

JOINT VENTURE AGREEMENT

BETWEEN

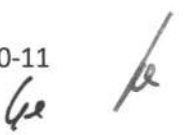
KAYNES TECHNOLOGY INDIA PRIVATE LIMITED

AND

MOHLENHOFF GMBH

AND

BUSINESS GUARDIAN

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JOINT VENTURE AGREEMENT

THIS AGREEMENT is made the 17th day of October, 2018 between

KAYNES TECHNOLOGY INDIA PRIVATE LIMITED, a limited company incorporated in the Republic of India under the Companies Act 1956 having its registered office at 23-25, Belagola, Food Industrial Estate Metagalli P O, Mysore- 570016 (hereinafter referred to as "KAYNES") and;

MOHLENHOFF GMBH (MOE) having its registered office at Museumstrase 54A, 38229 Salzgitter, Germany and;

BUSINESS GUARDIAN (BG) residing at Schulhausgässli 4, CH-3098 Köniz-Bern, Suisse.

KAYNES, MOE and Business Guardian are hereinafter collectively known as "the Parties".

The terms KAYNES and MOE shall mean and include wherever the context so permits their respective Directors, Legal Representatives, nominees, permitted assigns and person or persons claiming through or under them.

WHEREAS

1. KAYNES has over 30 years of experience in the business of Electronic Design and Manufacturing Services. KAYNES, undertakes conceptual design, manufacture and testing of high reliability PCBAs, Box Build, Products and Systems Integration Services, Military Wire/Cable Harness for Defence and Aerospace Electronics and all other segments of Industry.
2. MOE specialises in the development and manufacturing of solutions for electronic room-by-room temperature control and smart home technology. Möhlenhoff is the global market leader in the field of thermal actuators.
3. KAYNES and MOE propose to come together in a collaborative effort to establish a large and successful Manufacturing JV exclusively for the International Market with State of the Art Infrastructure and Global operating standards along with a team of handpicked IPC trained employees to deliver quality products of MOE and possible other overseas clients to the International Market.


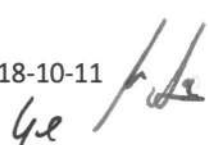
4. To this effect, the Parties are desirous of co-operating in a joint-venture and for this purpose have agreed to set up a joint venture company to be named "*Kaynes International Design & Manufacturing Private Limited*" (Hereinafter referred to as the JV Company), subject to the approval of the relevant government bodies, which will be incorporated and registered in India, and which shall thereafter carry on business as a Joint Venture Company.
5. The Parties hereto would like to record the terms and conditions of their participation in the Company and of regulating their relationship with each other and the manner in which the affairs of the Company will be managed.
6. The Parties hereto would like to create a focused manufacturing for MOE and also help MOE in gaining better market share in Asian Countries.

IT IS AGREED AS FOLLOWS:

1. INTERPRETATION

1.1 In this Agreement, unless the context otherwise requires:-

- "Affiliate" shall mean any firm, company or body corporate or incorporate in which the Parties, have or is deemed to have direct or indirect interest of 20 % or more in the capital or equity of such firm, company or body;
- "Agreement" shall mean this Agreement; the Articles; the Schedules hereto;
- "Articles" shall mean the Articles of Association of the Company;
- "Board" shall mean the Board of Directors of the Company;
- "Business" Manufacturing of Product for MOE and any other overseas company;
- "Company" shall mean the Joint Venture Company;

"Completion"	shall mean the performance by the Parties of the obligations assumed by them respectively;
"Deed of Adherence"	shall mean a deed in such form as the Shareholders may agree;
"Director"	shall mean any director for the time being of the Company including, where applicable, any alternate director;
"Government"	shall mean the relevant State Governments where the Business shall be conducted and any division, department or agency thereof;
"Group"	shall in respect of a Party, mean that Party and all of its Affiliates;
"Joint Venture"	shall mean the joint venture constituted by the Agreement;
"Loans"	shall mean, in relation to a Shareholder, loans to the Company made by the Shareholder and, where that Shareholder is a company, by any company in that Shareholder's Group (in each case made with the prior written consent of the other Shareholder);
"Objectives"	shall mean the business objectives of the Company as defined under Clause 2;
"Party" or "Parties"	shall mean all or any of the parties named in this Agreement as the case may be, their respective successors-in-title and transferees who acquired the shares in accordance with this Agreement;
"Prescribed Price"	shall mean the Book Value of the shares of the Company as per the latest audited Balance Sheet of the Company after taking into consideration all losses and unabsorbed depreciation and unprovided liabilities and certified to be true by the Statutory Auditor of the Company;
"Products"	shall mean(Products currently manufactured for MOE;
"Rupees" and Rs	shall mean the currency of India




"EUROS" shall mean the currency of European Union;

"Shareholders" shall mean the shareholders from time to time of the Company and who are Parties to this Agreement;

"Specified Proportion" shall mean the proportion of shareholdings set out in Clause 3.2 of this Agreement.

