

CONVERTIBLE DEBENTURE SUBSCRIPTION AGREEMENT

AMONG

PRIVATE LIMITED AND _____
MERCANTILE INDIA PRIVATE LIMITED AND PROMOTER GROUP

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CONVERTIBLE DEBENTURE SUBSCRIPTION AGREEMENT

THIS CONVERTIBLE DEBENTURE SUBSCRIPTION AGREEMENT (the "AGREEMENT") is executed as on _____ day of _____, 2012;

By and amongst:

_____, a company duly incorporated under the Companies Act, 1956 and having its registered office at _____ (hereinafter referred to as the "Company", which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include all its Subsidiaries, successors and permitted assigns) of the First Part; (otherwise referred to herein as _____)

AND

_____, a company duly incorporated under the Companies Act, 1956 and having its registered office at _____ 380009Gujarat, India, (hereinafter referred to as the "Company", which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean **and** include all its Subsidiaries, successors and permitted assigns), of the Second Part; (otherwise referred to herein as _____)

_____ and _____ are hereinafter, where the context so permits, referred to individually as "Party" and jointly as "Parties".

WITNESSETH AS FOLLOWS:

WHEREAS _____ is engaged, inter alia, to run the hotel businesses
AND WHEREAS _____ is engaged, inter alia, in same business.

AND WHEREAS _____ has agreed to subscribe to **XXXXXXX** Fully Debentures having Face Value of Rs XX each of _____ as per representations and warranties, covenants and indemnities provided by _____ and its Board of Directors and subject to the terms and

conditions contained in this Agreement, which the parties hereto are desirous of reducing into writing being these presents:

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS SET FORTH HEREIN AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO AGREE AS FOLLOWS:

DEFINITIONS

In addition to those terms defined in this Agreement by way of inclusion in quotation marks **and** parenthesis, the following terms when capitalized shall have the meaning set out as follows:-

1. **"Act"** means the Companies Act, 1956 of India including any amendments thereto and any rules, regulations, notifications and clarifications made there under.
2. **"Agreement"** means this Fully Convertible Debenture Subscription Agreement entered into by the parties hereto, and as amended from time to time, and shall include all the recitals, schedules and exhibits to this Agreement.
3. **"Articles"** means the Articles of Association of _____ as the same may be amended from time to time.
4. **"Board"** means the Board of Directors of _____ as constituted from time to **time**.
5. **"Business"** means the entire business, commercial or other activities of _____ undertaken either by itself, or through its Subsidiaries and such other related business activities as may be carried out by _____ with the approval of **the Board**.
6. **"Closing Date"** shall have the meaning as described to such term in Clause 3; i.e. within 15 days from the date of execution of this Agreement i.e. January 24th 2012.
7. **"Closing"** means **the** consummation of the purchase of the Subscription of Debenture and such other actions by each of the parties as listed in Clause 4 of this Agreement.
8. **"Conditions Precedent"** shall mean the conditions listed in Clause 4

to be fulfilled to the sole satisfaction of _____, unless waived by _____in writing.

9. **"Consent"** means any permit, permission, license, approval, authorization, consent, clearance, waiver, no objection certificate or other authorization of whatever nature and by whatever name called which is required to be granted by the Government, the creditors or any other authority or under any applicable Law.

10. **"Control"** (including, with its correlative meanings, the term "under common control with"), as used with respect to any party, means the power, direct or indirect, to direct or cause the direction of the management and policies of **such** person whether by contract or otherwise.

11. **"Conversion Date"** shall mean the date on which the Debenture shall be compulsorily converted into equity shares, i.e. 18 months after the date of execution of this Agreement;

12. **"Debenture"** shall mean one 100% fully convertible debenture of the company, having a face value of Rs. 100/- each, compulsorily convertible into shares, in terms of Clause **III** of this Agreement;

13. **"Director"** means a director on the Board of _____ from time to time.

14. **"Effective Date"** means the date of execution of this Agreement.

15. "Encumbrances" or **"Encumber"** shall include any mortgage, pledge, equitable interest, prior assignment, conditional sales contract, hypothecation, right of other Persons, claim, security interest, encumbrance, title defect, title retention agreement, voting trust agreement, interest, option, lien, charge, commitment, restriction or limitation of any nature whatsoever, including restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

16. **"Equity Shares"** means fully paid up equity shares of _____ having a face value of Rs.10/- each.

17. **"Financial Year"** means the financial year of _____ commencing on April 1 every year and ending on March 31 of the following year, or such other financial year of _____ as the parties may from time to time legally designate as its financial year.

18. **"Founder Group"** means the shareholders of _____ before the conversion of debentures into equity shares by _____, more particularly mentioned and described in Schedule A.

19. **"Government"** means the Government of India, and includes any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality.

20. **"INR"** or "Rs." or "Rupees" means Indian Rupees, the currency and legal tender of the Republic of India for the time being in force.

21. **"Law"** includes all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Government, statutory authority, tribunal, board, court or recognized stock exchange, of India or any other relevant jurisdiction.

22. **"Material Adverse Effect"** means any event, occurrence, fact,

condition, change, development or effect that, individually or in the aggregate, has had or may reasonably be expected to have a material adverse effect on (a) the ability of any of the Promoters and / or _____ to consummate the transactions contemplated herein or to perform its obligations hereunder or pursuant to any of the Transaction Documents or (b) on _____ condition, financial or otherwise, operations, results of operations, assets, liabilities or business as conducted.

23. **"Memorandum"** means the Memorandum of Association of _____ as may be amended from time to time.

24. **"Ordinary Course of Business"** means an action taken by or on behalf of a Person that is:

- i) Recurring in nature and is taken in the ordinary course of the Person's normal day-to-day operations;
- ii) Taken in accordance with sound and prudent business practices;
- iii) Similar in nature **and** magnitude to actions customarily taken, without **any** separate or special authorization, in the ordinary course of the normal day-to-day operations of other Persons that are engaged in businesses similar to the Person's business; and
- iv) Consistent with past practice and existing policies.

25. **"Person"** means and includes an individual, proprietorship, partnership, corporation, company, unincorporated organization or association, trust or other entity, whether incorporated or not.

26. **"Reserved Matters"** shall have the meaning ascribed to such term in Clause 12.

27. **"Restated Articles"** means the restated and amended Memorandum and Articles, which shall be to the satisfaction of _____ and substantially in conformity with this Agreement.

28. **"Securities"** shall mean the Equity shares having or containing equity or profit participation features, or **any** option, warrant or other security **or right** which is directly or indirectly convertible into or exercisable or exchangeable for Equity Shares or any other equity securities of _____

29. **"Shares"** shall mean Equity Shares issued by_____.

