MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) (Binding in nature) is made on this day of 28th May 2023 at New Delhi

BETWEEN

First Party: Skyways Air Services Private Limited (SKW), having its registered office at **A-128 & 129, Mahipalpur Extension, NH-8, New Delhi- 110037** represented by **Yashpal Sharma and Rohit Sehgal as Directors**

And

Second Party: Pioneer Air Cargo Co., Ltd. (PAC) having its registered office at **47 Soi Sukchai (Yak Ban Kluay Tai), Sukhumvit 42 Rd., Prakanong, Klongtoey, Bangkok 10110** represented by **Theerachote Ratanatraiphob**

WHEREAS, First Party is a leading Company in the business of International Freight Forwarding Business and has multiple ventures in the logistics business and interested to spread its wings in **Thailand** by setting up a Joint Venture Company with a suitable partner.

WHEREAS, "Second party" is a company, registered in Thailand (mention the statutory body name) and desirous to become a Joint Venture partner with the "First-party".

WHEREAS, the parties desire to establish between them a joint venture in order to collaborate in the field of International Freight Forwarding and Logistics

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants and commitments set forth herein, the parties hereto agree as follows:

1. Joint Venture % of shareholding –
    - Skyways Air Services Private Limited-49%, (SLS)
      (Upon obtaining approval from the Foreign Business License authority, the shareholding percentage of Skyways is agreed to be increased to a maximum of 70%.)
    - Pioneer Air Cargo – 51%, (PAC)
    - Initial capital to be Invested in Thai Baht (Amount be decided mutually)

2. Business plan to be agreed and signed for 3 years as guiding document for the JV. A professional team hired mutually shall drive the business and implementation of strategies as may be approved by both the parties.

3. Area of Operations of JV – Ocean, Air & Road Freight forwarding and Warehousing
   NOTE:
   - *Any existing or new business that is deemed to be in direct competition to either SLS or PAC, will need to be discussed and mutually agreed upon between both parties.*

- *In the event that both parties are working with the same customer/agent, there would need to be discussions and a mutual agreement to be reached.*

4. Business coverage – India and Rest of the World (ROW)

	Business selling activity done by	Region	Selling party	Handling Party
1	Skyways and JV Joint effort	THAILAND	JV	The 1st priority to be given to PAC. If PAC are unable to handle, then a JV approved agent/vendor to be used.
2	Skyways and JV Joint effort	ROW	JV	Skyways if present in that country, or else a jointly approved agent/vendor to be used.
3	JV	ROW	JV	Skyways if present in that country, or else a jointly approved agent/vendor to be used.
4	JV	IND	JV	Skyways or its group companies

Freight Procurement:

(i) Air Freight: In Thailand, by JV, with 1st priority given to PAC. If PAC are unable to match competitive rate, a Skyways approved Agent/Vendor could be used.

(ii) Ocean Freight :

- 1st Priority to be given to PAC Ocean contract rates and if PAC are unable to match competitive rates, Skyways could obtain rates direct from Shipping Lines or approved Forin Agent/Vendor.
- Consolidator: Only through Forin Container Line Pvt. Ltd approved agent/vendor

(iii) Customs Brokerage: To be handled by PAC in-house Customs Brokerage Department.

(iv) Trucking: 1st priority to be given to PAC Trucking Fleet.

(v) Overseas Agent : JV to decide on agent to use only if through a Freight Network Forin Container Lines or Skyways network or a Board approved overseas Agent

5. MANAGEMENT OF THE COMPANY

a. Team to be finalised as per the business plan

b. Banking operations & controls-
Two Bank Accounts to be opened in the name of the JV

- 1st Account to hold funds held as major investment (Signatories to be from both Pioneer & Skyways)
- 2nd Account for daily disbursements for operations (Signatories to be from both Pioneer & Skyways)

c. Every payment voucher to be approved by both Pioneer and Skyways Signatories

d. Online banking access to be with authorized Directors both Pioneer & Skyways

e. The preferred banker shall be The Bangkok Bank, Thailand.

f. The JV would be required to operate in strict Compliance of all laws of Thailand, which would include all legal reporting to Thai Revenue & other Authorities as required by Thai Law.

g. Accounting : A suitable Thai person to be appointed to handle the Accounts functions of the JV and to liaise closely with JV/PAC Management as well as SLS Management and to prepare & provide regular reporting as required by Skyways and to also prepare all documents required by Thai Revenue Authorities including preparation of P&L, Balance Sheets etc.