- 1.1 The singular shall include the plural and vice versa; words importing any gender shall include any gender and references to persons shall include corporations.
- 1.2 The Schedules to this Agreement shall form part of this Agreement and shall be binding on the Parties as if set out in the main body of the Agreement herein.
- 1.3 Reference to clauses and other provisions are references to clauses and provisions of this Agreement.
- 1.4 Headings are for ease of reference only and have no legal effect.

2. OBJECTIVES

- 2.1 The objects of the Company shall be to carry on all or any of the activities to be agreed by the Parties in the Memorandum of Association of the Company and any subsequent amendments thereto, and shall also include the following :
 - To carry on the business of designers, developers, manufacturers, contract manufacturers, assemblers, proto-type developers, integrators, subcontractors, market consultants, agents, advisors, suppliers, procurer, traders, importers, exporters and any other functionary in all kinds of Software, analog and digital signal generation, processing, measurement, transmission, storage and display devices including but not restricted to Hardware, software, peripherals, Auxiliary and ancillary equipments for ; computers, computer peripherals, software, process equipments, defence, strategic electronics, logistics, transportation, avionics, space and satellite equipments, telecommunication(fixed line and mobile), radio, wireless communication, satellite communication, text and measurement equipments, industrial control and signaling, audio & video equipments, entertainment and gaming equipments etc., used in

Industrial, home, government, defence sector etc for domestic and overseas customer.

- To undertake system design, system architecting, prototyping, development, computer aided design, programming, maintenance, integration, system implementation, program/data compilation, data validation and verification, system security, network & data security, statistical analysis, testing, certifications etc. of Hardware & software for domestic and overseas customer on assignment and/or turnkey basis and to set up, acquire, operate manufacturing, assembling, programming, development facilities or plants in India and other countries for the above activities and to undertake & act as consultants, technical advisors, service providers etc for the activities listed above.

3. INITIAL CAPITAL INVESTMENT- CONDITION PRECEDENT

- 3.1 The authorised share capital of the Company shall be Rs.10,00,00,000 (100 Million/ 1260000 EUROS) divided into 1,00,00,000 (10 Million/126000 EUROS) equity shares of Rs. 10 each. The authorised share capital of the Company shall be increased from time to time according to the business requirements of the Company and the Shareholders may resolve by resolution passed in General Body Meeting of the members of the Company.

4. FINANCING OPTION

- 4.1 KAYNES shall contribute further capital in the following manner:
- For the 3 months average value of inventory held with KAYNES as on 01st Sept, 2018 which is 500.000,- EUROS, and for the same value equity share shall be allotted by JV Company to KAYNES; List of components will be provided.
 - KAYNES will have to invest a value up to Rs. 12 million in the new leased facility for its improvement, Humidity air-conditioned controlled plant, offices, cabins, conference rooms etc and for this infusion, and for the same value equity share shall be allotted by JV Company to KAYNES;
 - KAYNES will also be transferring its Plant and Machinery, production fixtures of a value of Rs. 12 million, and for the same value equity share shall be allotted by JV Company to KAYNES; which is equal to 150.000,- EUROS



- Initially on incorporation 100% equity will be allotted to KAYNES, but on completion of 24 Months, the equity will be allotted to MOE and Business Guardian, if MOE decides to exercise their option of converting their trade advance as described in para 4
- 4.2 MOE shall bring in 3,49,500 EURO as a trade advance initially. The amount given as a trade advance shall not be repaid before 24 months from the date of receipt and shall be locked-in till that period. On or before the completion of lock-in period, a decision shall be taken on the following by both the parties with mutual negotiations & understanding:
- to convert the trade advance into Partial or 100% Equity or ;
 - to extend the lock-in period further or
 - To repay the money by deciding on the repayment schedule
- 4.3 If the parties decides to convert the trade advance into equity, then 3,49,500 EURO shall be converted into equity as per pre agreed valuation and will comprise of 27% shareholding in JV Company.
- 4.4 Business Guardian also has an option to contribute towards Equity. The total stake to be held by MOE and Business Guardian shall not exceed 33.16%. Balance 60.81% of Equity will be with KAYNES as a Majority partner. Equity of 7,09% will be earmarked for Employee Stock Option Scheme (ESOPS) for deserving performing employees. However, till such time of ESOPS allotment, 7% equity to be earmarked shall be held by KAYNES and the total stake to be held by KAYNES before ESOPS allotment shall amount to 67.9%. The shareholding structure after MOE converts the loan into share shall be as follows:

