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Government of Karnataka
Registration & Stamps Department



BD/2 No. 496228
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Certified that a sum of Rs. 100/- (Rupees One Hundred only) has been paid towards Karnataka Stamp duty by

Sri/Smt. BANGALORE INTERNATIONAL AIR PORT LTD

s/d/w/o _____ residing at _____

Br. Name: JAL II Stage, Branch Code No. 348

Indiranagar, Bangalore-38.

Date: 20 JAN 2005


Authorised Agent to collect stamp duty on
behalf of Government of Karnataka

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Dated January 20, 2005

State Support Agreement

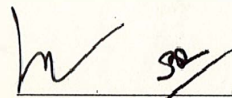
for the Development, Construction, Operation and Maintenance of the Bangalore
International Airport

between

THE GOVERNMENT OF KARNATAKA

and

BANGALORE INTERNATIONAL AIRPORT LIMITED


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THIS AGREEMENT is made in Bangalore on the 20th day of January 2005

BETWEEN:

- (1) **THE GOVERNOR OF KARNATAKA** acting through the Principal Secretary, Infrastructure Development Department of Government of Karnataka, Bangalore (hereinafter referred to as "GoK." which expression shall be deemed to include its successors and assigns); and
- (2) **BANGALORE INTERNATIONAL AIRPORT LIMITED** a company incorporated with limited liability under the Companies Act, 1956, having its registered office at Khanija Bhavan, Ground Floor, # 49, Race Course Road, Bangalore-560 001 (hereinafter referred to as "**BIAL**", which expression shall be deemed to include its successors and permitted assigns),

WHEREAS

- (A) The Government of India, as part of its policy to encourage private sector participation in the development of airport infrastructure has granted its in principle approval for the development of a greenfield airport, with private sector participation, at Devanahalli, near Bangalore in the State of Karnataka.
- (B) GoK, as part of its policy to encourage and provide industrial development, tourism, cargo movement and the general economic and social development of the State of Karnataka, has granted approval for the development of a greenfield airport at Devanahalli, near Bangalore.
- (C) BIAL has been established for the development, design, financing, construction, completion, maintenance, operation and management of the Airport.
- (D) The Karnataka State Industrial Investment and Development Corporation Limited ("**KSIIDC**"), the Airports Authority of India ("**AAI**"), Siemens Project Ventures GmbH ("**Siemens**"), Flughafen Zuerich AG ("**Unique Zurich**") and Larsen & Toubro Limited ("**L&T**") have agreed to participate, either by themselves or through Affiliates (as defined in the Shareholders' Agreement), as shareholders in BIAL as an undertaking between the private and public sectors.
- (E) Following representations made by the Private Promoters (as hereinafter defined) during pre-detailed proposal stage of the bidding process, GoK has agreed to provide financial support to improve the viability of the Project and enhance the bankability of the Initial Phase, and has agreed to procure KSIIDC to provide the Site pursuant to the Land Lease Agreement (as hereinafter defined).
- (F) The Government of India and BIAL have entered into a Concession Agreement ("**Concession Agreement**") on or about the date of this Agreement by which they have agreed the terms and conditions upon which the Project will be implemented.
- (G) It is the intention of the Parties that the Project will be financed on a non-recourse project financing basis.

NOW IT IS HEREBY AGREED as follows:

1 Definitions and Interpretation

1.1 Definitions

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

"**AAI**" shall have the meaning given to it in Recital (D);

"**Actual Project Cost**" means the actual cost of the Initial Phase incurred by BIAL, including the pre-operational costs and interest during construction capitalised by BIAL;

"**Affected Party**" shall have the meaning given in Clause 17.1;

"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;

"Airport Activities" means the provision, at or in relation to the Airport, of the activities set out at Schedule 2, Part 1 as amended from time to time provided that any activities that are not materially similar to those contemplated in Schedule 2 Part 1 shall require the mutual agreement of the Parties;

"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 Govt or GoK including rules, regulations and notifications made thereunder and judgements, decrees, injunctions, writs and orders of any court of record, and any conditions included in any Approvals / Clearance, 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.

"Base Amount" means Rupees 2722.50 million;

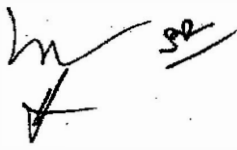
"Base Amount Disbursement Request" means a notice substantially in the form set out in Schedule BA;

"Base Project Cost" means Rupees [11818.30]¹ million as derived by deducting the contingency provision from the total project cost of the Initial Phase, set out in the project cost statement of the Financial Model;

"Beacon Land" means the land, if any required, situated outside the Site, on, under and over which aeronautical beacons and other equipment required for the operation of the Airport are to be constructed or erected;

"BIAL Default Event" shall have the meaning given to it in Clause 19.1;

¹The figure in the bracketed portion shall be replaced by the final figure as per the Financial Model approved by the Board of BIAL for Financial Close.



"BIAAPA" means the Bangalore International Airport Area Planning Authority;

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

"Business Plan" means the document so entitled dated [•] 2005;²

"Change in Law" means the occurrence of any of the following in respect of any law enacted by the Legislature of Karnataka ("GoK law") other than GoK laws in respect of (i) labour/employee, social welfare, health and quarantine; (ii) Tax (except for those that relate to benefits provided to BIAL and/or the Airport as specifically set out in **Schedule 3**); or (iii) environment, waste management and water resources management; after the date of this Agreement:

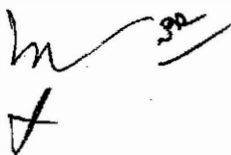
- (i) the modification, amendment, variation, alteration or repeal of any existing GoK law or the enactment of any new GoK law;
- (ii) the commencement of any GoK law which has not yet entered into effect except to the extent when such GoK law was enacted prior to the date hereof with a commencement date after the date hereof and such GoK law takes effect on that commencement date without any material amendment or a change in the interpretation, application or enforcement of any GoK law by the Supreme Court of India or GoK; and
- (iii) after the date of grant of any Clearance a material change in the terms and conditions attaching to such Clearance or the attachment of any new material terms or conditions or such Clearance ceasing in part or in whole to remain in full force and effect;

"Chicago Convention" means the Chicago Convention 1944, as amended and/or supplemented from time to time and references to an "Annex" to the Chicago Convention shall mean such Annex as amended and/or supplemented from time to time;

"Clearance" means the written consent, licence, approval, permit, ruling, exemption, no objection certificate or other authorisation or permission of whatsoever nature which is required to be obtained from and/or granted by GoK required from time to time in connection with the Project;

"CNS/ATM Agreement" means the agreement entered into or to be entered into between BIAL and MI in respect of the provision by AAI to BIAL of communication navigation surveillance/air traffic management services;

²The date of the Business Plan will be inserted at Financial Close.



"Concession Agreement" shall have the meaning given to it in Recital (F);

"Construction Phase" means the period between Financial Close and the Airport Opening Date or until the date, if such date occurs prior to the Airport Opening Date, this Agreement is terminated pursuant to its terms;

"Contingent Amount" means Rupees 777.50 million;

"Contingent Amount Disbursement Request" means a notice substantially in the form set out in Schedule 88;

"Debt" means the outstanding debt (which shall for these purposes include any refinancing) due to the Lenders of BIAL under the Financing Agreements

"Designated Zone" means the Bangalore International Airport Planning Area as notified under the Karnataka Town and Country Planning Act, 1961;

"Detailed Project Report" means the document so entitled dated [•) 2005³ comprising the following documents:

- (i) the Master Plan;
- (ii) the Employer's Requirements;
- (iii) the Financial Model; and
- (iv) the Business Plan;

The Operation & Maintenance Plan, required to be furnished by BIAL to GoK as per Clause 7.1, shall be deemed to form a part of the Detailed Project Report;

"DGCA" means the Director General of Civil Aviation, Government of India;

"Disbursement Request" means either a Base Amount Disbursement Request or a Contingent Amount Disbursement Request;

"Documents" means all drawings, certificates, specifications, reports, studies, written information, data and other documents (including records thereof in software form) and includes any copyright therein;

"Employer's Requirements" has the meaning given to it in the EPC Contracts for the construction and completion of the Initial Phase;

"EPC Contracts" means the agreements to be entered into prior to Financial Close between BIAL and the EPC Contractors under which the EPC Contractors will design, procure, construct and complete the Project;

³ The date of the Detailed Project Report will be inserted at Financial Close. BIAL shall provide GoKa copy of the same at Financial Close.

"EPC Contractors" means L&T, Siemens Limited and Siemens AG;

"Expansion" means the expansion of the facilities at the Airport from time to time as per the Master Plan;

"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 Model" means the document so entitled dated [J⁴ 2005];

"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. The term Financing Agreements shall not include this Agreement, or any other agreement by or under which GoK agrees to advance the state Financial Support to BIAL;

"Force Majeure" has the meaning set out in Schedule 9;

"Foreign Travel Tax" means the foreign travel tax levied and collected pursuant to Chapter V of the Finance Act, 1979 and the Foreign Travel Tax Rules 1979;

"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;

"GoK" means the Government of the State of Karnataka and any of its duly authorized agency, authority, department, inspectorate, ministry or person under the direct control and direction of GoK;

"GoK Default Event" shall have the meaning given to it in Clause 19.2.;

"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 and 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,

⁴The date of the Financial Model will be inserted at Financial Close.

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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;

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

"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 the Airport Activities as envisaged in the Concession Agreement

"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, Gal. 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;

"Infrastructure Agreements" means the Water Agreement and the Power Agreement;

"Initial Phase" means the design, financing, construction, completion and commissioning of the facilities described in Schedule 5 attached hereto;

"Inland Air Travel Tax" means the inland air travel tax levied and collected pursuant to Chapter V of the Finance Act, 1989 and the Inland Air Travel Tax Rules 1989;

"Insurance Advisor" means the insurance advisor appointed by the mutual agreement of the Parties for the purposes of Clause R1;

"Intellectual Property Rights" means any and all rights and interests in registered or unregistered trade marks, service marks, patents, registered designs, utility marks, applications for any of the foregoing, copyrights (including future copyrights), unregistered designs, inventions, confidential information, know-how or other intellectual property (whether in written form, or generated by or maintained on a computer or similar system or otherwise) subsisting in or relating to all specifications, plans, drawings, graphs, sketches, models and other materials and documents prepared at anytime;

"IPO" means an initial public offering of shares for subscription or sale for cash;

"KSIIDC" shall have the meaning given to it in Recital (D);

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"Land Lease Agreement" means the document(s) and/or instrument(s), including any lease deeds entered into or to be entered into pursuant to which KSIIDC has or will grant to BIAL leasehold rights and Interest 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;

"L&T" shall have the meaning given to it in Recital (D);

"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, including the projected time-lines for Site utilisation by BIAL, prepared by BIAL annexed hereto as Annex 1;

"Maximum Compensation Amount" shall have the meaning given to it in Clause 18.6;

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

"Operation & Maintenance Plan" means the document, which will provide that the Airport will be operated & maintained in a manner so as to provide standards of service generally commensurate with those set by ICAO and generally expected of an international airport and in accordance with Applicable Law, duly approved at the properly convened board meeting of BIAL, to be furnished by BIAL to GoK as per Clause 7.1;

"Operation Management Services Agreement" means the agreement entered into or to be entered into between BIAL and Unique Zurich;

"Party" means either GoK 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 GoI or GoK);

"Power Agreement" means the agreement between the Bangalore Electricity Supply Company and BIAL under which the Bangalore Electricity Supply Company agrees to supply electricity to the Airport;

"Private Promoters" means Siemens, Unique Zurich and L&T, and their respective successors and permitted assigns pursuant to the Shareholders Agreement;

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

"Project Agreements" means each of the following:

- (i) the Land Lease Agreement;
- (ii) the EPC Contracts;
- (iii) the Operation Management Services Agreement;
- (iv) – the Communication Navigation Surveillance / Air Traffic Management Agreement;
- (v) this Agreement;
- (vi) the Concession Agreement;
- (vii) the Financing Agreements for the Initial Phase; and
- (viii) other material contracts to be entered into by the company in respect of the Project and which are mutually agreed to be treated as Project Agreements.

"Project Contingency" means Rupees **777.50** million as set out under the head 'contingency', in the Initial Phase project cost statement of the Financial Model;

"Project Cost" means the aggregate of the Base Project Cost and the Project Contingency.

"Relevant Authority" includes the GoI, 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;

"Repayment Instalment" means an amount payable by BIAL to GoK towards the repayment of any State Financial Support in accordance with the provisions of Clause 3.10 and Schedule 10;

"Reserved Activities" means those functions and activities that are to be carried out at the Airport by any Relevant Authority pursuant to articles 8.4 (*Customs, Immigration and Quarantine*), 8.5 (*security*) and 8.6 (*Meteorological Service*) of the Concession Agreement;

"Security" includes any mortgage, pledge, lien, security interest or other charge or encumbrance and any other agreement, instrument 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 the Concession Agreement;

"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" means any one or more (as the context may require) of KSIIDC, AAI, Siemens, Unique Zurich and L&T and any other Person (other than the Lenders) holding at any time shares in BIAL pursuant to the terms of the Shareholders Agreement;

"Shareholders Agreement" means the agreement dated 23rd January 2002 between KSIIDC, AAI, Siemens, Unique Zurich, L&T and BIAL;

"Siemens" shall have the meaning given to it in Recital (D);

"Site" means the land in which BIAL has or shall have a leasehold interest pursuant to the Land Lease Agreement;

"Standards" means the performance standards for the operation and maintenance of the Airport as set out in Schedule 11;

"State Financial Support" means the financial support to be made available under Clause 3 of this Agreement for the purposes of the Project;

"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;

"Transfer Date" shall be the date on which BIAL transfers legal and beneficial ownership and hands over possession of the Airport to GoK or its nominees pursuant to Clauses 19.3 and 19.4;

"Unique Zurich" shall have the meaning given to it in Recital (D);

"Water Agreement" means the agreement between Bangalore Water Supply and Sewerage and Sanitation Board and BIAL under which Bangalore Water Supply and Sewerage and Sanitation Board agrees to supply water to the Airport; and

"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:

1.21 any reference to an Act or any Section of, or Schedule to, or other provision of, an Act 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 instruments, orders or regulation 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, award or other judicial or arbitral measure in the Indian jurisdiction which is final and binding;
- 1.2.J 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 and a reference to a "year" means a calendar year;
- 1.2.6 references to a particular Clause, paragraph, sub-paragraph or Schedule shall, except where the context otherwise requires, be a reference to that Clause, paragraph, sub-paragraph or Schedule in or to this Agreement;
- 1.2.1 the headings are inserted for convenience and are to be ignored for the purposes of construction;
- 1.2.a 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 of full force and effect as though they were expressly set out in the body of this Agreement;
- 1.2.10 with the exception of the references to Financial Model in (i) the definition of Base Project Cost; (ii) the definition of Base Project Contingency; (iii) Clause 3.4.3 and (iv) Clause 3.9.3 (ii) hereof, 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 works in a tangible and permanently visible form with confirmation of transmission;
- 1.2.12 the words "include" and "including" are to be construed without limitation; and
- 1.2.13 in case of any ambiguity or discrepancy between the Clauses and the Schedules, the Clauses shall prevail.

2 Conditions Precedent, Commencement and Duration

2.1 Conditions Precedent

The provisions of this Agreement (other than those contained in Clauses 1, 2, 21, 23 to 37 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) BIAL shall have been granted vacant possession of the Site free from all encumbrances under the Land Lease Agreement;
- (ii) Each Project Agreement but excluding this Agreement for the purposes of this Clause 2.1 (ii), shall have been executed and delivered by all the parties thereto; and
- (iii) The receipt by GoK of irrevocable notice from BIAL and 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 GoK and BIAL (b) BIAL may unilaterally waive at any time the condition set out at (i) above by notice to GoK and (c) if BIAL is able to demonstrate to GoK'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 GoK shall reasonably consider a request by BIAL to a waiver of the condition set out at (iii) above.

2.2 Obligations to satisfy Conditions Precedent

BIAL shall use all reasonable endeavours to procure the satisfaction in full of the conditions precedent set out in Clauses 2.1. (ii) and (iii) above. GoK shall use all reasonable endeavours to procure the satisfaction in full of the condition precedent set out in Clause 2.1. (i) above.