6. THE BOARD OF DIRECTORS

a. Total no of Directors will be 7 Board positions – (Upto 2 for Pioneer and upto 5 for Skyways)

b. Quorum to be minimum of 3 directors (2 from Skyways and 1 from Pioneer)

c. Representation / Nomination of Directors- Skyways shall have the right to induct new directors of Skyways to replace any Skyways Directors who have resigned, upto a maximum of 05 Directors in the Board.

d. Skyways directors to be nominee Directors not working directors

e. Suspension or Removal of Directors – The Board of Directors (BOD) have to recommend removal to Shareholders who shall give final approval for removal of any Director(s) of Skyways.

f. The Director of the JV from Pioneer Air Cargo would be required to carry the designation of 'Executive Director' as this would be a requirement for approval of payments and signing of Company cheques.

g. Skyways Directors not to retire by rotation

h. No sitting fees to be paid for board meetings

i. Transfer of shares- Neither party can transfer shares, Skyways to get first offer always at Book Value. Skyways and Pioneer both have to give 3 months' notice in case of exit wants from the JV.

j. Observers & Special Experts – Both Pioneer & Skyways shall have the right to appoint observers or special experts to attend Board meetings.

7. Auditors- Pioneer & Skyways in joint consultation to appoint a suitable Auditor

8. MIS – The JV needs to ensure Monthly MIS is given by 15th every month for previous month. This Format to be provided by Skyways.

9. Quarterly audit - SKYWAYS appointed observer to quarterly audit the books and business process.

10. RIGHT TO EXIT- Both parties have the right to receive the first offer to exit with prior notice of 3 Months

11. Dividend declaration: 50% profit of each year shall be distributed as dividend to all shareholders in the respective shareholding ratio. The balance at the minimum amount, as per Thai Law, shall be retained in the company to build company reserves.

12. **GOVERNING LAW** – Thailand law would be deemed applicable in any given situation.

13. **ARBITRATION** – Arbitrators shall be mutually appointed by Skyways and Pioneer and the arbitration process would need to be carried out in Thailand.

14. **Cost and Expenses for formation of JV** – The Company Registration Charges to be met by both by JV partners in shareholding ratio. Any other Pre & Post Incorporation expenses if any, to be met by the JV.

15. **INDEMNITY & INSURANCE**– In any event of Fraud, E&O and any other violation of the law, due process would need to be followed as per the laws of Thailand. The JV would also need to obtain a suitable Freight/Marine Insurance Policy to protect against operational issues and also Errors & Omissions.

16. **Memorandum and articles of association**

FUNDAMENTAL ISSUES:

Certain matters to be reserved for shareholders only and only with the affirmative consent of both Pioneer and Skyways:

- Approval of the annual expenditure budget of the Company
- Authorizing expenditures of a capital nature in excess of THB 350,000 (in a year or THB 200,000 per project.
- The leasing of any of the Company's property
- Commencement of any new line of business
- Issue of shares in or debentures of the Company
- To pay and charge to the capital account of the Company any commission or interest, lawfully payable there out as per the provisions of Companies Act
- Aggregate borrowing in excess of an amount in excess of 25% the paid-up capital of the Company. Disposal of any fixed assets of the Company in excess of an amount equal to 2.5% of the paid-up capital of the Company
- Appointment and remuneration and terms of service of Directors and senior executives of the Company
- Appointment of the Chairman of the Board of Directors
- Appointment and removal for the Company's auditors
- Entering into or giving of any warranty by the company except so far as such warranty relates to the performance of a contract by the Company in the ordinary course of business
- Entering into any amalgamations, reconstructions or mergers or the like or any capital transactions or assumptions of liabilities involving the Company with other firms or corporation
- Investment of surplus funds of the Company
- Appointment of Business Partners or Agents of the Company's services
- Purchase of real estate
- Air travel costs of Skyways Directors to/from Thailand should not be debited to the JV's account.

In Witness whereof, the Parties have caused this Memorandum of Understanding to be duly executed and delivered as of the date first written above.

FIRST PARTY

For **Skyways Air Services Private Limited**

.....
Yashpal Sharma (Director)

.....
Rohit Sehgal (Director)

SECOND PARTY

For **Pioneer Air Cargo Co., Ltd.**

.....
Theerachote Ratanatraiphob (General Manager)

HARJEET SINGH
13/366 GEETA COLONY DELHI 110031
Witness 1 (Name, address and signature)

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Witness 2 (Name, address and signature)