



GOVERNMENT OF KERALA

Abstract

Industries Department - Kerala State Electronics Development Corporation Limited - formation of Joint Venture between Keltron & Krasny Defence Technologies Pvt. Ltd. - No Objection Certificate for signing MOU -Sanctioned - Orders issued.

INDUSTRIES (D) DEPARTMENT

G.O.(Ms)No.7/2023/ID Dated,Thiruvananthapuram, 02-02-2023

Read 1 Letter No. CMD/GOVT/2022-23/138 dated 28/10/2022 from the Chairman and Managing Director, Keltron.

2 Letter No. CMD, GOVT-32/2022-23/147 dated 26/11/2022 from the Chairman and Managing Director, Keltron.

ORDER

As per the letter read 1st paper above, the CMD, Keltron has submitted a proposal with concept note to Government for the formation of Joint Venture between Keltron & Krasny Defence Technologies Pvt. Ltd. and informed that M/s Krasny Defence Technologies has shown interest to form Joint Venture with Keltron, mainly to tap the various requirements from Indian Navy regarding Sonar Arrays. M/s Krasny is working in the Defence field catering to the maintenance of ships.

2. As per the letter read as 2nd paper above, the CMD, Keltron has furnished a draft MoU to be signed with Krasny Defence Technologies Pvt. Ltd. for the formation of the proposed Joint Venture Company. As per Clause III B (X) of MoA of Keltron, the company is empowered to sign MoU/JV with any person/ company in similar fields of activity.

3. Government have examined the matter in detail and are pleased to accord No Objection Certificate to Keltron for signing the MoU

attached along with this order with Krasny Defence Technologies Pvt. Ltd. for the formation of the proposed Joint Venture Company by strictly adhering to the rules and regulations in this regard.

(By order of the Governor)
A P M MOHAMMED HANISH
PRINCIPAL SECRETARY

To:
The Chairman & Managing Director, Keltron, Vellayambalam.
The Accountant General (A&E/E&RSA), Kerala, Thiruvananthapuram.
Law Department
General Administration (SC) Department
Web & New Media
Stock file / Office Copy

Forwarded /By order

Signed by

Divya Y V

Date: 02-02-2023 17:29:29
Section Officer

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) is made on this theday of 2022 at by and between:

1.1 Kerala State Electronics Development Corporation Limited, (hereinafter referred as KELTRON' which expression shall unless it be repugnant to or inconsistent with the subject or context thereof be deemed to include their successor and assigns), a Company registered under Companies Act, 1956 with Corporate Identity Number U74999KL1972SGC002450, a Public Sector Enterprise, owned by Govt. of State of Kerala and having their principal place of business at Keltron House, Vellayambalam, Thiruvananthapuram, represented by its Chairman and Managing Director Mr. N. Narayanamoorthy, of the ONE PART and KRASNY DEFENCE TECHNOLOGIES LIMITED, (hereinafter referred to as "KRASNY" which expression shall unless it be repugnant to or inconsistent with the subject or context thereof be deemed to include their successor and assigns) a Company registered under Companies Act, 1956 with Corporate Identity Number U35110MH1995PLC085711, a Limited Company, having their principal place of business at 12th Floor, Great Eastern Summit, Plot No. 66, Sector-15, CBD Belapur, Navi Mumbai-400614, represented by its Chairman and Managing Director, Cdr (Dr) V.G. Jayaprakasan of the OTHER PART.

1.2 KELTRON and KRASNY shall hereinafter be jointly referred to as "the Parties" and severally as "the Party".

1.3. WHEREAS Krasny Defence Technologies Limited, is a company set up with a purpose to harness the core competencies of highly trained, experienced and motivated veterans, to provide service support for the defence services, especially for Indian Navy and Indian Coast Guard. Krasny has widened its customer base and reach by establishing offices and workshops across the Indian Coast viz. Mumbai, Goa, Karwar, Kochi and Visakhapatnam, as well as a liaison office in New Delhi. Presently, the company has a strength of over 150 personnel with domain knowledge in diverse fields on their permanent roles and over 500 personnel through contract or outsourcing route, undertaking a wide range of activities such as refits of ships (electrical / electronic / hull / engineering), Russian avionics repairs, Russian weapon / controls equipment repairs, outfitting of new construction ships / submarines etc. The company has been maintaining a very strong grass root level reach with Russian Original Equipment Manufacturers of Naval system, ship & submarine building yards,

design bureaus as well as smaller enterprises, who are feeders to the larger companies with sub-systems and major components / material.

1.4. WHEREAS, KELTRON is engaged in the activities of Manufacturing Products for Indian Navy, NPOL, ISRO, DRDO and other Defence Departments of Government of India for past five decades. KELTRON has proven experience in successfully executing major projects for Indian Navy. Being a Government of Kerala wholly owned Public Sector Undertaking, KELTRON manufactures electronic components in its own facilities and are specialists in Traffic Signals and Enforcement, Defence application, Control Instrumentation, Industrial UPS, IT related products and solutions as PC manufacturing, Software development, Networking, Web applications and is a total solution provider for the Govt. of Kerala.

1.5. WHEREAS, Both the parties have mutually discussed during the DEFEXPO 2022 held at Gandhinagar Gujarat in Oct 22, the possibilities as per their domains to enter into the business of Design / Development / Manufacture/ Upgrade / Service of various types of sensors and electronic and optical equipment for defence and strategic sector and have subsequently processed a concept note for the In Principle Approval of the Government of Kerala. A team of senior management of KRASNY having visited major facilities of KELTRON concerning to the proposed JV and having had detailed discussion on the envisaged scope of the JVC and the prospective business areas, now propose to sign a Memorandum of Understanding, leading to the formation of the Joint venture Company with the main objective to provide products and services in the hydro-acoustic as well as electronic & microwave domains which includes, design, development, technology transfer/absorption, joint manufacturing, assembly, integration, testing of Sonar, underwater sensors, ultrasonic systems, underwater communication systems, acoustic transducers of all types of technology, sub sea research and mapping systems, radars, other complex electronic systems etc and to buy, sell, import, export, hire and deal in all types of equipment, machines, instruments, tools and accessories and other heavy and light engineering items, and to provide system, maintenance, engineering, installation, commissioning and life cycle support to defence, strategic and other sectors of national importance, (hereinafter referred to as " the PRODUCTS ").

1.6. NOW, THEREFORE, before entering into the business (as mentioned in 1.5) and also before discussion on the formation of the JVC both the companies in consideration of the mutual covenants and agreements herein contained, the parties hereto, intending, to be legally bound, agree as follows:

2.0. Representations and Warranties

Each of the party represents and warrants that:

2.1. KELTRON is a duly incorporated limited liability company in India, a Public Sector Enterprise, owned by the Govt. of State of Kerala and Krasny Defence Technologies Limited and is also a limited liability company in India and have legal power and authority to enter into and perform their respective obligations under this MoU;

2.2. The execution of this MoU does not constitute a breach of any obligations (statutory, contractual or fiduciary) under any Agreement or undertaking by which the parties shall be independently bound. Whereas both parties have been engaged in and continue to engage in business in defence sector and any contracts or agreements on account of this, independently entered into shall not have any bearing on the JVC and both parties shall continue to fulfil these obligations.

3.0. Articles - Obligations of Parties

3.1. Each Party possesses and will devote adequate skilled personnel, capital equipment, facilities and other resources to satisfactorily support the objectives of this MoU in a timely manner.

3.2 Each Party will work with the other in good faith with the objective of successful implementation of any business proposals (implies any orders received on the JVC or under this MoU jointly for the entity) which will be taken up by the parties and also for the formation of the JVC and each Party shall continue to exert reasonable, good faith, efforts towards this objective throughout any and all negotiations concerning the proposed contract which may follow the submission of such proposal or proposals.

3.3. Specifically, the MoU partners will have the following responsibilities:

3.3.1. All the tenders and proposals will be bid in the name of KELTRON/KRASNY until the JVC is formed and after the formation in the name of the JVC KELKROS Pvt Ltd.

3.3.2. Both the parties will use their respective strengths for pre-qualifying in bids / tenders as joint venture partners, to maximize the chances of winning the tenders.

3.3.3. KRASNY shall be responsible for bringing technology partners, primarily from Russian Federation (Russia) for advanced technology inputs and systems know-how and putting up the required infrastructure for the implementation of the project.

3.3.4. KELTRON will be responsible for manufacturing of arrays, electronics and other parts as well as software development and qualification tests based on order from the JVC.

3.3.5. Primary responsibility for funding, infrastructure build up for the JVC will be the responsibility of KRASNY and KELTRON and both will provide adequate manpower and other resources as essential for operations.

