

2 January, 2015

RANGSONS ELECTRONICS PRIVATE LIMITED
THE SELLING SHAREHOLDERS
AND
CYIENT LIMITED

INVESTMENT AGREEMENT

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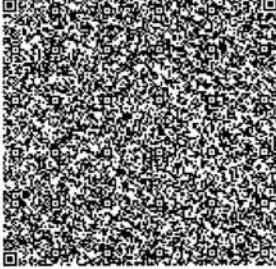


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INDIA NON JUDICIAL
Government of Karnataka

e-Stamp

Certificate No. : IN-KA87475835122731M
Certificate Issued Date : 31-Dec-2014 04:20 PM
Account Reference : NONACC (FI)/ kasfinc01/ SARASWATHIPURAM/ KA-MY
Unique Doc. Reference : SUBIN-KAKASFINC0126454874952365M
Purchased by : PAVAN RANGA AND OTHERS MYSURU
Description of Document : Article 12 Bond
Description : SHARE SALE AGREEMENT
Consideration Price (Rs.) : 0
(Zero)
First Party : PAVAN RANGA AND OTHERS MYSURU
Second Party : CYIENT LIMITED HYDERABAD
Stamp Duty Paid By : PAVAN RANGA AND OTHERS MYSURU
Stamp Duty Amount(Rs.) : 300
(Three Hundred only)



Authorised Signatory
Karnataka State Financial Corporation
Branch Officer, Mysore

-----Please write or type below this line-----

THIS AGREEMENT is made on January 2, 2015

BETWEEN:

(1) **RANGSONS ELECTRONICS PRIVATE LIMITED**, a private limited company incorporated in India under the

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.shcilestamp.com" Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

provisions of the Companies Act, 1956, having Corporate Identification Number U31909KA1993PTC014470, and whose registered office is at 347, D1 and D2, KIADB, Electronic City, Hebbal Industrial Area, Mysore 570 016, hereinafter referred to as the "**Company**" (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **First Part**;

- (2) **THE PERSONS MENTIONED AT PART A OF SCHEDULE 1**, hereinafter referred to as the "**Selling Shareholders**", (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include their successors and permitted assigns) of the **Second Part**; and
- (3) **CYIENT LIMITED**, a company incorporated in India under the provisions of the Companies Act, 1956, having Corporate Identification Number L72200TG1991PLC013134, and whose registered office is at 4th Floor, 'A' Wing, Plot No. 11, Software Units Layout, Info City, Madhapur, Hyderabad 500082, hereinafter referred to as "**Investor**", (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **Third Part**.

The Company, Selling Shareholders and the Investor are hereinafter referred to collectively as the "**Parties**" and individually as a "**Party**".

WHEREAS:

(A) The Company is a private limited company incorporated under the Act and is engaged in the Business (as defined below). The authorized share capital of the Company is Rs. 4,75,00,000 (Rupees Four Crores and Seventy Five Lakhs), divided into 47,50,000 (Forty Seven Lakhs and Fifty Thousand) equity shares of Rs. 10 (Rupees Ten) each ("**Equity Shares**"). A description of the Company and its Subsidiaries is set out at **Schedule 2** hereto;

(B) As on the date of this Agreement, Pavan G. Ranga (the "**Promoter**"), holds 5,05,790 (Five Lakhs, Five Thousand, Seven Hundred and Ninety) fully paid Equity Shares, constituting 37% (Thirty Seven percent) of the fully paid up equity share capital of the Company;

(C) At the request of the Company and the Selling Shareholders, and relying on the representations and warranties and covenants of the Selling Shareholders hereunder, the Investor has agreed to acquire 10,11,580 (Ten Lakh Eleven Thousand Five Hundred and Eighty) Equity Shares from the Selling Shareholders, representing 74% (Seventy Four Percent) of the share capital of the Company, in accordance with the terms set out herein. The Investor will additionally have the option to acquire, and Selling Shareholders shall have the right to sell, the balance 26% (Twenty Six Percent) of the share capital of the Company ("**Balance Shares**"), as provided in this Agreement; and

(D) This Agreement sets out the agreement and relationship between the Parties hereto and their respective rights and obligations in relation to the matters referred to above and other terms and conditions as set out herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and warranties made herein and of the mutual benefits to be derived here from, the Parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

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Definitions

1.1. In this Agreement, including in the Recitals, and unless the context requires otherwise, the following words and expressions shall have the following meanings:

"**Accounts**" means the audited balance sheet and cash flow statement of the Company as at the Accounts Date and the profit and loss account of the Company in respect of the Financial Year ended on the Accounts Date, together with any notes, reports, statements or documents included in or annexed to them, all of which are certified by the auditors of the Company;

"**Accounts Date**" means March 31, 2014;

"**Act**" means the Companies Act, 1956 and /or any successor legislation (or any provision thereof), including without limitation, the Companies Act, 2013, each to the extent applicable;

"**Additional Payment**" has the meaning attributed to it in Clause 9.11;

"**Affiliate**" means, in relation to any Person, any entity controlled, directly or indirectly, by that Person, any entity that controls, directly or indirectly, that Person, or any entity under common control with that Person or, in the case of a natural Person, any Relative (as such term is defined in the Act) of such Person. For the purpose of this definition:

- (i) "**control**" means the power to direct the management and policies of an entity whether through the ownership of voting capital, by contract or otherwise;
- (ii) A holding or subsidiary company of any entity shall be deemed to be an Affiliate of that entity; and
- (iii) The Company shall be deemed not to be an Affiliate of the Investor.