2.3. Non-fulfilment of Conditions Precedent

2.3.1 Termination on Non-fulfilment

If the conditions precedent set out in Clause 2.1 have not been satisfied in full or waived by the date falling six (6) months after the date of this Agreement, BIAL or GoK shall, subject to Clause 2.3.2, 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.

2.3.2 Extension of Time for Fulfilment

At any time prior to the date specified in Clause 2.3.1, 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.

2.4 -Effective Date

Subject to Clause 2.1, this Agreement will become effective on the date of signature hereof by the Parties hereto.

3 State Financial Support

3.1 Acknowledgements

i.1.1 The Parties acknowledge and agree that the Shareholders, Lenders and BIAL are willing to implement the Project based on and in reliance of the commitment of GoK to make available to BIAL the State Financial Support, being a sum not exceeding Rs 3500 million, on the terms and conditions set out herein.

3.1.2 BIAL acknowledges and agrees that the State Financial Support to be provided by GoK is exclusively for the purposes of the Project.

3.2 Structure of State Financial Support

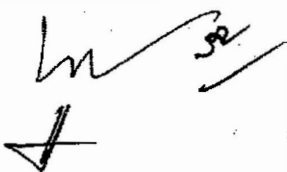
3.2.1 Subject to the terms of Clause 3.3, GoK shall make available to BIAL the Base Amount, which will be appropriated exclusively towards financing of the Base Project Cost.

3.2.2 Subject to the terms of Clause 3.4, GoK shall also make available to BIAL the Contingent Amount, which will be appropriated exclusively towards financing of the Project Contingency.

3.2.3 BIAL shall provide to GoK from time to time, all details relating to the utilisation of the State Financial Support disbursed to BIAL hereunder in a format similar to that which it provides to the Lenders, details relating to utilisation of Debt, unless GoK otherwise requests such details in a particular format.

3.3 Base Amount

The Parties agree that:-



- (i) GoK shall disburse the Base Amount in accordance with Clause 3.5.1 hereof. An indicative but non-binding drawdown schedule is attached at Annex3;
- (ii) To the extent that the Actual Project Cost minus the Project Contingency actually utilised by BIAL exceeds the Base Project Cost, GoK shall have no obligation to pay to BIAL any amounts in excess of the Base Amount.

3.4 Contingent Amount

3.4.1 The Contingent Amount shall only be disbursed in accordance with Clause 3.5.2 hereof. To the extent that the amount actually required by BIAL in respect of the Project Contingency is lower than the Contingent Amount, the balance Contingent Amount shall neither accrue to nor be payable to BIAL.

3.4.2 Notwithstanding what is contained in this Clause 3.4, should the amount actually required by BIAL in respect of the Project Contingency be higher than the Contingent Amount, GOK shall have no obligation to pay to BIAL any amounts towards Project Contingency, in excess of the Contingent Amount.

3.4.3 The Parties agree that the Project Contingency is intended for the following purposes and the Contingent Amount can only be utilised in relation thereto:

- i. Any change in scope or specifications by BIAL under the EPC Contracts resulting in increase in the aggregate contract price thereunder, as indicated in the quarterly reconciliation under Clause 3.4.6 hereof;
- ii. Net increase in imported equipment and related costs under the EPC Contracts due to foreign exchange rate fluctuations from the rate(s) assumed in/for the project cost statement of the Financial Model;
- iii. Any increase in pre-operational costs from that reflected in the project cost statement of the Financial Model;
- iv. Any increase in taxes, insurances, duties, levies, fees from that reflected in the project cost statement of the Financial Model; and
- v. Any increase in financing costs including interest during construction from that reflected in the project cost statement of the Financial Model.

Notwithstanding what is contained in this Agreement, BIAL shall use its best endeavours to minimise the impact of foreign exchange rate fluctuations by obtaining all regulatory approvals, including that of the Reserve Bank of India, for retaining the equity infusion that is to be made

by the Private Promoters located outside India, in foreign currency, to meet foreign exchange requirements of the Project.

3.4.4 In respect of the Project Contingency which is to be used for creation of fixed assets, GoK shall release the Contingent Amount only upon BIAL obtaining:

- (i) – the prior approval of its Board of Directors at a meeting properly convened, at which at least one (1) nominee of KSIIDC is present; and
- (ii) the prior written approval of the Lenders (supported by certification of the Independent Engineer).

3.4.5 In respect of the Project Contingency which is not being used for creation of fixed assets, BIAL shall obtain the prior written approval of GoK, for release of the Contingent Amount. GoK shall not unreasonably withhold its approval provided that the Board of Directors of BIAL have approved the relevant draw down request (which approval includes an affirmative vote of at least one (1) nominee of KSIIDC) and the Lenders have approved the request. If no response is received from GoK within twenty-one (21) days of an application being made to GoK for approval, such approval shall be deemed to have been given on the 22nd day following such application.

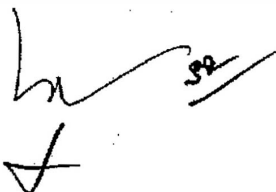
3.4.6 BIAL shall maintain a system for separate accounting for Project Contingency and utilisation of Contingent Amount. Such accounting system shall clearly outline any variations and net effect of increase or decrease in the costs, on account of the factors in Clause 3.4.3 (i) to (v) above. With reference to this, BIAL shall, on a quarterly basis reconcile the Project Contingency actually utilised by under Clause 3.4.3. Should GoK specifically request BIAL to maintain the aforesaid separate accounting in a particular format, BIAL shall comply with the same.

3.5 Disbursement

BIAL may seek disbursement of the State Financial Support by delivery to GoK of a duly completed Disbursement Request not later than 11.30am (Bangalore time) twenty one (21) Business Days before the date of the proposed disbursement.

Each Disbursement Request is irrevocable and will not be regarded as being duly completed unless:

- 3.5.1** in the case of the Base Amount the Disbursement Request is submitted twenty one (21) Business Days before the proposed disbursement; and
- (i) save as specified in Sub-clause (v) below, the request for disbursement of the Base Amount is made at the same time as request for drawdown under the Financing Agreements;

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- (ii) save as specified in Sub-clause (v) below, the amount requested by BIAL under such Disbursement Request shall be no more than []⁵ per cent of the aggregate amount then being requested by BIAL under this Agreement and the Financing Agreements;
- (iii) it specifies the account and bank to which the proceeds of the disbursement are to be credited; and
- (iv) No Base Amount Disbursement Request shall be made after one hundred twenty (120) days of the Airport Opening Date. Provided that in respect of any amounts that are the subject of a dispute(s) between BIAL and the EPC Contractors as of the Airport Opening Date ("EPC Dispute(s)") if:
 - (a) BIAL has furnished to GoK, on the Airport Opening Date, an initial list of such EPC Dispute(s); and
 - (b) BIAL has furnished to GoK, within ninety (90) days of the Airport Opening Date, all necessary details relating to the list of EPC Dispute(s) provided under Clause (a) above; and
 - (c) Any of the EPC Dispute(s) listed by BIAL pursuant to Clause (a) above, have been conclusively determined / settled within one (1) year of the Airport Opening Date.

then BIAL shall be entitled to make a Base Amount Disbursement Request even after one hundred and twenty (120) days after the Airport Opening Date, but no later than one (1) year after the Airport Opening Date.

- (v) Upon the happening of the earlier of:
 - (a) the completion of one hundred and twenty (120) days from the Airport Opening Date; and
 - (b) a refund being made to GoK pursuant to Clause 3.7,
 sub-clauses (i) and (ii) of this Clause 3.5.1 shall not apply to any Base Amount Disbursement Request.

3.5.2 In the case of the Contingent Amount the Contingent Amount Disbursement Request is submitted twenty one (21) Business Days before the proposed disbursement;

- (i) it specifies the account and bank to which the proceeds of the disbursement are to be credited;
- (ii) it specifies the purposes for which it is being sought;
- (iii) it is accompanied by:

⁵ The figure in the bracketed portion shall be inserted as per the Financial Model approved by the Board of BIAL Financial Close.

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- (a) if for creation of fixed assets, proper authorisation of the Board of Directors and approval of the Lenders in accordance with Clause 3.4.4 ,
 - (b) if not for creation of fixed assets, proper authorisation of the Board of Directors, the approval of the Lenders and the prior written approval of GoK, in accordance with Clause 3.4.5; and
- (iv) ~~N?~~ Contingent Amount Disbursement Request shall be made after one hundred twenty (120) days of the Airport Opening Date. Provided that in respect of any amounts that are the subject of a dispute(s) between BIAL and the EPC Contractors as of the Airport Opening Date ("EPC Dispute(s)"), if;
- (a) BIAL has furnished to GoK, on the Airport Opening Date, an initial list of such EPC Dispute(s); and
 - (b) BIAL has furnished to GoK within ninety (90) days of the Airport Opening Date, all necessary details relating to the list of EPC Disputes provided under Clause (a) above; and
 - (c) Any of the EPC Dispute(s) listed by BIAL pursuant to Clause (a) above, have been conclusively determined / settled within one (1) year of the Airport Opening Date;
- then BIAL shall be entitled to make a Contingent Amount Disbursement Request even after one hundred and twenty (120) days after the Airport Opening Date but no later than one (1) year after the Airport Opening Date.

3.6 Security for timely release of State Financial Support

From the period from Financial Close until ninety (90) days after the Airport Opening Date, GoK shall ensure the provision of a letter issued by the State Bank of India substantially in the form attached as Annex 2 to this Agreement to and in favour of BIAL in respect of the full amount of the State Financial Support less the aggregate amount of any disbursements made by GoK from time to time under this Clause 3.

3.7 Final Accounting of the State Financial Support and Refund

- (i) Within one hundred and twenty (120) days of the Airport Opening Date, BIAL shall determine the Actual Project Cost (in the manner set out in (ii) below). Should the Actual Project Cost be less than the Project Cost, BIAL shall forthwith refund to GoK an amount equal to:

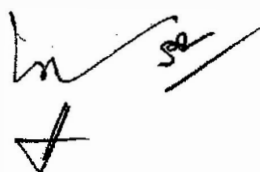
- (a) the difference between the Project Cost and the Actual Project Cost less
- (b) the amount of any State Financial Support which had not been disbursed to BIAL as at the Airport Opening Date.

Provided however that the amount to be refunded shall not exceed the State Financial Support actually disbursed to BIAL as at the Airport Opening Date.

- (ii) For the purpose of determining the Actual Project Cost, the amounts relating - to any items of the Project Cost, including interest during construction, shall be reckoned only for the period up to the Airport Opening Date. A proper accounting system and accounting policy will be put in place by BIAL so that the Project-Cost and operating costs after the Airport Opening Date are accounted for separately to ensure timely and accurate reconciliation of the Actual Project Cost with the Project Cost. The statutory auditors of BIAL will certify such reconciliation. GoK may appoint a reputed independent consultant/ audit firm to verify and confirm, to GoKs satisfaction, the reconciliation done by the statutory auditors of BIAL.
- (iii) It is expressly clarified that
 - (a) if there is any relaxation in or reduction of or refund of import/customs duties by Goi (compared to the duty reflected in the project cost statement of the Financial Model), such relaxation/reduction/refund will lead to a corresponding reduction in or refund of the State Financial Support; and / or
 - (b) if and when any monies are made available to BIAL out of the advance development fee proposed to be imposed by M I, then such monies shall be adjusted by way of either a reduction or refund of the State Financial Support.

Upon the occurrence of the event(s) contemplated in Clause 3.7(iii) (a) and / or (b), the mechanism for the reduction / refund of the State Financial Support referred to therein shall be mutually agreed between the Parties within 120 days after Airport Opening Date.

- (iv) The refund of the State Financial Support in accordance with Clause 3.7 (i) above shall be independent of and shall not affect the obligations of GoK to subsequently make disbursements of State Financial Support in accordance with Clause 3.5.1 (iv) and

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Clause 3.5.2(iv) above in respect of any disputes with the EPC Contractors.

3.8 Refund of State Financial Support upon termination of Concession Agreement

In the **event** of termination of the Concession Agreement for a GoI Default Event (as defined therein) and BIAL receives the Settlement Amount thereunder, BIAL shall repay to GoK such amount of the State Financial Support as is outstanding at the date of termination of the Concession Agreement. The repayment shall be made within sixty (60) days of the payment of the Settlement Amount by GoI.

3.9 Distribution of Settlement Amount

3.9.1 In the event of

- (i) a default by GoK under this Agreement; and
- (ii) receipt by BIAL of the Settlement Amount from GoK

the Parties have agreed to the course of action set out herein below in Clauses 3.9.2 to 3.9.5

3.9.2 BIAL will in the first instance apply the Settlement Amount to: _

- (i) repay any monies due and owing under the Financing Agreement;
- (ii) pay or provide for all amounts owing to the unsecured creditors, including employee and statutory dues, as reflected in its books, and duly audited by its auditors.

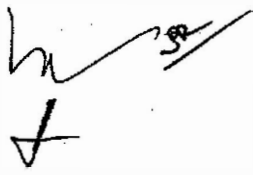
The amounts under (i) and (ii) above are referred to as "Third Party Liabilities".

3.9.3 Thereafter BIAL will set aside an amount equal to the following {"The Set Aside Amount"}:

- (i) The par value Of the Equity Share Capital; plus
- (ii) An amount representing a return on the paid-up equity share capital at the rate equivalent to the post-tax 20 year Equity IRR in Rupee terms as provided in the Financial Model for the period from the date of receipt of the equity subscription monies by BIAL until the Transfer Date less any dividends (as Indexed) paid to the Shareholders until the Transfer Date.

3.9.4 Thereafter, BIAL will forthwith repay to GoK any monies outstanding under this Agreement {"SSA Outstanding Amount"}.

3.9.5 Subject only to the provisions of Clause 3.9.6 below; in the event the sum of the Third Party Liabilities, the Set Aside Amount and the SSA Outstanding Amount is more than the Settlement Amount received by



BIAL from GoK, the obligation of BIAL to repay the SSA Outstanding Amount shall stand reduced to such amount as is available with BIAL after the payment of Third Party Liabilities'and after adjustment of the Set Aside Amount.⁶ The repayment shall be made simultaneously with the payment of the Settlement Amount by GoK.

- 3.9.6** If upon the liquidation of BIAL following the transfer of the Airport under the provisions of this Agreement, any additional funds become available for distribution after all the other remaining liabilities, if any, have been met, then such residual funds will also become payable towards the State financial Support, if any, to the extent that it could not be repaid due to the application of Clause 3.9.5.

3.10 Repayment

- 3.10.1** Subject to Clauses 3.8, 3.9 or 3.10.3, as the case may be, BIAL shall pay Repayment Instalments in reduction of the aggregate of outstanding amounts under the State Financial Support in accordance With the terms of Schedule 10.

- 3.10.2** BIAL shall riot reborrow any part of the State Financial Support which has been repaid.

- 3.10.3** Notwithstanding the provisions of Clause 3.10.1, if, the cash position of BIAL, after taking into account its business obligations, provisioning for statutory reserves, dividends, approved Expansion and meeting of Debt service obligation, is surplus, then BIAL will use such surplus for earlier/accelerated repayment of the outstanding 'state Financial Support and / or specific bullet repayments on a year to year basis.

3.11 Interest

No interest shall be payable by BIAL on the outstanding amounts of the State Financial Support paid to BIAL pursuant to this Clause 3. Provided, however, that interest shall be paid on delayed repayment of instalments, as per Clause 36 hereof.

ILLUSTRATION: If the Settlement Amount received is Rs. 100 crores; the Third Party Liabilities are Rs. 40 crores. the Set Aside Amount-is Rs. 30 crores and the Outstanding State Support is Rs. 60 a-ores, the State Support repayable shall stand reduced to Rs. 30 crores.

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4 Airport Development

4.1 The Parties intend that the Airport will be developed in accordance with the Detailed Project Report.

4.2 BIAL shall: -

- (i) design, procure, construct, complete, test and commission the Initial Phase in the manner contemplated in the Employer's Requirements and, to the extent undertaken, any Expansion of the Airport, in accordance with Good Industry Practice;
- (ii) remedy any defects in respect of the Airport, in accordance with Good Industry Practice; and
- (iii) promote the development of the Non-Airport Activities with the objective of progressively generating a higher share of revenues for BIAL from such activities.