30. **"Purchase Consideration"** means a sum of Rs. 90450000/- (Rupees Nine crore Four lakhs fifty thousand only) to be paid by _____ to_____, in one or more tranches, towards the subscription of the Convertible Debentures issued by_____, in one or more tranches, pursuant to this Agreement.

31. **"Subscription Securities"** shall mean the Fully Convertible Debentures to be purchased by _____ as per the terms of the Agreement.

32. **"Subsidiary"** has **the** meaning given to **the** said term in the Act;

33. **"Taxes"** means all present and future income and other direct or indirect taxes including withholding taxes, levies, rates, imposts, duties, deductions, charges and withholdings whatsoever imposed by any authority or Government having the power to tax and all penalties, fines, surcharges, interest or other payments on or in respect thereof and "Tax" and "Taxation" shall be construed accordingly.

34. **"Transaction"** refers to **the** consummation of the purchase of Fully Convertible Debentures by _____ and subsequent conversion into equity share to be allotted to_____.

35. **"Transaction Documents"** shall mean this Agreement, the Articles and all other agreements and documents executed by the Parties for the completion of the Transaction.

"Transfer" (including with correlative meaning, the terms "Transferred by" and "Transferability") shall mean to transfer, sell, assign, pledge, hypothecate, create a security interest in or lien on, place in trust (voting or otherwise), exchange, gift or transfer by operation of Law or in any other way, subject to any Encumbrance or dispose of, whether or not voluntarily;

"_____ Shares" shall mean the resultant shares after conversion of the Fully Convertible Debenture as per Clause III of this Agreement;

INTERPRETAION

Unless the context of this Agreement otherwise requires:

- a) words of any gender include each other gender;
- b) words using the singular or plural number also include the plural or singular number, respectively;
- c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement and not to any particular clause, article or section of this Agreement;
- d) the phrases "ordinary course of business" and "ordinary course of business consistent with past practice" refer to the business and practice of_____;
- e) whenever this Agreement refers to a number of days, such number shall refer to calendar days unless otherwise specified;
- f) all accounting terms used herein and not expressly defined herein shall have the meanings given to them under the Indian generally accepted accounting principles;
- g) headings and captions are used for convenience only and shall not affect the interpretation of this Agreement; and,
- h) references to Recitals, Clauses, sub-clauses, Sections, sub-sections, Schedules, Annexures and Appendices shall be deemed to be a reference to the recitals, clauses, sub-clauses, Sections, sub-sections, schedules and appendices of this Agreement.
- i) 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); and
- ii) such statute or provision as may be amended, modified, re-enacted or consolidated.
- iii) any reference to an agreement, instrument or other document (including a reference to this Agreement) herein shall be to such agreement, instrument or other document as amended, supplemented or notated pursuant to the terms thereof;
- iv) reference to any Party shall include the respective legal heirs, successors or permitted assigns of such Party, unless otherwise repugnant to the context;
- v) the word "including" herein shall always mean "including, without limitation".
- vi) time is of the essence in the performance of the Parties' respective obligations. If any time period specified herein is extended, such extended time shall also be of the essence; and
- vii) the Recitals of Schedules and Exhibits to, this Agreement form an integral part of this Agreement.

III. SUBSCRIPTION TO DEBENTURE

A. The present authorized share capital of _____ is INR 1.00 Rupees One crore only), divided into 10,00,000 Equity Shares of INR 10/-(Rupees Ten only) each. The paid-up and issued share capital of _____ (on a Fully Diluted Basis) as on the Effective Date along with the shareholding pattern _____ is set forth in Schedule A. It was further agreed that _____ shall allot compulsory fully convertible debentures totaling to Rs. 90450000/-Rupees Nine crore four lakhs fifty thousand Only) within a period of 15 days from the date of this Agreement i.e. January 24th, 2012 and _____ shall pay upfront the sum agreed hereunder written in preceding clause b).

B. On the Closing Date, subject to the fulfilment of all Conditions Precedent (or express written waiver by _____, as the case may be) in accordance with the terms herein, _____ shall remit the Subscription Consideration to _____ in accordance with the payment instructions

provided in **Schedule C**. Against the remittance of the Subscription Consideration **PROMOTER GROUP** shall allot fully convertible debentures to _____ within 15 days from the date of this Agreement.

C. Terms and Conditions of Issue of Debenture shall be as under:

1. The Debenture to be allotted to _____ shall be compulsorily converted into equity shares on expiry of 18 months from the date of closing, by and on behalf of _____ and shall issue and allot 335000 (Three lacs thirty five thousand) equity shares of Rs. 10/- (Rupees Ten Only) at a premium of Rs.260/- each to in lieu of the complete holding of Fully Convertible Debentures of=====.
2. During the period from the closing date and the date of conversion of debenture,=====or the promoter group shall not allot or cause to allot equity shares to any persons including the **PROMOTER GROUP**._____.

3. In case of Bonus issue of shares or split of shares by _____, the number of shares or the conversion price of Rs. 10 of the _____ shares, as the case may be shall be accordingly adjusted.

4. The shares shall rank paripassu in all respects and identical with the existing shares, including all rights and benefits.

D. The operations of the hotel will be carried, out as per instructions and under the guidance by both the parties mutually.

E. It is expressly agreed upon and confirmed that on closing date and at any time thereafter any FOUR directors representing the PROMOTER GROUP shall remain on the Board of and THREE directors representing the shall remain on the Board of =====.

IV. Condition Precedent To Subscription

A. =====and board of directors of =====had entered into a Memorandum of Understanding dated 27th July,2011.Under and interms of the said MOU this Debenture Subscription Agreement is being executed among the parties hereto.

B. The obligation of _____ to subscribe to the Debentures corresponding to the Purchase Consideration at Closing shall be conditional upon the satisfaction by _____ and **the** Founder Group (or, where permissible under applicable Law, waiver by _____ in writing, at the sole discretion of _____) of the following conditions precedent to the satisfaction of _____ (the "Conditions Precedent"):

i) Where required, obtaining consents of the board of directors, shareholders and bankers /lenders in various contracts of _____ and _____ for approving the transaction;

ii) Each Party obtaining all applicable regulatory permissions for acquisition of stake in =====and providing the documents evidencing the same to the other Party;

iii) =====shall increase the authorized capital of the Company to accommodate the paid up capital of the Company after conversion of Debenture into=====shares.

