Deal Destination

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TRANSFER RESTRICTIONS – WOULD THEY HOLD UP IN COURT

Negotiating a private equity investment in India, particularly the complex ones tend to raise doubts on enforceability. Ultimately, such doubts are cast aside when deal terms are recorded in writing in a formal agreement. But it doesn't end with having a written contract alone. However exhaustive it may be!

Many who are accustomed to such transactions may be aware of the next step to take to ensure enforceability – inserting such rights in the charter documents of the company. Such is the practice that is widely followed globally.

We don't mean to alarm you, but in the Indian context, certain rights (even if documented in water tight agreements and reflected in the company's charter documents) ultimately may not be enforceable.

Deal Destination thus starts a series on 'Enforceability of Shareholder Rights', which discusses hotly negotiated rights and protections granted to private equity investors and the enforceability of such rights under Indian law. We start off with 'Transfer Restrictions - Would They Hold Up in Court' which discusses the various restrictions on share transfers that are typically sought (lock-in conditions, tag alongs, ROFRs, etc.) and the degree of their enforceability in India.

To read more, please click on the link here.

- **Akshay Bhargav, Archana Rajaram & Amrita Singh**

You may direct your comments to **Ramya Krishnan-AniL**

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