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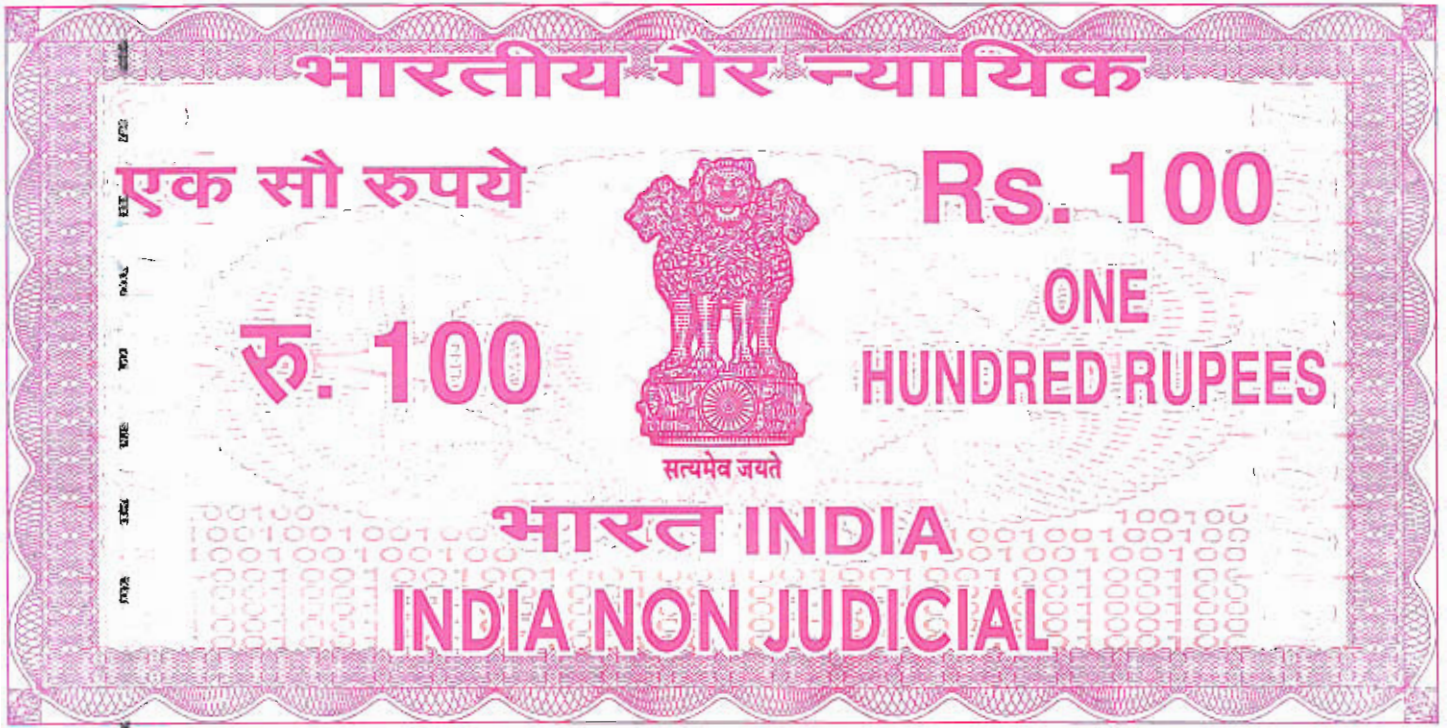
SHAREHOLDERS AGREEMENT

This SHAREHOLDERS AGREEMENT ("Agreement") is made at Umbergaon, Gujarat on December 16, 2011 ("Effective Date"):

BY AND AMONGST:

- FABBRICA ITALIANA LAPIS ED AFFINI SPA, a company incorporated under the laws of Italy and having its registered office at Pero, Via xxv aprile, 5 Italy (hereinafter referred to as "FILA" or the "Investor", which expression shall be deemed to mean and include its successors and permitted assigns):

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गुजरात गुजरात GUJARAT

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2. **WRITEFINE PRODUCTS PRIVATE LIMITED**, a company incorporated under the Companies Act, 1956 and having its registered office J - 19, GIDC. Opp. New Telephone Exchange, Umbergaon — 396171, Gujarat, India (hereinafter referred to as “WFPL” or the “Company”, which expression shall be deemed to mean and include its successors and permitted assigns); and
3. The Persons whose names are set out in **Schedule 1** (hereinafter collectively referred to as the “Promoters”, which expression shall, unless contrary to the context or meaning thereof, be deemed to include their respective successors and permitted assigns).

(The Investor, the Company and the Promoters are hereinafter collectively referred to as the “Parties” and separately as the “Party”).

WHEREAS:

- A. The Company is engaged in the Business (as defined hereinafter) and was promoted by the Promoters.
- B. The Investor is interested in developing and expanding its activities in India and, for that purpose, in working together with a strong and reliable local partner. The Promoters are interested in concentrating their efforts for securing, developing and expanding their activities in India by partnering with a successful international player, such as the Investor with a leading market position in branded stationery products in particular in the school sector.
- C. The Promoters and the Investor have therefore decided to enter into a joint venture through the Company, of which they propose to become 50:50 joint venture partners.
- D. In terms of the SSA (as defined hereinafter), the Investor has agreed to subscribe to and the Company has agreed to issue and allot, the Subscription Shares to the Investor, on terms and conditions and in the manner set forth in the SSA such that initially, the Investor, following the subscription of the Subscription Shares, will hold 18.5% of the Share Capital (as defined hereinafter) and the Promoters will hold 81.5% of the Share Capital and subject to the terms of this Agreement, the Investor will have the option to increase its shareholding in the Company.
- E. The Parties have agreed to enter into this Agreement to regulate the terms and conditions of their relationship with respect to the shareholding of the Shareholder Groups (as defined hereinafter) in the Company and the management and governance of the Company.

IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. DEFINITIONS & INTERPRETATION

1.1 Definitions

In addition to the terms defined in the introduction to, recitals of and the text of this Agreement and the SSA, whenever used in this Agreement, unless contrary to the meaning or context thereof, the following capitalised words and terms shall have the meanings set forth below:

“**Act**” means the Companies Act, 1956 of India, as amended, substituted or replaced from time to time;

“**Affiliate**” of a Party means (i) in the case of any Party other than a natural person, any other Person that, either directly or indirectly through one or more intermediate Persons, Controls, is Controlled by or is under common Control with such Party; (ii) in the case of any Party that is a natural person, any other Person who is a Relative of such Party and any Person who, either directly or indirectly through one or more intermediate Persons Controls, is Controlled by or is under common Control with such Party or a Relative of such Party;

“**Applicable Law**” means all applicable laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions, circulars, press releases, notifications, directives and orders, decrees, judgments or other requirements of any Governmental Authority in any relevant jurisdiction, tribunal, board, court or recognised stock exchange or clarifications or

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L.S.R. P.M.R. S.R.

acknowledgements, and if applicable, international treaties and regulations;

“**Board**” means the board of directors of the Company for the time being;

“**Board Meeting**” means the meeting of the Board held from time to time in accordance with the provisions of this Agreement and the Act;

“**Business**” means the business of the Company being the manufacturing, marketing and distribution and sale of all kinds of wooden pencils, polymer pencils, erasers, sharpeners, direct-fill pens, scales, geometry boxes, mathematical instruments and components, sketch pens and all kinds of marker pens, art material, modeling material and wooden slats, and such other business as may be conducted by the Company in the future, subject to Applicable Law;

“**Business Day**” means a day other than Saturday and Sunday on which banks are open for normal banking business in Mumbai, Umbergaon and Jammu, India and Milan, Italy;

“**Business Plan**” means the annual business plan of the Company as prepared, approved and amended from time to time in accordance with Clause 14 hereof and includes the Starting Business Plan;

“**Change in Control**” in relation to any Party, and only that Party, means the acquisition of any right by any Person or group of Persons (acting in concert) whether by way of or consequent upon acquisition of shares, voting securities or otherwise, the exercise of which would entitle such other Person or group of Persons to exercise Control over such Party;

“**Competing Business**” means any business which is same or similar to the Business;

“**Completion**” bears the meaning ascribed to it in the SSA;

“**Completion Date**” bears the meaning ascribed to it in the SSA;

“**Control**” (including with correlative meaning, the terms “**Controlled by**” and “**under common Control**” with) means the power and ability to appoint a majority of the directors on the board of directors and/or to direct the management and policies of the controlled enterprise through ownership of voting shares of the controlled enterprise or by contract or otherwise;

“**Deed of Adherence**” means the deed substantially in the form set forth in **Schedule 2**;

“**Director**” means a duly appointed director (including a director’s alternate) for the time being of the Company;

“**EBITDA**” bears the meaning assigned to it in **Schedule 3**;

“**Encumbrance**” means, (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, (ii) any irrevocable proxy for exercising voting rights issued to any third party.

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irrevocable power of attorney issued to any third party for transferring and/or exercising any rights, voting trust agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person, other than in pursuance of this Agreement, and (iii) any adverse claim as to title, possession or use, and the term “**Encumber**” shall be construed accordingly;

“**Equity Shares**” means the equity shares of the Company currently having a par value of Rs. 10/- (Rupees Ten) per equity share in the Share Capital;

“**Export Products**” means all the products referenced in the catalogue named FILA Export Catalog issued by FILA for export of such products, as updated from time to time;

“**Financial Year**” prior to the year 2012, means the Company’s fiscal year beginning on 1st April of each calendar year and ending on 31st March of the immediately succeeding calendar year, and for the year 2012 onwards means the Company’s fiscal year beginning on 1st January of each calendar year and ending on 31st December of the same calendar year, or such other period as the Board or the Shareholders, as the case may be, determined in accordance with Applicable Law;

“**Formula**” means $12 * \text{EBITDA} \text{ less NFP}$. EBITDA and NFP as per the last income statement and balance sheet of the Company;

“**Fully Diluted Basis**” means that the calculation is to be made assuming that all outstanding convertible securities and stock options (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged;

“**IRR**” shall have the meaning set out in **Schedule 7**;

“**IRR Price**” means Investor Total Investment Amount + IRR @ 5 % (five per cent);

“**Investor Group**” means the Investor and any Affiliate of the Investor who holds Equity Shares;

“**Investor Shares**” shall mean the Subscription Shares and any other Equity Shares held by the Investor and/or its Affiliates;

“**Investor Total Investment Amount**” means Rs. 297,500,000 (Rupees Two Hundred Ninety Seven Million and Five Hundred Thousand);

“**Management Committee Meeting**” means a meeting of the Management Committee;

“**Memorandum and Articles**” in relation to the Company means the memorandum of association and the articles of association of the Company as amended from time to time;

“**NFP**” bears the meaning assigned to it in **Schedule 3**;

“**Person**” means any natural person, firm, company, Governmental Authority, joint venture, association, partnership or other entity (whether or not having separate legal personality);

“**Pro Rata Shareholding**” means, with respect to any Shareholder, the proportion that the number of Equity Shares held by such Shareholder bears to the aggregate number of Equity Shares held by all the Shareholders, in each case on a Fully Diluted Basis;

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“**Promoter Group**” means the Promoters and any Affiliate of the Promoters who hold Equity Shares;

“**Related Party**” means, (i) any Shareholder of the Company as on the Effective Date, (ii) any director of the Company or any company in which any Director is a director or shareholder or any partnership firm or a proprietary concern in which the Director is a partner or proprietor as the case may be, (iii) any other Affiliate of the Company, (iv) any Affiliate of a Shareholder of the Company set out in point (i) above, (v) Persons Controlled by Relatives;

“**Relative**” of a natural Person shall have the meaning set forth in Section 6 of the Act read with Schedule IA to the Act;

“**Rupees**” and “**Rs.**” means Indian Rupees or the lawful currency of India;

“**Shareholder**” means any Person who holds Equity Shares;

“**Shareholder Group**” means the Promoter Group or the Investor Group, as the case may be, and

“**Shareholder Groups**” means the Promoter Group and the Investor Group;

“**Share Capital**” means the issued and paid up equity share capital of the Company, on a Fully Diluted Basis;

“**SSA**” means the share subscription agreement of an even date, executed between the Company, the Investor and the Promoters pursuant to which the Company has agreed to issue and allot the Subscription Shares to the Investor in accordance with the terms thereof;

“**Starting Business Plan**” means the Business Plan mutually agreed by the Investor and the Promoters an initialed copy of which has exchanged between them;

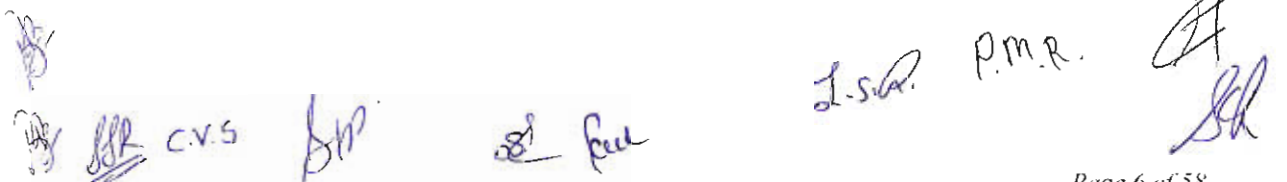
“**Subsidiary(ies)**” bears the meaning ascribed to the term in the Act;

“**Subscription Shares**” means 66,277 (Sixty Six Thousand Two Hundred and Seventy Seven) Equity Shares issued and allotted to the Investor under the SSA and in accordance with the terms thereof;

“**Territory**” means India;

“**Transfer**” means to sell, gift, give, assign, transfer, transfer of any interest in trust, mortgage, alienate, hypothecate, pledge, Encumber, grant a security interest in, amalgamate, merge or suffer to exist (whether by operation of Applicable Law or otherwise) any Encumbrance on, any Equity Shares or any right, title or interest therein or otherwise dispose of in any manner whatsoever, voluntarily or involuntarily including, without limitation, any attachment or assignment for the benefit of creditors against the Company or appointment of a custodian, liquidator or receiver of any of its properties, business or undertaking, but shall not include transfer by way of testamentary or intestate succession; and

“**Transaction Documents**” means this Agreement, the SSA, and such other documents and agreements as have been executed amongst the Parties and/or may be required for the

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1.2 Interpretation

In this Agreement:

1.2.1 any reference to any statute or statutory provision shall include:

- (i) all subordinate legislation made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated);
- (ii) such provision as from time to time amended, modified, re-enacted or consolidated (whether before, on or after the date of this Agreement) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to any transactions entered into under this Agreement as applicable, and (to the extent liability thereunder may exist or can arise) shall include any past statutory provision (as from time to time amended, modified, re-enacted or consolidated) which the provision referred to has directly or indirectly replaced;

1.2.2 any reference to the singular shall include the plural and vice-versa;

1.2.3 any references to the masculine, the feminine and the neuter shall include each other;

1.2.4 any references to a "company" shall include a body corporate;

1.2.5 any reference to a document "in the agreed form" is to the form of the relevant document agreed between the Parties and for the purpose of identification initialed by each of them or on their behalf (in each case with such amendments as may be agreed by or on behalf of the Parties);

1.2.6 the schedules and/or annexures form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include any schedules and/or annexures to it. Any references to clauses, sections, schedules and/or annexures are to clauses, sections, of and schedules /annexures to this Agreement. Any references to parts or paragraphs are, unless otherwise stated include, references to parts or paragraphs of the schedule/annexure in which the reference appears;

1.2.7 references to this Agreement or any other document shall be construed as references to this Agreement or that other document as amended, varied, novated, supplemented or replaced from time to time;

1.2.8 the expression "this Clause" shall, unless followed by reference to a specific provision, be deemed to refer to the whole Clause (not merely the sub-Clause, paragraph or other provision) in which the expression occurs;

1.2.9 for the purposes of this Agreement, the Promoters and/or their Affiliates holding Equity Shares in the Company shall be treated as one block of Shareholders and the Investor

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and/or its Affiliates holding Equity Shares as another block of Shareholder, and the Equity Shares held by the Promoters and/or their Affiliates shall be treated as the Promoter Shares, and the Equity Shares held by the Investor and/or their Affiliates shall be treated as Investor Shares;

- 1.2.10 each of the representations and warranties provided in this Agreement is independent of the other representations and warranties in this Agreement and unless the contrary is expressly stated, no Clause in this Agreement limits the extent or application of another Clause;
- 1.2.11 any reference to books, files, records or other information or any of them means books, files, records or other information or any of them in any form or in whatever medium held including paper, electronically stored data, magnetic media, film and microfilm;
- 1.2.12 headings to clauses, parts and paragraphs of the Agreement and schedules/annexures are for convenience only and do not affect the interpretation of this Agreement;
- 1.2.13 in determination of any period of days for the occurrence of an event or the performance of any act or thing shall be deemed to be exclusive of the day on which the event happens or the act or thing is done and if the last day of the period is not a Business Day, then the period shall include the next following Business Day;
- 1.2.14 a reference to a specific time for the performance of an obligation is a reference to that time in the country, province, state, country or other place where that obligation is to be performed;
- 1.2.15 "in writing" includes any communication made by letter or e-mail or fax;
- 1.2.16 the words "include", "including" and "in particular" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words;
- 1.2.17 that Person's successors in title and assigns or transferees permitted in accordance with the terms of this Agreement;
- 1.2.18 references to a Person's representatives shall be to its officers, employees, legal or other professional advisers, sub-contractors, agents, attorneys and other duly authorized representatives;
- 1.2.19 where a wider construction is possible, the words "other" and "otherwise" shall not be construed ejusdem generis with any foregoing words; and
- 1.2.20 references to knowledge, information, belief or awareness of any Person shall be deemed to include such knowledge, information, belief or awareness such Person would have if such Person has made due and careful enquiries.