4.3 Promotion and Expansion of the Airport

4.3.1 BIAL shall undertake marketing, promotion and brand building activities with the objective of (i) developing the Airport as a commercial and cargo hub; and (ii) ensuring growth of passenger and cargo traffic commensurate with the potential of the region.

4.3.2 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 maintenance of standards of operation in terms of Clause 7.5, develop and implement detailed proposals for the Expansion of the Airport.

4.3.3 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 or Settlement Amount, BIAL, after obtaining the unanimous approval of its Board of Directors and under Clause 9.4 of the Shareholders' Agreement, shall seek the prior written consent of GoK. GoK shall provide such consent to BIAL within a period of one (1) year from the date on which an application is made to GoK, which date shall not be prior to the application made to GoK seeking its approval under Article 7.2 of the Concession Agreement. To the extent that GoK fails to give such consent within such one (1) year period, BIAL will be deemed to have received such consent from GoK. Notwithstanding what is contained herein, BIAL shall, while seeking the approval of GoK under Article 7.2 of the Concession Agreement, mark a copy to GoK, of its request to the GoK under Article 7.2 of the Concession Agreement.

4.4 Master Plan

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 GoK with a copy of such revised Master Plan, with explanations as appropriate.

4.5 Independent Engineer

BIAL shall ensure 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 GoK to enable the GoK to monitor progress of construction and commissioning of the Airport.

BIAL shall also ensure that the Independent Engineer furnishes to GoK a "Completion Certificate" in form and substance as per **Schedule 12** attached hereto, prior to the Airport Opening Date.

4.6 Initial Phase

BIAL shall not, without the prior written approval of GoK, alter the specification for the Initial Phase (as described in Schedule 5 attached hereto) and it is agreed that the Employers Requirements are only in pursuance thereto.

4.7 Beacon Land

BIAL shall procure the Beacon Land for the Project. GoK shall provide BIAL such assistance as it may reasonably require in this regard.

4.8 BIAL Information Obligations

4.8.1 Progress Reports

BIAL shall ensure that any reports and certificates prepared by it and submitted to the Lenders pursuant to the terms of the Financing Agreements shall also be copied to GoK to enable GoK to monitor the progress of construction and commissioning of the Airport. In the event BIAL's obligations to submit any reports and certificates cease upon repayment of the Debt or for any other reason, BIAL shall continue to send to GoK progress reports (in similar formats and in the same periodicity that it was submitting to the Lenders) to enable GoK to monitor the development and operation of the Airport.

4.8.2 Notification

In the event of any default under the Financing Agreements, BIAL shall immediately notify GoK of such an event and shall forthwith provide to GoK, a copy of any

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notice of such event of default, which is either issued or received by it and will keep GoK informed from time to time of any developments relating to such defaults.

5 Construction of the Airport

5.1 Construction

BIAL shall ensure that the Works and all works, materials, equipment, systems and procedures involved in relation thereto shall also conform to and be in accordance with Applicable Law.

5.2 Site and Materials

5.2.1 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.

5.2.2 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 Good Industry Practice and that all workmanship shall be in accordance with Applicable Law and with sound construction practice applicable at the time of construction and/or installation.

5.2.3 Construction Reporting

BIAL shall, as soon as reasonably practicable, provide GoK with copies of all reports concerning the progress of construction as BIAL is required to supply to the Lenders during the Construction Phase in accordance with the terms of the Financing Agreements.

6 Airport Opening

6.1 Commencement of Construction

BIAL shall ensure that the construction of the Initial Phase shall commence no later than the date falling sixty (60) days immediately 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 of GoK to pay to BIAL any portion of the state Financial Support as requested by BIAL hereunder, provided any such request is made in accordance with the procedure contemplated in Clause 3.5 above and further provided that the [State Bank of India] has not paid monies in an amount sufficient to make up the shortfall resulting from such failure; and/or
- (iii) a material breach by KSIIDC of the Land Lease Agreement; and/or
- (iv) a failure or any delay by AAI or KSIIDC in the performance of their obligations under Clause 7 of the Shareholders Agreement;

provided such failure or delay in respect of (ii) and (iii) above has not arisen due to non compliance by BIAL with the terms of the relevant agreement.

6.2 Airport Opening

BIAL shall complete the construction of the Initial Phase and ensure that Airport Opening Date shall occur by no later than 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 Gol in the performance of its obligations under the Concession Agreement; and/or
- (iii) a failure or any delay by GoK in the performance of its obligations under this Agreement; and/or
- (iv) a failure or any delay by KSIIDC in the performance of its obligations under the Land Lease Agreement; and/or
- (v) a failure or any delay by AAI in the performance of its obligations under the CNS/ATM Agreement; and/or
- (vi) a failure or any delay by MI or KSIIDC in the performance of their obligations under Clause 7 of the Shareholders Agreement; and/or
- (vii) a failure or any delay by any Relevant Authority in the performance of its services in accordance with the terms of the Concession Agreement;

provided such failure or delay in respect of (ii) to (vii) has not arisen due to non compliance by BIAL with the terms of the relevant agreement.

6.3 Delay in Airport Opening

- 6.3.1 Without prejudice to BIAL's obligations under Clause 6.2; BIAL shall, as soon as reasonably practicable, advise GoK if, other than for any reason or cause set out in the proviso in Clause 6.2, BIAL has reasonable cause to believe that Airport Opening will not occur by the Airport Opening Target Date.
- 6.3.2 Without prejudice to Clause 6.3.1 above and BIAL's obligations under Clause 6.2, from the date falling thirty (30) months after Financial Close BIAL shall provide, on 20 days notice, an estimate as to when it reasonably anticipates Airport Opening shall occur. If BIAL considers that Airport Opening will not occur by the Airport Opening Target Date, other than for a reason or cause set out in the proviso in Clause 6.2, BIAL shall also provide GoK with the reasons why it anticipates Airport Opening will be delayed and the measures BIAL is implementing to ensure that Airport Opening will occur as soon as reasonably practicable.
- 6.3.3 If GoK reasonably considers that any of the information provided by BIAL pursuant to Clause 6.3.2 is incorrect it shall be entitled to request the Independent Engineer to provide its estimate as to when it reasonably anticipates Airport Opening shall occur and the reasons for any delay to Airport Opening. The costs incurred by the Independent Engineer pursuant to any request by GoK under this Clause 6.3.3 shall be for the account of BIAL.
- 6.3.4 Without prejudice to BIAL's obligations under clause 6.2, if BIAL notifies GoK at any time that it anticipates that Airport Opening will not occur by the Airport Opening Target Date, the Parties shall work together to mitigate the consequences and to deal expeditiously with the circumstances causing the delay to Airport Opening. If Airport Opening is delayed for any reason BIAL shall, on a regular basis (being no less than monthly), keep GoK apprised of (i) the measures it is taking to ensure that Airport Opening will occur as soon as practicable and (ii) the date that it anticipates Airport Opening shall occur.

7 Operation and Maintenance

7.1 Airport Operation & Maintenance

BIAL shall operate and maintain the Airport in accordance with Good Industry Practice. BIAL shall at all times comply with Applicable Laws in the operation and maintenance of the Airport and shall maintain, keep in good operating repair and condition, the Airport, in accordance with the Operation and Maintenance Plan, an indicative outline of which is as set out in Schedule 6 attached hereto. BIAL shall submit the Operation and Maintenance Plan to GoK no later than one (1) year from Financial Close.

BIAL shall also 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 operation, maintenance, repair and other works shall be carried out in such a way as to minimise inconvenience to users of the Airport. If any operation, maintenance, repair or other works necessitate interrupting or suspending the landing or taking-off of any aircraft, or the closure of the Airport, for any period of time, SIAL shall, except in case of an emergency, give to the DGCA and to all affected users of the Airport such prior written notice thereof as the DGCA may from time to time reasonably require.

7.2 [Intentionally Left Blank]

7.3 Continuous Operation of the Airport

7.3.1 Subject to installing appropriate facilities and compliance with Applicable Law, BIAL shall be entitled and obliged to operate the Airport and to permit the take-off and landing of aircraft at any time during both day and night hours 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.

7.3.2 Without prejudice to Clause 7.3.1, if at any time during the term of this Agreement either Party anticipates that BIAL will not be able to operate the Airport during both day and night hours, it shall notify the other Party as soon as reasonably practicable of the reasons for the same and the measures that BIAL is implementing or intending to implement the provisions of Clause 7.3.1.

7.4 Monitoring of Operation and Maintenance

The Parties wish to ensure the 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.

7.5 Performance Standards

7.5.1 Throughout the term of this Agreement the Airport's performance shall be monitored by passenger surveys in accordance with this Clause 7; The criteria used to measure the Airport's performance shall be the IATA Global Airport Monitor service standards set out in Schedule 11 or such criteria as may be mutually agreed upon from time to time (the "Standards"):

- 7.5.2 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.
- 7.5.3 If three 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.
- 7.5.4 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 GoK may direct BIAL to produce a further action plan to improve the Airport's performance which must be implemented within one (1) year. Should BIAL fail to produce such an action plan or if the Airport continues to be rated as lower than three and a half (3.5) in respect of the service standards under BIAL's direct control, in the survey conducted in respect of the year after implementation of such action plan, GoK shall have the right to seek the termination of the services of the Airport operation and management services provider and BIAL shall forthwith replace the Airport operation and management services provider.
- 7.5.5 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 after replacement of the Airport operator, GoK shall be entitled to exercise its rights under Clause 19.1 hereof.
- 7.5.6 In the event that the current IATA scale changes, the Parties agree that equivalent levels of ratings contemplated in this Clause 7.5 shall be applied. BIAL would make best endeavours to achieve performance standards higher than three and a half (3.5) (in the current IATA scale of 1 to 5).
- l.s.1* 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 Clauses 7.5.1 to 7.5.6, to comply with all such regulations framed by IRA.
- 7.5.8 Without prejudice to BIAL's obligations under Clause 7.5.1 to 7.5.7 above, if at any time during the term of this Agreement BIAL reasonably anticipates that it shall be unable to comply with the provisions of this Clause 7.5 it shall notify GoK of the same and the measures that it is implementing or intending to implement to ensure compliance with this Clause 7.5. If at any time during the term of this Agreement BIAL fails to

comply with the Standards, BIAL shall keep GoK apprised, on a quarterly basis of the measures it is taking to remedy such non-compliance.

- 7.5.9 Notwithstanding anything contained in Clauses 7.5.3 to 7.5.6 above, in the event Gol 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 Gol, then the rating for the purposes of this Clause 7 shall continue to be 3.5. However, in the event Gol 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 Gol, then such lower rating shall be made applicable for this Clause 7.

8 Insurance

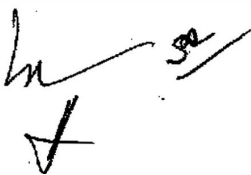
8.1 Insurances to be effected

BIAL shall ensure that insurances specified in this paragraph, and such additional insurances as BIAL may reasonably consider necessary or prudent in accordance with Good Industry Practice, are effected and are maintained in full force and effect:

- (i) the risk of physical damage to the Airport and all or any structures plant or equipment on the Airport including, without limitation, loss ~~of~~ damage caused by strikes, riots, acts of terrorism and sabotage, natural catastrophes, earthquake, lightning, fire, explosion and electrical and machinery breakdown, to their full rebuilding cost, increased from time to time as necessary to maintain such full rebuilding cost;
- (ii) any legal liability of BIAL and any of their agents, servants, employees, contractors and operators, owed to any third party, aircraft operator, user of the Airport or otherwise, and any public liability of such Persons in respect of loss or damage arising out of the design; construction, maintenance, operation and/or management of the Airport;
- (iii) BIAL shall use its reasonable endeavours to procure that the Service Provider Right Holders take out and maintain such insurances as are specified in this Clause 8.1 as may be relevant to that Service Provider Right Holder.

BIAL shall not be in breach of its obligations under this Clause 8.1 if, in the opinion of the Insurance Advisor, which opinion has taken into consideration all consequential implications on BIAL (and brought to the notice of BIAL):

- (i) any of the insurances and/or reinsurances required to be taken out or maintained are not available to BIAL on reasonable commercial terms in the international insurance or reinsurance market; or



- (ii) the premia in respect of any such insurances are unreasonable, having regard to the risks being covered.

Any dispute or difference between the Parties in respect of the determination by the Insurance Advisor on the matters referred to in (j) and (ii) above shall be settled in accordance with the procedure set out in Clause 33;

8.2 Additional Insurances

8.2.1 BIAL shall ensure that each policy taken out pursuant to Clauses 8.1(i) and 8.1 (ii) shall be increased from time to time

- (i) to such amounts (and with such deductibles) as would be effected by an airport operator in India acting in accordance with Good Industry Practice, and in each case which does not self-insure (except by means of minimum deductibles required by insurers generally); and
- (ii) such amounts and with such deductibles as may be reasonably required, taking into account, amongst other things, market availability in respect of risks, liabilities and amounts of insurance and the financial position of BIAL.

8.2.2 Without prejudice to the other provisions of this Clause 8, BIAL shall:

- (i) from time to time effect and maintain in full force those insurances which it is required to have by any Applicable Law or by the terms of any contract entered into by it in respect of the Airport; and
- (ii) use all reasonable efforts to effect and maintain in full force those insurances which it is required to have by the terms of any other contract to which it is at any time a party.

8.3 Policies

Within 15 (fifteen) days of receiving any insurance policy certificates in respect of Insurances required to be obtained and maintained under Clauses 8.1 and 8.2, BIAL shall furnish to GoK 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 GoK.

8.4 Remedy for failure to insure

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

8.5 Information

BIAL shall notify GoK as soon as reasonably practicable after it becomes aware of any occurrence which may entitle any person to submit a claim in excess of US\$ 1 million or the equivalent in any other currency under any of the policies required to be maintained pursuant to this Clause 8.

8.6 Application of Insurance Proceeds

To the extent that the Airport is damaged and requires repair, rebuilding or reconstruction, then, subject to the Lenders' rights under the Financing Agreements and GoK's rights as a co-insured under the relevant insurance policies, BIAL shall apply any proceeds received by BIAL under any insurances effected pursuant to this Clause 8 towards repairing, rebuilding and reconstructing such facilities at the Airport as are required for the performance of Airport Activities. In the event of destruction or constructive destruction of the Airport to the extent that it would require to be rebuilt completely, and BIAL opts not to undertake such rebuilding, BIAL shall, subject to the Lenders' rights under the Financing Agreements, forthwith utilise the insurance proceeds to repay to GoK the outstanding State Financial Support.

8.7 Co-insured

BIAL shall, unless otherwise requested by GoK, ensure that GoK is co-insured in respect of any policies BIAL effects pursuant to this Clause 8. If BIAL requires any insurance proceeds for the rebuilding or reconstruction or repair of the Airport and GoK receives any insurance proceeds it shall make these available to BIAL for the rebuilding or reconstruction or repair of the Airport.

9 Access for officials

9.1 Access

9.1.1 Construction Phase

Prior to the Airport Opening Date, subject to the provisions of Clause 9.2 and in accordance with the provisions of the EPC Contracts, BIAL shall grant access at the time and in the manner contemplated under the EPC Contracts and at such other times as BIAL shall agree to all parts of the Site and/or the Airport to representatives of GoK.

9.1.2 Operation Phase

From the Airport Opening Date for the purposes of enforcing its rights under this Agreement, GoK shall have the right to access the Site, provided it gives BIAL reasonable prior notice.

This Clause 9.1 shall not affect or restrict GoK's statutory rights of access to the Site and/or the Airport.

9.2 Minimum Disruption

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

10 Project Support

10.1 Support

10.1.1 GoK acknowledges and supports the implementation of the Project;

10.1.2 GoK 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.

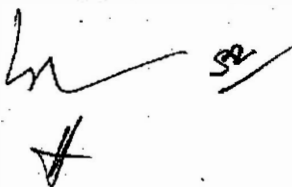
10.1.3 in recognition of the investment to be made by the Shareholders and Lenders, and subject to material compliance by the Shareholders and the Lenders with all Applicable Laws and the terms and conditions hereof, GoK will not take any steps or action in contradiction of this Agreement which results in or would result in the 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.

10.2 Non-Airport Activities

Subject to and in accordance with the provisions of this Agreement, GoK recognises that BIAL may carry out 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.

