

Investment Agreement:

Investment Agreement

This Agreement to be called the Investment Agreement is made this the day of, 200 ,

Between

the Bank/FI (precise name to be inserted here) established under the Order/Act, (P.O./Act No. of)/registered under the Companies Act, 1994 (Act No 18 of 1994) / the Companies Act, 1913 (VII of 1913), hereinafter referred to as the Bank/FI (which expression shall unless excluded by or contrary or repugnant to the context be deemed to include its successor or successors and assigns), having its Head Office at Dhaka/Rajshahi, on the One Part,

And

M/s..... Ltd., a private limited company, registered under the Companies Act, 1994 (Act No.....of 1994), hereinafter referred to as the Company (which expression shall unless excluded by or contrary or repugnant to the context be deemed to include its successor or successors and assigns), having its Head/registered office at Dhaka /, on the Other Part.

Whereas -

- A.** Pursuant to the Co-operation Agreement of, 200 , entered into between the Bangladesh Bank [hereinafter referred to as “Bangladesh Bank (EEF Unit)”] and the Bank/DFI/FI and pursuant to the EEF circulars issued from time to time for administration of the Equity and Entrepreneurship Fund (hereinafter referred to as “the EEF”), the Bank/DFI/FI has agreed to extend equity-support, on behalf of the Bangladesh Bank (EEF Unit), to the eligible private limited companies;
- B.** The Company has drawn up a plan to set up and subsequently operate a factory for the production ofatas described in **Annex-1** hereto (hereinafter referred to as "the Project");

- C. The implementation of the Project is expected to involve a total cost of Tk..... (including the net working capital) as estimated by the Company, the summarized particulars of which and means of financing thereof are shown in **Annex-1** hereto; and
- D. The Company has requested for the equity-support from the EEF and the Bank/DFI/FI agrees, on behalf of the Bangladesh Bank (EEF Unit), to contribute to the aforesaid financing of the Project by participating in the Company's share capital for a total nominal amount of Tk.....(being the par value ofshares of the Company) on the terms and conditions contained in this Investment Agreement, including the condition that participation of the Bangladesh Bank (EEF Unit) as the agent of the GOB in the paid-up share capital of the Company shall not at any time exceed 49% (forty nine percent) of the Company's total paid-up capital. However, if the company takes loan from any bank/financial institution then such percentage of equity-support shall not exceed 33.33% of the total cost of the project (including net working capital) of the company concerned.

Now, therefore, the parties hereto hereby agree as follows :-

1. The sponsors of the Company agree to sell to the Bangladesh Bank (EEF Unit) in the name of the Government of the People's Republic of Bangladesh hereinafter referred to as the "GOB") and the Bank/DFI/FI agrees, on behalf of the Bangladesh Bank (EEF Unit), to purchase from the Company its shares for the amount as aforesaid at "D" above.
2. Before disbursement of the equity-support from the EEF to the Company, the Company shall produce evidence to the Bank/FI to the effect that the sponsors' own equity in the Company has been fully invested in the project and matching physical progress of the project has been made to the satisfaction of the Bank/FI.
3. At the time of disbursement of the equity-support, the Company shall issue share certificates representing the EEF equity-support to the Company in the name of the GOB and hand them over to the Bank/DFI/FI for safe custody.
4. During the subsistence of the EEF equity-support to the Company, the Bank/DFI/FI shall nominate its representative, on behalf of the Bangladesh Bank (EEF Unit), on the Company's Board of Directors to attend the meetings thereof as well as the

meetings of the Company's shareholders, and a provision to that effect shall be made in the Company's Memorandum and Articles of Association, and two authenticated copies thereof shall be submitted by the Company to Bank/DFI/FI:

Provided that the representative of the Bank/DFI/FI shall not be required to hold any shares of the Company in his personal name :

Provided further that no quorum shall constitute at the meetings of the company's shareholders without the presence thereof of the representative of the Bank/DFI/FI notwithstanding any provision to the contrary appearing in the Articles of Association of the company. In case of meeting of the Board of Directors, the notice of the meeting along with its agenda should be issued at least 3(three) working days before ordinary board meeting and at least 1(one) working day before emergency board meeting to the representative of Bank/DFI/FI and also to the EEF Unit. On being duly received by the representative or by the EEF Unit, the notice will be considered to have been duly served and the concerned Board meeting could be held and concluded according to the agenda in absence of the representative of the Bank/DFI/FI.

Provided also that the minutes of the meetings of the Board of Directors and the shareholders shall be submitted to the Bank/DFI/FI immediately after each of such meetings.

