

उत्तर प्रदेश UTTAR PRADESH

FW 929723

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING ("MoU") is made at Lucknow on the Third day of March Two Thousand and Twenty Three,

BETWEEN

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI), established under the Small Industries Development Bank of India (SIDBI) Act, 1989 and having its Head Office at SIDBI Tower, 15, Ashok Marg, Lucknow-226001 (hereinafter referred to as "SIDBI" which expression shall unless repugnant to the context or meaning thereof shall include its successors, assigns) of First part

AND

INDIAN INDUSTRIES ASSOCIATION, a society registered under the Societies Registration Act 1860, and working for the upliftment of MSMEs since 1985, having its registered office at IIA Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow -226010, Uttar Pradesh (hereinafter referred to as "IIA", which expression shall unless repugnant to the context or meaning thereof shall include its successors and assigns) of Second part

SIDBI and IIA are hereinafter singly referred to as 'Party' and collectively as 'Parties'.



[Handwritten signature]
1



WHEREAS,

- (1) IIA is an association that works closely with the Government at State and Central levels as well as with the Government Undertakings and Banks towards enhancing the growth of MSMEs and promotes indigenisation. IIA has been working closely with SIDBI since 2003 when as a joint venture "MSME Knowledge Bank" (MKB) was set up at IIA Bhawan which is fully operational as on date. IIA has more than 10000 MSME members as on date in the states of Uttar Pradesh, Delhi and Uttrakhand. IIA also proposes to expand its activities to the states of Punjab and Haryana. Since the announcement of Industrial Corridor in U.P in 2018, IIA have organized several awareness programmes / workshops and Defence Expo in association with the State Government, experts from the armed forces, academia and defence industry.
- (2) SIDBI is the principal financial institution for the promotion, financing and development of the MSME sector and for Co-ordination of the functions of the institutions engaged in similar activities. SIDBI is interested in evolving new mechanisms for increasing the credit delivery to the MSME sector in the country.
- (3) SIDBI has been endeavoring towards enlarging the financial outreach and to support MSMEs in Aerospace & Defence sector through direct financing as lender. As part of this endeavour, SIDBI would also fund requirements of MSME members of IIA.
- (4) IIA and SIDBI together intend to have a suitable arrangement for meeting requirements of MSME members of IIA to facilitate the credit flow to such MSME members.
- (5) The parties believe that by combining the strength and capabilities of both parties, various MSME members of IIA across India could be financially supported by SIDBI.
- (6) To achieve this objective, the Parties are now desirous of entering into this MoU to make SIDBI as the preferred partner of IIA, for considering financial assistance to its eligible MSME members.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, constituting good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties mutually agree hereto as follows:

1A. DEFINITIONS

Unless the context otherwise requires in this MoU the following words and expressions shall have the meaning respectively assigned to them

"Member" or "MSME Member" or "Borrower" shall mean Micro, Small and Medium enterprise as defined under Micro, Small and Medium Enterprises Act, 2006, which is a member of IIA.

"This MoU" - shall mean and include these presents together with all Schedules, all amendments, addendums, supplements to this MoU, letters issued and all other deeds, writings and other related documents. Recitals shall also form a part of this MoU.



1B. OBJECTIVES:

To implement the announcements made under the 'Atmanirbhar Bharat Package' and to position India amongst the leading countries in Aerospace & Defence (A&D) sector, MoD has formulated the draft Defence Production and Export Promotion Policy 2020 (DPEPP 2020). The DPEPP 2020 is envisaged as overarching guiding document of MoD to provide a focused, structured, and significant thrust to defence production capabilities of the country for self-reliance and exports. The Ministry of Defence (MoD) announced a negative list of items for which there would be an embargo on the import beyond the timeline indicated against them. The aim is to become self-reliant in defence industry and boost business by exporting to friendly nations and thereby becoming a techno-economic force.

Parties agree that the MOU has been signed with the following objectives:

- To extend mutual co-operation between the institutions for overall benefit of MSMEs in defence sector/ other sectors.
- IIA may refer its existing MSMEs members to SIDBI for considering sanction of financial assistance in the form of term loan/ working capital limit to deserving units. The sanction of financial assistance from SIDBI would be as per its internal policies and norms, without any recourse to IIA.