2. TERM OF THIS AGREEMENT AND POWER OF ATTORNEY

- 2.1 This Agreement shall be effective from date of execution of this Agreement and shall continue to

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be valid and in full force and effect until this Agreement is terminated in accordance with the terms hereof (“**Term of the Agreement**”).

- 2.2 Mr. Santosh Raveshia or his nominee (being a Shareholder) or in case no person has been nominated by him, the nominee (being a Shareholder) appointed by the other Promoters (“**Main Promoter**”) is hereby irrevocably appointed as agent and attorney-in-fact for each and every member of the Promoter Group and, for and on behalf of each and every member of the Promoter Group. The Main Promoter is authorized to agree and execute any amendments to the provisions of this Agreement, give and receive notices and communications, agree to negotiate, accord consent to any matter requiring consent of the Promoters under this Agreement, enter into settlements and compromises, and comply with orders of courts and awards of arbitrators with respect to this Agreement and take all actions necessary, expedient or appropriate in his judgement to achieve the foregoing. The Main Promoter shall, (a) act for and on behalf of each member of the Promoter Group under this Agreement in respect of any right, action or waiver to be exercised by any member of the Promoter Group (including the nomination, replacement or removal of the Directors); and (b) be responsible for causing each of the members of the Promoter Group to perform its obligations, covenants and undertakings hereunder.
- 2.3 Without prejudice to the other provisions of this Agreement, in the event any Person(s) (other than the Shareholder Groups), becomes a Shareholder (including by way of a Transfer or subscription of Equity Shares) along with the Shareholder Groups, this Agreement shall be amended immediately prior to such Person(s) becoming a Shareholder. Provided however that such amendments shall only become effective immediately upon such Person(s) becoming a Shareholder and the Memorandum and Articles shall be simultaneously amended to reflect the provisions of such amendments.

3. CORPORATE STRUCTURE

3.1 Capital Structure

3.1.1 As of the Completion Date (upon occurrence of Completion), the capital structure of the Company shall be as follows:

(i) Authorized Share Capital: 500,000 (Five Hundred Thousand) Equity Shares, aggregating to Rs. 5,000,000 (Rupees Five Million);

(ii) Issued and paid-up Share Capital: 358,252 (Three Hundred and Fifty Eight Thousand Two Hundred and Fifty Two) Equity Shares, aggregating to Rs. 3,582,520 (Rupees Three Million Five Hundred Eighty Two Thousand Five Hundred and Twenty)

3.2 Shareholding

3.2.1 As of the Completion Date (upon occurrence of the Completion), the Share Capital shall be held as follows:

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Shareholder	Shareholding (%)
Promoters and/or their Affiliates	81.5%
Investor and/or its Affiliates	18.5%
Total	100%

4. PURPOSES OF THE JOINT VENTURE COMPANY

- 4.1 The Parties acknowledge that, at the Completion Date, the Investor holds 18.50% of the Share Capital of the Company. However it is the intention of the Parties to enable the Investor, at its option to increase its Shareholding in the Company in accordance with the terms of this Agreement and the Transaction Documents.
- 4.2 The Company will carry on the Business for the following purposes:
- 4.2.1 expanding the presence of the Company into the Indian market, which is considered one of the most future growing market for the Business in particular in the school sector;
 - 4.2.2 boosting the growth of the Company by focusing primarily on the manufacture and sale of the following, in the following order of priority: (i) the Company's own brands; (ii) FILA's own brands; and (iii) private labels and also by enlarging the Business to encompass the manufacture and sale of the widest possible range of products for the Business;
 - 4.2.3 deliver to consumers, products with the best quality/cost ratio in relation to the market competition;
 - 4.2.4 enhancing the Investor's production capacity to support its international growth (after satisfying the needs of Indian market);
 - 4.2.5 developing and managing (through the Investor and the Promoters), a commercial strategy in the Indian market based on the Investor's historical approach in its core-business that is considered a key pillar for future sustainable and profitable growth of DOMS brand.
- 4.3 In order to achieve the purposes of the joint venture:
- 4.3.1 The Investor and the Promoters shall bring their know-how in the Business in a manner mutually agreed to between the Investor and the Promoters;
 - 4.3.2 The Company will make best efforts to apply the Investor's commercial strategy in India and will adopt the same to the Indian market;
 - 4.3.3 The Company will adopt a truly balanced price policy among different distributors and among different distribution channels;

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- 4.3.4 School-supplies made through wholesalers and/or catalogues will be considered absolutely strategic to the Business;
- 4.3.5 The Company will favour "traditional" distribution, if possible, rather than "organised distribution";
- 4.3.6 The Company will apply high standards on personnel and other management, necessary to pass the audit of the Investor's international customers;
- 4.3.7 The Investor will have full responsibility for markets outside India, implying that:
- "DOMS" brand and/or Giotto brand will be sold under the management of the Investor,
 - private label business will be developed only when considered strategic by the Investor,
 - prices proposed by FILA will be subject to pricing policy of the Company and/or the consent of the Chief Executive Officer ("CEO") of the Company, which approval shall not be unreasonably withheld;
- 4.4 Outside India, the Company will in accordance with its pricing policy supply (i) the Investor's subsidiaries around the world; and (ii) directly sell only to such countries where the Investor does not have any subsidiaries.
- 4.5 Notwithstanding anything contained herein, commercial strategy, prices, discounts will always be discussed and agreed between (i) the CEO of the Company, in the interest of the Company; (ii) the Main Promoter; and (iii) Massimo Candela or such other representative as appointed by the Investor from time to time, on behalf of the Investor.

5. USE OF PROCEEDS

- 5.1 The Company and the Promoters hereby agree and undertake that the amount received by the Company towards subscription of the Subscription Shares shall be utilized for such purposes as may be agreed amongst the Shareholder Groups.
- 5.2 The Company and the Promoters further undertake that the Subscription Amount shall not be utilized by the Company for any speculative activities including investment in the stock market.

6. FUTURE FUNDING AND FURTHER ISSUE OF SHARES AND PREEMPTIVE RIGHTS

6.1 Financing Policy

- 6.1.1 After the Completion Date, the Business (including the acquisition of any project) shall be financed on a case by case basis, in the manner decided by the Board or the Management Committee (defined hereinafter), as the case may be ("**Financing**"). provided that the debt equity ratio of the Company shall not exceed 3.0* last approved NFP / last approved EBITDA.
- 6.1.2 The Shareholder Groups agree and undertake that the Financing shall be applied by the

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Company solely for the purpose of the Business and the projects undertaken by the Company at all times in accordance with the Business Plan or for such other purposes as may be mutually agreed between the Shareholders.

6.1.3 In the event of further Financing of the Company the Parties agree that:

- a) the Company will take best efforts to structure the Financing in a manner such that no guarantees or indemnities are required to be provided by the Company or any of the Parties;
- b) any assurance if required to be given to a third party should be by way of comfort letter rather than by guarantee or indemnity of the Company or any of the Parties; and
- c) if a third party facility cannot be secured upon reasonable terms without guarantees or indemnities:
 - then the same will first be given by the Company;
 - if however the guarantees or indemnities are required to be given by the Shareholders then each Shareholder must use its best endeavours to give such a guarantee and indemnity and the same shall to the extent possible and subject to Applicable Law be given severally by the Promoter Group and the Investor Group in accordance with their Pro Rata Shareholding; and
 - if any guarantee or indemnity is given jointly by the Shareholders then each Shareholder must, subject to Applicable Law, cross-indemnify the other(s) Shareholder(s) so that the maximum liability of each Shareholder as between themselves does not exceed their Pro Rata Shareholding.

6.2 Further Issue

- 6.2.1 Subject to the other terms and conditions of this Agreement, the Board may issue further Equity Shares (or securities convertible into Equity Shares) from time to time to the Shareholder Groups in their Pro Rata Shareholding (i.e. on a "**Rights basis**") and on such terms as may be determined by the Board ("**Further Issue**").
- 6.2.2 The Board shall determine the amount of additional capital and time frame for infusion of such additional capital based on the Business Plan.
- 6.2.3 The Shareholders shall and shall ensure that their respective nominee Directors always vote in favour of any increase in Share Capital necessary for the purpose of not being in default with respect to financial covenants agreed with lenders and / or creditors of the Company and / or the provisions of Applicable Law.

6.3 Pre-emptive Rights

- 6.3.1 Subject to Clause 6.2 above, in the event the Company issues additional Equity Shares ("**Offered Shares**"), each Shareholder Group shall have the pre-emptive right to subscribe to the Offered Shares in its Pro Rata Shareholding.

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6.3.2 Subject to Clause 6.3.3 below, if a Shareholder Group (each a “**Non-participating Shareholder**”) is unable to, or does not, for any reason whatsoever, subscribe to its respective entitlement of the Offered Shares, such Non-participating Shareholder shall, by issue of a written notice to the Company and the Participating Shareholder, either: (i) declare a Deadlock (defined hereinafter); or (ii) permit the other Shareholder Group (the “**Participating Shareholder**”) to subscribe to the unsubscribed Offered Shares in such proportion as it deems fit.

6.3.3 For the purposes of Clause 6.3 and subject to Clause 6.3.2, it is clarified that in the event any of the members of a Shareholder Group does not subscribe to its Pro Rata Shareholding entitlement of the Offered Shares (“**Non Subscribing Shareholder (s)**”), any other member of the same Shareholder Group (“**Subscribing Shareholder**”) shall have the right to subscribe any or all the Offered Shares of the Non Subscribing Shareholder in such proportion as it deems fit.

7. BOARD OF DIRECTORS OF THE COMPANY

7.1 Authority of the Board

7.1.1 Subject to the provisions of this Agreement, the Act and any other Applicable Law, the Board shall be responsible for and shall be the absolute authority for the superintendence, direction and control of the Company.







7.1.2 Subject to Clause 7.1.1 above, the management of the Company shall be conducted by the Management Committee appointed in accordance with the terms of Clause 9.2 of this Agreement.

7.1.3 Subject to the powers to be exercised by the Shareholders in a general meeting as set out in **Schedule 6A**, the Board and the Management Committee shall exercise the respective powers mentioned in **Schedule 6** of this Agreement. Subject to the provisions of this Agreement and the Act, the Board shall be responsible for and shall be the absolute authority for the superintendence, direction and control of the Company. The CEO shall report to the Board and function on the basis of powers and responsibilities of the management of the Company entrusted by the Board in accordance with the provisions of the Act.

7.1.4 The Board, while deciding on any matter relating to the management, superintendence, direction and control of the Company, shall give due consideration to the views of the Management Committee and the committees organised at the Board level on any such matter; provided, however, that the Board shall be the final decision making body of the Company. The approval of the Shareholders would be obtained only on such matters as may be required under the Act and/or pursuant to this Agreement.

7.2 Number and Composition

The maximum number of Directors on the Board shall be 8 (eight), including the Chairman constituted as follows:


  C.V.S   

L.S.R.

P.M.R.




7.2.1 While the Investor holds 18.5% in the Share Capital, the Investor shall be entitled to nominate 2 (two) Directors (“**Investor Nominee Directors**”) and the Promoters shall be entitled to nominate 6 (six) Directors (“**Promoter Nominee Directors**”).

7.2.2 While the Investor and the Promoters hold the Share Capital in the ratio of 50:50, the Investor and the Promoters shall nominate 4 (four) Directors each.

7.2.3 Each Shareholder shall exercise its votes in relation to all the Equity Shares held by it at any General Meeting called for the purpose of filling the positions on the Board or in any written consent of Shareholders executed for such purpose, and shall take all other actions necessary to ensure the election to the Board of the nominees of the Investor and the Promoters.

7.3 Qualification

The Directors shall not be required to hold any qualification Equity Shares.

7.4 Term of Office

The Directors shall not be liable to retire by rotation.

7.5 Casual Vacancy

In the event of a casual vacancy arising on account of the resignation of a Director or the office of the Director becoming vacant for any reason, the Shareholder Group which has nominated such Director shall be entitled to designate another person to fill the vacancy.

7.6 Committees

7.6.1 The Board may organise additional committees of the Board consisting of such member(s) of the Board, to the extent permitted under Applicable Law or required thereunder. Committees shall include, but not be limited to, the sales and marketing committee and operations committee.

7.6.2 Subject to Applicable Law, the composition of every committee of the Board shall reflect the composition of the Board.

7.6.3 The provisions of Clause 7.11, 7.12, 7.13, 7.14, 7.15, 7.16 and 7.17 shall apply to the meetings of every committee of the Board *mutatis mutandis*.

7.6.4 It is clarified that the Management Committee is not a committee of the Board.

7.7 Removal/Resignation of Directors

Each Shareholder Group may require the removal of its nominee Director(s) at any time and shall be entitled to nominate another representative as a Director in place of the Director so removed, and each Shareholder Group shall exercise its rights in such manner so as to cause the appointment of the representative of the other Shareholder Group as a Director as aforesaid. In the

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event of the resignation or retirement of a Director nominated by any Shareholder Group, such Shareholder Group shall be entitled to nominate another representative as Director in place of such Director and the other Shareholder Group shall exercise its votes and rights in such manner so as to cause the appointment of such representative nominated as aforesaid.

7.8 Directors' Access

Each Director shall be entitled to examine the books, accounts and records of the Company and shall have free access, at all reasonable times and with prior written notice, to any and all properties and facilities of the Company. The Company shall provide such information relating to the business affairs and financial position of the Company as any Director may require. A Director nominated by a Shareholder may provide such information to the Shareholder that nominated him.

7.9 Chairman of the Board and CEO

7.9.1 From Completion till later of (i) March 31, 2015; or (ii) till such time the Promoters hold majority shares in the Company, the Chairman of the Board and the CEO of the Company shall be Santosh Raveshia or any other person nominated by the Promoters.

7.9.2 On and from the later of (i) March 31, 2015; or (ii) date the shareholding of the Company becomes 50:50 and the Company, and the Company under the offices of CEO appointed by the Promoters, is non performing to the expected levels, then in that event the Chairman of the Board and the CEO will be nominated jointly by the Investor and the Promoters.