C. Between the Effective Date hereof and the Closing, except as expressly permitted or required by this Agreement or with the prior written

consent of all the parties, each party will ensure that all the aforesaid Conditions Precedent are duly fulfilled; if at all, as the Parties may agree in writing, failing which, this Agreement may be terminated by either Party. However, for the avoidance of doubt, it is hereby clarified that no Party may seek to avoid its obligations under this Agreement on the grounds of non-fulfillment of a Condition Precedent, which forms part of that Party's own obligations as per this Clause 4.

V PRECEDENT TO SUBSCRIPTION

a) _____ shall provide a copy of Board Resolution by approving this draft Debenture Subscription Agreement duly signed by all the present Board of Directors of _____ to _____ and authorizing a specific person/s to sign the same.

b) On the same day as the date hereof and/or within 15 days from the date hereof _____ shall:-

i. Hold a meeting of the Shareholders of _____ to approve, in the manner required under the Act, and to the satisfaction of the Parties, the increase of authorized capital of _____ to accommodate the increased paid up capital of the Company post conversion of Debenture into _____ shares and the issuance of Debenture and shares to _____ upon conversion of the Debenture by way of a special resolution.

ii. Hold a meeting of the Shareholders of _____ to approve, in the manner required under the Act, and to the satisfaction of the Parties, the adoption of the Restated Articles.

iii. Deliver to _____ certified true copies of the Board and Shareholders' resolution approving the above actions of _____.

VI. Post Closing Actions

Within 15 Business Days from the date hereof, _____ shall complete the following actions ("Conditions Subsequent"). _____ shall issue a written notice to _____ immediately (not later than 15 days from the date of satisfaction) upon fulfillment of the following Conditions Subsequent.

a) To appoint CEO (Chief Executive Officer) and other executives with

consensus of _____ and _____ and appointees shall report to the Board from time to time.

b) Articles of Association of _____ shall be altered to make the provision of quorums of Board of Directors, General meeting, decision making process, powers etc; Provide evidence to the satisfaction of _____ that all the insurance policies on the assets of _____, are in the name of _____ **PALACE RESORT PRIVATE LIMITED.** Provide evidence to the satisfaction of _____ that all licenses and permissions are in the name of _____ **PALACE RESORT PRIVATE LIMITED.**

c) The Urban Improvement Trust,===== had executed a Lease Patta Vilekh dated 25th April, 2006 in favour of ===== and ===== for the period of 99 years in relation to the land bearing and=====

5512/3304 aggregating to 255711.75 square feet situated at Village Sisarama, Udaipur, Rajasthan, (hereinafter referred to as "the said land"). Thereafter, Mr. ===== Mrs. ===== had sub-leased the said land to _____ vide lease deed dated =====for the period of 19 years. The said Lease Deed is duly registered at Sub-Registrar,===== on ===== in Book no. =====, Zild No. =====, Page no. ===== at serial no.-----.

d) Thereafter,=====had purchased 30% area of the said land and entered into a registered Sale Deed with =====and Mrs===== . After execution of this Agreement, _____ shall further enter into a registered Sale Deed with Mr. =====and ===== for remaining 15% area of the said land and shall get 45% holding in the said land. This agreement shall have to be executed within 15 days from signing this agreement.

e) =====has entered into an Agreement of term loan cum hypothecation with the State Bank of India for an amount of INR 17.00 crore (Rupees Seventeen crore only) as amended from time to time for construction of the resort on the said land. Presently, the promoters of=====have given their immovable properties as collateral securities for the said term loan of Rs. 17.00 crores. After allotment of the debentures;=====will bring in their securities in the proportion of their holding of fully convertible debentures to replace the immovable properties of the promoters of=====in exchange; thus bringing the risk factors of both=====and=====at par as per their respective holdings.

f) That it has been brought to the notice of =====, that =====has no other liabilities what so ever other than the outstanding Bank Loan. Hence Forth for all New Liabilities that arise after the acquisition of 25% Share Holding shall be on the accounts of both _____ and _____. Any other liabilities not mentioned here shall be treated as old liabilities and _____ shall have no participation in those old liabilities.

VII Representations and warranties

A. The parties hereby, jointly and severally, represent and warrant as set forth in Schedule D hereto.

B. Each representation and warranty shall be construed independently of the others and is not limited by reference to any other representation and warranty.

C. Notwithstanding anything contained herein, it is clarified for the avoidance of doubt that the conduct of a due diligence by _____ shall not in any manner dilute, limit or qualify the representations and warranties made by =====_and / or Promoters in pursuance of this Agreement and all Schedules, Exhibits, Annexures, Attachments and amendments hereto and thereto.

VII Non-compete and Non-solicitation

A.PROMOTER GROUP are the present members of Founder Group and their affiliates in their any of the capacity such as a Shareholder, Director and/or Employee as the case may undertake not to, directly or indirectly, promote engage in, establish, own, manage, operate, join or participate, control, lend money or render financial or other assistance to or participate in or be connected with, as a partner, stockholder, co-venture, consultant or otherwise carry on any other business within the State of Rajasthan that competes with the Business for a period of five (5) years from the date thereof.

B.PROMOTER GROUP are the members of Founder Group and their affiliates undertake not to, directly or indirectly, solicit, entice away or attempt to solicit or entice away, hire or procure, (or make any attempts to do or influence, encourage or assist in doing any of the foregoing acts) from the Business, any existing, former or potential customer, client, vendor, lessor, representative, agent, customers, vendors, franchisees, contractor, consultant, business associates or employee of _____;

C.PROMOTER GROUP agrees and acknowledges that the covenants and obligations under this Clause 7 relate to special, =====and extraordinary matters, and that a violation of any of the terms of such covenants and obligations will cause _____ irreparable injury. Therefore, _____ shall be entitled to an interim injunction, restraining order or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain **PROMOTER GROUP** and/or any of its Affiliates from committing any violation of the covenants and obligations contained herein.

IX INFORMATION AND OTHER RIGHTS

A. From the Effective Date and for as long as _____ holds any Debentures in _____ shall keep _____ informed about its operations/progress in the manner prescribed by _____.

B. PROMOTER GROUP shall furnish to _____ such additional information,data, documents and explanation as may be required by _____ in relation to the workings and the affairs of _____;

C. _____ shall, at all times during normal business hours and subject to it receiving reasonable notice, authorize and permit access to any person duly authorized by _____ to visit the offices of _____ and to

inspect its financials and other documents material to the business of _____ as may be determined by _____ at its sole discretion.

D.PROMOTER GROUP shall provide all required information to _____ in order to ensure and prove that _____ has adequate organizational structure to ensure the smooth implementation and operation of its business.