Particulars	Shares in % Post	EUR
Equity Share Capital		
For facility improvement and preparing the new plant a cash infusion is required	11.23	125000
Moe	0.04	500




BG	0.04	500
ESOP	7.09	93000
Non cash capital		
Value of Inventory	38.14	500000
Value of Plant & Machinery being shifted to New Business	11.44	150000
BG after 2 years	7.06	92500
MOE Convertable loan after 2 years	26.66	349500

- 4.5 Moe as well as BG will get, beside the possible normal dividend payout as shareholders, a minimum dividend related to the Indian reference interest rate fore there equity share capital .
- 4.6 If MOE decided to convert only partial trade advance into equity capital, then the proportionate equity capital will be allotted to MOE based on the conversion amount.
- 4.7 If MOE decides not to convert the trade advance to equity capital or in case of partial conversion into equity, then, the repayment schedule shall be mutually discussed and agreed among the parties taking into consideration the ability of repayment of the company and an easy repayment not exceeding 17,000 euro per month shall be allowed by the parties. The maximum repayment-period should not exceed 24 month.

5. MINIMUM ORDER QUANTITY (MOQ)- CONDITIONS SUCCEEDING

- 5.1 The success of this exclusive JV depends largely on MOE giving requisite orders and JV Company ensuring that they deliver the quantity in full, in time, with no quality issues and at competitive rates. Thus MOE in the spirit of this partnership agrees to push maximum orders to JV Company and ensures to give a minimum order of 250,000 Euros per month and not less than 3 million Euros annually. In the first 12 month the minimum order quantity is




cumulated 2.5 million EUROS (two million und 500 hundred thousand).

- 5.2 To ensure the success of the JV Company, MOE and KAYNES agree that MOE will be part of all decisions and will have a role in ensuring that the aspiration of both the companies are met.

6. BOARD OF DIRECTORS

After the relevant Government approvals have been obtained for KAYNES to inject its equity into the Company, and thereafter at all times while this Agreement remains in force the Parties shall procure that the number of Directors shall be 5(five). KAYNES shall always have 3 (three) number of Directors in the Board of JV Company and MOE will have 2(two) in the board of JV Company. MOE represented by Mr Frank Gebureck, along with Business Guardian will be offered one seat each on the Board of Directors as a Non-Executive member. Business Guardian as a Non-Executive Director will be allowed a free hand in the day to day functioning of the JV Company. Both KAYNES and MOE shall put together in a collaborative effort to establish and develop a large and successful JV Company. Both KAYNES and MOE shall contribute to the day to day operations of the JV Company and shall mutually work towards the betterment of the progress of the JV Company.



7. SHAREHOLDERS MEETING ("General Meeting")

- 7.1 General Meetings shall be held at least once a year and at such places, as may be decided by the Board. Unless otherwise agreed, at least 21 days notice shall be given to the Shareholders of all General Meetings. In case of Extra ordinary General Meetings a shorter notice can be permitted, if agreed by all the Shareholders in writing.
- 7.2 Unless specified otherwise under the Act, all decisions at General Meetings shall be made by simple majority.
- 7.3 The Company shall convene and hold an Annual General Meeting in accordance with its Articles of Association and the laws of India and shall hold additional General Meetings as and when requested by the Board or any Shareholder, in accordance with the provisions of the Act.
- 7.4 The Extra ordinary meeting can be held by Skype or digital communication so long as the capital is 100% participating. Such type of EOM if participated 100% by the capital, can take any decision.
- 7.5 For the first 24 months, as MOE and Business Guardian (BG) are not part of the capital, JV company will announce the Boards decision in good faith.
- 7.6 The following transactions require the approval of the Shareholders:
1. Adding a new shareholder
 2. Appointment or discontinuance of Managing Director/Directors/ Executives
 3. Give power of procuration and/or General power of attorney
 4. To Apply for credit higher than 50T€
 5. Granting of a credit higher than 25T€
 6. Establishing Subsidiaries
 7. Buying or selling properties
 8. Disposal or acquire of shareholdings partly or in full
 9. Business related to securities, guarantees or a bond
 10. Pension commitments and staff bonus
 11. Approval of the yearly budget
 12. Signing of contracts with technical and commercial risks
 13. Sell or buy of patents
 14. to lease/ release or to sell the company in full or in parts

8. TERMINATION

During the first 24 months, both parties will put their maximum effort in the JV Company to make sure that the objectives are met for both the companies.

9. No convertible transfer after 2 years

In case Moe will not convert the Trade Advanced Payment into shares, KTI will pay back the money including an interest rate based on the EURIBOR + 2%; if EURIBOR is below 0% the EURIBOR will be treated as 0%.