10.3 Equivalent treatment

Post commencement of operations of the Airport GoK 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 in the state of Karnataka with an unfair competitive advantage when compared to the Airport or BIAL, as the case may be. For the purpose of this Clause, "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-a-

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vis other Major Airports and/or other airport operators in the State of Karnataka but does not include the passage of laws or administrative or executive orders in relation to fiscal or tax matters. It is clarified that for facilitating the establishment of another Major Airport in the State of Karnataka if the GoK provides concessions or finance, land or other facilitation to establish such other Major Airport the same shall not constitute discrimination for this Clause, provided that this Clause 10.3 shall have no further force and effect from the twentieth (20th) anniversary of the Airport Opening Date.

10.4 Grant of GoK Clearances

- 10.4.1 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 GoK 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 the relevant statutory period (if any), and Where no statutory period is prescribed, the GoK shall use its best efforts to procure that such Clearances as are required for or in connection with the Project are granted within forty five (45) days after the relevant application duly completed has been submitted.
- 10.4.2 In order to facilitate the grant of Clearances GoK shall nominate an officer of the rank of an Under Secretary or above who shall provide assistance to BIAL in liaising with the relevant agencies or departments or competent authorities.
- 10.4.3 BIAL undertakes that in order to expedite the grant of Clearances, it and its contractors, servants or agents will in a diligent and timely manner (i) prepare and file applications with the concerned authorities; and (ii) follow-up and prosecute the aforesaid applications.
- 10.4.4 The provisions of Clauses 10.4.1 and 10.4.2 shall have no further force and effect from the tenth (10th) anniversary of the Airport Opening Date.

10.5 Tax

If and to the extent that GoI issues a directive in respect of the Inland Air Travel Tax and the Foreign Travel Tax which requires (for the benefit of the directive to become available to airport operators) the reduction by State Governments of tax applicable to the sale, purchase and supply of aviation fuel GoK shall ensure that from the Airport Opening Date (and at qevanahalli location) tax levied on or applicable to the sale, purchase and supply of aviation fuel for aircraft at the Airport shall be reduced to no more than the percentage amount as is stipulated in the directive issued by GoI referred to above. For the avoidance of doubt, GoK shall only reduce the tax levied on or applicable to the purchase and supply of aviation

fuel for aircraft at the Airport in the event and upon Gol issuing a directive as set out in this Clause 10.5.

11 The Site

11.1 The Site

BIAL recognises that GoK has issued Government Order Number RD 70 MuNoMu 2000, Bangalore. dated January 01, 2003 with respect to the exemption of stamp duty and registration charges for the lease of the Site to BIAL. GoK confirms that the said exemption shall not be revoked till such time as the Land Lease Agreement is registered with the concerned jurisdictional sub-registrar.

11.2 Resettlement claims

GoK hereby agrees to indemnify BIAL against and in respect of all claims, demands, actions, proceedings and liabilities by or to local residents arising out of the resettlement of local residents displaced by the acquisition of the Site.

11.3 Designated Zone

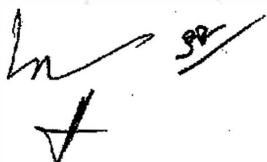
11.3.1 The Parties recognise that the BIAAPA has already been established under the provisions of the Karnataka Town and Country Planning Act, 1961 to regulate the development of the Designated Zone.

11.3.2 BIAAPA has commenced the preparation of an 'outline development plan' for the Designated Zone. GoK undertakes that the Outline Development Plan ("ODP") (and the Comprehensive Development Plan ("CDP") as and when it is prepared) will be consistent with the applicable CAO guidelines and that such plan will take into account the Master Plan submitted to BIAAPA as at the date of this Agreement, such that any construction or development in the Designated Zone will not have an adverse effect on the Project.

11.3.3 It is understood by BIAL that any changes to the Master Plan after the Effective Date shall be done by BIAL only in accordance with the ODP and CDP.

11.4 Unrestricted carrying on of construction work

Subject to compliance with Applicable Law, BIAL, its contractors and sub-contractors, shall be entitled, without restriction and / or any hindrance from GoK, to carry out (and to instruct their employees to carry out) construction work relating to the Airport at any time of day or night and on any day of the week.

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11.5 Betterment Charges

BIAL recognises that GoK has issued Notification Number 184, dated August 11, 2004 with respect to the exemption of payment of betterment charges by BIAL.

11.6 Road Cess

BIAL takes note that the Urban Development Department has issued a letter UDD 184 Bemrupta, dated September 10, 2004, wherein it has clarified to BIAAPA the non-applicability of payment by BIAL of road cess to BIAAPA.

12 Infrastructure and Utilities

12.1 GoK Obligations

12.1.1 It is acknowledged by the Parties that BIAL and/or its contractors and/or sub-contractors require the provision of certain facilities and services at the Airport. As such, GoK shall ensure that, at least fifteen (15)- months prior to the Airport Opening Target Date, the infrastructure required for power and water is made available at the boundary of the site.

12.1.2 GoK shall if so requested by BIAL, direct the relevant agencies providing power and water to enter into relevant agreements with BIAL on their standard terms and conditions.

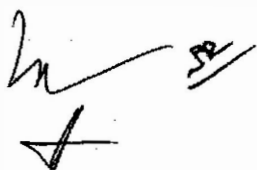
12.1.3 If at any time BIAL or any of its contractors or sub contractors require any facilities or services of a similar nature to those provided for in the Infrastructure Agreements, which were not foreseen at the time the Infrastructure Agreements were entered into and which are not the subject of such infrastructure Agreements, then GoK shall, if so requested by BIAL, use its best efforts and assist BIAL and/or its contractors or sub-contractors to obtain such services and/or facilities on their standard terms and conditions..

12.2 Public Transportation

GoK shall use its best efforts to provide and procure the provision of safe, efficient, affordable and regular public transportation systems (including buses and coaches) to and from the Airport sufficient to meet the requirements of the Airport.

13 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, GoK 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.

14 Policing

GoK confirms that, unless otherwise agreed in writing between the Parties, it shall at its own cost, provide normal and routine policing of the Airport for the maintenance of law and order thereat. However BIAL shall make available reasonable office accommodation at its cost at the Airport to enable GoK to carry out its obligations under this Clause 14. 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 GoK for the aforesaid purpose, BIAL shall duly inform GoK and BIAL and GoK shall discuss and agree any amendments to the space requirements that may be required as a result of such expansion, modernisation or redevelopment at the Airport.

15 Project Review

15.1 On the 10th anniversary of the Airport Opening Date and every five years thereafter; GoK shall be entitled to review the Master Plan submitted under Clause 4.4 with regard to the development of the Airport for determining whether BIAL is complying with its obligations under Clause 4.3.2 of this Agreement. *inter alia*, in respect of the development of a second runway on the Site.

15.2 On the 20th anniversary of the Airport Opening Date the Parties shall discuss the development of the second runway and seek to agree to a plan for such development to occur within the next ten (10) years.

(a) If agreement is reached between the Parties that the development of the second runway will occur within the next ten (10) years and BIAL does not comply with the terms of such agreement, GoK shall have the right to request BIAL, and BIAL shall, unless otherwise agreed by the Parties, surrender that portion of the Site reserved for development of the second runway to KSIIDC forthwith, and the lease rent shall stand proportionately reduced for that portion of the Site remaining with BIAL, from the date of such surrender. BIAL shall provide KSIIDC the rights of access necessary for accessing that portion of land surrendered to KSIIDC hereunder.

(b) If agreement is reached between the Parties that the development of the second runway is unlikely to occur within the next ten (10) years, the Parties shall comply with the provisions of Clause 15.3 hereof for conducting a review at the 30th anniversary of the Airport Opening Date;

(c) If the Parties do not reach any agreement whether under Clause 15.2(a) or 15.2(b), the matter shall be referred to an independent consultant to be appointed by the Parties ; and

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- (i) If the independent consultant concludes that the development of the second runway could happen within the next ten (10) years and if BIAL does not develop the second runway within such period, GoK shall have the right to request BIAL, and BIAL shall, unless otherwise agreed by the Parties, surrender that portion of the Site reserved for development of the second runway to KSIIDC forthwith, and the lease rent shall stand proportionately reduced for that portion of the Site remaining with BIAL, from the date of such surrender; BIAL shall provide KSIIDC the rights of access necessary for accessing that portion of land surrendered to KSIIDC hereunder.
- (ii) If the independent consultant concludes that such development is unlikely to occur within the next ten (10) years, the Parties shall comply with the provisions of Clause 15.3 hereof for conducting a review at the 30th anniversary of the Airport Opening Date; _

15.3 If the agreement reached between the Parties pursuant to Clause 15.2(b) or the independent consultant referred to in Clause 15.2(c) concludes that the development is likely to occur only after the 30th anniversary of the Airport Opening Date, then on the 30th anniversary of the Airport Opening Date the Parties shall review BIAL's plans for the development of the second runway. If such development is not contemplated within the next five (5) years; then GoK shall have the right to request BIAL, and BIAL shall, unless otherwise agreed by the Parties, surrender that portion of the Site reserved for development of the second runway to KSIIDC forthwith, and the lease rent shall stand proportionately reduced for that portion of the Site remaining with BIAL, from the date of such surrender. BIAL shall provide KSIIDC the rights of access necessary for accessing that portion of land surrendered to KSIIDC hereunder.

16 Representations and Warranties

16.1

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

- 16.1.1 it has the power and authority and has taken all actions necessary to validly execute and deliver this Agreement;
- 16.1.2 its obligations under this Agreement will be legally valid and binding and enforceable against it;
- 16.1.3 it is subject to the laws of India, and subject to Clause 35 hereby expressly and irrevocably waives any immunity in respect of this Agreement;

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- 16.1.4 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;
- 16.1.5 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
- 16.1.6 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.
- 16.1.7 In addition BIAL represents and warrants to GoK that as at the date of this Agreement:
- (i) it is a public 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;
 - (iii) 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
 - (iv) 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 GoK to enter into this Agreement.

16.2 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.

16.3 Disclaimer

16.3.1 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.

16.3.2 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 Clause 16.3.1 above) associated with the scope of the Project and hereby agrees that GoK 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 Clause 16.3 shall exclude any obligations for which GoK is responsible pursuant to the terms of this Agreement.

17 Force Majeure

17.1 Force Majeure

This Clause 17 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.

17.2 Consequences of Force Majeure

17.2.1 Performance Obligation

Provided it complies with Clause 17.2.2 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 Clause 6 shall be extended accordingly).

17.2.2 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.

17.2.3 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.

18 Liability & Compensation

18.1 BIAL Liability

As between BIAL and GoK (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 No0-Airport Activities without recourse to GoK (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).

18.2 Exchange of information regarding legal proceedings

GoK 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 Agreement.

18.3 Information

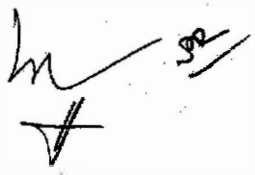
GoK and BIAL shall promptly, as soon as reasonably practicable after it becomes aware of the same, inform each other of any demand, claim, action or proceeding or anticipated demand, claim, action or proceeding against it, in respect of which it is entitled to be indemnified under Clause 18.1. They shall give reasonable assistance to one another in the defence of any such demand, claim, action or proceeding.

18.4 Compensation payable by GoK

In the event of

- (i) a breach by KSJIDC of the Land Lease Agreement, and / or
- (ii) any breach of Clauses 10.3, 10.4 and 10.5;

GoK will, upon a request in writing from BIAL, indemnify BIAL against the consequences of such breach and shall pay to BIAL in accordance with the

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succeeding provisions of this Clause 18, and within thirty (30) days of such request for payment, sums equal to the loss, cost, expense, liability or damage suffered by BIAL as a result of such breach which shall, for the avoidance of doubt, include;

- (a) all amounts, payable or due and paid by BIAL to any of its contractors or Service Provider Right Holders as a result of such breach;
- (b) all additional interest, fees and other sums owing to Lenders as a result of such breach; and
- (c) all additional overheads and operating costs and expenses payable or due and paid by BIAL as a result of such breach.

Such request in writing shall be accompanied by such evidence as BIAL is able to provide to enable GoK to evaluate such claim. If GoK 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.

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

Provided further that BIAL shall notify GoK of the occurrence of any of the events specified above for which it seeks to claim compensation within a period of ten (10) days from BIAL becoming aware of the occurrence of such breach.

18.5 Change in Law

If as a result of Change in Law, which occurs at any time prior to the twentieth (20th) anniversary of the Airport Opening Date, 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 (Rs 10,000,000) in any-year, BIAL may notify GoK 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 Clause, BIAL may by notice in writing require GoK 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 GoK to evaluate such claim. GoK shall make payment of

such compensation within 15 (fifteen) days of receiving such notice and evidences. If GoK shall dispute the quantum of such compensation claim of BIAL, the same shall be finally settled in accordance with Clause 33.

18.6 Maximum Compensation Amount

18.6.1 During the term of this Agreement the aggregate liability of GoK in respect of any and all claims under Article\$ 18.4 and 18.5 shall not exceed Rupees one hundred (100) crores.

18.6.2 Without prejudice to BIAL's rights under this Agreement, GoK shall have the right to pay in excess of the Maximum Compensation Amount in respect of any claims made by BIAL under Clause 18.4 and 18.5.

18.7 Suspension

Subject to giving prior written notice to GoK, BIAL shall be entitled to suspend the construction and/or operation and maintenance of the Airport upon the occurrence of any of the events specified in the proviso to Clause 6.2.

18.8 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.

18.9 Mitigation

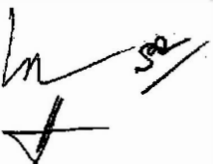
BIAL shall, in accordance with Applicable Law; take all reasonable steps (including, to the extent feasible, an increase in the charge to be levied on users of Airport) to mitigate the adverse effect of a Change in Law.

19 Default

19.1 BIAL Default Events

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

- (i) Except as otherwise provided in this Clause 19.1 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)

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- consecutive days from the date upon which BIAL receives a notice from GoK specifying that such breach has occurred;
- (ii) If BIAL fails to commence construction of the Airport within sixty (60) days of Financial Close;
 - (iii) if BIAL abandons the construction of the Initial Phase for more than forty-five (45) consecutive days without the written consent of GoK;
 - (iv) if Airport Opening has not occurred by the date falling twelve (12) months after the Airport Opening Target Date or any extension thereof as provided for in Clause 6.2 of this Agreement;
 - (v) if, following Airport Opening, the Airport 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 GoK;
 - (vi) if any sum due and payable under this Agreement from BIAL is not paid within twenty-one (21) days of such sums becoming due and payable;
 - (vii) 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;
 - (viii) If any material representation or warranty given by BIAL under this Agreement is incorrect;
 - (ix) BIAL's failure to achieve the agreed Standards pursuant to Clause 7.5.5; and
 - (x) any material breach of the Land Lease Agreement by BIAL.

Provided that the events outlined in paragraphs (i) to (v) and (ix) 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 Clause 6.2.

19.2 GoK Default Events

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

- (Q) Except as otherwise provided in this Clause 19.2 if GoK is in breach of the terms of this Agreement and/or KSIIDC is in breach of the terms of the Land Lease Agreement to an extent which has a material 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 GoK receives a notice from BIAL specifying that such breach has occurred;

- (ii) if any sum due and payable under this Agreement from GoK is not paid within twenty-one (21) days of receipt of a request therefor from or on behalf of BIAL;
- (iii) following the occurrence of any of the events set out in Clauses 18.4 and 18.5 if the aggregate outstanding claims by BIAL for compensation pursuant to Clause 18.4 and 18.5 exceed the maximum compensation amount set out in Clause 18.6 (unless, as set out in Clause 18.6, GoK pays BIAL compensation in excess of the Maximum Compensation Amount and such excess payment covers all aggregate claims for compensation made by BIAL); For the purpose of this paragraph (iii), the aggregate outstanding claims by BIAL shall exclude any claims in respect of which BIAL has been fully compensated in accordance with Clause 18.4 and Clause 18.5. Following the occurrence of any of the events set out in Clause 18.4 and Clause 18.5 GoK shall have the right at any time to request termination of the Agreement pursuant to this Clause 19.2 in lieu of paying compensation to BIAL pursuant to those Clauses; and
- (iv) If any material representation or warranty given by GoK under this Agreement is incorrect.