"**Agreement**" means this agreement together with its Schedules;

"**Ancillary Agreements**" shall mean agreements as set out in **Schedule 10** hereto;

"**Base Payment**" has the meaning attributed to it in Clause 9.11;

"**Benefit Plan**" means the employee pension, benefit and other employee welfare plans of the Company;

"**Board**" means the board of directors of the Company;

"**Business**" means electronics manufacturing services and electronics related box builds;

"**Business Day**" means a day (excluding Saturdays and Sundays) on which banks generally are open in Bangalore, India for the transaction of normal banking business;

"**Business Plan**" means the business plan prepared by or on behalf of the Company, in respect of the Company and its Group Companies, which includes details of their respective operations, financials, capital expenditure, and other relevant targets, and the documents annexed to that business plan and the current version of which is annexed at **Schedule 3**;

"**Completion**" means the completion of the events specified in Clause 5;

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"Completion Date" means the date on which the Completion takes place;

"Conditions Precedent" means the conditions specified in **Schedule 4**;

"Confidential Information" means information, in whatever form, relating to the business, products, affairs, operations, plans, performance, finances, suppliers, clients, customers and counterparties of any Group Company for the time being confidential to it or treated by it as such, including trade secrets (including, without limitation, technical data and know-how) and other intellectual property relating to any Group Company;


"Connected Person/Concern" of the Company means:

- (a) any Related Party of the Company (as defined in the Act);
- (b) any member, director, officer, key management employee of the Company;
- (c) any Selling Shareholder or any Affiliate of the Selling Shareholder;
- (d) The trustees and beneficiaries of any trust in which the Company or any Selling Shareholders is either a trustee or beneficiary;
- (e) any director of the Company or of any holding or subsidiary company of the Company or of any Affiliate of the Company;
- (f) any trust in which any Selling Shareholder or any Affiliate of a Selling Shareholder is a trustee or beneficiary;
- (g) any director of any holding or subsidiary company of any Selling Shareholder or any Affiliate of the Selling Shareholder;
- (h) any firm or unlisted company in which the Company, the Selling Shareholder, any such director or any Affiliate or partner of any such director, Selling Shareholder or Affiliate is a partner, shareholder or director or has any share, control or interest;
- (i) any listed company in which the Company, the Selling Shareholders, any such director or any Affiliate or partner of any such director, Selling Shareholders or Affiliate is a director or hold/s shares exceeding 5% (five per cent) of the paid-up equity share capital of such listed company;
- (j) any company, the board of directors, managing director or manager whereof acts or is accustomed to act in accordance with the directions or instructions of the Board of Directors of the Company, of the Selling Shareholders, of any such director or of any Affiliate mentioned above;

"Consent" means any consent, approval, authorization, waiver, permit, grant, franchise, license, certificate, exemption, permission, order, registration, declaration, filing, report or notice of, with, to, from or by any Person, including any third party consents, not limited to lender consents;

"Contract" means any agreements, contracts, instruments, obligations, offers, legally binding commitments, arrangements and understandings, (whether written or oral) including all loan agreements, indentures, letters of credit (including related letter of credit applications and reimbursement obligations), mortgages, security agreements, pledge agreements, deeds of trust, bonds, notes, guarantees, surety obligations, warranties, licenses, franchises, permits, powers of attorney, purchase orders, leases, including any amendment variation, termination or extension under or in respect of any of the foregoing;

"Disclosure Letter" means the (a) disclosure letter in Agreed Form provided by the Selling Shareholders to the Investor prior to the execution of this Agreement, which sets out the specific disclosures made by the Selling Shareholders in respect of the Warranties, (b) updated as on the Completion Date setting out specific disclosures


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solely in relation to matters which have occurred post execution of this Agreement and prior to Completion Date; and (c) updated on the Completion Date for specific disclosures solely in relation to the Warranty mentioned at **Schedule 5** Paragraph 10.2(c) and whether such disclosures relate to matters which have occurred prior to or post the date of execution of this Agreement, all such disclosures being acceptable to the Investor;

"EBITDA/ Earning Before Interest, Tax, Depreciation and Amortization" means Revenue minus direct costs and operating expenses, based on the audited accounts of the Company. Provided however, in calculating EBITDA, the following items shall be excluded:

- (a) Any "extraordinary items" of gain or loss as that term is defined in Indian GAAP, including, specifically, extraordinary bonuses, if any, given post the date of this Agreement;
- (b) any gain, loss, income or expense resulting from an adjustment or write-off to any goodwill, intangibles or earn-outs;
- (c) any one time expense related to concluding acquisitions post the Completion Date; and
- (d) wages and benefits payable to the Chief Executive Officer/ Managing Director of the Company;

It is clarified that, EBITDA would include:

- (a) Interest income on customer advance (after adjusting the applied working capital) received from defence contracts;
- (b) Proportionate EBITDA of acquired businesses and investments;
- (c) Any indemnity payments (subject to such Loss being covered in EBITDA) directly made to the Company by the Selling Shareholders, pursuant to this Agreement.