3.3.6. Both parties shall be responsible for installation, commissioning and after sales product support.

3.3.7. Both Parties shall be responsible for business development, client relationship and liaison with the client for the smooth execution of the orders received by the JVC / under this MOU.

3.3.8. KRASNY shall be responsible for business development and close customer interaction to elicit regular business enquiries and strive to translate these into executable orders for the JVC.

3.3.9. The pricing mechanism would be mutually agreed on a case-to-case basis by the parties till the JVC is formed and after the formation of the JVC, a formal pricing mechanism for various products under the brand name of the JVC be established.

3.3.10. Profits of the parties will be in the ratio of 50:50 after meeting all expenses until the formation of the JVC. After the formation of the JVC, the profit will be as per the provisions of the JVC.

3.4. Even if the JVC is not formed between the parties the general businesses between the parties can be taken up and the terms and conditions of this MOU shall be binding on all such business arrangements.

4. Intellectual Properties

Nothing contained in this MoU shall, be deemed to grant and/or otherwise, create in any Party any right, title, interest, or license in or to any intellectual property including trademarks, trade secrets, inventions, patents, computer software or software documentation of the other Party.

5. Confidentiality

5.1. Each Party shall protect confidential or proprietary information or trade secrets

provided by or on behalf of the other Party from any use, distribution or disclosure except as permitted herein. Receiving Party shall use the same standard of care to protect Confidential Information in the same manner as it uses to protect its own similar confidential and proprietary information.

5.2. Each Party shall use the confidential or proprietary information of the other party only in connection with the contemplated purpose (project specific) and shall not use for other purpose or disclose to any third party. Each Party may provide Information only to its employees who:

(a) have a substantive need to know such Information in connection with the Project.

(b) have been advised of the confidential and proprietary nature of such Information.

6. Term and Termination

6.1. This MOU shall be valid until a Joint Venture Agreement is executed by the parties or on the expiry of a period of six months by issuing a notice in writing by either of the parties to the other party conveying its intention to terminate this MoU.

6.2. This MoU may be terminated by the mutual consent of KELTRON and KRASNY.

6.3. In the event of termination under Clauses 6.1 and 6.2 of this MoU, the parties shall be bound to undertake and complete the ongoing contracts entered into with third party under this MoU.

6.4. This MoU shall be terminated in the following events:

6.4.1. If either KELTRON or KRASNY goes into liquidation, whether voluntary or compulsory, or becomes insolvent, or makes a composition with its creditor, or if any law for the relief of financially sick companies becomes applicable to it or if a receiver is appointed to take possession of its undertaking, property or assets.

6.4.2. In the event of any of the party becomes insolvent or goes into liquidation or has a receiver appointed to take possession of its undertaking or makes a composition with its creditors or ceases to carry on business.

6.5. The MoU shall be terminated by either party by giving the other party which is affected by any of the said events, not less than Thirty (30) days written notice on the expiry of which notice, this MoU shall stand terminated.

6.6. The termination of this MoU shall be without prejudice to any claim or rights of action previously secured to it by one Party against the other Party.

6.7. The termination or expiration of this MoU shall not:-

6.7.1. Supersede or affect the obligations of the Parties with respect to the protection of Proprietary and confidential Information as set forth herein or in any separate Non-Disclosure Agreement between the Parties, which shall survive such termination or expiration and remain in full force and effect for a period of at least 5 (five) years from the date of such termination or date of completion of the contemplated project whichever is earlier.

6.7.2. Shall not release any party from payment of any sum owing to the other or terminate any other obligation or liability or any security interest or lien held by the Parties, as defined in any Business project specific agreements, as of the date of termination.

7. Amendments

Terms and conditions of this MoU may be amended by mutual consent between the two parties. Amendment agreement shall be signed by the persons representing the respective party.

8. Severability

If any part of this MoU is found by a court of competent jurisdiction or other competent authority to be invalid, unlawful or unenforceable, then such part will be severed from the remainder of this MoU which will continue to be valid and enforceable to the fullest extent permitted by law.

9. Competition

Since this MoU, and any proposal, offer or quote prepared or generated in connection therewith, shall require the full cooperation of the Parties, the Parties agree that they will not in any manner participate in or undertake efforts that are competitive to this MoU, nor will they compete for the Procurement or respond to the tender independently or in conjunction with any other third party, during the term of this MoU. The foregoing prohibitions include, but are not limited to, participation in proposal efforts or the interchange of technical data with competitors; however, that the foregoing does not limit or restrict the rights of the Parties in offering to sell or selling to others their standard products, technologies or services incidental thereto.

10. Rules & Regulations

To the extent the obligations of the Parties hereunder involve access to information classified by the government Customer as "Confidential" or higher, the provisions of all applicable laws, statutes and regulations shall apply to this MoU. The provisions of all applicable security and export control laws, statutes and regulations shall also apply hereto.

11. Indemnity Clause

The Joint Venture shall indemnify, save harmless, and pay all judgments and claims of third parties against each Partner or any officer, shareholder, member, partner, director relating to any liability or damage, including legal fees to be paid as incurred, arising by reason of any act performed or omitted to be performed by such Partner, officer, shareholder, member, partner, director in connection with the business of the Joint Venture, except for any conduct of a Partner or officer that constitutes fraud, bad faith or breach of fiduciary duty.

12. Compensation Clause

Either parties shall not be compensated for its services to the JVC. However, any expenses incurred by the Partner in connection with the JVC, however, shall be reimbursed, including without limitation legal fees and other expenses incurred in connection with the formation of the JVC.

13. Liability Clause

The parties to this Agreement shall have no liability to the other for any loss suffered which arises out of any action or inaction if, in good faith, it is determined that such course of conduct was in the best interests of the Joint Venture and such course of conduct did not constitute negligence or misconduct. The parties to this Agreement shall each be indemnified by the other against losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by it in connection with the Joint Venture. The parties are jointly and severally liable to third parties for the acts of the partnership equally until the JVC is incorporated. Subsequent to the incorporation of the JVC, the liabilities shall be restricted to the JVC and not to the partners or the parent companies.

14. Dispute Settlement

Any dispute, controversy or claim or difference of any kind whatsoever arising between the KELTRON and KRASNY, out of or in relation to this MoU or any related agreement or other document or the validity, interpretation, breach or termination thereof ("Dispute"), including claims shall be redressed or settled amicably by both the Parties through discussion. If the dispute is not settled within 30 days of such dispute the aggrieved Party shall take up such dispute for resolution by arbitration conducted as per provisions of the Arbitration and Conciliation Act of 1996 and amendments thereto. The place of Arbitration shall be Thiruvananthapuram and the language shall be English.

15. Force Majeure

Unless otherwise provided in this MoU, the Parties shall not be liable for failures or delays in performing their obligations arising from any cause beyond their control, including but not limited to acts of any civil or military authority, fires, strikes, lockouts or labour disputes, pandemics, epidemics, Governmental restrictions, wars, riots, terrorist activities, earthquakes, storms, typhoon and floods. Each Party shall take due care and reasonable alternative measures in order to avoid effect of such events on the performance of the party's ability to perform its obligations under this MoU and to mitigate the consequences thereof.

16. Governing Law

All activities performed, directly or indirectly, by each party in connection with this MoU shall be carried out in accordance with all applicable laws, regulations, procedures and policies of India as amended and all applicable laws, regulations, procedures and policies from time to time. In case of any disputes, only the courts of Thiruvananthapuram would have exclusive jurisdiction to entertain any proceeding(s) arising out of this MoU or any incidental agreements thereto, between the parties, which are not covered under the ambit of Arbitration.

IN WITNESS WHEREOF, the parties have caused this MoU to be executed, in duplicate, by their authorized representatives as on the day, month and year first above written.

For KELTRON

For KRASNY

Name:

Designation:

Witnesses:

INDUSTRIES DEPARTMENT

Ministry of Industries, Trade and Handicrafts, Addis Ababa

Ref: Addis Ababa, CMLD/ET/2022/2017 dated 28/10/2022 from
the Chairman and Managing Director, KALITA

Ref: Addis Ababa, CMLD/ET/2022/2017 dated 12/10/2022
from the Chairman and Managing Director, KALITA

WITNESSES

As per the letter ref: ET/2022/2017 dated 28/10/2022, the CMLD/ET/2022/2017 has
submitted a proposal with consent note of Government for the completion
of joint venture between KALITA and KALITA Technology Services Pvt.
Ltd. and informed that the Ministry of Industries, Trade and Handicrafts has
approved the joint venture with KALITA/ET/2022/2017 dated 12/10/2022.
Accordingly, the Ministry of Industries, Trade and Handicrafts has
approved the joint venture with KALITA/ET/2022/2017 dated 12/10/2022.