2. SCOPE OF SERVICES & OBLIGATIONS OF PARTIES

2.1 IIA Obligations:

- a. IIA shall designate an official/officials as nodal point of contact under the arrangement to deal with SIDBI.
- b. IIA to educate/motivate their offices across centers to promote the structured arrangement of SIDBI-IIA. SIDBI would be provided necessary participation in major events/ programmes to be conducted by IIA for its MSME members, including sharing of loan scheme, defence related knowledge series, etc.
- c. IIA would facilitate/ handhold and/or would cooperate with SIDBI and its officers/ representatives to onboarding of its MSME members on defence portal developed by SIDBI (defence.sidbi.in). This would be a knowledge depository about defence sector/ DPSUs and large OEMs and would provide an opportunity to onboarded MSMEs to showcase its capabilities and products to the interested DPSUs/OEMs etc.
- d. IIA shall submit/ refer to SIDBI, the Business leads/ lead reference as per the format at APPENDIX to this MoU, at "bd.dcv@sidbi.in" or any other SIDBI designated mail ID, as communicated from time to time. It is further agreed that lead shared over SIDBI designated mail ID through IIA designated mail ID containing complete details of prospective customers viz. customer name, complete address with pin-code, mobile number, email address, & brief detail of the project with indicative cost shall also be acceptable as valid lead reference under the MoU. In the event of default & term loan / working capital limit account of any of the customer referred by IIA, slipping to Stress/Non-



Performing Asset (NPA) category, IIA shall not be responsible for any such default NPAs or non-payment of loans. IIA will provide need-based information to SIDBI and also make an effort to encourage the customer for clearance of dues.

SIDBI's Obligations:

- a. SIDBI shall designate an official/officials as nodal point of contacts under the arrangement to deal with IIA.
- b. SIDBI shall advise details of referrals by IIA to its concerned Branch In-charges for needful action.
- c. SIDBI would provide term loan/ working capital limit to MSME units under this arrangement through its branch network, subject to extant guidelines & compliance of eligibility parameters including submission of application with checklist which may be decided and modified by SIDBI at its sole discretion. SIDBI may reject an application, without assigning any reason to the customer/IIA.
- d. Any additional information required to be sought from the customer, shall be sought directly by SIDBI.
- e. The proposals under the structured arrangement would be covered under existing schemes of SIDBI as per extant guidelines as modified from time to time & Interest rate under the term loan / working capital limit would be levied as per SIDBI's internal credit rating of the customer.
- f. In the event of default & term loan / working capital limit account turning Non-Performing Asset (NPA), SIDBI shall be free to initiate such legal action as it may deem fit, against the defaulting borrowers.

2A. GENERAL

- 2A.1 Any notice by SIDBI to IIA and vice versa shall be in writing and posted to the last known address by email / registered post/ courier service/ fax / hand delivered. Delivery by any of the above modes would be considered adequate.
- 2A.2 The parties mutually agree that in matters or situations not governed by this arrangement, the parties may mutually decide upon such matters/situations and shall make provision for the same by exchange of consent letters, such consent letters shall become part and parcel of this arrangement.
- 2A.3 IIA and SIDBI will jointly promote the arrangement to create maximum awareness about this arrangement in the MSME sector. However, IIA shall not publish and circulate any publicity material / brochure in connection with this arrangement without prior permission of SIDBI in writing.



3. DEFICIENCY OF SERVICES

In the event of any deficiency of services arising due to any act or omission of a party, the other party shall intimate the same by way of a written notice and shall take steps to rectify the same within 7 days from the date of knowledge of the party of such deficiency/ act/ omission having occurred.

4. AMENDMENT

In case both the parties mutually agree, decide to amend and / or waive any of the terms / conditions as stated in this arrangement during its subsistence, the same shall be either carried out by entering into a supplemental understanding or by exchange of letters, in such an event the said document / letter shall be read in conjunction with this MOU. However, such amendment shall have no impact on any specific agreement or project then in force, unless expressly agreed to.

5. LIMITATION OF LIABILITY

To the greatest extent permissible under law, neither party shall be liable for any special, indirect or consequential loss or damage, loss of profits, business, revenue and/or goodwill. However, no limitation shall be applicable in cases of claims relating to alleged IPR violation.