"Encumbrance" means any encumbrance including, without limitation, any claim, deed of trust, right of others, security interest, burden, title defect, title retention agreement, Lease, covenant, debenture, mortgage, pledge, charge, hypothecation, lien, deposit by way of security, bill of sale, option interest, proxy, beneficial ownership (including usufruct and similar entitlements), encroachment, public right, easement, common right, way leave, any voting agreement, interest, option, right of first offer, first, last or other refusal right, or transfer restriction in favour of any Person, any adverse claim as to title, possession or use, any provisional or executorial attachment and any other interest held by a third party or any agreement, arrangement or obligation to create any of the foregoing;

"Environmental Law" means any common or statutory law, regulation, directive or other law and all codes of practice, statutory guidance and the like in any jurisdiction relating to the environment, pollution of the environment, human health or safety or the welfare of any other living organism which applies to the company concerned, its premises or its activities;

"Equity Shares" means equity shares of the Company having a face value of Rs.10/- (Rupees Ten only) each;

"Equity Securities" means any Equity Shares or any securities representing, or representing a right (upon conversion, exercise, exchange or otherwise) to receive, Equity Shares;

"Escrow Agent" means the escrow agent/s appointed by the mutual consent of the Parties for the purposes set out in Clause 5 below;

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"**Financial Year**" means a continuous period of 12 months commencing on 1 April of a calendar year and ending on 31 March in the immediately succeeding calendar year;

"**Fundamental Warranties**" means Warranties in Clause 9 and paragraphs 1 (*Corporate Status*), 2 (*Authorisations, enforceability etc.*), 3 (*No conflicts etc.*), 5 (*Capitalization; Shareholding*) and 17 (*Insolvency etc.*) of Part A of **Schedule 5**;

"**GAAP**" means Generally Accepted Accounting Principles in India;

"**Governmental Authority**" includes any nation or government, any state or other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any nation or any political subdivision thereof; any court, tribunal or arbitrator; and any self-regulatory organization; and includes the Securities and Exchange Board of India ("**SEBI**"), recognised stock exchanges or quotation systems, the Reserve Bank of India ("**RBI**") and the Foreign Investment Promotion Board ("**FIPB**");

"**Governmental Approvals**" means any Consent, with, to, from or by any Governmental Authority;

"**Group**" means all the Group Companies;

"**Group Company**" means the Company and any company which is at any time a Subsidiary of the Company;

"**Hazardous Substance**" means any substance or material that is defined to be or considered as a hazardous substance under applicable Environmental Law;

"**Indebtedness**" as applied to any Person, means, without duplication:

- (a) all indebtedness for borrowed money;
- (b) all obligations evidenced by a note, bond, debenture, letter of credit, draft or similar instrument;
- (c) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with GAAP;
- (d) notes payable and drafts accepted representing extensions of credit;
- (e) any obligation owed for all or any part of the deferred purchase price of property or services;
- (f) all guarantees of any nature extended by such Person with respect to Indebtedness of any other Person; and
- (g) all indebtedness and obligations of the types described in the foregoing paragraphs (a) through (f) to the extent secured by any Encumbrance on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person;

"**Indemnified Parties**" has the meaning given to it in Clause 9.7;

"**Intellectual Property Rights**" means all patents, patent applications, trademarks, service marks, logos, get-up, trade names, internet domain names, rights in designs, copyrights, software (including rights in computer

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software) and moral rights, databases, trade secrets, processes and models, rights in know-how, confidential information and other intellectual property rights, in each case whether registered or unregistered and including applications for registration, and all rights or forms of protection having equivalent or similar effect anywhere in the world;

"**Investment Documents**" means this Agreement and the Ancillary Agreements;

"**Investor's Consent**" shall mean the prior written consent of the Investor in its absolute discretion;

"**Investor Directors**" has the meaning attributed to it in Clause 10.1 below;

"**Investor Group**" means, with respect to the Investor, the Investor and its Affiliates;

"**Key Personnel**" means key employees of the Company mutually agreed and identified by the Investor and Selling Shareholders from time to time;

"**Law**" includes all treaties, statutes, enactments, acts of legislature or parliament, laws (including rules of equity), codes, ordinances, rules, by-laws, regulations, notifications, guidelines, policies, directions, directives and orders, decisions, decrees of any Governmental Authority, statutory authority, tribunal, board, court or recognised stock exchange and Governmental Approvals;

"**Litigation**" includes any action, cause of action, claim, demand, suit, proceeding, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, regulatory or otherwise, in law or in equity, pending or threatened, by or before any court, tribunal, arbitrator or other Governmental Authority;

"**Leases**" means real property and equipment leases, sub-leases, licenses and occupancy agreements;

