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AND WHEREAS the Government of Karnataka has designated the KSIIDC as the Nodal Agency to assist the State Government in conceptualizing and implementing the above referred international airport project [hereinafter referred to as the "Project"].

AND WHEREAS several discussions have been held during the last four years among the representatives of Government of India in the Ministries of Civil Aviation, Defence, Law & Justice; Government of Karnataka in the Commerce & Industries Dept. the AAI, the Director General of Civil Aviation, KSIIDC and others to finalise various aspects relating to the establishment of the project.

AND WHEREAS the preliminary estimated cost of the project is about Rs.1000 crores and the project is proposed to be executed with a debt equity ratio of about 60 : 40.

AND WHEREAS a meeting in this regard was held at New Delhi on 15.04.1999 under the Chairmanship of the Secretary, Civil Aviation, Government of India, the proceedings of which have been attached to this MoU as Annexure-I.

AND WHEREAS it was decided in this meeting that KSIIDC & AAI will enter into a MoU to facilitate further action leading to early commencement of the implementation of the project based on the decisions taken in the above meeting.





This Memorandum of Understanding is executed in Bangalore this 3rd day of May, 1999

BETWEEN

The Airports Authority of India, a body Corporate established by the Government of India under the Airports Authority Act, 1994 having its corporate office at Rajiv Gandhi Bhavan, Safdarjung Airport, New Delhi [hereinafter referred to as AAI]

AND

The Karnataka State Industrial Investment & Development Corporation Limited, a wholly owned corporation of the Government of Karnataka and registered as a company under the Companies Act, 1956, having its registered office at MSHL House, 36, Cunningham Road, Bangalore-52 [hereinafter referred to as KSIIDC]

WHEREAS the Government of India in the Ministry of Civil Aviation had approved, in the year 1994, the proposal of the Government of Karnataka to establish a new airport of international standard at a site near Devanahalli, Bangalore, by bringing in funds from the private sector to handle both passenger and cargo, domestic and international traffic to meet the growing demand of the Bangalore City.

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NOW, THEREFORE, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS UNDER :

- a) KSIIDC would, with the assistance of a suitable agency having the required knowledge and experience, prepare a draft Information Memorandum/Tender Documents leading to issue of global tenders inviting offers from interested and capable firms as the main promoter and strategic partner to undertake the project. This Information Memorandum/Tender Document would comprise of necessary data/ information which explains the parameters on which the project is to be established, operated and managed as agreed to between the Government of Karnataka and the Government of India.
- b) A Steering Committee comprising of at least two representatives each of KSIIDC, AAI, Government of India and Government of Karnataka shall process and oversee the entire tendering process.
- c) Based on the recommendations of the Steering Committee, the KSIIDC will issue global advertisements in leading national/international newspapers/magazines inviting proposals from interested and capable firms for undertaking the project.

- d) All proposals received shall be opened by KSIIDC in the presence of the agency appointed by them for assisting them in this matter and a preliminary evaluation of the offers received shall be prepared highlighting therein the technical, financial and managerial capabilities of the bidders, the project details as indicated by the bidders in their offers and such other relevant information which is necessary for evaluation of the proposals.
- e) The offers along with the preliminary evaluation report shall be circulated amongst the members of the Steering Committee for the purpose of evaluation of the offers and formulation of recommendations leading to the selection of the successful bidder.
- f) Subject to the commercial viability of the project being established, to achieve which, both KSIIDC and AAI shall put in best endeavours, the project shall be implemented by a joint venture company (JVC) duly represented on its Board by AAI and KSIIDC nominee(s) in proportion to their equity participation. KSIIDC and AAI shall have taken together not less than twenty six percent equity holding in the proposed joint venture company. AAI's share holding shall however, be not more than 13% of the total Equity of the project. The JVC shall also provide space for a private sector promoter(s) as are required to ensure establishment, operations and management of the project. The issue of KSIIDC/AAI's equity participation will, however, be subject to the approval of Government of Karnataka and Government of India.
- g) The details of revenue sharing, manpower deployment, provisioning of basic infrastructure, responsibilities and duties of the joint venture partners, etc., shall be spelt out in the joint venture agreement.

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- h) It shall be the endeavour of both KSIIDC and AAI to obtain all necessary approvals that are necessary to enter into a joint venture agreement as a prelude to establishment of a JVC within a period of six months from the date of signing of this MoU.
- i) All expenditure to be incurred from the date of this MoU till the time of incorporation of the JVC in connection with the preliminary project activities shall be borne by KSIIDC and separate accounts maintained for the same. This expenditure would subsequently be transferred to the books of accounts of the JVC and the share of each party of the JVC shall be based on their respective equity holdings.
- j) This MoU is subject to the approval of the Boards of AAI and KSIIDC.

THIS MEMORANDUM OF UNDERSTANDING has been entered into between KSIIDC and AAI in accordance with the approval of their respective Governments viz. Government of Karnataka and the Government of India. This MoU shall remain valid till the finalisation of the joint venture agreement between KSIIDC & AAI. This MoU has been entered into and the parties have signed this MoU, in duplicate, in the presence of the representatives of the Government of India and Government of Karnataka as confirming witnesses.



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IN WITNESSES thereof the parties herein have put their hand this day and the date first above mentioned.



[B.K.DAS]
Chairman & Managing Director
KSIIDC


[D.V.GURTA]
Chairman, AAI
[N.VISWANATHAN]
Principal Secretary to Govt.
Commerce & Industries Dept.
Government of Karnataka
[P.V.JAYA KRISHNAN]
Secretary, Ministry of Civil Aviation
Government of India

IN THE AUGUST PRESENCE OF


[J.H.PATEL]
Chief Minister of Karnataka
[ANANTH KUMAR]
Union Minister for Civil
Aviation & Tourism

Concession Agreement

for the Development, Construction, Operation and Maintenance
of the Bangalore International Airport

between

Ministry of Civil Aviation, Government of India

and

Bangalore International Airport Limited

5th July 2004



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ARTICLE 1

1 Definitions and Interpretation

1.1 Definitions

In this Agreement, except to the extent that the context otherwise requires:

"AAI" means the Airports Authority of India.

"AAI Act" means the Airports Authority of India Act 1994.

"Airport Activities" means the provision, at or in relation to the Airport, of the activities set out at Schedule 3, Part 1 as amended from time to time, pursuant to ICAO guidelines, provided that any activities that are not materially similar to those contemplated in Schedule 3, Part 1 shall require the mutual agreement of the Parties.

"Affected Party" shall have the meaning given to it in Article 13.1.

"Airport" means the greenfield international airport comprising of the Initial Phase, to be constructed and operated by BIAL at Devanahalli, near Bangalore in the State of Karnataka and includes all its buildings, equipment, facilities and systems and including, where the circumstances so require, any Expansion thereof, as per the master plan annexed hereto as Attachment-1.

"Airport Charges" means:

- (i) amounts charged or imposed by BIAL in respect of the provision or use of the facilities and services which are included within Airport Activities;
- (ii) amounts charged or imposed by BIAL on or in respect of passenger and cargo movement or aircraft traffic into, on, at or from the Airport; and
- (iii) any other amounts deemed by this Agreement to be Airport Charges and further including any amounts to be collected by BIAL on behalf of GoI, GoK or AAI.



"Airport Opening" means the commencement of the commercial operation of the Initial Phase.

"Airport Opening Date" means the date upon which Airport Opening occurs.

"Airport Opening Target Date" means the date falling thirty-three (33) months immediately after Financial Close.

"Applicable Law" means all laws, brought into force and effect by GoI or the state governments including rules, regulations and notifications made thereunder and judgements, decrees, injunctions, writs and orders of any court of record, as may be in force and effect during the subsistence of this Agreement.

"Approvals" means all authorisations, consents, approvals, notifications and permissions and any license, permit, ruling, exemption or other authorization of whatsoever nature which is required to be granted by, or any registration or filing with, any authority under Applicable Law for or in respect of this Agreement including for performance of any obligation or exercise of any right by a Party herein but excluding a Clearance.

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"Domestic Airport" means an airport serving any commercially operated aircraft flying to the relevant airport from a point of origin, or flying from the relevant airport to a point of destination, both inside India.

"Effective Date" has the meaning set out in Article 4.4

"Existing Airport" means the existing airport in Bangalore known as the HAL airport located at Vimanapura, Bangalore.

"Expansion" means the expansion of the facilities at the Airport from time to time as per the master plan annexed hereto as Attachment-1

"Financial Close" means the date upon which the Financing Agreements (insofar as they relate to the development and construction of the Initial Phase) have been executed and delivered by all the parties thereto and conditions precedent thereunder shall have been fulfilled to such extent as may be necessary to permit BIAL to have immediate access, subject only to giving the notices of drawdown required thereby, to funding required by BIAL.

"Financial Year" shall have the meaning given to it in Article 3.3.

"Financing Agreements" means any of (i) BIAL's agreements with Lenders for the making available to BIAL of Debt and (ii) the security documents, direct agreements and other ancillary undertakings in favour of Lenders required pursuant to the agreements referred to in (i) above.

"Force Majeure" has the meaning set out in Schedule 4.

"General Aviation Services" means an aircraft operation other than commercial air transport operation.

"GoI" means the Government of India and any of its duly authorized agency, authority, department, inspectorate, ministry or person (whether autonomous or not) under the direct control and direction of the Ministry of Civil Aviation.



"GoI Default Event" shall have the meaning given to it in Article 13.3.3

"GoK" means the Government of the State of Karnataka and any of its duly authorized agency, authority, department, inspectorate, minister, ministry or person (whether autonomous or not) under the direct control and direction of GoK.

"Good Industry Practice" means the exercise of that degree of skill, diligence and prudence which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking and (in the case of BIAL) applying the standards generally adopted by international airport operators in the construction of the Airport adhering to the practices generally followed by such utilities (except as regards terms and conditions of employment of operating personnel) in the operation and maintenance of the Airport, and except insofar as inconsistent with any Applicable Law or the construction, operation, and maintenance of the systems or equipment to be operated and maintained by AAI pursuant to the CNS/ATM Agreement.

"Gross Revenue" shall have the meaning given to it in Article 3.3.

"ICAO" means the International Civil Aviation Organisation formed by the Chicago Convention or any successor thereof.

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"ICAO Policies" means the first statement of the ICAO Council contained in the "ICAO Policies on Charges for Airports and Air Navigation Services" which was adopted by the Council of ICAO on 22 June 1992, at the 14th Meeting of its 136th Session, and subsequently amended on 8 December 2000, at the 18th Meeting of the 161st Session, and which is published as ICAO document 9082/6 as may be amended from time to time.

"Independent Consultant" means the independent consultant appointed pursuant to the terms of the OMSA either as approved by the Lenders pursuant to the terms of the Financing Agreements or approved by the Gol (which approval shall not be unreasonably withheld or delayed).

"Independent Engineer" means the independent engineer appointed by the Lenders under the terms of the Financing Agreements.

"Independent Regulatory Authority" or "IRA" means the Airports Economic Regulatory Authority or any other regulatory authority set up to regulate any aspect of Airport Activities set up (i) by way of an executive order provided the functioning of the IRA is not within the control of Gol, or (ii) by an Act of Parliament or an ordinance or any rules made thereunder.

"Indexed" means the adjustment of the relevant amount by reference to the index value of the "Wholesale Price Index" published by the Ministry of Industry, Gol and shall include any index which substitutes such index, and any reference to Indexed shall, unless the context otherwise requires, be construed as a reference to adjustment taking into account the Wholesale Price Index for the period ending with the preceding month.

"Initial Phase" means the design, financing, construction, completion and commissioning of the facilities described in Schedule 2.

"International Airport" means an airport serving any commercially operated aircraft flying to a relevant airport in India from a point of origin outside India, or flying from a relevant airport in India to a point of destination outside India.

"Land Lease Agreement" means the document and/or instrument entered into or to be entered into pursuant to which Karnataka State Industrial Investment and Development Corporation Limited has or will grant to BIAL leasehold rights and interests in the Site.

"Lenders" means the banks, financial institutions, NBFC and similar bodies to whom debt is owed under the Financing Agreements for financing (which shall for these purposes include any refinancing) the Initial Phase and any Expansion.

"Major Airport" means any airport which has or is designed to have an annual passenger throughput in excess of one and a half (1.5) million.

"Master Plan" means the master plan prepared by BIAL annexed hereto as Attachment 1.

"Non-Airport Activities" means the provision, at or in relation to the Airport, of the services set out at Schedule 3, Part 2.

"OMSA" means the Operation Management Services Agreement to be entered into between BIAL and Flughafen Zuerich AG.

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"Party" means either Gol or BIAL (as the context may require) and its successor and permitted assigns in terms of this Agreement and "Parties" shall be construed accordingly.

"Person" includes (and as the context requires) any natural and/or juridical entity (including Gol or GoK).

"Private Promoters" means Siemens Project Ventures GmbH, Flughafen Zuerich AG and Larsen & Toubro Limited, and such other party as may from time to time be so agreed pursuant to the Shareholders Agreement.

"Project" means the design, financing, construction, completion, commissioning, maintenance, operation, management and development of the Airport.

"Reference Date" shall have the meaning given to it in Article 3.3

"Regulated Charges" shall be as defined in Article 10.2.1

"Relevant Authority" includes the Gol, AAI, DGCA, BCAS, Department of Immigration of the Ministry of Home Affairs, Department of Customs of the Ministry of Finance or any other subdivision or instrumentality thereof or any other authority empowered by the Applicable Laws.

"Reserved Activities" means those functions and activities that are to be carried out at the Airport by any Relevant Authority pursuant to and including those set out at Articles 8.4, 8.5 and 8.6.

"Security" includes any mortgage, pledge, lien, security interest or other charge or encumbrance and any other agreement or arrangement having substantially the same economic effect.

"Service Provider Right" means any privilege, right, franchise, lease or other right or sub-right granted by BIAL or by any Service Provider Right Holder pursuant to Article 3.2.2

"Service Provider Right Holder" means any Person holding from time to time any Service Provider Right.

"Settlement Amount" means an amount calculated in accordance with Schedule 7.

"Shareholders Agreement" means the agreement dated 23 January 2002 between Karnataka State Industrial Investment and Development Corporation Limited, AAI, Siemens Project Ventures GmbH, Flughafen Zuerich AG, Larsen & Toubro and BIAL.

"Site" means the land in which BIAL has or shall have a leasehold interest pursuant to the Land Lease Agreement, and measuring approximately 4300 acres in area, on, under and over which the Airport is to be constructed.

"Specifications" means the specifications for the construction of the Airport as set forth in Part 1 of Schedule 9.

"Standards" means the performance standards for the operation and maintenance of the Airport as set out in Part 2 of Schedule 9.

"State Support Agreement" means the agreement entered into or to be entered into between GoK and BIAL.

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"Tax" or "Taxes" shall mean any and all taxes, levies, imposts, duties, charges, deductions or withholdings that are, or that are to be, imposed, levied, collected, withheld or assessed, together with any and all interest, penalties, claims or other liabilities arising under or relating thereto.

"Termination Amount" means an amount calculated in accordance with Article 13.4.1

"Transfer Date" shall be the date on which BIAL transfers legal and beneficial ownership and hands over possession of the Airport to Gol or its nominees in accordance with Article 13.5

"User Development Fee" means a fee collected from embarking passengers for the provision of passenger amenities, services and facilities and will be used for the development, management, maintenance, operation and expansion of facilities at the Airport.

"Willful Default" means an intentional or reckless breach or disregard by a Party of any of its obligations under this Agreement but not a breach or disregard of an obligation or failure to remedy a breach resulting from an error of judgment or mistake after due enquiry arising in good faith or from the need to act in accordance with Good Industry Practice.

"Works" means the works required for, or to be carried out or executed in or in relation to or in connection with, the design, construction, completion, commissioning and/or development of the Initial Phase and/or any Expansion.

1.2 Interpretation

In this Agreement, except to the extent that the context requires otherwise:

- 1.2.1 any reference to an Act of Parliament or any Section of, or Schedule to, or other provision of, an Act of Parliament shall be construed, at the particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all rules, orders or regulations then in force and made under or deriving validity from the relevant Act or provision;
- 1.2.2 reference to a "judgment" includes any order, injunction, determination, decree or other judicial or arbitral tribunal measure in the Indian jurisdiction which is final and binding;
- 1.2.3 a reference to a "law" includes common law, the Constitution of India and any decree, judgment, legislation, direction, order, ordinance, regulation, by-law, statute, notification, circular, guideline, rule, statutory instrument or other legislative measure, with which BIAL is required to comply by law (and "lawful" and "unlawful" shall be construed accordingly);
- 1.2.4 references in the singular shall include references in the plural and vice versa;
- 1.2.5 a reference to a "day" means a calendar day;
- 1.2.6 references to a particular Article, paragraph, sub-paragraph, Schedule or Attachment shall, except where the context otherwise requires, be a

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- reference to that Article, paragraph, sub-paragraph, Schedule or Attachment in or to this Agreement;
- 1.2.7 the headings are inserted for convenience and are to be ignored for the purposes of construction;
- 1.2.8 terms defined in the Schedules hereto shall have the meanings ascribed thereto in the Schedules when used elsewhere in this Agreement;
- 1.2.9 the Schedules to this Agreement form part of this Agreement and will be in full force and effect as though they were expressly set out in the body of this Agreement;
- 1.2.10 any reference to any agreement, deed, instrument, licence code or other document of any description shall be construed, at the particular time, as a reference to that agreement, deed, instrument, licence code or other document as the same may then have been amended, varied, supplemented, modified, suspended or novated;
- 1.2.11 the words "written" and "in writing" includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form with confirmation of the transmission;
- 1.2.12 the words "include" and "including" are to be construed without limitation;
- 1.2.13 in case of any ambiguity or discrepancy between the Articles and the Schedules, the Articles shall prevail.

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Part II
The Concession

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ARTICLE 2

2 Scope of the Project

2.1 Scope of the Project

The scope of the Project (the "Scope of the Project") shall mean:

- 2.1.1 the development and construction of the Airport on the Site in accordance with the provisions of this Agreement;
- 2.1.2 the operation and maintenance of the Airport and performance of the Airport Activities and Non-Airport Activities in accordance with the provisions of this Agreement; and
- 2.1.3 the performance and fulfillment of all other obligations of BIAL in accordance with the provisions of this Agreement.

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ARTICLE 3

3 Grant of concession

3.1 Concession

3.1.1 Subject to and in accordance with the provisions of this Agreement and Applicable Law, Gol hereby grants BIAL the exclusive right and privilege to carry out the development, design, financing, construction, commissioning, maintenance, operation and management of the Airport (excluding the right to carry out the Reserved Activities and to provide communication and navigation surveillance/air traffic management services which are required to be provided by AAI).

3.1.2 BIAL hereby accepts the concession granted to it by Gol pursuant to Article 3.1.1 of this Agreement.

3.2 Recognition of Rights

3.2.1 Subject to Applicable Laws and in accordance with the provisions of this Agreement, Gol recognises that BIAL may carry out:

- (i) any activity or business related or ancillary to the activities referred to in Article 3.1 or which BIAL considers desirable or appropriate to be carried on or engaged in connection therewith (including any infrastructure service considered by BIAL to be reasonably necessary for the activities referred to in Article 3.1); and
- (ii) any activity or business in connection with or related to the arrival, departure and/or handling of aircraft, passengers, baggage, cargo and/or mail at the Airport; and
- (iii) any activity or business in connection with or related to the development of the Site or operation of the Airport to generate revenues including the development of commercial ventures such as hotels, restaurants, conference venues, meeting facilities, business centres, trade fairs, real estate, theme parks, amusement arcades, golf courses and other sports and/or entertainment facilities, banks and exchanges and shopping malls.

3.2.2 For the purpose of exercising its rights pursuant to Article 3.2.1 BIAL may, subject to and in accordance with the terms of this Agreement, at any time, grant Service Provider Rights (including the right of the Service Provider Right Holders to grant sub-rights) to any Person for the purpose of carrying out the activities and businesses described in Article 3.2.1 on such terms and conditions as BIAL may determine are reasonably appropriate, subject to the same being within the framework of this Agreement and not being contrary to the terms and conditions of this Agreement provided that, if and to the extent required by any Applicable Law related to security clearance in the interest of national security, such Service Provider Right Holders shall have obtained the necessary and requisite security clearance.

The grant by BIAL of a Service Provider Right shall not relieve BIAL of any of its responsibilities, duties and obligations under this Agreement.

3.3 Concession Fee

3.3.1 Fee

209 } The Parties agree that BIAL shall, in consideration for the grant by Gol of the Concession pursuant to Article 3.1, pay to Gol a fee amounting to four per cent (4%) of Gross Revenue annually on the terms specified in this Article 3.3 (the "Concession Fee").

3.3.2 Gross Revenue

For the purposes of this Article 3.3 the term "Gross Revenue" means all pre-tax revenue of BIAL, excluding the following: (a) payments made by BIAL for the activities undertaken by Relevant Authorities pursuant to Article 8.4, 8.5 and 8.6; (b) insurance proceeds; and (c) any amount that accrues to BIAL from sale of any capital assets or items (d) payments and/or monies received in respect of air navigation and air traffic management services (e) payments and/or monies collected by BIAL for and on behalf of any governmental authorities under applicable law.

3.3.3 Payment

The Concession Fee shall be determined in respect of each financial year of BIAL ("Financial Year") occurring on and after the Airport Opening Date. A Financial Year shall, except in the circumstances outlined in this Article 3.3.3, commence on 1 April and end on 31 March. If the Airport Opening Date occurs in the first six (6) months of a Financial Year, the first Financial Year shall be deemed to commence on the Airport Opening Date and end on the first 31 March falling after the Airport Opening Date. If the Airport Opening Date occurs in the last six (6) months of a Financial Year the first Financial Year shall be deemed to commence on the Airport Opening Date and end on the second successive 31 March falling after the Airport Opening Date.

3.3.4 Payment Account

The Concession Fee shall be calculated and paid in Rupees. Each payment due from BIAL shall be paid into an account at the Reserve Bank of India, Bangalore, by wire transfer or bank draft in favour of the Government of India or such other account as may be designated in writing from time to time by Gol to BIAL.

3.3.5 Provisional Payment

The Concession Fee in respect of the first ten (10) Financial Years (the "Deferred Payment") shall be payable in twenty (20) equal half-yearly instalments the first such instalment being due and payable on the 30th of June and second such instalment being due and payable on 31st of December (each of these dates the "Reference Date") in the eleventh (11th) Financial Year with the remaining instalments each payable on each Reference Date falling thereafter.

Subject to Article 3.3.3 the Concession Fee in respect of the eleventh (11th) Financial Year and each succeeding Financial Year shall be payable annually in arrears on the Reference Date.

The Concession Fee shall be calculated by reference to BIAL's audited annual financial statements for the relevant Financial Year. If no such audited financial statements are available by the Reference Date falling after the end of the relevant Financial Year BIAL shall make a provisional payment to Gol based on the unaudited financial statements in respect of the relevant Financial Year. Within thirty (30) days of audited financial statements being made available to Gol (a) if the provisional payment is less than the amount which should have been paid, BIAL shall pay Gol the outstanding amount; or (b) if the provisional payment is greater than the amount which should have been paid, the same shall be adjusted in the Concession Fee payable for the succeeding Financial Year.

3.3.6 Interest and Taxes

- (i) Payments made under Article 3.3 shall be treated as part of the operating expenses of the Airport with the exception of deferred payment under Article 3.3.5, which are in lieu of payments to be accounted for in the relevant year.
- (ii) Other than in the case of late payment in which case Article 18.14 shall apply, no interest shall be levied or due in respect of any amount or payment to be made pursuant to this Article 3.3.

3.3.7 Disputes

In the event of any dispute between the Parties in respect of this Article 3.3 the Parties shall use their respective reasonable endeavours to settle any such dispute amicably between themselves through negotiation. In the event that the Parties are unable to resolve any dispute following negotiation, they shall appoint an independent chartered accountant whose identity is to be mutually agreed by the Parties and who shall act as a conciliator. In the event that such independent chartered accountant is unable to reach a conclusion within six (6) months of being appointed, the dispute shall be resolved in accordance with Articles 16.2, 16.3 and 16.4.

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ARTICLE 4

4 Conditions Precedent

4.1 Conditions Precedent to Project

The provisions of this Agreement (other than those contained in Articles 1, 4, 14, 16 and 18 inclusive which are, accordingly, binding on the Parties as from the date of this Agreement) shall take effect and become binding on the Parties from the date upon which the following conditions precedent shall have been satisfied in full:

- (i) The receipt by Gol of irrevocable notice from BIAL and GoK that the State Support Agreement has been executed and delivered by all the parties thereto and all the conditions precedent set out therein (excluding the condition precedent relating to this Agreement) have been satisfied which notice shall be final and binding on the Parties;
- (ii) Amendments to the Aircraft Rules, 1937 and
- (iii) The receipt by Gol of irrevocable notice from BIAL and its Lenders that Financial Close has occurred which notice shall be final and binding on the Parties,

provided that (a) any such condition precedent may be waived by agreement in writing between Gol and BIAL and (b) BIAL may unilaterally waive at any time the conditions set out at (ii) above by notice to Gol. If BIAL is able to demonstrate to Gol's satisfaction that it has sufficient funds available at its disposal to develop and construct the Initial Phase and to enable it to perform its obligations under this Agreement Gol shall reasonably consider a request by BIAL to a waiver of the condition set out at (iii) above.

4.2 Obligations to Satisfy Conditions Precedent

- 4.2.1 BIAL shall use all reasonable endeavours to procure the satisfaction in full of the conditions precedent set out in Article 4.1(i) and (iii) above.
- 4.2.2 Gol shall use all reasonable endeavours to procure the satisfaction in full of the condition precedent set out in Article 4.1(ii) above.

4.3 Non-fulfilment of Conditions Precedent

4.3.1 Termination on Non-fulfilment

If the conditions precedent set out in Article 4.1 have not been satisfied in full or not been waived by the date falling six (6) months after the date of this Agreement, BIAL or Gol shall, subject to Article 4.3.2, have the right to terminate this Agreement by giving twenty-one (21) days' notice in writing to the other Party and upon expiry of such notice this Agreement shall terminate without any consequent cost or consequence upon either Party.

4.3.2 Extension of Time for Fulfilment

At any time prior to the date specified in Article 4.3.1, the Parties shall, by mutual agreement in writing, have the right to extend the date for

satisfaction or waiver of the conditions precedent by such period as the Parties may agree.

4.4 **Effective Date**

Subject to Article 4.1, this Agreement will become effective on the date of signature hereof by the Parties hereto.

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ARTICLE 5

5 Obligations of Gol

5.1 Obligations of Gol

5.1.1 Gol shall, at its own cost and expense undertake, comply with and perform all its obligations set out in this Agreement and shall not instruct any statutory body under the direct control and direction of the Ministry of Civil Aviation to take any action that would constitute a breach of this Agreement if such body were party to this Agreement in place of Gol.

5.1.2 Upon application made therefor by BIAL or its shareholders or their respective contractors, servants or agents and subject to full compliance and sustenance by such parties with Applicable Law, the Ministry of Civil Aviation shall endeavour that all Clearances to be granted by it or that are within its direct control and as are required for or in connection with the Project, are granted by it within a period ending on the later of (i) the end of the relevant statutory period (if any), and (ii) forty-five (45) days after the relevant application duly completed having been submitted. The Ministry of Civil Aviation shall use its good offices to procure that all other Clearances as are required for or in connection with the Project are granted within a period ending on the later of (i) the end of the relevant statutory period (if any), and (ii) forty-five (45) days after the relevant application duly completed having been submitted.

5.2 Exclusivity

5.2.1 International

No new or existing airport shall be permitted by Gol to be developed as, or improved or upgraded into, an International Airport within an aerial distance of 150 kilometres of the Airport before the twenty-fifth anniversary of the Airport Opening Date.

5.2.2 Domestic

No new or existing airport (except for Mysore and Hassan airports) shall be permitted by Gol to be developed as, or improved or upgraded into, a Domestic Airport within an aerial distance of 150 kilometres of the Airport before the twenty-fifth anniversary of the Airport Opening Date.

5.3 Equivalent Treatment

Post commencement of operations of the Airport Gol shall not act or omit to act in a manner which discriminates against the Airport or BIAL in a way that provides other Major Airports with an unfair competitive advantage when compared to the Airport or BIAL, as the case may be. [For the purpose of this Article, "discrimination" refers only to the passage of administrative or executive orders that are discriminatory in nature in relation to the Airport and/or BIAL vis-à-vis other Major Airports and/or other airport operators but does not include the passage of laws or statutory, administrative or executive orders in relation to fiscal or tax matters. It is clarified that for facilitating the establishment of another Major Airport the Gol (or any of its

ministries and departments) provides concessions or grants of finance, land or other facilitation to establish such Major Airport the same shall not constitute discrimination for this Article.

5.4 Support

5.4.1 Gol acknowledges and supports the implementation of the Project;

5.4.2 Gol will not revoke (i) the decision to appoint the Private Promoters as joint venture partners in BIAL and to award the Project to the Private Promoters or (ii) this Agreement other than as permitted under this Agreement or in accordance with the Applicable Law.

