have the right to terminate this Agreement by serving upon the other a written notice of not less than ninety days.

24.1.4 In case the termination arises through a default by either hereinbefore CORROCOAT or KBL mentioned, the one not in default shall at its option, subject to all necessary approvals and applicable laws, have the right to purchase and/or to name a purchaser or purchasers of the shares and other financial interest of the defaulting party in the JVC at the fair market value thereof to be certified by the Auditors of the company and such option shall be exercised by a notice in writing served on the defaulting



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party by the one not in default within ninety days from the termination of this Agreement.

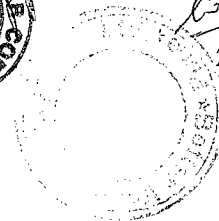
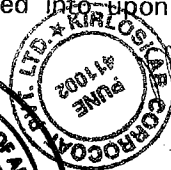
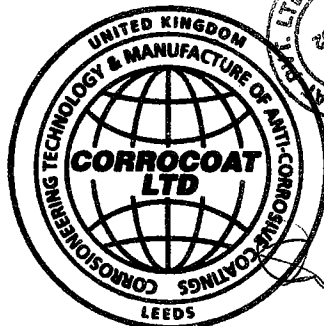
24A. Consequences of Termination

24A.1 Termination of this Agreement shall be without prejudice to the accrued rights and liabilities of the Parties at the date of termination, unless waived in writing by mutual agreement of the Parties.

24A.2 Upon termination, each Party shall (at the request of the other Party) take all steps necessary to ensure that the name of the JVC is within reasonable time limit so that it no longer contains any reference to any trade names or trademarks then owned by the other Party.

24A.3 If this Agreement is terminated by KBL in consequence of breach of this Agreement by CORROCOAT, and KBL is not itself in breach of this Agreement at the time notice of termination is given, then

- (a) KBL shall enjoy the right to secure, at the JVC's expense, an appraisal of the fair market value of the JVC's shares from any major securities company or from another appraiser mutually acceptable to the Parties; and,
- (b) KBL shall have the following rights (without prejudice to any right it may have to receive damages in consequence of breach of this Agreement) and CORROCOAT shall have the corresponding obligations:
 - (i) the right to require CORROCOAT (and all of its affiliates) to sell all of its shares of the JVC to KBL or to any designee of KBL at the value as thus appraised; or
 - (ii) the right to require CORROCOAT to purchase all or any portion of the shares of KBL and its affiliates at their value as thus appraised; or
 - (iii) the right to require CORROCOAT to join with KBL to cause the JVC to go into liquidation; and
- (c) a contract for the sale and purchase of shares shall be deemed to have been entered into upon the dispatch of



written notice to CORROCOAT of KBL's election to exercise the option given above, and payment for the shares shall be due within ninety (90) days of the completion of the appraisal of the shares.

24A.4 If this Agreement is terminated by CORROCOAT due to a breach of the Agreement by KBL, then CORROCOAT shall have the rights and privileges granted to KBL in Article 24A.3 above, *mutatis mutandis*.

24A.5 If the JVC shall go into liquidation, CORROCOAT and KBL shall have an option to purchase all or any part of the assets of the JVC at book value, upon notice and tender of payment to the JVC or its liquidators in proportion to their shareholding in the JVC. Such option shall expire ninety (90) days after the date the JVC shall be declared liquidated.

24A.6 Upon termination, each Party shall deliver on request to the other Party a No Objection Certificate in such form and manner as may be required by any governmental authority, to permit the other Party to enter into any joint ventures, licence agreements or any other contracts with any third parties.

25. NON-WAIVER

Non-admission or delay on the part of any party hereto in requiring the due and punctual fulfillment by any other party or parties hereto of the obligations of such other party hereunder shall not be deemed to constitute a waiver by the omitting or delaying party of any of its rights to require such due and punctual fulfillment.

26. CONSTRUCTION

26.1 This agreement sets forth the entire agreement and understanding among the parties with respect to the subject matter hereof and merges all discussions and negotiations among them, and none of the parties shall be bound by any conditions, warranties, understandings or representations with respect to such subject matter other than those expressly provided herein or duly set forth on or subsequent to the date hereof in writing and signed by a proper and duly authorised officer of the party to be bound thereby.

26.2 The Articles, paragraph and other headings contained in



agreement are for general this reference and guidance and shall not be conclusive as to the meaning or interpretation of this agreement.

- 26.3 The words and expressions not expressly defined in this agreement shall, as far as permissible, bear the same meaning as understood, in the Act, or any statutory modification thereof in force at the time of entering into this Agreement.