7.9.3 The Chairman shall not have a second and casting vote. In addition to the duties under the Act the Chairman shall be entitled to chair all meetings of the Board and all General Meetings (defined hereinafter). In the absence of the Chairman at a Board or General Meeting, the Board shall nominate a Director who shall act as the Chairman of the said Board Meetings and/or General Meetings.

7.10 Alternate Director

The Board may appoint an alternate director (an "**Alternate Director**") who is recommended for such appointment by a Director (an "**Original Director**") to act for him during his absence for a period of not less than 3 (three) months from the state in which the Board Meetings are ordinarily held. An Alternate Director appointed under this Clause shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the Original Director is terminated before he so returns to that State, any provisions in the Act for the automatic reappointment of any retiring Director, in default of another appointment, shall apply to the Original Director and not to the Alternate Director. The acts of the Alternate Director acting for the Original Director will be deemed to be the acts of the Original Director. Upon the appointment of the Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the relevant registrar of companies. The Alternate Director shall be entitled to receive notice of a meeting of the Board or committee thereof, along with all relevant papers in connection therewith in terms of Clause 7.13 hereof and to attend and vote thereat in place of the Original Director and generally to perform all functions of the Original Director in his absence.

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7.11 Resolution by Circulation

No resolution shall be deemed to have been duly passed by the Board or a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all Directors or to all members of such committee, as the case may be, at their usual address, and has been approved by a majority of such of them as are entitled to vote on the resolution.

7.12 Board Meetings; Frequency, Location and Language

7.12.1 Save as otherwise provided in the Act, the Board shall meet at least once every calendar quarter and there shall be at least 4 (four) Board Meetings in any calendar year at such location as may be mutually agreed to between the Investor and the Promoters. A meeting may also be called by any two Directors acting jointly giving notice in writing to the Company specifying the item to be discussed at such meeting.

7.12.2 English shall be the official and working language for the meetings of the Board and therefore also minutes of the Board Meeting will be in English.

7.13 Notice

A Board Meeting may be called by any two (2) Directors giving notice in writing to the Company specifying the date, time and agenda for such Board Meeting. The Company shall upon receipt of such notice give a copy of such notice to all Directors of such Board Meeting, accompanied by a written agenda specifying the business of such Board Meeting and copies of all papers relevant for such Board Meeting. The Company shall ensure that sufficient information is included with such notice to the Directors to enable each Director to make a decision on the issue in question at such meeting. Not less than 10 days' prior written notice shall be given to each Director (including the Investor Nominee Directors and the Promoter Nominee Directors) of any Board Meeting, accompanied by the agenda for the Board Meeting, unless all the Investor Nominee Directors and the Promoter Nominee Directors shall have given written approval for a meeting called at a shorter notice. Provided that in the case of the Board Meeting convened for the purpose of approval of the audited statutory accounts, it shall be sufficient compliance if copies of the same are delivered to the Directors 10 (ten) days before such Board Meeting. The quorum for the Board Meeting shall be in accordance with Clause 7.15 herein below. In the event the agenda for the Board Meeting includes an item which is set out at **Schedule 5 ("Veto Items")**, the same shall not be discussed and considered at the relevant Board Meeting, unless Investor's Consent for the same has been obtained at or prior to such Board Meeting. The Investor shall have the right to require the Company to include any matter in the agenda and the Company undertakes to ensure that all such matters as required by the Investor shall be included in the agenda of the Board Meetings or any Committee meetings.

7.14 Electronic Participation

The Board may conduct and the Directors may participate in Board Meetings and meetings of committees of the Board by electronic mode or any other means of contemporaneous communication as prescribed by the Ministry of Corporate Affairs from time to time.

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7.15 Quorum

7.15.1 While the Investor holds 18.5% in the Share Capital, the quorum for a Board Meeting shall be one third of the total number of Directors or 2 (two) Directors, whichever is higher, provided that the presence of at least 1 (one) Investor Nominee Director is required to constitute a valid quorum.

7.15.2 While the Investor and the Promoters hold the Share Capital in the ratio of 50:50, the quorum for a Board Meeting, shall be one third of the total number of Directors or 2 (two) Directors, whichever is higher, provided that the presence of an equal number of Investor Nominee Directors and the Promoter Nominee Directors present and eligible for voting are required to constitute a valid quorum.

7.16 Voting

7.16.1 While the Investor holds 18.5% in the Share Capital and subject to Clause 13, each Director may exercise 1 (one) vote at a Board Meeting. Subject to Clause 13, the adoption of any resolution of the Board, whether by circular resolution or otherwise, shall be taken by a simple majority.

7.16.2 While the Investor and the Promoters hold the Share Capital in the ratio of 50: 50, each Director may exercise 1 (one) vote at a Board Meeting. The adoption of any resolution of the Board, whether by circular resolution or otherwise, may be passed by a simple majority.

7.17 The Shareholder Groups undertake that the Directors nominated by them:


- (i) will not willfully or unreasonably fail to attend a Board Meeting in order to prevent the transaction of business at that Board Meeting;
- (ii) will exercise their rights so as to ensure that the Company, subject to the terms of this Agreement, carries out the Business Plan in accordance with its terms; and
- (iii) will exercise their rights so as to ensure that the Company complies with the terms of this Agreement.

7.18 Remuneration/Expenses

- (i) The remuneration of the Directors shall be decided by the Shareholder Groups mutually.
- (ii) Prior to each Board Meeting, Parties shall mutually agree on who will bear the expenses of the Board Meeting such as cost of transportation and accommodation of the Directors and what costs will be borne by such Party.

7.19 Director's and Officers' Insurance:

The Company will procure suitable Director's and Officers' insurance for all the Promoter Nominee Directors and the Investor Nominee Directors.

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8. COMPANY UNDERTAKING

8.1 The Company hereby undertakes and covenants to the Investor and the Promoters as follows:

8.1.1 the Company shall not recognize or register any Transfer of Equity Shares unless effected in accordance with the provisions of this Agreement;

8.1.2 the Company shall appoint KPMG, (or one of the other big four audit firms i.e. Deloitte & Touche, Price Waterhouse Coopers or Ernst & Young or their Indian affiliates (“**Big Four**”) if KPMG cannot be appointed) as the statutory auditor of the Company as soon as practicably possible after Completion; and

8.1.3 the Company and the Shareholder Groups shall ensure that all agreements and arrangements with a Related Party shall be entered into at arms length basis and in accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

9. MANAGEMENT OF THE COMPANY

9.1 Management of the Business

9.1.1 Subject to this Clause 9, the Parties shall endeavour in their fullest capacity to promote, develop and expand the Business in terms of this Agreement.

9.1.2 Sale and export of Export Products to and in USA, Canada, Mexico, Brazil, Turkey and Israel (“**Investor Exclusive Territory**”) are for the exclusive distribution and sale as well as management by the Investor. The Company is prohibited in engaging (directly and / or indirectly) in the sale and distribution of products manufactured by the Company in the course of its Business in the Investor Exclusive Territory. Further, the Promoters and/or their Affiliates shall not directly and/or indirectly engage in the sale and distribution of Export Products in the Investor Exclusive Territory.

9.1.3 Export of products outside the Territory and the Investor Exclusive Territory by the Company shall be undertaken with the co-operation and guidance of the Investor aiming at obtaining synergies.

9.1.4 In the event the Company proposes to: (i) cease conducting all or part of the Business (“**Ceased Business**”); or (ii) dispose of all or part of the Business (“**Disposed Business**”), in accordance with the terms and conditions of this Agreement, the Investor shall, prior to the cessation of the Ceased Business or disposal of the Disposed Business, have the right, exercisable directly or through its nominee or a third Person to commence conducting the Ceased Business or acquire the Disposed Business (as the case may be) at a price which any third party would be willing to pay for the same.

9.2 Management Committee

9.2.1 The Board will appoint a management committee (“**Management Committee**”), which shall always consist of 4 (four) members, 2 (two) of which appointed by the Promoters and 2 (two) of which appointed by the Investor.

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BY *S.R.* *C.V.S* *DP* *and* *Full*

I.S.R. *P.M.R.*

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- 9.2.2 Subject to Applicable Law and except for the matters mentioned in **Schedule 6** and **Schedule 6A** which are to be considered exclusively by the Board/Management Committee and the Shareholders respectively, the Board may delegate to the Management Committee the respective powers and responsibilities for the management of the Business and implementation of the Business Plan. The Management Committee will be responsible for strategic decisions on sales, marketing and operations in relation to the Company by issuing strategic guidelines to the Sales and Marketing Manager, India and the Chief Operating Officer (“COO”).
- 9.2.3 The Management Committee shall meet as often as required at such location as may be mutually agreed to between the Investor and the Promoters. The presence of all 4 (Four) members is required to constitute a valid quorum for the Management Committee Meeting unless the concerned Shareholder Group has provided its prior written consent to the holding of such meeting in the absence of its nominee.
- 9.2.4 At any Management Committee Meeting, each committee member may exercise 1 (one) vote. The adoption of any resolution of the Management Committee, whether by circular resolution or otherwise, shall require the affirmative votes of a majority of the committee members voting. The Management Committee shall report to the Board as often as required and at least at each Board Meeting.
- 9.2.4A Subject to the Veto Items set out in **Schedule 5**, in the event that the Management Committee fails to adopt any resolution, due to failure of the members of the Management Committee reaching an agreement on the same, then the same item should be proposed to the Board for its consideration and resolution.
- 9.2.5 The COO will be a nominee of the Promoters and shall report to the CEO and the Management Committee.
- 9.2.6 The Sales and Marketing Manager, India will be a nominee of the Promoters and shall report to the CEO and to the Management Committee.
- 9.2.7 The Chief Financial Officer (“CFO”) will be appointed by the Company based on the proposition made by FILA, shall report to the Board/CEO and shall be under the functional responsibility of the chief financial officer of the Investor.
- 9.2.8 Subject to Clause 9.1.2 and 9.1.3 above, the Sales and Marketing Manager, Exports:
- (i) while the Investor holds 18.5% in the Share Capital, will be a nominee of the Promoters and shall report to the CEO and the Management Committee; and
 - (ii) while the Investor holds 50.0% in the Share Capital, will be a nominee appointed by the Company, shall be under the functional responsibility of the marketing manager of the Investor and shall report to the CEO and the Management Committee.
- 9.2.9 The Board shall appoint the COO, Sales and Marketing Manager, India, the CFO and the Sales and Marketing Manager, Exports and the Management Committee and such other

persons as key employees as may be agreed between the Investors and the Promoters from time to time. Each Shareholder Group shall vote in favour of the appointment of the other Shareholder Group's nominees as members of the Management Committee.

- 9.2.10 Unless otherwise agreed between the Shareholder Groups in writing, the COO, Sales and Marketing Manager, India, the CFO and the Sales and Marketing Manager, Exports shall work full-time in the Business and shall not take up any other executive or administrative position in any other economic organisation, nor engage in any activities, which are in competition with the Business or are otherwise deemed by the Board to be detrimental to the Company's interests. In case of violation by the COO, Sales and Marketing Manager, India, the CFO and the Sales and Marketing Manager, Exports of this requirement, the Board may take appropriate disciplinary action including dismissal, at its discretion.

9.3 Management Compensation

The Board shall decide the salaries of the executives and other officers of the Company. However if such executives and other officers are Related Parties then the resolution on such matter will have to be unanimously approved by the Board.

10. UNDERTAKINGS

- 10.1 Each Party undertakes to the Company that, while they are Shareholders of the Company and for a period of 3 (three) years after ceasing to be a Shareholder, they shall not and shall ensure that no Affiliates shall, either on their own behalf or on behalf of any Person, solicit or endeavour to entice away from the Company any employee of the Company or distributors of the Company who only distribute products under the 'DOMS' mark.
- 10.2 The Parties agree and acknowledge that whilst the provisions of this Clause 10 are reasonable in all the circumstances and are not in the nature of restrictions but instead are in the furtherance of trade or Business, the Parties agree that if any of the provisions should be held by a court or tribunal of competent standing to be invalid as an unreasonable restraint of trade (but would have been valid if part of the wording had been deleted or the period reduced or the range of activities or geographical area reduced in scope) the provisions of this Clause 10 shall apply with such modifications (which would be deemed to have been made) as are necessary to make them valid and effectively enforceable by a court or tribunal of competent jurisdiction.

11. DIVIDEND DISTRIBUTION POLICY

Subject to Applicable Law and/or any contractual obligation and unless otherwise agreed between the Investor and the Promoters in writing, the Board shall (subject to transfer of reserves and depreciation) recommend the amount of dividends to be declared in a particular Financial Year.

12. SHAREHOLDERS MEETINGS

12.1 General Meeting of Shareholders

- 12.1.1 The Company shall hold at least one (1) general meeting of the Shareholders to be called an "Annual General Meeting" in each Financial Year. All general meetings of the Shareholders of the Company shall be called "General Meetings" (which shall also

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include the Annual General Meeting). All General Meetings will be held in accordance with the Act, the Memorandum and Articles and this Agreement. The Chairman of the Board shall be the Chairman of the meeting of the Shareholders.

12.1.2 English shall be the official and working language at General Meetings. A simultaneous translation service will be provided at the expense of the Company (if required).

12.2 Notice of General Meetings

Prior written notice of at least 21 (twenty one) days for convening the General Meeting shall be given to all the Shareholders of the Company. Subject to compliance under the applicable provisions of the Act, a General Meeting may, however, be called by the Chairman on less than twenty one (21) days (but not less than 2 (two) Business Days) prior written notice with the prior written consent of the Shareholder Groups. Every notice shall be accompanied by the agenda setting out the particular business proposed to be transacted at such meeting. Without the prior written unanimous consent of each Shareholder Group, no business shall be transacted at any General Meeting duly convened and held other than that specified in such notice.

12.3 Quorum

12.3.1 The quorum for a Shareholders meeting shall be 2 (two) Shareholders. Provided quorum at the General Meeting shall comprise at least 1 (one) duly authorized representative of each Shareholder Group present at the commencement of such meeting and throughout its proceedings and no business at any General Meeting shall be transacted, unless at least 1 (one) duly authorized representative of each of the Investor and the Promoters are present at the commencement of such meeting and throughout its proceedings (unless the concerned Shareholder Group has provided its written consent to the holding of such meeting in the absence of its nominee).

12.3.2 In the absence of a valid quorum at a General Meeting, duly convened and held, the meeting shall be adjourned to the same time and place not earlier than (14) fourteen days, but no later than 21 (twenty one) days thereafter, as the Chairman may determine with the prior consent of the Shareholder Groups.

12.3.3 If at 3 (three) successive adjourned General Meetings the quorum as above is not present within half an hour from the time appointed for holding the General Meeting, such absence of quorum shall constitute a Deadlock.

12.4 Voting

12.4.1 At any General Meeting, the voting shall take place by a poll, and each Shareholder shall exercise 1 (one) vote for every Equity Share held by such Shareholder.

12.4.2 Subject to Clause 13 below, the adoption of any resolution of the Shareholders shall require a simple or special majority, as required by Applicable Law.

12.5 Matters to be considered by the Shareholders

12.5.1 The matters listed at Schedule 6A are to be considered exclusively by the Shareholders in

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a General Meeting and shall not be delegated to the Board or the Management Committee. **Part A of Schedule 6A** sets out the matters to be considered in a Shareholders' General Meeting, subject to the Investor's Veto Items.

12.5.2 The Parties agree that the Investor shall be entitled to direct the manner in which the Promoters shall vote their Equity Shares in the Company, in respect of matters specified in **Part B of Schedule 6A**, whether directly or through proxies. The Promoters undertake that they shall, and shall cause their respective Affiliates and nominees to exercise their voting rights, either directly or indirectly, in the Company in the manner directed by the Investor in respect of such matters specified in **Part B of Schedule 6A**. Further, each of the Promoters hereby agree and undertake to take all other actions necessary, to give effect to the provisions of this Agreement and to act in accordance with the terms of this Agreement.