"**Losses**" includes all direct losses, claims, demands, liabilities, obligations, fines, expenses, royalties, Litigation, deficiencies, costs, and damages (whether direct, economic, absolute, or accrued, and whether or not resulting from third party claims), including interests and penalties with respect thereto and out-of-pocket expenses, including reasonable attorneys' and accountants' fees and disbursements;

"**Management Accounts**" means accounts of the Company as of the Management Accounts Date and as set out in **Schedule 9**;

"**Management Accounts Date**" means September 30, 2014;

"**Marketing Information**" means all information relating to the marketing of any products or services, including customer names and lists, sales targets, sales statistics, market share statistics, marketing surveys and reports, marketing research and any advertising or other promotional material;

"**Material Adverse Effect**" means any:

- (a) event, occurrence, fact, condition, change, development or effect that is, or may reasonably be, materially adverse to the valuation, business, operations, prospects, profits, results of operations, condition (financial or otherwise), properties (including intangible properties), assets (including intangible assets) or liabilities of the Company, any Group Company, and/or the Business;
- (b) material impairment of the ability of the Company, the Selling Shareholders or any other Party (other than the Investor) to exercise its rights or perform its obligations under the Investment Documents to which it is a party;

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- (c) any material adverse change in India or financial markets;
- (d) any material breach or default by a party (other than the Investor) under the Investment Documents;
- (e) the invalidity, unenforceability, illegality, repudiation or termination of the Investment Documents (or any material provision of any such agreement); or
- (f) any event of default or potential event default (as defined), or any enforcement action (including exercise of rights by any lender or lenders whether individually or through its or their agents and/or security trustee) under any financing or security Contract entered into by the Company, or its Subsidiary;

"**Observer**" has the meaning attributed to it in Clause 11.4;

"**Organisational Documents**" means the Memorandum of Association and the Articles of Association;

"**Parties**" means the parties to this Agreement and "**Party**" shall be construed accordingly;

"**Permission**" means any Consent given or deemed to be given and includes any planning permission, approval or other equivalent Consent given or deemed to be given pursuant to Planning and Zoning Legislations and includes all conditions attached to it;

"**Person(s)**" means any individual, sole proprietorship, unincorporated association, unincorporated organization, firm, body corporate, corporation, company, partnership, unlimited or limited liability company, joint venture, Governmental Authority, business trust or trust or any other entity or organization;

"**Planning and Zoning Legislation**" means all legislation intended to control or regulate the construction, demolition, alteration or use of land or buildings or to preserve or protect the national heritage and any orders, by-laws or regulations made or granted under any of them;

"**Representatives**" means, as to any Person, its accountants, financial advisers, financiers, counsels, consultants (including actuarial, and industry consultants), officers, directors, employees, agents and other advisors;

"**Required Governmental Approvals**" means such Governmental Approvals as may be necessary or advisable for the purchase of the Sale Shares by the Investor on the terms contained in the Investment Documents and the consumation of the transactions contemplated in the Investment Documents, including any Governmental Approvals which are granted automatically contingent upon requisite filing of specified documents and/or reports being made;

"**Restated Articles**" means the amended articles of association of the Company in Agreed Form;

"**Rupees**" or "**Rs.**" means the lawful currency of the Republic of India;

"**Selling Shareholders' Advocates**" shall mean ALMT Legal;

"**Share Escrow Agreement**" means the agreement to be entered into, in Agreed Form, between the Company, Selling Shareholders, Investor and the Escrow Agent for the Balance Shares in accordance with Clause 5 of the Agreement, as a Condition Precedent to Completion;

"**Shareholders Meeting**" has the meaning attributed to it in Clause 13.3;

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"**Subsidiary**" has the meaning given to such term in Section 2 of the Act. It is clarified that for the purposes of this Agreement, any reference to "**Subsidiaries**" shall, in respect of the Company, include any other future subsidiaries of the Company;

"**Tax**" or "**Taxation**" means any central, federal, state, local or foreign income, alternative, minimum, accumulated earnings, personal holding company, franchise, share capital, profits, windfall profits, gross receipts, sales, use, value added, transfer, registration, transaction, documentary, recording, listing, stamp, premium, excise, customs, severance, environmental, real property, personal property, ad valorem, occupancy, license, occupation, wage, withholding, provident fund, insurance, gratuity, employment, payroll, social security, disability, unemployment, workers' compensation, withholding, dividend or other similar tax, duty, fee, contribution, levy, impost, assessment or other governmental charge or deficiencies thereof (including all interests, surcharges, fines and penalties thereon and additions thereto) due, payable, levied, imposed upon or claimed to be owed;

"**Tax Returns**" means any return, report, declaration, form, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;

"**Techno Tools**" means Techno Tools Precision Engineering Private Limited, a private limited company incorporated under the provisions of the Companies Act, 1956, with its registered office at No. A, 66-6-2, Industrial Estate, Rajajinagar, Bangalore 560044;

"**Transfer**" includes any transfer, assignment, sale, disposal, lease, alienation, amalgamation, merger, or Encumbrance in each case whether voluntary or involuntary;

"**Warranties**" means the representations and warranties as set out in Clause 9 and **Schedule 5** and "**Warrantors**" shall mean the Company and the Selling Shareholders; and

"**Written Consent**" has the meaning attributed to it in Clause 13.3.