E. From the Effective Date of and till such time _____ holds any Debentures in=====, PROMOTER GROUP shall deliver the following information of _____, its Subsidiaries and Affiliates within the time period specified below:

i. Quarterly management unaudited financial information, including as a minimum a profit and loss account, a balance sheet and a cash flow statement prepared by a reputed accounting firm of the _____'s choice and approved by _____, in accordance with Indian GAAP (or IFRS), should _____ be required to implement it), within 30 (Thirty) days from the end of each fiscal quarter.

ii. Annual audited financial statements, including a minimum a profit and loss account, a balance sheet and cash flow statement prepared by a reputed accounting firm of _____'s choice and approved by _____, in accordance with Indian GAAP (or IFRS, should _____ be required to implement it),, within 75 (Seventy Five) days of the Financial Year end.

iii. All material communication (written or otherwise) submitted to _____ / Subsidiaries / Affiliates by its auditors, independent financial advisors, merchant banks or any Governmental agency, within 15 (Fifteen) Business Days of receipt or submission, as the case may be, by _____ / Subsidiaries / Affiliates of such material communication.

X. Expenses

_____ hereto shall bear all expenses including liability arising on transfer of subscription securities and other ancillary liabilities there from exclusively.

XI Board of Directors And Meetings

A. The number of directors on the Board following the Closing Date shall be a maximum of 7(seven). The present Founder Group will have the right to appoint 4 (Four)directors, as long as they continue to hold 55%

equity stake in....., on Board and _____ shall be entitled to, for as long as it will hold (directly or indirectly through its Affiliates) 45% equity stake in....., appoint 3(Three) Directors on the Board. Presentlyis being given fully convertible debentures which will entitle.....to have 25% of shareholding in.....after POST CLOSING AS PER SECHEDULE B. In future, more fully convertible debentures will be issued which will entitleto have additional 20% of shareholding in..... But the number of directorship holdings by both.....and.....will remain same as of now date. Anytime during the continuance of shareholdings in.....;GROUP will not hold more than 45% of shareholdings of _____.

B. _____ with prior approval and consent of Promoter Group of _____ shall have the right for expansion of the hotel from time to time and *visé versa*.

C. _____ shall have the right to appoint/remove a statutory/internal auditor/s and/or other professional/consultant as the case may be from time to time in consultation with the Promoter Group of _____.

D. _____, if not satisfied with the working of the Auditors, shall have the right to appoint and remove from time to time its representative Director on the Board. The _____ Director shall also have the right to serve as a member on all the committees of the Board, including the Audit and Remuneration Committee.

E. The payment of compensation and sitting fees to the Directors shall be as per the Board's decision. All reasonable travel, board and lodging expenses incurred by _____ Directors in attending Board meetings, Shareholders' meetings and other official business of _____ PALACE RESORT PRIVATE LIMITED shall be paid by " _____".

F. The Directors shall be entitled to receive all notices, agenda, etc. and to attend all Board meetings and meetings of any committees of the Board of which such Directors are members.

G. Subject to the provisions of Section 285 of the Act, the Board shall meet at least once in every calendar quarter at a location determined by the Board

at its previous meeting, or if no such determination is made, then as determined by the Chairman.

H. Written notice of at least 7 (Seven) Business Days of every meeting of the Board shall be given to every Director and every alternate Director at their usual address whether in India or abroad, provided always that a meeting may be convened at a shorter notice than 7 (Seven) Business Days with consent of all the Directors.

I. The notice of each Board meeting shall include an agenda setting out the business proposed to be transacted at the meeting. Unless waived in writing by all Directors, any item not included in the agenda of a meeting shall not be considered or voted upon at that meeting of the Board.

J. Subject to provisions of the Act, a resolution by circulation shall be as valid and effectual as a resolution duly passed at a meeting of the Directors called and held provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors and has been approved by a majority of the Directors entitled to vote thereon.

K. Subject to the provisions of the Act, the supervision and control of _____ shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts, deeds and things as _____ is authorized to exercise and do. Provided that the Board of Directors shall not exercise any power or do any act, deed or thing which is directed or required, whether by the Act, Clause 11 of this Agreement or the Charter Documents to be exercised or done by _____ in the meetings of the Shareholders.

XII Reserved Matter

A. Notwithstanding anything else contained in the Transaction Documents, _____ shall not approve or take any of the following actions or matters ("Reserved Matters") without having first received the written consent of _____ on (a) a resolution passed by circulation, or (b) a resolution passed at a meeting of the Board or the Shareholders, or (c) otherwise in writing from _____ ("Affirmative Consent")

- i) any amendment of _____'s Memorandum and/or Articles of Association (including, without limitation, change in the number of members of the Board stated therein);
- ii) any and all mergers, restructurings, arrangements, amalgamations, acquisitions, consolidations and divestments or creation of a subsidiary or joint venture, sale or disposal or encumbrance of all or a material part of _____'s assets or closure of an existing business or commencement of any new business other than a Qualified IPO or a Strategic Sale in accordance with the provisions hereof
- iii) the liquidation, dissolution, disposal, sale, license or transfer of a substantial amount of the _____'s assets including, for the avoidance of doubt, any patent, trademark, brand, or other intellectual property belonging to or developed by the _____;
- iv) any changes to _____'s accounting policies or auditors, it being agreed that _____ shall, as of March 31, 2012, be audited in accordance with Indian GAAP, and as per IFRS as and when applicable to _____.
- v) Appointment or replacement of _____'s chief financial officer;
- vi) Appointment or reappointment removal or otherwise of the Statutory Auditors, Company Secretaries and Financial Consultants.

XIII. Right Of First Refusal

Notwithstanding anything contained elsewhere in this Agreement, any member of the Founder Group or.....may not Transfer any of their Securities, except as specifically permitted herein, without first obtaining the prior written permission of the other party ("Right of First Refusal"). Both the parties shall have a right, but not the obligation, to purchase the Sale Shares, as the case maybe, from such Selling Shareholder.

In any event at least 60 (Sixty) Business Days before the date of the proposed sale (whichever is earlier), the Selling Shareholder, shall send a written notice (the "Sale Notice") to the other party ('Purchasing party'), setting forth the details of the Sale Shares, the terms of the proposed sale, including the name of the Person/s to whom the sale is proposed to be made ("Third Party"), the proposed sale price per Sale Share ("Third Party Price")

and the date of the proposed sale, which shall not be less than 60 (Sixty) Business Days from the date of receipt of the Sale Notice.

C. Upon receipt of the Sale Notice, the purchasing party shall have the right, exercisable at its sole discretion, to purchase all or such number of the Sale Shares as it wishes to purchase at the Third Party Price by serving upon the Selling Shareholder a written notice in that regard within 15 (Fifteen) Business Days of receipt of the Sale Notice by Holders on the terms and conditions mentioned in the Sale Notice.