19.3 Consequences of Default

- 19.3.1 In the event of a BIAL Default Event occurring GoK 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 GoK 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 GoK exercising such right of termination, GoK shall acquire all of BIAL's rights, title and interests in and to the Airport in the manner set out in Clause 19.4 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 less (i) any insurance monies received by BIAL or due and payable to BIAL in respect of claims made since the occurrence of the BIAL Default Event which led to termination under this Clause 19.3.1; (ii) any Debt obtained by BIAL to finance any Expansion, for which the prior unanimous approval of its Board of Directors and under Clause 9.4 of the Shareholder's Agreement has not been obtained; and (iii) any Debt obtained by BIAL to finance any Non Airport Activity that has not been approved by GoK pursuant to Clause 4.3.3.
- 19.3.2 In the event of a GoK Default Event, BIAL shall have the right to notify GoK that such an event has occurred and (if it is capable of remedy) requiring remedy of the same within a reasonable period of not less than

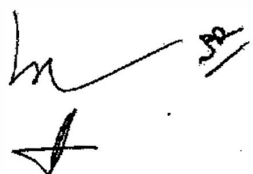
one hundred and twenty (120) days. If following the end of the period stated in such notice the event giving rise to the GoK Default Event has not been remedied, BIAL shall have the right, but shall not be required, to issue a notice to GoK terminating this Agreement. In the event of BIAL exercising such right of termination, GoK shall acquire all of BIAL's rights, title and interests in and to the Airport in the manner set out in Clause 19.4 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 or (ii) one hundred per cent (100%) of the Debt, less (a) any insurance monies received by BIAL or due and payable to BIAL in respect of claims made since the occurrence of the GoK Default Event which led to termination under this Article 19.3.2; (b) any Debt obtained by BIAL to finance any Expansion, for which the prior unanimous approval of its Board of Directors and under Clause 9.4 of the Shareholder's Agreement has not been obtained; and (c) any Debt obtained by BIAL to finance any Non Airport Activity that has not been approved by GoK pursuant to Clause 4.3.3.

19.4 Transfer of Airport

19.4.1 On exercise of a right of termination by BIAL or GoK under Clause 19.3 of this Agreement, and without prejudice to any rights of BIAL to compensation, all assets of BIAL shall be transferred to GoK or its nominee on the Transfer Date without payment (save for payment of the amounts specified in Clause 19.3.1 or Clause 19.3.2 as the case may be) and clear of any Security and without any encumbrances and liabilities as provided in Clause 19.4.3 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 GoK'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 GoK's assumption of the obligations under or pursuant to such contracts).

19.4.2 Notwithstanding anything contained in Clause 19.4.1, prior to any transfer of the Airport, GoK shall have the right to conduct a due diligence of the

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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 GoK are unreasonably onerous, and would be considered onerous at the time that the contracts were entered into. GoK shall conduct the due diligence and identify the contracts and agreements that it is prepared to assume within forty-five (45) days of the opening of a data room by BIAL for these purposes following the exercise of a right of termination by GoK or BIAL under Clause 19.3. For the avoidance of doubt, to the extent GoK opts to take over Non-Airport Activities, which have not been approved by GoK in accordance with Clause 4.3.3, the calculation of Termination Amount or the Settlement Amount shall include investments, amounts or costs of such Non Airport Activities.

19.4.3 Notwithstanding anything contained in this Clause 19.4; 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 GoK or its nominees. GoK or its nominees shall only be liable for liabilities in relation to the Airport arising subsequent to the Transfer Date.

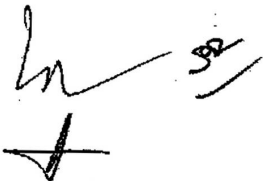
19.4.4 Save to the extent caused by a GoK Default Event, BIAL shall in accordance with Good Industry Practice ensure that all property, assets, rights and other items referred to in Clause 19A.1 which are vested in or transferred to GoK shall be in good working order and in a good state of repair and that the Airport is transferred to GoK 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.

19.5 Termination of the Concession Agreement

Upon termination of the Concession Agreement, the Parties shall be released from further performance Of their obligations under this Agreement. If Gal exercises its rights to terminate the Concession Agreement and requires BIAL. to transfer the Airport to Gal in accordance with Article 13.5 thereof, BIAL shall not be obliged to transfer the Airport to GoK in accordance with Clause 19.4 of this Agreement. Should BIAL be required to transfer the Airport to Gal, then GoK shall not be liable to pay BIAL the Termination Amount or the Settlement Amount, as the case may be, hereunder.

19.6 Pre-Termination obligations

Expiry or termination of this Agreement shall be without prejudice to all rights and obligations then having accrued to GoK 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 the provisions which expressly provide for continuing

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obligations or which are required to give effect to such expiry or termination or the consequences of such expiry or termination.

19.7 Term

Unless terminated earlier in accordance with Clause 2.3.1, Clause 19.3, or by mutual agreement between the Parties in writing, the term of this Agreement shall be co-terminous with the Concession Agreement.

19.8 Other rights of termination

The Parties' rights to terminate this Agreement shall be limited to those expressly set out in this Agreement

19.9 Survival

Clauses 1, 19.3, 19.4, 19.6, 33, 34, 35 and 38 of this Agreement—shall continue to bind the Parties notwithstanding the termination of this Agreement.

20 Redressal of Public Grievances

20.1 Complaints Register

20.1.1 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.

20.1.2 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.

20.2 Redressal of Complaints

Subject to Clause 20.3; BIAL shall inspect the Complaint Register every day and take prompt and reasonable action for redress 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.

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20.3 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.

21 Assignment and Security

21.1 Assignment

21.1.1 Notwithstanding any change in the Applicable Law after the date hereof which might otherwise permit the assignment of this Agreement, no Party may (save as permitted pursuant to Clause 21.1.2) assign this Agreement or any right or obligation arising under or pursuant to it or any benefit or interest hereon 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.

21.1.2 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

21.2 Intellectual Property Rights

BIAL will ensure that, with effect from the date the relevant materials, drawings and documents come into existence, it will either have the full and unencumbered ownership of Intellectual Property Rights in all materials, drawings and Documents brought into existence by or on behalf of BIAL for the purposes of the Project or will have an irrevocable, royalty free, non-exclusive and transferable licence, carrying the right to grant sub-licences and to copy, reproduce, modify, translate and use all such drawings, materials and documents for any purpose connected with the Project.

22 Records

Subject to compliance with all Applicable Laws, 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 to GoK, once a year and, if necessary, at such intervals as may be agreed with GoK, for inspection during normal business hours to GoK for the purpose of verification by GoK of BIAL's compliance with the terms and conditions hereof and shall furnish copies thereof to GoK if called for.

23.1 No Implied Waivers, Remedies Cumulative

No failure on the part of the GoK 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).

23.2 Amendments, Waivers and Consents

23.2.1 Amendment,

- (i) Any provision of this Agreement may be amended, supplemented or modified only by an agreement in writing signed by the Parties.
- (ii) GoK 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.

23.2.2 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.

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23.3 Amendment on BIAL Listing

23.3.1 BIAL may at an appropriate stage during the term of this Agreement consider having an IPO.

23.3.2 Prior to any such IPO, the Parties shall amend this Agreement in accordance with Clause 23.2 and in particular Clauses 18 and 19 hereof and any other amendments 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.

24 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.

25 Further Assurance

25.1 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 costs and risks of the requesting Party

25.2 Direct Agreement

GoK shall, upon a request from the Lenders, enter into a direct agreement with the Lenders substantially in the form attached as Schedule 4 to this Agreement whereby, amongst other things, GoK agrees to give prior notice of any intention it may have to exercise its rights of termination, 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.

26 Partial Invalidity

26.1 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.

26.2 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 GoK and produce as nearly as is practicable in all the circumstances the appropriate balance of the commercial interests of the Parties.

27 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.

28 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.

29 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.

30 Notices

30.1 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.

30.2 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:

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GoK:

Karnataka Government Secretariat, Infrastructure Development Department, MS
Buildings, Vth Stage, Ground Floor, Bangalore-560 001

Fax: +91 80 22280605

Attention: Principal Secretary, Infrastructure Development Department

BIAL:

Bangalore International Airport Limited

Khanija Bhavan, Ground Floor

#49, Race Course Road

Bangalore - 560 001

India

Fax: +91 80 22081284

Attention: Chief Executive Officer/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.

31 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 Clause 30.2 or within 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.

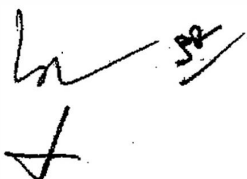
32 Governing Language

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.

33 Settlement of Disputes

33.1 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.



33.2 Reference to Arbitrator

Any Dispute which the Parties are unable to resolve pursuant to Clause 33.1 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 ("**Rules**") by three arbitrators appointed in accordance with the Rules. In case of conflict between the Indian Arbitration and Conciliation Act, 1996 and Rules, the provisions of the former will prevail.

33.3 Miscellaneous

The venue of arbitration shall be Bangalore. 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.

33.4 Decision/Award

Any decision or award of an arbitral tribunal appointed pursuant to this Clause shall be final and binding upon the Parties. The Parties agree that any arbitration award made may be enforced by the Parties against assets of commensurate value 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.

34 Governing Law

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

35 Sovereign Immunity

GoK agrees that it is subject to civil and commercial laws of India with respect to this Agreement and it hereby unconditionally and irrevocably waives any sovereign immunity in any jurisdiction in regard to matters set forth in this Agreement.

36 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 (2) percentage points.

37 Successors and Assigns

This Agreement shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the Parties.

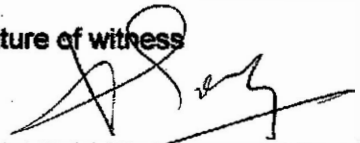
38 Payments to be free and Clear

Save as expressly provided in Clause 18.4 and 18.5, an sums payable by GoK or BIAL under this Agreement (including, for the avoidance of doubt, the State Financial Support payable under Clause 3) shall be paid. (except to the extent required by Applicable Law or as expressly permitted under this Agreement):


- (i). free of any restrictions or conditions; and
- (ii) without any deduction or withholding on account of set-off or counterclaim..

IN WITNESS whereof GoK and BIAL have signed this Agreement through their authorised representatives, as above stated, as of the date first hereinabove mentioned.

Signed for and on behalf of)
THE GOVERNOR OF KARNATAKA)
 Acting through the Principal Secretary,)
 Infrastructure Development Department of)
 Government of Karnataka, Bangalore)
 in the presence of:)

Signature of witness


Name and address of witness
 Vign Gore



Signature of authorised representative
 Vinay Kumar.

Name of authorised representative

Signed for and on behalf of)
 Bangalore International Airport Limited)
 by a duly authorised representative)
 in the presence of)

Signature of witness

N/m, Jmd, address of witness
 J. Zing P, I. O. t

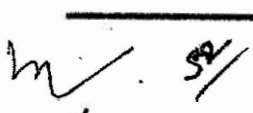


Signature of authorised representatives
 (1) A. A-M 1-i-...Jt1g .t+tV)t

Name of authorised representative

(2) Herbert Meier

Name of authorised representative



Schedule 1
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Schedule 2

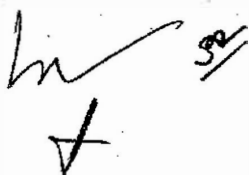
Part 1 - Airport Activities

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

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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

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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

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Part 2 - Non-Airport Activities.

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

Airport Shuttle transport services (J-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.

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Schedule 3

Tax Exemptions and Other Benefits

The following tax exemptions / benefits will be available for the Airport:

1. Exemption from payment of entry tax on machines, equipment, capital goods and construction material procured in the execution of turnkey construction contract or any other works contract related to the Airport for a period of three years or till the Airport Opening Date, whichever is earlier, subject to the condition that each invoice should be for not less than Rs. 25 lakh (Rs one lakh for construction materials); and
2. BIAL will be exempted from payment of property tax to the local authority for a period of five (5) years from the "Site Delivery Date" as defined in the Land Lease Agreement.
3. Exemption of stamp duty and registration charges for the transfer of the Site to BIAL as stated in Clause 11.1.
- 4; BIAL shall be exempted from payment of fees to BJAAPA towards grant of permission for change in the use of land as stated in Clause 11.5.
5. Payment of Road Cess to BIAAPA is not applicable to BIAL as stated in Clause 11.6.

The above exemptions/benefits do not apply to Service Provider Right Holders.

Schedule 4
Form of GoK Direct Agreement

This Direct Agreement (this "Agreement") is made at ---- -this ____ day of _____, 2005, by a amongst:

- (1) The Governor of Karnataka exercising the executive power of the Government of the State of Karnataka {hereinafter referred to as "**Government of Karnataka**" Which expression shall, unless repugnant to the context, be deemed to include their successors and permitted assigns); and
- (2) The western India Trustee and Executor Company Limited, a public company incorporated under the Indian Companies Act, 1913 and having its registered office at Vishwastha Bhavan, **218**, Pratapganj Peth, Satara 415002 in its capacity as the security trustee acting on behalf of the Secured Parties (the "**Security Trustee**" which expression shall, unless repugnant to the context, be deemed to include their successors and permitted assigns); and
- (3) Bangalore International Airport Limited, a company incorporated under the Companies Act, **1956** and having its registered office at Khanija Bhavan, Ground Floor, # **49**, Race Course Road, Bangalore-560 001 (the "**Company**" which expression shall, unless repugnant to the context, be deemed to include their successors and permitted assigns).

(Government of Karnataka, Security Trustee and the Company are hereinafter referred to as the "**Parties**").

WHEREAS

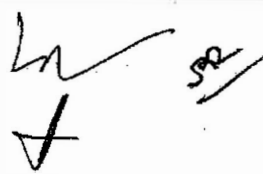
1. The Company and the Government of Karnataka have entered into the State Support Agreement' (the "**State Support Agreement**") dated ().
2. The Company proposes to enter into the Financing Agreements (as defined in the State Support Agreement} pursuant to which the Secured Parties (as defined below) have agreed to provide financing to the Company for the development of a Greenfield airport at Devanahalli, near Bangalore in the State of Karnataka on certain terms and conditions set out therein.
3. As security for such financing, pursuant to certain Financing Agreements (being the "**Security Documents**") to be executed in favour of the Security Trustee for the benefit of certain banks and financial institutions (the "**Secured Parties**"), the Company has agreed to grant to the Security Trustee for the benefit of the Secured Parties a first priority security interest in all the assets of the Company, including, inter-alia over all of its rights, title, interests and benefits in and under the State Support Agreement (the "**Collateral**").
4. Pursuant to the Company's request, the Government of Karnataka has agreed to sign this Agreement, for the benefit of the Secured Parties.
5. Unless otherwise defined herein all capitalised terms shall have the meaning ascribed to it in the State Support Agreement or the respective Financing Agreements, as the case may be.

NOW, THEREFORE, in consideration of the Secured Parties providing the financial assistance and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, intending to be legally bound,

- (a) The Government of Karnataka hereby:
- (i) acknowledges receipt of a copy of each of the Security Documents and confirms the terms thereof, and the Security Trustee agrees to provide to the Government of Karnataka, copies of amendments made from time to time to such Security Documents.
 - (ii) consents to the assignment by way of security under the Security Documents for the benefit of the Secured Parties of all of the company's right, title, benefits and interest in and under the State Support Agreement as security for all the obligations due to the Secured Parties under the Financing Agreements,
 - (iii) agrees that such assignments by way security do not or will not contravene or violate the State Support Agreement, and
 - (iv) agrees that its execution and delivery of this Agreement constitutes its proper written consent to such assignment and for any prospective assignment as provided in this Agreement and/or the Financing Agreements.
- (b) The Government of Karnataka further agrees, confirms and covenants that:
- (i) if the Security Trustee has elected and/or has become entitled to exercise its rights pursuant to the security interests granted by the Company under the Financing Agreements including its rights to have itself or its designee substituted for the Company under the State Support Agreement, [s.subject to GoK's prior written consent, such consent not to be unreasonably withheld] then such Security Trustee or its designee shall be substituted for the Company thereunder, and shall be entitled to all the benefits of the Company, shall be entitled to exercise any and all of the Company's rights under the State Support Agreement and be subject to the obligations of the Company under the State Support Agreement. Provided however, in the event the Security Trustee and/or its designee undertakes any act pursuant to the State Support Agreement for the purposes of curing any default thereunder where such default relates to failure on the part of the Company to make any payment⁴, due and payable under the State Support Agreement, then the Security Trustee and/or such designee shall not be subject to any obligations under the State Support Agreement.
 - (ii) if the Security 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 Security Trustee [and with the prior written consent of the Government of Karnataka, which consent shall not be unreasonably withheld]⁸ be substituted for the Company under the State Support Agreement, and in either case, the substituted party will succeed to all rights, title and interest of the Company with respect to such Collateral including under the State Support Agreement and may perform and shall be entitled to the benefits of the State

⁷ This Square bracketed portion shall reflect the understanding reached between Gol and the Lenders at or prior to Financial Close.