Accordingly, the Ministry of Industries, Trade and Handicrafts has
approved the joint venture with KALITA/ET/2022/2017 dated 12/10/2022.



രഹസ്യം

കേരള സർക്കാർ

മന്ത്രിസഭായോഗത്തിന്റെ നടപടിക്കുറിപ്പുകൾ

തീയതി : 01-02-2023

ഫയൽ നം. വ്യവ-ഡി3/158/2022/വ്യവ.

ഇനം നം: 1363

വിഷയം : വ്യവസായ വകുപ്പ് - കെൽട്രോണും ക്രാസ്നി ഡിഫൻസ് ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡുമായി ചേർന്ന് ഒരു സംയുക്ത സംരംഭം ആരംഭിക്കുന്നതുമായി ബന്ധപ്പെട്ട കരട് ധാരണാപത്രം അംഗീകരിക്കുന്നത്.

തീരുമാനം : കുറിപ്പിലെ നിർദ്ദേശം പരിഗണിച്ചു. കെൽട്രോണും ക്രാസ്നി ഡിഫൻസ് ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡുമായി ചേർന്ന് ഒരു സംയുക്ത സംരംഭം ആരംഭിക്കുന്നതുമായി ബന്ധപ്പെട്ട് നിയമ വകുപ്പ് സൂക്ഷ്മ പരിശോധന നടത്തിയ ധാരണാപത്രത്തിന് ബന്ധപ്പെട്ട ചട്ടങ്ങൾക്കും നിബന്ധനകൾക്കും വിധേയമായി സർക്കാരിന്റെ NOC നൽകുവാൻ തീരുമാനിച്ചു.

(ഒപ്പ്)

പിണറായി വിജയൻ

മുഖ്യമന്ത്രി

(ശരിപ്പകർപ്പ്)

ഡോ. വി പി ജോയ്

ചീഫ് സെക്രട്ടറി

പ്രിൻസിപ്പൽ സെക്രട്ടറി, വ്യവസായ വകുപ്പ്.

കേരള സർക്കാർ
(ശ്രീ. പിണറായി വിജയൻ മന്ത്രിസഭ)
മന്ത്രിസഭാ യോഗത്തിനുള്ള കുറിപ്പ്

- 1 ഫയൽ നമ്പർ : വ്യവ. - ഡി3/158/2022/വ്യവ.
- 2 വകുപ്പ് : വ്യവസായ (ഡി) വകുപ്പ്
- 3 വിഷയം : വ്യവസായ വകുപ്പ് - കെൽടോണം ക്രാസ്സി ഡിഫൻസ് ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡുമായി ചേർന്ന് ഒരു സംയുക്ത സംരംഭം ആരംഭിക്കുന്നതുമായി ബന്ധപ്പെട്ട കരട് ധാരണാപത്രം അംഗീകരിക്കുന്നത് - സംബന്ധിച്ച്
- 4 മന്ത്രിസഭായോഗത്തിൽ സമർപ്പിക്കാനുള്ള മുഖ്യമന്ത്രിയുടെ ഉത്തരവ് തീയതി : 31/01/2023
- 5 (i) ഇത് സാമ്പത്തിക ബാധ്യതയുള്ളതാണോ ? : അല്ല.
(ii) സാമ്പത്തിക ബാധ്യതയുള്ളതാണെങ്കിൽ ധനകാര്യ വകുപ്പുമായി ആലോചിച്ചിട്ടുണ്ടോ, ഉണ്ടെങ്കിൽ അവരുടെ അഭിപ്രായം മന്ത്രിസഭാ യോഗത്തിനുള്ള കുറിപ്പിൽ ഉൾക്കൊള്ളിച്ചിട്ടുണ്ടോ; :
- 6 മറ്റേതെങ്കിലും വകുപ്പുമായി ആലോചിച്ചിട്ടുണ്ടോ; : ഉണ്ട്
ഉണ്ടെങ്കിൽ അവരുടെ അഭിപ്രായം മന്ത്രിസഭാ യോഗത്തിനുള്ള കുറിപ്പിൽ ഉൾക്കൊള്ളിച്ചിട്ടുണ്ടോ; : ഉണ്ട്
- 7 കരട് കുറിപ്പ് സമർപ്പിച്ച അഡീഷണൽ സെക്രട്ടറിയുടെ പേര് : ശ്രീമതി. എം.എ. റജീനാബീഗം.
- 8 കരട് കുറിപ്പ് അംഗീകരിച്ച പ്രിൻസിപ്പൽ സെക്രട്ടറിയുടെ പേര് : ശ്രീ. എ.പി.എം. മുഹമ്മദ് ഹനീഷ്
- 9 മന്ത്രിസഭയ്ക്കുള്ള കരട് കുറിപ്പ് പ്രിൻസിപ്പൽ സെക്രട്ടറി അംഗീകരിച്ച തീയതി : 01/02/2023
- 10 കരട് കുറിപ്പ് അംഗീകരിച്ച ചീഫ് സെക്രട്ടറിയുടെ പേര് : ഡോ. വി.പി. ജോയ്.
- 11 മന്ത്രിസഭയ്ക്കുള്ള കരട് കുറിപ്പ് ചീഫ് സെക്രട്ടറി അംഗീകരിച്ച തീയതി; : 01/02/2023
- 12 കരട് കുറിപ്പ് അംഗീകരിച്ച മന്ത്രിയുടെ പേര് : ശ്രീ. പി. രാജീവ്.
- 13 മന്ത്രിസഭയ്ക്കുള്ള കരട് കുറിപ്പ് മന്ത്രി അംഗീകരിച്ച തീയതി : 01/02/2023
- 14 കുറിപ്പിന്റെ പകർപ്പുകൾ സമർപ്പിച്ച തീയതി : 01/02/2023
- 15 മന്ത്രിസഭായോഗം തീരുമാനമെടുത്ത തീയതി : :
- 16 തീരുമാനം പുറപ്പെടുവിച്ച സർക്കാർ ഉത്തരവ്/ കത്തിന്റെ നമ്പറും തീയതിയും : :

മന്ത്രിസഭായോഗത്തിനുള്ള കരട് കുറിപ്പ്

കെല്‌ട്രോണും ക്രാസ്റ്റി ഡിഫൻസ് ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡുമായി ചേർന്ന് ഒരു സംയുക്ത സംരംഭം ആരംഭിക്കുന്നത് സംബന്ധിച്ച കരട് ധാരണാപത്രം അംഗീകരിക്കുന്നതാണ് ഈ കുറിപ്പ്.

2. 2022 ല് നടന്ന ഡിഫൻസ് എക്സ്പോയുടെ സമയത്ത് ക്രാസ്റ്റി ഡിഫൻസ് ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡ് എന്ന പൂർണ്ണ ഇന്ത്യൻ ഉടമസ്ഥതയിലുള്ള സ്ഥാപനവുമായി നടത്തിയ ചർച്ചയുടെ ഭാഗമായി പ്രധാനമായും ഇന്ത്യൻ നേവിയുടെ ഉപയോഗത്തിനാവശ്യമായ സോണാർ അറേകള് നിർമ്മിക്കുന്നതിനുവേണ്ടി കെല്‌ട്രോണുമായി ചേർന്ന് ഒരു സംയുക്ത സംരംഭം ആരംഭിക്കുന്നതിന് ക്രാസ്റ്റി ഡിഫൻസ് ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡ് താത്പര്യം പ്രകടിപ്പിച്ചുവെന്ന് 26/10/2022 ലെ കത്ത് പ്രകാരം കെല്‌ട്രോൺ സി.എം.ഡി. സർക്കാരിനെ അറിയിച്ചിരുന്നു. പ്രതിരോധ മേഖലയില് പഴയ സോവിയറ്റ് യൂണിയന് രാജ്യങ്ങളുമായി സഹകരിച്ച് കപ്പലുകളുടെ അറ്റകുറ്റപ്പണികളുമായി ബന്ധപ്പെട്ടുള്ള യന്ത്ര സാമഗ്രികള് നിർമ്മിക്കുന്ന മേഖലയിലാണ് ക്രാസ്റ്റി ഡിഫൻസ് ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡ് പ്രവർത്തിച്ചു വരുന്നത്. കെല്‌ട്രോൺ അത്രേ യൂണിറ്റിന്റെ സോണാർ അറേയ്ക്ക് ഉണ്ടാക്കുന്നതിനുള്ള വൈദഗ്ദ്ധ്യം ഈ സംരംഭത്തിലൂടെ ഉപയോഗപ്പെടുത്താവുന്നതാണ്. റഷ്യൻ രൂപകല്പനയും സാങ്കേതിക വിദ്യയും ഉപേയോഗിച്ച് പ്രസ്തുത സോണാർ അറേയ്ക്ക് നിർമ്മിക്കുവാനാണ് ഉദ്ദേശിക്കുന്നത്.