XIV Tag Along and Drag Along Option

Tag Along Right

1. The Parties agree that purchasing party at its sole discretion; choose not to exercise the Right of First Refusal. In the event purchasing party does not wish to exercise the Right of First Refusal, then the purchasing party shall inform the Selling Shareholder of the same within sixty (60) Business Days of receipt of the Sale Notice.
- B. If the purchasing party exercises its Right of First Refusal as mentioned above, within the specified time periods, subject to the necessary Consents, the Selling Shareholder shall tender the Sale Shares to the purchasing party on the same Business Day and the purchasing party shall pay the Selling Shareholder the consideration based on the third party price for the Sale Shares.
- C. Upon receipt of the Sale Notice, if the purchasing party decides not to exercise its Right of First Refusal, then it shall have the option, exercisable at its sole discretion, to sell pro rata its shares ("Tag Shares"), in the total issued and paid up share capital of, to the Third Party, at the Third Party Price by serving upon the Selling Shareholder a written notice in that regard within 15 (Fifteen) Business Days of receipt of the Sale Notice by the holder of equity shares on the terms and conditions mentioned in the Sale Notice ("Tag Along Option").
- D. The Parties agree that the purchasing party, at their discretion, choose not to exercise the Tag Along Option. In the event the purchasing party does not wish to exercise the Tag Along Option, then they shall inform the Selling Shareholder of the same within 15 (Fifteen) Business Days of receipt of the Sale Notice ("Response Period"). In the event that purchasing party does not serve notice within the time period specified under Clause 15 (c) and this Clause 15 (d), then the Selling Shareholder shall be entitled to sell the Sale Shares within a period of 60 (Sixty) days from the expiry of Response Period. If the Selling Shareholder does not complete the sale of the Sale Shares within such period, the Right of First Refusal and Tag Along Right provided in this Agreement shall be deemed to be revived and the Sale Shares shall not be sold to any Person unless the procedure prescribed under this Clause no. 15 is complied with in its entirety.
- E. If the purchasing party exercises its Tag Along Option as mentioned above, then the Selling Shareholder shall ensure that the third party

purchase the number of Tag Shares mentioned in the notice by the holder of equity shares("Offered Shares") along with the Sale Shares mentioned in the Sale Notice at the Tag Price and on the terms mentioned in the Sale Notice. The Selling Shareholder shall ensure that the third party completes the purchase of the Tag Shares from purchasing party at the same time as completion of purchase of the Sale Shares held by the Selling Shareholder ("Tag Along Closing").

F. The purchase / sale under this Clause shall be subject to the necessary

Consents being obtained. _____ and the Selling Shareholders shall each use its best endeavors to obtain the necessary Consents within 75(SeventyFive) Business Days of the date of the Sale Notice and in the event the necessary Consents cannot be obtained within the period specified, the Parties shall make best efforts and endeavors as may be reasonably necessary to find an alternative solution to give full effect to the intent of this Clause.

G. Notwithstanding anything contained in above clauses, such Right of FirstRefusal and Tag Along Right shall not be available to either party, where such sale or Transfer is to an Affiliate, Subsidiary or relatives. It is hereby clarified that if at any point of time such Affiliate transferee ceases to be an Affiliate of such Promoter, the Sale Shares shall be re-transferred to such Promoter with immediate effect and the Parties and shall take all necessary actions to ensure that the Sale Shares are Transferred by the Affiliate transferee back to such Promoter.

XV INDEMNIFICATION

The parties hereby, jointly and severally, agree to indemnify, defend and hold harmless to the fullest extent permitted by Law from and against any and all losses, claims, damages, proceedings, penalties, judgements and expenses (including reasonable fees, disbursements and other charges of counsel, accountants and other experts) held to have arisen from claims (collectively, "Losses") resulting from or arising out of any breach of any representation or warranty, or agreement or covenant, under or pursuant to Transaction Documents, or any non-compliance under any applicable Law.

XVI. Governing Law And Arbitration

This Agreement and its performance shall be governed by and construed in all respects in accordance with the Laws of the Republic of India. In the event of a dispute or difference ("Dispute") relating to any of the matters set out in this Agreement, the Parties shall discuss in good faith to resolve the Dispute. In case the Dispute is not settled within 30 (Thirty) calendar days, it shall be referred to arbitration in accordance with the Sub Clause b) of Clause 15 below;

- i) All Disputes that have not been satisfactorily resolved under sub clause a) of Clause 16 above shall be referred to arbitration before a sole arbitrator to be appointed by the Parties. In the event the Parties are unable to agree on a sole arbitrator within 10 (Ten) calendar days following the 30 (Thirty) calendar day period specified hereinabove) of Clause 15("Initial **Period**"), the matter will be referred to a panel of arbitrators ("Panel") to be appointed within 10 (Ten) calendar days from the expiry of the Initial Period. Both Parties to the dispute (that is the party instituting the arbitration proceeding and the respondent party) shall appoint 1 (One) arbitrator each to the Panel and the 2 (Two) arbitrators so appointed by the parties shall together appoint one more arbitrator to the Panel.
- ii) The arbitration proceedings shall be carried out in accordance with the Arbitration and Conciliation Act, 1996 and the place of arbitration shall be UDAIPUR, India. The courts of competent jurisdiction shall have exclusive jurisdiction over any matters that are ancillary to the maintenance, prosecution, and support of the arbitration proceedings mandated hereby, and the Parties hereby submit to the jurisdiction of the said courts for such matters. The arbitration proceedings shall be conducted in the English language. Subject to sub clause iv) of Clause 15 below, the Parties shall equally share the costs of the arbitrator's fees, but shall bear the costs of their own legal counsel engaged for the purposes of the arbitration.
- iii) The Panel shall make an award in writing within 60 (Sixty) Business Days of the reference of the dispute to arbitration. The award of the Panel shall be final and conclusive and binding upon the Parties and non-appealable to the extent permitted by Law.
- iv) The Parties further agree that the arbitrators shall also have the power to decide on the costs and reasonable expenses (including reasonable fees of its counsel) incurred in the arbitration and award interest up to the date of the payment of the award.
- v) The Parties hereto shall submit to the arbitrator's award and the Award shall be enforceable in the competent court of Law;
- vi) The provisions of this Clause 15 shall survive the termination of this Agreement.

XVII NOTICES

Unless otherwise provided herein, all notices or other communications to be given shall be made in writing, and by letter (hand delivered), email or facsimile transmission (save as otherwise stated) and shall be deemed to be duly given or made, in the case of personal delivery, when delivered; in the case of facsimile transmission, provided that the sender has received a receipt indicating proper transmission, when dispatched, or, in the case of email, where such email has been followed up with a facsimile (receipt acknowledged) or hand delivered letter.