⁸ This Square bracketed portion shall reflect the understanding reached between Gol and the Lenders at or prior to Financial Close.



Support Agreement as if it were the Company under the State Support Agreement and for this purpose the Government of Karnataka shall execute such agreements and documents as may reasonably be requested by the Security Trustee.

- (c) the Government of Karnataka agrees that it will pay monies that have become due and payable to the Company under the State Support Agreement (including any monies due and payable to the Company pursuant to Clause 19.3 of the State Support Agreement) exclusively for deposit directly and in immediately available funds to such account in (Bangalore) as the Security Trustee may from time to time indicate by notice to the Government of Karnataka and the Company (and the Company hereby authorises the Government of Karnataka to make such payments as aforesaid). Upon the receipt of a notice from the Security Trustee that an event of default has occurred under the Financing Agreements and/or in the event of exercise by the Security Trustee and/or the Secured Parties or its designee of its rights pursuant to the security interests granted by the Company, the Government of Karnataka will comply with any and all written instructions received from the Security Trustee to pay monies that have become due and payable by the Government of Karnataka under the State Support Agreement (including any monies due and payable to the Company pursuant to Clause 19.3 of the State Support Agreement) directly to or to the order of the Security Trustee in lieu of paying such monies to the account designated in the previous sentence (on other terms and conditions of such payments shall remain as provided in the previous sentence) and until full satisfaction of its obligations to pay these amounts to the Company.
- (d) The Government of Karnataka hereby recognises the Security Trustee as the true and lawful attorney of the Company pursuant to the Financing Agreements and shall, following the occurrence of an event of default under the Financing Agreements entitling the Security Trustee to exercise its rights pursuant to the security interest granted by the Company, comply with all the instructions of the Security Trustee including any Disbursement Requests made by the Security Trustee on behalf of the Company in accordance with Clause 3.5 of the State Support Agreement. If any notice of an event of default is issued by the Secured Parties under the Financing Documents, the Security Trustee shall provide to the Government of Karnataka a copy of such notice issued by the Secured Parties. Such notice shall state in reasonable detail the grounds entitling the Secured Parties to issue such notice under the Financing Documents.
- (e) The Government of Karnataka hereby agrees to furnish a copy to the Security Trustee of any notice issued to BIAL pursuant to Clause 19.1 (i) of the State Support Agreement. Further the Government of Karnataka agrees that it shall notify the Security Trustee at the earliest opportunity after the occurrence of any event which entitles the Government of Karnataka to exercise its rights under Clause 19.3.1 of the State Support Agreement and shall provide to the Security Trustee (simultaneously with the issue of such notice to the Company) a copy of any notice of the occurrence of a BIAL Event of Default served pursuant to that Clause (a **"Notice"**). Such Notice shall state in reasonable detail the grounds entitling the Government of Karnataka to exercise the rights under Clause 19.3.1 of the State Support Agreement.
- (f) The Government of Karnataka agrees that it shall not issue the notice terminating the State Support Agreement, suspend performance of its obligations thereunder, or exercise its rights under Clause 19.3 of the State Support Agreement (i) without issuing the aforesaid Notice to the Security Trustee and (ii) at any time prior to the expiry of the periods set out in the State Support Agreement
- (g) The Government of Karnataka agrees that the Security Trustee shall be entitled at any time to take or procure the taking of action within the time periods specified in the

State Support Agreement as may be necessary to remedy the event which has given rise to the Notice. In the event that the Security Trustee procures the remedy of the event which has given rise to a Notice, the Government of Karnataka;3. shall not issue the notice terminating the State Support 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 Airporby reason of such event.

- (h) The Government of Karnataka hereby agrees, covenants and confirms that all amounts payable to them under the State Support Agreement including the State Financial Support disbursed pursuant to the State Support Agreement shall be subordinated to the Secured Obligations (as defined in the Financing Agreements) and that, except for the refund of State Financial Support contemplated in Clause 3.7 and the repayment of the State Financial Support in accordance with Clause 3.10.3 of the State Support Agreement, no amounts shall be due and payable to the Government of Karnataka until the occurrence of the Final Maturity Date (as defined in the Financing Agreements) other than as permitted under the Financing Agreements. Further, in the event the Secured Obligations are restructured/rescheduled by the Secured Parties due to the Company not being able to meet the projections as set out in the Base Case Business Plan (as defined in the Financing Agreements) submitted by the Company to the Secured Parties, the Government of Karnataka hereby agrees, covenants and confirms that an amounts payable to them in respect of the State Financial Support repayable in accordance with Schedule 10 of the State Support Agreement, including any default interest payable under the State Support Agreement shall also be subordinated to the payment obligations of BIAL in respect of the restructured/rescheduled Secured Obligations (which shall be payable in accordance with the terms and conditions of the restructuring package).
- (i) The Government of Karnataka hereby agrees, covenants and confirms that except as specified in the proviso below in relation to any item other than outstanding principal and interest, a certificate ("Certificate") from the Security Trustee setting out the amounts due to the Secured Parties under the Financing Agreements shall, save manifest error (which manifest error shall be communicated in writing by the Security Trustee to Government of Karnataka as soon as practicable upon it coming to the knowledge of the Security Trustee), be conclusive and final for all purposes determining Debt (as defined in the State Support Agreement) including for the purposes of determination of the Termination Amount or the Settlement Amount. Provided however that, if the Government of Karnataka questions any item other than outstanding principal and interest, that are specified in the Certificate, the Security Trustee (or the Secured Lenders) and the Government of Karnataka shall attempt to resolve the same within a period of thirty (30) days from the date of the Certificate, after which period, the items, other than outstanding principal and interest, set out in the Certificate shall also be deemed to be conclusive and final as stated above (unless revised amounts of any item, other than outstanding principal and interest, are agreed to within such 30 day period, in which event, such revised amounts shall be deemed to form part of the Certificate and final and binding as above).
- U) The Government of Karnataka hereby agrees, covenants and confirms that until the Final Settlement Date, the Government of Karnataka shall not exercise its rights of set off or counterclaim (other than as contemplated in clause 3.7 of the State Support Agreement) under the State Support Agreement without the prior written consent of the Security Trustee, which consent shall not be unreasonably withheld.
- (k) The Government of Karnataka hereby confirms and agrees that it shall enter into a co-ordination arrangement with the Government of India for the purpose of coordinating the exercise of the rights by the Government of India under the Concession Agreement

and the exercise of the rights by the Government of Karnataka under the State Support Agreement, as the case may be (including with respect to the exercise by the Government of Karnataka and/or the Government of India of their respective rights to acquire all of the Company's rights, title and interest in and to the Airport).

(l) **[Intentionally Left Blank]**

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

(n) [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 Clause 33 of the State Support Agreement which provisions are incorporated herein by reference and made a part hereof as if such provisions were fully set forth herein]⁹

(o) The Secured Lenders have agreed to finance the Project on the terms and conditions contained in the Financing Agreements and the Security Trustee has agreed to enter into this Agreement with the Government of Karnataka in consideration of the grant of certain rights as enumerated herein. Further, Government of Karnataka's entering into this Agreement constitutes a private and commercial act and hence the Parties agree that the provisions of Clause 35 (Sovereign Immunity) of the State Support 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.

(p) This Agreement will terminate without further action by any party hereto on the date when the Security Trustee issues a notice to the Government of Karnataka that all the amounts due and payable to the Secured Parties have been paid in full and there are no outstanding obligations under the Financing Agreements or the date when a no-due certificate is issued to the Company by the Secured Parties, whichever is earlier (the "**Final Settlement Date**").

(q) This Agreement shall become effective from the date on which the State Support Agreement becomes effective in accordance with the terms thereof.

(r) In the event of inconsistency between the provisions of this Agreement and the State Support Agreement, the provisions of this Agreement shall prevail with respect to the matters set out herein.

(s) All notices to be issued under this Agreement to a Party shall be sent to the address specified in the preamble to this Agreement with respect to such Party.

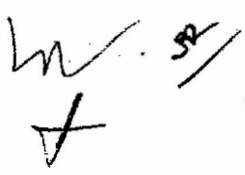
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

Signed and delivered by:

By: _____ -'--

Name:

^aThis Square bracketed portion shall reflect the understanding reached between Gol and the Lenders at or prior to Financial Close.



Title:

Signed and delivered by:

By: _____

Name:

Title:

Signed and delivered by:

By: _____

Name:

Title:

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Schedule 5

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 Devanahalli 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 1925m between the runways is allowed. This distance allows for a 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 100m, 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 8747 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.

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. A trumpet fly over is also proposed at the intersection of NH7 in order to avoid cross-traffic. The work on trumpet flyover shall be undertaken by NHAI or through a SPV. All roads within the Site will be constructed by BIAL.

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

From an aesthetic point of view landscaping along the approach road is proposed, to achieve the desired 'Garden City' image..

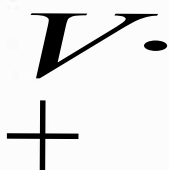
6 Air Traffic Control Tower

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 BESCO/ 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 on 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/PASystem
- Fire alarm & smoke detection
- Baggage conveyors
- Escalators, Elevators & automatic doors
- Counters for immigration, customs
- Passenger seating/public furniture

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- 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 WIP 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.

Schedule 6

Outline of Operation and Maintenance Plan

BIAL shall operate, manage, maintain and develop the Airport as follows:

Operations Plan

The objective is to ensure a timely and smooth airport opening as well as an efficient and successful airport operation from day one and beyond.

Both objectives require cooperation, coordination and communication on every level between

- airport operator
- Government authorities,
- aircraft operators
- handling agents
- concessionaires
- and other airport users

The operation plan program looks both at BIAL and at all other external parties operating at the new Bangalore International Airport, integrating all of them in an airport user forum.

It also focuses on the

- availability of facilities
- infrastructure
- systems
- operational procedures
- interfaces
- human resources

and their integration in the day-to-day operations.

The availability and readiness of the aforementioned factors form the main prerequisites for the timely opening of a functioning airport. The evaluation and monitoring of the airport's operational readiness inclusive of active trials form the key element of airport operations and are an important tool to fulfil the mission to deliver an efficient and competitive world-class airport to Bangalore and to India in [January 2007].

Maintenance Plan

BIAL and its subcontractors shall provide, operate, maintain, repair, renew, staff and supervise Facilities, Equipment and Services for Airport Operation according to an airport maintenance manual.

Maintenance items include:

- Airfield Pavements, Drainage, Pavement Markings, Signage, Airfield Lighting, land- and airside roads
- De-rubberizing of Runways, Cleaning of Airside Roads, Landscaping and irrigation
- Safety & Security Systems, Building Automation and Control Systems, Airport Systems
- Lifts, Escalators, Loading Bridges, A/C Stand Equipment, Baggage Systems, IT Systems
- Building Maintenance, Custodial Services, Pavements and Grounds Maintenance

- Facility handling including Architectural, Civil, Mechanical, Electrical, Cleaning of Facilities.
- HVAC, Utilities, Waste & Refuse Treatment/ Disposal, Sewage Treatment Plant
- Fire Service, Emergency Services, Trolley Services., Information & Help Desks

The **Airport Maintenance Manual** will include:

- Inventory of facilities, installations, buildings and premises
- Inspection Schedule (daily / monthly / quarterly/ yearly cycles)
- Periodic Routine Maintenance Schedule
- Repair Schedule and budget to implement the repair schedule
- Quality Assurance and Monitoring
- Establishment of Efficiency Standards
- Preparation of Preventive, Standard and Emergency Maintenance Procedures
- Coordination with 3rd party for Timing of Activities in tenant occupied Spaces
- maintenance Contracts Management & Computerized Work Order/ Reporting System

System Breakdown

- Primary System: Landing & Take off strips; Aprons, Terminal, Pax & Cargo Facilities
- Secondary Systems: Service Plants, Connections to external Sides
- Tertiary Systems: Commercial Areas & Tenants

The main goal of the optimization of the maintenance program will be scheduling and coordinating of maintenance and repair activities with the objective of achieving the most effective and efficient utilization of manpower, time, materials, tools and equipment. BIAL shall provide safe, comfortable, and efficient operations for Bangalore International Airport.

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Schedule 7

Settlement Amount

In the event the Settlement Amount becomes payable, the Settlement Amount shall be the aggregate of (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 Clause 19.3 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 GoK in accordance with Clause 4.3.3 and GoK opts not to take the same over as provided in Clause 19.4.2.

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Schedule BA
Base Amount Disbursement Request

From: Bangalore International Airport Limited

To: Government of Karnataka

Dated:

Dear Sirs

**State Financial Support under the State Support Agreement
dated [•]**

1 We wish to seek disbursement on the following terms:

Proposed Disbursement Date:[•] (or, if that is not a Business Day, the next Business Day)

Amount: Rupees[•]

2 We confirm that each condition specified in Clause 3.2 and each condition specified in Clause 3.5.1 is satisfied on the date of this Disbursement Request.

3 The details of the proposed utilisation by BIAL of the Base Amount being sought hereunder are enclosed.

4 The proceeds of this Disbursement Request should be credited to [account] at bank L__J.

5 This Base Amount Disbursement Request is irrevocable.

6 We confirm that we have submitted disbursement requests to the Lenders in the following amounts:

Lenders: Rs[•]

Base Amount Request: Rs [•]

Aggregate Request: Rs[•]

We confirm that the amount requested in this Base Amount Disbursement Request does not exceed [•] percent of the aggregate amount requested today from GoK and the Lenders.

Yours faithfully

authorised signatory for
Bangalore International Airport Limited

Schedule 8B
Contingent Amount Disbursement Request

From: Bangalore International Airport Limited

To: Government of Karnataka

Dated;

Dear Sirs

State Financial Support under the State Support Agreement dated [•]

1. We wish to seek disbursement on the following terms:

Proposed Disbursement Date: [•] {or, if that is not a Business Day, the next Business Day)

Amount: Rupees [•]

2. We confirm that each condition specified in Clause 3.2 and each condition specified in Clause 3.52 is satisfied on the date of this Disbursement Request.
3. The details of the proposed utilisation by BIAL of the Contingent Amount being sought hereunder are enclosed.
4. *[We confirm that the amount requested in this Contingent Amount Disbursement Request is towards creation of fixed assets and is made under sub-clause L_J of Clause 3.4.3, drawdown of which has been approved by the Board of Directors of BIAL in the meeting held on [Mention Date] at which at least one (1) nominee director of KSIIDC was present.]*

OR

4. *[We confirm that the amount requested in this Contingent Amount Disbursement Request is not towards creation of fixed assets and is made under sub-clause L_J of Clause 3.4.3, drawdown of which has been approved by the Board of Directors of BIAL in the meeting held on [Mention Date] at which at least one (1) nominee director of KSIIDC has cast an affirmative vote].* GoK has also approved this and copy of GoK's approval is enclosed/GoK is deemed to have approved.¹⁰
5. We further confirm that requirement of this amount has been approved by the Lenders. A copy of the Certification by the Lenders; Engineer is enclosed.
6. The proceeds of this Disbursement Request should be credited to [account] at bank L..J.
7. This Contingent Amount Disbursement Request is irrevocable.

¹⁰ Choose as applicable.

.Yours faithfully

.....
authorised signatory for
Bangalore International Airport Limited

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Schedule 9
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) strike, 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

(ii) the effect of, market conditions unless such market conditions were themselves caused by or were a result of a Force Majeure event.

And further provided that an act, event or circumstance referred to above which primarily affects a third party or third parties (including without limitation, the construction contractor or operator(s) of the Airport, or an affiliate of a Party) which prevents, impedes or delays a Party in the performance of its obligations, shall constitute Force Majeure hereunder as to such Party as appropriate if and to the extent that it is of a kind or character that, if it had happened to the Party wishing to rely on this Clause, would have come within the definition of Force Majeure under this Schedule 9.