3. സംയുക്ത സംരഭത്തിൽ കെൽട്രോൺ ക്രാസ്സി ഡിഫൻസ് ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡിന്റെ ഒരു ടെക്നോളജി പാർട്ണർ ആയി പ്രവർത്തിക്കുകയും ഇതുമായി ബന്ധപ്പെട്ട പ്രധാന ധനപരമായ ബാധ്യതകള് ക്രാസ്സി ഡിഫൻസ് ടെക്നോളജീസ് ലിമിറ്റഡ് വഹിക്കുന്നതുമാണ്. തുടക്കത്തിൽ കേരളത്തിൽ ഒരു കോർപ്പറേറ്റ് ഓഫീസ് തുടങ്ങുവാനും തുടർന്ന് ഓർഡറുകളുടെ ലഭ്യതയനുസരിച്ച് ടെസ്റ്റിംഗ്/ അസംബ്ലി യൂണിറ്റ് എന്നിവ തുടങ്ങുവാനുമാണ് ഉദ്ദേശിക്കുന്നത്. നിർദ്ദിഷ്ട സംയുക്ത സംരംഭത്തിൽ 51 % ഓഹരി ക്രാസ്സിയും 49 % ഓഹരി കെൽട്രോണിനും ആയിരിക്കും. ലാഭത്തിന്റെ 50 % വീതം പരസ്പരം വീതം വയ്ക്കുന്നതായിരിക്കും എന്നാണ് കെൽട്രോൺ സി.എം.ഡി. റിപ്പോർട്ട് ചെയ്തിരിക്കുന്നത്.

4. കെൽട്രോണിന്റെ 266-ാമത് ഡയറക്ടർ ബോർഡ് യോഗം സർക്കാർ അംഗീകാരത്തിന് വിധേയമായി മേൽപ്പറഞ്ഞ സംയുക്ത സംരഭം ആരംഭിക്കുന്നതിനുള്ള കരട് ധാരണാപത്രത്തിൽ ഏർപ്പെടുന്നതിനുള്ള അനുമതി നൽകിയിരുന്നു. സംയുക്ത സംരഭത്തെ സംബന്ധിച്ചുള്ള ആശയവുമായി ബന്ധപ്പെട്ട് കുറിപ്പ് അനുബന്ധം 1 ആയി ചേർക്കുന്നു. കെൽട്രോൺ സി.എം.ഡി. സംയുക്ത സംരഭവുമായി ബന്ധപ്പെട്ട് ഒരു കരട് ധാരണാപത്രം സർക്കാരിൽ സമർപ്പിച്ചിരുന്നു. പ്രസ്തുത ധാരണാ പത്രത്തിന്മേൽ സൂക്ഷ്മപരിശോധന നടത്തിയ ശേഷം നിയമ വകുപ്പ് ചുവടെ ചേർത്തിരിക്കുന്ന അഭിപ്രായം രേഖപ്പെടുത്തുകയുണ്ടായി.

"കരട് ധാരണാപത്രം പരിശോധിച്ചതിൽ;

എ) കരട് ധാരണാപത്രത്തിൽ ഏർപ്പെടാനുണ്ടായ സാഹചര്യങ്ങൾ കരാർ കക്ഷികൾ തമ്മിലുണ്ടായ കത്തിടപാടുകളുടെ വിവരങ്ങൾ സഹിതം പ്രാരംഭ

ഖണ്ഡികകളിൽ പ്രതിപാദിക്കേണ്ടതും ശരിപകർച്ചകൾ കരട് ധാരണാപത്രത്തിനനുബന്ധമായി ചേർക്കേണ്ടതുമാണ്.

ബി) കരട് ധാരണാപത്രത്തിൽ പ്രതിപാദിക്കുന്ന business proposals, projects എന്നിവ ഏതൊക്കെയാണെന്നു ഭരണവകുപ്പ് പരിശോധിക്കേണ്ടതും ആയത് സംബന്ധിച്ചുള്ള കൃത്യമായ വിവരങ്ങൾ കരട് ധാരണാപത്രത്തിൽ ഉൾപ്പെടുത്തേണ്ടതുമാണ്.

സി) ഖണ്ഡം 2.4 ൽ Even if the JVC is not formed between the parties the general businesses between the parties can be taken up and the terms and conditions of this MoU shall be binding on all such business arrangements എന്ന് പ്രതിപാദിക്കുന്നു. എന്നാൽ ഏതെല്ലാം business arrangements ആണ് ഭരണവകുപ്പ് ഉദ്ദേശിക്കുന്നതെന്ന് കരട് കരാറിൽ നിന്നോ ഫയലിൽ നിന്നോ വ്യക്തമാകുന്നില്ല. മാത്രമല്ല ഏതെങ്കിലും business arrangements-ന് ആവശ്യമായ വ്യവസ്ഥകൾ കരട് ധാരണാപത്രത്തിൽ ഉൾപ്പെടുത്തിയതായും കാണുന്നില്ല. ആയത് പരിശോധിക്കേണ്ടതും കൃത്യമായ വ്യവസ്ഥകൾ കരട് ധാരണാപത്രത്തിൽ ഉൾപ്പെടുത്തേണ്ടതാണ്.

ഡി) ഖണ്ഡം 2.4 ൽ krasny കമ്പനി റഷ്യ അടക്കമുള്ള വിദേശരാജ്യങ്ങളുമായി സഹകരിക്കും എന്ന് പ്രതിപാദിക്കുന്നു. ആയത് ഭരണവകുപ്പ് പരിശോധിക്കേണ്ടതും പ്രതിരോധ ഉത്പന്ന നിർമ്മാണവുമായി ബന്ധപ്പെട്ട കേന്ദ്ര സർക്കാർ മാനദണ്ഡങ്ങൾ ഇക്കാര്യത്തിൽ പാലിക്കപ്പെടുന്നുവെന്ന് ഉറപ്പുവരുത്തേണ്ടതുമാണ്.

ഇ) കരട് ധാരണാപത്രത്തിലെ വ്യവസ്ഥകൾ The Industries (Development and Regulation) Act, 1951 , The Arms Act, 1959, പ്രതിരോധ സാമഗ്രികളുടെ നിർമ്മാണവുമായി ബന്ധപ്പെട്ട കേന്ദ്ര സർക്കാർ

മാനദണ്ഡങ്ങൾ എന്നിവയ്ക്കനുസൃതമാണെന്ന് ഭരണ വകുപ്പ് ഉറപ്പുവരുത്തേണ്ടതാണ്.

എഫ്) Compensation clause, Liability clause, Indemnity clause എന്നിവ കരട് ധാരണാപത്രത്തിൽ ഉൾപ്പെടുത്തുന്ന കാര്യം ഭരണവകുപ്പ് പരിഗണിക്കേണ്ടതാണ്.

ജി) കരട് ധാരണാപത്രത്തിലെ വ്യവസ്ഥകൾ അംഗീകരിക്കുന്നത് സംബന്ധിച്ച് ഭരണ വകുപ്പ് ഉചിത തലത്തിൽ തീരുമാനമെടുക്കേണ്ടതും ആയതിനനുസൃതമായി ഉത്തരവ് പുറപ്പെടുവിക്കേണ്ടതും വിവരങ്ങൾ കരട് കരാറിൽ ഉൾപ്പെടുത്തി പകർപ്പ് ധാരണാപത്രത്തിനനുബന്ധമായി ചേർക്കേണ്ടതുമാണ്.

മേൽനിർദ്ദേശങ്ങൾക്ക് വിധേയമായി ഭരണ വകുപ്പ് സൂക്ഷ്മ പരിശോധനയ്ക്കായി ലഭ്യമാക്കിയ കെൽടോൺ, ക്രൂസ്നി ടെക്നോളജീസ് എന്നിവർ തമ്മിലേർപ്പെടാനുദ്ദേശിക്കുന്ന കരട് ധാരണാപത്രം ഭേദഗതി വരുത്തിയ പ്രകാരം ക്രമത്തിലാണെന്നും ആയതിലെ വിശദാംശങ്ങളുടെ കൃത്യത പരിശോധിച്ച് തങ്ങളുടെ ഉദ്ദേശ്യലക്ഷ്യങ്ങൾക്കനുസൃതമാണെന്ന് ഉറപ്പുവരുത്തേണ്ടതാണെന്നും പ്രസ്തുത വകുപ്പിനെ അറിയിക്കാവുന്നതാണ്.