A. A notice or other communication received on a day other than a Business Day, or after business hours in the place of receipt, shall be deemed to be given on the next following Business Day in such place.

B. The address, email address or facsimile numbers for serving notices can be changed by any Party by properly serving notices on the other Parties informing them of the changes of address.

C. In the event that a Party refuses delivery or acceptance of a notice, request or other communication, under this Agreement, it shall be deemed that the notice was given upon proof of the refused delivery, provided the same was sent in the manner specified in this Agreement.

D. The addresses of the Parties are:
TO:

XVIII. Further Assurances

1. The Parties shall, to the extent permitted by applicable Law from time to time do or procure all things as may be required to give effect to Transaction Documents and perform their obligations hereunder and to all other agreements contemplated by the Transaction Documents including, without limitation, the execution of all deeds and documents, procuring the convening of all meetings, the obtaining of all Consents, the giving of all necessary waivers and consents and the passing of all resolutions.

2. The Parties agree that, if, under applicable Law, any of them are required to procure any Consent from any Governmental authority to perform any obligation under the Transaction Documents or make any payment under the Transaction Documents, it shall procure such Consents in a timely manner. The Parties agree that all other Parties shall provide reasonable assistance (including providing documents and information) that may be required for procuring such Consents.

XIX Force Majeure

Neither Party shall be liable to the other if, and to the extent, that the performance or delay in performance of any of its obligations under this Agreement is prevented, restricted, delayed or interfered with, due to circumstances beyond the Party's reasonable control not arising out of any act or omission of such Party ("Force Majeure Event"). The Party claiming a Force Majeure Event shall promptly notify the other Party/ies in writing of such delay or failure in performance, the reason therefore, the expected duration thereof, and its anticipated effect on the Party expected to perform as soon as possible after the event and also keep the other Parties informed of the further developments. The Party so affected shall use its best efforts to remedy such a cause of non-performance. If the Force Majeure Event lasts beyond 1 (one) month, the Party other than the Party claiming the Force Majeure Event, may terminate this Agreement upon giving notice to the other Parties. The onus of proving that a Force Majeure Event has occurred shall be on the Party claiming such event.

XX. Authorization

A. The persons signing this Agreement on behalf of the respective Parties represent and covenant that they have the authority to sign and execute this document on behalf of the Parties for whom they are signing.

B. The Founder Group hereby represent, warrant and undertake that **PROMOTER GROUP** is hereby irrevocably appointed as agent and attorney in fact for and on behalf of the Founder Group, to agree and execute any amendments to the provisions of this Agreement, to give and receive notices and communications, to agree to negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to this Agreement on behalf of the Founder Group (as applicable and to the extent **PROMOTER GROUP** is able to so comply without any action on the part of any such Founder Group), and to take or exercise all rights of the Founder Group arising under this Agreement. For the purposes of this Agreement, all rights of the Founder Group shall be exercised by, and all decisions and determinations to be made by the Founder Group shall be communicated through **PROMOTER GROUP** shall be duly authorized to exercise such rights on behalf of the Founder Group.

C. PROMOTER GROUP hereby acknowledges that he has been irrevocably appointed as agent and attorney in fact for the existing Founder Group and agrees to act as agent and attorney-in-fact of the Founder Group in terms of and to the extent of all that is contemplated in Clause 19 above.

XXI. AGREEMENT TO PREVAIL

Without prejudice to the generality hereinafter referred to under clause no. 24, _____ and the Founder Group agree that if any provisions of the Charter Documents of _____ at any time conflict with any provisions of this Agreement, the provisions of this Agreement shall prevail, subject to applicable Law, and _____ and the Founder Group shall exercise all powers and rights available to them to procure the amendment of the Charter Documents to the extent necessary to give effect to the provisions of this Agreement provided that such provision of the Agreement or such amendment does not breach any applicable Law.

XXII. Severability & Validity

A. If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction or with respect to a Party, that shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement, or the validity or enforceability in other jurisdictions, or with respect to any other Party, of that or any other provision of this Agreement;

B. If any such provision in this Agreement is void but would be valid if some part of the provision were deleted the provision in question shall apply with such modification as may be necessary to make it valid.

XXIII. Amendment

A. No modification or amendment or variation to this Agreement and no waiver of any provision or terms or conditions of this Agreement shall be valid or effective unless made in writing and duly executed by all Parties hereto.

B. The Parties hereby expressly agree and acknowledge that none of the rights of Holders as set out in the Transaction Documents shall be varied in any manner whatsoever without the prior written consent of Holders to whom such right related, and the Founder Group shall take all steps to

ensure that none of the rights of Holders as set out in the Transaction Documents shall be varied in any manner whatsoever.

XXIV.RESERVATION OF RIGHTS

A. No delay or relaxation in exercising or omission to exercise, at an time, any right, power or remedy available to a Party under this Agreement, shall in any way affect, diminish, impair or prejudice any such right, power or remedy or be construed as a waiver thereof or as acquiescence in a breach, nor shall any action of a Party in respect of any breach or any acquiescence in any breach, affect or impair any right, power or remedy of a Party in respect of any other breach.

B. The rights and remedies provided for herein are independent, cumulative and additional to and not exclusive of or in substitution for any rights or remedies arising by operation of law, 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.

XXV. Equitable Remedies

Without prejudice to any other rights or remedies which a Party may have, the Parties acknowledge and agree that damages may not be an adequate remedy for a breach or threatened breach of any obligation under this Agreement and the remedies of injunction, specific performance and other equitable relief are appropriate for any threatened or actual breach of any such provision.

XXVI Confidentiality

A.Each Party to this Agreement who received any Confidential Information pursuant to this Agreement (each "a Receiving Party") undertakes that it shall keep confidential, all Confidential Information received by it relating to the other Parties (the "Disclosing Party").

B. Permitted Disclosures. A receiving Party shall be permitted to disclose any Confidential Information to the following Persons:

i) the chartered accountant, merchant banker, lawyer or the auditors in connection with any transaction contemplated herein;

a. any of its Affiliates;

b. any of its and its Affiliates' employees, officers and professional advisers; and

C. Exceptions to Confidentiality. Nothing in this Clause 33 shall be deemed to prohibit the disclosure of any Confidential Information:

a) to any Governmental authority to the extent that, information is required to be disclosed by any applicable Law. Provided however, that the Receiving Party will notify the Disclosing Party promptly so that the Disclosing Party may seek a protective order *or* other appropriate remedy against the disclosure of the Confidential Information. The Receiving Party will exercise all reasonable efforts to obtain reliable assurances that confidential treatment will be accorded such Confidential Information;

b) that is or becomes publicly available by other than unauthorized disclosure by a Party;

c) that is independently developed by the Disclosing Party without use of any Confidential Information; and

d) that is received from a third party who has lawfully obtained such Confidential Information without a confidentiality restriction.

e) Notwithstanding Sub Clause no. b) Clause 26 (Permitted Disclosure), no Party shall make or permit any Person connected with it to make, any public announcement relating to or concerning this Agreement or any ancillary matter or any other Party before, on or after the date of

this Agreement except as required by applicable Law or with the other Parties' prior written consent.