12.6 Participation by Electronic Mode

The Shareholders may participate in any General Meeting by electronic mode or any other means of contemporaneous communication as prescribed by Ministry of Corporate Affairs or as may be prescribed under Applicable Law from time to time.

12.7 Shareholders Undertakings

12.7.1 Subject to Clause 12.6, the Shareholders agree that at any General Meeting duly convened for the purpose of voting on any matter required to be transacted by the Shareholders there at, they shall respectively be present in person through their duly authorized representatives appointed in accordance with the applicable provisions of the Act for the purpose of complying with the requirements of a valid quorum, and shall vote in respect of all Equity Shares owned and held by them at such General Meeting in accordance with this Agreement.

12.7.2 The Shareholders hereby jointly and severally undertake to ensure:

- (i) that they, their representatives, proxies and agents representing them at General Meetings shall at all times exercise their votes in respect of the Equity Shares in such manner so as to comply with, and to fully and effectually implement, the provisions of this Agreement; and
- (ii) that if any resolution is proposed contrary to the terms of this Agreement, they, their representatives, proxies and agents representing them shall vote against such resolution. If for any reason such a resolution is passed, the Shareholders shall, if necessary, join together and convene an extraordinary general meeting pursuant to Section 169 of the Act for implementing the terms of this Agreement.

12.8 The Shareholders shall, and shall ensure that their respective nominee Directors always vote in a manner that ensures that the Company does not commit a default of Applicable Law.

13. VETO ITEMS

13.1 Notwithstanding anything contained herein so long as the Investor holds less than 50% of the

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Share Capital, neither the Board nor the Shareholders nor the Management Committee shall take any action, with respect to the items listed at **Schedule 5** without the affirmative vote of at least 1 (one) Investor Nominee Director or an authorised representative of Investor Group.

14. BUSINESS PLAN

- 14.1 Except for the Starting Business Plan, prior to the start of each Financial Year, the Management Committee shall determine the annual budgetary limits (with applicable sub limits within a Financial Year for each semester of each Financial Year), prepare a business plan for a period of 3 (three) consecutive Financial Years ("**Business Plan**") and shall provide each of the Shareholders with a copy of such proposed Business Plan to be presented for approval and adoption by the Board in accordance with Clause 14.2 below. Such Business Plan shall outline the financing and operating policies of the Company including mission, organizational objectives, strategy, estimates of capital expenditure and working capital, target products, changes to business processes, resource management, risk management and financial policy. In the Business Plan, the management will also detail any planned changes to the constitution of sub-committees, if any, of the Management Committee and their functions, audit, human resources, code of conduct and corporate governance, reporting requirements and compliances.
- 14.2 Within 60 (Sixty) Business Days prior to the commencement of each Financial Year, the Management Committee shall review the Business Plan and shall update and revise the same for the next three (3) consecutive Financial Years. The Board shall meet no less than 30 (Thirty) Business Days prior to the commencement of the Financial Year to consider and adopt such revised Business Plan.
- 14.3 Notwithstanding anything contained herein, the Shareholder Groups shall have the right to mutually agree to modify the Starting Business Plan or any Business Plan ("**Modified Business Plan**") and the Modified Business Plan shall be adopted by the Board.

15. COVENANTS

15.1 Financial Records

The Company shall allow each Shareholder and its authorized representatives the right during normal business hours to inspect its books and accounting records, to make extracts and copies therefrom, at its own expense, and to have full access to all of the Company's property and assets including but not limited to the working papers and documents of the statutory auditors of the Company.

15.2 Books and Records

Subject to Clause 15.4, the Company shall keep proper, complete and accurate books of account in Indian Rupees in accordance with Indian generally accepted accounting principles ("**GAAP**") or Indian Accounting Standards ("**IAS**"). In addition, the Company shall, prepare on an annual and quarterly basis a reconciliation of the accounts of the Company in accordance with generally accepted accounting principles used to prepare the accounts of the Investor and its Affiliates. The Company further undertakes to make such annual reportings to the Investor as may be required by the Investor for any statutory filings required to be made by the Investor or its parent/group companies in the respective jurisdiction of their incorporation and/or listing.

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15.3 Reports

15.3.1 The Company shall make best efforts to, within a period of 30 (Thirty) days from the end of each calendar year, provide the Investor with the audited consolidated, wherever applicable, financial statements of the Company for the respective calendar year.

15.3.2 The Company shall provide to each Shareholder (i) within 80 (Eighty) days after the end of each Financial Year, the annual audited consolidated, wherever applicable, financial statements of the Company for such Financial Year, (ii) within 30 (Thirty) days after the end of each quarter, quarterly unaudited consolidated, wherever applicable, financial statements and management accounts of the Company consistent with the annual financial statements for such quarter, (iii) 30 (Thirty) days prior to the commencement of any Financial Year, the annual budget/ projections of the Company; and (iv) such other reports as the Board may determine. The Company shall furnish to each Shareholder Group and their auditors such financial and other information relating to the Business of the Company as any of them may reasonably require.

15.4 Annual Accounts

15.4.1 While the Investor holds 18.5% in the Share Capital, the annual audited accounts of the Company shall be compliant with Indian GAAP or IAS and certified as such by December 31, 2013 or in any event not later than the year ending on December 31, 2014. Upon the Investor becoming a 50% Shareholder in the Company, the Company shall within 6 (six) months of such acquisition, ensure that the annual audited accounts of the Company shall be compliant with international accounting standards and FILA accounting system.

15.4.2 The Investor, through the CFO of the Company shall be responsible for setting up a new accounting system for the Company which shall be compliant with international accounting standards.

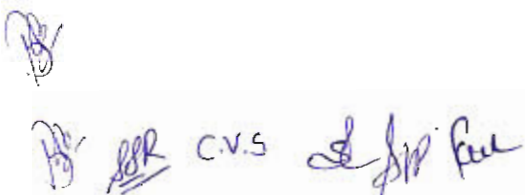
15.4.3 On and from 2012, the Promoters shall ensure, and the Company shall change its Financial Year to commence on 1st January of each calendar year and ending on 31st December of the same calendar year.

15.5 Intellectual Property Protection

The Company shall take all steps promptly to protect the intellectual property rights it owns or lawfully uses. Such protection, if appropriate, may include, without limitation, the registering of (i) its own trademarks, brand names and copyrights and (ii) any trademarks, brand names and copyrights licensed or assigned to the Company, if so permitted under the respective license or assignment agreement as the case may be. Furthermore, the Company shall immediately notify each Shareholder Group concerned in case it becomes aware of any infringements of intellectual property rights of either of the Shareholder Groups.

15.6 Internal Auditors

The Board shall appoint an independent internal committee of the Company. The audit committee



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shall perform the activities as may be delegated to it by the Board. Within the framework of the delegation of the Board, the audit committee members shall be responsible towards the Board with whom they, as Directors, share a collective responsibility regarding the governance of the Company towards interested Shareholders.

15.7 Investor Director Liability

15.7.1 Except for actions taken pursuant to an affirmative vote of the Investor, and subject to the provisions of Applicable Laws, the Company and the Promoters expressly agree that the Investor Nominee Director(s) shall not be liable for any default or failure of the Company in complying with the provisions of any Applicable Laws, including but not limited to, defaults under the Act, taxation and labour laws of India, compliance with regulations and guidelines prescribed by the Reserve Bank of India, till such time the Chairman and CEO are nominated jointly by the Investor and the Promoters in accordance with Clause 7.9.2.

15.7.2 The Promoters and the Company expressly agree and undertake that till the Investor holds 50 (Fifty) per cent of the Share Capital of the Company, they shall not identify the Investor Nominee Director as 'officer in default' of the Company, or occupiers of any premises used by the Company or employers under Applicable Laws. Further, the Company undertakes to ensure that the other Directors or suitable persons are nominated as compliance officers, occupiers and/or employers, as the case may be, in order to ensure that to the maximum extent permitted by Applicable Laws, the Investor Nominee Director does not incur any liability.

15.8 Initial Public Offering

It is the intention of the Parties to have the Equity Shares of the Company listed on the Bombay Stock Exchange Limited /The National Stock Exchange of India Limited in accordance with the Applicable Laws of the Territory. The indicative time for such listing shall be 4 (four) years from the Completion Date.

16. TRANSFER OF SHARES

16.1 Lock In Period

16.1.1 The Equity Shares of the Company held by the Shareholders shall be locked in for a period of 3 (three) years from the Completion Date ("**Lock-in Period**"), and no Shareholder shall be entitled to transfer its Equity Shares during the Lock-in Period without the express prior written consent of the other Shareholders except to the extent otherwise provided in this Agreement.

16.1.2 Notwithstanding Clause 16.1.1, it is expressly agreed that during the Lock-in Period, any Shareholder may Transfer any of the Equity Shares held by it in the Company to its Affiliates, *inter se* each other, without following the procedure under Clause 16.2 below. The Transfer of Equity Shares by a Shareholder to its Affiliates shall be subject to such Affiliate executing a Deed of Adherence and executing, if a Promoter, a power of attorney in favour of the Main Promoter for the purposes set out in Clause 2.2. In the event any Affiliate to whom Equity Shares are transferred ceases to be an Affiliate of the transferring Shareholder then the transferring Shareholder shall immediately purchase the

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Equity Shares from such Affiliate. If it fails to do so, it shall have committed a material breach and the provisions of Clause 16.3.1 shall apply. Notwithstanding anything stated in this Clause 16.1.2, it is hereby agreed that the rights of the Investor and/or its Affiliates as set out in this Agreement shall not be affected in any manner by such *inter-se* Transfer amongst Promoters and/or their Affiliates in accordance with this Agreement.

16.1.3 The Parties agree that the Transfer restrictions in this Agreement and/or in the Memorandum and Articles shall not be capable of being avoided by the holding of Equity Shares indirectly through a company or other entity that can itself be Transferred in order to dispose of the Equity Shares free of such restrictions, i.e., any transaction resulting in a Change in Control of a Shareholder which holds any Equity Shares shall, subject to Clause 18 be deemed to be a proposal to sell the Equity Shares held by the Shareholder in the Company, and the provisions of this Agreement in Clauses 16.2 and 16.3 that apply in respect of a purported Transfer of the Equity Shares shall thereupon apply in respect of the Equity Shares so held. Provided, however that neither the Transfer restrictions in this Agreement, nor in the Memorandum and Articles shall apply to any Transfer of the Shareholding or ownership of the Investor and/or the Promoters (directly or indirectly), or of the Equity Shares in the Company held by the Investor and/or the Promoters, subject to the transferee in each such instance being an Affiliate of the Investor and/or the Promoters, as the case may be.

16.2 Right of First Refusal

16.2.1 After the expiry of the Lock-in Period, either Shareholder Group shall be entitled to sell all or part of the Equity Shares of such group in the Company to a third party after complying with this Clause 16.2.

16.2.2 If a member of the Promoter Group or the Investor Group ("**Transferring Shareholder**") proposes or is deemed pursuant to Clause 16.1.3 to sell any Equity Shares to a third Person ("**Prospective Transferee**"), the Investor Group or the Promoters Group, as the case may be ("**Offeree**"), shall have a right of first refusal ("**First Refusal Right**") with respect to such sale of Equity Shares as provided in this Clause 16.2.

16.2.3 If the Transferring Shareholder proposes to sell its Equity Shares, the Transferring Shareholder shall first send a notice ("**Transfer Notice**") to the Offeree, which notice shall state, (i) the number of Equity Shares to be sold ("**Offered Shares**"); (ii) the amount of the proposed consideration for the sale; (iii) the other material terms and conditions of the proposed sale; (iv) a confirmation that the Offered Shares are free from any Encumbrances and that the Transferring Shareholder is the beneficial and recorded owner of the Offered Shares; and (v) the name and details of the Prospective Transferee. The total value of the consideration for the proposed sale is referred to herein as the "Offer Price".

16.2.4 For a period of thirty (30) Business Days after receipt of a Transfer Notice ("**Offer Period**"), the Offeree shall have the right, exercisable by the Offeree through the delivery of an Acceptance Notice as provided in Clause 16.2.5, to purchase in aggregate all, but not less than all, of the Offered Shares at a purchase price equal to the Offer Price and upon the other terms and conditions set forth in the Transfer Notice. The Offeree may cause an Affiliate of such Offeree to exercise the Offeree's right to acquire the Offered

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Shares pursuant to this Clause 16.2.4.

- 16.2.5 The First Refusal Right of the Offeree under Clause 16.2.2 above shall be exercisable by delivering a notice of exercise ("**Acceptance Notice**") within the Offer Period to the Transferring Shareholder. The Acceptance Notice shall include (i) a statement of the number of Equity Shares held by the Offeree on a non-diluted basis; and (ii) a statement that the Offeree is willing to acquire all, but not less than all, of the Offered Shares at the Offer Price. An Acceptance Notice shall be irrevocable and shall constitute a binding agreement by such Offeree to purchase the Offered Shares.
- 16.2.6 Unless the Offeree(s) elects to purchase all but not less than all of the Offered Shares under and in accordance with this Clause 16.2, the Transferring Shareholder may sell, all but not less than all of the Offered Shares to the Prospective Transferee on the same terms and conditions as set forth in the Transfer Notice, provided, however, that the sale is made within three (3) months after the expiry of the Offer Period. If such a sale does not occur within such three (3) month period for any reason, the restrictions provided for herein shall again become effective, and no sale of Equity Shares may be made by the Transferring Shareholder thereafter without again making an offer to Offeree(s) in accordance with this Clause 16.2.
- 16.2.7 The closing of any purchase of Offered Shares by the Offeree shall be as mutually determined by the Transferring Shareholder and the Offeree but shall not be later than three (3) months after receipt of the Transfer Notice. The said 3 (three) month period shall be extended for an additional period of up to 90 (Ninety) Business Days, if necessary, to obtain any regulatory approvals required for such purchase and payment. Any stamp duty or transfer taxes or fees payable on the sale of any Offered Shares shall be borne and paid by the Offeree. If the Offeree purchasing the Offered Shares does not make payment in full of the Offer Price as above, the entire Offered Shares may be sold by the Transferring Shareholder to the Prospective Transferee.
- 16.2.8 For the purposes of this Clause 16.2, unless the context otherwise requires, all provisions contained in the said Clause relating to Equity Shares of the Company, including issue, Transfer and transmission of Equity Shares and exercise of rights as a holder of shares, shall mutatis mutandis apply to any fully or partially convertible security (including debenture or bond) or any warrant, coupon or instrument which may enable the holder to acquire Equity Shares and/or any voting right in the Company.
- 16.2.9 Notwithstanding anything stated in this Clause 16, no Shareholder Group shall be entitled to Transfer its Equity Shares to a Person engaged in a Competing Business except with the prior written consent of the other Shareholder Group.

16.3 Tag Along

- 16.3.1 Subject to Clauses 16.1 and 16.2 above, if the Transferring Shareholder has agreed to sell the Equity Shares to a third party ("**Tag Transferee**"), the Transferring Shareholder shall immediately send a written notice (the "**Tag-Along Notice**") to the other Shareholder, which notice shall state: (i) the name and address and identity of the proposed Tag Transferee; (ii) the number of Equity Shares proposed to be transferred (the "**Transfer Equity Shares**"); (iii) the amount and form of the proposed consideration and the other



terms and conditions of the proposed Transfer; (iv) a representation that no consideration, tangible or intangible, is being provided to the Transferring Shareholder that is not reflected in the price to be paid to the other Shareholder exercising its Tag-Along Rights hereunder; and (v) the number of Equity Shares the Transferring Shareholder then owns. The total value of the consideration for the proposed Transfer is referred to herein as the “**Tag-Along Consideration**”.