6. TERM AND TERMINATION

6.1 Term

The term of this MOU shall commence from the Date of this MoU and shall continue in full force for a period of one year unless terminated in accordance with Clause 6.2 below ("Termination").

The MoU can be extended for a further period, as mutually agreed, based on the outcome of the performance under the arrangement.

6.2 Termination

MOU may be terminated in the following manner:

- a. For convenience: by any Party by giving to the other Party a prior written notice of 60 (Sixty) days; or
- b. The termination/expiration of this MOU shall be without prejudice to any rights or obligations of the Parties that may have accrued prior to the termination and, except as otherwise expressly provided herein, shall not limit any rights or remedies which may be available by law or otherwise.
- c. Both Parties acknowledge and agree that the underlying engagement/ arrangement is being entered into for **1 year** and that parties may at their sole discretion and subject to mutual agreement enter into a comprehensive service agreement capturing all terms and conditions.
- d. Notwithstanding anything contained in Clauses 6.1, & 6.2 herein, in respect of Loan(s) availed by the MSME Customers from SIDBI under this MoU during currency of said **1 year** shall continue to be governed by the



covenants of this MoU and obligation of scope of services would be applicable on both the parties till the currency of the individual term loan / working capital limit(s) under the arrangement, even after expiry/ termination of this MoU.

6.3 Counterparts.

This MOU may be executed in 2 (two) counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and which together shall constitute one and the same instrument.

7. OTHER TERMS AND CONDITIONS

7.1 This is a non-exclusive cooperation and collaborative agreement for both parties. Both parties are free to offer / obtain similar services to / from other entities, subject always to maintaining confidentiality obligations stated herein.

7.2 To meet evolving needs and to enable parties to discharge the responsibilities with regard to specific obligations or financial commitments, the parties by mutual consent can enter into specific agreement(s) and the same shall be treated as a supplement to this MoU.

7.3 The parties hereto agree and confirm that they are duly incorporated and the signatories to the MOU are duly empowered and authorized to execute and bind the respective parties. Both parties confirm that they are competent to enter into such an MOU under the respective laws. This MOU shall be effective as on the date of execution and shall continue in full force unless terminated or as provided hereinbefore.

7.4 It is made clear under this MoU that the arrangement under this MoU does not involve outsourcing of any core responsibilities of SIDBI to IIA and SIDBI shall remain responsible for all the core activities related to the financing of the customers.

7.5 SIDBI shall not be dragged into any disputes, (i) amongst the MSME members of IIA; and (ii) between IIA and its members. SIDBI shall also be insulated from any act of fraud. IIA shall ensure to inform about the same to its members/ stipulate such condition in the agreements with its members, if any.

8. JURISDICTION AND GOVERNING LAW

This MOU shall be governed and interpreted by and construed in accordance with the laws of India. The courts of Lucknow shall have the exclusive jurisdiction to preside over disputes.

9. DISPUTE RESOLUTION AND ARBITRATION

In the event of any dispute or difference relating to/or arising from or connected with this MOU, the parties shall endeavor to amicably resolve the differences by a meeting of chief executives of the respective parties.



[Handwritten signature]



However, in the event of failure to resolve the dispute amicably, any party to the Dispute shall be entitled to serve a notice invoking this Clause and making a reference to arbitration. The arbitration shall be conducted and managed by the Arbitration and Conciliation Act 1996 as in force. All disputes and questions whatsoever which shall arise either during the currency of this Agreement or afterwards, between the Parties concerning this Agreement to a single Arbitrator in case the Parties agree upon one. Otherwise, each party will appoint one Arbitrator within fifteen (15) days and both the arbitrators shall jointly appoint the presiding arbitrator within a period of ten (10) days. The panel of the three arbitrators shall attempt to resolve the Dispute within a period of thirty (30) business days from reference. The decision of the arbitrators shall be final and binding on the Parties.

Costs and fee other than each party's attorney's fee shall be shared equally by both the parties. The venue and seat of the arbitration shall be Lucknow and the language for conducting the arbitration shall be English.