Interpretation

1.2 In this Agreement, unless the context requires otherwise:

- (a) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Agreement;
- (b) references to one gender include all genders;
- (c) any reference to any enactment or statutory provision is a reference to it as it may have been, or may from time to time be, amended, modified, consolidated or re-enacted (with or without modification) and includes all instruments or orders made under such enactment;
- (d) words in the singular shall include the plural and vice versa;
- (e) any reference to Article, Clause, Schedule or Exhibit shall be deemed to be a reference to an Article, Clause, Schedule or Exhibit of this Agreement;
- (f) references to an **agreement** or **document** shall be construed as a reference to such agreement or document as the same may have been amended, varied, supplemented or novated in writing at the relevant time in accordance with the requirements of such agreement or document and, if applicable, of this Agreement with respect to amendments.

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- (g) any reference to a Party to this Agreement shall include, in the case of a body corporate, references to its successors and permitted assigns and in the case of a natural Person, to his or her heirs, executors, administrators and legal representatives, each of whom shall be bound by the provisions of this Agreement in the same manner as the Party itself is bound;
- (h) any reference in this Agreement to an amount in US Dollars shall include its market rate equivalent (using official RBI published rates) at the commencement of business on the relevant date in Indian Rupees;
- (i) any reference to a document in **Agreed Form** is to a document in form and substance agreed among the Selling Shareholders and the Investor;
- (j) the words "hereby," "herein," "hereof," "hereunder" and words of similar import refer to this Agreement as a whole (including any Schedules and Exhibits hereto) and not merely to the specific article, clause or paragraph in which such word appears; and
- (k) the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

1.3 No provisions of this Agreement shall be interpreted in favour of, or against, any Party by reason of the extent to which such Party or its counsel participated in the drafting hereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof.

2. AGREEMENT TO PURCHASE

2.1. In consideration of the Company and Selling Shareholders agreeing to provide the Investor with the rights contained in the Investment Documents, subject to the terms and conditions contained in this Agreement and relying on the representations and warranties of the Selling Shareholders, and subject to the fulfilment of the Conditions Precedent to the satisfaction of the Investor, on the Completion Date, the Selling Shareholders shall sell to the Investor and the Investor shall purchase a total of 10,11,580 (Ten Lakh Eleven Thousand Five Hundred and Eighty) Equity Shares from the Selling Shareholders at a price of Rs. 2,817.37 (Rupees Two Thousand Eight Hundred and Seventeen Paise Thirty Seven) each ("**Sale Shares**"), for an aggregate consideration payout of upto a maximum of Rs. 285,00,00,000 (Rupees Two Hundred and Eighty Five Crores) ("**Sale Price**") (subject to adjustments as per **Schedule 8** below), in the proportion set out below:

Selling Shareholder	No of Shares	Consideration (in Rs.)
Anirudh M. Ranga	1,97,258	555,749,718.26
Arjun M. Ranga	1,97,258	555,749,718.26
Kiran V. Ranga	1,01,158	285,000,000.00
Pavan G. Ranga	3,74,285	1,054,501,126.95
R. Sridhar	40,463	113,999,436.53
Vishnu Ranga	1,01,158	285,000,000.00
TOTAL	10,11,580	2,850,000,000.00

2.2. The Sale Shares shall be free and clear of all Encumbrances, liens, charges and other adverse interests, together with all rights now or hereafter attaching thereto, including, without limitation, the right to receive all dividends, distribution or any return of capital declared, paid or made by the Company on or after the Completion Date.

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2.3. The Sale Price shall be subject to the adjustments in **Schedule 8**. The Selling Shareholders or the Investor (as applicable) shall refund any amounts to be repaid to the other pursuant to **Schedule 8** promptly and in any event within 7 days of the determination of such amounts.

3. CONDITIONS PRECEDENT

3.1. The obligations of the Investor to purchase the Sale Shares as set out under Clause 2.1 above, shall be conditional upon Conditions Precedent having been satisfied in form and substance satisfactory to the Investor or having been waived in writing by the Investor in its absolute discretion.

Endeavours to fulfil Conditions Precedent

3.2. The Company and the Selling Shareholders shall use their best endeavours to ensure that each Condition Precedent (to the extent that it is not waived in writing by the Investor in its absolute discretion) is satisfied as soon as reasonably practicable and in any event on or prior to the expiry of 60 (Sixty) days from the date of this Agreement or such extended date as may be mutually agreed by the Investor and Selling Shareholders ("**Cut-Off Date**").

3.3. The Company and Selling Shareholders shall promptly notify the Investor in writing if any of them becomes aware that a Condition Precedent is not satisfied or becomes incapable (for whatever reason) of being satisfied. Upon satisfaction of the Conditions Precedent, the Company and Selling Shareholders shall certify the satisfaction and fulfilment of the same in writing to the Investor ("**CP Satisfaction Notice**"), together with documentary evidence of such satisfaction to the satisfaction of the Investor in its absolute discretion.