- 16.3.2 The other Shareholder shall have the right (the “**Tag-Along Right**”) but not the obligation to require the Transferring Shareholder to cause the Tag Transferee in a Transfer of the Transfer Equity Shares to purchase from the other Shareholder together with its Affiliates, for consideration equal to the Tag Along Consideration per Equity Share and upon the same terms and conditions as are to be applied to the Transferring Shareholder such number of Equity Shares equal to the Transfer Equity Shares on a Fully Diluted Basis.
- 16.3.3 Within 7 (Seven) Business Days following the receipt of the Tag-Along Notice, in the event the other Shareholder elects to exercise its Tag-Along Right, it shall deliver a written notice of such election to the Transferring Shareholder (“**Tag Acceptance Notice**”) and the number of Equity Shares (which shall be calculated in accordance with Clause 16.3.2 the other Shareholder proposes to Transfer to such Tag Transferee (“**Tag-Along Shares**”). Such notice shall be irrevocable and shall constitute a binding agreement by the other Shareholder to sell the Tag-Along Shares and on the Tag Transferee to acquire the Tag Along Shares and on the Transferring Shareholder to procure that the Tag Transferee acquires the Tag Along Shares in terms of this Clause 16.3.
- 16.3.4 The closing of any purchase of Tag-Along Shares by the Tag Transferee from the other Shareholder shall take place simultaneously with the closing of the purchase of Transfer Equity Shares by the Tag Transferee from the Transferring Shareholder provided that the Transfer Equity Shares cannot be purchased by the Tag Transferee without purchasing the Tag-Along Shares from the other Shareholder. At such closing, the other Shareholder shall deliver duly stamped and executed original share certificates in relation to the Tag-Along Shares to the Tag Transferee. Such Tag-Along Shares shall be free and clear of any Encumbrance (other than those under this Agreement, if any), and the other Shareholder shall so represent and warrant and shall further represent and warrant that it is the beneficial and legal owners of such Tag-Along Shares. The other Shareholder shall not be required to make any other representations or warranties. Any Tag Transferee purchasing the Tag-Along Shares shall, simultaneously, deliver at such closing (or on such later date or dates as may be provided in the Tag-Along Notice with respect to payment of consideration by the proposed Tag Transferee) payment in full of the Tag-Along Consideration in accordance with the terms set forth in the Tag-Along Notice, provided, however, such payment of the Tag-Along Consideration is not later than the payment of the consideration for the Transfer Equity Shares. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Tag Along Shares to the Tag Transferee.

16.4 No Transfer or creation of Encumbrance by Shareholders

Except as otherwise specifically provided for in this Agreement, no Shareholder shall Transfer any

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Shares held by it or create any Encumbrance on the Shares without the prior written consent of all other Shareholders, provided that, in case such written consents are given, the proposed Transfer is to be affected or proposed Encumbrance is to be created within 90 (Ninety) days from receipt of the last of such written consents.

- 16.5 Any purported Transfer of Equity Shares that does not comply with the procedures set out in Clauses 16.1, 16.2, 16.3 and 16.4 shall be null and void. It is clarified that the provisions of this clause shall not prejudice the provisions of Clause 17 of this Agreement.

17. CALL AND PUT OPTIONS

- 17.1 If by June 30, 2015, the Company through its Affiliates or independently does not own a wood pencil slat manufacturing facility in Jammu either by way of (i) acquisition from an existing manufacturing facility mutually identified by the Parties; or (ii) if acquisition under (i) above is for any reason not possible then by way of acquisition of a manufacturing facility by any other means as mutually agreed between Parties and as long as the cost of such acquisition is borne by the Promoters:

- (a) the Investor will have the option ("**Exit Put Option**"), exercisable by delivery of a written notice ("**Exit Notice**") to require the Promoters to purchase from the Investor, all the Equity Shares held by the Investor on the date of delivery of the Exit Notice. The Exit Notice shall state: (i) the number of Equity Shares to be purchased by the Promoters pursuant to the Exit Put Option ("**Investor Exit Shares**"), and (ii) price for the Investor Exit Shares, being the IRR Price.
- (b) On receipt of the Exit Notice, the Promoters shall be obliged to purchase the Investor Exit Shares from the Investor in the manner set out in the Exit Notice and to do all things required to give effect to the sale of the Investor Exit Shares within a period of 6 (six) calendar months from the date of receipt of the Exit Notice, including but not limited to executing share transfer forms, furnishing the IRR Price, recording such transfer in the books and records of the Company and making requisite filings with Governmental Authorities.

- 17.2 The Investor will have the right ("**Investor Call Option**"), exercisable from June 1, 2015 to June 30, 2015 by the delivery of a written notice ("**Call Notice**") to the Promoters, to require the Promoters to sell the Equity Shares comprising 31.5% of the Share Capital ("**Call Shares**") to the Investor, such that the Promoters and the Investor will hold the Share Capital in the ratio of 50:50 after the completion of the sale and transfer of the Call Shares. The Call Notice shall state: (i) the number of Call Shares and (ii) price for each Call Share ("**Call Price**") which shall be proposed by the Investor taking into account prevailing market rates.

- 17.3 If the Call Price is equal to or more than the Formula, the Promoters shall, by delivery of a written notice ("**Promoter Election Notice**") to the Investor within 15 (Fifteen) Business Days from the date of receipt of the Call Notice either elect to:

- (a) Sell all but not some of the Call Shares to the Investor in the manner set out in the Call Notice and do all things required to give effect to the sale of the Call Shares within a period of 30 (Thirty) Business Days from the date of receipt of the Call Notice, including but not limited to executing share transfer forms, making representations and warranties as

regards title to the Call Shares, recording such transfer in the books and records of the Company and making requisite filings with Governmental Authorities; or

- (b) Offer to sell all the Equity Shares held by the Promoters ("**Promoter Exit Shares**") as on the date of receipt of the Call Notice to the Investor or any other Person nominated by Investor at the Call Price ("**Promoter Exit Offer**").
- (c) If the Promoters elect to exercise the Promoter Exit Offer, the Investor shall, within 30 (Thirty) Business Days from receipt of the Promoter Election Notice, deliver to the Promoters written notice ("**Investor Election Notice**") of its election to either: (a) accept to purchase the Promoter Exit Shares or (b) refuse to purchase the Promoter Exit Shares and therefore continue to hold its then existing Shareholding in the Company or (c) exercise the Exit Put Option, in accordance with Clause 17.1 above.
- (d) The time taken by any Party for receipt of approvals from the Governmental Authorities for the consummation of such sale and purchase of the Equity Shares shall be excluded from the time period specified in Clause 17.3(a) above.

17.4 If the Call Price is less than the Formula, the Promoters shall, by delivery of a written notice ("**Promoter Second Election Notice**") to the Investor within 15 (Fifteen) Business Days from the date of receipt of the Call Notice either elect to:

- (a) Sell the Call Shares to the Investor in the manner set out in the Call Notice and do all things required to give effect to the sale of the Call Shares within a period of 30 (Thirty) Business Days from the date of receipt of the Call Notice, including but not limited to executing share transfer forms, making representations and warranties as regards title to the Call Shares, recording such transfer in the books and records of the Company and making requisite filings with Governmental Authorities; or
- (b) Refuse to sell the Call Shares to the Investor. If the Promoters refuse to sell the Call Shares to the Investor, the Investor may, within 60 (Sixty) Business Days of receipt of the Promoter Second Election Notice, deliver to the Promoters, written notice ("**Investor Second Election Notice**") of its election to exercise the Exit Put Option, in accordance with Clause 17.1 above, or to remain as a Shareholder of 18.5% in the Share Capital of the Company.
- (c) The time taken by any Party for receipt of approvals from the Governmental Authorities for the consummation of such sale and purchase of the Equity Shares shall be excluded from the time period specified in Clause 17.4(a) above.

17.5 Notwithstanding anything contained herein, if the sale of Investor Exit Shares is not completed within 6 (Six) calendar months from date of exercise of the Exit Put Option, due to an act or omission of the Promoters, including failure of the Promoters to furnish the IRR Price for the Investor Exit Shares, the Investor shall have the right, exercisable by delivery of the Call Notice, to require the Promoters to sell the Call Shares to the Investor at the Call Price. The Promoters shall sell the Call Shares at the Call Price, and shall to do all things required to give effect to the sale of the Call Shares within a period of 30 (Thirty) Business Days from the date of receipt of the Call Notice, including but not limited to executing share transfer forms, making representations and warranties as regards title to the Call Shares, recording such transfer in the books and records of

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the Company and making requisite filings with Governmental Authorities.

- 17.6 Subject to Applicable Law, if the Equity Shares or other securities of the Company are listed on a stock exchange between the calendar years 2015 and 2018 ("**Company Listing**"), the Exit Put Option shall not be exercised for a period of 1 calendar year or any such period which is required under the Applicable Law, from the date of the Company Listing.
- 17.7 In the event that the Investor has not activated the Investor Call Option and taken related actions, as set out at Clause 17.1, 17.2, 17.3, 17.4, and 17.5, (the "**Alternatives**"), during the time frame set out by the respective Clauses, the Investor shall have the right to exercise the Alternatives during the calendar years 2016 and 2017 respectively and the provisions of Clause 17.1 to 17.6 (both inclusive) shall apply *mutatis mutandis*.

18. CHANGE IN CONTROL

18.1 While the Investor holds 50% of the Share Capital:

18.1.1 Within 30 (Thirty) Business Days after the completion of a Change in Control (other than due to a public offering of the Investor's shares) of the Investor, the Investor shall deliver written notice of such Change in Control ("**CIC Notice**") to the Promoters.

18.1.2 For a period of 30 (Thirty) Business Days from receipt of the CIC Notice by the Promoters, the Person who has acquired control of FILA ("**Acquirer**") shall have the right, exercisable by the delivery of a written notice to the Promoters to require the Promoters to sell the Investor all the Equity Shares held by the Promoters in the Company on the date of receipt of the CIC Notice at the last approved EBITDA times EBITDA multiple implied in the acquisition of FILA less last approved NFP or the Formula, whichever is higher ("**Acquirer Call Option**").

18.1.3 If the Acquirer has not exercised the Acquirer Call Option within a period of 30 (Thirty) Business Days from the receipt of the CIC Notice by the Promoters, then, for a period of 30 days following the expiry of the 30 day period mentioned at Clause 18.1.2 above, the Promoters shall have the right to require the Investor to sell to the Promoters or any third Person nominated by the Promoters, all the Equity Shares held by the Investor, at IRR Price by issuance of a notice to that effect ("**Alternative Call Option Notice**") and such sale and transfer of Equity Shares and transfer of consideration for the same must be completed within a period of 270 (two hundred and seventy) Business Days from the date of issuance of the Alternative Call Option Notice.

18.2 While the Investor holds 18.5% of the Share Capital, within 30 (Thirty) Business Days after the completion of a Change in Control (other than due to a public offering of the Investor's shares) of the Investor, the Investor shall deliver the CIC Notice to the Promoters. For a period of 30 (Thirty) Business Days from receipt of the CIC Notice by the Promoters, the Promoters shall have the right, exercisable by the delivery of a written notice to the Investor to require the Investor to sell to the Promoters all the Equity Shares held by the Investor in the Company on the date of receipt of the CIC Notice at a price equal to the lower of (i) the last approved EBITDA times EBITDA multiple implied in the acquisition of FILA less last approved NFP or (ii) the Formula.

18.3 If the Promoter's Shareholding in the Company is held through Persons who are not natural

persons (“**Promoter Company**”), in accordance with the provisions of this Agreement, within 30 (Thirty) Business Days after the completion of a Change in Control (other than due to a public offering of the Promoter Company’s shares) of the Promoter Company, the Promoters shall deliver written notice of such Change in Control (“**Promoter Company CIC Notice**”) to the Investor.

18.4 For a period of 30 (Thirty) Business Days from receipt of the Promoter Company CIC Notice, the Investor shall have the right, exercisable by the delivery of a written notice to the Promoters to require the Promoters or the Promoter Company or any person nominated by the Promoters or the Promoter Company to purchase all the Equity Shares held by the Investor in the Company on the date of receipt of the Promoter Company CIC Notice at the same valuation at which the Change in Control of the Promoter Company occurred or the Formula, whichever is higher.

19. DEADLOCK

19.1 For the purpose of this Clause 19, a deadlock shall be deemed to have occurred if after the expiry of a period of 18 (eighteen) months from the Completion Date:

19.1.1 a resolution relating to any matter set out in **Schedule 4A or 4B** as the case may be (“**Critical Matters**”) is proposed at 3 (three) successive Board Meetings or General Meetings, as the case may be, is not passed at such meetings because it did not receive the necessary majority votes in its favour, and the Shareholder Group, on whose behalf the proposal was made in the Board Meeting or the General Meeting, as the case may be, notifies the other Shareholder Group within 28 (Twenty Eight) Business Days after such third successive Board Meeting or General Meeting (“**Deadlock Notice**”), as the case may be, that the Critical Matter has not been resolved to its satisfaction; or

19.1.2 if on two (2) successive occasions a Board Meeting or Shareholders meeting cannot be conducted for lack of quorum; or

19.1.3 a resolution relating to any matter is proposed at 3 (three) successive Management Committee Meetings, is not passed at such meetings because it did not receive the necessary majority votes in its favour and the Shareholder Group, on whose behalf the proposal was made in the Management Committee Meeting notifies the other Shareholder Group by a Deadlock Notice.

19.1.4 a Non-participating Shareholder declares a Deadlock in accordance with Clause 6.3.2.

(hereinafter referred to as “**Deadlock**”).

19.2 In case of a Deadlock in a Management Committee Meeting in terms of Clause 19.1.3, the subject matter of the Deadlock shall be referred to the Board for reconsideration. In all other cases, the Shareholder Groups shall in good faith refer the issue covered under such Deadlock to: (i) in the case of the Investor Group, the chairman or CEO of the Investor or nominees of such chairman or CEO; and (ii) in the case of the Promoter Group, the Main Promoter, to resolve such Deadlock through discussions and negotiations to be held as soon as practicable after such Deadlock arises, but not later than 30 (Thirty) Business Days from the date of the Deadlock Notice (“**CEO Mediation**”).

19.3 In the event that the Shareholder Groups are unable to resolve the Deadlock within 60 (Sixty) days

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following the CEO Mediation, then an “Unresolved Deadlock” shall be deemed to exist.

19.4 Upon the occurrence of an Unresolved Deadlock, the Shareholder Groups shall proceed as follows.

19.4.1 While the Investor holds less than 50% of the Share Capital of the Company, then within 6 (six) months from the Unresolved Deadlock, the Investor shall have the right (i) to require the Promoters to sell to the Investor or any third Person nominated by the Investor all the Equity Shares held by the Promoters (“Investor Buy Out Option”) (subject to the pricing guidelines prevalent under any Applicable Law and all other applicable provisions in the Territory) at Formula by issue of a notice to the Promoters (“Investor Buy Out Option Notice”) or (ii) to require the Promoters or any person nominated by the Promoters to purchase all the Investor Shares at a price equal to the IRR Price (“Investor Deadlock Put Option”) by issue of a notice to the Promoters (“Investor Deadlock Put Option Notice”). If the Investor issues the Investor Buy Out Option Notice or the Investor Deadlock Put Option Notice, the Promoters shall do all things required to give effect to either the sale of the Equity Shares held by the Promoters (in case of Investor Buy Out Option) or to the purchase of all the Investor Shares (in case of Investor Deadlock Put Option) within a period of 30 (Thirty) Business Days from the date of issue of the Investor Buy Out Option Notice or the Investor Deadlock Put Option Notice respectively. If the Investor does not exercise the Investor Buy Out Option or the Investor Deadlock Put Option, the resolution that has triggered the deadlock shall be deemed approved by the Investor. If the Investor exercises the Investor Buy Out Option, the Promoters shall be required to unconditionally vote in favor of resolution of the disputed Critical Matter as indicated by the Investor.

19.4.2 While the Investor holds 50% or more of the Share Capital of the Company, then, within 6 (six) months from the Unresolved Deadlock, the Investor shall have the right to exercise the Investor Buyout Option in terms of Clause 19.4.1; failing which the Promoters shall have the right to require the Investor to sell the Promoters all Equity Shares held by the Investor in the Company at a price equal to Formula. If the Investor does not exercise the Investor Buy Out Option or the Promoters do not exercise their call option at this Clause 19.4.2, then, the Parties shall drop the deadlock issue and proceed with other matters.