27. COUNTERPARTS

This Agreement shall be executed simultaneously in three (3) or more counterparts each of which shall be deemed to be an original but all of which together shall constitute one (1) instrument.

28. AMENDMENTS

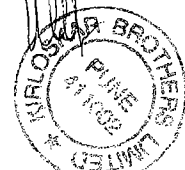
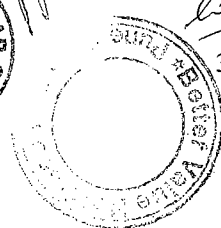
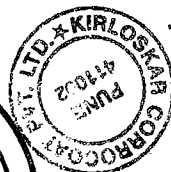
This Agreement shall not be amended, altered or modified except by instrument in writing expressly referring to this agreement and signed by KBL and CORROCOAT and approved where necessary by the Government of India.

29. NON ASSIGNMENT

- 29.1 KBL and/or CORROCOAT shall not transfer or assign its rights, obligations or liabilities under this Agreement to any third party (other than subsidiaries or associates or affiliates, that are companies under the its Control) and such rights shall not inure to the benefit of other person or company including any trustee in bankruptcy receiver or other successor of either KBL or CORROCOAT, whether by operation of law, sub licence, transfer of the business or assets, merger liquidation or otherwise without the prior written consent of the other and any such actual or purported assignment or transfer without the consent of KBL or CORROCOAT as the case may be shall be null and void. This agreement shall be binding upon the parties hereto and their respective successors and assigns, without prejudice to the aforesaid.

30. ADDITIONAL DOCUMENTS

Each party hereto shall promptly execute and deliver such additional documents as are reasonably required by any other party hereto for the implementing Agreement, this of purpose



provided that no such document shall be inconsistent with the provisions hereof.

31 INDEPENDENT PARTIES

KBL and CORROCOAT shall act in all matters pertaining this to as independent agreement parties and nothing contained herein shall constitute either of them the agent or the partner of the other.

32 ACKNOWLEDGEMENT BY JVC

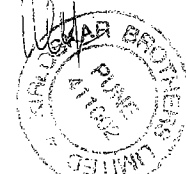
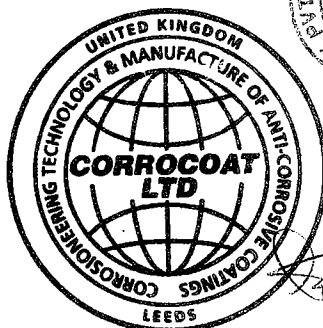
The JVC hereby acknowledges, adopts, and ratifies this agreement, and pledges itself to faithfully observe each provision of this agreement in so far as it is applicable to or binding on the JVC.

33 INDEMNITY CLAUSES

33.1 KBL and CORROCOAT will ensure that the JVC will provide by its Articles of Association the following clauses :-

33.1.1 with regard to the indemnity and responsibility of Directors and other rights to indemnity in the following terms :

"Subject to the provisions of Section 201 of the Act, every Director, Manager and other Officers or Servants of the JVC shall be indemnified by the JVC against, and it shall be the duty of the Directors out of the funds of the JVC to pay all the costs, losses and expenses which any Manager, Officer or Servant may incur or become liable to by reason of any contract entered into or in any way in the discharge of his duties, including expenses and in particular, and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Manager or Servant in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the JVC and have priority as between the members over all claims."

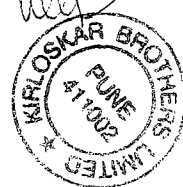
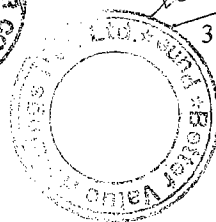


33.1.2 With regard to Directors, Managers, Officers or other Servants of the JVC not liable for certain acts in the following terms:

"Subject to the provisions of Section 201 of the Act, no Director, Manager, Officer or other Servants of the JVC shall be liable for the acts, receipts, neglects of any other Director, Manager, Officer or Servant or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors, for or on behalf of the JVC for the insufficiency or deficiency of any security in or upon which any of the monies of the JVC shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any monies, securities or effects shall be deposited or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of the officer or in relation thereto unless the same happened through his own dishonesty."