5.
 - a. The sponsors of the company may **buy-back** the shares (issued by the company in favour of the Government of the People's Republic of Bangladesh) from the Bangladesh Bank (EEF Unit) at the **face value** thereof during the **first three years** commencing from the date of the first disbursement of the equity-support.
 - b. The sponsors of the company **shall buy-back** such shares as referred to above during the period of **next five years** either at the **face value** or at the **break-up value** thereof, whichever is higher.

c. Bangladesh Bank (EEF Unit) may sell the remaining shares (not bought-back by the sponsors of the company **before the end of the first eight-year period** as mentioned above) either at the **face value** or at the **break-up** value thereof computed on the basis of the company's latest Balance Sheet certified by the recognized Chartered Accountants' firm or **at such price as may** otherwise be determined by the Bangladesh Bank (EEF Unit), **whichever is the highest**, to the Bank/DFI/FI (if it is so interested in buying such shares) and/or to whosoever is interested in buying such shares.

d. If such shares cannot be sold at the end of eight years, Bangladesh Bank (EEF Unit) will have the authority to convert those shares into debt of the sponsors. Bangladesh Bank will also fix up interest rate for such debt.

6. During the subsistence of the EEF equity-support to the Company, the sponsors/Directors thereof shall not sell or transfer otherwise their shareholdings in the Company without prior approval in writing of the Bangladesh Bank (EEF Unit).

7. The Company agrees that **it shall -**

- (1) meet any shortfall in the means of finance for covering the total cost of the project out of the sponsors' own resources;
- (2) maintain all books of accounts properly which may be inspected by the Bank/DFI/FI and/or the Bangladesh Bank (EEF Unit) as and when required;
- (3) submit quarterly progress report on the project regularly to the Bank/DFI/FI on the prescribed pro-forma;
- (4) submit to the Bank/DFI/FI the audited Balance Sheet, together with the profit and loss accounts, of the company for every financial year within four months from the date of close of the Company's financial year;
- (5) furnish to the Bank/DFI/FI such other information/data on the project as and when required by the Bank/DFI/FI and/or the Bangladesh Bank (EEF Unit);

(6) insure with the Sadharan Bima Corporation and/or any other Bangladeshi Insurance Company acceptable to the Bank/DFI/FI all fixed assets of the project, both existing and future, covering the following risks :-

- (a) fire (with re-instatement clause);
- (b) riot;
- (c) strike;
- (d) damage; and
- (e) cyclone; and

(7) adequately insure to the satisfaction of the Bank/DFI/FI all other assets necessary for the continued operation of the project (including raw materials, finished goods, work-in-process, etc.).

(8) The Company agrees that **it shall not** -

- (1) appoint any managing agent without obtaining prior approval in writing of the Bank/DFI/FI and the Bangladesh Bank (EEF Unit);
- (2) make any alteration in, or amendment to, the Company's Memorandum and Articles of Association without obtaining prior approval in writing of the Bank/DFI/FI and the Bangladesh Bank (EEF Unit);
- (3) provide any loan or advance by whatever name called to any of its Directors or shareholders or to a firm or company in which its Directors or shareholders have any interest.

(9) This Agreement shall be executed in triplicate (one each for the Bangladesh Bank (EEF Unit), Bank/DFI/FI and Company), each of which shall be deemed an original but all of which together shall constitute one and the same Agreement.

In witness whereof, the parties hereto acting through duly authorized representatives have caused this Agreement to be signed in their respective names as of the date first above written.

Company

By.....

Witnesses :

- 1.
- 2.

Bank/FI

By.....

Witnesses :

- 1.
- 2.

Annex-1 to the Investment Agreement

of _____, 200 , - M/s. _____ Ltd.

Project Description

- (a) The project consists of the establishment and subsequent operation by M/s. _____ Ltd. of manufacturing _____
- (b) The proposed annual capacity of the factory will be _____
- (c) It is expected that the factory will go into commercial production in _____
- (d) Other essential features of the project.

The estimated cost of the project and means of finance thereof are as follows :-

Cost of the Project	Taka in million		
	F/C	L/C	Total
Fixed cost			
Land			
Buildings			
Machinery/equipment			
Installation and other costs			
Pre-operating expenses			
Contingencies			
Net working capital (1st year)			
Interest during construction, if any.			
Total Capital outlay			

Means of finance	Taka in million		
	F/C	L/C	Total
Paid-up capital			
*Sponsors' contribution			
The Bangladesh Bank (EEF Unit)'s contribution			
Total equity			
Term loans, if any			
Bank/FI			
Deferred payment of interest due, if any			
Total loans			

Total loan and equity _____

*Name of sponsors	Equity contribution
1.	
2.	
3.	
4.	
5.	
6.	
7.	