5.4.3 In recognition of the investment to be made by the shareholders, from time to time, of BIAL and the Lenders and subject to material compliance by such shareholders and the Lenders with all Applicable Law, Gol will not take any steps or action in contradiction of this Agreement which results in or would result in such shareholders or the Lenders being deprived or substantially deprived of their investment or economic interest in the Project except in accordance with the Applicable Law.

5.5 Existing Airport

5.5.1 Existing Airport

- (i) BIAL shall, six (6) months prior to the anticipated Airport Opening Date, notify Gol of the date it expects Airport Opening to occur.
- (ii) From and with effect from the date on which Airport Opening occurs Gol will ensure that the Existing Airport shall not be open or available for use for commercial civil aviation operations and shall no longer be classified as a civil enclave under the AAI Act 1994.
- (iii) From and with effect from the date on which Airport Opening occurs Gol will issue and publish an appropriate notification stating that the Existing Airport is no longer open or available for commercial civil aviation operations (which shall, for these purposes, not include use for Airport activity at times of national emergency or (at any time) by aircraft owned or operated by or for the Indian Air Force or other Armed Forces of India or for transportation of dignitaries by special government hired VIP aircraft or otherwise for their use or activities) and that it is no longer classified as a civil enclave under the AAI Act and also for ensuring that the international code (BLR) of the Existing Airport is transferred to the Airport.
- (iv) General Aviation Services (other than those relating to commercial aircraft) may continue to be provided at the Existing Airport notwithstanding its closure to commercial aircraft pursuant to paragraphs (ii) and (iii) above.

5.5.2 Responsibilities

The Parties acknowledge and agree that the closure of the Existing Airport to commercial civil aviation operations may result in costs, expenses,

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liabilities, loss of profit, and/or claims made by third parties in connection with or pursuant to such closure.

The Parties hereby agree that neither BIAL nor Gol shall be responsible for or made to account for such costs, expenses, liabilities, loss of profit and/or claims made by third parties in connection with or pursuant to such closure. The Parties further agree that AAI will provide an undertaking regarding the cost of closure of Existing Airport, in so far such costs relate to the existing concession/other agreements entered into by AAI with third parties at the Existing Airport. For the avoidance of doubt, AAI is not responsible for costs related to concessions/other agreements entered into by HAL at the Existing Airport.

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ARTICLE 6

6 Representations and Warranties

6.1 Representations and Warranties

6.1.1 Subject to the provisions of this Agreement, each Party represents and warrants to the other Party that as of the Effective Date:

- (i) it has the power and authority and has taken all actions necessary to validly execute and deliver this Agreement;
- (ii) its obligations under this Agreement will be legally valid and binding and enforceable against it;
- (iii) it is subject to the laws of India, and subject to Article 18.13 hereby expressly and irrevocably waives any immunity in respect of this Agreement;
- (iv) the execution, delivery and performance of this Agreement will not conflict with, result in the breach of, constitute a default under, or accelerate performance required under the terms of any covenant, agreement, understanding, decree or order to which it is a party or by which it or any of its properties or assets is bound or affected and does not result in a violation of any Applicable Law;
- (v) it has no knowledge of any violation or default with respect to any order, writ, injunction or decree of any court or any legally binding order of any Relevant Authority which may result in any material adverse effect on its ability to perform its obligations under this Agreement; and
- (vi) it has complied with Applicable Law in all material respects and has not been subject to any fines, penalties, injunctive relief or any other civil or criminal liabilities which in the aggregate has or may have a material adverse effect on its ability to perform its obligations under this Agreement.

6.1.2 In addition BIAL represents and warrants to Gol that as at the date of this Agreement:

- (i) it is a public limited company limited by shares incorporated under the laws of India and has been properly constituted and is in continuous existence since incorporation;
- (ii) it is not engaged in any business other than the business of operating and managing airports and other ancillary activities; and

(iii) the shareholding pattern of BIAL is as follows:

Parties	Percentage of issued and paid up share capital of BIAL
Private Promoters and Other Investors (as those terms are defined in the Shareholders Agreement) (collectively)	74% (Siemens Project Ventures 40%, Unique Zürich 17% and L&T 17%)
State Promoters (as the term is defined in the Shareholders Agreement) (collectively)	26%
Total	100%

- (iv) there are no actions, suits, proceedings, or investigations pending or, to its knowledge, threatened against it at law or in equity before any court or before any other judicial, quasi-judicial or other authority, the outcome of which may result in a breach of this Agreement or which individually or in the aggregate may result in any material impairment of its ability to perform its obligations under this Agreement; and
- (v) no sums, in cash or kind, have been paid to, or accepted by, any person or will be paid to, or accepted by, any person or on its behalf by way of fees, commission or otherwise to induce Gol to enter into this Agreement.

6.2 Lock-in

Subject to Article 14 and in accordance with the terms of the Shareholders Agreement, the shareholding of Siemens Project Ventures GmbH and Flughafen Zuerich AG are subject to the following lock-in restrictions:

- 29 ✓
- (i) Siemens Project Ventures GmbH shall subscribe and hold at least forty percent (40%) of the paid up capital of BIAL for a period of three (3) years after Airport Opening and no less than twenty six percent (26%) for a period of seven (7) years after Airport Opening; and
 - (ii) Flughafen Zuerich AG shall subscribe and hold at least five percent (5%) of the paid up capital of BIAL for a period of three (3) years after Airport Opening.

6.3 Approvals

BIAL shall at all times obtain and maintain all Clearances and Approvals, including registrations, licenses and permits (including immigration, temporary residence, work and exit permits), which are required by Applicable Law for the performance of the Project.

6.4 Disclaimer

6.4.1 BIAL acknowledges that prior to the execution of this Agreement, it has, after a complete and careful examination, made an independent evaluation

of the Scope of the Project and has determined the nature and extent of the difficulties, risks and hazards that are likely to arise or may be faced by it in the course of the performance of its obligations in this Agreement.

- 6.4.2 BIAL acknowledges and hereby accepts the difficulties, risks and hazards (including any inadequacies, mistakes or errors in or relating to any of the matters set forth in Article 6.4.1 above) associated with the Scope of the Project and hereby agrees that Gol shall not be liable for the same in any manner whatsoever to BIAL. For the avoidance of doubt the difficulties, risks and hazards accepted by BIAL pursuant to this Article 6.4 shall exclude any obligations for which Gol is responsible pursuant to the terms of this Agreement.

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Part III
Development and Operations

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ARTICLE 7

7 Construction of the Airport

7.1 Master Plan

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BIAL shall review the Master Plan every five (5) years. If, on such review, BIAL considers it necessary to revise the Master Plan to reflect changed circumstances at the Airport, BIAL shall revise the Master Plan and provide Gol with a copy of such revised Master Plan.

7.2 Construction and Expansion

BIAL shall design, procure, construct, complete, test and commission the Initial Phase, and remedy any defects in respect thereof, in accordance with the Master Plan, Good Industry Practice and Applicable Law. BIAL shall ensure that the Works shall conform with the Specifications and Good Industry Practice.

BIAL shall, taking into account and subject to increased demand, the availability of funding, the economic and profitable operation of the Airport at that time and the reasonable requirements of users of the Airport, develop and implement detailed proposals for the Expansion of the Airport.

To the extent that BIAL incurs any capital investments, amounts or costs in relation to the provision of Non-Airport Activities and requires such investments, amounts or costs to be included in the calculation of the Termination Amount, Debt or Settlement Amount, BIAL shall seek the prior written consent of Gol.

7.3 Independent Engineer

BIAL shall procure that any reports and certificates prepared by the Independent Engineer and submitted to the Lenders pursuant to the terms of the Financing Agreements and any report from any independent engineer appointed pursuant to any future financing shall also be copied to the Gol to enable the Gol to monitor progress of construction and commissioning of the Airport.

BIAL shall also procure that the Independent Engineer furnishes to Gol a "Completion Certificate" in form and substance as per Schedule 10 hereto prior to the Airport Opening Date.

7.4 Site and Materials

7.4.1 Organisation of Site

BIAL will organise the Site during the period of construction with regard to safety precautions, fire protection, security, transportation, delivery of goods, materials, plant and equipment, control of pollution, maintenance of competent personnel and labour and industrial relations and general site services including, without limitation, access to and on the Site, allocation of space for contractors' and sub-contractors' offices and compounds and the restriction of access to the Site to authorised Persons only.

7.4.2 Materials

BIAL will ensure that the Works will comprise only materials and goods which are of sound and merchantable quality and which are manufactured and prepared in accordance with Applicable Law and that all workmanship shall be in accordance with Applicable Law and with Good Industry Practice applicable at the time of construction and/or installation.

7.5 Airport Opening

BIAL will ensure that the Airport Opening Date shall occur by the date falling thirty three (33) months after Financial Close, provided that such date shall be adjusted by reference to any delays arising due to or as a result of:

- (i) an event of Force Majeure; and/or
- (ii) a failure or any delay by GoI in the performance of its obligations under this Agreement; and/or
- (iii) any interruption or intervention by GoI pursuant to its rights under Article 8.14 of this Agreement; and/or
- (iv) a failure or any delay by GoK in the performance of its obligations under the State Support Agreement; and/or
- (v) a failure or any delay by Karnataka State Industrial Investment and Development Corporation Limited in the performance of its obligations under the Land Lease Agreement; and/or
- (vi) a failure or any delay by AAI in the performance of its obligations under the CNS/ATM Agreement; and/or
- (vii) a failure or any delay by AAI or the Karnataka State Industrial Investment and Development Corporation in the performance of their obligations under clause 7 of the Shareholders Agreement; and/or
- (viii) a failure or any delay by any Relevant Authority in the performance of its services.

In the event of BIAL failing to achieve Airport Opening by the date falling thirty nine (39) months after Financial Close for any reason other than the conditions stated above, then BIAL shall pay to GoI, as agreed, liquidated damages of an amount of Rupees one lakh (100,000) for every day of delay calculated for the period commencing on the date occurring thirty nine (39) months from Financial Close and ending on the earlier of the Airport Opening Date or the date occurring forty five (45) months from Financial Close.

7.6 Licence

7.6.1 Grant of Licence

GOI shall use its good offices and assist BIAL for DGCA's grant of an airport licence to BIAL initially valid for a period of two years to enable it to commence commercial operation no later than forty-five (45) days from the date of its application to DGCA, provided that BIAL shall have completed construction of the Airport in accordance with the terms of this Agreement

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and shall have complied with (i) the requirements of Rule 86 and Section A of Schedule V of the Aircraft Rules 1937, (ii) any special directions or guidelines issued by DGCA pursuant to Rule 133A of the Aircraft Rules 1937 and (iii) any other standard requirement of DGCA in connection with the issuance of an airport licence for a Major Airport.

7.6.2 Continuing Licence

Subsequent to the issue of airport licence under Article 7.6.1 above, GOI shall use its good offices and assist BIAL for DGCA's renewal of said airport licence issued to BIAL for a further period of two years prior to the expiry of the airport licence issued for the immediately preceding two year period, no later than forty-five (45) days from the date of BIAL's application to DGCA, provided that BIAL continues to comply in all material respects with (i) Applicable Law and the Aircraft Rules 1937, (ii) any special directions or guidelines issued by DGCA pursuant to Rule 133A of the Aircraft Rules 1937, (iii) the provisions of this Agreement and (iv) any other standard requirement of DGCA in connection with the issuance of an airport licence for a Major Airport (including the payment of all past dues owed to DGCA in connection with such licence) and provided that there are no outstanding breaches by BIAL under the current licence.

7.7 Commissioning

GOI shall use its good offices to persuade that AAI and DGCA shall, at BIAL's cost and in a timely manner, carry out all tests and procedures as are necessary to be undertaken for the grant of the licence referred to in Article 7.6 above and/or for the safe operation of the Airport.

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ARTICLE 8

8 Operation and Maintenance

8.1 Airport Operation and Maintenance

BIAL shall at all times comply with Applicable Law in the operation and maintenance of the Airport and will operate, maintain, keep in good operating repair and condition in accordance with Good Industry Practice and, in accordance with the Standards and renew, replace and upgrade to the extent reasonably necessary, the Airport which for these purposes shall exclude any systems or equipment to be operated by AAI in accordance with the terms of the CNS/ATM Agreement. All maintenance, repair and other works shall be carried out in such a way as to minimise inconvenience to users of the Airport.

8.2 Joint Co-ordination Committee

The Parties wish to develop, maintain and operate the Airport to high standards consistent with standards achieved at other leading international airports. The Reserved Activities will be carried out by Gol or under the direction of Gol. In order to assist BIAL and Gol achieve their objectives under this Agreement a joint co-ordination committee shall be formed comprising BIAL, Gol and the other Relevant Authorities providing the Reserved Activities. The joint coordination committee shall meet once a month commencing with the first month following the execution of this Agreement provided that the Parties shall not be bound by the decisions of such committee. The Ministry of Civil Aviation shall use its good offices to assist in this process but shall not, for the avoidance of doubt, chair the joint coordination committee.

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8.3 Reserved Activities

Gol shall undertake the Reserved Activities in accordance with this Article 8 and shall exercise all rights available to it under Applicable Law requiring the continual provision of essential services to enable continuous flow of passengers, baggage and cargo at the Airport.

8.4 Customs, Immigration and Quarantine

8.4.1 The Parties wish to develop and operate the Airport to standards consistent with those achieved at other leading international airports and in this regard, customs, immigration and quarantine procedures shall be established by Gol, at its own cost. The Parties intention is to use reasonable endeavours to try and agree appropriate service level standards in respect of customs and immigration procedures and quarantine services established by Gol pursuant to this Agreement and the Ministry of Civil Aviation will use its best efforts to assist accordingly when requested by BIAL.

8.4.2 BIAL shall at all times provide the Relevant Authority with (i) such access and facilities at the Airport and (ii) the space requirements set out in Schedule 8 to this Agreement so as to enable the Relevant Authority to perform the Reserved Activities at the Airport, on terms and conditions that

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are generally consistent with the terms and conditions applicable at other Major Airports.

8.4.3 BIAL shall not be entitled to reduce the space and facilities provided to a Relevant Authority at the Airport without the consent of that Relevant Authority.

8.4.4 In the event of any expansion, modernisation or redevelopment at the Airport which involves the movement or reconfiguration of any space or facilities used by a Relevant Authority for any of the purposes referred to above, BIAL shall duly inform the Relevant Authority and BIAL and the Relevant Authority shall discuss and agree any amendments to the space requirements of the Relevant Authority that may be required as a result of such expansion, modernisation or redevelopment at the Airport.

8.5 Security

8.5.1 Gol confirms that unless otherwise agreed under this Agreement it shall, on the same terms as it provides such security at all other Major Airports, provide all aviation security at the Airport. Provided that Gol and BIAL may, following mutual discussions, if it is considered appropriate, enter into arrangements to jointly provide aviation security services at the Airport. The Parties recognise that as at the date of this Agreement the fee levied for security is Rs 130 per departing passenger as such fee may be revised uniformly for all Major Airports.

8.5.2 Without prejudice to the other provisions of this Agreement, BIAL shall comply with such rules and regulations established by BCAS in connection with the security of the Airport provided that BIAL shall not be so obliged if such rules and regulations are not generally and consistently applied to airports having the same or similar sensitivity classification.

8.5.3 BIAL shall be responsible for providing and maintaining all such security equipment as required by BCAS or any other Relevant Authority from time to time (excepting Door Frame Metal Detector (DFMD), Hand Held Metal Detector (HHMD), X-Ray Scan Machines for screening carry on passenger baggage and Walki-Talkies which shall be procured, installed, operated, maintained and replaced by AAI insofar these equipments relate to Anti-Hijacking and Anti-Sabotage functions) provided that the same obligations are imposed on airports having the same or similar sensitivity classification.

8.5.4 The procedures to be adopted for the security of the Airport building, passengers, persons working at the Airport and other visitors to the Airport, and aircraft, freight and other property at the Airport shall also be prescribed by BCAS. BIAL shall be obliged to comply with all such procedures and directions as issued by BCAS from time to time provided that such procedures and directions are consistently applied to airports having the same or similar sensitivity classification.

8.5.5 The personnel for undertaking security duty shall be provided by the security agency designated by BCAS, Gol or GoK.

8.5.6 BIAL shall co-operate fully with the officers of the designated security agencies and other security agencies at all times.

- 8.5.7 BIAL shall provide the designated security agency with (i) such access and facilities at the Airport and (ii) the space requirements set out in Schedule 8 to this Agreement, so as to enable the designated security agency to perform its functions under this Agreement, on terms and conditions that are generally consistent with the terms and conditions applicable to airports having the same or similar sensitivity classification.
- 8.5.8 BIAL shall not be entitled to reduce the space and facilities provided to the designated security agency at the Airport without the consent of the designated security agency.
- 8.5.9 In the event of any expansion modernisation or redevelopment at the Airport which involves the movement or reconfiguration of any space or facilities used by the designated security agency for any of the purposes referred to above, BIAL shall duly inform the designated security agency and BIAL and the designated security agency shall discuss and agree any amendments to the space requirements of the designated security agency that may be required as a result of such expansion, modernisation or redevelopment at the Airport.

8.6 Meteorological Service

- 8.6.1 Gol confirms that it shall provide meteorological services at the Airport in accordance with the practices established or recommended from time to time pursuant to the Chicago Convention and on the same terms as it provides such services at all other Major Airports.
- 8.6.2 BIAL shall in connection with the provision of meteorological services provide the Relevant Authority with (i) such access and (ii) the space requirements set out in Schedule 8 to this Agreement so as to enable the Relevant Authority to perform its functions under this Agreement. The functions provided by the Relevant Authority and the access and space provided by BIAL under this Article 8.6 shall be provided on terms and conditions that are generally consistent with the terms and conditions applicable at other Major Airports.
- 8.6.3 BIAL shall not be entitled to reduce the space and facilities provided to a Relevant Authority at the Airport without the consent of that Relevant Authority.
- 8.6.4 In the event of any expansion modernisation or redevelopment at the Airport which involves the movement or reconfiguration of any space or facilities used by a Relevant Authority for any of the purposes referred to above, BIAL shall duly inform the Relevant Authority and BIAL and the Relevant Authority shall discuss and agree any amendments to the space requirements of the Relevant Authority that may be required as a result of such expansion, modernisation or redevelopment at the Airport.

8.7 VIP Lounge

BIAL shall provide and maintain to international standards at all times at the Airport a Government VIP Lounge for the use and comfort of state guests and state dignitaries.

8.8 Standards

Nothing in this Article 8 shall be construed as entitling BIAL to reduce or prejudice the standards in relation to space or facilities required at the Airport under this Concession Agreement.

8.9 Management of the Airport Business

BIAL shall, in accordance with Good Industry Practice and Applicable Law and as contemplated by the terms of this Agreement:

- 8.9.1 manage and operate the Airport in a competitive, efficient and economic manner as a commercial undertaking;
- 8.9.2 without limiting any other obligation or right of BIAL under this Agreement, provide or secure the provision at the Airport of the Airport Activities; and
- 8.9.3 take proper account of the reasonable requirements of users of the Airport.

8.10 General obligations

8.10.1 BIAL shall, subject to Applicable Law:

- (i) keep the Airport open at all times for the take-off and landing of aircraft unless and so long as BIAL is unable to do so as a result of a failure by any Relevant Authority to provide a Reserved Activity; and
- (ii) be responsible for, and promptly pay, all expenses incurred by it in respect of the operation of the Airport including, without limitation, in respect of Tax, insurance and the provision of all services or utilities to or at the Airport such as electricity, water, gas, refuse collection, sewerage, foul water, drainage and telephone.

8.11 Slots

BIAL shall have the final right to allocate slots at the Airport, subject to the same being allocated fairly and not arbitrarily and shall use reasonable endeavours to accommodate the relevant airline operators the slots allocated at the Existing Airport at the time of its closure.

8.12 Non-discrimination

Subject to any law or international treaty obligations as in force from time to time, Gol shall follow a policy of non-discrimination with regard to the classes or descriptions of air traffic that are permitted to use the Airport and subject to reasonable regulations, shall not impose unfair limitations on aircraft movements at the Airport or otherwise restrict the capacity at the Airport.

8.13 Interruption of Operation

If following the Airport Opening Date, BIAL ceases or substantially ceases the operation of the Airport for more than forty-eight (48) hours, other than in accordance with its rights under this Agreement, without the written consent of Gol, at the request of either Party Gol will meet with BIAL to discuss and agree a plan and the appointment of a joint operation and management committee (and the terms

and conditions upon which such committee is to be appointed), to procure that operation of the Airport recommences as soon as practicable. If Gol and BIAL are unable to agree a plan and appoint a joint operation and management committee within six (6) hours of the expiry of the period referred to above, Gol shall be entitled to operate the Airport until such time as BIAL is able to resume operation of the Airport.

8.14 Interruption of Construction or Operation

Except as otherwise provided in this Agreement and/or except in the case of national emergency and/or as provided in any law existing at the date of this Agreement Gol shall not intervene in or interrupt the design, construction, completion, commissioning, maintenance, financing, operation, management and/or development of the Airport by or on behalf of BIAL. In case of any other emergency or for reason of public safety, Gol shall be entitled to intervene in or interrupt the construction or operation of the Airport for a period to be mutually agreed between the Parties.

8.15 BI laterals

Without impinging on or in any way restricting the sovereign rights of the Government of India, Gol shall, where feasible, endeavour to renew all existing air services agreements and endeavour not to revoke or terminate any existing air services agreements as affecting the Airport. For the avoidance of doubt, Gol shall be entitled to revoke or terminate any air services agreement for reason of the failure of another state or its designated carrier(s) to comply with their obligations under, or as a result of a breach by or default of the other party to, such air services agreement.

8.16 Daytime and Night time Operation

Subject to installing appropriate facilities and compliance with all Applicable Law and standards including environmental laws and provided that substantially similar restrictions, if applicable, are placed on all other Major Airports, BIAL shall be entitled to operate the Airport and to permit the take-off and landing of aircraft at any time during both day and night hours.

8.17 Access for Officials

8.17.1 Access

Subject to the provisions of Article 8.17.2 and subject to BCAS' guidelines, BIAL shall have the right to grant access to all parts of the Site and/or the Airport to such Persons as it shall determine.

8.17.2 Minimum Disruption

To the extent that such access has been granted to Gol and/or AAI such access and facilities shall be used and exercised by the relevant Persons in such manner so as not to cause any disruption to the construction, commissioning, completion, development, maintenance and operation of the Airport.

ARTICLE 9

9 Monitoring of Operation and Maintenance

9.1 Performance Standards

The Parties wish to ensure satisfaction on the part of passengers with the overall experience of travelling through the Airport and acknowledge that this experience is a result of a number of bodies interacting in order to provide various services and facilities. BIAL is primarily responsible for the provision of services at the Airport and shall work to improve the facilities, standards and services at the Airport.

9.2 Monitoring of Performance Standards

9.2.1 Throughout the term of this Agreement the Airport's performance shall be monitored by passenger surveys in accordance with this Article 9. The criteria used to measure the Airport's performance shall be the IATA Global Airport Monitor service standards set out in Schedule 9, Part 2 or such criteria as may be mutually agreed upon from time to time (the "Standards").

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9.2.2 BIAL shall participate in IATA surveys and shall ensure that a survey is conducted each year in accordance with IATA's requirements to determine the Airport's performance. The first such survey shall be conducted during the third (3rd) year after Airport Opening.

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9.2.3 If three (3) consecutive surveys show that the Airport is consistently rated in respect of the service standards under BIAL's direct control, as lower than IATA rating of three and a half (3.5) (in the current IATA scale of 1 to 5), BIAL will produce an action plan in order to improve the Airport's performance which must be implemented within one (1) year.

9.2.4 If the Airport continues for a further one (1) year to be rated as lower than IATA rating of three and a half (3.5) (in the current IATA scale of 1 to 5) in respect of the service standards under BIAL's direct control, the Gol may direct BIAL to produce a further action plan to improve the Airport's performance which must be implemented within one (1) year.

9.2.5 Should BIAL fail to produce such an action plan or if the Airport continues to be rated in respect of the service standards under BIAL's direct control, as lower than three and a half (3.5) in the survey conducted in respect of the year after implementation of such action plan, Gol shall have the right to impose liquidated damages and/or to give directives to Relevant Authorities participating in the joint coordination committee referred to in Article 8.2 to assist BIAL in improving the rating. The quantum of liquidated damages will, taking into account factors leading to the drop in ratings, be discussed and agreed between the Parties.

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9.2.6 Any liquidated damages pursuant to Article 9.2.5 above shall be paid into an Airport development fund. Monies from the Airport development fund shall be utilised to fund improvements at the Airport at the direction of the Gol.

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9.2.7 If the Airport continues to be rated as lower than three and a half (3.5) (in the current IATA scale of 1 to 5) in respect of the service standards under BIAL's direct control due to BIAL's poor performance in the survey conducted in respect of the two (2) years following the date that BIAL first becomes liable to pay such liquidated damages, Gol shall have the right to terminate this Agreement.

9.2.8 In the event that the current IATA scale changes, the Parties agree that equivalent levels of ratings contemplated in this Article 9.2 shall be applied. BIAL would make best endeavour to achieve performance standard higher than three and a half (3.5) (in the current IATA scale of 1 to 5).

9.2.9 From the date the IRA has power to review, monitor and set standards and penalties and regulate any such related activities at the Airport, BIAL shall be required, instead of the provisions of Articles 9.2.1 to 9.2.7, to comply with all such regulations framed by IRA.

9.2.10 Notwithstanding anything contained in Articles 9.2.3, 9.2.4, 9.2.5 and 9.2.7 above, in the event GOI concludes concession agreement(s) in respect of any other Major Airport(s) with 3.5 as the rating for the purposes of termination of the Concession Agreement by GOI, then the rating for the purposes of this Article 9 shall continue to be 3.5. However, in the event GOI concludes concession agreement(s) in respect of any other Major Airport(s) with ratings lower than 3.5 and not lower than 3 as the rating for the purposes of termination of the concession agreement by GOI, then such lower rating shall be made applicable for this Article 9.

9.3 Records

Subject to compliance with all Applicable Law, BIAL shall keep full records in respect of the design, construction, completion, commissioning, maintenance, operation, management and development of the Airport including a maintenance manual and "as built" drawings of all aspects of the Airport and shall make them available for inspection on reasonable notice and during normal business hours to Gol for the purpose of verification by Gol of BIAL's compliance with the terms and conditions hereof and shall furnish copies thereof to Gol (at Gol's cost) if called for.

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Part IV

Financial Provisions

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ARTICLE 10

10 Charges

10.1 Parties having right to impose charges

Subject to Applicable Law, no Person (other than BIAL, any Service Provider Right Holder granted a relevant Service Provider Right or the AAI) may impose any charge or fee (a) in respect of the provision at the Airport of any facilities and/or services which are included within Airport Activities or (b) in respect of the movement of passenger, or vehicular traffic on the Airport or the Site.

10.2 Airport Charges

10.2.1 The Airport Charges specified in Schedule 6 ("Regulated Charges") shall be consistent with ICAO Policies.

10.2.2 The Regulated Charges set out in Schedule 6 shall be the indicative charges at the Airport. Prior to Airport Opening BIAL shall seek approval from the Ministry of Civil Aviation for the Regulated Charges, which shall be based on the final audited project cost. The Ministry of Civil Aviation shall, subject to the proposed Regulated Charges being in compliance with the principles set out in Article 10.2.1, grant its approval thereto within a period of sixty (60) days of the date of the application being submitted by BIAL.

10.2.3 If at any time prior to the date the IRA has the power to approve the Regulated Charges BIAL wishes to amend such charges it shall seek consent from the Ministry of Civil Aviation for such amendments. The Ministry of Civil Aviation shall, subject to the proposed charges being in compliance with the principles set out in Article 10.2.1, grant its approval of such amendments within a period of sixty (60) days of the date of the application being submitted by BIAL.

10.2.4 From the date the IRA has the power to approve the Regulated Charges, BIAL shall be required to obtain approval thereof from the IRA. In this regard BIAL shall submit to the IRA, in accordance with any regulations framed by the IRA, details of the Regulated Charges proposed to be imposed for the next succeeding relevant period together with such information as the IRA may require for review. Unless otherwise agreed in writing between the Parties such approved Regulated Charges shall comply with the principles referred to in Article 10.2.1 until the earlier of (i) the date that outstanding Debt in respect of the Initial Phase has been repaid and (ii) fifteen (15) years from Financial Close.

10.3 Other Charges

BIAL and/or Service Provider Right Holders shall be free without any restriction to determine the charges to be imposed in respect of the facilities and services

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provided at the Airport or on the Site, other than the facilities and services in respect of which Regulated Charges are levied.

10.4 Payment of Taxes

All Taxes as may be due and payable by BIAL pursuant to Applicable Law, shall be paid on a priority basis prior to any disbursements by BIAL to any party including Lenders.

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ARTICLE 11

11 Maintenance of Insurance

11.1 Insurance during Concession Period

BIAL shall effect and maintain at its own cost, at all times the insurances set out in Schedule 11, the insurances required under the Financing Agreements and such additional insurances as BIAL may reasonably consider necessary or prudent in accordance with Good Industry Practice.

11.2 Policies

Within 15 (fifteen) days of receiving any insurance policy certificates in respect of insurances required to be obtained and maintained under Article 11.1, BIAL shall furnish to Gol, copies of such policy certificates, copies of the insurance policies and evidence that the insurance premia have been paid in respect of such insurance. No insurance shall be cancelled, modified or allowed to expire or lapse until the expiration of at least forty-five (45) days notice of such cancellation, modification or non-renewal has been provided by BIAL to Gol.