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Schedule 10
Repayment Instalments

1. The outstanding State Financial Support shall be repayable in twenty (20) equal half-yearly instalments, the first such instalment becoming due and payable on the 30th of April in the eleventh (11th) Financial Year and the next on 31st October in the same year (30th of April and 31st October being the "**Reference Dates**"), with the remaining instalments each payable on each Reference Date falling thereafter. A Financial Year shall, for the purposes of this Schedule 10, commence on 1st April and end on 31st March of the following year.
2. The payment of Repayment Instalments as above shall be subject to re-payment of Debt for the Initial Phase, to the extent that it has become due and payable to Lenders for that Financial Year.
3. The Repayment Instalments 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 Karnataka or such other account as may be designated in writing from time to time by GoKtoBIAL
4. Notwithstanding anything mentioned above, BIAL shall comply with the provisions of Clauses 3.8, 3.9 or 3. 10.3, as the case may be.

Schedule 11
Performance Standards

IATA Global Airport Monitor Standards

The following criteria shall be measured on an annual basis in accordance with Clause 7.5. 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) Waiting areas/lounges;
- (xiii) Baggage delivery service;
- (xiv) Ground transportation to/from city;
- (xv) Parking facilities;
- (xvi) Sense of security; and
- (xvii) Ambience of airport.

Schedule 12

Completion Certificate

We refer to the State Support Agreement dated [] between the Governor of Karnataka acting through the Principal Secretary, Infrastructure Development Department of Government of Karnataka and Bangalore International Airport Limited (the "State Support Agreement"). All terms defined in the State Support Agreement shall have the same meaning herein.

We have been appointed by the Lenders to act as the Independent Engineer. We hereby issue this Completion Certificate in accordance with the requirements of Clause 4.5 of the State Support Agreement and confirm that the Airport complies with Clause 4.1 of the State Support Agreement.

Dated

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Annex 1 Master Plan

The Master Plan summarizes BIAL's vision for the Airport's development during the next 20 years. The vision will act as the basis for the integrated planning of aviation activities; land and commercial development, environmental management and land access. In providing a framework for future development, the Master Plan will retain flexibility in order to meet changing conditions associated with airport operations and regional developments. The Master Plan will be reviewed every five years to ensure that airport planning and development keeps abreast of future economic, commercial, environmental and technological changes.

Considering the development phases and the bandwidth of possible future traffic growths, a staggered development (indicative) in four main phases has been defined. The time horizon for the initial phase is 2006 and 2025 as the target year for the third phase of the Master Plan. These phases will be developed in steps according to the demand and the financial capabilities of BIAL. The actual investments will be made as and when approved by the BIAL Board. The fourth development phase is the vision envisaged for the airport with a parallel runway system.

PHASING

The airport is designed to grow according to the actual demand. The initiating of the phase follows the development of air traffic.

Phase 1 (Initial phase 2006-2010)

Runway	-1
Aircraft stands	13
Passenger boarding Bridges	3
Capacity of airport in mio passengers	4

Phase 2 (indicative 2011 - 2015)

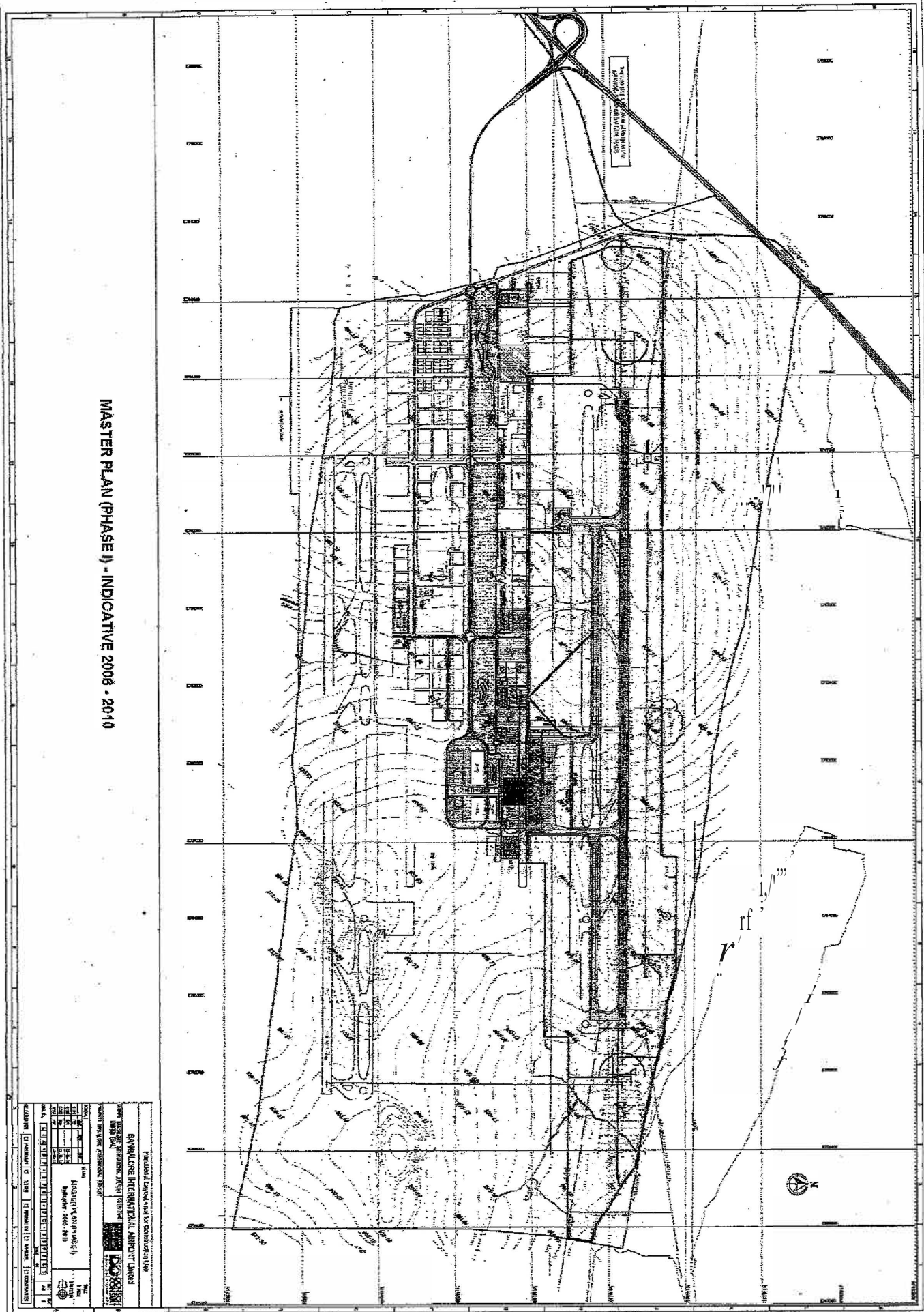
Aircraft stands	17
Capacity of airport in mio passengers	2

Phase 3 (indicative 2016 - 2025)

Aircraft stands	15
Capacity of airport in mio passengers	5

Phase 4: Vision (future) - the airport will have:

Runways	2
Aircraft stands	145
Capacity of airport in mio passengers	50

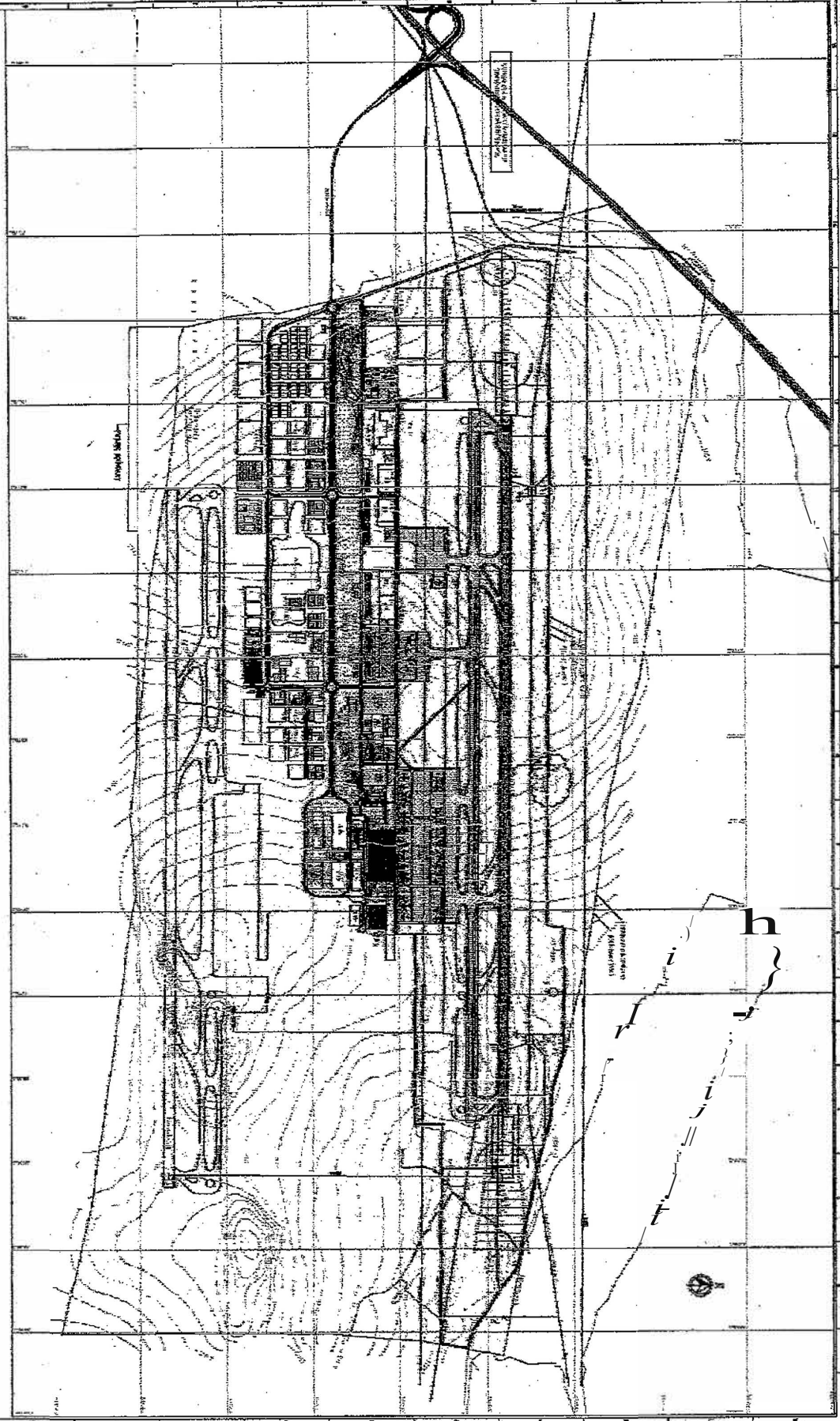


MASTER PLAN (PHASE I) - INDICATIVE 2008 - 2010

PROJECT TITLE: GAWAALORE INTERNATIONAL AIRPORT LAYOUT	
CLIENT: AIRPORT AUTHORITY OF INDIA	
SCALE: AS SHOWN	
DATE: 2008-2010	
DRAWN BY: ARCHITECT	
CHECKED BY: ARCHITECT	
APPROVED BY: ARCHITECT	
PROJECT NO: 123456	
SHEET NO: 1 OF 1	

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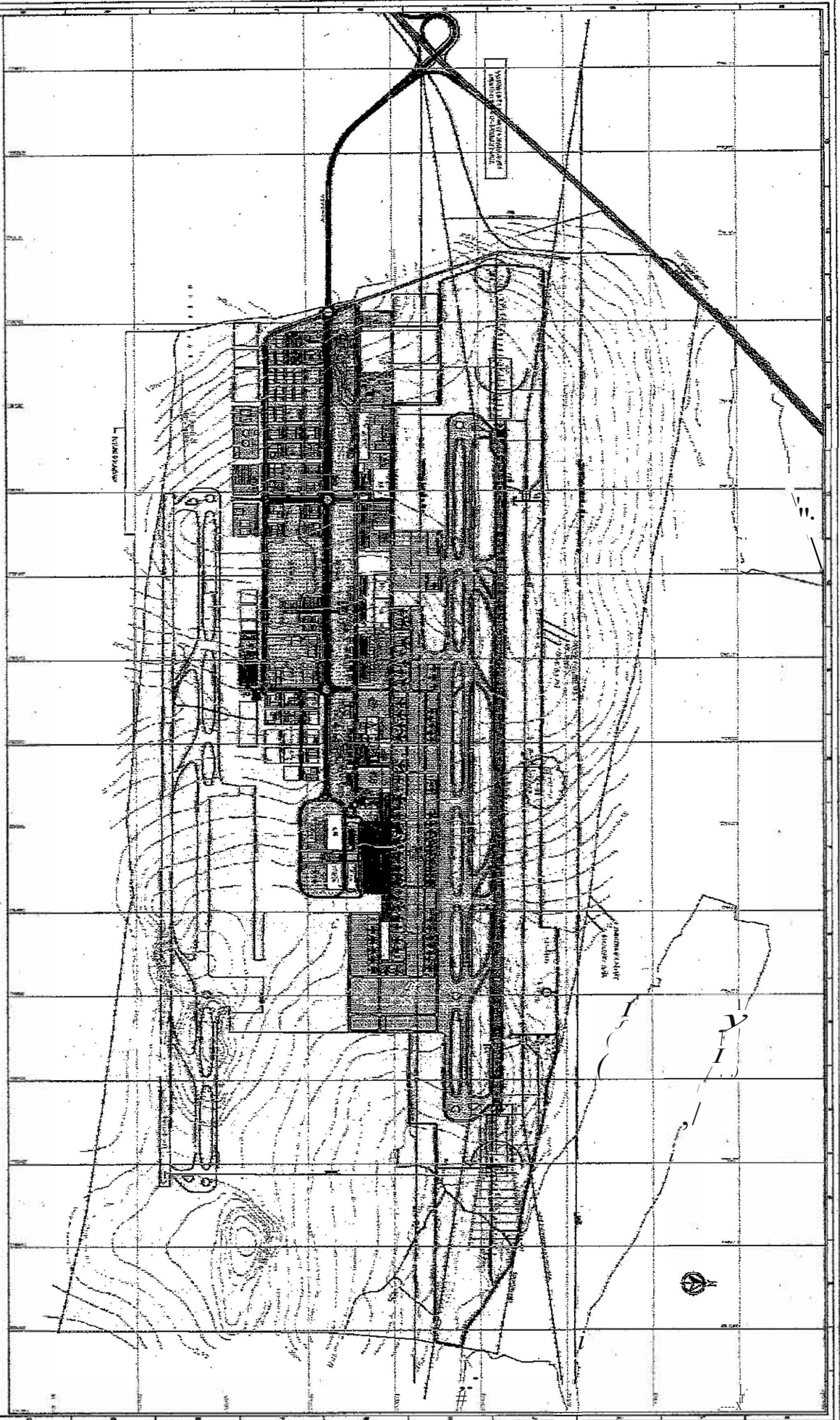
MASTER PLAN (PHASE II) - N O O A V E K i o o j i • E o i D



Cadastral map of the construction site	
PROJECT: AIRPORT TERMINAL, AIRPORT	
DATE: 1958	SCALE: 1:500
DESIGNER: [Name]	APPROVED: [Name]
DATE: 1958	SCALE: 1:500
DESIGNER: [Name]	APPROVED: [Name]

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MASTER PLAN PHASE III - INDICATIVE 2018 - 2025



Prepared by: BAKALONE INTERNATIONAL AIRPORT LTD Project: BAKALONE INTERNATIONAL AIRPORT Title: MASTER PLAN PHASE III - INDICATIVE 2018 - 2025	
Date: 15/01/2018 Scale: 1:1000 Drawing No: 01	Author: BAKALONE INTERNATIONAL AIRPORT LTD Checked: BAKALONE INTERNATIONAL AIRPORT LTD Approved: BAKALONE INTERNATIONAL AIRPORT LTD
Project No: BAKALONE INTERNATIONAL AIRPORT Drawing No: 01 Scale: 1:1000 Date: 15/01/2018	Author: BAKALONE INTERNATIONAL AIRPORT LTD Checked: BAKALONE INTERNATIONAL AIRPORT LTD Approved: BAKALONE INTERNATIONAL AIRPORT LTD