19.4.3 All actions including but not limited to executing share transfer forms, making representations and warranties as regards title to the Equity Shares to be transferred, recording such transfer in the books and records of the Company and making requisite filings with Governmental Authorities shall be completed within the time period specified in Clause 19.4.1.

19.4.4 The time taken by any Party for receipt of approvals from the Governmental Authorities for the consummation of such sale and purchase of the Equity Shares shall be excluded from the time period specified in Clause 19.4.1

20. EVENT OF TERMINATION AND TERMINATION

20.1 Winding up of the Company:

20.1.1 In the event that the Company has a receiver or administrator or liquidator appointed over

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all or a substantial part of its assets by a court of competent jurisdiction, or has an order made by a competent court or resolution passed for its winding up or administration and operation of such an order is not stayed by an appellate court within 45 (Forty Five) days from the date thereof, or ceases to carry on business, or has a floating charge crystallise over any of its assets or a distress or execution levied or enforced against any of its assets which is not satisfied within 90 (Ninety) days, or is dissolved, or suffers any analogous event to any of the above under Applicable Law in any jurisdiction (“**Winding Up Events**”), the consequences specified in Clause 20.1.2 shall follow.

20.1.2 In case of occurrence of any of the Winding Up Events or if any of the Winding Up Events is imminent, the Shareholder Groups shall mutually discuss to take all reasonable actions, including restructuring of the Company and/or its Business. If, within 90 (Ninety) days of the occurrence of the Winding up Event, the Shareholder Groups do not agree on the restructuring of the Company and/or its Business, the Shareholder Groups shall use all reasonable endeavours to sell the Company as a going concern (subject to Applicable Law) on a competitive basis to one or more third parties, either as a single or series of transaction(s). The Shareholder Groups shall cooperate and cause the Board to cooperate in restructuring the Company and the Business prior to such sale, if necessary or desirable, to facilitate the same or optimize the saleability of the Company, or the sales proceeds. In the event there is a sale of the Company, immediately upon such sale of the Company, this Agreement will automatically terminate.

20.2 **Material Breach of this Agreement:**

20.2.1 In the event a Shareholder commits a material breach of or commits any material default under any provision of this Agreement (including any material breach or material inaccuracy of its representations or warranties under this Agreement or a Change in Control in relation to a Shareholder occurs) or a breach occurs in terms of the SSA or any other Transaction Document (the “**Breaching Shareholder Group**”) and such Shareholder Group does not remedy that breach or default within 30 (Thirty) days after receiving a notice of that breach or default from the other Shareholder Group (“**Notifying Shareholder Group**”) requesting that the breach or default be remedied (“**Trigger Event**”) by the Breaching Shareholder Group. Provided, however, that in the event of occurrence of a breach in terms of the SSA, the Promoter Group will be deemed to be the “**Breaching Shareholder Group**”.

20.2.2 Upon occurrence of a Trigger Event, the Notifying Shareholder Group shall be entitled to:

- (i) require the Breaching Shareholder Group to sell all (and not part) of that Shareholder Group’s Equity Shares in the Company to the Notifying Shareholder Group (“**Termination Call Option**”) at a price equal to 70% (Seventy per cent) of Formula; or
- (ii) require the Breaching Shareholder Group to purchase all (and not part) of the Notifying Shareholder Group’s Equity Shares in the Company (“**Termination Put Option**”) at a price equal to 130% (One hundred and thirty per cent) of Formula.

(The Termination Call Option and the Termination Put Option are hereinafter collectively referred to as the

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“Termination Options”).

- 20.2.3 The Termination Options shall be exercised by the Notifying Shareholder Group by addressing a written notice to the Breaching Shareholder Group within 60 (Sixty) days from the Trigger Event giving rise to the Termination Options (“EOD Notice”).
- 20.2.4 The sale and purchase of the Equity Shares pursuant to the Termination Options shall be consummated within 60 (Sixty) days from the date of receipt of the EOD Notice. The time taken by any Party for receipt of approvals from the Governmental Authorities for the consummation of such sale and purchase of the Equity Shares shall be excluded from the time period specified in Clauses 20.2.3 and 20.2.4.
- 20.2.5 Immediately upon completion of the purchase and sale of the Equity Shares in accordance with Clause 20.2.2, this Agreement shall automatically terminate.

20.3 **Liquidation Event of a Shareholder:**

- 20.3.1 In the event a Shareholder (“Affected Shareholder”) has a receiver or administrator or liquidator appointed over all or a substantial part of its assets by a court of competent jurisdiction, or has an order made by a competent court or resolution passed for its winding up or administration and operation of such an order is not stayed by an appellate court within 45 (Forty Five) days from the date thereof, or ceases to carry on business, or has a floating charge crystallise over any of its assets or a distress or execution levied or enforced against any of its assets which is not satisfied within 90 (Ninety) days, or is dissolved, or suffers any analogous event to any of the above under Applicable Law in any jurisdiction (“Shareholder Liquidation Event”), then the consequences specified in Clause 20.3.2 shall follow.
- 20.3.2 Upon the occurrence of a Shareholder Liquidation Event or if any of the Shareholder Liquidation Events is imminent, the Affected Shareholder shall, subject to Applicable Law, Transfer all the Equity Shares held by it to the other Shareholders of the Promoter Group (if the Affected Shareholder is a part of the Promoters) or an Affiliate of the Investor (if the Affected Shareholder is a part of the Investor Group), as the case may be (“Affected Group”). In the event:
 - (i) that the receiver is in possession of the Equity Shares of the Company held by the Affected Shareholder, the other members of the Affected Group shall make their best efforts to purchase the Equity Shares from the receiver prior to or during the winding up process of such Affected Shareholder; and
 - (ii) if the other members of the Affected Group are unable to purchase the Equity Shares of the Company held by the Affected Shareholder, the Parties undertake to take all actions to bring the provisions of this Agreement and also the Memorandum and Articles to the notice of the receiver so as to ensure that the receiver affords an opportunity to the Shareholders other than the Affected Group to exercise their rights (including the First Refusal Right) under the provisions of this Agreement and also the Memorandum and Articles. Without prejudice to the aforesaid, subject to Applicable Law, in the event the receiver sells the Equity

SSR CVS JMD [Signature] L.S.R. P.M.R.

Shares of the Company held by the Affected Shareholder to any third party, without complying with the provisions of this Agreement and of the Memorandum and Articles, such sale shall be invalid.

Immediately upon the Transfer of the Equity Shares by the Affected Shareholder, this Agreement shall terminate qua such Affected Shareholder and shall continue for the other Shareholders.

20.4 The price for any sale or purchase of Equity Shares pursuant to termination of this Agreement shall, subject to the Act and other Applicable Laws be determined as per the formula applicable to the Parties for a buy out of the other Party's Shares in terms of Clause 19.4.

20.5 For the avoidance of doubt, the remedies available to the Shareholder Groups under this Clause 20 are in addition to any other remedy available to them under this Agreement or Applicable Law.

20A FAILURE TO INCREASE INVESTOR SHAREHOLDING

In the event that the Investor, by July 1, 2017, is unable to or has not raised its Shareholding in the Company to 50% (Fifty per cent) and has not exercised the Investor Call Option in accordance with Clauses 17.2 and 17.7 by July 1, 2017, the Parties shall, in good faith, take such actions as may be mutually agreed in writing, within a period of 6 (six) months from July 1, 2017. If the Parties are unable to arrive at a consensus and no new agreement is executed within the period mentioned in this Clause 20A, the Promoters shall have the right to require the Investor to sell all its Equity Shares at a price equal to the IRR Price within a period of 30 (Thirty) Business Days from the expiry of the period mentioned in this Clause 20A of the Shareholders Agreement ("**2017 Promoter Call Option**"). If the Promoter fails to exercise the 2017 Promoter Call Option, this Agreement shall continue to govern the rights and obligations of the Parties.

21. ALTERATION OF THE MEMORANDUM AND ARTICLES

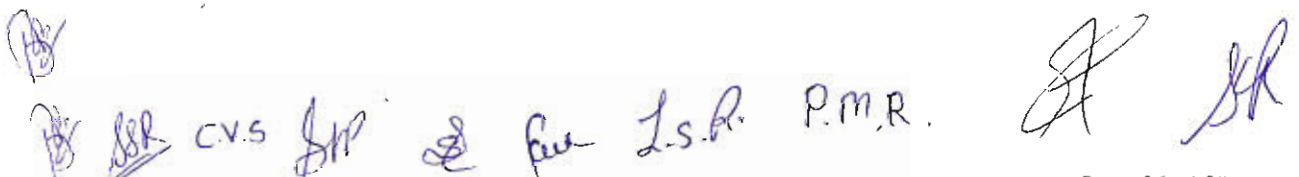
21.1 The Memorandum and Articles shall be altered to incorporate therein such of the provisions of this Agreement, the SSA and every other Transaction Document to which this Agreement may be subservient or inter linked as may be required to make this Agreement fully effective and for this purpose and to this end, the Parties shall take all steps necessary or required under and in accordance with the Act.

21.2 If any provisions of the Memorandum and Articles at any time conflict with any provisions of this Agreement and the Shareholder Groups shall, whenever necessary, exercise all voting and other rights and powers available to them to procure the amendment, waiver or suspension of the relevant provisions of the Memorandum and Articles, to the extent necessary to permit the affairs of the Company to be administered as provided in this Agreement or the Transaction Document to which this Agreement may be subservient or inter-linked.

22. REPRESENTATIONS AND WARRANTIES

22.1 Representations and Warranties of the Investor and the Promoters

Each Shareholder Group, including each member of a group jointly and/or severally with all other

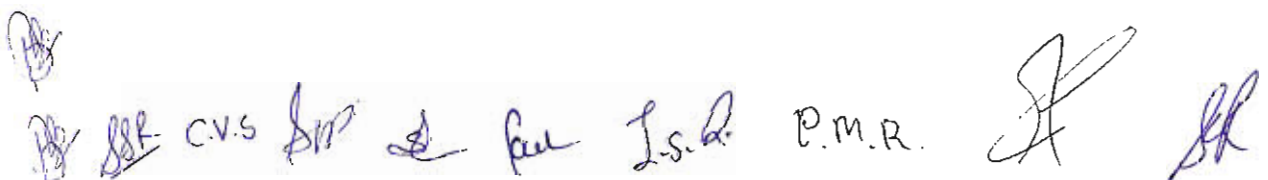


group members, hereby makes the following representations and warranties to the other Shareholder Group, each of which is true and correct in all material respects as of the Completion Date:

- 22.1.1 It is duly organized and validly existing under the laws of its incorporation (in case it is not a natural person) and is a citizen of India and holds a valid Indian passport (in case of a natural person), as the case may be;
- 22.1.2 It has full corporate power and authority to execute and deliver this Agreement and to perform all of its duties, obligations and responsibilities arising or created under this Agreement. This Agreement, when executed and delivered by such Shareholder Group, shall constitute valid and legally binding obligations of such Shareholder Group, enforceable in accordance with its terms;
- 22.1.3 The execution, delivery and performance of this Agreement by such Shareholder Group will not, conflict with, result in a breach of or default under any Applicable Law or regulation, or any order, writ, injunction or decree of any court or Governmental Authority, or any agreement, arrangement or understanding, written or oral, to which such Shareholder Group is a party or by which such Shareholder Group or any of its assets are bound;
- 22.1.4 There is no litigation, judgments, orders, injunctions, decrees, investigations pending or, to the best of its knowledge, threatened against it, which questions the validity or enforceability of this Agreement or any of the transactions contemplated herein; and
- 22.1.5 Each of the Shareholders is the sole beneficial owners of the Equity Shares, which have been fully paid up and are free of any Encumbrances.

23. NON-COMPETITION

- 23.1 During the Term of the Agreement, the Investor nor any of its Affiliates shall directly or indirectly own, invest, control, acquire, operate, manage, participate or engage in any business in the Territory which falls into the scope of Competing Business nor do or facilitate or assist in doing any act which is likely to directly or indirectly compete with the Business, whether on its own account or as a consultant to or as a partner, agent, employee, shareholder or director of any other Person. Further, no Promoter nor any of their Affiliates shall directly or indirectly own, invest, control, acquire, operate, manage, participate or engage in any business anywhere within and outside the Territory which falls into the scope of Competing Business nor do or facilitate or assist in doing any act which is likely to directly or indirectly compete with the Business, whether on its own account or as a consultant to or as a partner, agent, employee, shareholder or director of any other Person.
- 23.2 During the Term of the Agreement, each Shareholder and its Affiliates shall not, and the Shareholders shall ensure that the Affiliates of the Company shall not, and the Shareholders shall on a best efforts basis procure that the COO, Sales and Marketing Manager, India, the CFO and the Sales and Marketing Manager, Exports and the Relatives of the Promoters, shall not, directly or indirectly, either by themselves/ itself or in association with or through any Person or entity, in any manner whatsoever whether as principal, agent, shareholder (whether by way of acquisition of shares or convertible debentures), partner, director, contractor, joint venture partner, advisor,



consultant or in any other capacity:

23.2.1 carry on, own, manage, operate, join, assist, have an interest or control in any business /business entity which is a Competing Business; or

23.2.2 engage in or conduct or carry on any Competing Business; or

23.2.3 for itself or as an agent of any Person canvass or solicit business or customers for any Competing Business; or

23.2.4 solicit any customer, distributor, supplier, dealer, or agent for the purpose of any business including the Competing Business; or

23.2.5 solicit, canvass or entice away any employee who is employed in any managerial, supervisory, technical, sales or administrative capacity from the Company or its Subsidiaries to leave such employment.

23.2.6 For the purposes of this Clause 23.2, Relatives shall mean the father, mother, spouse, son and daughter of the Promoters.

23.3 Nothing in this Clause 23 shall apply to any:

23.3.1 investments outside the Territory by the Investor and/or its Affiliates in a company, which company either carries on any business similar to the Business with less than 25% of its sales within the Territory or has direct or indirect Control over a company which carries on any business similar to the Business with less than 25% of its sales within the Territory ("Target"); or

23.3.2 financial investments by the Investor and/or its Affiliates in a Target of up to 10% of the share capital of the Target which carries on any business similar to the Business in the Territory.

It is further agreed that in case of investment made by the Investor and/or its Affiliates in a Target in the manner set out in Clause 23.3 during the term of this Agreement, the Company shall have the right to acquire the assets of the Target that are located in the Territory at the same price at which the Investor and/or its Affiliates acquired the Target outside the Territory.

23.4 Whilst the provisions of this Clause 23 are considered by the Parties to be reasonable in all the circumstances, the Parties agree that if any of the provisions should be held by a court or tribunal of competent standing to be invalid as an unreasonable restraint of trade (but would have been valid if part of the wording had been deleted or the period reduced or the range of activities or geographical area reduced in scope), the provisions of this Clause 23 shall apply with such modifications (which would be deemed to have been made) as are necessary to make them valid and effectively enforceable by a court or tribunal of competent jurisdiction.

24. SHAREHOLDERS UNDERTAKINGS

24.1 During the Term of the Agreement, the Investor and/or the Promoters and/or their Affiliates hereby agree that any future ventures/investments/development projects/acquisitions, in any

business similar to the Business in the Territory (“**Investment Opportunity**”) shall be undertaken, carried on, implemented or held through the Company.

- 24.2 The Parties agree that during the Term of this Agreement, if either the Investor or the Promoters desire to set up or invest in, any new business venture or plans to diversify into new business areas (“**Electing Party**”), then the Electing Party shall immediately notify the non Electing Party of the same. Thereupon, the Electing Party and Non Electing Parties shall mutually undertake a feasibility study of the proposed venture and upon mutually concluding to implement the proposed venture undertake the new venture as 50:50 business partners in the venture.
- 24.3 The modalities of any new business ventures in terms of Clause 24.2 above shall be recorded and implemented by way of a separate written agreement between the Investor and the Promoters.