11.3 Remedy for Failure to Insure

If BIAL shall fail to effect and keep in force all insurances for which it is responsible pursuant hereto, Gol shall have the option to either keep in force any such insurances, and pay such premia and recover the costs thereof from BIAL.

11.4 Application of Insurance Proceeds

Subject to any agreement with the Lenders, all insurance claims paid to BIAL shall be applied for reconstruction of the Airport except for insurance proceeds unrelated to physical damage.

ARTICLE 12

12 Accounts and Audit

BIAL shall maintain books of accounts recording its income and expenditure, receipts and payments, and assets and liabilities, in accordance with Applicable Law. It shall provide to Gol two (2) copies of its Balance Sheet and Profit and Loss Account along with a report thereon by its Statutory Auditors, as soon as reasonably available.

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Part V
Force Majeure and Termination

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ARTICLE 13

13 Force Majeure and Termination

13.1 Force Majeure

Article 13 shall apply if the performance by any Party (the "Affected Party") of its obligations under this Agreement is prevented, hindered or delayed in whole or in part by reason of Force Majeure.

13.2 Consequences of Force Majeure

13.2.1 Performance Obligation

Provided it complies with Article 13.2.2, neither Party shall be liable for any failure to comply, or delay in complying, with any obligation under or pursuant to this Agreement and they shall not be required to perform their obligations to the extent that the performance by either Party of its obligations under this Agreement is prevented, hindered, impeded or delayed in whole or in part by reason of Force Majeure and in particular, but without limitation, the time allowed for the performance of any such obligations (including, without limitation, achieving the Airport Opening Date as required by Article 7.5) shall be extended accordingly.

13.2.2 Notification

As soon as reasonably practicable, but not more than 72 hours, following the date of commencement of any event of Force Majeure, if either Party desires to invoke such event of Force Majeure as a cause for delay or failure in the performance of any obligation hereunder, it shall notify the other Party in writing of such date and the nature and expected duration of such event of Force Majeure. Within a reasonable time following the date of such notice of such event of Force Majeure, the Party having invoked such event of Force Majeure as a cause for such delay shall submit to the other Party sufficient proof of the nature of such delay or failure and its anticipated effect upon the time for performance.

13.2.3 Mitigation

The Affected Party shall take all reasonable steps to prevent, reduce to a minimum and mitigate the effect of the event of Force Majeure.

13.3 Default

13.3.1 BIAL Default Events

Each of the following events shall constitute a "BIAL Default Event":

- (i) Except as otherwise provided in this Article 13.3.1, if BIAL is in material breach of the terms of this Agreement and such breach has not, if capable of remedy, been remedied within one hundred and twenty (120) consecutive days from the date upon which BIAL receives a notice from Gol specifying that such breach has occurred. The Parties expressly agree that any transfer of shares in

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breach of Article 6.2 shall constitute a BIAL Default Event, unless the transfer is to KSIIDC pursuant to the Shareholders Agreement;

- (ii) If Airport Opening has not occurred by the date falling twelve (12) months after the Airport Opening Target Date;
- (iii) If, following Airport Opening, BIAL ceases to operate (whether by act or omission) for more than fourteen (14) consecutive days or for an aggregate of more than thirty (30) days in any calendar year without the written consent of Gol;
- (iv) If any sum due and payable under this Agreement from BIAL is not paid within twenty-one (21) days of a request therefor from or on behalf of Gol;
- (v) An order being made or a resolution being passed for the liquidation, bankruptcy or dissolution of BIAL which is not, if capable of being so, discharged or, as the case may be, revoked within ninety (90) days thereafter;
- (vi) If any material representation or warranty given by BIAL under this Agreement is incorrect; and
- (vii) BIAL's failure to achieve the agreed Standards pursuant to Article 9.2.7.

Provided that the events outlined in paragraphs (i) to (iii) and (vii) above shall not constitute a BIAL Default Event if they are the result and/or consequence of any of the events specified in the proviso to Article 7.5 except those set forth in paragraphs (iv) and (v) of the said proviso.

13.3.2 Gol Default Events

Each of the following events shall constitute a "Gol Default Event":

- (i) Except as otherwise provided in this Article 13.3.2, if Gol is in breach of the terms of this Agreement to an extent which has a material and adverse effect on the rights or obligations of BIAL, and such breach has not, if capable of remedy, been remedied within one hundred and twenty (120) consecutive days from the date upon which Gol receives a notice from BIAL specifying that such breach has occurred;
- (ii) If any sum due and payable under this Agreement from Gol is not paid within twenty-one (21) days of receipt of a request therefor from or on behalf of BIAL;
- (iii) If any material representation or warranty given by Gol under this Agreement is incorrect;
- (iv) following the occurrence of any of the events set out in Article 15.4 and Article 15.5, if the aggregate outstanding claims by BIAL for compensation pursuant to Article 15.4 and Article 15.5 exceed the maximum compensation amount set out in Article 15.6. For the purpose of this paragraph (iv), the aggregate outstanding claims by BIAL shall exclude any claims in respect of which BIAL has been

fully compensated in accordance with Article 15.4 and Article 15.5. Following the occurrence of any of the events set out in Article 15.4 and Article 15.5 Gol shall have the right at any time to request termination of the Agreement pursuant to this Article 13.3.2 in lieu of paying compensation to BIAL pursuant to those Articles;

- (v) If the CNS/ATM Agreement is terminated at the direction of Gol.

13.4 Consequences of Default

13.4.1 In the event of a BIAL Default Event occurring Gol shall have the right to notify BIAL that such an event has occurred and (if it is capable of remedy) requiring the remedy of the same within a reasonable period not less than one hundred and twenty (120) days. If, following the end of such period, the breach has not been remedied, then Gol or any entity designated by it shall have the right, but shall not be required, to issue a notice to BIAL terminating this Agreement. In the event of Gol exercising such right of termination, Gol shall acquire all of BIAL's rights, title and interests in and to the Airport in the manner set out in Article 13.5 below, on payment on the Transfer Date, which shall be no later than 180 days following issue of such termination notice, of an amount equal to the Termination Amount. "Termination Amount" shall mean one hundred per cent (100%) of the Debt (calculated in accordance with Article 7.2) less any insurance monies received by BIAL or due and paid to BIAL in respect of claims made since the occurrence of the BIAL Default Event which led to termination under this Article 13.4.1.

13.4.2 In the event of a Gol Default Event BIAL shall have the right to notify Gol that such an event has occurred and (if it is capable of remedy) requiring the remedy of the same within a reasonable period not less than one hundred and twenty (120) days. If, following the end of the period stated in such notice the event giving rise to the Gol Default Event has not been remedied, BIAL shall have the right, but shall not be required, to issue a notice to Gol terminating this Agreement. In the event of BIAL exercising such right of termination, Gol shall acquire all of BIAL's rights, title and interests in and to the Airport in the manner set out in Article 13.5 below, on payment on the Transfer Date, which shall be no later than 180 days following issue of such termination notice, of an amount equal to the higher of (i) the Settlement Amount (calculated in accordance with Article 7.2) or (ii) one hundred per cent (100%) of the Debt (calculated in accordance with Article 7.2), less any insurance monies received by BIAL or due and paid to BIAL in respect of claims made since the occurrence of the Gol Default Event which led to termination under this Article 13.4.2.

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13.5 Transfer of Airport

13.5.1 On exercise of a right of termination by Gol or BIAL under Article 13.4 of this Agreement, and without prejudice to any rights of BIAL to compensation all assets of BIAL shall be transferred to Gol or its nominee on the Transfer Date without payment (save for payment of the amounts specified in Article 13.4.1 or Article 13.4.2 as the case may be) and clear of any Security and without any encumbrances and liabilities as provided in

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Article 13.5.3 below. For the avoidance of doubt this shall include but not be limited to:

- (i) all immovable, movable and intangible property (including intellectual property, plans, designs and drawings), stocks, materials, vehicles and spares of BIAL;
- (ii) the rights and obligations under or pursuant to all contracts and other arrangements entered into in accordance with the provisions of this Agreement between BIAL and any Service Provider Right Holder (in consideration of Gol's assumption of the obligations under or pursuant to the contracts and other arrangements); and
- (iii) the rights and obligations under or pursuant to all other contracts entered into by BIAL (including for the avoidance of doubt insurance contracts, guarantees and warranties) (in consideration of Gol's assumption of the obligations under or pursuant to such contracts).

13.5.2 Notwithstanding anything contained in Article 13.5.1, prior to any transfer of the Airport, Gol shall have the right conduct a due diligence of the contracts and agreements pertaining to Non-Airport Activities, the rights and obligations of which it is assuming and shall not be bound to assume the rights and obligations of contracts that, in the sole opinion of Gol are unreasonably onerous, and would be considered onerous at the time that the contracts were entered into. Gol shall conduct the due diligence and identify the contracts and agreements that it is prepared to assume within 45 days of the opening of a data room by BIAL for these purposes following the exercise of a right of termination by Gol or BIAL under Article 13.4. For the avoidance of doubt, to the extent Gol opts to take over Non-Airport Activities, which have not been approved by Gol in accordance with Article 7.2, the calculation of Termination Amount or the Settlement Amount shall include investments, amounts or costs of such Non Airport Activities.

13.5.3 Notwithstanding anything contained in this Article 13.5, no liability (accrued or contingent) of BIAL or relating to the Airport arising on account of actions or inactions prior to the Transfer Date shall be assumed or transferred to Gol or its nominees. Gol or its nominees shall only be liable for liabilities in relation to the Airport arising subsequent to the Transfer Date.

13.5.4 Save to the extent caused by a Gol Default Event, BIAL shall in accordance with Good Industry Practice ensure that all property, assets, rights and other items referred to in Article 13.5.1 which are vested in or transferred to Gol shall be in good working order and in a good state of repair and that the Airport is transferred to Gol as a going concern in good operating order, but this provision shall be deemed to be satisfied if BIAL is for the time being complying with its maintenance obligations.

13.6 Pre-termination Obligations

Expiry or termination of this Agreement shall be without prejudice to all rights and obligations then having accrued to Gol and/or BIAL (or which may thereafter accrue in respect of any act or omission prior to such expiry or termination) and without

prejudice to those provisions which expressly provide for continuing obligations or which are required to give effect to such expiry or termination or the consequences of such expiry or termination.

13.7 Term

13.7.1 Unless terminated earlier in accordance with Article 4.3.1, Article 13.4, or by mutual agreement between the Parties in writing, this Agreement shall continue in full force and effect from its commencement in accordance with Article 4 until the thirtieth (30th) anniversary of the Airport Opening Date whereupon the term of the Agreement shall at the option of BIAL be extended for a further period of thirty (30) years, provided that the following Articles of this Agreement shall have no further force and effect from the thirtieth (30th) anniversary of the Airport Opening Date: 5.1.2 (Obligations of Gol), 5.5 (Existing Airport), 7.7 (Commissioning), 8.17.2 (Minimum Disruption), 10.2 (Airport Charges), and 15.5 (Change in Law).

BIAL may at any time prior to the twenty-seventh (27th) anniversary of the Airport Opening Date, exercise the aforesaid option of extending the term of this Concession Agreement by another thirty (30) years. In the event of BIAL not exercising its option of extending the term of this Concession Agreement, then the Concession Agreement shall expire on the thirtieth (30th) anniversary of the Airport Opening Date and Gol or its nominee shall acquire all of BIAL's rights, title and interests in and to the Airport in the manner set forth in Article 13.5 on payment on the Transfer Date to BIAL the aggregate of:

- (i) one hundred per cent (100%) of the par value of the issued, subscribed and paid-up share capital of BIAL; and
- (ii) one hundred per cent (100%) of the Debt.

13.7.2 In the event of extension of the term of this Agreement under Article 13.7.1, the Parties shall commencing from the expiry of the fifty-fifth (55th) anniversary of the Airport Opening Date, initiate dialogue to extend the term of this Agreement on mutually acceptable terms and conditions. If the Parties are unable to agree upon the revised terms and condition of extension of the Airport by the expiry of the fifty-seventh (57th) anniversary of the Airport Opening Date, then, save as provided in Article 13.7.3 below, the Agreement shall expire on the sixtieth (60th) anniversary of the Airport Opening Date and Gol or its nominee shall acquire all of BIAL's rights, title and interests in and to the Airport in the manner set forth in Article 13.5 on payment on the Transfer Date to BIAL of one hundred per cent (100%) of the Debt.

13.7.3 If BIAL and Gol are unable to agree terms for the renewal of this Agreement by the expiry of the fifty-seventh (57th) anniversary of the Airport Opening Date Gol shall be entitled to commence discussions with third parties provided that Gol shall not enter into a concession agreement in respect of the Airport with a third party on more favourable terms than those offered to BIAL.

Part VI
Other Provisions

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ARTICLE 14

14 * Assignment and Security

14.1 Assignment and Security

- 14.1.1 Notwithstanding any change in the law of India after the date hereof which might otherwise permit the assignment of this Agreement, no party may (save as permitted pursuant to Article 14.1.2) assign this Agreement or any right or obligation arising under or pursuant to it or any benefit or interest herein or create or permit to subsist any Security over this Agreement or any right or obligation arising under or pursuant to it or any benefit or interest in it.
- 14.1.2 For the purposes of providing Security to the Lenders, BIAL may assign and transfer certain or all of its rights and obligations under this Agreement provided that BIAL shall first notify Gol of the identity of any Lenders to whom it intends to assign and transfer its rights and obligations under this Agreement in accordance with this Article. Gol, acting reasonably, shall be entitled, within a period of ten (10) days of such notice to notify BIAL that it objects to the assignment or transfer to one or more of the Lenders so notified by BIAL in which event BIAL shall not be permitted to assign and transfer its rights and obligations under this Agreement to those Lenders so notified by Gol.
- 14.1.3 BIAL covenants that it will not delegate, whether by sub-concession or otherwise, all of its rights and obligations under this Agreement.

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ARTICLE 15

15 Liability and Indemnity

15.1 BIAL Liability

Subject to Article 15.2 and Article 13.3, as between BIAL and Gol (and their respective employees, servants and agents), BIAL alone will bear any responsibility there may be for any cost, expense, loss, liability or damage suffered or incurred by any user(s) at the Airport or any other Person(s) or otherwise and arising out of or in connection with the design, construction, maintenance and operation of the Airport and Non-Airport Activities without recourse to Gol (or any of its respective employees, agents and/or servants) to the extent that such cost, expense, loss, liability or damage arises as a result of the negligence of BIAL (and its employees, servants and agents).

15.2 Exchange of information regarding legal proceedings

Gol and BIAL will be obliged to give information to the other party, if any legal proceeding is initiated in any court or tribunal against them relating to this Concession Agreement.

15.3 Information

Gol and BIAL shall promptly, as soon as reasonably practicable after it becomes aware of the same, inform each other of any demand, claim, action or proceeding or anticipated demand, claim, action or proceeding against it, in respect of which it is entitled to be indemnified under Articles 15.1 and 15.2. They shall give reasonable assistance to one another in the defence of any such demand, claim, action or proceeding.

15.4 Compensation payable by Gol

Subject as provided in this Agreement, in the event of the occurrence of any breach of or default, under Articles 8.11 (Slots), 8.16 (Daytime and Night time Operation) or 10 (Airport Charges) Gol will, upon a request in writing from BIAL, indemnify BIAL against the consequences of each of the events listed above and shall, subject to Article 15.6 pay to BIAL within thirty (30) days of such request for payment, sums equal to the loss, cost, expense, liability or damage suffered directly by BIAL as a result of such event, which shall for the avoidance of doubt include:

- (i) all amounts payable or due and paid by BIAL to any of its contractors or Service Provider Right Holders as a result of such event;
- (ii) all additional interest, fees and other sums owing to Lenders for borrowed money of BIAL as a result of such event; and
- (iii) all additional overheads and operating costs and expenses payable or due and paid as a result of such event.

Provided that Gol may set off from payments due to BIAL under this Article such amounts as constitute any liability to Gol that has previously been admitted by BIAL.

Provided further that BIAL shall notify Gol of the occurrence of an event listed above for which it seeks to claim compensation within a period of ten (10) days from BIAL becoming aware of the occurrence of such event.

15.5 Change In Law

If as a result of Change in Law, BIAL suffers an increase in costs or reduction in net after tax return or other financial burden, loss, liability or damage in connection with its development or operation of the Airport, the aggregate financial effect of which exceeds Rupees ten million (10,000,000) in any year, BIAL may notify Gol and propose amendments to this Agreement so as to put BIAL in the same financial position as it would have occupied had there been no such Change in Law resulting in such cost increase, reduction in return or other financial burden, loss, liability or damage as aforesaid. Upon notification by BIAL as aforesaid, the Parties shall meet as soon as reasonably practicable but no later than 30 (thirty) days following notification from BIAL and either agree on amendments to this Agreement or on alternative arrangements to implement the foregoing.

Provided that if no agreement is reached as aforesaid by the Parties within 90 (ninety) days of the meeting pursuant to this Article, BIAL may by notice in writing require Gol to pay an amount that would put BIAL in the same financial position it would have occupied had there been no such Change in Law resulting in such cost increase, reduction in return or other financial burden, loss, liability or damage as aforesaid. Such notice shall be accompanied by such supporting documents and evidences by BIAL to Gol to evaluate such claim. Gol shall make payment of such compensation within 15 (fifteen) days of receiving such notice and evidences. If Gol shall dispute the quantum of such compensation claim of BIAL, the same shall be finally settled in accordance with the Dispute Resolution mechanism contained herein.

15.6 Maximum Compensation Amount

During the term of this Agreement the aggregate liability of Gol in respect of any and all claims under Articles 15.4 and 15.5 shall not exceed Rupees one hundred (100) crores.

15.7 Liability

The Parties intend that the rights, obligations and liabilities contained in this Agreement shall be an exhaustive description of the rights, obligations and liabilities of the Parties arising out of or in connection with this Agreement. Accordingly, the remedies expressly stated in this Agreement and any document entered into pursuant to it shall be the sole and exclusive remedies of the Parties for liabilities to one another arising out of or in connection with this Agreement, including any representation, warranty or undertaking given in connection with it, notwithstanding any remedy otherwise available at law or in equity.

15.8 Mitigation

BIAL shall, in accordance with Applicable Law, take all reasonable steps (including, to the extent feasible, an increase in the charge to be levied on users of Airport) to mitigate the adverse effect of a Change in Law.

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ARTICLE 16

16 Dispute Resolution

16.1 Negotiation and Conciliation

The Parties shall use their respective reasonable endeavours to settle any dispute, difference claim, question or controversy between the Parties arising out of, in connection with or in relation to this Agreement ("Dispute") amicably between themselves through negotiation.

16.2 Reference to Arbitrator

Subject to anything contained in the relevant IRA legislation regarding the settlement of disputes, any Dispute which the Parties are unable to resolve pursuant to Article 16.1 within sixty (60) days (or such longer period as the Parties may agree) of the written notification by one Party to the other of the existence of a Dispute shall be finally determined by arbitration in accordance with the Indian Arbitration and Conciliation Act, 1996 and in accordance with the UNCITRAL rules (the "Rules") by three arbitrators appointed in accordance with the Rules. In case of conflict between Indian Arbitration and Conciliation Act, 1996 and Rules, the provisions of former will prevail.

The Parties agree that any Dispute relating to compensation payable by Gol pursuant to Article 15.4 in respect of a breach of Article 10 (Airport Charges) shall be determined by Arbitration in accordance with this Article 16.2 only.

16.3 Miscellaneous

The venue of arbitration shall be New Delhi. Each Party shall pay the expenses of the arbitration in accordance with the Rules and the eventual liability for the costs shall be in terms of the arbitral award. No arbitrator shall be the present or former employee or agent of, or consultant or counsel to either Party or in any way related or closely connected with the Parties. The language of the arbitration shall be English.

16.4 Decision/Award

Any decision or award of an arbitral tribunal appointed pursuant to this Article 16 shall be final and binding upon the Parties. The Parties agree that any arbitration award made may be enforced by the Parties against assets (excluding those in respect of Gol referred to in the exclusion to Article 18.13) of the relevant Party, wherever those assets are located or may be found, and judgement upon any arbitration award (wherever necessary) may be entered by any court of competent jurisdiction thereof. The Parties expressly submit to the jurisdiction of any such court for the purposes of enforcement of any arbitration award.

ARTICLE 17

17 * Redressal of Public Grievances

17.1 Complaints Register

17.1.1 BIAL shall maintain a public relations office at the Airport where it shall keep a register (the "Complaint Register") with access at all times for recording of complaints by any person (the "Complainant"). Immediately after a complaint is registered, BIAL shall give a receipt to the Complainant stating the date and complaint number.

17.1.2 The Complaint Register shall be securely bound and each page thereof shall be duly numbered. It shall have appropriate columns including the complaint number, date, name and address of the Complainant, substance of the complaint and the action taken by BIAL. Information relating to the availability of and access to the Complaint Register shall be prominently displayed by BIAL at the Airport.

17.2 Redressal of Complaints

Subject to Article 17.3, BIAL shall inspect the Complaint Register every day and take prompt and reasonable action for redressal of each complaint. The action taken shall be briefly noted in the Complaint Register and a reply stating the particulars thereof shall be sent by BIAL to the Complainant under a certificate of posting.

17.3 Reserved Activities

To the extent that the complaints made by any Complainant relate to the performance or otherwise of the Reserved Activities, BIAL shall notify the Relevant Authority, which shall, upon receipt of such notice, take prompt and reasonable action for redressal of each complaint. The action taken shall be briefly noted in the Complaint Register and a reply stating the particulars thereof shall be sent by the Relevant Authority to the Complainant under a certificate of posting.

ARTICLE 18

18 Miscellaneous

18.1 Remedies, Waivers, Amendments and Consents

No failure on the part of the Gol or BIAL to exercise, and no delay on their part in exercising, any right, power, privilege or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right, power, privilege or remedy preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. Unless specified otherwise, the rights, powers, privileges and remedies provided in this Agreement are cumulative and not exclusive of any other rights, powers, privileges or remedies (whether provided by law or otherwise).

18.2 Amendments, Waivers and Consents

18.2.1 Amendments

- (i) Any provision of this Agreement may be amended, supplemented or modified only by an agreement in writing signed by the Parties.
- (ii) Gol or BIAL may at any time request the other to enter into discussions to review the operation of any part of this Agreement and, but without commitment on either Party, to determine whether it should be amended by mutual agreement provided that, unless there is such mutual agreement, the provisions of this Agreement (as then most recently, if at all, amended) shall continue to apply whatever the outcome of any such discussions or review and whether or not any such discussions or review take place.
- (iii) Notwithstanding the terms of any other provision of this Agreement, it shall not be a breach of this Agreement if any amendment, supplement or modification to any provision of this Agreement requires ratification by law.

18.2.2 Waivers and Consents

- (i) Any provision or breach of any provision of this Agreement may be waived before or after it occurs only if evidenced by an agreement in writing signed by the Parties.
- (ii) Any consent under or pursuant to any provision of this Agreement must also be in writing and given prior to the event, action or omission for which it is sought.
- (iii) Any such waiver or consent may be given subject to any conditions thought fit by the Person(s) giving it and shall be effective only in the instance and for the purpose for which it is given.

18.2.3 Amendment on BIAL Listing

- (i) BIAL may at an appropriate stage during the term of this Agreement consider the possibility of having an IPO.

- (ii) Prior to any such IPO, the Parties shall agree any amendments to this Agreement as may be required by the relevant Stock Exchange authority and shall make public any relevant information as may be required by the relevant Stock Exchange authority.

18.3 Entire Agreement

This Agreement and the documents to be entered into pursuant to it constitute the entire agreement between the Parties with respect to the subject matter of this Agreement and supersede any prior written or oral agreement between them with respect to such subject matter.

18.4 Further Assurance

18.4.1 Further Assurance

Each Party shall, and shall use all reasonable endeavours to procure that any relevant third party shall, execute such documents and do such acts and things as the requesting Party may reasonably require for the purpose of giving to the requesting Party the full benefit of all the provisions of this Agreement. Provided it is without any detriment to the requested Party and at the cost and risks of the requesting Party

18.4.2 Direct Agreement

GoI shall, upon a request from the Lenders, enter into a direct agreement with the Lenders substantially in the form attached as Schedule 5 to this Agreement whereby, amongst other things, GoI agrees to give prior notice of any intention it may have to exercise its rights under the Agreement, to allow such Lenders the right to cure a default on the part of BIAL, and/or to allow such Lenders under certain circumstances to substitute themselves or appoint a third party substitute to carry out the obligations and enjoy the benefits of BIAL under the Agreement.

18.5 Partial Invalidity

18.5.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will, in any way, be affected or impaired and the legality, validity and enforceability of the remainder of this Agreement shall not be affected.

18.5.2 The Parties will negotiate in good faith with a view to agreeing one or more provisions, which may be substituted for any such invalid, illegal or unenforceable provision and which are satisfactory to GoI and produce as nearly as is practicable in all the circumstances the appropriate balance of the commercial interests of the Parties.

18.6 No Partnership

Neither this Agreement nor any other agreement or arrangement of which it forms part, nor the performance by the Parties of their respective obligations under any

such agreement or arrangement, shall constitute a partnership between the Parties. No Party shall have any authority (unless expressly conferred in writing by virtue of this Agreement or otherwise and not revoked) to bind any other Party as its agent or otherwise.

18.7 Time is of the Essence

Time shall be of the essence of this Agreement, both as regards the dates, periods or times of day mentioned and as regards any dates, periods or times of day which may be substituted for them in accordance with this Agreement.

18.8 Computation of Time

Times referred to in this Agreement are times in Bangalore, India. In computing any period of time prescribed or allowed under this Agreement, the day of the act, event or default from which the designated period of time begins to run shall be included. If the last day of the period so computed is not a business day, then the period shall run until the end of the next business day.

18.9 Notices

18.9.1 Communications in Writing

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or registered letter.

18.9.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is as follows:

GoI:

Ministry of Civil Aviation
Rajiv Gandhi Bhawan
Safdarjung Airport
New Delhi - 110003
Fax: 011-24602397
Attention: [Secretary, Ministry of Civil Aviation]

BIAL:

Bangalore International Airport Limited
36 Cunningham Road
Bangalore - 560 052
India
Fax: 080-22081284
Attention: Chief Executive Officer or Managing Director

or any substitute address, fax number or department or officer as the Party may notify to the other Party, by not less than five (5) Business Days' notice.

18.10 Deemed Delivery

Subject as otherwise provided in this Agreement, any communication under or pursuant to this Agreement shall be deemed to be received by the recipient (if sent by fax with confirmation of transmission or telex and, in the case of telex, with answerback received) on the next working day in the place to which it is sent or (in any other case) when left at the address required by Article 18.9.2 or within ten (10) such working days after being sent by registered post (by airmail if to another country) postage prepaid and addressed to that address. For these purposes, working days are days other than Saturdays, Sundays and bank holidays.

18.11 Governing Language

The language which governs the interpretation of this Agreement is the English language. All notices required to be given by either Party to the other and all other communications and documentation which is in any way relevant to this Agreement and which is relevant to the execution, implementation and termination of this Agreement, including but not restricted to any dispute resolution proceedings, shall be in the English language.

18.12 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of India.

18.13 Sovereign Immunity

Gol unconditionally and irrevocably:

18.13.1 agrees that the execution, delivery and performance by it of this Agreement and those agreements and other documents comprising the Security to which it is a party constitute private and commercial acts rather than public or governmental acts;

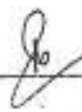
18.13.2 agrees that, should any proceedings be brought against it or its assets in relation to this Agreement or any transaction contemplated by this Agreement, no sovereign immunity from such proceedings shall be claimed by or on behalf of itself or with respect to its assets;

For the purposes of this Article 18.13, "assets" shall be taken as excluding present or future "premises of the mission" as defined in the Vienna Convention on Diplomatic Relations signed in 1961, "consular premises" as defined in the Vienna Convention on Consular Relations signed in 1963, military property or military assets or property or assets related thereto of Gol, premises and offices of the constitutional authorities of India and National heritages.

18.14 Default Interest

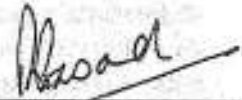
Any amounts due and payable under the terms of this Agreement and not paid on their due date shall bear interest at the State Bank of India Prime Lending Rate plus two per cent (2%).

WS

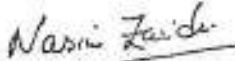


In witness whereof Gol and BIAL have signed this Agreement through their authorised representatives, as above stated, as of the date first hereinabove mentioned.