5. തുടർന്ന്, നിയമവകുപ്പ് ഉപദേശിച്ച പ്രകാരം കരട് ധാരണാപത്രത്തിൽ കെൽടോൺ ആവശ്യമായ മാറ്റങ്ങളുൾക്കൊള്ളുകയുണ്ടായി.

6. കരട് ധാരണാ പത്രത്തിലെ പ്രധാനപ്പെട്ട മാറ്റങ്ങളുൾക്കൊള്ളിച്ചുവെച്ചു ചേർക്കുന്നു.

1. ഇത്തരത്തിലുള്ള സംയുക്ത സംരഭം തുടങ്ങുവാനുണ്ടായ സാഹചര്യം കരട് ധാരണാ പത്രത്തിലെ ക്ലോസ് 1.5 ആയി ഉള്ളുകൊള്ളിച്ചു.
2. ബിസിനസ്, ബിസിനസ് പ്രൊപ്പോസൽ, പ്രോജക്ട് എന്നിവ

സംബന്ധിച്ച് താഴെ ചേർത്തിരിക്കുന്ന നിർവ്വചനം കരട് ധാരണാ പത്രത്തിൽ ഉള്ക്കൊള്ളിച്ചിട്ടുണ്ട്. ”

a) Business - Design / Development / Manufacture/ Upgrade / Service various types of sensors (Sonars & Radars) and electronic and optical equipment for defence and strategic sector

b) Business proposals - any proposals for Design | Development | Manufacture/ Upgrade | Service various types of sensors and electronic and optical equipment for defence and strategic sector received by either party and planned to be executed jointly.

c) The word Project implies the contract or work order secured by the JVC and the details would be available only as and when such contracts are won.

3. Compensation clause, Liability Clause, Indemnity clause എന്നിവ കരട് ധാരണാ പത്രത്തിൽ പുതുതായി ചേർത്തിട്ടുണ്ട്.

4. പുതുക്കിയ കരട് ധാരണാപത്രത്തിൽ സംയുക്ത സംരംഭത്തിന്റെ പേര് 'കെല്ക്രോസ് പ്രൈവറ്റ് ലിമിറ്റഡ്' എന്നാണ് നിർദ്ദേശിച്ചിരിക്കുന്നത്.

7. നിർദ്ദിഷ്ട സംയുക്ത സംരംഭം ഒരു പ്രൈവറ്റ് ലിമിറ്റഡ് കമ്പനി എന്ന രീതിയിലാണ് വിഭാവനം ചെയ്തിരിക്കുന്നതെന്നും ആയതിനാൽ വിദേശ കമ്പനിയുമായി സഹകരിച്ച് പ്രവർത്തിക്കുന്നതിൽ നിയമപരമായ തടസ്സമില്ല എന്ന് കെല്ക്രോസ് സി.എം.ഡി. വ്യക്തമാക്കിയിട്ടുണ്ട്.

8. അതിന് ശേഷം പുതുക്കിയ കരട് ധാരണാപത്രത്തിന്മേൽ വീണ്ടും

നിയമവകുപ്പ് സൂക്ഷ്മപരിശോധന നടത്തുകയും താഴെ പറയുന്ന അഭിപ്രായം രേഖപ്പെടുത്തുകയും ചെയ്തു.

"പുതുക്കിയ കരട് ധാരണാപത്രത്തിലെ ഖണ്ഡം 3.4 ലെ വ്യവസ്ഥ 1.5, 3.2 എന്നീ ഖണ്ഡങ്ങളിലെ വ്യവസ്ഥകളുമായി വൈരുദ്ധ്യമുണ്ടോ എന്ന കാര്യം ഭരണവകുപ്പ് പരിശോധിക്കേണ്ടതാണ്.

കേന്ദ്ര സർക്കാരിന്റെ Department of Defence Production - ന്റെ വെബ്സൈറ്റിൽ " Manufacturing in Defence Sector is governed through Industrial licensing under the Industries (Development and Regulation) Act 1951 and Arms Act 1959 / Arm Rules 2016. Prior to 2001 manufacturing in defence sector was limited to Public Sector Companies only. However in 2001 the Government allowed 100% participation by Indian Private Sector in defence manufacturing subject to licensing" എന്ന് പ്രതിപാദിച്ചിട്ടുണ്ട്. സ്വകാര്യ കമ്പനിയുമായുള്ള JV ആയതിനാൽ മേൽപ്പറഞ്ഞ ലൈസൻസ് ആവശ്യമാണോ എന്ന കാര്യം ഭരണവകുപ്പ് പരിശോധിക്കേണ്ടതാണ്.

മേൽപ്പറഞ്ഞതിനു വിധേയമായി പുതുക്കിയ കരട് ധാരണാപത്രം ക്രമപ്രകാരമാണ്."

9. കരട് ധാരണാപത്രത്തിലെ ക്ലോസ് 3.4 നിർദ്ദിഷ്ട സംയുക്ത സംരഭം രൂപീകരിക്കാതിരിക്കുമ്പോൾ മാത്രമേ പ്രവർത്തികമാകൂവെന്ന് കെൽട്രോൺ സി.എം.ഡി. റിപ്പോർട്ട് വ്യക്തമാക്കിയിട്ടുണ്ട്. അതിനാൽ കരട് ധാരണാപത്രത്തിലെ ഖണ്ഡം 3.4 ലെ വ്യവസ്ഥ 1.5, 3.2 എന്നീ ഖണ്ഡങ്ങളിലെ വ്യവസ്ഥകളുമായി വൈരുദ്ധ്യമില്ല. കൂടാതെ Industries (Development & Regulation) Act പ്രകാരം പ്രതിരോധ സാമഗ്രികളുടെ ഉല്പാദനവുമായി

ബന്ധപ്പെട്ട് അംഗീകാരം/ ലൈസൻസ് എടുക്കേണ്ടതുണ്ട്. ഇത്തരത്തിലുള്ള ലൈസൻസ് ഇപ്പോള് സ്വകാര്യമേഖലയ്ക്ക് ബാധകമാണെന്നും ഉപകരണങ്ങള് നിര്മ്മിക്കുന്ന കമ്പനികളുടെ പേരില് ലൈസൻസ്/അംഗീകാരം എടുക്കേണ്ടതുമാണ്. അതിനാല് സംയുക്ത സംരഭം ആരംഭിച്ചതിനുശേഷം മാത്രമാണ് ലൈസൻസിനുള്ള അപേക്ഷ നല്കാനാകുന്നതെന്ന് കെല്ട്രോണ് ചെയർമാൻ & മാനേജിംഗ് ഡയറക്ടർ റിപ്പോർട്ട് ചെയ്തിരിക്കുന്നത്. 1959 ലെയും 2010 ലെയും ആർമ്സ് ആക്ട് / ആർമ്സ് റൂള്സ് എന്നിവ യുദ്ധോപകരണങ്ങള്/ സ്ഫോടക വസ്തുക്കള്/ മിസൈല്സ് എന്നിവയുടെ നിര്മ്മാണത്തിനും പരിപാലനത്തിനും മാത്രമാണ് ബാധകമാകുന്നതെന്നും നിര്ദ്ദിഷ്ട സംയുക്ത സംരഭത്തിന് ഇത് ബാധകമല്ലെന്നും കെല്ട്രോണ് സി.എം.ഡി. അറിയിച്ചിട്ടുണ്ട്.

10. എം.ഒ.എ.യുടെ ക്ലോസ് III B (X) പ്രകാരം സമാന മേഖലയിലുള്ള ഏതൊരു വ്യക്തി / കമ്പനിയുമായി എം.ഒ.യു / സംയുക്ത സംരഭത്തിൽ ഏർപ്പെടുവാനുള്ള അധികാരം കെൽട്രോണിനുണ്ട്. സമാന പി.എസ്.യു.കളിൽ അനുവർത്തിച്ചുവരുന്നതു പോലെ എം.ഒ.യു.വിൽ സർക്കാരിന്റെ അനുമതി തേടുന്ന രീതിയിലാണ് ഈ പ്രപ്പോസലും സർക്കാരിലേക്ക് സമർപ്പിച്ചിരിക്കുന്നത്.