34 FORCE MAJEURE

- (a) The failure or delay of either of the Parties hereto to perform any obligation under this Agreement solely by reason of acts of God, acts of government, riots, wars, embargoes, strikes, lockouts, accidents in transportation, port congestion or other causes beyond its control ("**Force Majeure**") shall not be deemed to be a breach of this Agreement; provided, however, that the party so prevented from complying herewith shall not have procured such force majeure, shall have used reasonable diligence to avoid such force majeure and ameliorate its effects, and shall continue to take all actions within its power to comply as fully as possible with the terms of this Agreement and provided such Force Majeure event does not continue for more than one hundred and twenty (120) days.
- (b) Except where the nature of the event shall prevent it from doing so, the Party suffering such **Force Majeure** shall notify



to the extent reasonable and lawful under the circumstances, use its best efforts to remove or remedy such cause with all reasonable dispatch.

34B. Severability

If any term or provision of this Agreement shall be determined to be invalid or unenforceable under Indian law, such provision shall be deemed severed from this Agreement, and a reasonable valid provision to be mutually agreed upon shall be substituted. In the event that no reasonable valid provision can be so substituted, the remaining provisions of this Agreement shall remain in full force and effect, and shall be construed and interpreted in a manner that corresponds as far as possible with the intentions of the Parties as expressed in this Agreement.

34C. Pecuniary disadvantage

Should any provision of this agreement be declared null and void by any competent government agency or court, this shall not affect the other provisions of this agreement which are capable of severance and which shall continue unaffected. Notwithstanding the aforesaid, should any clause which is declared null and void place either party at a pecuniary disadvantage, the parties agree to amend or substitute such clauses so that they shall be capable of performance and redressing such disadvantage.

35 GOVERNING LAW

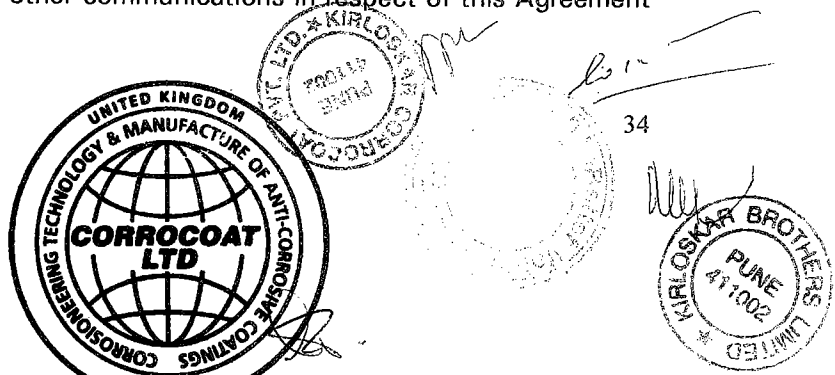
This Agreement shall be governed by and construed in accordance with the laws of India.

36 ARBITRATION

Any dispute of difference arising under or in connection with this Agreement or any breach thereof, which cannot be settled by friendly negotiation and agreement between the parties, shall be finally settled by arbitration conducted in accordance with the Rules of the International Chamber of Commerce, by three arbitrators designated under those Rules. The arbitration proceedings shall be held in South Africa.

37 NOTICES

All notices and other communications in respect of this Agreement



All notices and other communications in respect of this Agreement shall be given in writing in English by registered airmail, postage prepaid, or by telex or facsimile to the party entitled thereto at its address set forth below, or such other address as it shall hereafter designate for this purpose:

KBL

Kirloskar Brothers Limited,
Udyog Bhavan, Tilak Road,
Pune - 411 002.
INDIA
Attention: R. K. SRIVASTAVA
Whole Time Director

Fax: 020-24402001
Telex: 0145-247 KBPN

CORROCOAT

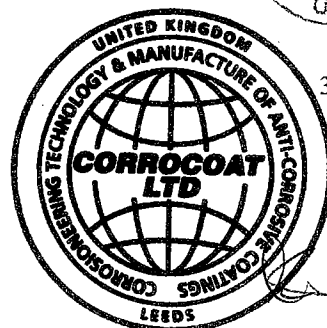
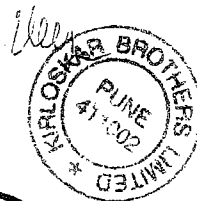
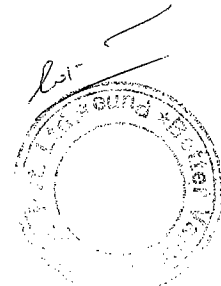
CORROCOAT LIMITED
Forster Street
Leeds, LS10 1PW
ENGLAND

Attention: Charles Watkinson
Fax: +44 1132 718750

JVC

KIRLOSKAR CORROCOAT
PRIVATE LIMITED
Udyog Bhavan, Tilak Road,
Pune - 411 002.
INDIA