For and on behalf of
President of India
by a duly authorized representative
in the presence of:



Signature of the authorized representative
Ajay Prasad
Secretary
Ministry of Civil Aviation, Government of India



Signature of the witness
Nasim Zaidi
Joint Secretary
Ministry of Civil Aviation, Gol

Signed for and on behalf of
Bangalore International Airport Limited
by a director
in the presence of:

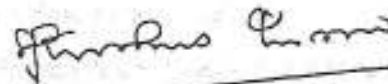


Name and signature of the director
Wolfgang Bischoff
Director
Bangalore International Airport Limited



Signature of the witness
K.V. Rangaswami
Director
Bangalore International Airport Limited

Signed for and on behalf of
Bangalore International Airport Limited
by a director
in the presence of:



Name and signature of the director
S. Krishna Kumar
Director
Bangalore International Airport Limited



Signature of the witness
Herbert Meier
Director
Bangalore International Airport Limited



Schedule 1
Clearances

Schedule 1

PROJECT CLEARANCES BY GOI

S.No	Clearance Required
1	<u>Government of India</u>
1.1	Cabinet approval for the Project
1.2	Amendment of AAI Act
2	<u>Ministry of Civil Aviation</u>
2.1	Clearance to establish the new airport
2.2	Amendment to Aircraft rules 1937
3	<u>Director General of Civil Aviation</u>
3.1	Final approval for the site
3.2	License to operate the new airport
4	<u>Ministry of Defence</u>
4.1	Agreement on Integrated airspace management
4.2	NOC to establish the new airport
5	<u>Ministry of Environment and Forest</u>
5.1	Environment clearance
5.2	Approval for use of the forest land for non forest purposes
6	<u>Department of explosives</u>
	NOC for location of the aviation fuel depot

7	<u>Ministry of Finance</u> Notification of the airport as a "customs airport" in the official gazette

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Schedule 2
Description of the Initial Phase of the Airport

1 Location

The site for the proposed international airport falls east of Bangalore – Hyderabad National Highway No.7 between 29 Kms and 30 Kms from Bangalore and 4 Kms south of Devanhalli town. The site covers an area of 4309.45 acres (1744.01 ha) and is bounded by latitude 13° 15' 50" to 13° 12' 15" N and longitude 77° 40' 20" to 77° 44' 09" East.

The airport layout design allows for a second parallel runway (future) within the site. A separation distance of 1925 m between the runways is allowed. This distance allows for safe independent runway operation in accordance with ICAO guidelines and provides for optimum use of the area between the runways for terminal and other commercial developments.

2 Taxiways

The taxiway system proposed between the runway and the apron will enable aircraft to travel with the minimum of delay and permit the runway to operate to its maximum capacity. In the initial phase the airport taxiway system will include the following:

- Partial single taxiway
- Entry/exit taxiway
- apron taxi lane

In the initial phase, the entry / exit taxiways for the runway is proposed at 800m, 2800m and 4000m from 09 threshold, so as to expedite the movement of aircrafts to and from the runway and to reduce taxiing time and distance. With this arrangement only the fully loaded B747 would back track on the runway 09 before take-off.

3 Apron

The layout of the apron and the terminal and the relationship between the two is designed to reflect international standards.

The objectives of the apron design include:

- To minimise taxiing distance to/from the runway
- To provide sufficient taxi lanes to avoid delays
- To provide airside roads and equipment parking areas so as to ensure that the ground support for aircraft is sufficient and efficient.
- To ensure that operations can be conducted safely.

In the initial phase provision is made for 3 in-contact stands with option to add two contact stands in the future.

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4 Airside Service Roads

An airside road system to transport the vehicles, which sustain the operation of aircraft, both on the airside and to link with the landside road system is proposed. An airside service road (apron service road) will run on the airside face of the terminal building. It serves the isolation bay, fire station, cargo, fuel farm, and maintenance area and continues as a gravelled road around the airport perimeter.

5 Main Access Road

A two lane bituminous approach road is proposed, parallel to the runway, linking the NH7 to the terminal complex.

This road serving primarily the passenger terminal will also link the airport support facilities. Round about are proposed at important junctions.

6 Air Traffic Control Tower

The height of control tower proposed is 65 metres. This height will provide a free line of sight of the operational areas and the approaches. The control tower is located on the land side at a distance of 890m from the centre line of the runway.

An ATC complex (Technical Block) with a floor area of approx. 2300 sqm is proposed for air traffic control services not performed in the tower, e.g. approach control. The technical block also houses ATC briefing, Anti-hijacking control room, MET department, electronics work shop, Data management system, library, training rooms and offices.

7 Airfield Lighting

The runway lighting system shall consist of threshold, edge and end lights. PAPI will be installed at both approaches together with CAT I Precision Approach lighting system.

Taxiway lightning system with elevated omni-directional edge lights will be provided for the partial single taxiway, the exit and entry taxiways and the connections to the apron. Apron floodlighting is provided, to allow for efficient and safe handling of aircraft during night operations. Signage will be provided.

8 Rescue and Fire Fighting Facilities

The airport shall be equipped to provide a level of protection corresponding with aerodrome category IX. The fire station is located such that the response time shall be the lowest to any part of the movement area in optimum visibility and surface condition. The total area of fire station planned is 1457sqm. A watchtower is located above the fire station.

9 Water Supply

Potable water shall be supplied by Bangalore Water Supply and Sewerage Board to the service area earmarked on the master plan in sufficient quantity and pressure. Potable water storage tanks for an average daily demand for 2 days and raw water storage tanks for one day demand for fire-fighting including distribution networks to the airport facilities shall be constructed. In the initial phase the capacity of potable under ground sump proposed is 4000cum and raw water sump is 1800cum. The water shall be pumped using a hydro pneumatic pumping system.

The potable water will be distributed by means of a land-side main pipeline running in east-western direction, originating in the service area. Separately, a distribution network of similar concept will be provided for fire protection. This network will be equipped with hydrants.

10 Sewage Disposal

The sewerage and storm-water drainage are designed as separate systems. The sewerage system will include a collection network, pump pits, a sewage treatment plant, etc. Sewage water of the airport-related facilities will be collected by means of a landside and an airside main duct running in east-west direction and equipped with man-holes. A sewage treatment plant of 1500 cum capacity will be constructed. The effluent from the sewage treatment plant would be treated and the treated water recycled for horticulture.

11 Drainage

The design of the drainage system is determined by the topography, finished formation levels, surface run-off from paved areas and building roofs. The topographical conditions of the existing surface and, consequently, that of the graded strip of all airport-related facilities, result in a north-south oriented watershed. Open lined drains will be constructed. RCC box culverts or pipe culverts shall be provided beneath pavements.

12 Telecommunications

The telecommunications system will contain an exchange facility and distribution network.

13 Electrical

The power supply to the airport shall be provided by BESCOM/ KPTCL at 66kv level. The main incoming substation will be provided with 2 no 16mva transformers for stepping down 66kv to 11kv. From these transformers the main power system of the airport will be supplied at 11kv level. The electrical power system includes transformer stations, a distribution network, and emergency power supply. The distribution network will be planned with ring mains, so that power supply is always possible from two different sources. An auxiliary power generator system (approx. 6 MVA) is installed in the power station north which will supply the essential consumers of the airport in case of power supply failure.

14 Passenger Terminal Building:

14.1 Layout Concept

The passenger terminal is proposed as single, two level terminal building capable of accommodating international and domestic operations. The arrival and departure are separated vertically with a modern, simple, straight-ahead flow system. The Domestic and International Departure lounges, and the majority of the retail outlets are located on level 2 (first floor). The check-in – facilities and baggage reclaim are located in level 1(ground floor). VIP lounge is located on level 2 (first floor). The entire terminal is designed for ease of operation and for minimum maintenance. The terminal is fully air- conditioned.

14.2 Capacities of the Terminal Building

The terminal building shall be designed for 2017 passengers in the peak hour in the initial development. [The design/standards proposed would reflect the best industry practice and operating standards.] The design would cater for 24 hours operations

under all weather conditions. The facilities provided would meet IATA/ICAO standards. The total floor area planned is approximately 55000 m2. Modular expansion of terminal with traffic growth is possible without disturbing the operations and matching the existing façade.

The terminal equipment proposed includes:

- In-line X-Ray baggage scanner for hold baggage
- Flight Information system
- CCTV/PA system
- Fire alarm & smoke detection
- Baggage conveyors
- Escalators, Elevators & automatic doors
- Counters for immigration, customs
- Passenger seating/public furniture
- Restaurant furniture
- Signs/ pictographs
- Building Management System
- Baggage trolleys
- Check-in counters

15 Fuel Farm

It is essential to provide a storage area for the supply of aviation fuel for the refuelling of aircraft that land at Bangalore. The master plan has allocated a space for the fuel farm to the west of the airport site.

Provision of fuel hydrant system to transport fuel from the depot to the aircraft shall be included in the concession agreement with the supplier.

In the initial phase as the rate of aircraft movement is not very high and the fuel requirements not very great, combination of fuel hydrant and fuel tanks for remote stands, would be used to refuel the aircraft.

16 Terminal Parking

In the first phase of development car park in front of the terminal building at ground level is planned. The location would be convenient for passengers and visitors to the airport. Separate zones for pick-up and drop off are earmarked. Parking for private cars, taxis, staff car, staff vehicles, VIP cars and VVIP cars provided.

17 Administration Building

A separate administrative building to house the offices for airport management, aircraft operators, security and staff canteen is planned adjacent to the technical block on the land side. The total area of the administrative block planned is 3000sqm.

18 Maintenance Building

Maintenance facilities are required for airport vehicles, electrical & mechanical equipment and for other uses. The maintenance facility would include storage space for materials and spare parts. The space provided for this facility is 2190sqm.

19 Ground Equipment Maintenance Area

The ground equipment used on the apron is bulky and unsuitable for use on normal roads. A GSE maintenance area is planned on the air side. The GSE building measures an area of approx. 2000sqm.

20 Security Wall

The security wall or security fence separating the land side and air side facilities will be constructed according to BCAS specifications. In addition a boundary wall will also be constructed to protect the BIAL property.

10

11

12

Schedule 3
Part 1 - Airport Activities

Airport Activities include the following services, facilities and equipment:

Aerodrome control services

Airfield

Airfield lighting

Air navigation services relating to the Airport

Airside and perimeter security including access control and patrolling

Airside and landside access roads and forecourts including writing, traffic signals, signage and monitoring

Apron and aircraft parking area

Apron control and allocation of aircraft stands

Arrivals concourses and meeting areas

Baggage systems including outbound and reclaim

Bird scaring

Check-in concourses

Cleaning, heating, lighting and air conditioning public areas

Customs and immigration halls

Emergency services

Facilities for the disabled and other special needs people

Fire service

Flight information and public-address systems

Foul and surface water drainage

Guidance systems and marshalling

Information desks and staffing

Inter-terminal transit systems

Landscaping and horticulture

Lifts, escalators and passenger conveyors

Loading bridges

Lost property

Meteorological Services / AIS

Noise insulation and sound proofing

Passenger and hand baggage search

Piers and gate rooms

Policing and general security

Prayer Rooms

Runways

Scheduling committee support

Signage

Staff search

Taxiways

Toilets and nursing mothers rooms

Waste and refuse treatment and disposal

X-Ray service for carry on and checked-in luggage

Aircraft cleaning services

Aircraft fuelling services

Airline Lounges

Banks / ATM – BIAL to make investment for providing basic infrastructure facilities only

Bureaux de Change – BIAL to make investment for providing basic infrastructure facilities only
Business Centre – BIAL to make investment for providing basic infrastructure facilities only
Vehicle parking
Cargo handling
Cargo terminals
Conference Centre – BIAL to make investment for providing basic infrastructure facilities only
Duty free sales – BIAL to make investment for providing basic infrastructure facilities only
Flight catering services
Freight consolidators/forwarders or agents
General aviation ground handling
General aviation terminals
General retail shops – BIAL to make investment for providing basic infrastructure facilities only
Ground handling services
Ground handling equipment
Ground power for aircraft
Hangars
Heavy maintenance services – BIAL to undertake these only if such services are in relation to airport and/or aircraft
Hotel reservation services – BIAL to make investment for providing basic infrastructure facilities only Infrastructure for the airport complex like roads, drains, water supply etc.
Line maintenance services – BIAL to undertake these only if such services are in relation to airport and/or aircraft
Locker rental – BIAL to make investment for providing basic infrastructure facilities only
Messenger services – BIAL to make investment for providing basic infrastructure facilities only
Observation terrace
Pre-conditioned air for aircraft
Porter service
Post Offices – BIAL to make investment for providing basic infrastructure facilities only
Public telephones – BIAL to make investment for providing basic infrastructure facilities only
Restaurants, bars and other refreshment facilities – BIAL to make investment for providing basic infrastructure facilities only
Special Assistance Services
Tourist information services – BIAL to make investment for providing basic infrastructure facilities only
Travel agency – BIAL to make investment for providing basic infrastructure facilities only
Trolley service
Utilities (including electricity, gas, telecommunications and water)
Vehicle fuelling services – BIAL to undertake these only if such services are in relation to airport and/or aircraft
Vehicle rental – BIAL to make investment for providing basic infrastructure facilities only
Vending machines – BIAL to make investment for providing basic infrastructure facilities only
VIP/Special lounges
Warehouses
Welcoming services

Part 2 - Non-Airport Activities

Non-Airport Activities include the following services, facilities and equipment:

Airport Shuttle transport services (Hotels, City Centre etc.)

Business Parks

Hi-Tech Parks

Hotels

Industrial Parks

Commercial Buildings

Special Economic Zones

Commercial Complexes

Golf Course

Country Club

Food Silos

Independent Power Producing

Production centres like manufacturing factories.

Schedule 4 Definition of Force Majeure

In this Agreement, "Force Majeure" means any act, event or circumstance or a combination of acts, events and circumstances, referred to below, which are beyond the reasonable control of the Affected Party and not brought about at the instance of the Party claiming to be affected by such event(s), and which the Affected Party could not have prevented by Good Industry Practice or by the exercise of reasonable skill and care in relation to the construction of any facilities, and which, or any consequences of which actually prevent, hinder or delay in whole or in part the performance by any Party of its obligations under this Agreement.

"Force Majeure" includes the following events and circumstances to the extent that they, or their consequences, satisfy the above requirements:

Acts, events or circumstances of the following types:

- (i) strikes, lock-outs or other industrial action or labour disputes involving any party or its contractors, or their respective sub-contractors, servants or agents, in any such case employed on the execution of work within India or the supply of goods or services within India;
- (ii) lightning, earthquake, tempest, cyclone, hurricane, whirlwind, storm, flood, washout, land slide, soil erosion, subsidence, drought or lack of water, and other unusual or extreme adverse weather or environmental conditions or actions of the elements, meteorites or objects falling from aircraft or other aerial devices, the occurrence of pressure waves caused by aircraft or other aerial devices travelling at supersonic speeds, fire or explosion, chemical or radioactive contamination or ionising radiation (excluding circumstances where the source or cause of the explosion or contamination or radiation is brought or has been brought onto or near the Site by the Affected Party or those employed or engaged by the Affected Party unless it is or was essential for the construction or operation of any part of the Airport);
- (iii) any accidental loss of or damage to cargo in the course of transit by any means and intended for incorporation into the Airport, occurring prior to the Airport Opening Date;
- (iv) loss of or serious accidental damage to the Airport;
- (v) the occurrence of a crash, explosion, fire or other disaster involving an aircraft during landing, parking, servicing (including the supply of fuel) or taking-off;
- (vi) epidemic;
- (vii) act of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, bombs or civil commotion;
- (viii) sabotage, terrorism or the imminent threat of such acts;
- (ix) Act of God; or
- (x) any act, event or circumstance of a nature analogous to the foregoing;

Provided that none of the following matters or their consequences shall be capable of constituting or causing Force Majeure:

- (i) failure or inability to make any payment; or

[Schedule 5]
Form of GoI Direct Agreement

Bangalore International Airport Limited
36 Cunningham Road
Bangalore - 560 052

[Date]

The Secretary
Ministry of Civil Aviation
Rajiv Gandhi Bhavan
Safdarjung Airport Complex
New Delhi 110 003

Dear Mr. Secretary:

We refer to the Concession Agreement (the "Concession Agreement") dated [] between the Government of India and Bangalore International Airport Limited (the "Company").

As contemplated in the Concession Agreement, the Company proposes to enter into the Financing Agreements (as defined in the Concession Agreement and copies of which have been delivered to you), pursuant to which the Secured Parties (as defined below) have agreed to provide financing to the Company for the development of a greenfield airport at Devanahalli, near Bangalore in the State of Karnataka.

As security for such financing, we hereby notify you that pursuant to the mortgage (the "Mortgage") to be entered into in favour of [] as trustee (the "Mortgage Trustee") for the benefit of certain banks and financial institutions (the "Lenders") the Company has granted to the Mortgage Trustee for the benefit of the Lenders a first priority security interest in all of the assets of the Company (the "Collateral"), including, inter-alia, the Concession Agreement.

The Lenders together with the Mortgage Trustee are herein called the "Secured Parties".

The Company requests that, by signing and returning the enclosed copy of this acknowledgment and consent (the Agreement), the Government of India confirm and agree, for the benefit of the Secured Parties, the following:

(a) The Government of India

- (i) acknowledges receipt of a copy of the Mortgage.
- (ii) consents to the assignment (and to the extent not capable of assignment under the Mortgage, the charge) under the Mortgage for the benefit of the Secured Parties of all of the Company's right, title and interest in the Concession Agreement as security for the obligations due to the Secured Parties.
- (iii) agrees that such assignments (or charge as the case may be) do not or will not contravene or violate the Concession Agreement and

- (iv) agrees that its execution and delivery of this Agreement constitutes its proper written consent to such assignment (or charge as the case may be) and prospective assignment as provided for in Article 14.1 of the Concession Agreement.
- (b) The Government of India agrees that:
- (i) if the Mortgage Trustee has elected to exercise its rights pursuant to the security interests granted by the Company to have itself or its designee substituted for the Company under the Concession Agreement, then such Mortgage Trustee or its designee shall be substituted for the Company and **(This clause will be modified based on standard wordings as used in other Concession Agreements by Ministry of Law so that Gov retains certain control over identity of entities that Lenders may wish to assign their rights)**
 - (ii) if the Mortgage Trustee shall sell or otherwise dispose of all or any part of the Collateral pursuant to the exercise of remedies under the security interests granted by the Company (whether by foreclosure or otherwise), the purchaser shall, at the request of the Mortgage Trustee and with the prior written consent of the Government of India, which consent shall not be unreasonably withheld, be substituted for the Company under the Concession Agreement, and in either case, the substituted party will succeed to all rights, title and interest of the Company with respect to such Collateral sold or disposed of under the Concession Agreement and may perform and shall be entitled to the benefits of the Concession Agreement as if it were the Company under the Concession Agreement.
- (c) The Government of India agrees that it will pay monies due to the Company under the Concession Agreement (save for any monies due and payable to the Company pursuant to Article 13.4 of the Concession Agreement which shall be paid directly to the Company) exclusively for deposit directly and in immediately available funds to such account in [Bangalore] as the Mortgage Trustee may from time to time direct (and the Company hereby authorises and directs the Government of India to make such payments as aforesaid). In the event of exercise by the Mortgage Trustee or its designee of its rights pursuant to the security interests granted by the Company, the Government of India will comply with any and all written instructions received from the Mortgage Trustee to pay monies due from the Government of India under the Concession Agreement (save for any monies due and payable to the Company pursuant to Article 13.4 of the Concession Agreement which shall be paid directly to the Company) directly to or to the order of the Mortgage Trustee in lieu of paying such monies to the account designated in the previous sentence (all other terms and conditions of such payments shall remain as provided in the previous sentence) and in full satisfaction of its obligations to pay these amounts to the Company.
- (d) The Government of India agrees that it will recognise the Mortgage Trustee as the true and lawful attorney of the Company pursuant to the Mortgage.
- (e) The Government of India agrees that it shall notify the Mortgage Trustee immediately after the occurrence of any event which entitles the Government of India to exercise its rights to acquire all of BIAL's rights, title and interests in and to the Airport pursuant to Article 13.4 of the Concession Agreement (a "Notice"). Such notice shall state in reasonable detail the grounds entitling the Government of India to acquire all of BIAL's rights, title and interests in and to the Airport.
- (f) The Government of India agrees that it shall not terminate the Concession Agreement, suspend performance of its obligations thereunder, or exercise its rights to acquire all of

BIAL's rights, title and interests in and to the Airport without issuing a Notice to the Mortgage Trustee.

- (g) The Government of India agrees that the Mortgage Trustee shall be entitled at any time to take or procure the taking of action consistent with the terms of the Concession Agreement as may be necessary to remedy the event which has given rise to the Notice. [In the event that the Mortgage Trustee procures the remedy of the event which has given rise to a Notice, the Government of India shall not be allowed to exercise its rights to acquire all of BIAL's rights, title and interests in and to the Airport by reason of such event.]
- (h) This Agreement shall be governed by and construed in accordance with the laws of India.
- (i) Any dispute or difference arising out of or in connection with this Agreement, shall regardless of the nature thereof, be referred to dispute resolution pursuant to the provisions of Article 16 of the Concession Agreement, which provisions are incorporated herein by reference and made a part hereof as if such provisions were fully set forth herein.
- (j) The provisions of Article 18.13 (Sovereign Immunity) of the Concession Agreement shall apply to this Agreement and are incorporated herein by reference and made a part thereof as if such provisions were fully set forth herein.
- (k) This Agreement will terminate without further action by any party hereto on the date on which there is no outstanding debt owed to the Lenders in respect of the Initial Phase.
- (l) This Agreement shall become effective on the date of Financial Close (as defined in the Financing Agreements) as provided for in the Financing Agreements.

Yours faithfully,

Bangalore International
Airport Limited

By _____

Name:

Title:

The Government of India hereby acknowledges and agrees to be bound by the foregoing terms of this Agreement as of this [] day of [].

By _____

Name:

Title:

Acknowledged, accepted and agreed as of the date this Agreement is executed by the Government of India.

[], as Mortgage Trustee.

By _____

Name:

Title:

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**Schedule 6
Regulated Charges**

Pursuant to the principles set out in Article 10.2 of this Agreement, BIAL shall be entitled to levy and recover from airline operators, passengers and other users and in respect of both domestic and international aircraft and passenger movements, at rates consistent with ICAO Policies, the following Regulated Charges:

(i) Landing, Housing and Parking charges (Domestic and International):

The charges to be adopted by BIAL at the time of airport opening will be the higher of:

- (a) The AAI tariff effective 2001 duly increased with inflation index, as set out hereunder, upto the airport opening date Or
- (b) The then prevailing tariff at the other AAI airports

(ii) Passenger Service Fee (Domestic and International):

The charges to be adopted by BIAL at the time of airport opening will be the higher of:

- a) The AAI tariff effective 2001 duly increased with inflation index, as set out hereunder, upto the airport opening date Or
- b) The then prevailing Passenger Service Fee at the other AAI airports

The Passenger Service Fee chargeable by BIAL, as given above, is inclusive of the cost of Security Expenditure on Central Industrial Security Force (CISF). This component of cost towards Security Expenditure on CISF shall be revised upwards by BIAL as and when directed by GOI.

(iii) User Development Fee (UDF) (Domestic and International):

BIAL will be allowed to levy UDF, w.e.f Airport Opening Date, duly increased in the subsequent years with inflation index as set out hereunder, from embarking domestic and international passengers, for the provision of passenger amenities, services and facilities and the UDF will be used for the development, management, maintenance, operation and expansion of the facilities at the Airport.

The Regulated Charges set out in Schedule 6 shall be the indicative charges at the Airport. Prior to Airport Opening BIAL shall seek approval from the Ministry of Civil Aviation for the Regulated Charges, which shall be based on the final audited project cost.

- Note:
- (a) Charges will be calculated on the basis of nearest MT (i.e. 1000 kgs)
 - (b) The minimum fee for per single landing will be INR 1000.0
 - (c) Peak hour surcharge on International landing between 2301 hrs (IST) to 2400 hrs (IST) will be 5%
 - (d) If US \$ rates are to be charged the following rule for conversion, US\$ into INR the rate as on the 1st day of the month for 1st fortnight billing period and rates as on 16th of the month for the 2nd fortnightly billing period, will be applicable.
 - (e) All Tariffs are net for BIAL. Any taxes such as Service tax, if applicable, will be over and above the tariff proposed.

Formula for Inflation Index:

Base fee (multiplied by) WPI1 (divided by) WPI where,

WPI is the WPI for 'All Commodities'

WPI = is the WPI as on March 31st, 2001

WPI1= is the WPI as on March 31st preceding the fee revision date

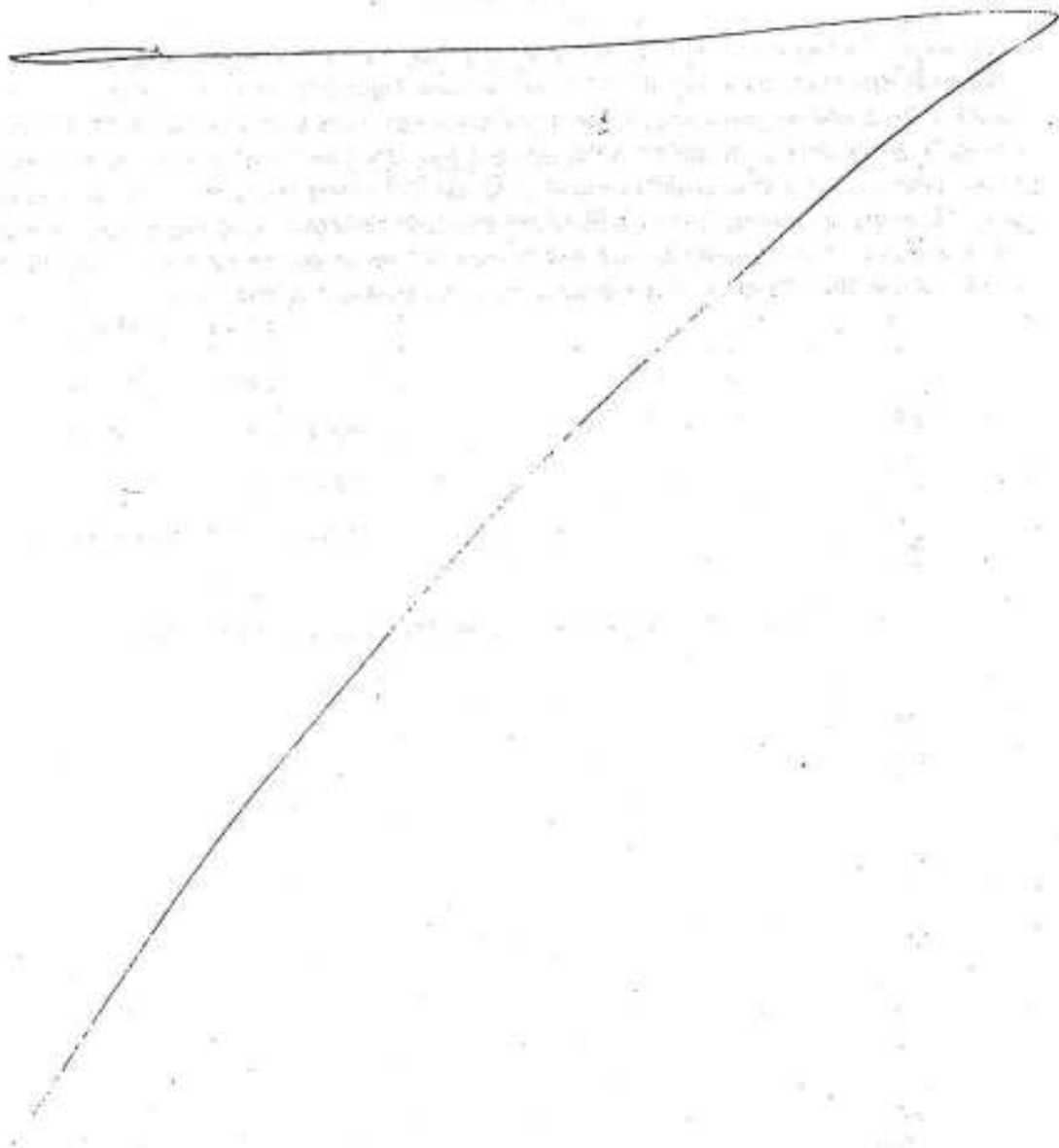
For the avoidance of doubt, Route Navigation Facilities Charges and Terminal Navigational Charges shall be levied and collected by AAI.

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Schedule 7
Settlement Amount

In the event the Settlement Amount becomes payable, the Settlement Amount shall mean (i) the gross fixed assets (as Indexed), (ii) net current assets, (iii) capital work in progress, (iv) intangible assets of BIAL and (v) pre-operating costs and expenses as may be incurred by BIAL prior to the Airport Opening Date as recorded in the last quarterly Balance Sheet of BIAL at the date of the relevant termination notice issued pursuant to Article 13.4 of this Agreement. For the avoidance of doubt the Settlement Amount shall exclude any capital investments, amounts or costs in relation to the provision of Non-Airport Activities which were not consented to by Gol in accordance with Article 7.2 and Gol opts not to take the same over as provided in Article 13.5.2.

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Schedule 8

Reserved Activities

Space to be provided by BIAL

- i) Customs- 335sqm
- ii) - Immigration 270sqm
- iii) Health 18sqm
- iv) Security 144sqm
- v) Meteorological 240sqm

Note: The figures may change during final revision of the floor plans

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Schedule 9
Part 1 - Specifications

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1.1.1 TERMINAL BUILDING

The total built up area of the passenger terminal building is 55 850sqm. The terminal building is designed as a two level RCC framed structure to facilitate passenger check-in, baggage make-up, baggage break down and baggage claim at ground level; retail, shopping centres, security check, passport control and holding areas at level one. The services are located at basement below ground. The total length of the terminal building is 168m, depth 144m and total height 19.05m above ground level. The H shaped columns are spaced on a grid of 24m x 24m. The roof at 19.05m supports a precast prestressed concrete shell element. The ground floor slab and the first floor slab rest on a 6mx6m and 12mx12m column grid respectively.