XXVII. ENTIRE AGREEMENT

This Agreement along with the other Transaction Documents constitutes the entire agreement of the Parties relating to the subject matter hereof and supersedes any and all prior understandings, representations, deeds and/or licenses, agreements (oral or written), including letters of intent and term sheets, between the Parties hereto with respect to the subject matter herein.

XXVIII. Relationship

Nothing in this Agreement shall be deemed to constitute a partnership between the Parties or constitute any Party the agent of any other Party for any purpose.

XXIX Rights of Third Parties

Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person, other than the Parties hereto any rights or remedies under or by reason of this Agreement or any transaction contemplated by this Agreement.

XXX. Counterparts

The Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

SCHEDULE A

SHAREHOLDING PATTERN OF _____ AS ON EFFECTIVE DATE 9,48,605 equity shares of Rs. 10 each held by PROMOTER GROUP.

SCHEDULE B

SHAREHOLDING PATTERN OF _____ POST CLOSING (INCLUDING CONVERTIBLE SECURITIES)

10,00,000 equity shares of Rs. 10 each held by the PROMOTER GROUP

3,35,000 equity shares of Rs. 10 each held by the _____ GROUP

WIRING INSTRUCTIONS FOR MOONSOON PALACE RESORT
PRIVATE LIMITED

SCHEDULE D

REPRESENTATIONS AND WARRANTIES OF THE PARTIES

Each, SHAREHOLDERS and the Founder Group hereby jointly and severally represents and warrants to other party that, as of the date hereof, the following statements are all true, fair and complete.

All representations and warranties, except where the context does not permit, shall be deemed to have been given by the Subsidiaries of _____ as well.

1. Authority and Capacity

a) _____ has been duly incorporated and organized, and is validly existing in good standing, under the Law of the country of incorporation.

b) _____ has the corporate power and authority to own and operate, and it does own and operate its assets and properties to carry on its Business in substantially the same manner as it is currently conducted.

c) all permits, approvals, authorizations, licenses, registrations, and consents including registrations necessary for the conduct of Business as currently conducted.

d) Subject to applicable Law and the Consents to be procured in relation to the performance of the obligations of _____ under this Agreement, _____ has the legal right, power and authority to enter into, deliver and perform this Agreement and all other documents and instruments required to be executed pursuant thereto or in connection therewith, and such documents, when executed, will constitute valid and binding

obligations and be enforceable against _____ in accordance with their respective terms.

e) Each member of the Founder Group has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. Further, this Agreement and each of the other Transaction Documents to which it / he is a party has / have been duly executed and delivered by him and constitutes the legal, valid and binding obligations of such member, enforceable against him in accordance with its terms. Except for the Conditions Precedent, no approval, consent, exemption, authorization or other action by, or filing with, any Governmental authority, and no waiting period under any requirement of Law, is necessary or required by the Founder Group in connection with the execution, delivery or performance by, or enforcement against, any of the Founder Group of the Transaction Documents or the Transaction contemplated there under.

f) PROMOTER GROUP represents that all Consents, approvals and actions of, filings with and notices to any governmental or regulatory authority as may be required to be obtained by _____ in connection with the execution, delivery and performance by _____ of this Agreement and/or the Transaction have been obtained or will be obtained and shall be in full force and effect as of the Closing Date.

g) PROMOTER GROUP hereby confirms that there has been no Material Adverse Effect in its Business and operations and that it has no notice of any action, investigation, claim, other proceedings of any nature whatsoever, by any Governmental authority or any other Person which would restrain, prohibit or otherwise challenge the Transaction or would be likely to have a Material Adverse Effect on _____ or its Business and operations.

h) No written materials provided by _____, PROMOTER GROUP or the Founder Group to _____ contains any untrue statement of a material fact or omit to state a material fact necessary to make the

statements contained therein, in light of circumstances under which they are made, not misleading;

2. Organization and Shareholding

_____ is a private limited company incorporated under the provisions of the Act. _____ is duly organized and validly existing under the laws _____ of _____ the

Republic of India. _____ has the corporate power and authority to carry on its business and own its properties.

The authorized and paid-up share capital of _____, as on the Effective Date, is INR 1.00 Crore(Rupees one crore only) and paid up capital is INR 94,86,050/- divided into 948605 equity shares of INR 10/- each.

Upon consummation of the transactions contemplated by this Agreement, _____ will acquire good and valid title to the Subscribed fully convertible Debenture, free and clear of any and all Encumbrances.

3. Charter and Corporate Documents

PROMOTER GROUP represents and warrants that it has delivered a true and complete copy of its Charter Documents, amended to date and in full force and effect on the date hereof, to _____.

All corporate authorizations and all other applicable governmental, statutory, regulatory or other Approvals, consents, licenses, authorizations, waivers or exemptions required to empower _____ to enter into this Agreement have been obtained.

The Founder Group have the legal right, power and authority to enter into, deliver and perform this Agreement and all other documents and instruments required to be executed pursuant thereto or in connection therewith, and such documents, when executed, will constitute valid and binding obligations and be enforceable against the Founder Group in accordance with their respective terms.

All Governmental, corporate, creditors', shareholders' and other permissions, approvals, licences, consents, registrations and authorizations required under applicable Law or under any contract or otherwise:

- i) for the issue by _____ of the Debentures;
- ii) to render this Agreement legally valid, binding and enforceable against _____; and
- iii) to enable _____ to perform its obligations under this Agreement will have been obtained as on the Closing Date.
- iv) No temporary restraining order, preliminary or permanent injunction, attachment or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing

or otherwise impairing or prejudicing the due, proper and irrevocable consummation of the transactions contemplated hereby is in effect or apprehended.

4. Statutory Records

The minute books of _____ contain in all material respects complete and accurate records of all meetings and other corporate actions of its respective shareholders and Board of Directors and committees thereof. The statutory registers of _____ contain complete and accurate records of the share ownership of its respective issued and outstanding capital stock.