10. EMPLOYEES

KAYNES may at its discretion, at any time during this Agreement and for periods to be decided by KAYNES, transfer personnel to the JV Company to assist in the operations of the JV Company. For all intents and purposes, the person so transferred will be regarded as an employee of the JV Company and shall be under the payroll of the JV Company for the duration of the secondment.

11. TRANSFER OF SHARES

- 1 No party shall transfer, grant any security interest over, or otherwise dispose of or give any person any rights in or over any share or interest in any share in the JVC unless it is permitted or required under this agreement and carried out in accordance with the terms of this agreement. If a party transfers (or purports to transfer) any shares other than in accordance with this clause, it shall be deemed to have served a Transfer Notice.



The party wishing to transfer its shares (Seller) shall give an irrevocable notice (Transfer Notice) to the other party (Continuing Shareholder) of the details of the proposed transfer including:

- (a) if it wishes to sell its shares to a third party, the name of the proposed transferee; and
- (b) the price (in cash) at which it wishes to transfer its shares.

- 2 If a partner leaves and delivers its shares to the remaining partners, the minimum purchase price is the nominal value of the shares plus an annual interest rate equal to the reference rate of the Indian National Bank

GENERAL

12. COSTS

The Parties and the JV Company shall pay their own costs and expenses incurred in relation to the negotiation, preparation and execution of this Agreement, save that the costs and expenses of incorporating the Company shall be borne and reimbursed by the JV Company.

13. SUCCESSORS BOUND

This Agreement shall be binding on and shall inure for the benefit of the successors and permitted assigns and personal representatives (as the case may be) of each of the Parties.

14. ASSIGNMENT

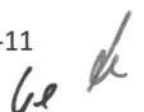
None of the Parties may assign its rights or obligations in whole or in part hereunder without the prior written consent of the other Parties, provided that this sub-Clause shall not prevent a transfer of shares.

15. GOOD FAITH

Each of the Parties undertakes with each of the others to do all things reasonably within its power, which are necessary or desirable to give effect to the spirit and intent of this Agreement and the Articles.

16. FURTHER ASSURANCE

The Parties shall, and shall use their respective reasonable endeavours to procure that any necessary third parties shall, do, execute and



perform all such further deeds, documents, assurances, acts and things to carry the provisions of this Agreement and the Articles into full force and effect.

17. TIME OF THE ESSENCE

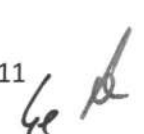
Any date or period mentioned in this Agreement may be extended by agreement between the Parties failing which, as regards any such date or period, time shall be of the essence of this Agreement.

18. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Parties with respect to the matters dealt with herein and supersedes any previous agreement between the Parties in relation to such matters. Each of the Parties hereby acknowledges that in entering into this Agreement it has not relied on any representation or warranty save as expressly set out herein or in any document referred to herein. No variation of this Agreement shall be valid or effective unless made by one or more instruments in writing signed by such of the Parties which would be affected by such variation.

19. CONFIDENTIALITY

1. The Parties commits not to pass on any information, that he/it got directly or indirectly from the Company respecting this contract. A passing on is only allowable if the Company approved so previously and the third person committed herself to keep the respective information confidential.
2. All technical, economic, financial and legal data, that the Parties gets by the execution of this contract from the Company are subject to this agreement. Information, that is generally accessible, doesn't fall under this agreement.
3. The access to information, that is subject to this agreement, is to be restricted to decision-makers and people involved in the decision making.
4. The Parties are allowed to pass on the information to affiliated companies if this is necessary or useful to the audit of the share



holdings and if it is guaranteed that these affiliated companies also stick to this confidentiality-agreement.

5. The parties commit themselves mutually to maintain silence about the content of this contract and its implementation as far as they are not obliged by legal means to give information about the content of this contract, or to give information about the content of this contract to a person, who has an obligation of secrecy, for example, to a bank house for the purpose of a due diligence to get a loan or maintain credits, or for the purpose of submission for subsidies from the public.

20. LAW AND ARBITRATION

This Agreement shall be governed by and be construed in accordance with the Laws of India and any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and be finally resolved by arbitration under the provisions of the Arbitration & Conciliation Act, 1996. The venue of Arbitration shall be Vienna, Austria and the language of the arbitration shall be English. This paragraph will come in place if the value of the dispute is higher than 25000€.



IN WITNESS WHEREOF the parties have caused this agreement to be duly executed on the day and year first before written.

KAYNES TECHNOLOGY INDIA PRIVATE LIMITED



 17-10-2018

[SIGNATURE] **DATE**

MOHLENHOFF GMBH




  11.10.2018

[SIGNATURE] **DATE**

Möhlenhoff GmbH
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BUSINESS GUARDIAN



11.10.2018

[SIGNATURE] **DATE**

Martin Jahring