All passenger areas are laid with honed finished grey granite for floors, with selected areas provided with mandala pattern. In non-public areas such as baggage make-up and break down areas the floors are laid with concrete, finished using vacuum dewatering technique. All passenger toilets are provided with vitrified matt finished tiles and matching ceramic tiles dado. The VIP/CIP/ Business lounge toilets are laid with honed finished grey granite flooring and matching granite dado for the sidewalls. Rubber sheet flooring shall be provided for the boarding bridge fingers.

The north and south facades of the terminal building shall be double wall glazed elements to the full length and height of the facades. The east and west facades are provided with pre-cast reinforced concrete panels with glass block inserts. The roof skylights shall be double glazed units inside the building and single laminated glass panels in the curb area.

All external walls shall be 200mm thick block work and all toilet internal walls are provided with 100mm block walls. Gypsum board wall partitions are provided in offices areas such as airlines, customs offices, staff rooms etc. All columns in the ground and first floor are clad with imperial red granite stone slab in panels of 1.0m x 1.5m. The basement columns are clad with cembboard panels.

The terminal equipment provided shall include:

- In-line X-Ray baggage scanner for hold baggage
- AODB/ CUTE /Flight Information system
- CCTV/PA system
- Fire alarm & smoke detection
- Baggage conveyors
- Escalators, Elevators & automatic doors
- Counters for immigration, customs
- Passenger seating/public furniture
- Restaurant furniture
- signs / pictographs
- Building Management System

- Baggage trolleys
- check-in counters
- Passenger Boarding bridges
- Building Management System
- HVAC

1.1.2 Control Tower, Technical Block, Administration, Staff Canteen and Security Office

The total built up area is 5741sqm. The Admin /Technical/ Security block shall be a three storied RCC column beam framed structure. The building is 72m in length and 24m in depth. The total height of the building is 14.25m above ground level. The floor to floor clear height is 4.30m. The first floor slab, second floor slab and roof slab are designed as a grid floor system supported on a RCC column grid of 8m-x 8m.

The air traffic control tower is 65m in height and shall be a signature structure. The control tower is connected to the Technical Block at +4.3m level by an access bridge 1.50 m in width. The structure consists of RCC shaft of size 10.5m x 5.10m enclosing a staircase and lift inside. The tower cab is made of light weight steel tubes and clad with panorama glazing. The radius of the cab is 8.30m and 4m in height. The cab is supported on the RCC shaft at + 61.25m level.

Finishing Specification

- Vitrified ceramic tile flooring in Office / staff dining
- Vitrified mat tile flooring in toilets and pantry
- Kota stone flooring in kitchen
- Polished kota stone slabs in stair case
- Acoustic suspended ceiling in offices
- Teak wood flush partly glazed/ partly paneled partitions for cabins
- False flooring with PVC tile finish inside control tower cabin
- Exterior of the building is finished with curtain glazing, sand stone jalli and matt paint finish.

1.1.3 Ground Support Equipment Building

The GSE building is a two storied RCC structure with mono slope steel roofing system and RCC mezzanine floor for the offices inside the building. The total built up area is approximately 2000sqm. The GSE building is 63.25m in length, 26m in depth and 16.35m in height. Structural steel roofing system is adopted for work shop areas with roof trusses supported on RCC columns spaced at 9m intervals.

Finishing Specifications

- Vacuum dewatered flooring inside workshop
- Kota stone flooring in Offices and staircase
- Aluminum glazed paneled partitions in offices
- Color coated GI steel sheet roof for workshop.
- Vitrified matt finished tiles in toilets

- External surface painted with water proof cement paint and internal wall with OBD paint

1.1.4 Maintenance Building (Motor transport, civil and electrical)

The Maintenance building shall provide for vehicle maintenance workshop, civil and electrical offices and storage yards. The total built up area of mechanical workshop is 2190sqm with office and service area covering 270sqm. The maintenance workshop is 90m in length and 24m in depth. The total height of the workshop is 11.75 m above ground level. Parking bays of size 60 m x 9 m is provided. Structural steel roofing system is provided for workshop with the roof trusses spanning for 15 m.

The total built up area for civil and electrical building is 321sqm. This is a single storied RCC framed structure and houses the offices of civil and electrical staff. The stores and rest rooms are provided as annex and the built up area for this is 291sqm. The car parking shed for the staff covers an area of 107sqm with a provision for parking 8 vehicles.

Finishing items

- Vacuum dewatered floor for workshop
- Kota stone floor in stores/ tool crib area
- Vitrified polished tile in offices/ rest room
- Vitrified ceramic mat finished tile in floor/ dado for toilets
- External surface painted with water proof cement paint and internal wall with OBD paint
- Color coated GI sheet roof for workshop
- Gyp Board partitions in offices

1.1.5 Fire Station building

The Fire station is designed to provide a level of protection corresponding with ICAO aerodrome category 9. The station is designed to house five crash fire tenders and three ambulances. The design caters for one medical room to accommodate 3 beds, storage space for foam, offices for fire officers, control room, rest rooms for fire crew, training room etc. The total built up area including appliance bays is 1457sqm. The Fire station is 70.20m in length and 14.53m in depth. The building area is 19m in length, 14.53m in depth and 10.45m above ground level. A watchtower is provided on top of the building. First floor slab and roof slab are supported on RCC column and beam arrangement.

The fire station is provided with 100 000 litres under ground static tank and 50 000 litres over head tank.

Finishing items

- Vacuum dewatered floor for bays and store
- Vitrified ceramic matt finished tiles in floor/ dado for toilets
- PVC tile false floor in watch tower
- Kota stone floor for office/ rest room and other areas
- External surfaces painted with water proof cement paint and internal walls with OBD paint

1.1.6 A/C Plant building

The total built up area of AC plant building is 685sqm. The building measures a length of 47.25m and 14m in depth with seven bays evenly spaced at 6.75m column spacing. The total height of the building is 7.45 m above ground level and is single storied. The roof is supported on RCC column and beam arrangement. Staircase is provided outside the building for access to the roof.

Finishing items

- Vacuum dewatered floor
- External surfaces painted with water proof cement paint and internal walls with OBD paint

1.1.7 Sub station building

The airport has four sub stations located at strategic locations to satisfy the electrical and aviation requirements. The total built up area of the main power station is 699sqm. The building measures 45.25m in length, 17.70m in depth and 7.90m in height. The total built up area of the power house north is 198sqm and it measures 21m in length, 9m in depth and 5.65m in height. The total built up area of the two nos compact station for the airfield lighting is 182sqm each.

Finishing items

- Vacuum dewatered floor
- External surfaces painted with water proof cement paint and internal walls with OBD paint

1.1.8 VVIP BLOCK

The total built up area of the VVIP block is 282sqm. The building is 24m in length and 10.50m in depth. The entrance lobby is finished with honed finished grey granite and provided with mandala pattern. The flooring in other areas is honed finished grey granite. The VVIP lounge is designed with impressive and elegant interiors. The north and south facades are provided with double glazed curtain wall. Furnished spacious rest rooms with well appointed toilets are also provided.

1.1.9 OTHER BUILDINGS

The other buildings comprise of two nos public convenience, Radar Tx building, pump houses and security cabins. The total built up area of the two public convenience is 326sqm. The flooring is laid with vitrified matt finished ceramic tiles and matching dado.

The security cabins are self contained measuring 4.5m x 4.5m square. It includes a change room with attached toilet. Kota stone flooring is provided in change room and vitrified matt finished tiles in toilets.

The Radar Tx building is 15m in length, 6m in depth and 4.50m high. The building is provided with false floor for housing the electrical equipments.

Pump house will be provided on top of the underground water sumps. For all the above structures the external wall will be painted with water proof paint and internal walls with OBD paint.

1.1.10 RUNWAY

The runway is designed to accept B 747 aircraft and the ICAO aerodrome reference code is 4E.

The characteristics of the runway specification are:

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- Runway length - 4000m
- Runway width - 45m
- width of runway plus light paved shoulders - 60m
- pavement type - flexible
- Pavement classification number - 80
- Runway strip width - 300m
- Stop-ways at each threshold - 60m x60m
- Runway orientation - 09/27
- Usability factor - >95%
- Turning circle at 09end.

The longitudinal and transverse profile, slope changes, sight distance, distance between slope changes, pavement markings, signage and surface accuracy are designed in accordance with the Standards and Recommended practices stipulated in ICAO Annex 14. The design life for the flexible pavement is 20 years.

1.1.11 TAXIWAYS

The characteristics of the taxiway specification are:

- width - 25m (code F)
- Width of taxiway plus shoulder - 45m
- Separation distance between the centre line of runway and taxiway - 190m
- taxiway centre line to taxiway centre line - 97.50m
- pavement type - flexible
- PCN - 80

The longitudinal and transverse profile, slope changes, sight distance, distance between slope changes, pavement markings, signage and surface accuracy shall be in accordance with the Standards and Recommended Practices stipulated in ICAO Annex 14. The design life for the flexible pavement is 20 years.

1.1.12 APRON.

The dimension of the concrete apron is 611m x181.5m. This apron can accommodate 13 code C aircraft or 7 Code D / E aircraft. Isolation bay will be designed for B-747 and constructed in the first phase. The pavement type is rigid. The PCN is 80 and the design life is 30 years. The width of the apron service road shall be 10m.

The longitudinal and transverse profile, slope changes, sight distance, distance between slope changes, pavement markings, signage and surface accuracy shall be in accordance with the Standards and Recommended Practices stipulated in ICAO Annex 14.

1.1.13 AIRSIDE SERVICE ROADS

Airside service roads outside the apron area will have a width of 7m and 1.5m wide gravel shoulders. The two lane bituminous pavement will be provided to connect the terminal, fire station, GSE, cargo and fuel farm. The emergency road linking the fire station to the runway shall also be designed with 7.0m width.

The airport perimeter road provided along the airport security wall and other airside inspection roads will be granular pavement with top width of 3.50m.

1.1.14 MAIN ACCESS, SECONDARY ACCESS ROAD & CAR PARK

The main access road will be constructed as a two lane carriage way with one lane for each direction, including gravel shoulders. The flexible pavement will be designed for the projected traffic and loading in terms of standard axles. The width of the road for the first phase will be in total 10m including shoulders.

The main access road will primarily serve the passenger terminal and it will also link other airport support facilities. Roundabouts are proposed at the major junctions.

The secondary access road shall be constructed with flexible pavement and designed for the projected traffic. The width of the secondary access road shall be in total 10m.

In the Initial Phase a car park in front of the terminal building at ground level is planned. The location would be convenient for passengers and visitors to the airport. Separate zones for pick-up and drop off are earmarked. Parking for private cars, taxis, staff car, staff vehicles, VIP cars and VVIP cars provided

1.1.15 AIRFIELD LIGHTING

A fully operational airfield lighting shall be provided which shall include the following:

- A high intensity CAT I approach lighting system(900m) for runway direction 09 & 27 shall be installed
- For both approach direction 09 & 27 a Precision approach path indicator system(PAPI) will be installed
- The runway lighting system shall consist the following individual lighting:

Runway threshold lighting

Runway edge and end lighting

- For marking of the taxiway edge, elevated omni directional lights will be provided
- Illuminated signs will be provided
- Control and monitoring system
- Remote control and monitoring
- Airfield lighting control work station
- Illuminated Wind direction indicator for both landing direction will be provided
- Aerodrome rotating beacon
- Apron flood lights

The systems shall be provided in compliance with relevant ICAO manuals, standards and recommendations.

1.1.16 INTERNAL AND EXTERNAL LIGHTING

Internal and external lighting will be provided for the following buildings/ areas:

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- Terminal building
- Admin / Technical / security and ATC
- Maintenance building
- Ground support equipment building & other buildings
- Fire station
- Street lighting
- Car park lighting

Adequate number of power sockets for computers, water coolers, coffee machines, advertisement modules, hand drier, CCTV/ TV, pictographs etc will be installed.

Power requirements for conveyor belts at departure and arrival area are included. Power requirements included for escalators, lifts, automatic doors and HVAC.

Earthing system is included.

Lightning protection for all buildings are included.

1.1.17 Power distribution

The power supply to the airport shall be provided by BESCOM/ KPTCL at 66kv level. The main power station will be provided with 2 no 16mva transformers for stepping down 66kv to 11kv. From these transformers the main power system of the airport will be supplied at 11kv level. The electrical power system includes transformer stations, a distribution network, and emergency power supply. The distribution network will be planned with ring mains, so that power supply is always possible from two different sources. An auxiliary power generator system (approx. 6 MVA) is installed in the power station north which will supply the essential consumers of the Airport in case of power supply failure.

1.1.18 Cable system

- Incoming normal and emergency power supply shall be provided at the respective buildings. Cables shall be PVC insulated Aluminum / Copper, armored / unarmored. Cables will be routed through overhead cable trays / cable trench based on the locations of the panel / equipment.
- Electrical distribution for Heating Ventilation and Air Conditioning systems is considered in HVAC system.
- From centralized Battery and battery charger system, control supply feeder would be provided to the respective buildings.

1.1.19 Internal lighting system

The design lux level considered is:

- Check-in - 450lux.
- Office areas - 300lux.
- Technical areas - 300lux.
- Baggage claim - 300lux.
- Departure/arrival areas - 300lux
- Shopping areas - 300lux

1.1.20 External area lighting

Road lighting will be provided for the main access road, secondary access road and other access to buildings as shown below:

- Main access road -20lux
- Secondary access road -14lux
- Access to buildings -14lux
- Lighting for parking areas will be provided with a illumination of 14lux.

1.1.21 Fire Protection System

System Proposed

The following fire protection systems shall be provided:

- Hydrant system
- Sprinkler system
- Fire alarm system
- Portable extinguishers

1.1.22 Airconditioning and Ventilation System

Air-conditioning system shall be provided for the following buildings. Central air-conditioning system will be provided to cater to these areas.

- Passenger Terminal building
- Administrative Block
- Technical building
- ATC tower
- Ventilation system for Toilets.

1.1.23 Drinking Water, Raw Water and Sewage Network

Drinking Water System

Potable water supplied by BWSSB shall be tapped and stored in the UG sumps. Potable water storage for two days demand shall be provided. The capacity of the UG sump shall be 4000cum. Water from the UG sump shall be distributed to the various buildings indicated below by a hydro- pneumatic system.

- Terminal Building
- Administration building
- Fire station building
- Air Traffic Control Complex
- Airport Maintenance building
- Ground Support equipment building

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- Security office / police station/ staff canteen

Hydro pneumatic pumping system shall consist of potable water transfer pumps, air compressor and air vessel with necessary piping, instrumentation controls such as level controllers, level probes etc. Hydro pneumatic system shall have 50% standby capacity.

1.1.24 Raw Water

BWSSB will provide untreated raw water up to the airport battery limits. Raw water storage shall be provided for one day demand. The capacity of the sump will be 1800 cum. Untreated water shall be tapped and stored in the UG sumps. This water shall be pumped using a hydro pneumatic pumping system and distributed through HDPE pipe network of the airport complex to cater for floor / equipment washing and gardening.

1.1.25 Sewer Network

Sewer network for the entire airport complex premises has been considered with suitable diameter cast iron pipes buried underground with required number of man holes and inspection chambers. Sewage thus collected through the network shall be treated in the sewage treatment plant and shall be disposed as per bye laws.

1.1.26 Sewage Treatment Plant (1500 cum/day)

The sewage treatment plant shall be provided to treat the waste water generated by the airport facility. The STP is designed to treat 1500 m³ per day of sewage. The process scheme is extended aeration process with operating cycle of 24 hours.

1.1.27 STORM WATER DISPOSAL

The storm water from the hard landscaped areas i.e. mainly between taxi-ways and runway, shall flow into open lined drains (constructed outside the basic strip) and or underground pipes and culverts. The ground surface of molds are graded according to the designed slopes and connected between each other by culverts beneath taxiways and road crossings, so that run-off storm water is discharged in to the silting basin. Paved areas have been designed with transverse surface slopes to enable the storm water to run off adequately. Open drains, inlets and pipe culverts shall be constructed to collect the water and connected to discharge into the airport storm-water drainage system.

Part 2 - Standards

IATA Global Airport Monitor Standards

The following criteria shall be measured on an annual basis in accordance with Article 9. The surveys shall be scored in accordance with the IATA Global Airport Monitor scoring mechanism (i.e. on a scale of one to five, where one is very poor and five is excellent):

- (i) Ease of finding your way;
- (ii) Flight information screen;
- (iii) Availability of connections to the same continent;
- (iv) Availability of connections to another continent;
- (v) Ease of making connections;
- (vi) Availability of baggage carts;
- (vii) Courtesy of airport staff;
- (viii) Restaurant and eating facilities;
- (ix) Shopping facilities
- (x) Washrooms;
- (xi) Passport inspection;
- (xii) Customs inspection;
- (xiii) Waiting areas/lounges;
- (xiv) Baggage delivery service;
- (xv) Ground transportation to/from city;
- (xvi) Parking facilities;
- (xvii) Sense of security; and
- (xviii) Ambience of airport.

**Schedule 11
Insurance**

- (a) Construction phase: BIAL and/or the EPC Contractors will take out appropriate insurance policies to cover loss or damage to the civil works and equipment (Contractors' All Risks policy, Erection All Risks Policy, Marine cargo policy), third party liability and a workmen's compensation policy.
- (b) Operation phase: BIAL will take out appropriate insurance policies to cover loss or damage to its property, third party liability and a workmen's compensation policy.

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**Schedule 12
Tax Benefits**

A) Deductions from Total Income:

Benefit under Section 80IA of the Income-tax Act 1961 for tax exemption in respect of profits & gains from the business of development of the infrastructure facility viz., airport is available to BIAL. The benefit in this regard will be available in such a manner so that a deduction of 100% of the profits & gains derived from such business for any 10 consecutive assessment years out of 15 years beginning from the year in which BIAL begins to operate and maintain the infrastructure facility.

BIAL has been notified as an enterprise by the Central Government under Section 10(23G) of the IT Act for the Assessment Years (2003-04 to 2005-06) (Ref: Notification No. 171/ 2003 dt. 14.7.2003). It is assumed that BIAL will continue to be notified for this benefit after assessment year 2005-06.

B) Exemptions from Income Not Forming Part of Total Income:

- 1 Withholding tax for technical fees payments to Germany and Switzerland will continue to be as per the Double Taxation Avoidance Agreements of India with the respective countries.
- 2 No withholding tax on reimbursement of development costs/ pre-SHA costs to foreign promoters.
- 3 No R&D Cess payable on remittances on reimbursements made to foreign promoters and payments under OMSA.

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SHAREHOLDERS AGREEMENT

BETWEEN

**KARNATAKA STATE INDUSTRIAL INVESTMENT AND DEVELOPMENT
CORPORATION LIMITED**

AIRPORTS AUTHORITY OF INDIA

SIEMENS PROJECT VENTURES GmbH

FLUGHAFEN ZUERICH AG

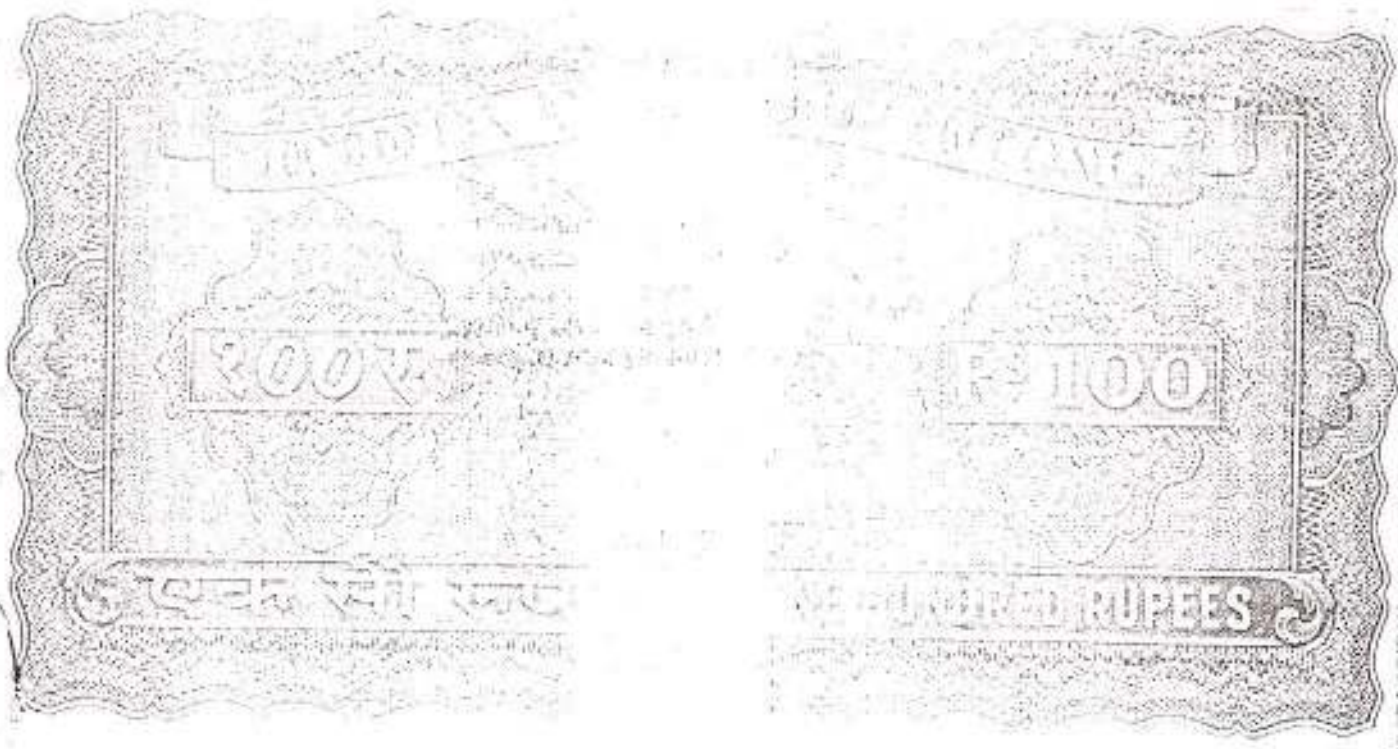
LARSEN & TOUBRO LIMITED

BANGALORE INTERNATIONAL AIRPORT LIMITED

In respect of the greenfield Bangalore International Airport Project

Dated January 23, 2002





SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT is made at Bangalore, on this the 23rd day of January, 2002 by and between:

1. **KARNATAKA STATE INDUSTRIAL INVESTMENT AND DEVELOPMENT CORPORATION LIMITED**, a company incorporated under the Companies Act 1956, having its Registered Office at # 36 Cunningham Road, Bangalore – 560 052, India (hereinafter referred to as “KSIIDC” which expression shall include its successors and permitted assigns) of the **FIRST PART**; and
2. **AIRPORTS AUTHORITY OF INDIA**, an authority constituted under the Airports Authority of India Act, 1994 having its Corporate Office at Rajiv Gandhi Bhavan, Safdarjung Airport, New Delhi – 110 003, India (hereinafter referred to as “AAI” which expression shall include its successors and permitted assigns) of the **SECOND PART**; and
3. **SIEMENS PROJECT VENTURES GmbH**, a company incorporated in Erlangen under the laws of the Federal Republic of Germany and having its Principal Office at Freyeslebenstr 1, D-91058, Erlangen, Germany (hereinafter referred to as “Siemens” which expression shall include its successors and permitted assigns) of the **THIRD PART**; and

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K.S.ED.C K.S.II.D.C
22.01.02

S. R. [Signature]
"A" Class Stamp Vendor
Licence No.
Mayhall M. G. Road
BANGALORE-560009

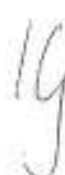
4. **FLUGHAFEN ZUERICH AG**, a company incorporated in Zuerich under the laws of Switzerland and having its Principal Office at CH-8058 Zuerich-Airport, Switzerland (hereinafter referred to as "Unique Zurich" which expression shall include its successors and permitted assigns) of the FOURTH PART; and
5. **LARSEN & TOUBRO LIMITED**, a company incorporated under the Indian Companies Act, 1913 and having its Registered Office at L&T House, Narottam Morarjee Marg, Ballard Estate, Mumbai - 400 001 (hereinafter referred to as "L&T" which expression shall include its successors and permitted assigns) of the FIFTH PART.
6. **BANGALORE INTERNATIONAL AIRPORT LIMITED**, a company incorporated under the Companies Act, 1956, having its Registered Office at # 36 Cunningham Road, Bangalore - 560 052, India (hereinafter referred to as "Company" which expression shall include its successors and permitted assigns) of the SIXTH PART; and

WHEREAS

- A. GoK and GoI wish to develop an Airport with private sector participation at Devanahalli near Bangalore in the State of Karnataka, India, as a greenfield project, and to this effect GoK has authorised KSIIDC to be a nodal agency for undertaking all activities towards development of the Airport as a joint venture.
- B. GoI, as represented by MoCA, has similarly authorised and vested AAI with necessary powers to participate in the development of the Airport.
- C. The Project is of prime importance to the State of Karnataka and GoK, taking a pathbreaking policy decision, has sanctioned, with the support of GoI, the greenfield project for airport development as a joint venture with the private sector.
- D. In order to facilitate the implementation of the Project, GoK has caused the Company to be incorporated in the State of Karnataka as a public limited company.
- E. The State of Karnataka has undertaken a significant role in the development of the Project as the same is in the interests of the general public of the State and expects that the Project will provide an impetus to the overall development and growth of industries, tourism and cargo movement in the region.
- F. KSIIDC invited bids, in June 1999, for the Project, through private financing on a joint venture basis.
- G. GoI vide its letter dated May 5, 1999 addressed to GoK has approved the new Bangalore greenfield airport proposed to be constructed at Devanahalli, Bangalore.



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- H. Following a process of competitive bidding, the Private Promoters have been selected as joint venture partners for the Project.
- I. The Private Promoters had proposed that the Project is feasible only with State Support and lease of Land on concessional terms, as financing for the Project could not be fully met through the equity contributions and the debt financing from Lenders.
- J. In view of the aforesaid, GoI and GoK have agreed to support the Company in terms of Airport Development Agreement, State Support Agreement and Land Lease Agreement.
- K. The Parties desire to co-operate in the operation of the Company to undertake the design, financing, construction, operation and maintenance of the Project on a Non-Recourse Project Financing and joint venture basis.
- L. The Parties desire to record herein their agreement on the structure, scope, management and operation of the Company and wish to set forth their respective rights, obligations and relationship *inter se*.

IT IS AGREED

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions : In this Agreement, including in the recitals hereof, the following words, expressions and abbreviations shall have the following meanings, unless the context otherwise requires:

"AAI Equity Cap" means the maximum Equity Contribution of AAI, not exceeding Rs. 50,00,00,000/- (Rupees Fifty Crores).

"Act" means the Companies Act 1956, as the same may be amended, supplemented or revised from time to time.

"Affiliate" means a 100% subsidiary or a company having 100% control, in relation to any Party. For this purpose "control" means the ability to control the composition of the Board and to exercise all voting rights attached to shares of such affiliate at any general meeting.

"Agreement" means this shareholders' agreement, including all attachments and schedules annexed hereto.

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'J. K. S.'. In the center, there is a small number '3' followed by a signature that looks like 'S. K.'. To the right, there are several more signatures, including one that looks like 'G. K.' and another that looks like 'B. K.'. The signatures are written in dark ink and are somewhat stylized.

"**Airport**" means the greenfield international airport proposed to be constructed and made operational in accordance with the Detailed Project Report at Devanahalli near Bangalore, Karnataka, India.

"**Airport Development Agreement**" or "**ADA**" means the airport development agreement to be entered into by and among GoK, Gol and Company for designing, engineering, developing, financing, procuring, constructing, operating and maintaining the Airport.

"**Articles**" means the Articles of Association of the Company, as amended from time to time.

"**Board**" means the board of directors of the Company constituted in accordance with the provisions of Clause 9 hereof.

"**Business Day**" means a day on which banks generally are open in Bangalore for the transaction of normal banking business.

"**Chairman**" shall mean the chairman of the Board elected in accordance with Clause 9.1.

"**Commercial Operations**" means commercial operation of the Airport as per the Detailed Project Report.

"**Commercial Operations Date**" means the date on which a license, certification or other appropriate authorisation is obtained by the Company from the Director General of Civil Aviation that the Airport is ready for commencing Commercial Operations.

"**Company**" means Bangalore International Airport Limited whose incorporation details are annexed in **Schedule 1** hereto.

"**Crore**" means a figure of 1,00,00,000.

"**Deed of Adherence**" means a deed of adherence substantially in the relevant form set-out in **Schedule 2** hereto.

"**Detailed Project Report**" means the detailed project report based on and derived from the Project Proposal, Master Plan and **Schedule 5** hereto, and as agreed between the Private Promoters and State Promoters.

"**Development Budget**" shall have the meaning given in Clause 4.3.

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"Development Phase" means the period commencing from the date of execution of this Agreement till Financial Close.

"Director(s)" means the director(s) for the time being of the Company.