Non-fulfilment of Conditions Precedent

3.4. If any of the Conditions Precedent are not satisfied to the satisfaction of the Investor (to the extent they are not waived by the Investor in writing in its absolute discretion) on or before the Cut-Off Date or any such Conditions Precedent shall cease to be capable of being satisfied (unless it has been waived by the Investor in writing in its absolute discretion), the Agreement shall automatically terminate without any further action by the Parties. The provisions of Clauses 19.1 (*Costs*), 15.1 to 15.4 (*Announcements*), 16 (*Confidentiality*), 20 (*Notices*), 21 (*Dispute Resolution*) and 21 (*Governing Law and Jurisdiction*), shall survive the termination of this Agreement pursuant to this Clause 3.4.

4. CONDUCT BEFORE COMPLETION

4.1. During the period between the signing of this Agreement and Completion, the Company and its Group Companies shall and the Selling Shareholders undertake to procure and ensure that the Company and its Group Companies shall, except with the Investor's Consent:

- (a) carry on its business in, and only in, the usual and ordinary course of business consistent with past custom and practice to preserve intact its present business organization, keep available the services of its present officers and significant employees, and preserve its relationships with customers, suppliers, Governmental Authorities and others having business dealings with it, to the end that its goodwill and on-going business shall be in all material respects unimpaired following Completion;
- (b) not commence any new line of business that is not related to the Business of the Company;
- (c) not make any change, including Transfer, in the issued, subscribed or paid-up share capital of the Company or any of its Group Companies, including new issuance of shares or other securities or

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redemption, retirement or repurchase of any shares or other securities, issuance of convertible debentures or warrants, or grant of any options over its shares;

- (d) not declare dividends or other distributions on, or redeem or repurchase any shares of, any class of its equity or incur or increase any of its obligations with respect to Indebtedness, except for distribution of excess cash on the books of the Company to the Selling Shareholders, subject to maintenance of the minimum working capital as per Clause 5.6;
- (e) not repay any loans or other amounts outstanding to any shareholder of the Company or any Group Company, except for repayment of shareholder loans amounting to INR 4,35,19,238 (Rupees Four Crores Thirty Five Lakhs Nineteen Thousand Two Hundred and Thirty Eight);
- (f) not make capital expenditures, pay any bonuses or advances against salaries, or make any other cash payments, other than in each case in the ordinary course of business consistent with past practice;
- (g) promptly advise the Investor in writing of any event, occurrence, fact, condition, change, development or effect that, individually or in the aggregate, could have or result in a Material Adverse Effect or a breach of any of the provisions of the Investment Documents by any party thereto;
- (h) not do, fail to do or permit anything which could have or result in a Material Adverse Effect (including whether through the passage of time, giving of notice, satisfaction of a condition or otherwise);
- (i) not do, fail to do or permit anything which would constitute a breach of any of the Warranties were they to be repeated at any time up to Completion by reference to the facts and circumstances then existing;
- (j) not take any action which is not contemplated in the Business Plan;
- (k) maintain its books of account and records in accordance with applicable Law and regulations, in the usual, regular and ordinary manner, consistent with past policies and practice; and
- (l) comply with all Laws applicable to it or any of its properties, assets or business.

4.2. Without prejudice to the generality of Clause 4.1, prior to Completion, the Selling Shareholders shall procure that:

- (a) the Company and its Subsidiaries shall cooperate with the Investor in relation to, and shall ensure that the Investor is promptly kept fully involved (and given all explanations and information), in connection with all material matters concerning the Group and the Business and shall take full account of the views of the Investor in relation thereto;
- (b) The Selling Shareholders shall consult, and shall cause the Company and its Subsidiaries to consult, with the Investor's Representatives with respect to any actual or proposed action or decision which may materially affect the business of any of them and provide, to the Investor's Representatives such information as they may request for this purpose; and
- (c) The Company and its Subsidiaries shall allow the Investor and the Investor's Representatives, upon notice, reasonable access to, and to take copies of, the books, records and documents of, or relating in whole or in part to, the Group and the Business.

4.3. If, during the period between the signing of this Agreement and Completion, the Company or the Selling Shareholders become aware that:

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- (a) the Company, any of its Group Company, or any of the Selling Shareholders is involved in, or has been threatened with any Litigation, or
- (b) there has been any breach of any of the Warranties; or
- (c) any of the provisions of Clause 4 or any other provision of this Agreement or any other Investment Document have been breached;

then the Company and the Selling Shareholders shall immediately notify the Investor of that fact in writing and shall provide all information in relation to the relevant event to the Investor and such other information as may be requested by the Investor.

4.4. The Selling Shareholders and the Company undertake to and agree that, for the period from the date hereof until the Completion Date, the Selling Shareholders and the Company will not, nor will the Selling Shareholders permit the Company, its Subsidiaries (or authorize or permit any of their respective Representatives) to take, directly or indirectly, any action to initiate, assist, solicit, receive, negotiate, encourage or accept any offer or inquiry from any Person in preference to or in substitution of the proposed investment contemplated by this Agreement to:

- (a) make any investment in equity shares or other securities of the Company or any Subsidiary;
- (b) reach any agreement or understanding (whether or not such agreement or understanding is absolute, revocable, contingent or conditional) for, or otherwise attempt to consummate, any investment in equity shares or other securities of the Company or any Subsidiary; or
- (c) furnish or cause to be furnished any information with respect to the Company or its Subsidiaries, to any Person who the Company or its Subsidiary, or Representative knows or has reason to believe is in the process of considering any investment or transaction referred to in this Clause 4.4.