10. CONFIDENTIALITY & CITIZEN PRIVACY

- a. Both parties acknowledge the confidentiality of any information whether or not expressly labelled or communicated through written or email communication as "Confidential" in any manner, which may be transferred between the parties from time to time as being essential to this MOU and specifically agree not to disclose the same to any third party at any time without express written consent from the other party. Both parties shall take all suitable and necessary precautions at their own cost to uphold the terms of this clause.
- b. IIA acknowledges that SIDBI has a responsibility to its customer to keep its customer Information strictly confidential. IIA and its Personnel shall keep strictly confidential any SIDBI's customer records that SIDBI or its customer discloses or of which IIA or IIA's Personnel become aware.
- c. Neither IIA nor its personnel shall disclose or use SIDBI's customer information other than to carry out the purposes for which SIDBI disclosed such customer Information to IIA.

11. INTELLECTUAL PROPERTY RIGHTS

Under no circumstances shall the intellectual property rights, including trademarks, service marks, logos, trade names owned by one Party vest with the other, unless expressly agreed to in writing by the Party which owns the said Intellectual Property.

12. SEVERABILITY

It is expressly agreed and declared that if for any reason whatsoever after execution hereof a court of competent jurisdiction holds any provision hereof to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provisions of this MOU.

13. STATUTORY COMPLIANCE

SIDBI and IIA agree that all services rendered, and operations conducted pursuant to this MOU shall be in compliance with all legislation, statutes, ordinances, regulations, administrative rulings or requirements of law.



[Handwritten signature]



14. ASSIGNMENT

Neither party shall be entitled to assign any rights under this arrangement or the rights, benefits and/or obligations arising out of this MOU to any person, partly or fully, without prior written consent of the other party.

15. FORCE MAJEURE

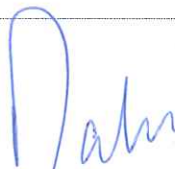





Circumstances beyond the reasonable control of the parties such as acts of God, public enemy, war, hostility, civil commotion, fires, floods, explosion, epidemics, guarantee restriction, lawful strikes and lockouts, shall be treated as conditions of Force Majeure.

Force Majeure events that cause extended periods of inability to perform mutual obligations as per this MOU shall attract automatic termination of this MOU. Any continuous period of THREE MONTHS or multiple discontinuous periods amounting to THREE MONTHS shall be considered as extended period of inability for the purposes of this clause.

16. The Parties are independent entities, and no agency, partnership, joint venture or employee employer or principal and agent relationship is intended or created by this MoU. Neither Party will make any warranties or representations on behalf of the other.



IN WITNESS whereof the Parties by the hand of duly authorized representative signed these presents of on the day month and year mentioned below:

For and on behalf of Small Industries Development Bank of India (SIDBI)	  (Signature of Authorised Representative of SIDBI & stamp) Name: Shri Rahul Priyadarshi Designation: Chief General Manager
For and on behalf of Indian Industries Association (IIA)	  (Signature of Authorised Representative of IIA & stamp) Name: Shri Ashok Kumar Agarwal Designation: President
Witness	 Name: D.S. Verma Designation: Executive Director IIA
Witness	 Name: V. SRINIVASAN Designation: GM
Date : March 03, 2023	
Place : Lucknow	

**SIDBI – IIA Structured arrangement
Customer Recommendation Sheet**

1	Details of the Member		
	Name of the Unit		
	Address of the Unit		
	PAN No. of the Unit		
	GSTIN No.		
	Constitution of the Unit	Proprietorship/Partnership/Pvt. Ltd/Public Ltd. Co. etc.	
2	Market feedback of the Member:		
3	Details of expenditure proposed (Rs. Lakh)		
	Name of machine/Equipments/ raw materials	No.	Estimated Cost
	Any other bonafide business purpose		
	WC limit		
			Grand total
4	Loan amount sought	₹__ lakh	
5	Whether the applicant is a member of IIA? If yes, period of association with IIA and past track record.	Yes/No	
		Period of association	
		Membership Number	
		Track Record	Satisfactory / Good / Excellent

Declaration:

- As per our due diligence, the above unit is a bonafide unit well known to IIA with no adverse market standing.
- The proposal is hereby preliminarily recommended for processing by SIDBI under SIDBI-IIA Structured Arrangement in terms of MoU dated with SIDBI subject to final decision based on conformity to the eligibility norms of SIDBI and viability of the proposal.
- We understand that this preliminary recommendation would not be construed as sanction of assistance or any obligation on SIDBI to sanction financial assistance.

		(Signature)	
		(Authorized Signatory, IIA)	
Date		Name	
Place		Designation	