Handwritten signature and initials

Annex2

Form of Letter of Credit

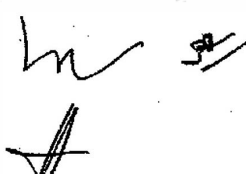
This Deed of Guarantee executed at ----- by State Bank of India having its Head/Registered office at -- ----- (hereinafter referred to as "the Guarantor") which expression shall unless it be repugnant to the subject or context thereof include its heirs, executors, administrators, successors and assigns;

In favour of

Bangalore International Airport Limited, a company registered under the Companies Act, 1956 having its registered office at 49, Race Course Road, Khanija Bha:van, Bangalore 560 001, hereinafter referred to as "BIAL", which expression shall unless it be repugnant to the subject or context thereof include its heirs, executors, administrators, successors and assigns;

Whereas,

- A. BIAL has been promoted by the Siemens Project Ventures GmbH {"**Siemens**"}, Flughafen Zuerich AG ("**Unique Zurich**") and Larsen & Toubro Limited ("L&T") (Siemens, Unique Zurich and L&T are hereinafter referred to as the "**Private Promoters**") and Kamataka State Industrial Investment and Development Corporation Limited ("**KSIIDC**") and the Airports Authority of India ("**AAI**") (KSIIDC and AAI are hereinafter referred to as the "**State Promoters**"), for undertaking the development, design, financing, construction, completion, maintenance, operation and management of an international airport t Devanahalli, near Bangalore, in the State of Kamataka (hereinafter referred to as the "**Project**").
- B. The Government of India and BIAL have entered into a Concession Agreement ("**Concession Agreement**") on July 5, 2004 wherein they have agreed the terms and conditions upon which the Project will be implemented.
- C. Following representations made by the Private Promoters during pre-detailed proposal stage of the bidding process, Government of Karnataka ("GoK") has agreed to provide financial support to improve the viability of the Project and enhance the bankability of the Initial Phase. GoK and BIAL have entered into the State Support Agreement (the "**State Support Agreement**" or "**SSA**") on the day of.... 2005, wherein it has agreed to provide to BIAL, inter-alia; a financial support being a sum not exceeding (i) Rs. 272,25,00,000.00 (Rupees Two hundred seventy two crores and twenty five lacs only) in respect of the Base Project Cost (hereinafter referred to as the "**Base Amount**"); and (ii) Rs. 77,75,00,000.00 (Rupees seventy seven crores and seventy five lacs only) in respect of the Contingent Project Cost; (hereinafter referred to as the "**Contingent Amount**"); (the Base Amount and the Contingent Amount are hereinafter collectively referred to as the "**State Financial Support**"); on the terms and conditions stated therein.



- D. The SSA requires GoK, to disburse the Base Amount, when a Base Amount Disbursement Request (as defined in the SSA) has been made under Clause 3.2 and Clause 3.5.1 of the SSA, as per an indicative drawdown schedule attached as Annex 3 to the SSA and reproduced hereto as Schedule IA (hereinafter referred to as the "Base Disbursement Schedule")
- E. The SSA requires GoK, to disburse the Contingent Amount, as and when a Contingent Amount Disbursement Request has been made under Clause 3.2 and Clause 3.5.2 of the SSA. Only for the purposes of this Guarantee, the indicative disbursement schedule for the Contingent Amount is annexed hereto as Schedule IB (hereinafter referred to as the "Contingent Disbursement Schedule"), and
- F. SSA requires GoK to provide, as a security for timely release of the State Support Amount, a guarantee issued by State Bank of India; favouring BIAL, in accordance with the terms and conditions specified therein

Now this Deed witnesseth that in consideration of the premises, We, the State Bank of India hereby guarantee as follows:

1. Definitions

In this Guarantee, unless the context otherwise requires the following terms shall have the following meanings: -

"Period" shall mean either Period-I, Period-II or Period-III as the context may admit.

"Period-I" shall mean a continuous period of 365 days starting from date of Financial Close.

"Period-II" shall mean a continuous period of 365 days starting from date immediately succeeding the last day of Period I

"Period-III" shall mean a continuous period of 365 days starting from date immediately succeeding the last day of Period II..

"Validity Period" shall have the meaning ascribed to it under clause 4.

"Disbursement Schedule", in respect of Base Amounts and the Contingent Amounts, or any parts thereof, shall mean; respectively, the Base Disbursement Schedule and the Contingent Disbursement Schedule as the case may be.

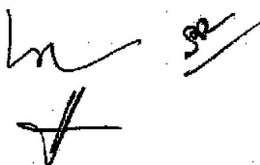
"Base Drawing Certificate" shall have the meaning ascribed to it under clause 5,

"Contingent Drawing Certificate" shall have the meaning ascribed to it under clause 5.

"Drawing Certificate" shall mean, the Base Drawing Certificate or the Contingent Drawing Certificate, as the context may admit.

"Certificate Date" shall have the meaning ascribed to it under clause 6

"Drawing Certificate Date" shall have the meaning ascribed to it under clause 6



"Proposed Disbursement Date" shall have the meaning ascribed to it under clause 7.

2. GOK shall pay to BIAL

- (a) the Base Amount as per the Base Amount Disbursement Request made by BIAL under Clause 3.2 and Clause 3.5.1 of the SSA and
- (b) the Contingent Amount as per the Contingent Amount Disbursement Request made by BIAL under Clause 3.2 and Clause 3.5.2 of the SSA.

3 In case of failure under Clause 2, during the Validity Period, we, the Guarantor, shall without demur, pay to BIAL,

- (i) an amount not exceeding Rs. 272,25,00,000.00 (Rupees two Hundred seventy two Crores and twenty five lacs only) in aggregate, in respect of the Base Amount, provided however, the Base Amounts payable and/or paid to BIAL, during any of the Periods, shall not in aggregate exceed the maximum amounts specified in respect of the Base Amount for such Period, under Schedule 1A, and
- (ii) an amount not exceeding Rs. 77,75,00,000.00 (Rupees seventy seven Crores and seventy five lacs only) in aggregate, in respect of the Contingent Amount, provided however, the Contingent Amounts payable and/or paid to BIAL, during any of the Periods, shall not in aggregate exceed the maximum amounts specified in respect of the Contingent Amount for such Period, under Schedule 1B.

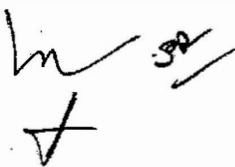
4. This Guarantee shall be valid and shall remain in force for a period of 36 (thirty six) months from Financial Close (as defined in the SSA), (hereinafter referred to as the "**Validity Period**"). Should the Airport Opening Date (as defined in the SSA) not occur within such thirty six (36) month period, the Parties shall mutually agree in writing the extension of this Guarantee, including the terms and conditions of such extension.

5. Subject to clause 3 and other conditions stated herein, during the Validity Period BIAL may:

- i. in respect of the Base Amount, draw under this Guarantee by presentment to the Guarantor; of the Base Drawing Certificate, (the "**Base Drawing Certificate**") in the form substantially similar to the one annexed hereto as Schedule 11A.
- ii. in respect of the Contingent Amount, draw under this Guarantee by presentment to the Guarantor; of the Contingent Drawing Certificate, (the "**Contingent Drawing Certificate**") in the form substantially similar to the one annexed hereto as Schedule 11B.

All demands for payment must be marked "Made under [Issuing Bank] Guarantee No. [] dated []". Presentation of such demands for payment must be made at the office of ----- or by fax to fax number -----, -----, Attention Branch Manager, provided such faxes have actually been received by us and are in legible form.

6. When presented for payment against this Guarantee, the Drawing Certificate must be dated (the "**Drawing Certificate Date**") the date of its presentation to the Guarantor, and; must be presented only on a Business Day. Any Drawing Certificate received after {-- time----} PM shall be treated as having been received on the next Business Day which shall be deemed to be the Drawing Certificate Date in respect of such Drawing Certificate. The Drawing Certificate must be on BIAL's letterhead and signed by a duly authorised officer of BIAL.



7. The Guarantor acknowledges that presentation of the Drawing Certificate constitutes sufficient demand and on presentation, the Guarantor shall honour the Drawing Certificate by irrevocably and unconditionally paying the amount demanded in the Drawing Certificate, provided it is in accordance with the Disbursement Schedule; to the account specified therein, on the disbursement date specified in the Drawing Certificate, (the "**Proposed Disbursement Date**") which shall not be earlier than 72 hours from the Drawing Certificate Date.
8. In order to give effect to this Guarantee, BIAL shall be entitled to treat the Guarantor as the principal debtor and the obligations of the Guarantor shall not be affected by any variations in the terms and conditions of the SSA or other documents by BIAL or any postponement for any time of the power exercisable by BIAL against GoK or forbearance or enforcement any of the terms and conditions of the SSA and we shall not be relieved from our obligations under this Guarantee on account of any such extension, forbearance or omission on the part of BIAL or any indulgence by BIAL to GoK to give such matter or thing whatsoever which under the law relating to sureties would but for this provision have effect of so relieving us.
9. This Guarantee shall be irrevocable and shall remain in full force and effect until all our obligations under this Guarantee are duly discharged or expiry of the Validity Period, whichever is later.
10. The Guarantor has power to issue this guarantee and the undersigned is duly authorised to execute this Guarantee pursuant to the power granted under _____

In Witness whereof the Guarantor has set its hands hereunto on the day, month and year first hereinabove written.

Signed and Delivered, by _____ Bank by the hand of Shri - ----'--- _____ its
 __ and _____ authorised _____ office

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7 *90*

Schedule 1- Disbursement Schedule

Schedule IA - Base Disbursement Schedule

Indicate disbursement schedule in respect of the Base Amount, as specified in SSA, is as under:

Period	Maximum Amounts payable under the Base Guarantee
During Period-I.	Rs. 100,00,00,000.00 (Rupees One Hundred Crores only) ¹¹
During Period-II	Rs. 200,00,00,000.00 (Rupees Two Hundred Crores only) ¹² as reduced by the Base Amount disbursed to BIAL during Period-I
During Period-III	Rs. 272,25,00,000.00 (Rupees Two Hundred and Seventy Two Crores and Twenty Five Lakhs only) as reduced by the Base Amount disbursed to BIAL during Period-I & Period-II

¹¹ Actual amounts will be based on the draw down schedule finalized at or prior to FC.

¹² Actual amounts will be based on the draw down schedule finalized at or prior to FC.

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Schedule 1B- Contingent Disbursement Schedule

Tentative disbursement schedule in respect of the Contingent Amount, as specified under this Guarantee, is as under: -

Period	Maximum Amounts payable under the Contingent Guarantee
During Period-I	Rs. 4,00,00,000 (Rupees Forty Crores only)
During Period-II	Rs. 77,75,00,000 (Rupees Seventy Seven Crores and Seventy Five Lakhs only) as reduced by the Contingent Amount disbursed to BIAL during Period-I
During Period-III	Rs. 77,75,00,000.00 (Rupees Seventy Seven Crores and seventy five lacs only) as reduced by the Contingent Amount disbursed to BIAL during Period-I & Period-II

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Schedule IIA- Format of Base Drawing Certificate

To

[Name of the Guarantor Bank]

{Address}

Attention: []

Reference: Made under [Issuing Bank] Guarantee No. [] dated []

Drawing Certificate Date: [] (must be a Business Day)

The undersigned hereby draws on Made under [Issuing Bank] Guarantee No. [] dated [], (the "**Guarantee**") issued by you to ourselves by order and ----- . Any capitalized term used but not defined in this Drawing Certificate shall, unless otherwise stated, have the meaning assigned to it in the Guarantee.

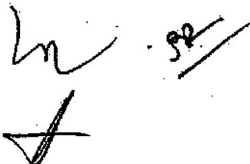
The amount proposed to be drawn under this Base Drawing Certificate is Rs. [] and the Disbursement Date is: [] (or, if that is not a Business Day, the next Business Day)

The undersigned, a duly authorised officer of BIAL, hereby certifies in connection with this Base Drawing Certificate that:

1. The duly certified and signed copy of the Base Amount Disbursement Request dated [] alongwith any annexures attached thereto, issued, in accordance with Clause 3.2 and Clause 3.5.1 of SSA, by us to GoK is attached (**Attachment I**) herewith.
2. GoK has not released the Base Amount requested in the Base Amount Disbursement Request as per the terms of the SSA
3. Duly certified copy(s) of the Authorisation signed by ----- for the attached Base Amount Disbursement Request and; {Attachment U), by ---, for this Base Drawing Certificate (Attachment U) and document evidencing the power of signatory of the drawing certificate (**Attachment IV**) are attached herewith.
4. The proceeds of this Disbursement Request should be credited to [account] at bank [___].

Yours faithfully
Authorised signatory
Attachments:

- Attachment I
- Attachment II
- Attachment H
- Attachment IV

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Schedule 118- Format of Contingent Drawing Certificate

To

[Name of the Guarantor Bank]

[Address]

Attention: []

Reference: Made under [Is uing Bank] Guarantee No. [] dated []

Drawing Certificate Date:[•] (must be a Business Day}

The undersigned hereby draws on Made under Tissing B;ink] Guarantee No. [] dated (), (the "**Guarantee**") issued by you to ourselves **by** order and ----- . Any capitalised term used but not defined in this Drawing Certificate shall, unless otherwise stated, have the meaning .. assigned to it in the Guarantee.

The amount proposed to be drawn under this Contingent Drawing Certificate is Rs. [•] and the DisbursementOate is:[•] (or. if that is not a Busines_s Day, the next Business Day)

The undersigned, a duly authorised officer of BIAL, hereby certifies in connection with this Contingent Drawing Certificate that:

1. The duly certified and signed copy of the Contingent Amount Disbursement Request dated [•J alongwith any annexures attached thereto, issued, in accordance with Clause 3.2 and Clause 3.5.2 of SSA, by us to GoK is attached (**Attachment I**) herewith.
2. GoK has not released the Contingent Amount requested in the Contingent Amount Disbursement Request as per the terms of the SSA .
3. Duly certified copy(s) of the Authorisation signed by ----, for the attached Contingent Amount Disoursement Request and; (**Attachment II**), by ----, for this Contingent Drawing Certificate (**Attachment H**) and document evidencing the power of signatory of the drawing certificate (**Attachment IV**) are attached herewith.
4. The proceeds of this Disbursement Request sh_ould be credited to [account] at bank [__J.

Yours faithfully

Authorised signatory

Attachments:

- Attachment I
- Attachment II
- Attachment III
- Attachment IV.

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Annex3.
State Financial Support Drawdown Schedule

The indicative Schedule for Drawdown of State Financial Support based on the Base Case Business Plan is given herein below. The actual drawdown will be as per requirement and the progress made during the Construction Phase.

1. The Base Amount will be drawn-down pro-rata with Equity and Debt.

Drawdown of Base Amount:

Drawdown No.	Drawdown date ¹³	Amount (Rupees in Million)
1	On signing of Financing Agreements by BIAL and the Lenders (March 1, 2005)	512.5
2	The first day of the beginning of the calendar quarter immediately following the 1 st drawdown date (June 1, 2005)	127.5
3	Three months from 2 nd drawdown (September 1, 2005)	164.7
4	Three months from 3 rd drawdown (December 1, 2005)	303.9
5	Three months from 4 th drawdown (March 1, 2006)	307.4
6	Three months from 5 th drawdown (June 1, 2006)	472.7
7	Three months from 6 th drawdown (September 1, 2006)	411.4
8	Three months from 7 th drawdown (December 1, 2006)	187.4
9	Three months from 8 th drawdown (March 1, 2007)	134.3
10	Three months from 9 th drawdown (June 1, 2007)	29.4
11	Three months from 10 th drawdown (September 1, 2007)	71.2
12	Three months from 11 th drawdown (December 1, 2007)	0
	Total Base Amount	2722.5

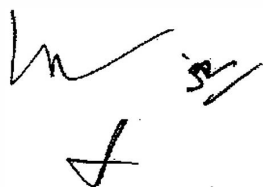
The Contingent Amount subject to a ceiling of Rs 777.5 million will be drawn-down as and when required by BIAL subject to Clause 3.4 and 3.5 of the State Support Agreement.

¹³The dates will be replaced as per the final Financial Model approved by the lenders for Financial Close

¹⁴The amounts in brackets will be replaced as per the final Financial Model approved by the lenders for Financial Close

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