"Equity Commitment" means the aggregate amount committed to be invested by a Party in Shares, as set out in **Schedule 3**.

"Equity Contributions" means the equity to be subscribed by each Party towards its Equity Commitment.

"Equity Percentage" means the percentage of the paid-up equity share capital of the Company held or to be held by each Party in accordance with Clause 7.

"Fair Market Value" means the value of Shares calculated using the valuation mechanism mentioned in **Schedule 6** hereof.

"Financial Close" means the date on which all of the financing projected to be necessary to achieve Commercial Operations becomes unconditionally available to the Company (subject only to giving the necessary notices of draw down thereunder) as per the requirements of the Project.

"Financing Agreements" means, collectively, the agreements, instruments and other documents, entered into by the Company (or any other applicable person which is a party thereto) and the Lenders under which debt funding is extended to the Company.

"GAAP" means the generally accepted accounting principles of India as published by the Institute of Chartered Accountants of India, from time to time.

"GoI" means the Government of India including any department, ministry, authority, board or agency thereof having duly constituted authority under any applicable statutes, rules and regulations in force from time to time.

"GoK" means the Government of the State of Karnataka including any department, ministry, authority, board or agency thereof having duly constituted authority under any applicable statutes, rules and regulations in force from time to time.

"Governmental Approvals" means all consents, licences, approvals, orders, permits, sanctions or authorisations of, and registrations, declarations and filings with, any Governmental Authority required in connection with the Project and the Project Agreements.

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“**Governmental Authority**” means the GoI, the GoK, and any municipal/local body, having jurisdiction over the matter or matters in question.

“**Guaranteed Maximum Price**” means the maximum cost to achieve Commercial Operations as stated in **Schedule 5** attached hereto (being the record of discussions signed on September 21, 2001).

“**ICE**” means Independent Consulting Engineer.

“**IPO**” means an initial public offering of Shares by the Company.

“**Lakh**” means a figure of 1,00,000.

“**Land**” means land totally admeasuring about four thousand three hundred (4,300) acres agreed to be provided by GoK to the Company, for purposes of the Project, on such terms and conditions as agreed and stated in the Land Lease Agreement.

“**Land Lease Agreement**” means the document and / or instrument under which KSIIDC/GoK, as the case may be, shall provide the Land to the Company for the Project.

“**Lender**” means any person providing loans, hire purchase facilities, funds, lease finance or other credit facilities under the Financing Agreements.

“**Listing**” means the listing of the Shares of the Company on a recognised stock exchange in accordance with Clause 16 hereof.

“**Lock-in Period**” has the meaning ascribed thereto in Clause 7.7 hereof.

“**Master Plan**” means the plan, based on the Project Proposal, defining the layout of the Airport installations within the Land boundary, as mutually agreed between the Parties.

“**Material Breach**” means a breach by a Party of any of its obligations hereunder which materially and substantially affects the performance of the transactions contemplated by this Agreement.

“**Memorandum**” means the Memorandum of Association of the Company, as amended from time to time.

“**MoCA**” means the Ministry of Civil Aviation, Government of India.

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"Non-Recourse Project Financing" means debt finance provided to the Company by Lenders on the basis that recourse of such Lenders to the Company shall be solely to the assets of the Company but not to its shareholders.

"Other Investors" means the investors, other than the Private Promoters, who may hold Shares as stated in Clause 7.4.

"Parties" means any two or more of KSIIDC, AAI, Siemens, Unique Zurich and L&T (as the context may require) and their respective successors and permitted assigns in terms of this Agreement.

"Party" means any one of KSIIDC, AAI, Siemens, Unique Zurich or L&T (as the context may require) and its successor and permitted assign in terms of this Agreement.

"Performance Security" means a bank guarantee provided by the Private Promoters to the State Promoters, for due performance of their obligations hereunder, from a scheduled bank for an amount of Rs. 5,00,00,000/- (Rupees Five Crores).

"Pre-Agreement Development Costs" means all direct external and internal costs incurred by the Private Promoters, State Promoters or their respective Affiliates, until the date of execution of this Agreement, for the design, engineering and development of the Project, including but not limited to costs of engineering and design studies, air traffic studies, engaging advisors and/or consultants and other third parties for the same, excluding all costs of Parties relating to (i) acquiring an interest in the Project; (ii) entering into this Agreement or any Project Agreement; and (iii) all legal, travel and overhead costs incurred by the Parties in respect of (i) and (ii) herein. To qualify as a Pre-Agreement Development Cost, each item of cost will be audited and approved as a Pre-Agreement Development Cost by an audit firm / consultant approved by the Parties.

"Pre-Financial Close Development Costs" means all costs incurred by the Company out of and in accordance with the Development Budget.

"Private Promoters" means Siemens, Unique Zurich and L&T, and such other party as may from time to time be agreed between the Private Promoters and the State Promoters, to be a co-promoter, and their respective successors and permitted assigns, in accordance with the terms hereof.

"Project" means the design, engineering, development, financing, procurement, construction, operation and maintenance of the Airport, in accordance with the terms hereof.

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"Project Agreements" for the present, include the following agreements which will be duly executed:

- (a) the ADA;
- (b) the Engineering, Procurement and Construction Contracts;
- (c) the Operation and Management Agreements;
- (d) the Land Lease Agreement;
- (e) Communication & Navigation Services and Air Traffic Management Agreements;
- (f) State Support Agreement;
- (g) Financing Agreements;

and other material contracts to be entered into by the Company in respect of the Project and which are agreed by the Parties to be treated as Project Agreements.

"Project Proposal" means the Private Promoter's proposal dated April 30, 2001 in respect of the Project with modifications and assumptions agreed by the Parties and which forms the basis for the development of the Master Plan and the Detailed Project Report.

"RBI" means the Reserve Bank of India.

"Rs" and **"Rupees"** means the currency of India.

"Secretary" means the Company Secretary of the Company.

"Shares" means equity shares of the nominal value Rs 10/- each in the equity share capital of the Company.

"State Promoters" means KSIIDC and AAI and their respective successors and permitted assigns.

"State Support" means the direct financial support agreed to be provided by GoK to the Company for the Project in accordance with the State Support Agreement.

"State Support Agreement" means the agreement entered into or to be entered into between the GoK and the Company in connection with GoK providing the State Support.

"USD" means the currency of the United States of America.

1.2 Interpretation : In this Agreement, unless the subject or context otherwise requires,

- (i) References to the singular number shall include references to the plural number and vice-versa;

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- (ii) References to a "person" shall include references to natural persons, partnership firms, companies, bodies corporate and associations, whether incorporated or not or any other organisation or entity including any governmental or political subdivision, ministry, department or agency thereof;
- (iii) References to recitals, Clauses and Schedules are to recitals, clauses and schedules to this Agreement;
- (iv) Any reference herein to a statutory provision shall include such provision, as is in force for the time being and as from time to time, amended or re-enacted in so far as such amendment or re-enactment is capable of applying to any transactions covered by this Agreement.

1.3 Clause headings used herein are only for ease of reference and shall not affect the interpretation of this Agreement.

1.4 The Schedules shall form an integral part of this Agreement.

2 CONSIDERATION

In consideration of the mutual agreements and undertakings set out in this Agreement the Parties have *inter se* granted rights and accepted obligations set out in this Agreement.

3 CONDITIONS PRECEDENT

3.1 Conditions Precedent to Equity Contribution: Except as provided in Clause 4.3, the obligation of each Party to make its Equity Contribution is subject to the satisfaction or waiver, in each case in form and substance satisfactory to the Parties, of the following conditions precedent:

- (i) Effectiveness of Project Agreements;
- (ii) Receipt of Governmental Approvals necessary for the initiation of the construction of the Airport;
- (iii) Financial Close;
- (iv) Amendment of the Memorandum and Articles in a form and manner mutually agreed by the State Promoters and the Private Promoters; and
- (v) Receipt by the Private Promoters of RBI approval, if required, for its investment in the Company.

3.2 Satisfaction of Conditions Precedent: Each of the Parties will use reasonable endeavours to procure satisfaction of the conditions precedent set out in Clause 3.1. Towards that end the Parties have agreed on a schedule of activities to be undertaken by the Parties and the Company as stated in **Schedule 8** hereto. However, in the event that the conditions

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referred to in Clause 3.1 are not satisfied by September 30, 2002, this Agreement will terminate, unless the Parties shall have mutually reviewed the Project, including the financials thereof, and agreed upon an extension of this time limit for the satisfaction of such conditions.

4 DEVELOPMENT COSTS

- 4.1 Pre-Agreement Development Costs : Subject to the consent of the Lenders, the Pre-Agreement Development Costs incurred by the Parties shall be reimbursed to the Parties by the Company at Financial Close. Should the Lenders consent for such reimbursement be not available, such Pre-Agreement Development Costs shall be capitalised into equity capital against corresponding issue of Shares by the Company at Financial Close. Within fifteen (15) days of execution hereof, each Party shall provide to the other Parties, the details of such costs incurred by it.
- 4.2 State Promoters' Pre-Agreement Development Costs : Amongst the State Promoters' Pre-Agreement Development Costs, are included the costs and expenses incurred for the reimbursement of the losing bidder's bid preparation costs as stipulated in the request for proposal dated March 20, 2000, subject to a maximum of Rs. 5,00,00,000/- (Rupees Five Crores).
- 4.3 Pre-Financial Close Development Costs : Within fifteen (15) days of the execution of this Agreement, the Parties shall agree upon a budget for development costs to be incurred by the Company ("**Development Budget**"). Such Development Budget shall contain itemised expenditure proposed to be incurred by the Company for a specified period. Notwithstanding the provisions of Clause 3.1, the Parties shall fund this Development Budget by equity subscription or advances against equity in the following proportion: (i) the Private Promoters seventy four percent (74%); and (ii) the State Promoters twenty six percent (26%). The Board may make capital calls on the Parties from time to time and issue equity shares at par in respect of such subscription made by the Parties or hold the money received as an advance against equity. All costs incurred from the Development Budget will be Pre-Financial Close Development Costs and will be incurred by and in the name of the Company.
- 4.4 Reimbursement of Development Costs to the Private Promoters in certain circumstances : Should at any time prior to Financial Close any of the following events occur:
- (a) the Project is abandoned by GoK;
 - (b) GoK fails to grant the lease of the Land after the terms have been agreed; or

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- (c) GoK fails to enter into the State Support Agreement after the terms have been agreed,

then the Private Promoters may terminate this Agreement and upon such termination the State Promoters shall (a) reimburse to the Private Promoters, their Pre-Agreement Development Costs, subject to a cap of Rs 5,00,00,000/- (Rupees Five Crores); and (b) reimburse amounts advanced against equity in the event Shares therefor have not been issued or if Shares have been issued to the Private Promoters pursuant to Clause 4.3 then acquire the same at the face value thereof, subject to a cap of Rs 40,00,00,000/- (Rupees Forty Crores).

- 4.5 Reimbursement of Development Costs to the State Promoters in certain circumstances : Should at any time prior to Financial Close the Private Promoters abandon the Project, then the State Promoters shall be entitled to terminate this Agreement and upon such termination, the State Promoters shall be entitled to (a) forfeit the Performance Security referred to in Clause 10.4; and (b) to cause the Company to forfeit the amounts advanced against equity by the Private Promoters in the event Shares therefor have not been issued or if Shares have been issued to the Private Promoters pursuant to Clause 4.3 to acquire all of such Shares at a total consideration of Rs. 100/- (Rupees one hundred only).

5 BUSINESS OF THE COMPANY

The main business and activity of the Company shall, until and unless otherwise agreed upon by the Parties, be promotion, development, financing, construction and operation of the Airport] including any other activity as may be required for its efficient and profitable operation.

6 ROLE OF THE PARTIES

- 6.1 Completion of Project Expeditiously : The Parties recognise that it is imperative for the Project to be completed in accordance with the Detailed Project Report.
- 6.2 Role of Private Promoters : The Private Promoters will undertake management in the following areas of the Company's operations such that the experience and expertise of the Private Promoters becomes available to the Company on an on-going basis:
- (a) Preparation of a comprehensive Master Plan;
 - (b) Preparation of the Detailed Project Report and the design and detailing of the Project in accordance with the Master Plan;
 - (c) Financial Close for the Project, including mobilising debt and equity;
 - (d) Procurement of required clearances for commencing and implementing the Project;

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- (e) Award of Project Agreements in respect of Engineering, Procurement and Construction and Operation and Maintenance;
- (f) Completion of construction of the works within the stipulated time frame in accordance with the Detailed Project Report;
- (g) Implementation of a 'Total Quality Management Program' in accordance with the Detailed Project Report;
- (h) Implementation of an environmental management plan for the construction and operational phases of the Project;
- (i) Completion of installation, testing and commissioning of all machinery, plant, equipment and instrumentation in accordance with the Project Agreements;
- (j) Operation and maintenance of the Airport safely and securely to provide the required levels of service to its users to the standards expected of an international airport as per International Civil Aviation Organisation standards and consistent with the conditions of the license issued by the Director General of Civil Aviation of India;
- (k) Upgradation of the Airport and facilities in a phased manner so as to maintain or improve services to its users in accordance with the Detailed Project Report;
- (l) Marketing, promotion and brand building of the Airport as a commercial and cargo hub to generate and enhance traffic, as envisaged in the Detailed Project Report; and
- (m) Collection, appropriation and allocation of revenue, fees, charges from the users (airlines, passengers, visitors and others) of the Airport and ancillary facilities and / or other activities which the Company is entitled to collect.

6.3 Spirit and Intent of Agreement : Each Party undertakes to act reasonably and in good faith towards each other in the exercise of their rights and discharge of their obligations hereunder with regard to the objectives of the Company.

7 SHARE CAPITAL OF THE COMPANY

7.1 Authorised Share Capital : The present authorised share capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores) only, divided into 5,00,00,000 (Five Crores) equity shares of the face value of Rs. 10/- (Rupees Ten) each. The authorised share capital of the Company shall, subject to the terms and conditions of this Agreement, be increased, from its current level to Rs 350,00,00,000/- (Rupees Three Hundred Fifty Crores) to meet the requirements of the Project.

7.2 (a) Issued, Subscribed and Paid-up Capital : The Paid-up Capital of the Company as on the date of this Agreement is Rupees 500,000 (Rupees Five lakhs only) divided into 50,000 (Fifty thousand) Shares of Rs 10/- each and is held as follows:



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Name	No. of Shares	Nominal Amount (in Rs)
Mr. N.R. Narayana Murthy	1	10/-
Mr. Rajeev Chandrasekhar	1	10/-
Mr. B.K. Das (nominee of Infrastructure Development Corporation of Karnataka)	49,994	4,99,940/-
Mr. C.K. Neelakanta Raj	1	10/-
Mr. R. N. Chawhan	1	10/-
Mr. G.L. Jere	1	10/-
Mr. Cherian Thomas	1	10/-
Total	50,000	5,00,000/-

- (b) Transfer of Current Shares : The Shares referred to in Clause 7.2.(a) will be transferred to KSIIDC (or their nominees) at the time of the first equity subscription by the other Parties. It is agreed that at any time the Company shall have at least seven (7) shareholders. These would, in addition to the Parties, be nominees holding shares under the Act, on behalf of KSIIDC.

7.3 Shareholding and Capital Structure : Upon subscription to the Shares in accordance with this Agreement, the paid-up capital structure of the Company shall be as follows:

Parties	Percentage of issued and paid up share capital of the Company
Private Promoters and Other Investors (collectively)	74%
State Promoters (collectively)	26%
Total	100%

- 7.4 Other Investors : The Private Promoters shall be responsible for investing and/or arranging investment in the Shares in accordance with the Equity Commitment. Subject to the provisions of Clause 7.7 (iii) which provides the Shares that must be held by the Private Promoters, they may induct Other Investors to hold Shares whether by way of subscription or purchase of Shares from the Private Promoters. Such investors, prior to their induction as shareholders in the capacity of Other Investors, whether by subscription or purchase of Shares from Private Promoters shall:
- (a) have been approved in writing by the State Promoters (which approval shall not be unreasonably withheld or delayed); and
- (b) have executed a Deed of Adherence in the form at Schedule 2C.

7.5 Equity Contribution : The Parties shall, make their respective Equity Contributions in the respective Equity Percentages and in amounts determined by the Board from time to time, upto their respective Equity Commitments.

7.6 Subscription by State Promoters :

- (i) Subject to (ii) below, upon Financial Close, the State Promoters shall notify the Company and the Private Promoters their respective individual percentage of shareholding, which shall cumulatively be twenty six percent (26%). Each State Promoter shall subscribe to the share capital of the Company such that the number of shares held by such State Promoter would not exceed the percentage of issued and paid up share capital as notified above. In the event, pursuant to a capital call made by the Board, any State Promoter fails to make an Equity Contribution ("**Defaulting State Promoter**"), the State Promoter not in default ("**Other State Promoter**") shall be entitled to fund the Equity Contribution of the Defaulting State Promoter. Without prejudice to the other provisions of this Agreement, in the event the Other State Promoter does not fund the Equity Contribution of the Defaulting State Promoter, the Private Promoters may (without any obligation to do so) fund such Equity Contribution.
- (ii) Subject to the AAI Equity Cap, the combined share holding of the State Promoters shall be no less than twenty six percent (26%) of the total paid up share capital and KSIIDC, or its Affiliates, shall contribute to such additional amounts to maintain the combined shareholding of twenty six percent (26%) if the AAI Equity Cap is reached.

7.7 Subscription by Private Promoters :

- (i) The Private Promoters shall subscribe to the Shares directly and / or through their Affiliates, who shall have prior to such subscription executed the Deed of Adherence in the appropriate form.
- (ii) Upon Financial Close, the Private Promoters shall notify the Company and the State Promoters the individual percentage of shareholding of the Private Promoters and the Other Investors, if any, which shall cumulatively be seventy four percent (74%), without prejudice to (iii) below. Each Private Promoter shall subscribe or cause subscription by the Other Investors, if any, to the share capital of the Company such that the number of Shares held would not exceed the percentage of issued and paid up share capital as notified above. In the event, pursuant to a capital call made by the Board, any Private Promoter fails to make an Equity Contribution ("**Defaulting Private Promoter**"), the Private Promoters not in default ("**Other Private Promoters**") shall be entitled to fund the Equity

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Contribution of the Defaulting Private Promoter. Without prejudice to the other provisions of this Agreement, in the event the Other Private Promoters do not fund the Equity Contribution of the Defaulting Private Promoter, the State Promoters may (without any obligation to do so) fund such Equity Contribution.

(iii) It is expressly clarified that upon subscription to the Shares in accordance with this Agreement, the shareholding of the Private Promoters shall be subject to the following lock-in restrictions during the periods set out below ("**Lock-in Period**"):

(a) Siemens shall subscribe and hold at least forty percent (40%) of the paid up capital of the Company until a period of three (3) years after the Commercial Operations Date and in no event less than twenty six percent (26%) Shares for a period of seven (7) years after Commercial Operations Date;

(b) Unique Zurich shall subscribe and hold at least five percent (5%) Shares in the paid up capital of the Company until a period of three (3) years after the Commercial Operations Date; and

7.8 Payments for Shares : Subject to Clause 4.1, each of the Private Promoters and the State Promoters agrees to make payment for the Shares agreed to be subscribed by it by paying the cash amount, at par, in bank/s in India as designated by the Company, subject to applicable laws in force in respect thereof.

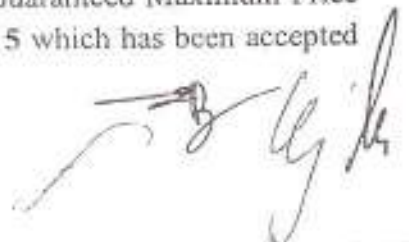
7.9 Securing payments on Shares : In order to secure due cash payments for Shares by the Private Promoters, each Private Promoter shall prior to Financial Close provide unconditional and irrevocable letters of credit by a reputable bank which may be drawn by the Company if a Private Promoter has not paid its Equity Contribution at the time required by the Board. Provided always that the Company shall not draw upon any such letter of credit until the State Promoters shall have paid-in their corresponding Equity Contributions.

7.10 Commitment to Project : Without prejudice to the provisions hereof, the State Promoters and the Private Promoters intend their participation in the Company and with the Project to be a long term arrangement in an endeavour to achieve Commercial Operations and to ensure sustained stability to the Project.

8 FINANCE

8.1 Guaranteed Maximum Price : The Parties agree that after detailed analysis and optimisation of costs, the Private Promoters have offered a Guaranteed Maximum Price for achieving Commercial Operations as set out in Schedule 5 which has been accepted





by the State Promoters. For purposes of the Guaranteed Maximum Price an exchange rate of USD 1 (United States Dollar One) as equivalent to Rs 50/- (Rupees Fifty) has been assumed.

8.2 Cost Over-runs: The EPC and the other construction and equipment supply contracts to be entered into by Company shall generally be structured on a lump-sum, fixed price, time bound and turn-key basis. It is agreed that the aforesaid contracts shall be so structured that, excepting specific circumstances such as force majeure, any cost escalations, over-runs or arrears under any such contracts shall be solely to the account of the contractor.

8.3 Non-Recourse Project Financing: It is the intention of the Parties that the Project will be financed on Non-Recourse Project Financing basis.

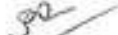
9 MANAGEMENT OF THE COMPANY

9.1 Board of Directors:

- (i) The Board of the Company shall be responsible for management of the Company and shall have authority with respect to development and management of the Project and all matters relating to the Company. The Board shall at a duly convened meeting and in which quorum is present be competent to exercise by resolution of the Board, all or any of the authority, powers and discretion conferred on the Board under the Act; provided, however, that in respect of the matters set out in Clause 9.4 below, the positive written consent of each of the State Promoters and each of the Private Promoters shall be required.
- (ii) The Board shall initially consist of up to twelve (12) Directors. The Private Promoters shall have the right to appoint and replace upto eight (8) retiring Directors ("**Private Promoters' Directors**"), AAI shall have the right to appoint and replace upto two (2) non retiring Directors and KSIIDC shall have the right to appoint and replace upto two (2) non-retiring Directors (collectively called "**State Promoters' Directors**"). The Parties have agreed that the number of Directors would be increased up to fourteen (14) after obtaining the approval of the Central Government as required by Section 259 of the Act and such additional two Directors would be appointed and replaced as follows: KSIIDC – one retiring Director and Private Promoters : one retiring Director. Any further increase in the strength of the Board shall be determined mutually by the Parties.



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Should the equity holding of State Promoters fall below twenty six percent (26%), their entitlement to nominate Directors shall be as follows:

Shareholding percentage	Number of Directors
0 – below 10%	One
10 –below 20%	Two
20 – below 26%	Three

- (iii) The Managing Director shall be appointed by the Board from amongst the Private Promoters' Directors and shall be responsible for the day to day management of the Company.
- (iv) The Chairman of the Board shall be elected by the Directors from amongst the State Promoters' Directors. The Chairman shall not be a whole time Director of the Company and shall have no executive powers. Neither the Chairman nor any other person who may preside at any general meeting or at any meeting of the Board or a sub committee thereof shall have a second or casting vote. If the Chairman is not present at a Board meeting, the Directors who are present may appoint an acting Chairman for the purpose of the Board meeting.
- (v) Any Director (an "Original Director") shall be entitled to appoint another Director (an "Alternate Director") to act for and in place of the Original Director, in accordance with the provisions of the Act. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in his absence.
- (vi) Each of the Parties shall exercise all rights and powers available to it (including exercising its votes at general meetings) to procure that effect is given promptly to each nomination which is made by any Party in accordance with this Clause with regard to the appointment and/or removal and replacement of Directors.
- (vii) The Directors shall not be entitled to sitting fees, but shall be entitled for reimbursement of all reasonable actual costs and expenses, such as travel, boarding, lodging and such other reasonable incidental expenses incurred by the Directors for attending meetings of the Board, unless otherwise agreed by the Parties in a general meeting.
- (viii) The Parties agree that the Board shall be constituted in accordance with Clause 9.1(ii) within fifteen (15) days of the execution hereof.



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9.2 Board Meetings:

Each Party shall exercise all rights and powers available to it to ensure that the Directors adopt the following rules in relation to Board meetings:

- (i) Board meetings are held at least every three (3) months or more frequently as agreed by a majority of the Board;
- (ii) Unless otherwise agreed by all Directors, fourteen (14) days' written notice specifying the time and place of the meeting is given to each Director at his address, of each meeting setting out the agenda for the meeting in reasonable detail and attaching the relevant papers to be discussed at the meeting and all relevant data and information relating to matters to be discussed at the meeting;
- (iii) Within three (3) days of receipt of the written notice set out in (ii) above, a Director may by written notice to the Company, request for inclusion of any other matter in the agenda or any change in the agenda and the Company shall circulate the agenda, as amended in conformity with the comments received from Directors, at least seven (7) days prior to the date of the meeting;
- (iv) The quorum for any meeting shall include at least three (3) Directors from the Private Promoters' Directors and two (2) Directors from the State Promoters' Directors;
- (v) If no quorum, as provided in (iv) above, is present within one hour of the appointed time for the meeting, the meeting shall stand adjourned upon a request from any Director not earlier than two (2) days but not later than fourteen (14) days after the first meeting. In such second meeting, one-third of the Directors shall constitute quorum;
- (vi) Each Director may cast one vote;
- (vii) Decisions of the Board shall be made on the basis of a simple majority vote at a duly convened meeting at which a quorum is present provided that in respect of matters set out in Clause 9.4, the written consent of each of the Private Promoters and each of the State Promoters shall be required;
- (viii) The Secretary shall circulate draft minutes of each Board meeting to all the Directors (including alternate present at that meeting) within ten (10) days of the date of the meeting. Each Director (or alternate) present at that meeting may, within ten (10) days of receipt of the draft minutes, communicate his approval or comments on such minutes to the Secretary, failing which he will be deemed to

have approved such minutes. Minutes will be signed by the Chairman at the next Board meeting following the meeting to which they relate and shall include the objections or dissent, if any, communicated by any of the Directors to the Secretary in the manner mentioned above; and

- (ix) In lieu of a duly constituted meeting as above and subject to Section 292 of the Act, any resolution of the Board shall be considered to be duly passed if the resolution has been circulated in writing to all Directors together with necessary data and information, and signed by the requisite majority of the Directors; provided that in respect of matters mentioned in Clause 9.4, the written consent of each of the Private Promoters and each of the State Promoters shall be required.

9.3 Board Committees : The Board may appoint such committees and delegate such powers as may be determined by the Board. At least one (1) State Promoter Director shall be appointed on each such Committee. The Board may make rules with regard to the functioning of such committees. Decisions of the committee shall be on the basis of majority, except that in respect of matters set out in Clause 9.4 the written consent of the Private Promoters and the State Promoters shall be required.

9.4 Matters requiring consent of Private Promoters and State Promoters : The Company shall not take any decision or undertake any action in respect of the following matters, until the written consent of the Private Promoters and the State Promoters shall have been obtained:

- (a) Borrow, take loans or incur any indebtedness to an aggregate limit (together with any liability then existing on such account) in excess of Rs. 25,00,00,000/- (Rupees Twenty Five Crores) for purposes of liquidity management. Provided that the consent as aforesaid shall not be required for the following:
- (i) borrowing pursuant to Financing Agreements;
 - (ii) giving of any guarantee, indemnity, performance bonds or incurring any similar contingent liability in the ordinary and normal course of business;
 - (iii) borrowing for the purposes of and up to the limit set out in Clause 9.8.
- (b) The disposal of substantial undertaking or assets of the Company having a financial impact in excess of an aggregate amount of Rs. 10,00,00,000/- (Rupees Ten Crores) in each financial year;
- (c) Except as provided in Clause 9.7, any change of the authorised share capital of the Company, capital structure and issuance of further capital;
- (d) The approval of Project Agreements;
- (e) Substantially expanding or reducing the business of the Company;
- (f) IPO or listing of Shares or securities of the Company and the terms thereof;

- (g) Any change in the nature of the business of the Company or any alteration to the Memorandum and/or Articles or any change in the name or registered office of the Company;
- (h) Any winding-up, liquidation or dissolution of the Company or buy-back of Shares by the Company or any reduction in the share capital of the Company;
- (i) Any use of the Land otherwise than as provided in the Detailed Project Report;
- (j) Any resolution to acquire or dispose of any interest in any other company, partnership or business, or enter into a joint venture or a strategic alliance;
- (k) The granting of any loans by the Company (other than any advance payments, trade credits for periods upto ninety (90) days and accounts receivable); and
- (l) any transfer of Shares otherwise than in accordance with this Agreement.

The Parties shall vote, to the extent of their respective shareholding in the Company and nominee Directors on the Board to cause the Company to comply with the provisions of Clause 9.4 above.

9.5 Meetings and Resolutions of Shareholders:

- (i) No business shall be transacted at any general meeting unless a quorum is present at the meeting. The quorum shall be one (1) representative of each of the Private Promoters and the State Promoters. If no quorum is present within one hour of the appointed time for the meeting, the meeting shall stand adjourned upon a request from any of the Private Promoters or State Promoters to a date not earlier than three (3) days but not later than fourteen (14) days after the first meeting and if no quorum is present at such reconvened meeting the shareholders present at such meeting shall constitute the requisite quorum.
- (ii) Subject to applicable law, all resolutions of the shareholders may be passed at any meeting of the shareholders by simple majority, provided that in respect of the matters set out in Clause 9.4, the written consent of the Private Promoters and the State Promoters shall be required.
- (iii) The Chairman of the Board shall act as the Chairman of all general meetings of the Company.

