

## **SHAREHOLDER AGREEMENT**

This Agreement is made at [Place where agreement is being drawn] on the **Date Month Year**

### **BETWEEN**

ABC **A COMPANY** incorporated/established under the Companies Act, 2013 having its office/resides at [ADDREE OF THE REGISTERED OFFICE] hereinafter called the "**Company**"), of the ONE PART

Mr. X, a person of Indian origin currently residing at [ADDRESS OF THE PARTY] [herein after referred as the "PROMOTER 1", which expression shall, unless it is repugnant to the context or meaning thereof, be deemed to mean and include his legal heirs, executors and permitted assigns).

Mr. Y, a person of Indian origin currently residing at [ADDRESS OF THE PARTY] [herein after referred as the "PROMOTER 2", which expression shall, unless it is repugnant to the context or meaning thereof, be deemed to mean and include his legal heirs, executors and permitted assigns).

Mr. A, a person of Indian origin currently residing at [ADDRESS OF THE PARTY] [herein after referred as the "SHAREHOLDER 1", which expression shall, unless it is repugnant to the context or meaning thereof, be deemed to mean and include his legal heirs, executors and permitted assigns).

Mr. B, a person of Indian origin currently residing at [ADDRESS OF THE PARTY] [herein after referred as the "SHAREHOLDER 2", which expression shall, unless it is repugnant to the context or meaning thereof, be deemed to mean and include his legal heirs, executors and permitted assigns).

**WHEREAS** Promoter 1 and Promote 2 shall hereinafter where the context so permits, be collectively referred to as the "PROMOTERS OR FOUNDERS" or individually as "PROMOTER OR FOUNDER".

The Company, The Promoters, and other Shareholders shall hereinafter, where the context so permits, be collectively referred to as "Parties" and individually as "Party"

**WHEREAS**, pursuant the Share Subscription Agreement between the Company and the promoters, the parties have agreed to subscribe the shares in accordance with this agreement.

**WHEREAS** the parties wish to enter into the agreement to set the rules or terms on which they will regulate the affairs of the company.

## **THEREFORE IT IS AGREED THAT**

### **1. DEFINITIONS AND INTERPRETATIONS:**

Unless otherwise defined in this agreement, the terms defined in this agreement have the same meaning in this agreement:

**“AGREEMENT”**, means this shareholder agreement amended from time to time.

**“ANGEL INVESTOR”** to be read along with additional shareholders who believe in the business plan.

**“ARTICLE”** means AOA of the Company, as amended from time to time.

**“BOARD”** means the group of Directors of the Company as established from time to time.

**“BUDGET”** means a budget for a company for a particular financial year prepared in a set format.

**“ENCUMBRANCE”** means any form of legal, equitable or security interest, charge, pledge, right to acquire, security interest, right of first refusal, any preference agreement.

### **2. EFFECTIVE DATE:**

This agreement shall become effective from the day of the Month

### **3. PURCHASE AND INVESTMENT**

Each Shareholder signifies that he or she is acquiring and has acquired his Shares for his own account for investment and not with a

view to, or for resale in connection with, any distribution thereof or with any present intention of selling any portion thereof.

#### **4. TRANSFERS OF SHARES**

Except pursuant to this agreement the shareholder may not transfer give convey, pledge, charge, donate or assign his shares to another person A shareholder may sell transfer, pledge, assign, convey or transfer his all shares to the company or to the Board of Directors or to any outsiders on such terms and conditions as may be agreed.

The company shall have the exclusive right to purchase all the shares of the company. The Company shall exercise this right to purchase by giving written notice to the Offering Shareholder.

If the Company fails to purchase the shares then existing shareholders shall have the exclusive right to purchase those shares subject to the terms and conditions and in compliance with the rules mentioned in AOA.

#### **5. AGREEMENT BINDING ON ALL PERSONS INTERESTED IN SHARES:**

Every subscriber who now or hereafter subscribes the shares shall be bound by the terms of this agreement.

#### **6. TERMINATION**

The rights and obligations of the Company and the Shareholders under this Agreement shall terminate upon written agreement of all then existing Shareholders or upon the registration or qualification of any or all of the Common stock of the Company.

#### **7. ROLES AND RESPONSIBILITIES OF THE PROMOTERS AND FOUNDERS**

The promoter shall be responsible for the day to day working of the company.

Promoters will act in good faith and act to protect the interest of the shareholders of the company.

Promoters will be equal in stature and will hold executive posts in the company.

Both the Promoters and Directors will take independent decisions regarding the defined areas and will be bound by the terms of this agreement.

## **8. VOTING**

Notwithstanding anything contained herein so long the shareholders continue to hold the shares of the company, no resolution shall be passed by the company or no decision shall be taken by either the Board or The shareholders of the company unless the prior consent of all is being obtained in a dually called meeting. Incident or affair of such nature are as follows:-

- Amendment or repeal of any provisions of, or adding any provision to, the company rules.
- Changing the nature or scope of the business of the company.
- Further, Increase in the capital of the company.
- Declaration of dividend
- Approving the annual budget of the company
- Transfer of shares.

## **9. DISPUTE RESOLUTION**

In an unlikely case of disagreement between the parties, the same shall be resolved by the mutual consent of the parties in a meeting of Board and Shareholder.

In case the meeting remains inconclusive the case shall be resolved by the arbitrator and the decision of the Arbitrator shall be final. An arbitrator shall be appointed by the mutual consent of the parties.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement on the day and year set forth below.

COMPANY

FIRST SHAREHOLDER

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Authorized Signature

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Authorized Signature

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Print Name and Title

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Print Name and Title

SECOND SHAREHOLDER

THIRD SHAREHOLDER

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Authorized Signature

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Authorized Signature

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Print Name and Title

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Print Name and Title