25. VIOLATION OF TERMS

The Parties agree that each Party shall be entitled to an injunction, restraining order, right for recovery, suit for specific performance or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain any other Party from committing any violation or enforce the performance of the covenants, representations, warranties and obligations contained in this Agreement. These injunctive remedies are cumulative and are in addition to any other rights and remedies the Parties may have at law or in equity, including without limitation a right for damages.

26. NOTICES

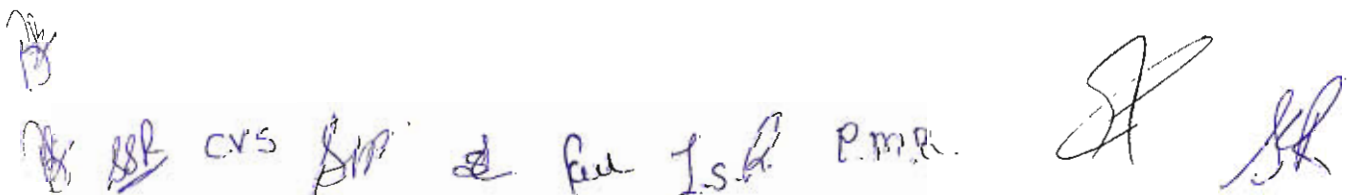
- 26.1 Any notices, requests, demands or other communication required or permitted to be given under this Agreement (hereinafter referred to as the “**Notice**”) shall be written in English and shall be delivered by any one of the following modes of communication, these being: deliveries by courier or transmission by facsimile and properly addressed as follows:

- 26.1.1 In the case of Notices to the Investor:

Attention: Massimo Candela
Facsimile: +39 02 3391 0488
Address: F.I.L.A. Spa
Pero
Via xxv aprile, 5
Italy

And

Attention: Stefano De Rosa
Facsimile: +39 02 3391 2178
Address: F.I.L.A. Spa
Pero
Via xxv aprile, 5
Italy



26.1.2 In the case of Notices to the Company:

Attention: Santosh R. Raveshia
Facsimile: +91 260 2563614
Address: Writeline Products Private Limited
J - 19, GIDC,
Opp. New Telephone Exchange
Umbergaon -- 396171,
Gujarat, India

26.1.3 In the case of Notices to the Promoters:

Attention: Santosh R. Raveshia
Facsimile: +91 260 2563614
Address: Plot No. 114, "Suraj", GIDC
Umbergaon - 396171
Gujarat, India

or at such other address as the Party to whom such Notices are to be given shall have last notified the Party giving the same in the manner provided in this Clause 26, but no such change of address shall be deemed to have been given until it is actually received by the Party sought to be charged with the knowledge of its contents. Unless there is evidence that it was received earlier, any Notice delivered to the Party to whom it is addressed as provided in this Clause 26 shall be deemed to have been given and received, (i) if delivered personally, on delivery at the address referred to in this Clause 26, (ii) if delivered by fax, when confirmation of its transmission has been recorded by the sender's fax machine and or (iii) if sent by prepaid registered post with acknowledgement due or by internationally recognized courier service, on the expiry of 7 (Seven) days after dispatch.

27. CONFIDENTIALITY

27.1 General Obligation

Each Party undertakes that it shall not reveal, and shall use its reasonable efforts to ensure that its directors, officers, managers, partners, members, Relatives of such directors, officers, managers, partners, members, as well as employees, legal, financial and professional advisors and bankers (collectively, "**Representatives**") do not reveal, to any third party any Confidential Information without the prior written consent of the concerned Party. The term "**Confidential Information**" as used in this Agreement means (a) any information concerning the organization, business, technology, trade secrets, know-how, finance, transactions or affairs of the Company or any other Shareholder or any of their respective Affiliates, directors, officers or employees (whether conveyed in written, oral or in any other form and whether such information is furnished before, on or after the Completion Date hereof) and (b) any information or materials prepared by a Party or its Representatives that contain or otherwise reflect, or are generated from, Confidential Information for a period of 3 (three) years from the date of termination of this Agreement.

27.2 Exceptions



The provisions of Clause 27.1 shall not apply to:

- 27.2.1 the disclosure of information which the recipient can reasonably demonstrate is in or has entered the public domain through no fault of the recipient Party;
- 27.2.2 the disclosure of information to the extent so required by Applicable Law or rules of any stock exchange on which such Parties shares or securities are listed or to which such Party is otherwise subject, pursuant to an order of any Governmental Authority when the Party concerned shall, if practicable, supply an advance copy of the required disclosure to the other Parties and incorporate any additions or amendments reasonably requested by them;
- 27.2.3 governmental regulations, lenders of a Party or generally accepted accounting principles applicable to any Party or judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement;
- 27.2.4 the disclosure of information in confidence to any professional adviser to any of the Parties for the purposes of obtaining advice or assistance in connection with its obligations or rights, or the obligations or rights of any of the other Parties hereunder; or
- 27.2.5 the disclosure of information in confidence to any of the Shareholder's ultimate investors, potential investors or their respective legal and financial advisors.

27.3 Disclosure to Third Parties

Upon any Shareholder entering into negotiations with any Person with a view to Transferring any Equity Shares to such Person, information in respect of the Company that is reasonably necessary to permit such Person to evaluate the business of the Company may be provided to such Person, provided that (a) such Person has executed a confidentiality agreement in such form as may be reasonably required by the Board, (b) if such Person is a competitor, the Board may prohibit the disclosure of any such Confidential Information as the Board may determine, and (c) prior to disclosing any Confidential Information to such Person, the Shareholder shall disclose to the Board the identity of such Person and, to the extent known, its Affiliates.

28. **ANNOUNCEMENT**

The Parties shall not make, and shall not permit any of their respective directors, employees, officers, or Affiliates to make, any public announcement about the subject matter of this Agreement or regarding the formation of the Company or any of its business and operating plans from time to time, whether in the form of a press release or otherwise, without first consulting with each other and obtaining the other Parties' written consents, save as required to satisfy any requirement (whether or not having the force of law) of a stock exchange on which the shares of the disclosing Party or an Affiliate or holding company of the disclosing Party are traded or the securities laws, rules or regulations or generally accepted accounting principles applicable to the disclosing Party or an Affiliate or holding company of the disclosing Party in any jurisdiction in which its shares are traded or any relevant governmental or regulatory body. In the event that disclosure is required, the other Parties shall be given a reasonable opportunity to review and

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comment on any such required disclosure.

29. GOVERNING LAW AND DISPUTE RESOLUTION

29.1 This Agreement shall be governed by and construed in accordance with the Laws of India, without regard to the principles of conflict of laws. Subject to Clause 29.2 below, the Courts in Mumbai shall have the exclusive jurisdiction, and the Courts outside India shall not have the jurisdiction, to entertain and dispose off any proceeding arising out of or from or touching this Agreement.

29.2 Subject to Clauses 29.3 to 29.8,

29.2.1 The Shareholder Groups agree to use all reasonable efforts to resolve any dispute, controversy, claim or disagreement of any kind whatsoever between or among the Shareholder Groups in connection with or arising out of this Agreement, including any question regarding its existence, validity or termination ("**Dispute**"), expeditiously and amicably to achieve timely and full performance of the terms of this Agreement.

29.2.2 Any Shareholder Group which claims that a Dispute has arisen must give Notice thereof to the other Shareholder Group as soon as practicable after the occurrence of the event, matter or thing which is the subject of such Dispute and in such Notice such Shareholder Group shall provide particulars of the circumstances and nature of such Dispute and of its claim(s) in relation thereto and shall designate a Person as its representative for negotiations relating to the Dispute, which Person shall have authority to settle the Dispute. The other Shareholder Group shall, within 7 (Seven) days of such Notice, each specify in writing its position in relation to the Dispute and designate as their representative in negotiations relating to the Dispute a Person with similar authority.

29.2.3 The aforesaid designated representatives shall use all reasonable endeavours, including engaging in discussions and negotiations, to settle the Dispute within 30 (Thirty) days after receipt of the particulars of the Dispute.

29.2.4 If the Dispute is not resolved within the 30 (Thirty) days period set out in Clause 29.2.3 above, then the provisions of Clause 29.3 to 29.8 shall apply.

29.3 Any Dispute shall be referred to and finally resolved by arbitration in accordance with the fast track arbitration (to the extent applicable) under the rules of arbitration of the Singapore International Arbitration Centre then in effect ("**Rules**") failing which, in accordance with the Rules, such Rules are deemed to be incorporated by reference into this Clause 29. This Agreement and the rights and obligations of the Parties contained in this Agreement shall remain in full force and effect pending issuance of the award in such arbitration proceedings, which award, if appropriate, shall determine whether and when any termination shall become effective.

29.4 The number of arbitrators shall be 3 (three). One arbitrator shall be nominated by the Investor and one arbitrator jointly by the Company and/or the Promoters, as the case may be. The third arbitrator, who shall act as an umpire, shall be nominated by the two arbitrators appointed ("**Umpire**"), provided that if these two arbitrators are unable to agree on the nomination of the Umpire within 20 (Twenty) Business Days of their appointment, the Umpire shall be appointed in accordance with the Rules.

Handwritten signatures and initials in blue ink, including "CVS", "I.S.R.", and "P.M.R."

29.5 To the extent possible and notwithstanding commencement of any arbitral proceedings in accordance with this Clause 29:

29.5.1 the Parties shall continue to perform their respective obligations under this Agreement (“Obligations”); and

29.5.2 such arbitral proceedings shall be conducted so as to cause the minimum inconvenience to the performance by the Parties of the Obligations.

29.6 The seat or legal place of arbitration shall be Singapore and any award shall be treated as an award made at the seat of the arbitration. The language to be used in the arbitral proceedings shall be English.

29.7 By agreeing to arbitration under the Rules in accordance with this Clause 29, the Parties undertake to abide by and carry out any award promptly. Any award shall be a reasoned award which shall be final and binding on the Parties.

29.8 The Parties hereto expressly agree that the provisions of Part I of the Arbitration and Conciliation Act, 1996 (except for the provisions of Sections 9 and 37(1)(a) thereof) shall not apply to the arbitral proceedings referred to in this Clause 29.

30. COST AND EXPENSES

30.1 Except as agreed to the contrary by the Parties in writing, each Party shall pay its own costs and expenses in relation to the negotiations leading up to the transactions contemplated hereunder and to the preparation, execution and carrying into effect of the Transaction Documents and all other documents referred to in them which relate to the transactions contemplated under them. The stamp duty payable on this Agreement will be borne by the Company.

31. MISCELLANEOUS

31.1 No Partnership

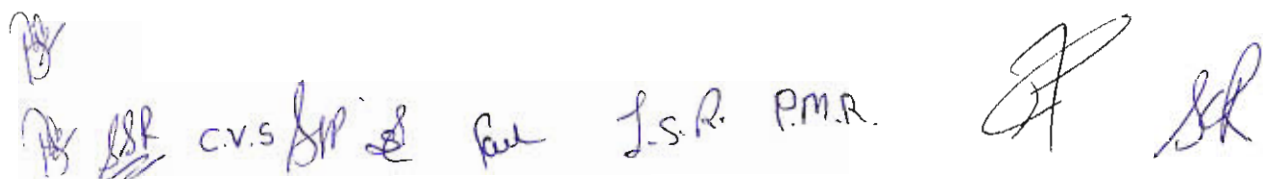
Nothing contained in this Agreement shall constitute or be deemed to constitute a partnership or association of persons between the Parties, and no Party shall hold himself out as an agent for the other Party, except with the express prior written consent of the other Party.

31.2 Time

Any date or period as set out in any Clause of this Agreement may be extended with the written consent of the Parties failing which time shall be of the essence.

31.3 Independent Rights

Each of the rights of the Parties hereto under this Agreement are independent, cumulative and without prejudice to all other rights available to them, and the exercise or non-exercise of any such rights shall not prejudice or constitute a waiver of any other right of the Party, whether under this Agreement or otherwise.

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31.4 Counterpart

This Agreement may be executed in any number of originals or counterparts, each in the like form and all of which when taken together shall constitute one and the same document, and any Party may execute this Agreement by signing any one or more of such originals or counterparts.

31.5 Variation

No variation of this Agreement shall be binding on any Party unless such variation is in writing and signed by each Party.

31.6 No Assignment

Subject to the provisions of this Agreement, this Agreement is personal to the Shareholder Groups and shall not be capable of assignment, except with the prior written consent of the other Shareholder Group, provided, however, that each of the Shareholder Groups shall have the right to assign its/their rights and obligations under this Agreement to its/their Affiliate(s) without the prior consent of the other Shareholder Group, subject to such Affiliate executing a Deed of Adherence.

31.7 Waiver

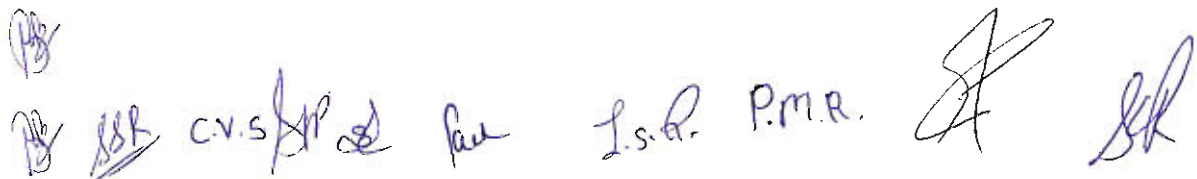
No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving Party.

31.8 Severability

If any provision of this Agreement is invalid, unenforceable or prohibited by Applicable Law, this Agreement shall be considered divisible and severable as to such provision and such provision shall be inoperative and shall not be part of the consideration moving from either Party hereto to the other, and the remainder of this Agreement shall be valid, binding and of like effect as though such provision was not included herein. Provided, however, if any part of Clauses 17, 18, 19.4, 20.2, 20.4, 20.5 and/or 20A becomes invalid, unenforceable or prohibited by Applicable Law, the Parties shall, in good faith, take such actions as may be mutually agreed.

31.9 Joint and Several Liability

Notwithstanding any provisions to the contrary in this Agreement, the Parties hereby expressly agree and confirm that the Promoter Group shall be treated as a single Shareholder for the purpose of this Agreement and their rights, obligations, covenants and undertakings hereunder shall be joint and several, and a breach by any one member of the Promoter Group of its rights, obligations, covenants or undertakings hereunder shall be deemed as a collective breach by the other members of the Promoter Group of their respective rights, obligations, covenants and undertakings hereunder. Similarly, notwithstanding any provisions to the contrary in this Agreement, the Parties hereby expressly agree and confirm that the Investor, together with such of its Affiliates who are Shareholders, shall be treated as a single Shareholder for the purpose of this Agreement and their rights, obligations, covenants and undertakings hereunder shall be joint and several, and a breach by any one member, of the group of Investor and such of its Affiliates who are Shareholders, of its



rights, obligations, covenants or undertakings hereunder shall be deemed as a collective breach by the other members of such group of their respective rights, obligations, covenants and undertakings hereunder.

31.10 Supersession

This Agreement and the Transaction Documents constitute the entire agreement of the Parties as to its subject matter and supersedes any previous understanding or agreement, whether written or oral, on such subject matter.

31.11 Shareholding of the Investor/ Promoters:

Without prejudice to the other provisions of this Agreement, the Share Capital of the Shareholders in the Company will determine the manner in which this Agreement will govern the Shareholders i.e. if the Investor holds less than 50% of the total paid-up capital in the Company then the provisions applicable to the Shareholders when the Investor is the holder of 18.5% of the total paid-up capital in the Company will be applicable and if the Investor hold 50% or more of the total paid-up capital in the Company then the provisions applicable to the Shareholders when the Investor is the holder of 50% of the total paid up capital in the Company will be applicable.