11. തുടർന്ന് സംയുക്ത സംരഭവുമായി ബന്ധപ്പെട്ട് കരട് ധാരണാപത്രം അംഗീകരിക്കുന്ന കാര്യത്തില് ഉത്തരവ്നായി ഫയല് ബഹു. വ്യവസായ വകുപ്പുമന്ത്രി മുഖേന ബഹു. മുഖ്യമന്ത്രിയ്ക്ക് ചംക്രമണം ചെയ്തപ്പോള് ഇക്കാര്യം മന്ത്രിസഭയുടെ പരിഗണനയ്ക്ക് സമർപ്പിക്കുവാൻ ഉത്തരവിട്ടുകയുണ്ടായി.

തീരുമാനിക്കേണ്ട കാര്യം

കെല്‌ടോണും ക്രാസ്റ്റി ഡിഫൻസ് ടെക്നോളജീസ് പ്രൈവറ്റ് ലിമിറ്റഡുമായി ചേർന്ന് രൂപീകരിക്കുവാൻ ഉദ്ദേശിക്കുന്ന സംയുക്ത സംരംഭവുമായി ബന്ധപ്പെട്ടുള്ള അനുബന്ധം - 2 ആയി ചേർത്തിരിക്കുന്ന കരട് ധരണാപത്രം അംഗീകരിക്കാമോ ?

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CONCEPT NOTE**FORMATION OF A JOINT VENTURE BETWEEN KERALA STATE ELECTRONIC DEVELOPMENT CORPORATION LTD AND KRANSY DEFENCE TECHNOLOGIED LTD**

1. **Introduction.** This concept note aims to harness the core strengths of Kerala State Electronic Development Corporation Ltd (KELTRON) and Krasny Defence Technologies Ltd, (KRASNY), to emerge and important player in defence sector in pursuance of the Government of India initiative to achieve Atmanirbharata (Self Reliance) in defence equipment manufacturing and after-sales support. The company being a collaboration of a Government Enterprise and a Private limited company, this would be a classic model of PPP and also would be able to leverage the benefits of a SME / MSME.

KELTRON.

2. KELTRON is a multi-product industrial organisation producing a wide range of products from discrete electronics components to complex equipment and systems. With five decades of existence and having expertise and infrastructure spread around Kerala, the company has been serving key segments of National importance through system level and component level manufacturing. The areas of specific interest of KELTRON towards the proposed JV is its expertise and capability in defence segment and electronics, specifically in the areas of underwater systems. The company in coordination and collaboration with DRDO / NPOL has developed and supplied a large number of technology intensive systems for various projects and programmes. The company has also established itself as a leading entity in the field of electronic manufacturing, assembly and system integration with some of the unique and high end facilities in India.

KRASNY.

3. Krasny Defence Technologies Limited, is a company serving the nation in the defence sector for nearly three decades. From its humble but unique beginning in 1995, as the first company to be registered under the SEMFEX Scheme [Self Employment Scheme for Ex-servicemen], the company has grown in leaps and bounds, and is now in the thresholds of being listed as a Public Ltd company. The company was set up with a purpose to harness the core competencies of highly trained, experienced and motivated veterans, to provide service support for the defence services, especially for Indian Navy and Indian Coast Guard. With the collapse of Soviet Union, a vacuum got developed for both services and logistic support, as most of the sensitive systems and equipment on a large number of frontline platforms of the Indian Navy were of soviet origin and some of the manufacturers of these systems were situated in the smaller countries. This gap was effectively filled by Krasny Defence (then Krasny Marine), by setting up a service team

with trained manpower mostly comprising of veterans and establishing connections with OEMs in Russia and other ex-soviet countries for providing logistic support.

4. Krasny Defence has widened its customer base and reach by establishing offices and workshops across the Indian Coast viz. Mumbai, Goa, Karwar, Kochi and Visakhapatnam, as well as a liaison office in New Delhi. Presently, the company has a strength of over 150 personnel with domain knowledge in diverse fields on their permanent roles and over 500 personnel through contract or outsourcing route, undertaking a wide range of activities such as refits of ships (electrical / electronic / hull / engineering), Russian avionic repairs, Russian weapon / controls equipment repairs, outfitting of new construction ships / submarines etc.

5. The company has been maintaining a very strong grass root level reach with Russian OEMs of Naval system, ship & submarine building yards, design bureaus as well as smaller enterprises, who are feeders to the larger companies with sub-systems and major components / material. This reach enables Krasny to respond to the needs of logistic support with alacrity and agility, and even with substantial time and cost advantage. The Joint Venture Company Aurora (India) Marine Systems Pvt. Ltd set up by Krasny Defence with JSC Aurora Corporation, has been rendering creditable post sale support services, including supply and repairs of spares and OEM assistance in the core areas of propulsion and general controls. The strength and capability of the company together with the confidence of the Russians on Krasny could be judged from the fact that Krasny has been appointed as the Authorised Representatives of two large Russian Weapon companies viz. JSC Morinformsystems Agat and JSC Marine Equipment Engineering Corporation, for providing post-sales service support for their complete range of systems in the Indian Armed Forces. Manufacturing of spares in India, consistent with the Inter-Governmental Agreement (IGA) between Russian Federation and Republic of India also forms a part of these representation.

6. Embarking upon with the Government of India's 'Atmanirbhar' initiatives, and policies for reduction of dependency on imports, especially in defence sector, Krasny Defence has opened up multiple fronts to contribute to the echo system, such as setting up new manufacturing verticals, formation of joint venture with other entities in India having niche expertise etc. Two new joint ventures very recently formed are **Krasny Paras Defence Pvt. Ltd.** and **Vimal Krasny Fire Pvt. Ltd.**, with the aim of combining the core strengths of both the companies and working in areas pertaining to Defence, Aerospace and Civil Aviation. The Krasny Paras JV is focussing in the areas of Opto-electronics and command and control systems for the Defence forces whereas the Vimal

Krasny JV in addition to reaching out the original Vimal Fire Controls products to the defence segment, is at the verge of setting up a JV with one of the globally reputed magazine fire-fighting systems manufacturer, JSC NPF Meridian of Russia, which is a Government Company in Defence Field in the Russian Federation. This Indo-Russian JV once formed, aims to manufacture high technology Magazine Fire Fighting Systems, in India, which were hitherto imported from Russia.

Proposed KELTRON KRANSY JV - Purpose

7. The proposed JV between KELTRON and KRANSY is aimed at manufacturing high end and critical sensors and systems (especially in the Underwater Domain) with own technology development as well as technology absorption / transfer from Russian OEMs who have extremely refined high-end defence systems available in their product portfolio. Defence R&D is an extremely intense and time-consuming activity involving huge investments, multiple stages of refinement as well as technology and knowledge management of the highest levels. With the changed defence market environment in India, most of the leading global OEMs are now inclined to share technology and collaborate with Indian entities to manufacture their products in India and thereby secure an entry into the defence market. However, so far, the Russian Companies (as all of the leading defence OEMs are Government owned and strictly controlled) have been reluctant to take this route. However, with the credibility and connect that Krasny offers and on account of two such JVs already operationalised with Krasny Defence in India, the Russian side is now inclined to work through the company to explore this area of business. Accordingly, the deliberations for setting up the JV for Magazine Fire Fighting System is in the final stages and expected to be in place in the coming months. During the process, the Russian side has also expressed interest in venturing into Radar and Sonar segments, and the products being offered by them are found to be far superior to the systems in service with Indian Navy.

8. Thus, the proposed JV aims at capitalising the prevailing defence business environment in India and the change in approach and attitude of Russian Government owned companies towards entering into the Indian defence echo system through indigenous manufacturing route. Krasny with its nearly three decades of close relationship with the Russian side as well as track record of forming and operating two such JVs in the past, provides the assurance confidence factor for formation and management of such entities. The JV would thus rely upon the following from the partners:-

- (a) **KELTRON** – Credible track record, world class infrastructure and expertise in manufacturing and delivering complex systems to the Indian Defence and Strategic segment (especially to the Indian Navy).
- (b) **KRASNY** – A strong team of ex-service men with domain expertise and presence in all naval ports and reach within the Indian armed forces. Track record of forming and successfully managing JVs with Russian Government Companies in the defence sector and the long-standing relationship and contacts available within the Russian hierarchy to bring in technology partners. Above all, the renewed thrust for entering into the ATMANIRBHAR environment and contribute to the defence equipment echo system through make in India.