5. Licenses and Permits

_____ has obtained all licenses from Governmental authorities, which are necessary or desirable for the conduct of the business and no licenses necessary for the lawful operation of the business as presently conducted, both before and after the Closing are outstanding, other than the licenses which have been applied for by _____. All such licenses that have already been obtained are validly held by _____ and are in full force and effect. _____ has complied in all respects with all terms and conditions thereof and the same will not be subject to suspension, modification, revocation or non-renewal as a result of the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby. No proceedings are pending or, to the knowledge of _____ and/or the Founder Group, threatened, that would have the effect of revoking or limiting or affecting the renewal of any of such licenses. All such licenses which are held in the name of any employee, officer, director, stockholder, agent or otherwise on behalf of _____ and/or the Founder Group shall be deemed included under this warranty.

6. Compliance with Laws.

_____ is in material compliance with all applicable laws and regulations including without limitation environmental, safety, health and labour laws and any requirements prescribed by any governmental or other authority, and is not subject to any present or future material liability by reason of non-compliance with such laws and regulations as in effect on the date hereof. Any registration, declaration, or filing with, or consent, Approval, permit or other authorization or order by, or exemption from any Governmental authority that is or was required in connection with its

business, the absence of which could reasonably be expected to have a Material Adverse Effect, has been completed, made or obtained.

7. Compliance with Statutory Obligations.

_____ is not in breach of any material statutory obligation to any Person, including any obligation to pay income tax, corporation tax or any provident fund, gratuity, charges, revenue payments or any other statutory dues payable to the central government of India or any state governments or any other Governmental authority.

8. **Financing Arrangements.**

_____ is not in material breach of or material default under any loan, guarantee or debt with any financial institution, bank or other creditor to which it is a party or which is binding upon it or any of the assets or revenues of _____. All approvals that may be necessary under a TERM LOAN cum hypothecation with State Bank of India for INR 17.00 crore to which it is a party or which is binding upon it or any of **the** assets or revenues of _____ for the valid execution, delivery and performance by _____ and the Founder Group have been obtained before the date hereof, or will have been obtained prior to the Closing Date, and the consummation of the transactions contemplated by this Agreement will not result in any material breach or default under any such loan, guarantee or debt.

9. Liens.

There exists **no charge, Lien or any other Encumbrance** on any of the properties or assets of _____.

10. **No Commitments to Issue Equity Shares.**

Except as contemplated herein and under any stock option or Debenture Subscription scheme approved by the Board prior to the Effective Date, there are **no** outstanding share warrants, options including under any employee stock option plan or stock purchase scheme formulated by _____, to be issued, nor is there any outstanding obligation on _____ to issue Equity Shares or other securities to any Person against any amounts received or to be received.

11. **Bankruptcy.**

No resolution has been passed, no petition has been presented or order has been made for administration or winding up of _____ or for the appointment of a receiver or provisional liquidator over the assets of _____.

12. Intellectual Property.

_____ owns, possesses or can acquire on reasonable terms, adequate intellectual property rights necessary to conduct the business in the manner in which it is now being operated by it, or presently employed by it, and has not received any notice of infringement or conflict with asserted rights of others with respect to any intellectual property rights. All existing/future copyrights, brands and trademarks etc. necessary to carry on the Business as presently executed and as contemplated in the Business Plan of _____ and its Subsidiaries are duly registered in the name of _____ and or its affiliates.

13. Legal / Litigation Matters

_____ or the Founder Group have no notice of any investigation or enquiry by, nor any notice or communication of any proceeding order, decree, decision or judgment of, any court, tribunal, arbitrator, governmental agency or regulatory body, outstanding or received by and against _____ or any employee for whose acts or defaults _____ may be vicariously liable, with respect to an alleged or actual violation and/or failure to comply with any such applicable Law, regulation, byelaw or constitutional document, or requiring it/them to take or omit any action, which may result in any liability or criminal or administrative sanction against _____.

No order has been made, petition presented, resolution passed or meeting convened for the winding up (or other process whereby the Business is terminated or a substantial part of the assets of _____ are distributed amongst its creditors and/or shareholders or other contributories) of _____ and there are no cases or proceedings under any applicable insolvency, reorganization, or similar laws concerning _____.

Neither _____ nor any member of the Founder Group has committed:

- i) any criminal or unlawful act involving dishonesty;

ii) any breach of trust; or

iii) any material breach of contract or statutory duty or any tortuous act which could entitle any third party to terminate any material contract to which _____ is a party;

iv) and which could have a Material Adverse Effect on _____ and / or the Business.

14. Others.

Neither _____ nor any of its assets or properties has any immunity in respect of its obligations under this Agreement or from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment or attachment in aid of execution or otherwise) under the laws of India.

_____ does not have any outstanding claims, liabilities, indebtedness or obligations, contingent or otherwise, which are not reflected in the Financial Statements, which, whether individually or in aggregate, could have a Material Adverse Effect.

No event has occurred, which would constitute an event of default under this Agreement or which, with the giving of notice or the lapse of time or a combination thereof or other condition would constitute an event of default.

_____ has no notice of any investigation or enquiry by, nor any notice or communication of any order, decree, decision or judgment of, any court, tribunal, arbitrator, governmental agency or regulatory body, outstanding or received by and against _____ or its or to the best of the Founder Group's knowledge or Company's knowledge, by and against any employee for whose acts or defaults _____ may be vicariously liable, with respect to an alleged actual violation and/or failure to comply with any such applicable law, regulation, byelaw or constitutional document, or requiring it/them to take or omit any action, having a Material Adverse Effect on _____ or its Subsidiaries.

15. Title to Properties.

_____ has good title to all its immovable properties reflected in its most recent balance sheet, in each case free from Liens and Encumbrances. _____ holds all material leased real or personal property under valid,

current and enforceable leases and the said leases have been validly stamped.

16. Title to Assets.

_____ has good title to the tangible assets reflected in the Financial Statements, free from all Liens and Encumbrances.

17. Adverse Effects.

No Material Adverse Effect has occurred or is subsisting and no notice in connection therewith has been served on _____.

IN WITNESS WHEREOF, the Parties have entered into this Agreement the day and year first above written.

SIGNED, SEALED & DELIVERED BY THE WITHIN NAMED, IN THE PRESENCE OF;

Name:

Witness:

DIRECTOR

_____ PALACE RESORT PRIVATE LIMITED, being the party of the First Part herein.

1.

DIRECTOR

Name ; _____ , being the party of the Second Part herein;

Witness:

2.

PROMOTER GROUP representing the Founder Group

SHAREHOLDERS

NAME: SHAREHOLDERS, being the party of the Third part herein

WITNESS: 3