31.12 Survival


The provisions of Clauses 10 (Undertakings), Clause 22 (Representations and Warranties), Clause 26 (Notices), Clause 27 (Confidentiality), Clause 28 (Announcements), Clause 29 (Governing Law and Dispute Resolution) and this Clause 31.12 shall survive the termination/ expiry of this Agreement.

IN WITNESS WHEREOF the Parties hereto have set and subscribed their respective hands on the day and the year first hereinbefore written.

SIGNED and DELIVERED for and on behalf of
FABBRICA ITALIANA LAPIS ED AFFINI SPA

By : 
Name : Massimo Caudela
Title : Chief Executive Officer

SIGNED and DELIVERED for and on behalf of
WRITEFINE PRODUCTS PRIVATE LIMITED

By : 
Name : Santosh R. Raveshia
Title : Chief Executive Officer

 I.S.R. P.M.R. full



SIGNED and DELIVERED for and on behalf of
THE PROMOTERS

Santosh R. Raveshia

Sejal S. Raveshia

Chandni V. Somaiya

Sheetal H. Parpani

Sanjay M. Rajani

Ketan M. Rajani

Pravina M. Rajani

Ila S. Rajani

Shilpa K. Rajani

CV S

I.S.R.


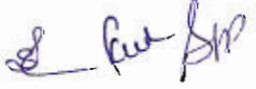


P.M.R.

SCHEDULE 1

LIST OF THE PROMOTERS

Sr. No.	Name of the Shareholder	Number of Equity Shares held
1.	Santosh R. Raveshia	86,000
2.	Sejal S. Raveshia	25,500
3.	Chandni V. Somaiya	25,500
4.	Sheetal H. Parpani	25,500
5.	Sanjay M. Rajani	36,400
6.	Ketan M. Rajani	36,400
7.	Pravina M. Rajani	4,900
8.	Ila S. Rajani	4,900
9.	Shilpa K. Rajani	4,900
	Total	250,000



 SPR C.V.S.  L.S.R. P.M.R.  

SCHEDULE 2

FORM OF DEED OF ADHERENCE

This Deed is made on [●] between:

- (1) [●] (the Company);
- (2) [●] of [●] (the New Shareholder);
- (3) [●] (the Original Shareholder[s]); [and
- (4) [●] (the Continuing Shareholder)].

WHEREAS:

- (A) The Original Shareholder[s], the Company [and the Continuing Shareholder] are Parties to a Shareholders Agreement dated [●] (the "Agreement").
- (B) The New Shareholder proposes to purchase [●] Equity Shares of Rs. 10 (Rupees Ten) each in the capital of [●] (the "Company") from the Original Shareholder in terms of a [share purchase agreement] dated on or about [●] executed between them. [The New Shareholder is an Affiliate of the Original Shareholder.]
- (C) This Deed is made by the New Shareholder in compliance with the Agreement. Capitalised terms used but not defined in this Deed will have the respective meanings given to them in the Agreement.

THIS DEED WITNESSES AS FOLLOWS:

1. The New Shareholder confirms that it has been supplied with a copy of the Agreement and has fully understood the terms thereof.
2. The New Shareholder agrees to hold the Equity Shares referred to in recital B above subject to the Agreement and the Memorandum and Articles of the Company.
3. The New Shareholder undertakes to the Continuing Shareholders and the Company to be bound by the Agreement in all respects as if the New Shareholder was a party to the Agreement and named in it as a part of Promoters Group, if the Original Shareholder is a part of the Promoters Group, or as a part of the Investor Group, if the Original Shareholder is a part of the Investor Group, and to observe and perform all the provisions and obligations of the Agreement applicable to or binding on the Promoters or the Investor, as the case may be, under the Agreement insofar as they fall to be observed or performed on or after the date of this deed.
4. It is hereby clarified that from the date of execution of this Deed, all references to the term "Promoters" in the Agreement shall include the New Shareholder (if the Original Shareholder is a part of the Promoters) and all references to the term "Investor" in the Agreement shall include the New Shareholder (if the Original Shareholder is a part of the Investor).
5. The Continuing Shareholders undertake to the New Shareholder to observe and perform all the provisions and obligations of the Agreement applicable to or binding on them under the Agreement and acknowledge that the New Shareholder shall be entitled to the rights and benefits



of the Agreement in accordance with the terms of the Agreement.

6. This Deed is made for the benefit of (a) the Parties to the Agreement, and (b) every other person who after the date of the Agreement (and whether before or after the execution of this deed) assumes any rights or obligations under the Agreement or adheres to it.
7. The address and facsimile number of the New Shareholder for the purposes of the Agreement are as follows:

Attention: [●]
Facsimile: [●]
Address: [●]
8. This Deed may be executed in any number of counterparts, all of which taken together shall constitute one and the same deed and any party may enter into this deed by executing a counterpart.
9. This Deed is governed by and shall be construed in accordance with laws of India, without regard to the principles of conflict of laws.
10. Clause 29 (Governing Law and Dispute Resolution) of the Agreement is incorporated herein by reference.

IN WITNESS OF WHICH THIS DEED HAS BEEN EXECUTED AND HAS BEEN DELIVERED ON THE DATE WHICH APPEARS FIRST ON PAGE 1.

Signed and delivered by [●]

Signed and delivered by [●]

Signed and delivered by [●]

Signed and delivered by [●]



A horizontal strip containing several handwritten signatures and initials in blue ink. From left to right, the markings include: a signature that appears to be 'D. ...', another signature, the initials 'C.V.S.', a signature that looks like 'D.P.', a signature that looks like 'S. ...', the initials 'I.S.R.', the initials 'P.M.R.', and a large, stylized signature on the far right.

SCHEDULE 3






Definition of EBITDA

(Attached Separately)

Definition of NFP

(Attached Separately)



  C.V.S.    J.S.R. P.M.R.




SCHEDULE 4A

CRITICAL MATTERS FOR THE DEADLOCK WHILE THE INVESTOR HOLDS 50.0% IN THE SHARE CAPITAL

- a. Mergers, demergers, amalgamations, liquidation/ voluntary dissolution/ winding up of the Company.
- b. Agreeing to the consolidated budget and Business Plan and material amendments thereto.
- c. Increasing or decreasing the authorized or issued Share Capital (with the exception of the Share Capital increases in terms of Clause 19.4), or creating or issuing securities (including equity shares, preference shares, warrants, options) or any instrument/loans convertible into equity.
- d. The Company commencing the manufacture and/ or sale of new lines of product (with the exception of the new business agreed to in terms of Clause 24.2)
- e. The Company ceasing the manufacture and / or sale of existing lines of products.
- f. The Company borrowing and / or repaying of any moneys from third parties and any amendments, granting of consents, issuance of waivers, renewal or extension of any such borrowings, for an amount exceeding individually Rs. 200,000,000/- (Rupees Two Hundred Million), save for working capital facilities to be availed from third parties or other similar instruments the granting of which may be delegated by the Board to the managing Director and/or CEO.

Handwritten signatures and initials: CVS, I.S.R. P.M.R., and other illegible marks.

SCHEDULE 4B

CRITICAL MATTERS FOR THE DEADLOCK WHILE THE INVESTOR HOLDS 18.5% IN THE SHARE CAPITAL

- a. Mergers, demergers, amalgamations, liquidation/ voluntary dissolution/ winding up of the Company.
- b. Increasing or decreasing the authorised or issued Share Capital (with the exception of the Share Capital increases in terms of Clause 19.4), or creating or issuing securities (including equity shares, preference shares, warrants, options) or any instrument/loans convertible into equity.
- c. The Company commencing the manufacture and/ or sale of new lines of product (with the exception of the new business agreed to in terms of Clause 24.2) with related turnover in excess of 10% of the total turnover.
- d. The Company ceasing the manufacture and / or sale of existing lines of products.
- e. The Company borrowing and / or repaying of any moneys from third parties and any amendments, granting of consents, issuance of waivers, renewal or extension of any such borrowings, for an amount exceeding individually Rs. 200,000,000/- (Rupees Two Hundred Million), save for working capital facilities to be availed from third parties or other similar instruments the granting of which may be delegated by the Board to the managing Director and/or CEO;

BB

BB *SR* C.V.S. *SR* *SR* *SR* I.S.R. P.M.R.

SR
SR

SCHEDULE 5

VETO ITEMS WHILE THE INVESTOR HOLDS 18.5% IN THE SHARE CAPITAL

- (i) Sale (or other acts of disposition) of participations or of business concerns;
- (ii) Any project of merger, amalgamation, reconstitution, corporate restructurings (including establishment and closure of branches), listing or winding up of the Company or its subsidiaries;
- (iii) Changes in the compensation policy of the Promoter Nominee Directors or employees of the Company nominated by the Promoters;
- (iv) Entering into any agreement with any party related to the Promoters;
- (v) The Company commencing the manufacture and/ or sale of new lines of product (with the exception of the new business agreed to in terms of Clause 24.2);
- (vi) Distribution of dividends of an amount which if declared would result in the net debt: EBITDA ratio to be higher than 2.5 times;
- (vii) Any guarantee or indemnity or similar arrangement which has the effect of guaranteeing or indemnifying the liability by the Investor to any third party or a Shareholder of the Company or the Company.
- (viii) Acquisition of assets, including immovable property and licences in respect thereof, in whatever form, including properties acquired on lease and / or lease & licence and assets leased or licenced under financing leasing arrangements, worth individually more than Rs. 30,000,000/- (Rupees Thirty Million);
- (ix) Disposal of assets, including immovable property and licences in respect thereof, in whatever form, worth individually more than Rs. 30,000,000/- (Rupees Thirty Million);
- (x) Borrowing and repayment of any moneys from third parties and any amendments, granting of consents, issuance of waivers, renewal or extension of any such borrowings, for an amount exceeding individually Rs. 60,000,000/- (Rupees Sixty Million), save for working capital facilities to be availed from third parties or other similar instruments the granting of which may be delegated by the Board to the managing Director and/or CEO;
- (xi) Creation of any encumbrance over any of the Company's assets for an amount exceeding individually Rs. 30,000,000/- (Rupees Thirty Million);
- (xii) Entering by the Company into any contract or series of contracts (and subsequent amendments thereto) to procure third party services) for an individual amount of more than Rs. 30,000,000/- (Rupees Thirty Million), including without limitation insurance contracts;
- (xiii) Entering by the Company into any contract or series of contracts (and subsequent





  CVS   L.S.R. P.M.R.



amendments thereto) in respect of licenses for intellectual property rights:

- (xiv) Initiation by the Company of legal proceedings or defence of any legal or regulatory proceedings or settlement or compromise of any third party claim against the Company, if the disputed amount exceeds Rs. 60,000,000/- (Rupees Sixty Million).
- (xv) Change in authorized or issued share capital of the Company, Memorandum and Articles or creating or issuing securities (including equity shares, preference shares, warrants, options) or any instrument/loans convertible into equity.



 SR C.V.S. AM. & Co. I.S.R. P.M.R. 

SCHEDULE 6

I Matters to be considered only by the Board

The following special matters will be submitted for resolution to the exclusive competence of the Board and shall under no circumstances be delegated to the Management Committee, any other committee of the Board or Company, any officer of the Company and/or any Director(s):

- (i) Sale (or other acts of disposition) of participations or of business concerns;
- (ii) Changes in the compensation policy of the Promoter Nominee Directors or employees of the Company nominated by the Promoters;
- (iii) Adoption of stock option plans for the benefit of the Company's managers and employees;
- (iv) Entering into any agreement with any party related to the Promoters;
- (v) Approval of consolidated budgets and Business Plans and material amendments thereto;
- (vi) The Company commencing the manufacture and or / sale new lines of product (with the exception of the new business agreed to in terms of Clause 24.2);
- (vii) The Company ceasing the manufacture and / or sale of exiting existing lines of products;
- (viii) Appointment of CEO and Chairman; and
- (ix) Any guarantee or indemnity or similar arrangement which has the effect of guaranteeing or indemnifying the liability by the Investor to any third party or a Shareholder of the Company or the Company.

II Matters to be considered by the Management Committee

The following special matters may be delegated by the Board to the exclusive competence of the Management Committee for resolution and shall under no circumstances be delegated to any other committee of the Board or Company, any officer of the Company or any Director(s):



- (i) Acquisition of assets, including immovable property and licences in respect thereof, in whatever form, including properties acquired on lease and / or leave and licence and assets leased or licenced under financing leasing arrangements, worth individually more than Rs. 30,000,000/- (Rupees Thirty Million);
- (ii) Disposal of assets, including immovable property and licences in respect thereof, in whatever form, worth individually more than Rs. 30,000,000/- (Rupees Thirty Million);
- (iii) Borrowing and repayment of any moneys from third parties and any amendments, granting of consents, issuance of waivers, renewal or extension of any such borrowings, for an amount exceeding individually Rs. 60,000,000/- (Rupees Sixty Million), save for

C.V.S. I.S.R. P.M.R.

working capital facilities to be availed from third parties or other similar instruments the granting of which may be delegated by the Board to the managing Director and/or CEO;

- (iv) Creation of any encumbrance over any of the Company's assets for an amount exceeding individually Rs. 30,000,000/- (Rupees Thirty Million);
- (v) Entering by the Company into any contract or series of contracts (and subsequent amendments thereto) to procure third party services) for an individual amount of more than Rs. 30,000,000/- (Rupees Thirty Million), including without limitation insurance contracts;
- (vi) Entering by the Company into any contract or series of contracts (and subsequent amendments thereto) in respect of licenses for intellectual property rights;
- (vii) Initiation by the Company of legal proceedings or defence of any legal or regulatory proceedings or settlement or compromise of any third party claim against the Company, if the disputed amount exceeds Rs. 60,000,000/- (Rupees Sixty Million);
- (viii) Transactions outside the agreed Budget between the Company and any Affiliate; and
- (ix) Any amendment to an approved transaction within the Budget.



  C.V.S./M. & Co. I.S.R. P.M.R.





SCHEDULE 6A

PART A

The following special matters will be submitted for resolution to the Shareholders and consent of the Investor representative shall be required at a Shareholders General Meeting with respect to the following matters:

- (i) Any project of merger, amalgamation, reconstitution, corporate restructurings (including establishment and closure of branches), listing or winding up of the Company or its subsidiaries;
- (ii) Change in authorized or issued share capital of the Company, Memorandum and Articles or creating or issuing securities (including equity shares, preference shares, warrants, options) or any instrument/loans convertible into equity;
- (iii) Change its auditors or accounting reference date or accounting policies and bases; and
- (iv) Distribution of dividends of an amount which if declared would result in the net debt: EBITDA ratio to be higher than 2.5 times.

PART B

MATTERS TO BE CONSIDERED ONLY AT A SHAREHOLDERS MEETING IN RESPECT OF WHICH THE INVESTOR SHALL BE ENTITLED TO DIRECT THE MANNER IN WHICH THE PROMOTERS SHALL VOTE

- (i) Commencing action in respect of indemnity claims by or against the Company under the agreements executed by the Company on or before Completion.



  C.V.S.     I.S.R. P.M.R.




SCHEDULE 7

IRR means the internal rate of return for the Investor, as shareholder, considering the following cash in-flows and cash-out-flows calculated at the occurring date.

Cash out-flows:

- Amounts paid for the purchase of both existing and new issued Equity Shares offered in the context of a capital increase, including taxes on stock rights, with settlement date equal to the payment date. In the event of subscription achieved through the purchase of these rights, the purchase price at the date of purchase has to be considered.
- Non-interest bearing shareholder loans calculated at the date of execution of the payment.
- Other loans or convertible debts.

Cash in-flows:

- Net dividends paid by the Company to the Investor, with settlement date equal to the payment date.
- Buy back of Equity Shares by the Company, with settlement date equal to the closing date.
- Sale of the Equity Shares of the Company held by the Investor, in part or in total, or sale of the right to subscribe to further Equity Shares in the context of a capital increase, with settlement date equal to the payment date.

In case of purchase or sale of Equity Shares by installments, for the IRR calculation payments will be considered with settlement date equal to the payment date.

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P.M.R.

[Signature]
[Signature]