9.6 Local Sourcing and Training of Local Personnel :

- (a) Training of Local Personnel : The Private Promoters will endeavour to train appropriate local personnel to develop the talent and create local capacity for undertaking the operations of the Airport.



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- (b) Local Sourcing : The Parties will endeavour to promote the procurement by the Company of services and materials from local sources to the extent practicable and feasible, in particular to achieve cost savings envisaged in paragraphs 4(c) and 5 of **Schedule 5** hereto.

9.7 Circumstances in which further Capital may be raised by simple majority :

- (i) In the unlikely event the Company suffers operating losses, the funding whereof has not been provided for in the business plan, the Board may appoint a financial consultant to advise on the possible means of financing that the Company may pursue. It is agreed by the Parties that to the extent possible such financing shall be first through internal accruals and thereafter borrowings. However, should there be inadequate internal accruals or borrowings are not available on reasonable terms, the Board may, by a simple majority approve the issuance of further equity through a rights issue to the extent reasonably necessary to fund the uncovered operating losses.
- (ii) If any change in law (including any change in enactment, legislation, regulation, rule, notification, order or directive having statutory force) subsequent to the finalisation of the Detailed Project Report requires a change in the scope of the Project which results in additional capital expenditure, the financing whereof cannot be covered in contingencies or otherwise in the business plan, the Board may appoint a financial consultant to advise on the possible means of financing that the Company may pursue. It is agreed by the Parties that to the extent possible such financing shall be first through borrowings. However, should borrowings be not available on reasonable terms, the Board may, by a simple majority approve the issuance of further equity through a rights issue to the extent reasonably necessary to fund such additional capital expenditure.

9.8 Unforeseeable Events :

- (a) Should the Project be impacted financially or otherwise due to any unforeseeable event beyond the reasonable control of the Private Promoters, the following process will be followed:
- (i) The Parties shall consult with each other upon the course of action to mitigate such risk or costs and the manner of financing, if any, required.
- (ii) In such an event the Board may appoint a financial consultant to advise on the possible manner of financing that the Company may pursue.
- (iii) Pending agreement between the Parties on the manner of financing, the

Board may, if it is expedient to do so, raise borrowings or debt on such terms as may be deemed appropriate to meet any financing requirements arising due to the aforesaid event subject to an aggregate limit (together with any existing loan obtained for the purpose of this Clause 9.8) of Rs. 25,00,00,000 (Rupees Twenty Five Crores). The Parties agree that for such financing the Private Promoters may grant unsecured subordinate debt.

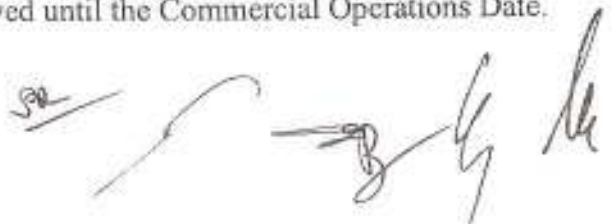
- (iv) Should the Parties mutually agree that instead of or in addition to any borrowing, such financing or any part thereof should be through equity subscription by the Parties, then any subordinated debt provided by the Private Promoters may be converted to equity.
- (b) The Parties recognise and agree that the risks and costs resulting from unforeseeable events, to the extent possible, shall be caused to be assumed by concerned third parties and / or appropriately insured against, such that protection against such risks and costs is available.

10 PROJECT IMPLEMENTATION

- 10.1 Project Agreements : The Parties recognise that the Project Agreements are to be executed with parties selected by the Board. It is recognised that the selection of the Private Promoters has been made, *inter-alia*, on the basis that the Private Promoters have experience in handling diverse components of the Project. Consequently, it is further recognised that it is the expectation of the Private Promoters that they and / or their Affiliates will enter into Project Agreements with the Company for certain components of the Project.
- 10.2 Implementation : As the Private Promoters have the necessary experience, expertise and ability to implement the Project, the Company shall enter into appropriate Project Agreements with Siemens AG and / or Siemens India Limited (which for the purpose of this Clause is deemed an Affiliate of Siemens), Unique Zurich and L & T. Accordingly, the Private Promoters undertake to implement the Project through due performance by each of them or by the respective concerned Affiliate, of the respective Project Agreements aforesaid under the terms thereof.
- 10.3 Fundamental Principles : The Parties agree that the entering into of the aforesaid Project Agreements shall be subject to the fulfilment of the fundamental principles set out in Clause 11.1 hereinafter.
- 10.4 Performance Security : The Private Promoters have provided a Performance Security, in the form agreed between the Parties, in favour of KSIIDC. Such Performance Security shall be kept effective, valid and duly renewed until the Commercial Operations Date.

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Schedule 2A duly executed by the transferee; (ii) the written agreement of the transferee that in the event the transferee shall cease to be an Affiliate of any Private Promoter or State Promoters it shall prior to such event transfer all Shares held by it in the Company to the relevant Private Promoters or the State Promoters, as the case may be, or to another Affiliate(s) of the relevant Private Promoter or State Promoters, as the case may be; and (iii) a guarantee from the relevant Private Promoter or the State Promoter substantially in the form of **Schedule 4** guaranteeing the due performance and discharge of the obligations of the transferee.

- (d) Subject to Clause 7.7, an Affiliate of the Private Promoters or the State Promoters (who is the transferee of any Shares pursuant to Clause 12.3(c) hereof) shall also have the right at any time to transfer any of the Shares held by it to another Affiliate of such Party whose Share entitlement it holds, who is capable of undertaking the obligations of the transferor herein. Provided that the transferor shall have prior to such transfer obtained (i) a Deed of Adherence in the form as set out in **Schedule 2A** duly executed by the transferee, and (ii) the written agreement of the transferee that in the event the transferee shall cease to be an Affiliate of Private Promoter or State Promoters it shall prior to such event transfer all Shares held by it in the Company to the relevant Private Promoter or State Promoter, as the case may be, or to another Affiliate(s) of relevant Private Promoter or State Promoters, as the case may be; and (iii) a guarantee from the parent company of the relevant Private Promoter or the State Promoter substantially in the form of **Schedule 4** guaranteeing the due performance and discharge of the obligations of the transferee.
- (e) A Party may insure its investment in the Project against political risks (such as expropriation and nationalisation) which would result in a substantial deprivation of such investment. The Parties acknowledge and agree that if and only if it is a condition to the grant of such insurance cover that in the event of the occurrence of the aforesaid insured event the Shares of such Party must be transferred free of the rights of third parties to the relevant insurer or its nominees, such Party shall be entitled, in the event it makes a claim under the insurance, to so transfer its Shares. As and when such insurance is obtained by a Party, it shall notify the other Parties thereof, unless otherwise precluded by the terms of such insurance policy.

12.4 Other Transfers : After the applicable Lock-in Period, if any, or prior thereto if unanimously agreed by all the Parties, any transfer of Shares by a Party shall be subject to the following conditions:





- (a) If a Party or its Affiliate is desirous of selling some or all of its Shares (the "Offered Shares") in the Company, such Party ("the Offeror") shall notify ("Notice of Sale") all the other Parties in writing of such desire together with the purchase price at which it is desirous of selling the Offered Shares ("Purchase Price").
- (b) The other Parties ("Offerees") shall have for a period of thirty (30) days from the Notice of Sale ("Option Period"), the right to purchase all (but not any part) of the Offered Shares in proportion to their respective Equity Percentage or such other percentage as agreed amongst the Offerees at the Purchase Price ("Option Number"). Before the end of the Option Period, the Offerees shall notify the Offeror of their desire and the number of Shares they propose to purchase ("Notice of Purchase").
- (c) If at the expiry of the Option Period, the Offeror has not received Notices of Purchase for all of the Offered Shares which are the subject of the relevant Notice of Sale, the Offeror shall be free to sell all (but not any part) of the Offered Shares to any person(s) at a price and terms and conditions no less favourable than in the Notice of Sale within one hundred eighty (180) days from the expiry of the Option Period.
- (d) If the Offeror receives Notices of Purchase from the Offerees for all of the Offered Shares in the Notice of Sale, the Offerees shall be obliged to pay the price and complete the sale within thirty (30) days of the expiry of Option Period against delivery of share certificates representing the Shares in question, along with share transfer deeds, duly executed by the transferors thereof, and their signatures thereon duly verified by the Company. Each Notice of Sale and Notice of Purchase shall be irrevocable.
- (e) If the Purchase Price is not received from the Offerees for all of the Offered Shares, which are the subject of a Notice of Sale within the aforesaid period, the Offeror shall be free to deal with such Shares as if no Notice of Purchase has been received. If the Offeror receives Notices of Purchase for more Shares than contained in the Notice of Sale, then the Offered Shares shall be sold to the Offerees pro rata to their offers of purchase.
- (f) Should approval of an authority in India be required for such sale, the time taken for obtaining any such approval shall not be counted towards the time limits set out above. The Parties shall co-operate with each other for procuring the necessary approvals. If such approval is not received within ninety (90) days of the commencement of the Option Period, then the Offeror shall be free to deal



with all (but not any part) of the Offered Shares in the manner described in (b) above, as if no Notice of Purchase has been received.

- (g) Any transfer to a third party pursuant to Clause 12.4(c) above, shall be finally effective only if the Offeror, before the transfer takes place, causes such third party to expressly agree in writing in the form of Deed of Adherence at **Schedule 2B** to be bound by all terms and conditions of this Agreement, as a Party hereto.
- (h) Any attempted sale, transfer or other disposition not in compliance with this Clause shall be a breach of this Agreement and the Parties expressly agree that the Party not in breach shall be entitled to, without prejudice to its other rights and remedies, injunctive relief to prevent such a breach by the other.
- (i) For the avoidance of doubt, none of the restrictions on transfer of Shares contained in this Agreement shall apply (i) to transfers under Clause 18; and (ii) after the IPO.

12.5 Sale of Other Investor' Shares : The Other Investors may sell their Shares ("Other Investor Shares") to the Private Promoters or their Affiliates on terms to be agreed between them. However, in the event the Private Promoters or their Affiliates do not acquire the Other Investor Shares, the State Promoters shall have the right of first refusal to acquire the same and the procedures of Clause 12.4 shall accordingly apply. If the Private Promoters or the State Promoters or their Affiliates do not acquire the Other Investor Shares as aforesaid, the Other Investor Shares may be sold to any third party or parties who have executed a Deed of Adherence in the form attached hereto as **Schedule 2C** agreeing to be bound by the terms hereof.

12.6 Rights and Obligation of Parties in the event of transfer: For the avoidance of doubt, the rights and obligations under this Agreement of a Party whose Shares are transferred pursuant to and in accordance with the terms hereof, other than in respect of any rights and obligations accrued prior to such transfer, shall cease upon such transfer, subject to the following:

- (a) any director or directors nominated by a Party who ceases to be a shareholder shall resign from the Board without any claim or compensation or payment whatsoever;
- (b) the provisions of Clause 21 shall continue to apply to all Parties including the Party who has ceased to be a shareholder.

13 **DIVIDENDS**

The Company in general meeting may declare dividends, but no dividend shall exceed the amount of dividend recommended by the Board. While recommending the declaration of any dividend, the Board will have regard to and consider the expansion plans of the

Airport, taking into account the traffic growth, and the need for making provisions therefor.

14 RESERVES

The amount of profit transferred each year to the reserve established by the Company pursuant to Section 205 (2A) of the Act shall be no greater than that required by Section 205 (2A) of the Act and the rules prescribed pursuant thereto. The Parties hereto shall from time to time and at least once during each fiscal year review and prescribe the manner in which such reserves shall be invested.

15 AUDIT AND ACCOUNTS

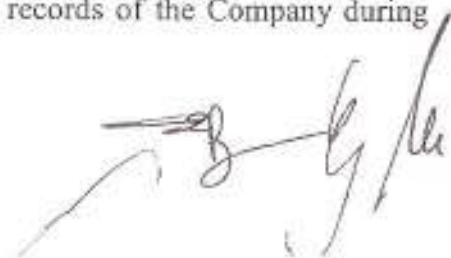
15.1 GAAP : The Parties shall cause the Company to keep true and accurate accounts and records in accordance with GAAP.

15.2 Information to Parties : The Company shall supply the Parties with the following information:

- (a) the audited financial statements as required under GAAP of the Company for each financial year as soon as practical, and at the latest by four (4) months after the end of that financial year,
- (b) the unaudited quarterly financial statements of the Company for each quarter of each financial year as soon as practical, and at the latest by two (2) months after the end of such quarterly period;
- (c) all information relating to the Project required to be provided in relation to any dividend distributions of the Company to be made pursuant to Clause 13 of this Agreement;
- (d) all information relating to the Project required to be provided to any Lenders to the Company; and
- (e) all information relating to the Project to permit the Parties to audit the Company's records for whichever is the longer of the period for two (2) years following the end of the relevant year or as required by applicable law.

15.3 Inspection by Parties : The Parties shall cause the Company to permit duly authorised representatives of each of the Parties (subject to such representatives executing a suitable confidentiality undertaking) to inspect all accounts and records of the Company during regular business hours.

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15.4 Financial Information : The Private Promoters shall provide the State Promoters annually, copies of their Annual Reports, Balance Sheets and Profit & Loss accounts, certified by its auditors and accompanied by an English translation thereof.

16 LISTING

16.1 Initial Public Offering : The Parties agree that they shall consult and discuss with each other at an appropriate stage during the term of this Agreement the possibility of having an IPO.

16.2 Listing : If the Parties so determine and upon receipt of the requisite approvals, the Company shall take steps to list the Shares on one or more stock exchanges.

16.3 Expenses : All expenses directly related to the IPO or offer for sale or for Listing, such as payment of fees to the lead manager, brokerage and underwriting, Listing fees, printing charges, fees payable to the registrar and other related expenses shall be borne and paid by the Company.

17 REPRESENTATIONS AND WARRANTIES

17.1 Representations & Warranties of KSIIDC: KSIIDC represents and warrants to the Parties that:

- (a) The Company is a limited liability company duly incorporated and validly existing under the laws of India and has complied under all laws and regulations applicable to it.
- (b) Neither the execution and delivery of this Agreement or the Project Agreements nor the compliance with the terms of such Agreements will violate the Memorandum and Articles of Association.
- (c) The Company has no subsidiaries and has never had a subsidiary.
- (d) Other than as stated in the latest financial statements of the Company, the Company has no liabilities or obligations other than its paid up share capital and those liabilities or obligations imposed upon it solely by virtue of its incorporation.
- (e) Except as otherwise disclosed in writing, the Company has not entered into any agreements or any other arrangements which creates any liabilities or obligations on the Company.

- (f) There are no actions, suits, proceedings, orders, investigations or claims pending or threatened against the Company before any government agency, governmental department, commission, board, bureau or instrumentality.
- (g) To the best of its knowledge, all returns, computations and payments which should have been made by the Company for Indian tax purposes have been duly made and tax has been duly deducted or accounted for.
- (h) To the best of its knowledge, the Company has not violated any law or governmental rule, regulation or requirements.
- (j) As of the date of this Agreement, the authorised share capital is Rs 50,00,00,000 (Rupees Fifty Crores), divided into 5,00,00,000 (Five Crore) ordinary shares of Rs 10/- each par value, of which 50,000 (fifty thousand) are issued and fully paid and all of such issued shares are owned and held as stated in Clause 7.2.
- (k) There are no agreements or arrangements in force which provide for the present or future allotment, issue or transfer of, or grant to any person the right to call for the allotment, issue or transfer of any ordinary share or loan capital of the Company (including any option or right of pre-emption or conversion).

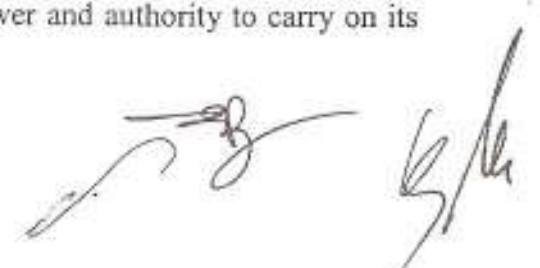
17.2 Representations & Warranties of Private Promoters : Each Private Promoter represents and warrants to the State Promoters and the Company that:

- (a) As of the date of this Agreement, it continues to comply with the eligibility criteria, as set out in the Request For Proposal, for undertaking the Project, including requirements of minimum net worth, annual turnover and cash accruals.
- (b) The execution or performance of this Agreement by it does not breach or conflict with any of its obligations.
- (c) All information, data and documents provided by it to the State Promoters is true and correct in all material respects.

17.3 Representations & Warranties of Parties : Each Party represents and warrants to the other that:

- (a) It is duly organised and validly existing under the laws of the country of their incorporation or origin and have all requisite power and authority to carry on its business as it is now being conducted.

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- (b) This Agreement constitutes its valid, legally binding and enforceable obligation.
- (c) It shall take such further acts, execute and deliver such further instruments and documents, and generally do all such other things as may be reasonably necessary to accomplish the transactions contemplated in this Agreement.
- (d) It has taken all necessary action, corporate or otherwise, as applicable to them to authorise or permit the execution, delivery and performance of this Agreement and the transactions contemplated in this Agreement.
- (e) The execution, delivery or performance of this Agreement by it will not: (i) constitute a breach or violation of its the memorandum or articles of association or in the case of AAI, the Airports Authority of India Act, 1994, as the case may be ; (ii) conflict with or constitute a default under or breach of performance of any of its obligation; or (iii) result in a violation of any law, regulation, administrative order or judicial order applicable to it or its business or assets.
- (f) There is no action, suits, proceedings or investigations pending against it before or by any court, tribunal or Governmental Authority or instrumentality, domestic or foreign, which may materially and adversely impact any its ability to perform its obligations hereunder.

17.4 Receipt of Documentation : Private Promoters agree that they have received from the State Promoters all documents requested by them. Parties confirm that they have taken the decision to enter into this Agreement based on their own judgement.

18 TERM AND TERMINATION

18.1 Term : This Agreement shall be effective upon its execution and shall continue in full force and effect from the date hereof until terminated in accordance with the terms hereof.

18.2 Insolvency Event and its consequences:

18.2.1 For the purposes of this Clause 18, an "Insolvency Event", with regard to a Party, shall mean one or more of the following events (a) a receiver or trustee (excluding debenture trustees and security trustees) has been appointed over its assets, and such appointment is not dismissed or withdrawn or such receiver or trustee has not been discharged as the case may be within sixty (60) days of such appointment, or (b) if it is dissolved or liquidated ; or (c) a resolution for its voluntary winding up has been passed or (d) a liquidator or provisional liquidator has been appointed in any winding up petition or insolvency filed against it which appointment is not set aside or stayed within sixty (60)

days of such appointment. For avoidance of doubt, it is clarified that exercise of any powers by the GoI under the Airports Authority of India Act, 1994 with respect to AAI or its property, including but not limited to reconstitution thereof shall not be an event of insolvency.

18.2.2 (a) If a Private Promoter suffers an Insolvency Event (the "Affected Party") and subject to the approval (if any is required) of the relevant court or judicial authority, the other Private Promoters shall within a period of ninety (90) days either (i) acquire the Shares held by the Affected Party and its Affiliates or (ii) identify a third party, such party to be reasonably acceptable to the State Promoters, willing to acquire such Shares provided that if the State Promoters shall not have granted approval or rejected such proposed third party within thirty (30) days of being notified, the third party so proposed shall be deemed to have been approved. The purchase price for such Shares shall be the Fair Market Value. The Affected Party hereby agrees that if it suffers an Insolvency Event it shall be obliged to sell its Shares in the manner contemplated by this Clause 18.2.2.

(b) In the event that the other Private Promoters elect not to so acquire such Shares or fail to identify a third party willing to acquire such Shares, the State Promoters shall be entitled to require that such Shares be sold to the State Promoters or any third party or parties selected by the State Promoters at Fair Market Value, and the Affected Party and its Affiliates shall be obliged to sell the same as aforesaid.

18.2.3 (a) If a State Promoter suffers an Insolvency Event (the "State Affected Party") and subject to the approval (if any is required) of the relevant court or judicial authority, the other State Promoter shall within a period of ninety (90) days either (i) acquire the Shares held of the State Affected Party and its Affiliates in the Company or (ii) identify a third party willing to acquire such Shares. The purchase price for such Shares shall be the Fair Market Value. The State Affected Party hereby agrees that if it suffers an Insolvency Event it shall be obliged to sell its Shares in the manner contemplated by this Clause 18.2.3.

(b) In the event that the other State Promoter elects not to so acquire such Shares or fails to identify a third party willing to acquire such Shares, the Private Promoters shall be entitled to require that such Shares be sold to the Private Promoters or any third party or parties selected by the Private Promoters at Fair Market Value, and the State Affected Party and its Affiliates shall be obliged to sell the same as aforesaid.

18.3 Private Promoter's Material Breach and its Consequences :



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- (a) If a Private Promoter is in Material Breach of this Agreement ("Defaulting Private Promoter") and fails to rectify the same forthwith, any other Party may serve a notice on such Defaulting Private Promoter (with copies to each of the other Parties) requiring rectification of such Material Breach within thirty (30) days of the service of such notice. If such Material Breach is not so rectified then the other non-defaulting Private Promoters shall have the right within a further period of sixty (60) days, either (i) to acquire the Shares of the Defaulting Private Promoter and its Affiliates or (ii) identify a third party reasonably acceptable to the State Promoters, willing to acquire such Shares. The Defaulting Private Promoter and its Affiliates shall be obliged to sell the same as aforesaid. The price for such Shares shall be the lesser of (i) the par value and (ii) Fair Market Value.
- (b) In the event that the non-defaulting Private Promoters elect not to acquire the Shares or fail to identify a third party, the State Promoters shall be entitled to exercise all or any one or more of the following rights:
- (i) require that the Defaulting Private Promoter transfer all Shares held by it and its Affiliates to the State Promoters or any third party or parties selected by the State Promoters at fifty percent (50%) of the par value or fifty percent (50%) of Fair Market Value, on the date of transfer, whichever ever is lower, and the Defaulting Private Promoter and its Affiliates shall be obliged to sell the same as aforesaid;
 - (ii) require that any or all of the non defaulting Private Promoters transfer all Shares held by it / them and its / their respective Affiliates, to the State Promoters or any third party or parties selected by the State Promoters at seventy five percent (75%) of the par value or seventy five percent (75%) of Fair Market Value, on the date of transfer, whichever ever is lower, and such Private Promoter and its Affiliates shall be obliged to sell the same as aforesaid;
 - (iii) require that the Company terminate any Project Agreement/s to which the Defaulting Private Promoter or the non-defaulting Private Promoter, whose Shares have been transferred under sub-clause (b)(i) and (ii) above, and/or its Affiliate is a party.

18.4 State Promoter's Material Breach and its Consequences :

- (a) If a State Promoter is in Material Breach of this Agreement ("Defaulting State Promoter") and fails to rectify the same forthwith, any other Party may serve a notice on such Defaulting State Promoter (with copies to each of the other Parties) requiring it to rectify such Material Breach within thirty (30) days of the service of such notice. If such Defaulting State Promoter fails therein, then the other non-defaulting State Promoter shall within a further period of sixty (60) days, acquire the entire shareholding interest in the Company of such Defaulting State Promoter and its Affiliates.

- (b) In the event that the non-defaulting State Promoter fails to do so, a Private Promoter shall be entitled to require the State Promoters to:
- (i) purchase all the Shares held by such Private Promoter and its Affiliates at the Fair Market Value or par value, whichever shall be the higher;
 - (ii) relieve such Private Promoter from any outstanding obligations undertaken by it to the Lenders to the Company under the Financing Agreements;
 - (iii) reimburse any sub-ordinated debt advanced by such Private Promoter to the Company in terms of Clause 9.8 hereof; and
 - (iv) reimburse any amounts paid by such Private Promoter to any Lender to the Company in respect of any borrowing undertaken by the Company, subject to Clause 9.4(a) hereof, and that the State Promoters relieve such Private Promoter from any outstanding guarantees in respect of such borrowing.
- 18.5 Consequences of Termination : Any termination of this Agreement pursuant to the provisions of Clause 3.2 or this Clause 18 shall be without prejudice to:
- (a) any accrued obligations and any right of action or remedy that may have accrued to any Party prior to such termination;
 - (b) the provisions of Clause 21 shall continue to apply to all Parties, including the Party against whom the termination provisions are invoked.
- 18.6 Continuing Parties to be bound by this Agreement : For the avoidance of doubt (i) the rights and obligations of the Party whose Shares have been transferred under this Clause 18 shall, other than in respect of rights and obligations accrued prior to such transfer, cease upon such transfer and (ii) all of the other Parties shall continue to be bound by this Agreement.
- 18.7 Parties to incorporate enabling provisions in Project Agreements : The Company and the Parties record their intent that they shall seek to incorporate appropriate enabling provisions in the Project Agreements with the Private Promoters/their respective Affiliates for implementation of the provisions of Clause 18.4(b)(iii).
- 18.8 Implementation : The Parties agree and undertake that each of them shall take all necessary steps to implement and give full effect to the provisions of this Clause.
- 18.9 Exclusive Remedies : The Parties agree that the remedies expressly stated in this Agreement shall be the sole and exclusive remedies of the Parties for liabilities to one another arising out of or in connection with this Agreement.
- 18.10 Liability for Consequential Loss : Notwithstanding anything to the contrary contained in

this Agreement, in no event shall any Party, its officers, employees or agents be liable to any other Party (on the basis of breach of contract, indemnity, warranty or tort, including negligence and strict or absolute liability, or breach of statutory duty or otherwise) for any matter arising out of or in connection with this Agreement in respect of any Consequential Loss suffered by such other Party. Each Party undertakes not to sue any other Party, its officers, employees, agents in respect of such Consequential Loss.

For the purposes of this provision, "Consequential Loss" means any indirect or consequential loss (including loss of production, loss of profit, loss of revenue, loss of contract, loss of goodwill, liability under other agreements or liability to third parties) resulting from such breach and whether or not the Party committing the breach knew, or ought to have known, that such indirect or consequential loss would be likely to be suffered as a result of such breach and includes the payment or repayment of any amounts (or any acceleration thereof) to lenders or creditors of the aggrieved Party from time to time but excludes death or personal injury resulting from the negligence of the Party liable, its officers, employees or agents.

19 SHAREHOLDERS' AGREEMENT TO PREVAIL

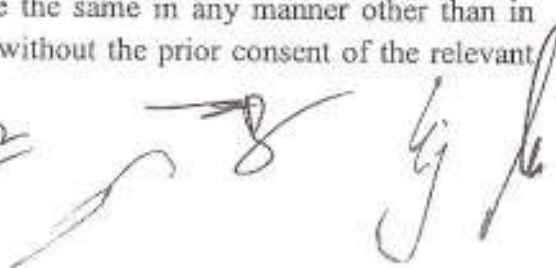
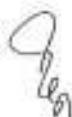
- 19.1 Memorandum and Articles : The Parties agree that the Memorandum and Articles of the Company will to the extent legally permissible include the provisions of this Agreement. Accordingly, the Parties will, within a period sixty (60) days hereof, agree upon the amendments to be made in the Memorandum and Articles for the purpose aforesaid. The Parties shall cause the Company to adopt such amended Memorandum and Articles.
- 19.2 Supremacy as regards Parties : To the extent that any of the provisions of this Agreement conflict with any of the provisions of the Articles of the Company, the provisions of this Agreement shall prevail as between the Parties hereto, subject to applicable law.

20 ASSIGNMENT

No Party may assign any of its respective rights or obligations hereunder without the prior written consent of the other Parties.

21 CONFIDENTIALITY, NON-DISCLOSURE & SECRECY

- 21.1 Information Confidentiality : All Parties acknowledges that any and all commercial and technical information and data provided by one constituent to the other or to the Company shall be considered to be confidential and the constituent receiving such information and data shall not, at any time, directly or indirectly disclose such information and data to any person firm or use the same in any manner other than in connection with the pursuit of this Agreement, without the prior consent of the relevant



other constituent. The constituents shall cause the Company to be bound by this obligation of secrecy and non-disclosure in respect of information and data provided to it by any of the constituents.

- 21.2 Exceptions : The obligation towards confidentiality shall, however, exclude: (i) such information and data which are already in the public domain or which needs to be disclosed by law, as requested by a court of law; (ii) any disclosure by a Party in connection with any proposed transfer of its Shares to a third party (subject to obtaining an appropriate confidentiality undertaking of such third party); (iii) any disclosure required to be made by the State Promoters and Private Promoters to the GoI and/or GoK or to any other Governmental Authority for the purpose of obtaining consents, permits and approvals; and (iv) any disclosure to potential financiers or arrangers or investment banks for purposes of financing of the Project.
- 21.3 Duration : The obligations in this Clause 21 shall survive termination of this Agreement for 5 (five) years.
- 21.4 Binding Nature : Each Party hereto undertakes that it and its Affiliates and its nominees and employee of such Party and each employee of such Affiliate and nominee shall not, without limit in point of time, whether during the terms hereof or after the termination of this Agreement, divulge or communicate to any third party (except as may be necessary for such Party to exercise its rights and perform its obligations hereunder or as may be required by law) or use for its own purpose any information about the private affairs of the Company or another Party or its Affiliates or nominees.
- 21.5 Public Announcement : No public announcement or disclosure shall be made in respect of the subject matter of this Agreement or any of the transactions contemplated herein without the prior written approval of the other Parties (save as may be required by law or any regulatory authority in which event the scope of the announcement will be limited to the matters required to be disclosed and the disclosing Party will, if practicable, consult with the other Parties on the terms and timing of such announcement).