If the Selling Shareholders or the Company or any of its Subsidiaries, or Representatives receive from any Person an offer, inquiry or information request identical or similar to those referred to in this Clause 4.4 or in connection with any investment or transaction referred to in this Clause 4.4, the Selling Shareholders and the Company will promptly advise such Person, by written notice, of the terms of this Clause (without disclosing the other terms of this Agreement and without divulging the name of the Investor) and will promptly, orally and in writing, advise the Investor of such offer, inquiry or request and deliver a copy of the foregoing notice to the Investor.

4.5. The restrictions under this Clause shall not apply to actions taken by the Company and/or Selling Shareholders solely for fulfilment of the Conditions Precedent under this Agreement.

4.6. Notwithstanding anything to the contrary in this Agreement, the Company shall have the right, at any time between the date of execution of this Agreement and Completion Date, to distribute any excess cash on the books of the Company to the Selling Shareholders as dividends or otherwise, subject to maintenance of the minimum working capital as per Clause 5.6.

5. COMPLETION

5.1. Subject to the satisfaction of the Conditions Precedent to the satisfaction of the Investor in accordance with Clause 3, Completion shall commence at such venue and on such date as may be agreed between the Parties ("**Completion Date**"), *provided that* such date shall not be later than 7 (Seven) Business Days from the date on which the Conditions Precedent are so satisfied in accordance with Clause 3. On the Completion Date,

  
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the events set out in the following provisions of this Clause 5 shall take place. The obligations of each of the Parties in this Clause 5 are interdependent. Completion will not occur unless all of the obligations set out in this Clause 5 are complied with and satisfied in all respects and are fully effective.

5.2. On or prior to the Completion Date, the Investor shall give instructions to its bankers to remit the Sale Price, to the Selling Shareholders, in the proportion and to the accounts, as set out in Part B of **Schedule 1**;

5.3. On or prior to the Completion Date, the Selling Shareholders shall deposit the Balance Shares, in accordance with the terms of the Shares Escrow Agreement. The Escrow Agent appointed under the Shares Escrow Agreement shall release the Balance Shares, only in accordance with the terms of the Shares Escrow Agreement.

5.4. The Parties agree that in the event that any Losses are suffered by the Indemnified Parties which are to be indemnified pursuant to Clause 9 of the Agreement, such amount shall, within 30 (Thirty) days from the earlier of (a) acceptance of such Losses by the Selling Shareholders as being Losses for which they are liable to indemnify the Indemnified Parties pursuant to the terms hereof; and (b) in case of dispute on the Losses between the Investor and the Selling Shareholders, upon final determination of such Losses pursuant to arbitration, be (A) paid to the Indemnified Party by the Selling Shareholders or (B) in the event of the Selling Shareholders failing to refund the Losses as per Clause 9, the Investor shall be entitled to set off such Losses against the additional amount to be paid by the Investor to the Selling Shareholders for acquisition of the Balance Shares pursuant to Clause 7 below.

5.5. On the Completion Date, each Selling Shareholder shall issue transfer instructions to its depository participant in relation to transfer of his portion of the Sale Shares in the proportion as set out in Clause 2.1 above and deliver copies of such instructions to the Investor.

5.6. As on the Completion Date, the Company and Selling Shareholders shall ensure that the net working capital of the Company shall be 3.33% (Three decimal point three three percent) of the last 12 (Twelve) months' revenue ("**T12M**"), as set out in **Schedule 8**.

5.7. The Company shall hold a meeting of its Board, at which the following shall be resolved:

- (a) subject to the payment of the Sale Price to the Selling Shareholders by the Investor, the transfer of the Sale Shares from the Selling Shareholders to the Investor in accordance with this Agreement, shall be approved;
- (b) the name of the Investor shall be entered in the register of members of the Company as the holder of the Sale Shares;
- (c) each of the Investor Directors shall be appointed as an additional director on the Board and /or on the committees of the Company;
- (d) if required, alternate directors to the Investor Directors (or any of them) shall be appointed as such;
- (e) if required by the Investor, of the appointment an Observer shall be approved;
- (f) three of the four directors, who are presently members of the Board ("**Resigning Directors**"), shall resign with effect from the Completion Date;