Proposed KELTRON KRASNY JV - Mechanism

9. The JV "KELTRON KRASNY DEFENCE TECHNOLOGIES" is proposed to be formed with a shareholding pattern preferably with KELTRON holding (49%) and KRASNY holding (51%). (This suggestion is basically to enable quicker decision making but could be worked out on 50:50 shareholding basis as well with enabling provisions for faster decision making in the company management). The Authorised and Paid-Up Capital could be mutually agreed upon based on the anticipated business and investment requirement for the exclusive JV infrastructure. The general terms of operations of the JV shall be as follows:-

- a. All the tenders and proposals will be bid **in the name of the JV**
- b. Both the parties will use their respective strengths for pre-qualifying in bids / tenders as joint venture partners, to maximise the chances of winning the tenders.
- c. KRASNY shall be responsible for bringing technology partners, primarily from Russian federation for advanced technology inputs and systems know-how.
- d. **KELTRON** will be responsible for manufacturing.
- e. Funding for project execution, other than the parts developed / produced by **KELTRON**, shall be the responsibility of **KRASNY**.
- f. Both parties shall be responsible for installation, commissioning and after sales product support.
- g. **Both Parties** will be responsible for business development, client relationship and liaison with the client for the smooth execution of the project.
- h. **KRASNY** is responsible to generate strong pipeline of enquiries and convert them.

- i. The pricing mechanism would be mutually agreed on the JV platform on a case to case basis until a formal pricing mechanism for various products under the brand name of the JV is established.
- j. Profits of the JV, after meeting all expenses shall be split between the parties in the ratio of 50:50.

Proposed KELTRON - KRASNY JV - Way Ahead.

10. Towards finalising the setting up of the Indo Russian JV for Magazine Fire Fighting System, the Krasny team is scheduled to visit Russia from 04 to 14 Nov 22. As the delegation would be interacting with multiple OEMs and authorities in the defence business ecosystem, this provides a great opportunity to initiate discussions for formation of JVs for Sonar and other Underwater system manufacture in India in collaboration with the proposed KELTRON-KRASNY JV. Accordingly, there exists an urgent need for an in-principle approval for formation of such a JV as an Indian entity to partner with the Russian OEM. On confirmation of the same from KELTRON, the KRASNY delegation shall initiate the discussions and as has been seen in the past, the Russian OEM then may propose to visit to inspect the infrastructure and capabilities of the Indian entity on a subsequent date. A formal JV would have to be formed towards entering into partnership with the Russian side and manufacture of the systems in India.

Approval Solicited

11. Approval in Principle of the Competent authority may be accorded for formation of a Joint Venture between Kerala State Electronic Development Corporation Ltd and Krasny Defence Technologies Ltd for the stated purpose in the preceding paragraphs viz. for manufacture and upgrade of high technology equipment and systems for Indian Defence and Strategic Segments harnessing the core competencies of both partners.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) is made on this theday of 2022 at by and between:

1.1 **Kerala State Electronics Development Corporation Limited**, (hereinafter referred as **KELTRON**' which expression shall unless it be repugnant to or inconsistent with the subject or context thereof be deemed to include their successor and assigns), a Company registered under Companies Act, 1956 with Corporate Identity Number U74999KL1972SGC002450, a Public Sector Enterprise, owned by Govt. of State of Kerala and having their principal place of business at Keltron House, Vellayambalam, Thiruvananthapuram, represented by its Chairman and Managing Director Mr. N. Narayanamoorthy, of the **ONE PART** and **KRASNY DEFENCE TECHNOLOGIES LIMITED**, (hereinafter referred to as "**KRASNY**" which expression shall unless it be repugnant to or inconsistent with the subject or context thereof be deemed to include their successor and assigns) a Company registered under Companies Act, 1956 with Corporate Identity Number U35110MH1995PLC085711, a Limited Company, having their principal place of business at 12th Floor, Great Eastern Summit, Plot No. 66, Sector-15, CBD Belapur, Navi Mumbai-400614, represented by its Chairman and Managing Director, Cdr (Dr) V.G. Jayaprakasan of the **OTHER PART**.

1.2 **KELTRON** and **KRASNY** shall hereinafter be jointly referred to as "the Parties" and severally as "the Party".

1.3. WHEREAS Krasny Defence Technologies Limited, is a company set up with a purpose to harness the core competencies of highly trained, experienced and motivated veterans, to provide service support for the defence services, especially for Indian Navy and Indian Coast Guard. Krasny has widened its customer base and reach by establishing offices and workshops across the Indian Coast viz. Mumbai, Goa, Karwar, Kochi and Visakhapatnam, as well as a liaison office in New Delhi. Presently, the company has a strength of over 150 personnel with domain knowledge in diverse fields on their permanent roles and over 500 personnel through contract or outsourcing route, undertaking a wide range of activities such as refits of ships (electrical / electronic / hull / engineering), Russian avionic repairs, Russian weapon /

controls equipment repairs, outfitting of new construction ships / submarines etc. The company has been maintaining a very strong grass root level reach with Russian Original Equipment Manufacturers of Naval system, ship & submarine building yards, design bureaus as well as smaller enterprises, who are feeders to the larger companies with sub-systems and major components / material.

1.4. WHEREAS, KELTRON is engaged in the activities of Manufacturing Products for Indian Navy, NPOL, ISRO, DRDO and other Defence Departments of Government of India for past five decades. KELTRON has proven experience in successfully executing major projects for Indian Navy. Being a Government of Kerala wholly owned Public Sector Undertaking, KELTRON manufactures electronic components in its own facilities and are specialists in Traffic Signals and Enforcement, Defence application, Control Instrumentation, Industrial UPS, IT related products and solutions as PC manufacturing, Software development, Networking, Web applications and is a total solutions provider for the Govt. of Kerala.

1.5. WHEREAS, Both the parties have mutually discussed during the DEFEXPO 2022 held at Gandhinagar Gujarat in Oct 22, the possibilities as per their domains to enter into the business of Design / Development / Manufacture/ Upgrade / Service of various types of sensors and electronic and optical equipment for defence and strategic sector and have subsequently processed a concept note for the In Principle Approval of the Government of Kerala. A team of senior management of KRASNY having visited major facilities of KELTRON concerning to the proposed JV and having had detailed discussion on the envisaged scope of the JVC and the prospective business areas, now propose to sign a Memorandum of Understanding, leading to the formation of the Joint venture Company with the main objective **to provide products and services in the hydro-acoustic as well as electronic & microwave domains which includes, design, development, technology transfer/absorption, joint manufacturing, assembly, integration, testing of Sonar, underwater sensors, ultrasonic systems, underwater communication systems, acoustic transducers of all types of technology, subsea research and mapping systems, radars, other complex electronic systems etc and to buy, sell, import, export, hire and deal in all types of equipment, machines, instruments, tools and accessories and other heavy and light engineering items, and to provide system, maintenance, engineering, installation, commissioning and life cycle support to defence, strategic and other sectors of national importance, (hereinafter referred to as " the PRODUCTS ")**. ~~exempting the products and services both KELTRON and KRASNY~~

~~dealing in their respective segments as on 31 Dec 2022.~~

1.6. NOW, THEREFORE, before entering into the business (as mentioned in 1.0.5) and also before discussion on the formation of the JVC both the companies in consideration of the mutual covenants and agreements herein contained, the parties hereto, intending, to be legally bound, agree as follows:

2.0. Representations and Warranties

Each of the party represents and warrants that:

2.1. KELTRON is a duly incorporated limited liability company in India, a Public Sector Enterprise, owned by the Govt. of State of Kerala and Krasny Defence Technologies Limited and is also a limited liability company in India and have legal power and authority to enter into and perform their respective obligations under this MoU;

2.2. The execution of this MoU does not constitute a breach of any obligations (statutory, contractual or fiduciary) under any Agreement or undertaking by which the parties shall be independently bound. Whereas both parties have been engaged in and continue to engage in business in defence sector and any contacts or agreements on account of this, independently entered into shall not have any bearing on the JVC and both parties shall continue to fulfil these obligations.

3.0. Articles - Obligations of Parties

3.1. Each Party possesses and will devote adequate skilled personnel, capital equipment, facilities and other resources to satisfactorily support the objectives of this MoU in a timely manner.

3.2 Each Party will work with the other in good faith with the objective of successful implementation of any business proposals (implies any orders received on the JVC or under this MoU jointly for the entity) which will be taken up by the parties and also for the formation of the JVC and each Party shall continue to exert reasonable, good faith, efforts towards this objective throughout any and all negotiations concerning the proposed contract which may follow the submission of such proposal or proposals.

3.3. Specifically, the MoU partners will have the following responsibilities:

3.3.1. All the tenders and proposals will be bid in the name of KELTRON/KRASNY

until the JVC is formed and after the formation in the name of the JVC KELKROS Pvt Ltd.