22 RELATIONSHIP OF THE PARTIES

Nothing herein shall constitute a partnership between the Parties hereto.

23 ENTIRE AGREEMENT

This Agreement and the schedules attached constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior communications, undertakings and agreements relating thereto except as expressly or otherwise herein provided.



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24 VARIATIONS

This Agreement shall not be amended, varied, altered or modified except by an instrument in writing expressly referring to this Agreement and signed by the Parties hereto.

25 WAIVER

25.1 Waiver by Consent : A waiver of any term or provision of, or consent granted under, this Agreement shall be effective only if given in writing and signed by the waiving or consenting Party and then only in the instance and for the purpose for which it is given. No breach of any provision of this Agreement shall be waived or discharged except with the express written consent of the Parties.

25.2 Failure or Delay : No failure or delay on the part of any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

25.3 Cumulative Rights : The rights and remedies herein provided are cumulative with and not exclusive of any rights or remedies provided by law.

25.4 Sovereign Immunity : Each of the State Promoters hereby unconditionally and irrevocably:

- (a) agrees that the execution, delivery and performance by it of this Agreement constitutes private and commercial acts and not public or governmental acts;
- (b) agrees that should any proceedings be brought against it or its assets by any Party in relation to this Agreement or any transaction contemplated by this Agreement, no immunity, sovereign or otherwise, from such proceedings, execution, attachment or other legal process shall be claimed by or on behalf of itself or with respect to any of its assets; and
- (c) waives any such right of immunity, sovereign or otherwise which it or its assets now has or may acquire and / or enjoy in the future in respect of any proceedings brought under or in relation to this Agreement.

26 INVALIDITY

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction the validity, legality and enforceability under the law of that jurisdiction of any other provision shall not be affected or impaired in any way.

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27 NOTICES

27.1 Details : Any notice, request, demand or other communication given or made under or in connection with the matters contemplated by this Agreement shall be in writing and shall be delivered personally or sent by registered post acknowledgement due or by facsimile or by courier :

In case of KSIIDC to :

- MSIL House, # 36, Cunningham Road
Bangalore-560 052
- Fax # (+91-80) 225 5740
- Attention: Managing Director

In case of AAI to :

- Rajiv Gandhi Bhavan, Safdarjung Airport
New Delhi – 110 003
- Fax # (+91-11) 463 2990
- Attention: Chairman

In case of BIAL to :

- 'Transport House', KH Road, Shanthinagar
Bangalore – 560 027
- Fax # 224 0330
- Attention: Managing Director

In case of Siemens to :

- Freyeslebenstr 1, D-91058, Erlangen,
Germany
- Fax # (+49-9131) 187356
- Attention: Managing Director

*In case of Unique
Zurich to:*

- Zuerich Airport Limited, PO Box, CH-8058
Zuerich-Airport, Switzerland
- Fax # (+41) 1816 7999
- Attention: CEO & President

In case of L&T to:

- ECC Division, Mount-Poonamallee Road,
Manapakkam, Chennai – 600 089
- Fax # (+91-44) 249 3317
- Attention: Mr. KV Rangaswami, Executive Vice
President

and shall be deemed to have been duly given or made as follows:-

- (a) if personally delivered, upon delivery at the address of the relevant Party;
- (b) if sent by registered post-acknowledgement due seven (7) days after the posting;



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- (c) if sent by facsimile upon receipt of confirmation by sender, from the receiver, that the facsimile has been received;
- (d) if sent by courier four (4) days after the date of despatch.

27.2 Change in Address : A Party may notify the other Parties of a change to its name, relevant addressee, address, or fax number for the purposes of Clause 27.1 as provided herein.

28 APPLICABLE LAW

28.1 Indian Law : This Agreement shall be construed and enforced according to the laws of the Republic of India.

28.2 Jurisdiction : Subject to Clause 29, the courts at Bangalore shall have the jurisdiction for grant of any interim relief and the enforcement of any award.

29 ARBITRATION

29.1 Negotiation & Conciliation : If any dispute, difference claim or question shall arise between the Parties hereto in connection with or in relation to these presents, the Parties hereto shall use their endeavours to settle the said disputes or differences amicably between themselves.

29.2 Reference to Arbitrator : All disputes, differences, claims, questions and controversies arising in connection with this Agreement or in relation to this Agreement which the Parties are unable to settle between themselves within sixty (60) days (or such longer period as the Parties may agree) of notification by one Party to the other(s) that a dispute exists for the purpose of this Clause 29.2 shall be finally determined under the Rules of Conciliation and Arbitration of the International Chamber of Commerce, Paris ("Rules") by one or more arbitrators appointed in accordance with the Rules.

29.3 Miscellaneous : . The place of the arbitration shall be Bangalore, India. Each Party shall pay the expenses of the arbitration in accordance with the Rules and the eventual liability for the costs shall be in terms of the arbitral award. No arbitrator shall be a present or former employee or agent of, or consultant or counsel to, either Party or any Affiliate of either Party, or in any way related or closely connected with the promoters, partners, or beneficiaries of the Parties. The language of the arbitration shall be English.

29.4 Decision / Award : Any decision or award of an arbitral tribunal appointed pursuant to this Clause 29 shall be final and binding upon the Parties. The Parties waive any rights to appeal or any review of such award by any court or tribunal of competent jurisdiction insofar as such waiver can validly be made. The Parties agree that any arbitration award

made may be enforced by the Parties against assets of the relevant Party, wherever those assets are located or may be found, and judgement upon any arbitration award (wherever necessary) may be entered by any court of competent jurisdiction thereof. The Parties expressly submit to the jurisdiction of any such court for the purposes of enforcement of any arbitration award.

30 **COUNTERPARTS**

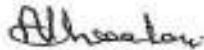
This Agreement shall be executed in six (6) counterparts, one to be retained by each Party each of which shall constitute the original but all of which when taken together shall constitute one and the same agreement.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS whereof this Agreement has been executed on the date first above written.

Signed for and on behalf of)
Karnataka State Industrial Investment)
and Development Corporation Limited)
by a duly authorised representative)
in the presence of:)

Signature of witness



Name and address of witness



Signature of authorised representative

C. K. NEELAKANTA RAJ


Name of authorised representative

Signed for and on behalf of)
Airports Authority of India)
by a duly authorised representative)
in the presence of:)

Signature of witness


P. S. NAIR

Name and address of witness


Signature of authorised representative

V. D. V. PRASAD RAO

Name of authorised representative

Signed for and on behalf of)
Siemens Project Ventures GmbH)
By a duly authorised representative)
In the presence of:)

Signature of witness

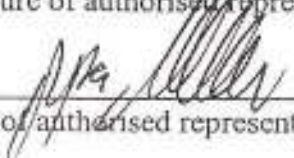

Eberhard Borch

Name and address of witness


Signature of authorised representatives

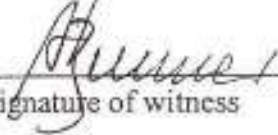
Name of authorised representatives

RUESS
Signature of authorised representatives


Name of authorised representatives

WAHL

Signed for and on behalf of)
Flughafen Zuerich AG.)
by a duly authorised representative)
in the presence of:)

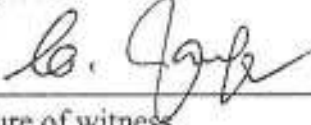


Signature of witness

Albert Krumer

Name and address of witness

Signed for and on behalf of)
Larsen & Toubro Limited)
by a duly authorised representative)
in the presence of:)




Signature of witness

K.V. RANGASWAMI

Name and address of witness

Signed for and on behalf of)
Bangalore International Airport)
Limited)
By a duly authorised representative)
In the presence of:)



Signature of witness

G.C. JERE

Name and address of witness



Signature of authorised representatives

Name of authorised representatives

B. Spalinga

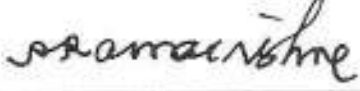
Signature of authorised representative



Name of authorised representative

Herbert Meier

Name of authorised representative



Signature of authorised representative

A. RAMAKRISHNA

Name of authorised representative



Signature of authorised representative

K. JAIRAJ

Name of authorised representative

SCHEDULE 1
Details of BIAL

1. Registered Number : CIN-U4520315A2001PLCO28418
2. Date of Incorporation : January 05, 2001
3. Place of Incorporation : Bangalore, Karnataka, India
4. Registered Office : MSIL House, # 36 Cunningham Road,
Bangalore - 560 052, India
5. Nature of business : Promoting and undertaking the development,
construction and operation of the airport
project on a non-recourse project financing
basis.
6. First Directors : Mr. N. R. Narayana Murthy
Mr. Rajeev Chandrasekhar
Mr. B. K. Das
7. Existing Directors : 1. Mr. N.R. Narayana Murthy
2. Mr. Rajeev Chandrasekar
3. Ms. Teresa Bhattacharya
4. Mr. B.K. Das
5. Mr. K.V.Kamath
6. Mr. C.K. Neelakanta Raj
7. Mr. S. Krishna Kumar
8. Dr. K. Siddappa
9. Mr. K. Jairaj

J

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[Handwritten signatures]

SCHEDULE 2A

Form of Deed of Adherence in case of subscription by an Affiliate or transfer of shares by a Private Promoter or a State Promoter to an Affiliate or by an Affiliate of the Private Promoter or State Promoter to another Affiliate of the Private Promoter or State Promoter

THIS DEED OF ADHERENCE is made on ● between a company incorporated under the laws of ● and having its principal office at ● ("XYZ"); and

[Promoter whose Affiliate is subscribing to or acquiring the Shares and all the Other Parties] (the "Other Parties");

WHEREAS the Private Promoters and the State Promoters have entered into a Shareholders Agreement dated ● ("SHA") in respect of their mutual rights and obligations under a joint venture in relation to the Airport and the Private Promoters and State Promoters have for this purpose participated in Bangalore International Airport Limited ("Company")

WHEREAS the [Private/State]* Promoter has proposed that its Affiliate XYZ [subscribe to] [acquire]* ● equity shares pursuant to Clause [7.7(i)][12.3]*● of the SHA and pursuant to which XYZ is required to execute a Deed of Adherence as a condition precedent to [subscription] [transfer]* of the Shares as aforesaid; and

WHEREAS XYZ shall therefore hold ● Shares Company following the [subscription] [transfer]* as aforesaid and wishes to record its adherence to the terms of the SHA;

NOW THEREFORE, this Deed of Adherence witnesseth as under:

1. XYZ hereby confirms that it has been provided with a copy of the SHA and hereby undertakes with the Other Parties to be bound by and observe and perform all the terms and conditions of the SHA as if it were a party thereto to the extent the same are applicable to [Transferor Party] as a shareholder and in particular XYZ undertakes to exercise its voting rights to ensure performance of the SHA.
2. This Deed of Adherence shall be governed and construed in accordance with the laws of India.

IN WITNESSETH WHEREOF the Parties hereto have executed this Deed of Adherence:

XYZ

By
Name
Title
Witness

Promoter whose Affiliate is subscribing to or acquiring the Shares and Other Parties

By
Name
Title
Witness

*Delete the inapplicable

Handwritten signatures and initials:
A large signature, possibly "Dag".
A signature that looks like "ly".
A signature that looks like "K-B".

SCHEDULE 2B

Form of Deed of Adherence in case of transfer of shares to a third party in terms of Clause 12.4(e)

THIS DEED OF ADHERENCE is made on ● between a company incorporated under the laws of ● and having its principal office at ● ("XYZ"); and

[Parties other than the Transferor Party] [description] (the "Other Parties");

WHEREAS the Private Promoters and the State Promoters have entered into a Shareholders Agreement dated ● ("SHA") in respect of their mutual rights and obligations under a joint venture in relation to the Airport and the Private Promoters and State Promoters have for this purpose participated in Bangalore International Airport limited ("Company")

WHEREAS [Transferor Party], a [Private/State] Promoter*proposes to transfer ● equity shares held by it to XYZ pursuant to Clause 12.4 (c) ● of the SHA and pursuant to Clause 12.4(g) thereof the proposed transferee is required to execute a Deed of Adherence as a condition precedent to transfer of the shares as aforesaid; and

WHEREAS XYZ shall therefore hold ● equity shares in the Company following the transfer as aforesaid and wishes to record its adherence to the terms of the SHA;

NOW THEREFORE, this Deed of Adherence witnesseth as under:

1. XYZ hereby confirms that it has been provided with a copy of the SHA and hereby undertakes with the Other Parties to observe and perform all the terms and conditions of the SHA as if it were a party thereto to the extent the same are applicable to [Transferor Party] as a shareholder and in particular XYZ undertakes to exercise its voting rights to ensure performance of the SHA
2. This Deed of Adherence shall be governed and construed in accordance with the laws of India.

IN WITNESSETH WHEREOF the parties hereto have executed this Deed of Adherence:

XYZ
By
Name
Title
Witness

[Other Parties]
By
Name
Title
Witness

* Delete the inapplicable



SCHEDULE 2C

Form of Deed of Adherence in case of subscription by Other Investors or transfer of shares by a Private Promoter to an Other Investor ; or from one Other Investor to another Other Investor

THIS DEED OF ADHERENCE is made on ● between a company incorporated under the laws of ● and having its principal office at ● ("XYZ"); and

[Private Promoters and State Promoters] (the "Other Parties");

WHEREAS the Private Promoters and the State Promoters have entered into a Shareholders Agreement dated ● ("SHA") in respect of their mutual rights and obligations under a joint venture in relation to the Airport and the Private Promoters and State Promoters have for this purpose participated in Bangalore International Airport Limited ("Company")

WHEREAS [the Private Promoters] have proposed that XYZ subscribe to or acquire ● Shares pursuant to Clause [7.4 or 12.5]*● of the SHA and in accordance therewith XYZ is required to execute a Deed of Adherence as a condition precedent to subscription/transfer* of the Shares as aforesaid; and

WHEREAS XYZ shall therefore hold ● Shares following the subscription/transfer* as aforesaid and wishes to record its adherence to the terms of the SHA;

NOW THEREFORE, this Deed of Adherence witnesseth as under:

1. XYZ hereby confirms that it has been provided with a copy of the SHA and hereby undertakes with the Other Parties to be bound by and observe and perform all the terms and conditions of the SHA as if it were a party thereto to the extent the same are applicable to Other Investors as a shareholder and in particular XYZ agrees to exercise its voting rights to ensure performance of the SHA. ;
2. This Deed of Adherence shall be governed and construed in accordance with the laws of India.

IN WITNESSETH WHEREOF the Parties hereto have executed this Deed of Adherence:

XYZ

By

Name

Title

Witness

[Other Parties]

By

Name

Title

Witness

* Delete the inapplicable

See
Doc
[Handwritten signatures]

SCHEDULE 3
Equity Commitments

<u>Parties</u>	Amount (Rs)
Private Promoters	Rs.207.2 Crores
State Promoters	Rs. 72.8 Crores
Total	Rs. 280 Crores

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SCHEDULE 4

Form of Guarantee in case of transfer of Shares pursuant to Clause 12.3(c)(iii) / Clause 12.3(d)(iii)

THIS DEED OF GUARANTEE executed on this [] day of [] at [] by

[Name of the relevant Private Promoter / State Promoter / Affiliate] hereinafter referred to as the "Guarantor" which expression shall unless it be repugnant to the subject or context thereof include the successors and assigns

in favour of

[Parties other than the Guarantor] (the "Other Parties");

WHEREAS

- A. The Parties have entered into a Shareholders Agreement dated [Mention Date] ("Shareholders Agreement") as joint venture partners for the project envisaging the design, financing, construction, operation and maintenance of the new Bangalore International Airport at Devanahalli near Bangalore, Karnataka, through a special purpose vehicle called Bangalore International Airport Limited ("Company").
- B. [In terms of Clause 12.3(c)(iii) of the Shareholders Agreement, the Guarantor, as transferor, is required to provide to each of the Other Parties a guarantee pursuant to the proposed transfer of Shares to an Affiliate ("Transferee"), the details whereof are given in the Annexure hereto, as security for due performance and discharge of the obligations of the Transferee ("Guarantee").]

OR

- B. [In terms of Clause 12.3(d)(iii) of the Shareholders Agreement, the Guarantor, is required to provide to each of the Other Parties a guarantee from the parent company of the relevant Private Promoter or the State Promoter, as the case may be, pursuant to the proposed transfer of Shares of an Affiliate of the Guarantor to another Affiliate of the Guarantor ("Transferee"), the details whereof are given in the Annexure hereto, as security for due performance and discharge of the obligations of the Transferee ("Guarantee").]¹
- C. The Guarantor has accordingly, for valid consideration, agreed to provide the Guarantee being these presents, in favour of the Other Parties, guaranteeing the due performance and discharge by Transferee of its obligations under the Shareholders Agreement

¹ Choose as applicable.



NOW THEREFORE THIS DEED WITNESSETH AS FOLLOWS

1. Capitalised terms used herein but not defined shall have the meaning assigned to them respectively in the Shareholders Agreement.
2. In terms of Clause [12.3(c)(iii) / 12.3(d)(iii)]², the Guarantor hereby irrevocably guarantees the due and punctual performance by the Transferee of all its obligations under the Shareholders Agreement.
3. This Guarantee shall not be affected by any change in the constitution or winding up of the Guarantor or any absorption, reorganization, merger or amalgamation of the Guarantor with any person or entity.
4. The neglect, forbearance or waiver by the Other Parties in enforcement of payment of any moneys due to the Other Parties by the Transferee, or the grant of any extensions of time by the Other Parties to the transferee for fulfilling its obligations, shall in no way relieve the Guarantor from its liability under this Guarantee.
5. The Guarantor undertakes to indemnify and keep indemnified the Other Parties against any liability, loss or damage of whatever kind resulting from the Transferee committing a Material Breach of its obligations under the Shareholders Agreement devolved pursuant to acquisition of the Guarantors Shares (including without limitation, all costs, charges and expenses incurred by the Other Parties).
6. The obligations of the Guarantor hereunder shall be continuing obligations and shall be co-terminus with the obligations of the Transferee under the Shareholders Agreement.

In witness whereof, the Guarantor, has on this [Day] day of [Month], [Year], signed, sealed and delivered this Guarantee.

[Name and address of Guarantor]

[Authorised Signatory]

[Designation]

[Seal]

In the presence of :

1. Name & Address
2. Name & Address

² Choose as applicable.



SCHEDULE 5
Guaranteed Maximum Price

September 21, 2001

Record Of Discussions On Project Cost, State Support And Structuring

1. The Negotiating Team (NT) constituted by the Government of Karnataka vide G.O Number IDD16/DIA2001 of 10/07/2001, for the Bangalore International Airport, and the Siemens Consortium, held a series of meetings in two rounds between August 13th -23rd, and September 19th - 21st. These meetings focussed on optimizing project cost and identifying the quantum and structure of State Support for the project. A list of members participating in the meetings is enclosed

2. After detailed analysis and optimization of costs, the Guaranteed Maximum Price (GMP) for the project has been arrived at US\$ 230mn. In the next stage, detailed engineering and cost assessment shall be finalised, and the final project cost shall be arrived at, under this GMP

3. The project cost includes a contingency of US\$ 15mn, which may or may not be actually drawn in whole or in part

4. In particular, during detailed analysis and discussions, some areas were identified for cost savings. However, at the present stage firm figures cannot be arrived at. Inter-alia, these items relate to:
 - a. Unclear, aggregated provisions made in the BOQ
 - b. Significant difference of views on cost estimates
 - c. Variations due to sourcing and procurement of items and componentsFinal cost figures on these items will be firmed up during detailed engineering and procurement (items listed in Para 5 below)

5. The cost savings referred to in Para 4, amounting to US\$ 15mn, are against:
 - a. Furniture, Furnishings and Water Bodies;
 - b. Systems;
 - c. Escalators & Fire Fighting;
 - d. CNS - ATC / ATM Equipment.

(Handwritten signatures and initials)

6. The project cost of US\$ 230mn has the following components:
- | | | |
|----|--|------------|
| a. | Settled cost: | US\$ 200mn |
| b. | Contingencies | US\$ 15mn |
| c. | Incremental costs on items in Para 5 (subject to detailed engineering and procurement) | US\$ 15mn |
| | Total | US\$ 230mn |
7. The Aero-tariff regime assumed in the financial model has undergone changes, following clarifications by MoCA and AAI. Following these clarifications and taking into account a revised tariff structure, the impact of these changes on the NPV of projected revenues has been stated by the Siemens Consortium to be US\$ 5mn. GoK is confident that an improved Aero Tariff and Passenger Fee regime can be implemented. However to the extent that such an enhancement is not forthcoming, the State Support will be suitably enhanced upto a maximum amount of US\$ 5mn as additional contingency
8. Consequently, the State Support is proposed to be structured as follows:
- | | | |
|----|--|-----------|
| a. | Guaranteed Maximum Support: (Para 6a) | US\$ 45mn |
| b. | Guaranteed Maximum Contingent Support (Para 6b) | US\$ 15mn |
| c. | Guaranteed Maximum Item Support (Para 5) | US\$ 15mn |
| d. | Guaranteed Maximum Additional Contingent Support(Para 7) | US\$ 5mn |
| | Total | US\$ 80mn |

NOTE:

Item 'a' would be drawn pro-rata with debt as indicated in the financial model

Item 'b' would be drawn as and when the contingency has to be funded

Item 'c' subject to detailed engineering, procurement and cost verification, pro-rata with debt

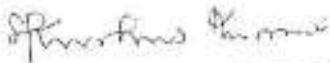
Item 'd' subject to Aero-tariff and Passenger Fee adjustment, pro-rata with debt

E *f* *Q*

50 *50* *2* *lu* *B*


9. The Siemens Consortium have confirmed acceptance of the above. Based on this, the Negotiation Team will submit its recommendations to the Government


(C. GOPAL REDDY)


(S. KRISHNA KUMAR)


(C.K. NEELAKANTA RAJ)


(K. JAIRA)


(P.S. NAIR)



(PRADEEP SINGH)


(Y.M. SHIVAMURTHY)


(P.S. SANDHAWALIA)


(EBERHARD BORCH)


(HERBERT MEIER)


(A. RAMAKRISHNA)


(K.V. RANGASWAMI)


(S.N. SUBRAHMANYAN)


(N.C. SHEKAR)

55/11/15
S. Gopal
3


SCHEDULE 6
Valuation Mechanism

1. Fair Market Value of the Shares means the value of the Shares determined by a firm of independent chartered accountants of international reputation (the "Valuer") on the basis of a transaction between a willing seller and a willing buyer and in accordance with Indian GAAP provided that in determining such value the Valuer shall:
 - (a) not ascribe or take into account, directly or indirectly, any value *per se* to the Land provided to the Company under the Land Lease Agreement, provided that any value arising out of or pursuant to the rights of the Company to develop the Project on the Land pursuant to the ADA may be considered.
 - (b) exclude any value attributable directly or indirectly to the State Support granted to the Company.
2. Upon receiving a request from a concerned Party for determination of the Fair Market Value of Shares where required in terms of this Agreement, the Board will select the Valuer and instruct the Valuer to determine the Fair Market Value in accordance with Paragraph 1 above
3. The Company will provide the information required by the Valuer for such determination, within a period of seven (7) days of his appointment.
4. The Valuer shall determine the Fair Market Value within a period of twenty (20) days thereafter and provide his report to the Board, with copies to all Parties.
5. The costs, including fees of the Valuer, incurred for such determination shall be borne by the seller and/or the buyer, as may reasonably be determined by the Board.

SCHEDULE 7
Procurement Guidelines

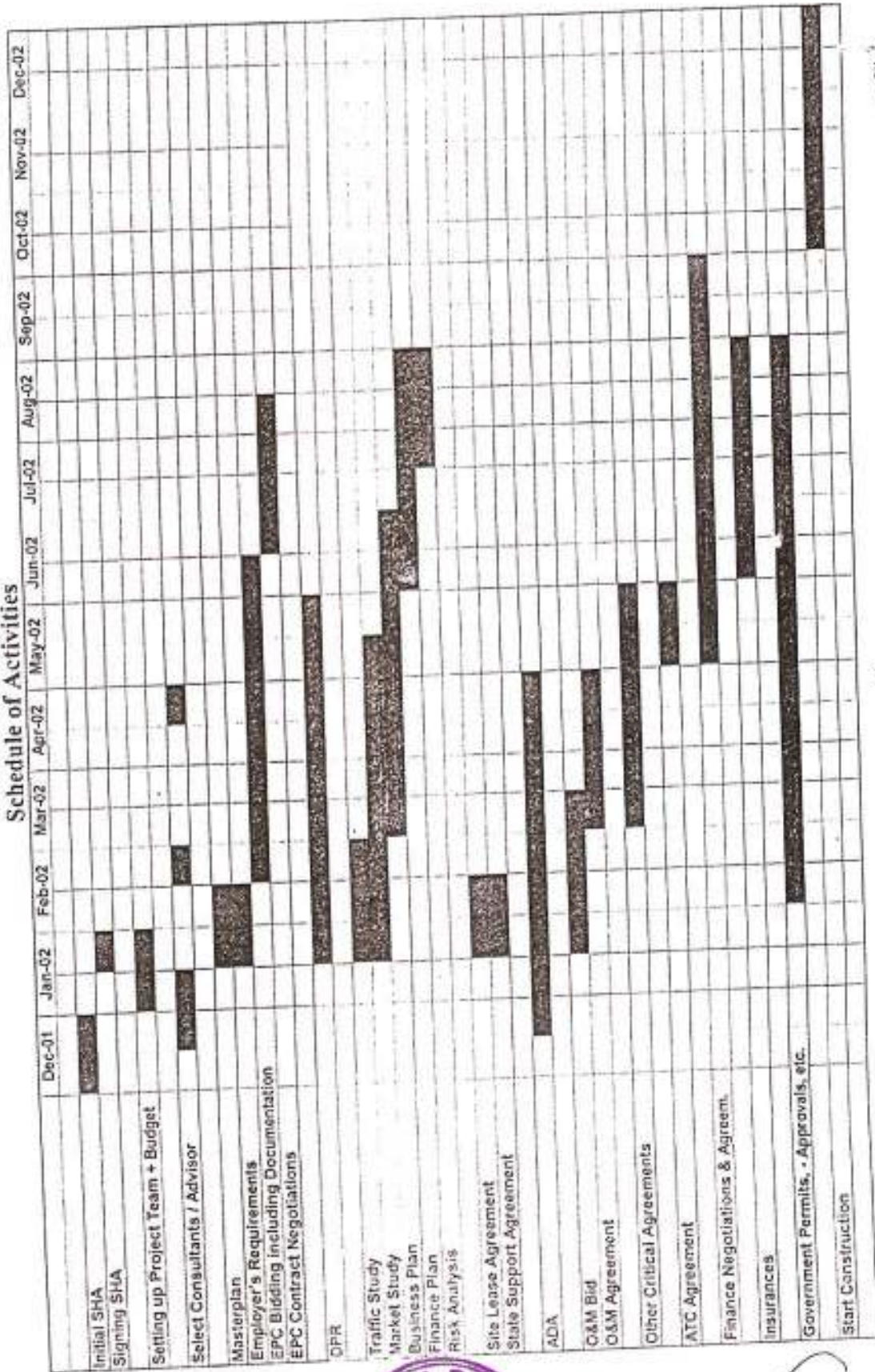
Project Agreements with related parties shall be on competitive commercial terms and shall be based on arm's length arrangements, following transparent audit and review processes as outlined herein:

1. Company shall, by unanimous decision of its Board, appoint as Independent Consulting Engineers (ICE) reputed firm/s having experience in such projects or components thereof, as the case may be and supported by a reputed firm of Financial Consultants/ Advisors. The ICE firm(s) shall not be an associate or Affiliate of any of the shareholders of Company.
2. The tenure of the ICE shall continue till the completion of one (1) year after the Commercial Operations Date. The Board may extend the appointment for a further period by a unanimous decision.
3. The ICE shall:
 - (a) review all designs, drawings, specifications and procurement documents prepared by the various technical / architectural / masterplan consultants for their conformity and reasonableness.
 - (b) Carry out a 'benchmarking' exercise for the project specifications and cost against national and international airport projects of similar scope and nature.
 - (c) In co-ordination with the project consultants appointed by the Company and Lender's engineer, arrive at optimal and competitive commercial terms for the construction / EPC / equipment supply contracts. These terms shall take into account the quality of the deliverables, time schedules for delivery, and fixity of price.
 - (d) The ICE would furnish to the Board the aforesaid consensual set of terms for various components of the different contracts. Where such consensual terms cannot be arrived at between the ICE and the project consultants, the ICE and the project consultants would present to the Board, a variation statement along with the reasons and assessment therefor.
4. Based on the technical detailing by various consultants, the recommendations of the ICE, and Lender's engineers, the Board would take decision regarding the terms for Project Agreements.


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SCHEDULE 8

Schedule of Activities



JRC



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