



नया दिल्ली DELHI

B 212617

MEMORANDUM OF UNDERSTANDING

Between

YES BANK Ltd. & THE NATIONAL SMALL INDUSTRIES CORPORATION LTD.

This Memorandum of Understanding (hereinafter called MOU) is made on this 12th Day of July, 2006 at New Delhi between YES BANK Limited, a body corporate constituted under the Companies Act 1956, with its Head Office at Nehru Centre, 9th Floor, Discovery of India, Dr. A.B Road, Worli, Mumbai 400018 (hereinafter referred to as "YES BANK" which expression shall, unless it be repugnant to the context or meaning thereof, mean and include its successors and assigns) of the First Part,

And

The National Small Industries Corporation Ltd., a Government of India Enterprise having its registered office at NSIC Bhawan, Okhla Indl. Estate, New Delhi -110020 (hereinafter referred to as NSIC, which expression shall, unless repugnant to the meaning or context thereof mean and include NSIC, its successors in interest and permitted assigns) of the Second Part.

WHEREAS the NSIC and YES BANK are desirous of executing a Memorandum of Understanding (MOU) with a view to record the broad terms and conditions mutually agreed to, by and between them subject to working out the modalities and terms of implementation in detail, in due course, as may be agreed between the NSIC and YES BANK.



**NOW THEREFORE THIS MEMORANDUM OF UNDERSTANDING
WITNESSETH AS UNDER:**

1. Loan Application forms of YES BANK along with the broad terms & conditions will be made available at the operational office(s) of NSIC, to be provided to SME units (List of NSIC Offices is enclosed).
2. YES BANK will provide a list of branches and controlling offices where application forms for credit support are to be forwarded by the operational offices of NSIC collecting applications from interested SMEs.
3. The NSIC will forward the credit proposals to YES BANK's branches, without any liability on its part for sanction.
4. YES BANK may accept loan applications forwarded by NSIC and consider sanctioning loans on merit basis and as per lending norms laid down in the lending policy of the Bank.
5. After sanction of the loan applications, all necessary action relating to dealing with the borrowers (including disbursement, monitoring, recovery etc.) would be taken up by YES BANK.
6. Upon sanction of the loan, YES BANK will pay within 30 days, 50% of the processing fee received from applicants to NSIC for each application so forwarded. Subsequently, processing fee recovered from the applicants at the time of review / renewal will be shared in the same proportion and shall be paid within 30 days from the date of review of the Accounts.
7. This arrangement of financing by YES BANK's branches shall be extended to the projects relating to SME Sector at different places where bank branches are located or other important industrial centres throughout the country.
8. NSIC is operating a Performance and Credit Rating Scheme for Small Enterprises (SEs) wherein SEs units are rated in terms of 'performance and credit parameters'. Seven rating agencies viz., CRISIL, DUN & BRADSTREET, ICRA, CARE, ONICRA, FITCH & SMERA have been empanelled by NSIC under the scheme for rating of the Small Enterprises. YES BANK may refer its customers to NSIC so as to be rated by any one of the seven agencies as selected by the customer. In respect of the units rated by any of the above agencies and applying for credit support under this arrangement, the Bank will promote such units and re-calibrate the interest rates and security norms while considering the sanction of their proposals.



9. NSIC organizes various open houses / exclusive sessions, campaigns to create awareness of the schemes implemented by it as well as the arrangements like the one covered under this MOU. YES BANK and NSIC may also jointly hold similar open houses / campaigns to create awareness of their schemes and also take necessary steps to promote the business of mutual interest.

10. Under this understanding, the above arrangements would be given publicity by NSIC and YES BANK. Details of the arrangement shall also be publicised through the website of NSIC and YES BANK.

11. This MOU will be valid for a period of 3 years and may be renewed on mutually agreeable terms & conditions. Any amendment to the MOU will be mutually agreed upon and will be in writing signed by both the parties. During the term of this MOU and extension thereof, NSIC or YES BANK may enter into similar arrangements with any other agency.

12. The MOU can be terminated by either party by giving 60 days prior notice to the other party. During this notice period, NSIC shall not collect any fresh applications from any SME Unit to be forwarded to YES BANK for credit support. YES BANK will however carry out and complete the appraisal of applications in all cases where the applications are received by them prior to the date of termination notice.

13. YES BANK shall have the right to refuse, accept or not to accept the proposal of a particular Small & Medium Enterprises at its sole discretion and the same may not be disclosed to the customer. However at the request of NSIC, YES BANK may inform the reasons for rejection.



Signature

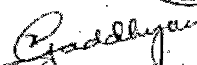


In affirmation, the parties hereto have signed this Memorandum of Understanding on this day first here in above written.

Signed and Delivered By
the within Named
YES BANK Ltd
Through its
Authorised Signatory
Sh. Rana Kapoor
Managing Director & CEO

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Witness


In the presence of
Sh. DEEPAK KR. GADHYAN
(YES BANK) LTD.
NEW DELHI

Signed and Delivered By
the within Named The National
Small Industries Corporation Ltd.
through its
Authorised Signatory
Sh.H.P Kumar
Chairman cum Managing Director

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Witness

In the presence of
Sh. Gaurang Dabot
NSIC LTD. New Delhi
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