Attention: Mr. A. R. Sathe
Director
Fax: 020 - 24440824



SIGNED AND DELIVERED for and on
behalf of the withinnamed


CORROCOAT LIMITED

by MR. CHARLES WATKINSON



in the presence of



MR. CLIVE HARPER

SIGNED AND DELIVERED for and on
behalf of the withinnamed


KIRLOSKAR CORROCOAT PRIVATE LIMITED

by MR. A. R. SATHE
Director

in the presence of


Mr. J. J. Dias
General Manager

Dated the 08th Day of April, 2006



Services required from Kirloskar Brothers Limited (KBL) – Schedule A

Secretarial and legal services

Corporate and local Human Resources and Management – Attendance, Recruitment, Salary processing etc.

Corporate and local finance dept. All type of accounting services

C S P S – Advertisement, Exhibitions, Sales Literature and other sales promotion activities.

Premises on rent at Pune and area offices – Six employees at Pune office and one employee at Chennai, Delhi and Calcutta office.

Colony and Guest House services: Common facilities at Kirloskarvadi use by the employees.

Industrial Engineering and Manufacturing Engineering Divisions at Kirloskarvadi – For job estimates, Contractors Rate, Construction of new building.

Plant Engineering Division at Kirloskarvadi – For carrying out maintenance of various equipments.

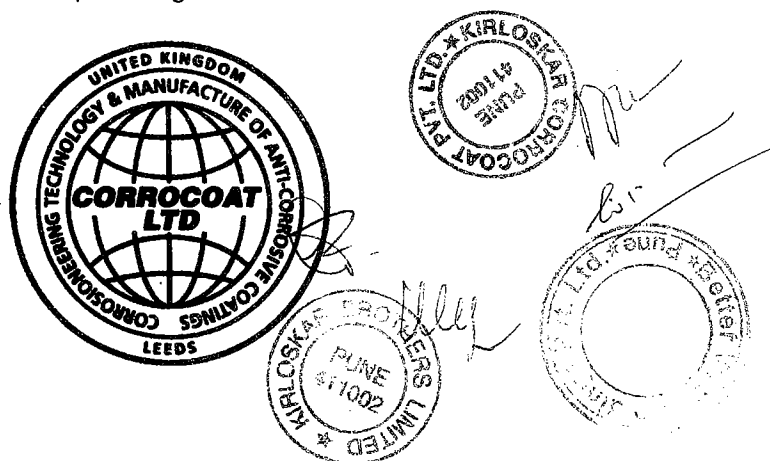
Product Engineering Division, Pump Testing Laboratory and Research and Engineering Division at Kirloskarvadi

Dispatch department at Kirloskarvadi – First six month KBL will provide services till JVC develop its own facility.

Quality Assurance Department – For getting ISO, EMS and other certifications.

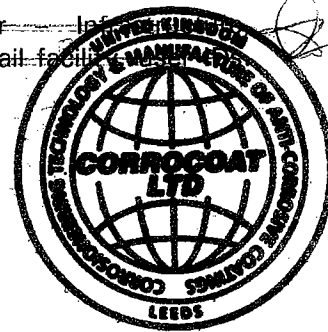
Services of KBL Directors

Liasioning with Income Tax / Sales Tax / Service Tax / Excise / ESI / PF depts. Of government.



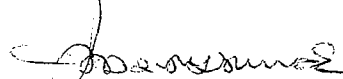
For all above services and management fees KBL will charge JVC fess of Rs. 0.7 Million per Month for the first year. As a time progress JVC to arrange these services independently.

~~Corporate and local Information Center~~
~~Configurations, hardware maintenance, Email facility~~
~~Estimated expenses Rs. 25 lacs extra.~~

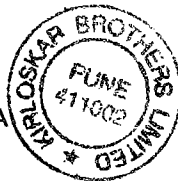


SIGNED AND DELIVERED for and on
behalf of the withinnamed

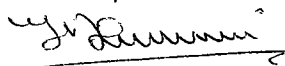
KIRLOSKAR BROTHERS Ltd



by **MR. R. K. SRIVASTAVA**
Whole Time Director



in the presence of

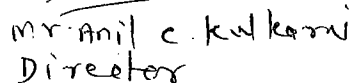


G. P. Kulkarni
Company Secretary

SIGNED AND DELIVERED for and on
behalf of the withinnamed

BETTER VALUE HOLDINGS PRIVATE LIMITED

by


Mr. Anil C. Kulkarni
Director

Title

in the presence of

S. V. Patasankar
Miss Surekha V. Patasankar