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- (g) The fees payable to Mr. Pavan Ranga as Chief Executive Officer (CEO), shall be decided by the Board, including that all expenses incurred by him in performing his duties as a CEO, shall be borne by the Company; and
 - (h) such other matters as are necessary or required to give effect to the transactions contemplated under the Investment Documents to achieve Completion.
- 5.8. The Company shall hold a meeting of its shareholders, at which the following shall be approved:
- (a) appointment of the nominees of the Investor as a non-executive, non-retiring Directors on the Board and the committees of the Company; and
 - (b) the Restated Articles shall be adopted.
- 5.9. The Selling Shareholders hereby undertake that on the Completion Date, they shall cause the Company to:
- (a) complete all filings (including filing of e-Form No. MGT-14) required under applicable Law related to the adoption of the Restated Articles and in a form satisfactory to the Investor and Selling Shareholders and shall deliver certified true copies of the same to the Investor and Selling Shareholders; and
 - (b) file with the Registrar of Companies, e-Form DIR-12 and e-Form DIR -11 (or such other form as may be applicable under the provisions of the Act) in relation to the appointment of the Investor Directors as additional directors on the Board and resignation of the Resigning Directors as directors from the Board, and shall deliver certified true copies of the e-Forms along with the filing receipt to the Investor.
- 5.10. All costs relating to stamp duty for the transfer of the Sale Shares contemplated hereunder, shall be borne by the Investor. Notwithstanding anything to the contrary, the Investor shall be responsible for the payment of any and all Taxes attributable to the execution of the Investment Documents.

6. **POST COMPLETION MATTERS**

6.1. The Company and the Selling Shareholders shall fulfil in form and substance satisfactory to the Investor, each of the actions set out in **Schedule 7** of this Agreement.

7. **ADDITIONAL INVESTMENT**

Put Option of the Selling Shareholders

7.1. The Selling Shareholders shall, (a) at any time within 12 (Twelve) months from March 31, 2017 for the Financial Year 2017, (b) at any time within 12 (Twelve) months from March 31, 2018 for the Financial Year 2018; and (c) within 120 (One Hundred and Twenty) days from the end of Financial Year 2019, have the option to sell and complete the sale of all and not less than all the shares of the Company held by the Selling Shareholders at that point in time ("**Put Option Shares**"), to the Investor ("**Put Option**") and the Investor shall be obligated to purchase the Put Option Shares, for a consideration equal to the proportion of the Equity Value of the Company equal to the proportion that the Put Option Shares represent of the equity share capital of the Company on a Fully Diluted Basis.

For the purposes of this Clause 7.1, the following terms shall be defined as follows:

"**Equity Value**" means the sum of a) Enterprise Value; b) Balance Cash; and c) Excess Net Working Capital.

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"Balance Cash" means cash and bank balance less long term debt and non-current portion of customer advances on the date of the sale, as provided in the **Exhibit 4 of Schedule 8**.

"Excess Net Working Capital" means the Closing Working Capital as per Exhibit 4 less, Average NWC as percent of revenue, per **Exhibit 3 of Schedule 8** multiplied by last 12 (Twelve) months revenue; and

"Enterprise Valuation" shall mean the enterprise value determined as 7.75 (Seven Point Seven Five) times the audited EBITDA of the Company of the preceding Financial Year in which the sale takes place.

7.2. In the event the Selling Shareholders choose to exercise their Put Option, they shall collectively issue a written notice to the Investor ("**Put Option Notice**") and the Parties shall give effect to the Put Option within 90 (Ninety) Business Days from the date of receipt of the Put Option Notice.

Call Option of the Investor

7.3. In the event Put Option is not consummated by the Selling Shareholders within the timelines specified under Clause 7.1(c) above, the Investor shall have the right to purchase at any time thereafter (i.e. post July 31, 2019) and thereupon, the Selling Shareholders shall have the obligation to sell the Put Option Shares ("**Call Option**"), for a consideration equal to the proportion of the Equity Value of the Company equal to the proportion that the Put Option Shares represent of the equity share capital of the Company on a Fully Diluted Basis.

For the purposes of this Clause 7.3, the following terms shall be defined as follows:

"Equity Value" means the sum of a) Enterprise Value; b) Balance Cash; and c) Excess Net Working Capital.

"Balance Cash" means cash and bank balance less long term debt and non-current portion of customer advances on the date of the sale, as provided in the **Exhibit 4 of Schedule 8**.

"Excess Net Working Capital" means the Closing Working Capital as per Exhibit 4 less, Average NWC as percent of revenue, per **Exhibit 3 of Schedule 8** multiplied by last 12 (Twelve) months revenue; and

"Enterprise Valuation" shall mean the enterprise value determined as 7.75 (Seven Point Seven Five) times the audited EBITDA of the Company of the preceding Financial Year in which the sale takes place.

7.4. In the event the Investor chooses to exercise its Call Option, it shall issue a written notice to the Selling Shareholders ("**Call Option Notice**") and the Parties shall, in accordance with the Shares Escrow Agreement, give effect to the Call Option within 90 (Ninety) Business Days from the date of receipt of the Call Option Notice.

7.5. EBITDA shall be calculated in accordance with the following principles:

- (a) The calculation of the EBITDA shall be undertaken by the Company and certified by the auditors of the Company within 15 days of the request of any of the Selling Shareholders or Investor (as the case may be), and the same shall immediately be delivered along with a copy of the draft workings for EBITDA ("**Draft EBITDA**") to the Selling Shareholders/Investor as the case may be.
- (b) The Selling Shareholders shall within 10 days starting on the day after delivery of the Draft EBITDA to the Selling Shareholders, submit to the Investor a report stating whether or not it agrees with the Draft EBITDA (and, in the case of disagreement, the areas of dispute).

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