3.3.2. Both the parties will use their respective strengths for pre-qualifying in bids / tenders as joint venture partners, to maximize the chances of winning the tenders.

3.3.3. KRASNY shall be responsible for bringing technology partners, primarily from Russian Federation (Russia) for advanced technology inputs and systems know-how and putting up the required infrastructure for the implementation of the project.

3.3.4. KELTRON will be responsible for manufacturing of arrays, electronics and other parts as well as software development and qualification tests based on order from the JVC.

3.3.5. Primary responsibility for funding, infrastructure build up for the JVC will be the responsibility of KRASNY and KELTRON and both will provide adequate manpower and other resources as essential for operations.

3.3.6. Both parties shall be responsible for installation, commissioning and after sales product support.

3.3.7. Both Parties shall be responsible for business development, client relationship and liaison with the client for the smooth execution of the project orders received by the JVC / under this MOU.

3.3.8. KRASNY shall be responsible to ~~generate strong pipeline of enquiries and convert them~~ for business development and close customer interaction to elicit regular business enquiries and strive to translate these into executable orders for the JVC.

3.3.9. The pricing mechanism would be mutually agreed on a case-to-case basis by the parties till the JVC is formed and after the formation of the JVC, a formal pricing mechanism for various products under the brand name of the JVC be established.

3.3.10. Profits of the parties will be in the ratio of 50:50 after meeting all expenses until the formation of the JVC. After the formation of the JVC, the profit will be as per the provisions of the JVC.

3.4. Even if the JVC is not formed between the parties the general businesses between the parties can be taken up and the terms and conditions of this MOU shall be binding on all such business arrangements.

4. Intellectual Properties

Nothing contained in this MoU shall, be deemed to grant and/or otherwise, create in any Party any right, title, interest, or license in or to any intellectual property including trademarks, trade secrets, inventions, patents, computer software or software documentation of the other Party.

5. Confidentiality

5.1. Each Party shall protect confidential or proprietary information or trade secrets provided by or on behalf of the other Party from any use, distribution or disclosure except as permitted herein. Receiving Party shall use the same standard of care to protect Confidential Information in the same manner as it uses to protect its own similar confidential and proprietary information.

5.2. Each Party shall use the confidential or proprietary information of the other party only in connection with the contemplated purpose (project specific) and shall not use for other purpose or disclose to any third party. Each Party may provide Information only to its employees who:

(a) have a substantive need to know such Information in connection with the Project.

(b) have been advised of the confidential and proprietary nature of such Information.

6. Term and Termination

6.1. This MOU shall be valid until a Joint Venture Agreement is executed by the parties or on the expiry of a period of six months by issuing a notice in writing by either of the parties to the other party conveying its intention to terminate this MoU.

6.2. This MoU may be terminated by the mutual consent of KELTRON and KRASNY.

6.3. In the event of termination under Clauses 6.1 and 6.2 of this MoU, the parties shall be bound to undertake and complete the ongoing contracts entered into with third party under this MoU.

6.4. This MoU shall be terminated in the following events:

6.4.1. If either KELTRON or KRASNY goes into liquidation, whether voluntary or compulsory, or becomes insolvent, or makes a composition with its creditor, or if any

law for the relief of financially sick companies becomes applicable to it or if a receiver is appointed to take possession of its undertaking, property or assets.

6.4.2. In the event of any of the party becomes insolvent or goes into liquidation or has a receiver appointed to take possession of its undertaking or makes a composition with its creditors or ceases to carry on business.

6.5. The MoU shall be terminated by either party by giving the other party which is affected by any of the said events, not less than Thirty (30) days written notice on the expiry of which notice, this MoU shall stand terminated.

6.6. The termination of this MoU shall be without prejudice to any claim or rights of action previously secured to it by one Party against the other Party.

6.7. The termination or expiration of this MoU shall not:-

6.7.1. Supersede or affect the obligations of the Parties with respect to the protection of Proprietary and confidential Information as set forth herein or in any separate Non-Disclosure Agreement between the Parties, which shall survive such termination or expiration and remain in full force and effect for a period of at least 5 (five) years from the date of such termination or date of completion of the contemplated project whichever is earlier.

6.7.2. Shall not release any party from payment of any sum owing to the other or terminate any other obligation or liability or any security interest or lien held by the Parties, as defined in any Business project specific agreements, as of the date of termination.

7. Amendments

Terms and conditions of this MoU may be amended by mutual consent between the two parties. Amendment agreement shall be signed by the persons representing the respective party.

8. Severability

If any part of this MoU is found by a court of competent jurisdiction or other competent authority to be invalid, unlawful or unenforceable, then such part will be severed from the remainder of this MoU which will continue to be valid and enforceable to the fullest extent permitted by law.

9. Competition

Since this MoU, and any proposal, offer or quote prepared or generated in connection therewith, shall require the full cooperation of the Parties, the Parties agree that they will not in any manner participate in or undertake efforts that are competitive to this MoU, nor will they compete for the Procurement or respond to the tender independently or in conjunction with any other third party, during the term of this MoU. The foregoing prohibitions include, but are not limited to, participation in proposal efforts or the interchange of technical data with competitors; however, that the foregoing does not limit or restrict the rights of the Parties in offering to sell or selling to others their standard products, technologies or services incidental thereto.

10. Rules & Regulations

To the extent the obligations of the Parties hereunder involve access to information classified by the government Customer as "Confidential" or higher, the provisions of all applicable laws, statutes and regulations shall apply to this MoU. The provisions of all applicable security and export control laws, statutes and regulations shall also apply hereto.

11. Indemnity Clause

The Joint Venture shall indemnify, save harmless, and pay all judgments and claims of third parties against each Partner or any officer, shareholder, member, partner, director relating to any liability or damage, including legal fees to be paid as incurred, arising by reason of any act performed or omitted to be performed by such Partner, officer, shareholder, member, partner, director in connection with the business of the Joint Venture, except for any conduct of a Partner or officer that constitutes fraud, bad faith or breach of fiduciary duty.

12. Compensation Clause

Either parties shall not be compensated for its services to the JVC. However, any expenses incurred by the Partner in connection with the JVC, however, shall be reimbursed, including without limitation legal fees and other expenses incurred in connection with the formation of the JVC.

13. Liability Clause

The parties to this Agreement shall have no liability to the other for any loss suffered which arises out of any action or inaction if, in good faith, it is determined that such course of conduct was in the best interests of the Joint Venture and such course

of conduct did not constitute negligence or misconduct. The parties to this Agreement shall each be indemnified by the other against losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by it in connection with the Joint Venture. The parties are jointly and severally liable to third parties for the acts of the partnership equally until the JVC is incorporated. Subsequent to the incorporation of the JVC, the liabilities shall be restricted to the JVC and not to the partners or the parent companies.

14. Dispute Settlement

Any dispute, controversy or claim or difference of any kind whatsoever arising between the KELTRON and KRASNY, out of or in relation to this MoU or any related agreement or other document or the validity, interpretation, breach or termination thereof ("Dispute"), including claims shall be redressed or settled amicably by both the Parties through discussion. If the dispute is not settled within 30 days of such dispute the aggrieved Party shall take up such dispute for resolution by arbitration conducted as per provisions of the Arbitration and Conciliation Act of 1996 and amendments thereto. The place of Arbitration shall be Thiruvananthapuram and the language shall be English.

15. Force Majeure

Unless otherwise provided in this MoU, the Parties shall not be liable for failures or delays in performing their obligations arising from any cause beyond their control, including but not limited to acts of any civil or military authority, fires, strikes, lockouts or labour disputes, pandemics, epidemics, Governmental restrictions, wars, riots, terrorist activities, earthquakes, storms, typhoon and floods. Each Party shall take due care and reasonable alternative measures in order to avoid effect of such events on the performance of the party's ability to perform its obligations under this MoU and to mitigate the consequences thereof.

16. Governing Law

All activities performed, directly or indirectly, by each party in connection with this MoU shall be carried out in accordance with all applicable laws, regulations, procedures and policies of India as amended and all applicable laws, regulations, procedures and policies from time to time. In case of any disputes, only the courts of Thiruvananthapuram would have exclusive jurisdiction to entertain any proceeding(s) arising out of this MoU or any incidental agreements thereto, between the parties, which are not covered under the ambit of Arbitration.

IN WITNESS WHEREOF, the parties have caused this MoU to be executed, in duplicate,
by their authorized representatives as on the day, month and year first above written.

For KELTRON For KRASNY

Name:

Designation:

Witnesses: