

50 Rs.



Date : 29-09-2003 Serial No : 10,242 Denomination : 50

Purchased By :

For Whom :

B.L.RAO

M/S.G M R INFRASTRUCTURE LTD

S/O.B.PENTAIHAH

HYD

R/O.HYD

Sar
Sub Registrar
Ex.Officio Stamp Vendor
S.R.O. S.R.NAGAR

SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT is made at Hyderabad, on this 30th day of September, 2003 by and among:

- A. THE GOVERNOR OF ANDHRA PRADESH**, exercising the executive powers of the Government of the State of Andhra Pradesh through the Transport, Roads & Buildings (Ports) Department, having its office at J-Block, Andhra Pradesh Secretariat, Hyderabad – 500 022, India, duly authorised in this behalf vide C. No. 6786/P1/2002 dated September 39, 2003 (hereinafter referred to as “GoAP” which expression shall, unless repugnant to the context or meaning thereof, mean and include its representatives, successors and permitted assigns);
- B. AIRPORTS AUTHORITY OF INDIA**, a body corporate incorporated pursuant to the Airports Authority of India Act, 1994, having its corporate office at Rajiv Gandhi Bhavan, Safdarjung Airport, New Delhi – 110003, India (hereinafter referred to as “AAI” which expression shall, unless repugnant to the context or meaning thereof, mean and include its representatives, successors and permitted assigns);
- C. GMR INFRASTRUCTURE LIMITED**, a company incorporated in Hyderabad, India under the Companies Act, 1956, having its registered office at, 6-3-866/1/G3, Green Lands, Begumpet Hyderabad, India and having its principal office at 25/1, SKIP House, Museum Road, Bangalore 560 025, India (hereinafter referred to as “GMR” which expression shall, unless repugnant to the context or meaning thereof, mean and include its representatives, successors and permitted assigns);
- D. MALAYSIA AIRPORTS HOLDINGS BERHAD**, a company incorporated in Malaysia under the laws of Malaysia and having its principal office at Head Office MAB, Sultan Abdul Aziz Shah Airport, 47200 Subang, Selangor Darul Eshan, Malaysia (hereinafter referred to as

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"MAHB" which expression shall, unless repugnant to the context or meaning thereof, mean and include its representatives, successors and permitted assigns); and

- E. **HYDERABAD INTERNATIONAL AIRPORT LIMITED**, a company incorporated under the laws of India and having its registered office at J-Block, Andhra Pradesh Secretariat, Hyderabad - 500 022, India, Hyderabad, India, as per details contained in Schedule 1 (hereinafter referred to as "**HIAL**" which expression shall, unless repugnant to the context or meaning thereof, mean and include its representatives, successors and permitted assigns).

RECITALS

- A. The Government of India as part of its policy to encourage private sector participation in the development of airport infrastructure has granted its approval and support for the development of a Greenfield airport, with private sector participation, at Shamshabad, near Hyderabad in the State of Andhra Pradesh, India. The Government of India has to this end by its letter dated 29 May 2000 addressed to GoAP confirmed that the existing airport at Begumpet, Hyderabad shall be closed for all civil operations. GoAP and the Government of India through AAI have entered into a Memorandum of Understanding dated 23 November 2000 for the development of the Airport.
- B. In December 1999, the Government of Andhra Pradesh invited bids for the airport project at Hyderabad through private financing on a joint venture basis. Following an international competitive bidding process the GMR-MAHB Consortium has been selected as a developer ("**the Developer**") to design, finance, build, operate and maintain the Airport as defined hereinafter on a Build, Own, and Operate basis.
- C. The Government of Andhra Pradesh has authorised Transport Roads & Building (Ports) Department to be the nodal agency for undertaking all activities towards development of the Airport, and the Government of India represented by Ministry of Civil Aviation has similarly authorised and vested AAI with necessary powers to participate in the development of the Airport.

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- D. The Project is of prime importance to the State of Andhra Pradesh, and the Government of Andhra Pradesh as part of its policy to encourage and provide industrial development, tourism, passenger, cargo movement and the general economic and social development of the State of Andhra Pradesh has granted approval for the development of a Greenfield Airport and the provision of financial support to assist the Project. The Government of Andhra Pradesh has issued a notification G.O. MS No. 130 dated 26 July 2003 appointing the GMR-MAHB Consortium as the developer of the Project.
- E. HIAL will be entering into a Concession Agreement with the GOI ("**the Concession Agreement**") whereby HIAL will be granted the concession to implement and operate the Project on an exclusive basis.
- F. The Project is feasible only with State Support (as defined hereinafter) of the Government of Andhra Pradesh, and both the Government of India and the Government of Andhra Pradesh have agreed and accepted that implementation and operation of the Project and its facilities requires extensive and continued support and actions and grant of certain rights and authorities by the Government of Andhra Pradesh which are prerequisites to the mobilisation of resources (including financial resources) by HIAL and the performance of HIAL's obligations under the Concession Agreement, and therefore, the Government of Andhra Pradesh has agreed to provide the State Support and for this purpose will enter into the State Support Agreement with HIAL.
- G. In order to facilitate the implementation of the Project, Hyderabad International Airport Limited ("**HIAL**" herein) has been incorporated in the State of Andhra Pradesh as a limited liability company, which will design, finance, build, operate and maintain the Airport as defined hereinafter on a Build, Own, and Operate basis ("**the Project**") and undertake the Business. GMR, MAHB, the Government of Andhra Pradesh through Transport Roads & Building (Ports) Department, and AAI will become shareholders of HIAL upon execution of this Agreement. The Parties recognise that the Airports Authority of India Act, 1994, has been amended by the Airports Authority of India (Amendment) Act 2003 to enable private sector participation in implementing and operating airports.
- H. GoAP, AAI, GMR and MAHB desire to record herein their agreement on the structure, scope, management and operation of HIAL and wish to set forth their respective rights, obligations and relationship as shareholders and joint venture partners inter se, which are subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants of the Parties, the sufficiency whereof is hereby acknowledged and other good valuable consideration, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

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

"**AAI Equity Cap**" means the maximum Capital Contribution of AAI, not exceeding the lower of (i) an amount of Rs. 500,000,000 (Rupees Five Hundred million), or (ii) an amount which corresponds with 13% Shareholding Percentage on a fully diluted and fully converted basis.

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

“**Affiliate**” shall mean with respect to any person (“subject person”), any other person which, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the subject person. A person controls another person when it owns or controls directly or indirectly majority of the equity share capital issued and outstanding of said other person.

“**Agreement**” means this Shareholders Agreement with any written modifications, including all schedules and annexes, attached hereto.

“**Airport**” means the Greenfield international airport to be constructed and operated by HIAL at Shamshabad near Hyderabad, Andhra Pradesh, India and includes all its buildings, equipment, facilities and systems and includes without limitation, where the circumstances so require, any expansion thereof from time to time.

“**Annual Budget**” means estimated cost of carrying out an Annual Business Plan as approved by the Board.

“**Annual Business Plan**” means the business plan of HIAL for each Financial Year as approved by the Board.

“**Board**” or “**Board of Directors**” shall mean the board of directors of HIAL from time to time.

“**Business**” means the implementation of the Project, carrying out aeronautical and non-aeronautical and airport-centric business/ activities and/or participation in and/or undertaking allied activities/investments and/or related business.

“**Business Day**” means a day on which banks generally are open for transaction of normal banking business in Mumbai or Hyderabad, India, and the term “**Business Days**” shall be construed accordingly.

“**Business Plan**” means HIAL’s five (5) year business plan approved by the Board from time to time including the First Business Plan. The terms of the Business Plan may be modified by the Board from time to time.

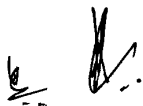
“**Capital Commitment**” means the aggregate amount determined on the basis of Project cost at Financial Close and committed to be invested in proportion to their respective Shareholding Percentages by each of the Investors in the Shares of HIAL, and in case of transfer of Shares by GMR to Other Investor the Capital Commitment of GMR will to the extent of transfer of the Shareholding Percentage become the Capital Commitment of such Other Investor.

“**Capital Contributions**” means the amount payable for subscription to the Shares by each Investor based on its Capital Commitment in accordance with the Capital Contribution Plan.

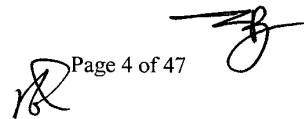
“**Capital Contribution Plan**” means the program, pursuant to which the Investors will subscribe to the Shares to meet Capital Commitment, as decided by the Board prior to the Financial Close, and as may be amended by the Board from time to time to meet the additional financing requirements.

“**Cash Call**” means any request for payment of cash made by HIAL to the Shareholders under the relevant Capital Contribution Plan in compliance with their Capital Commitment and/or the provisions of this Agreement.

“**Chairman**” shall mean the chairman of the Board elected in accordance with Clause 5.2.



Page 4 of 47



“**Civil Aviation Activity**” means all civil aviation activity, scheduled, and non-scheduled, and chartered whether it be international, regional, domestic and/or local air service for passenger, cargo, mail, courier and other traffic and all aviation related services such as engineering, maintenance, ground support and services, aviation training, aviation teaching and tuition purposes.

“**Closing Date**” shall mean the date on which the first of the Capital Contributions as per the Capital Contribution Plan is made by the Investors after fulfilment of the conditions specified in Clause 2.2.

“**Commercial Operations**” means the commencement of commercial operations of the Airport.

“**Commercial Operations Date**” means the date on which commencement of Commercial Operations of the Airport occurs.

“**Charter Documents**” means the Memorandum of Association and the Articles of Association of HIAL.

“**Concession Agreement**” means the concession agreement to be signed and entered into by and between the Government of India and HIAL in respect of the Project as may be amended from time to time.

“**Deed of Adherence**” means a deed of adherence substantially in the form set out in Schedule 2A, 2B or 2C as applicable.

“**Detailed Project Report**” means the detailed project report to be prepared by the Developer on the basis of the detailed proposal submitted by the Developer to GoAP principally for the phase I of the Project, and to be agreed between the Shareholders of HIAL and adopted by the Board.

“**Development Budget**” shall have the meaning given in Clause 8.1.

“**Development Cost**” shall mean the development costs of the Project incurred before Financial Close.

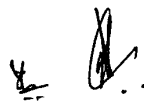
“**Director(s)**” means the director(s) for the time being of HIAL.

“**Fair Market Value**” means the value of Shares calculated using the valuation mechanism mentioned in Schedule 3.

“**Financial Close**” means the date on which the Financing Agreements, equity documents (if any) and documents in respect of debt, if any, have become effective and HIAL has access to first draw down of funds committed thereunder.

“**Financial Year**” means a financial year of HIAL, which shall be the period commencing on 1st April and ending on 31st March, or a part thereof.

“**Financing Agreements**” means, collectively, the agreements, instruments and other documents, entered into by HIAL and the Lenders under which debt funding is extended to HIAL. The term Financing Agreement shall not include this Agreement or any other agreement by or under which GoAP agrees to advance the GoAP financial support to HIAL.



“**First Business Plan**” means the first five (5) year Business Plan approved by the Board and adopted by HIAL.

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

“**GMR-MAHB Consortium**” means the consortium of GMR and MAHB.

“**GoI**” means the Government of India including any department, ministry, authority, board, agency or other instrumentality of GoI and their respective successors having duly constituted authority under any applicable statutes, rules and regulations in force from time to time.

“**GoAP**” means the Government of Andhra Pradesh including any department, ministry, authority, board, agency or other instrumentality of GoAP including their respective successors and assigns having duly constituted authority under any applicable statutes, rules and regulations in force from time to time.

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

“**Governmental Authority**” means the GoI, GoAP, or any central or state government or governmental department, commission, board, body, bureau, agency, regulatory authority or any companies owned by GoI and/or GoAP, instrumentality, court or other judicial or administrative body, central, state, or local having jurisdiction over the Parties, the Airport and/or facilities or any portion thereof, or performance or all or any of the service or obligations of the Parties under or pursuant to this Agreement, and includes the Reserve Bank of India.

“**Investors**” means the State Promoters, Sponsors and the Other Investors, as the case maybe, and “**Investor**” means any one of the Investors individually.

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

“**IPO Date**” means the date on which an IPO is consummated.

“**Land**” means contiguous, unencumbered and unobstructed land measuring around five thousand (5,000) acres as more fully described in the Land Lease Agreement on, under or over which the Airport is to be constructed.

“**Land Lease Agreement**” means the document and/or instrument entered into or to be entered into pursuant to which GoAP has or shall grant to HIAL leasehold title in the Land.

“**Law**” means all relevant laws in force and effect as of the date hereof and which may be promulgated or brought into force and effect hereinafter in India, including rules, regulations, delegated legislation, administrative orders, judgements, decrees, directives, injunctions, writs or orders of court, as may be in force and effect during the subsistence of this Agreement.

“**Lenders**” means financial institutions, banks, funds, leasing companies or trusts who provide or refinance the debt component of the cost of the Project (including guarantees, risk, participation facility, hedges, take-out facility and other forms of credit enhancement) and includes subscribers to trustee for the holders of debentures/bonds or other securities issued by HIAL to meet the cost of the Airport.

“**Lien**” means any mortgage, pledge, deed of trust, hypothecation, right of others, claim, security interest, encumbrance, burden, title defect, title retention agreement, lease, sublease, license, occupancy agreement, easement, covenant, condition, encroachment, voting trust agreement, interest, option, right of first offer, negotiation or refusal, proxy, lien, charge, lis pendens or other restrictions or limitations of any nature whatsoever, including but not limited to such Liens as may arise under any contract.

“**Listing**” means the listing of the Shares of HIAL on a recognised stock exchange in accordance with Clause 7.

“**Lock-in Period**” has the meaning ascribed thereto in Clause 6.1.

“**MAHB Equity Cap**” means the maximum Capital Contribution of MAHB, not exceeding the lower of (i) an amount of Indian Rupee equivalent of United States Dollars 10 million unless otherwise agreed to be increased by MAHB, or (ii) an amount which corresponds with 11% Shareholding Percentage on a fully diluted and fully converted basis.

“**Master Plan**” means the plan defining the layout of the Airport installations within the Land boundary for Phases I to IV of the Project, to be prepared by the Developer on the basis of the detailed proposal submitted by the Developer to GoAP and to be agreed between the Shareholders of HIAL and adopted by HIAL.

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

“**Million**” or “**million**” means 1,000,000.

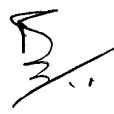
“**Non-Recourse Project Financing**” means debt finance provided to HIAL by Lenders on the basis that recourse of such Lenders to HIAL shall be solely to the assets of HIAL but not to its Shareholders.

“**Other Investors**” means the persons who may hold Shares pursuant to the provisions of this Agreement, and who are bonafide and reputable person(s).

“**Parties**” shall mean GoAP, AAI, GMR, MAHB and HIAL where the context so permits, and each referred to individually as “**Party**”.

“**Performance Guarantee**” means a bank guarantee provided by GMR to GoAP for due performance of obligations relating to Project development from a scheduled bank for an amount of Rs. 50,000,000 (Rupees Fifty million).

“**Pre-Closing Date Development Costs**” means all direct external and internal costs incurred by the Sponsors, State Promoters or their respective Affiliates, until the Closing Date, for the design, engineering and development of the Project, including but not limited to costs of engineering and design studies, air traffic studies, engaging advisors and/or consultants and other third parties for the same, entering into the Project Agreements and the Financing Agreements, excluding all costs of Parties relating to (i) acquiring an interest in the Project before selection of the Sponsors as preferred bidder; (ii) entering into this Agreement; and (iii) all legal, travel and overhead costs incurred by the Parties in respect of (i) and (ii) herein. To qualify as a Pre-Closing Date Development Cost, each item of cost will be audited and approved as a Pre-Closing Date Development Cost by an audit firm / consultant approved by the Parties. The Pre-Closing Date Development Costs shall include the costs and expenses incurred pursuant to the Development Budget.



“**Project**” shall have the meaning assigned to in Recital G.

“**Project Agreements**” means collectively this Agreement, the Concession Agreement, the State Support Agreement, engineering, procurement and construction agreements, the operations and management agreements, the Land Lease Agreement, communication and navigation services and air traffic management agreements, to be entered into by HIAL in connection with the Project and as may be amended from time to time.

“**RBI**” means the Reserve Bank of India.

“**Reserved Matters**” means the matters listed in **Schedule 4**.

“**Rs**” and “**Rupees**” means the lawful currency of India.

“**Secretary**” means the Company Secretary of HIAL.

“**Shares**” means equity shares of the nominal value of Rs 10 each in the capital of HIAL, or preference shares or such other form or class of shares available for issue by HIAL under the Act.

“**Shareholder**” means any person who holds Shares.

“**Shareholding Percentage**” means the percentage of the paid-up equity share capital of HIAL held or to be held by each Investor in accordance with this Agreement.

“**Sponsors**” shall mean GMR and MAHB and their respective successors and permitted assigns, provided that only for the purposes of Clause 4.7, Sponsor shall include the Other Investors and/or their respective successors and permitted assigns.

“**State Promoters**” means GoAP and AAI and their respective successors and permitted assigns.

“**State Support**” means the grant and/or provision of support and assistance as set out in the State Support Agreement.

“**State Support Agreement**” means the agreement entered into or to be entered into between the GoAP and HIAL setting out the extent, scope and terms for the provision by GoAP of the State Support to HIAL.

1.2 Interpretation

- (a) For the purpose of this Agreement, where the context so admits, (i) the singular shall be deemed to include the plural and vice-versa, (ii) masculine gender shall be deemed to include the feminine gender and vice-versa, and (iii) the word “include” and “including” shall be construed without limitation.
- (b) Any reference to month shall mean a reference to a calendar month.
- (c) References to Clauses, Recitals or Schedules are references to clauses and recitals of and schedules to this Agreement. The Schedules shall form part of this Agreement.
- (d) The headings and sub-headings are inserted for convenience only and shall not affect the construction and interpretation of this Agreement.

Page 8 of 47

- (e) In addition to the terms defined in Clause 1.1, certain other capitalized terms are defined elsewhere in this Agreement and whenever such terms are used in this Agreement they shall have their respective defined meanings, unless the context expressly or by necessary implication otherwise requires.
- (f) References to a “*person*” shall, where the context so admits, include references to natural persons, partnership firms, companies, bodies corporate and associations, whether incorporated or not or any other organisation or entity including any governmental or political subdivision, ministry, department or agency thereof;
- (g) Any reference herein to a statutory provision shall include such provision, as is in force for the time being and as from time to time, amended or re-enacted in so far as such amendment or re-enactment is capable of applying to any transactions covered by this Agreement. Any references to an enactment include references to any subordinate legislation made under that enactment and any amendment to, or replacement of, that enactment or subordinate legislation. Any references to a rule or procedure include references to any amendment or replacement of that rule or procedure.
- (h) No applicable Government Approval shall be treated as having been “granted” for the purposes of this Agreement unless such applicable Government Approval has been finally granted or issued by the relevant Government Authority, such grant not being subject to any judicial proceedings or appeal.

1.3 Overriding Effect

The Parties agree and confirm that this Agreement supersedes all previous agreements or documents or arrangements between the Parties with respect to the subject matter of this Agreement and shall be binding upon them in supercession of those agreements.

The Parties agree that the Charter Documents shall as far as possible, incorporate and reflect the stipulations contained in this Agreement and the Parties will for this purpose take all steps necessary and required on or before the Financial Close and at all times so as to cause HIAL to ensure the same.

The Parties agree that their rights and obligations in the joint venture including operation, control and management of HIAL shall be interpreted, acted upon and governed in accordance with the terms and conditions of this Agreement, and that as between them, this Agreement shall govern their contractual relationship, and that this Agreement shall have an overriding effect notwithstanding anything contained in any other document or agreement(s) including the Charter Documents.

In the event of any ambiguity or inconsistency between this Agreement and the Charter Documents or any other document, this Agreement will prevail, and such ambiguity/inconsistency will be removed (and the Parties shall so endeavour) to the extent permissible, by carrying out necessary modifications to the Charter Documents or other relevant documents as the case may be, to ensure that the same are in conformity with the provisions of this Agreement.

1.4 Exercise of Rights

Each of the Parties hereby agrees that it shall ensure that it, its duly authorised representatives, proxies and/or agents representing it at a Board or a Shareholders meeting of

HIAL, shall exercise its votes in such a manner as to comply with and to fully implement the provisions of this Agreement.

Each Party undertakes to act reasonably and in good faith towards each other in the exercise of their rights and discharge of their obligations hereunder with regard to the objectives of HIAL.

For the purposes of determining Shareholding Percentages held by an Investor and determination of rights available under this Agreement, the Shares held by Affiliate(s) of such Investor shall be taken into consideration.

The Affiliate(s) of the Investors holding Shares shall exercise all their rights under this Agreement through the Investor who's Affiliate they respectively are.

2. CONDITIONS PRECEDENT

2.1 Initial Investment

- (a) GoAP represents that it presently owns 50,000 fully paid up equity Shares of HIAL comprising the entire paid up share capital of HIAL.
- (b) Upon the execution of this Agreement, GoAP shall cause its nominees to transfer at par value of Rupees 10 each, 37,000 fully paid up equity Shares of HIAL to GMR, and 6,500 fully paid up equity Shares to AAI, and GMR and AAI hereby agree to purchase the same. Further, within a reasonable period, HIAL will issue and allot at par value on a preferential allotment basis 6460 number of equity Shares to MAHB, 1135 equity Shares each to GoAP and AAI, and each of MAHB, GoAP and AAI agree to subscribe to and acquire the same. Upon the completion of the sale and purchase of Shares and the issue and allotment of the Shares, the respective Shareholding Percentages of the Investors shall conform to Clause 4.2.
- (c) Simultaneously, with the issue and allotment of the Shares as stated above, the Board of HIAL shall also be reconstituted in accordance with Clause 5.1.
- (d) In case of termination of the Agreement pursuant to Clause 2.3, the Sponsors shall sell within sixty (60) days of such termination, their entire shareholding to GoAP, and GoAP shall purchase the Sponsor's shareholding, at par value, and simultaneously with such transfer, the Directors nominated by the Sponsors on the Board will tender their resignation with effect from the date of such transfer.

2.2 Conditions to Capital Contribution

The obligation of each Investor to make first Capital Contribution as per the Capital Contribution Plan is subject to the satisfaction or waiver of the following conditions:

- (a) Preparation and finalisation of the Detailed Project Report for a financially viable Project;
- (b) Completion of the Land acquisition by GoAP, execution of the Land Lease Agreement between GoAP and HIAL, and handing over possession of the Land by GoAP to HIAL in accordance with the Land Lease Agreement;
- (c) Finalisation of the Capital Contribution Plan and First Business Plan;
- (d) Execution of the following Project Agreements: the Concession Agreement, the State Support Agreement, engineering, procurement and construction agreements, the

- Land Lease Agreement, communication and navigation services and air traffic management agreement, and the Financing Agreements;
- (e) Receipt of all relevant Governmental Approvals necessary for the commencement of construction of the Airport;
 - (f) Achievement of the Financial Close;
 - (g) Modification of the Charter Documents in a form and manner mutually agreed by the Investors to reflect the terms of this Agreement; and
 - (h) Receipt by Other Investors of RBI approval, if required, for investments in HIAL.

The Parties further agree that any subsequent Capital Contribution shall be made subject to the satisfaction or waiver of those conditions set out above that have not been satisfied prior to such Capital Contribution.

2.3 Reasonable Endeavours

- (a) Each of the Parties will use reasonable endeavours to procure satisfaction of the conditions precedent set out in Clause 2.2.
- (b) The Parties agree that in the event the first of the Capital Contributions as per the Capital Contribution Plan by the Investors are not made after satisfaction (or waiver) of the conditions set out in Clause 2.2, on or before [1 January 2005] (or such other date as may be mutually agreed between the Investors based on a review of Project and its financials), then notwithstanding the initial investments made under Clause 2.1, this Agreement may be terminated by any Party by a thirty (30) days notice to the other Parties, and this Agreement shall terminate in case the conditions specified in Clause 2.2 are not satisfied during such thirty (30) days period.
- (c) Upon termination of this Agreement pursuant to Clause 2.3, where such termination is not solely attributable to the failure of the Sponsors to fulfil those conditions set out in Clause 2.2 that are required to be fulfilled by the Sponsors, GoAP will (i) return the Performance Guarantee to GMR within forty five (45) days of such termination, (ii) reimburse the Sponsors (including Other Investors if any) all costs and expenses towards preparation of the Detailed Project Report, less any reimbursements or purchase price payable under Clause 2.3(c)(iii), and (iii) reimburse amounts advanced against equity in the event Shares therefor have not been issued or if Shares have been issued to the Private Promoters pursuant to Clause 4.3 then acquire the same at the par value thereof. None of the Parties shall incur any obligations or liabilities as a result of termination under this Clause 2.3, except as provided in this Clause 2.3(c).

3. BUSINESS

3.1 Business

The Investors hereby agree to implement the Project and to undertake the Business through HIAL, subject to and on the terms and conditions contained in this Agreement. The Parties recognise that the Project will be implemented in accordance with the Concession Agreement.

Without prejudice to the provisions hereof, the Parties intend their participation in HIAL and their association with the Project to achieve Commercial Operations Date and to ensure sustained stability of the Project, in accordance with the terms of this Agreement.



3.2 Capital Structure

The capital structure and debt to equity ratio of HIAL shall be as decided by the Board from time to time after taking into consideration prudent financial norms and the requirements of business of HIAL.

3.3 HIAL Structure

HIAL shall be structured, operated and managed as an independent and separate entity having its own personnel and functional structure. HIAL will establish proper and transparent systems of functional control, expenditure, budgetary controls and regular reporting to the Board of Directors or any committee constituted by the Board, on its operations and state of affairs.

3.4 Role of the Sponsors

The Sponsors shall provide the required support and management to HIAL. Without limitation the Sponsors shall organise and coordinate all the resources, expertise, management, technology, and technical skills for implementation and operation of the Project. In particular, the Sponsors shall:

- (a) Prepare a comprehensive Master Plan.
- (b) Prepare the Detailed Project Report and the design and detailing of the Project in accordance with the Master Plan and submit it for approval of GoAP and AAI, and upon such approval the Detailed Project Report shall be adopted by the Board.
- (c) Assist HIAL to achieve Financial Close for the Project, including mobilising debt and equity.
- (d) Advise HIAL in procurement of required clearances for commencing and implementing the Project.
- (e) Provide assistance in award of Project Agreements in respect of engineering, procurement and construction and operation and maintenance and meteorological services.
- (f) Advise HIAL in implementation of a 'Total Quality Management Program' in accordance with the Detailed Project Report.
- (g) Advise HIAL in implementation of an environmental management plan for the construction and operational phases of the Project.
- (h) Provide assistance to HIAL in completion of installation, testing and commissioning of all machinery, plant, equipment and instrumentation in accordance with the Project Agreements.
- (i) Provide assistance to HIAL in operation and maintenance of the Airport safely and securely to provide the required levels of service to its users to the standards expected of an international airport as per International Civil Aviation Organisation standards and consistent with the conditions of the license issued by the Director General of Civil Aviation of India.
- (j) Advise HIAL relating to the up-gradation of the Airport and facilities in a phased manner so as to maintain or improve services to its users in accordance with the Concession Agreement.
- (k) Assist HIAL in marketing, promotion and brand building of the Airport as a commercial and cargo hub to generate and enhance traffic.
- (l) Assist HIAL to implement systems for collection, appropriation and allocation of revenue, fees, charges from the users (airlines, passengers, visitors and others) of the Airport and ancillary facilities and / or other activities which HIAL is entitled to collect.



- (m) Provide training to appropriate local personnel to develop the talent and create local capacity for undertaking the operations and maintenance of the Airport.

3.5 Role of the State Promoters

- (a) GoAP shall provide the benefit of their experience and expertise, and shall:
 - (i) Provide support and assistance as mutually agreed with the Sponsors.
 - (ii) Provide Land in a timely manner in accordance with the Land Lease Agreement.
 - (iii) Facilitate timely Government Approvals of GoAP and make best efforts to facilitate Government Approval of GoI and all necessary clearances for the Project.
 - (iv) Implement the State Support Agreement.
 - (v) Make best efforts to ensure the closure of the existing airport at Begumpet, Hyderabad for all Civil Aviation Activity on the Commercial Operations Date.
 - (vi) Make best efforts to ensure the issuance of appropriate notifications for exemption for Inland Air Travel Tax and for Foreign Travel Tax collection for a period of twenty (20) years after the Commercial Operations Date.
 - (vii) Make best efforts to ensure the issuance of appropriate notifications authorizing the collection of User Development Fee (being a fee levied upon and recovered from passengers departing from the Airport) at the Airport.
- (b) AAI shall provide the benefit of their experience and expertise, and shall:
 - (i) Provide support and assistance as mutually agreed with the Sponsors and GoAP.
 - (ii) Provide communication, navigation, surveillance/air traffic management services and aviation security services under separate agreement(s) with HIAL.

3.6 Related Party Transactions

It is expressly understood that any transaction between any of the constituents of the Investors or their Affiliates and HIAL, whether reflected in the Project Agreements or otherwise, shall be on an arms' length basis.

4. SHARE CAPITAL

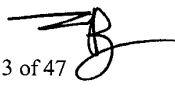
4.1 Authorised Share Capital

The present authorised share capital of HIAL is Rs. 50,000,000 (Rupees Fifty million) only, divided into 5,000,000 (Five million) Shares of the face value of Rs. 10 (Rupees Ten) each. The authorised share capital of HIAL shall, subject to the terms and conditions of this Agreement, be increased, from its current level to such amounts as may be decided by the Board from time to time to meet the requirements of the Project in line with the Capital Contribution Plan. The authorised share capital thereafter may be increased from time to time to meet the requirements of HIAL.

4.2 Shareholding and Capital Structure

Subject to the provisions relating to the transfer of Shares and subscription to new Shares in this Agreement, the shareholding of the Investors in the capital of HIAL shall be acquired and



Page 13 of 47 

subscribed to as follows:

| Investors | Percentage of issued and paid up share capital of HIAL |
|--|--|
| Sponsors and/or their Affiliates and/or Other Investors, where MAHB will hold Shares in accordance with the MAHB Equity Cap. | 74% |
| State Promoters (GoAP and AAI collectively) and/or their Affiliates, where AAI will hold Shares in accordance with the AAI Equity Cap. | 26% |
| Total | 100% |

The Investors shall make Capital Contributions in accordance with the Capital Contribution Plan up to their respective Capital Commitment. Any Capital Contributions beyond the Capital Commitments may be made in accordance with the terms of the Agreement, and nothing in this Agreement shall restrict the ability of HIAL to issue fresh Shares.

The Investors agree to participate in the share capital of HIAL in the above proportion subject to any change in their Shareholding Percentages pursuant to the provisions of this Agreement. The Investors will, unless otherwise decided by the Board, make payment for the Shares agreed to be subscribed respectively by them by paying the cash amount, at par (or as otherwise decided by the Board), in bank/s in India as designated by HIAL, subject to applicable Laws in force in respect thereof. The Investors may acquire Shares pursuant to this Agreement either directly or through their Affiliates, and in case of GMR through Other Investors as well.

The equity Shares to be issued to the Investors shall, unless otherwise provided in this Agreement or the terms of the issue, have identical rights and privileges, with respect to dividend and voting rights.

4.3 Other Investors

Subject to the lock-in provisions of Clause 6.1(b), GMR may designate certain persons as Other Investors to hold Shares whether by way of subscription to new Shares or purchase of existing Shares from GMR. If the persons so designated are from the list set out in Schedule 5 then prior to acquisition of Shares by such Other Investors, HIAL shall be notified and such Other Investor will execute a Deed of Adherence in the form as per **Schedule 2C**. In all other cases, GMR shall prior to designating a person as Other Investor seek consent of AAI and GoAP which consent shall not be unreasonably withheld and such approval shall be deemed to be granted in case the written communication not granting the consent along with reasons is not received by GMR within forty five (45) days from receipt of the notice by AAI and/or GoAP from GMR seeking consent, and in case consent is granted or deemed granted such Other Investor will execute a Deed of Adherence in the form as per **Schedule 2C**.

4.4 State Promoters Shareholding

- (a) Subject to Clause 4.4(b), at or prior to the Closing Date, the State Promoters shall notify HIAL and the Sponsors their respective individual percentage of shareholding, which shall cumulatively be twenty six percent (26%). Each State Promoter shall subscribe to the share capital of HIAL such that the number of shares held by such State Promoter would not exceed the Shareholding Percentage of issued and paid up share capital as notified above.

Page 14 of 47

- (b) Subject to the AAI Equity Cap, during the Lock-in period set out in Clause 6.1(b)(ii) the combined share holding of the State Promoters shall be no less than twenty six percent (26%) of the total paid up share capital, and GoAP shall contribute to such additional amounts to maintain the combined shareholding of twenty six percent (26%) if the AAI Equity Cap is reached.
- (c) The State Promoters shall subscribe to the Shares directly and/or through their Affiliates, who shall have prior to such subscription executed the Deed of Adherence in the form in Schedule 2A.

4.5 Sponsors Shareholding

The Sponsors shall subscribe to and/or acquire the Shares directly and/or through its Affiliates, who shall have prior to such subscription executed the Deed of Adherence in the form in Schedule 2A.

At or prior to the Closing Date, the Sponsors shall notify HIAL and the State Promoters the individual percentage of shareholding of the Sponsors and/or Other Investors (if any), which shall cumulatively be seventy four percent (74%), subject to the MAHB Equity Cap. Any change in the Shareholding Percentage shall be notified to HIAL, including as provided in Clause 5.11.

4.6 Pre-emptive Rights

Excepting the Shares issued on a preferential allotment basis pursuant to Clause 2.1 or Clause 9.2 for financing cost overruns and/or as a result of a decision of the Shareholders at a general meeting, the Investors shall have the right of first refusal on a pro rata basis (on a fully converted and fully diluted basis), in the event HIAL proposes to issue any new Shares and in such an event these Shares will be issued in accordance with the procedure prescribed in Clause 4.7 or Clause 4.8 as applicable.

4.7 Procedure for Further Issue of Shares – Up to Capital Commitments

Until the Capital Commitments have been met by each of the Parties pursuant to the Capital Contribution Plan, the Parties shall cause Cash Calls to be made by HIAL strictly in proportion to their respective Shareholding Percentage pursuant to this Clause 4.7, and all issue and subscriptions shall be made at par value for all the Investors.

The Cash Calls shall be made by a notice in writing issued by the person authorised by the Board specifying therein the amount to be subscribed by each Investor, particulars of the designated account of HIAL (“**Designated Account**”) and the date by which payment is required to be made (“**Specified Date**”). Each Shareholder, subject to relevant Capital Commitment, agrees and undertakes to make payment (without any deduction whatsoever) in the Designated Account of the amount required to be paid by it pursuant to any Cash Call. Provided that,

- (a) if any of the Sponsors fails to make a Capital Contribution (“**Defaulting Sponsor**”), the Sponsor not in default (“**Other Sponsor**”) shall be entitled to fund the Capital Contribution of the Defaulting Sponsor. Without prejudice to the other provisions of this Agreement, in the event the Other Sponsor does not fund the Capital Contribution of the Defaulting Sponsor within fifteen (15) days of such default, the State Promoters may (without any obligation to do so) fund such Capital Contribution either directly or through its Affiliates.



- (b) if any State Promoter fails to make a Capital Contribution ("**Defaulting State Promoter**"), the State Promoter not in default ("**Other State Promoter**") shall be entitled to fund the Capital Contribution of the Defaulting State Promoter. Without prejudice to the other provisions of this Agreement, in the event the Other State Promoter does not fund the Capital Contribution of the Defaulting State Promoter within fifteen (15) days of such default, the Sponsors may (without any obligation to do so) fund such Capital Contribution either directly or through its/their Affiliates, and in case of GMR through Other Investors.

If pursuant to a Cash Call, any of the Sponsors or the State Promoters fails to make payment to HIAL by the Specified Date, the Defaulting Sponsor or the Defaulting State Promoter as the case may be shall, within a period of sixty (60) days from the expiry of the Specified Date, subscribe to its portion of Cash Call and make payment in accordance with the Cash Call and further pay interest at the rate of the long term prime lending rate of the State Bank of India as on the Specified Date plus one percent (the Cash Call and the accrued interest referred to as "**Cash Call Default Amount**"). Until such time as the Cash Call is made good, all rights of the defaulting Party under this Agreement including those on the Board shall remain suspended.

Provided that in case the Capital Contribution of Defaulting Sponsor or the Defaulting State Promoter as the case may be ("**Defaulting Party**"), has been funded by Other Sponsor or the Other State Promoter ("**Contributing Party**"), then the Defaulting Party shall make payment of the Cash Call Default Amount to the Contributing Party, and upon such payment the Shares corresponding to such Cash Call shall be issued to the Defaulting Party, and in case such payment is not made by the Defaulting Party, the Shares shall be issued to the Contributing Party after the said sixty (60) days period. Any such issue of Shares to the Contributing Party shall not constitute a waiver of the Defaulting Party's obligation to make payment of the Cash Call Default Amount to HIAL.

Provided further that in case the Capital Contribution of Defaulting Party, have not been funded by Other Sponsor or the Other State Promoter, then the Defaulting Party shall make payment of the Cash Call Default Amount to HIAL, and upon such payment the Shares corresponding to such Cash Call shall be issued to the Defaulting Party.

Notwithstanding anything to the contrary, the obligation of each Investor to meet its Capital Commitment shall remain so long as the respective Capital Commitment amounts are not funded.

4.8 Procedure for Further Issue of Shares after Capital Commitments Fulfilment

After all the Capital Contributions under the Capital Contribution Plan have been made by each of the Investors, then HIAL shall, subject to Clause 4.6, issue any further additional Shares other than those issued as per the Capital Contribution Plan pursuant to the following provisions:

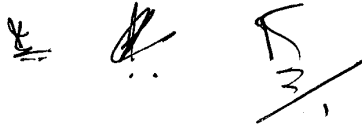
- (a) HIAL shall give written notice of such issuance (the "**Issuance Notice**") to each Investor at least thirty (30) Business Days prior to the planned date of such issuance (or such shorter time as the Investors may otherwise agree in writing). The Issuance Notice shall set forth (i) the date on which such Shares are proposed to be issued (the "**Issuance Date**"), (ii) the price (the "**Issuance Price**") per share of such Share (which shall be a cash price), (iii) the number of Shares (the "**Offered Shares**") proposed to be issued, and (iv) any other terms and conditions of such issuance.

Page 16 of 47

- (b) Each Investor may offer to subscribe for any number of the Offered Shares by delivering a written notice (the "**Exercise Notice**") to HIAL at least fifteen (15) Business Days prior to the Issuance Date. The Exercise Notice shall set forth the number of Offered Shares for which such Investor wishes to subscribe (the "**Maximum Shares**") and shall constitute the binding and irrevocable agreement of such Shareholder to purchase the lower of its Maximum Shares and its share of the Offered Shares calculated in accordance with Clause 4.8(c) below, on the Issuance Date and upon the terms and conditions set forth in the Issuance Notice.
- (c) HIAL shall initially issue and allot the Offered Shares among the Investors that have delivered Exercise Notices, pro rata to their then Shareholding Percentages, until all Offered Shares are so allocated or one such Investor has received its Maximum Shares.

The remaining Offered Shares shall be issued and allotted on the same pro rata basis among the remaining Investors, until all Offered Shares are allocated or a remaining Investor has received its Maximum Shares, and so on, until all Offered Shares are allocated or all Maximum Shares are satisfied.

- (d) HIAL shall thereafter offer the Offered Shares not allotted to the Investors and the Investors shall have the right to subscribe to all of such Shares by a notice in writing within ten (10) days of the receipt of the notice. In case there are more than one Investors agreeing to purchase all such Shares then the Shares will be allotted on a pro-rata basis to the Shareholding Percentage of such Investors. HIAL may thereafter issue and allot Offered Shares not allocated to any Investor pursuant to this Clause 4.8, to any person in a manner determined by the Board of Directors at a price and upon general terms and conditions no more favourable to such third party than those offered to the Investors as specified in the Issuance Notice, provided such third party executes a Deed of Adherence in the form as set out in Schedule 2B. HIAL shall obtain and each Investor shall cooperate in obtaining all approvals of any Governmental Authorities required to permit the issue and allotment of the Offered Shares to each Investor that has delivered an Exercise Notice.
- (e) On the Issuance Date, upon receipt by HIAL from Investor, by wire transfer of immediately available funds to the account of HIAL designated at least two Business Days prior to the Issuance Date, an amount equal to the product of (i) the Exercise Amount of such Shareholder, and (ii) the Issuance Price, or such amount as may be required by HIAL in the Issuance Notice, shall:
- (i) allot to each such Investor or Other Investor or their Affiliate as the case may be, the number of Offered Shares allocated to such Investor pursuant to Clause 4.8 (c) ("**Exercise Amount**");
 - (ii) register such Investor or Other Investor or their Affiliate as the case may be, in the register of members of HIAL as the owner of the number of Offered Shares equal to the Exercise Amount against payment in full of the subscription price for such Offered Shares pursuant to this Clause 4.8(e);
 - (iii) issue and deliver to such Investor or Other Investor or their Affiliate as the case may be, free and clear of any Liens, one or more certificates (as directed by such Shareholder at least two Business Days prior to the Issuance Date) representing the number of Offered Shares in an amount equal to such Shareholder's Exercise Amount;



- (iv) deliver a share certificate representing the number of Offered Shares equal to the Exercise Amount, or a document representing the same as the case may be.
- (f) If an Investor fails to pay its Exercise Amount within the time stipulated by HIAL after agreeing to acquire and subscribe to the same, such Offered Shares not acquired, may be issued and allotted only after being re-offered pursuant to this Clause 4.8, except to Investor who has failed to pay its Exercise Amount, without prejudice to the rights of HIAL against the defaulting Investor under the provisions of this Agreement.

5. MANAGEMENT

5.1 Board of Directors

HIAL shall be managed and governed under the overall superintendence, direction and control of the Board. The Board shall have overall authority with respect to development and management of the Project.

The Board composition shall be as follows:



- (a) The Board shall initially comprise of twelve (12) Directors.
- (b) So long as the State Promoters hold not less than 26% Shareholding Percentage then AAI shall have right to nominate two (2) Directors and GoAP shall have the right to nominate two (2) Directors.

Should the combined Shareholding Percentage of the State Promoters fall below twenty six (26%) Shareholding Percentage their entitlement to nominate Directors shall be as follows:

| Shareholding Percentages | No. of Directors |
|--------------------------|------------------|
| 0 – below 10% | one |
| 10 – below 20% | two |
| 20 – below 26% | three |

- (c) The Sponsors and Other Investors shall have the right to nominate all other Directors, excluding Lender's nominees.
- (d) In the event of any Director(s) being nominated by a Lender and if the terms of the borrowing so require the appointment of a Director by such Lender then any such Director may be appointed in addition to the number of Directors specified above, subject to mutual consultation among Investors.

The Directors nominated by an Investor shall be removed upon such Investor's request. The Parties shall cause their respective representatives to vote in favour of the election/appointment/removal as a Director of a person nominated by other Party at the request of such other Party and also for appointment of Lender's nominee Director(s). The replacement directors shall as soon as practicable be elected in place of incumbents who have resigned or become disabled or been removed or disqualified from office, each replacement to be a nominee of the Party, which nominated the incumbent, being replaced.


 Page 18 of 47

5.2 Chairman

So long as the Sponsors directly or through their Affiliates hold not less than the Shareholding Percentages specified in Clause 6.1(b), and thereafter not less than 26% Shareholding Percentage, the Chairman of HIAL shall be nominated by GMR out of one of the nominee Directors of the Sponsors, who shall be appointed by the Board upon such nomination. The Chairman would not be a whole time Director of HIAL and would not have executive powers granted by the Board, unless otherwise decided by the Board. The Chairman shall preside over all the meetings of the Board or of the Shareholders of HIAL. If the Chairman is not present at a Board meeting or a Shareholders meeting, the Directors who are present may appoint an acting Chairman from the nominee Directors of the Sponsors for the purpose of the Board meeting. The Chairman shall not have a casting vote.

5.3 Managing Director

The Managing Director of HIAL shall be nominated by GMR, who shall be appointed by the Board upon such nomination. The term of each appointment for the Managing Director shall be for such period as would be decided by the Board from time to time and subject to a detailed Employment Agreement (if considered necessary by the Board) with the appointee. The Managing Director shall be responsible for day-to-day management of HIAL and for implementing the Business Plan of HIAL. The Managing Director will exercise his powers subject to the overall superintendence, direction and control of the Board.

5.4 Alternate Directors

Each of the Sponsors and the State Promoters shall have a right to nominate an Alternate Director to each of its nominee Directors. If the original Director attends the meeting of HIAL then the Alternate Director will not be entitled to attend such meeting. The person to be appointed as Alternate Director shall be selected by the Party for whose representation the original Director was appointed. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in his absence.

5.5 Eligibility and Fees/Expenses

The Directors need not hold any qualification shares in HIAL. Directors appointed and withdrawn by any Party will not be eligible for a period of three (3) years for appointment as nominees of another Party without the written consent of the Party whose nominee any of such Directors was. The Directors shall be entitled to such sitting fees as may be determined by the Board from time to time, and shall be entitled for reimbursement of all reasonable actual costs and expenses, such as travel, boarding, lodging and such other reasonable incidental expenses incurred by the Directors for attending meetings of the Board.

5.6 Committees

The Board may constitute and appoint such committees, as it considers appropriate for facilitating the management and operations of HIAL, and any such committee shall have one nominee of the State Promoters. To the extent the terms of constitution of any committee authorise decision making by the committee, decisions of any committee shall be by majority except in respect of Reserved Matters, and if the terms of constitution do not authorise such decision making the recommendation of the committee shall be placed before the Board for consideration. The Board will, after Financial Close, appoint an Audit Committee to monitor and report that the activities of HIAL are carried out within normal business standards, all



relevant Indian laws and business policies. The Board shall determine the terms of reference of the Audit Committee.

5.7 Decision by Circular Resolution

Subject to Clause 5.10, except in those cases where a resolution is required by Law to be passed at a meeting of the Board, a resolution passed by the Board by circulation shall be valid if the passing thereof is in accordance with the provisions of the Act and the Articles of Association of HIAL and if a draft thereof has been circulated together with the necessary papers, if any, to all Directors including alternate Director(s) at their usual address and the same has been approved by a majority of Directors, as are entitled to vote thereon.

5.8 Notice of Meetings of the Board

At least fifteen (15) days prior notice of every meeting of the Board shall be given in writing to every Director present for the time being in India and at his usual address in India, and to every other Director, provided, however, that in the case of Directors residing outside India notice of every meeting of the Board shall also be given to such Directors at their addresses outside India and to their alternates, if any, in India at their usual addresses in India. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board with relevant information and details in respect of each matter, provided, however, that with the consent of a majority of the Directors a meeting of the Board may be convened by a shorter notice which notice shall not be less than three (3) days.

Notice of Board meetings to Directors resident outside India shall be given in writing by telex, telecopy (facsimile) or cable and confirmed in writing by prepaid registered or certified air mail or courier service.

5.9 Quorum

The quorum for any meeting of the Board shall include at least three (3) Directors nominated by the Sponsors and so long as the State Promoters hold at least 10% Shareholding Percentage two (2) Directors nominated by the State Promoters (unless such requirement is waived in writing by the Sponsors and State Promoters respectively in respect of presence of its/their respective nominee(s) for the specific Board meeting). In case quorum at a meeting of the Board is not present then the meeting shall stand adjourned to the same place after seven (7) days at which the Directors not being less than three (3) shall constitute a quorum, provided that a notice of the initial meeting had been duly given to all the Directors.

The quorum for a meeting of the Shareholders of HIAL shall be one (1) representative of each of the Sponsors and of the State Promoters. If no quorum is present within one (1) hour of the appointed time for the meeting, the meeting shall stand adjourned to seven days after and if no quorum is present at such reconvened meeting the Shareholders present not being less than three (3) at such meeting shall constitute the requisite quorum.

5.10 Decisions

All decisions of the Board shall be made by simple majority of the Directors present and voting. Provided that in respect of the Reserved Matters the consent of the Sponsors and the State Promoters will be required in the manner set out hereinafter, which shall be exercised keeping in view the best interests of HIAL.

- (a) so long as GMR together with its Affiliates and with Other Investors hold more than or equal to 10% Shareholding Percentage, then any decision in respect of any of the Reserved Matters:
 - (i) of the Board may only be taken by majority vote which majority decision must include an affirmative vote by at least one nominee Director of GMR,
 - (ii) of the Shareholders may only be taken with the consent of a representative of GMR.
- (b) so long as the State Promoters (together with their Affiliates) individually hold not less than or equal to 5% Shareholding Percentage, then any decision in respect of any of the Reserved Matters:
 - (i) of the Board may only be taken by majority vote which majority decision must include an affirmative vote by at least one nominee Director each of AAI and GoAP,
 - (ii) of the Shareholders may only be taken with the consent of a representative each of AAI and GoAP.

5.11 Circumstances in which further Capital may be raised by simple majority

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

5.12 Unforeseeable Events

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



- (iii) Pending agreement between the Parties on the manner of financing, the Board may, if it is expedient to do so, raise borrowings or debt on such terms as may be deemed appropriate to meet any financing requirements arising due to the aforesaid event subject to an aggregate limit (together with any existing loan obtained for the purpose of this Clause 5.12) of Rs. 250,000,000 (Rupees Two Hundred and Fifty million).
- (b) The Parties recognise and agree that the risks and costs resulting from unforeseeable events, to the extent possible, shall be caused to be assumed by concerned third parties and/or appropriately insured against, such that protection against such risks and costs is available.

5.13 Dividends

HIAL in general meeting may declare dividends, but no dividend shall exceed the amount of dividend recommended by the Board. While recommending the declaration of any dividend, the Board will have regard to and consider the expansion plans of the Airport, taking into account the traffic growth, and the need for making provisions there for.

5.14 Business Plan, Annual Business Plan, Annual Budget and Capital Contribution Plan

The Parties shall procure that the responsibility for the preparation and submission of the Business Plan, Annual Budget and Annual Business Plan including the Capital Contribution Plan to the Board for approval shall rest with official(s) of HIAL. The Capital Contribution Plan will set out forecasts for Cash Calls. The Business Plan can be revised and reviewed by the Board from time to time to meet with the Business requirements of HIAL. The following shall be the procedure for the preparation of each Annual Budget and Annual Business Plan:

- (a) Not later than thirty (30) days before the beginning of each Financial Year of HIAL, Annual Budget and Annual Business Plan for such Financial Year shall be prepared by an official of HIAL duly authorised by the Board and presented to the Board for approval.
- (b) In addition to the Annual Budget and Annual Business Plans for each Financial Year, an annual provisional budget and an annual business plan including a provisional Capital Contribution Plan for the next Financial Year shall also be prepared and presented to the Board for approval.
- (c) If within fifteen (15) Business Days commencing from the beginning of any Financial Year, the Board has not approved and updated the Annual Budget and Annual Business Plan for that Financial Year, the annual provisional budget and business plans previously approved for that Financial Year shall apply, and shall be used as operating Annual Budget and Annual Business Plan for that Financial Year until the Board approves different Annual Budget and Annual Business Plan, and an official of HIAL (duly authorised by the Board) shall have the right and obligation to manage the affairs of HIAL in accordance with the approved annual provisional budget and business plans.



6. SHARE TRANSFER

6.1 Applicability

- (a) The Parties agree that, subject to the provisions of this Clause 6.1, the provisions set out in Clause 6 shall apply to any transfer of Shares by the respective Shareholders of HIAL. Provided that the restrictions contained in this Clause 6.1 shall not apply to any transfer pursuant to pledge of Shares in favour of the Lenders (excluding the Sponsors or their Affiliates) for the purpose of securing loan/ debt for HIAL.
- (b) Upon the first subscription to Shares on the Closing Date by the Investors in accordance with this Agreement, the shareholding of the Sponsors and of the State Promoters shall be subject to the following lock-in restrictions during the periods set out below ("**Lock-in Period**"):
- (i) The Sponsors shall subscribe to and hold at least forty five percent (45%) Shareholding Percentage of HIAL (of which GMR will hold minimum 40% and MAHB will hold a minimum of 5%) until the expiration of three (3) years from the Commercial Operations Date, and in no event less than twenty six percent (26%) Shareholding Percentage for a period up to seven (7) years after Commercial Operations Date.
- (ii) The State Promoters shall subscribe and hold at least twenty six (26) percent Shareholding Percentage in HIAL until the expiration of seven (7) years after the Commercial Operations Date.
- (c) No Shareholder may, directly or indirectly, sell, transfer, assign, dispose of, create any encumbrance over or pledge (collectively, "**Transfer**") all or any portion of its Shares unless pursuant to the provisions of Clauses 6, Clause 13.4, Clause 13.5 or Clause 4.3.
- (d) Each of the Sponsors and the State Promoters (or their respective Affiliates holding Shares) shall be entitled notwithstanding the restrictions contained in Clause 6.1 (b) to sell, assign or otherwise transfer all or any portion of its Shares to any of its Affiliates and without following the procedure set out in Clause 6.2, provided that such Affiliate shall have:
- (i) executed and delivered to each of the other Parties a written agreement by means of a Deed of Adherence as per Schedule 2A to assume the rights and obligations of the relevant transferring Sponsor or the State Promoter as the case may be ("**Transferor**") in respect of such transferred Shares,
- (ii) the written agreement of the transferee that in the event the transferee shall cease to be an Affiliate of Transferor it shall prior to such event transfer all Shares held by it in HIAL to the relevant Transferor or to another Affiliate(s) of the relevant Transferor.

The State Promoters and the Sponsors hereby irrevocably agree to guarantee the due and punctual performance by the Affiliate transferee ("**Transferee**") of all the obligations under this Agreement, and such guarantee shall not be affected by any change in the constitution or winding up of Transferor or any absorption, reorganisation, merger or amalgamation of the Transferor with any person or entity. The neglect, forbearance or waiver by the Parties (other than the Transferor) ("**other parties**") in enforcement of payment of any moneys due to the other parties by the

Transferee, or the grant of any extensions of time by the other parties to the Transferee for fulfilling its obligations, shall in no way relieve the Transferor from its guarantee liability as set out herein. The Transferor undertakes to indemnify and keep indemnified the other parties against any liability, loss or damage of whatever kind resulting from the Transferee committing a Material Breach of its obligations under this Agreement devolved pursuant to acquisition of the Shares purchased by the Transferee (including without limitation, all costs, charges and expenses incurred by the other parties). The obligations of the Transferor hereunder shall be continuing obligations and shall be co-terminus with the obligations of the Transferee under this Agreement.

- (e) Each of the Sponsors and the State Promoters (or their respective Affiliates holding Shares) shall be entitled notwithstanding the restrictions contained in Clause 6.1 (b) to transfer all or any portion of its Shares, without following the procedure set out in Clause 6.2, (i) inter se State Promoters, (ii) inter-se Sponsors, (iii) inter se between GMR and Other Investors and vice versa, (iv) by GMR to Other Investors pursuant to Clause 4.3, or (v) transfers pursuant to Clause 6.1(a).
- (f) A Party may insure its investment in the Project against political risks (such as expropriation and nationalisation) which would result in a substantial deprivation of such investment. The Parties acknowledge and agree that if and only if it is a condition to the grant of such insurance cover that in the event of the occurrence of the aforesaid insured event the Shares of such Party must be transferred free of the rights of third parties to the relevant insurer or its nominees, such Party shall be entitled, in the event it makes a claim under the insurance, to so transfer its Shares. As and when a Party obtains such insurance, it shall notify the other Parties thereof, unless otherwise precluded by the terms of such insurance policy.

6.2 Rights of First Offer – Transfer

Except for the permitted transfers provided in Clause 6.1, no Shareholder in HIAL shall dispose or transfer its Shares or interests in HIAL to a third party in accordance with the provisions contained in Clause 6.2 without, first satisfying the following procedure prescribed in this Clause 6.2:


- (a) Prior to consummating any such sale or transfer of its Shares, the Shareholder (the "**Offeror**") shall deliver a written notice (the "**Offer Notice**") to all other Shareholders (the "**Offerees**"). The Offer Notice shall fully disclose and set forth in reasonable detail (i) the number of Shares proposed to be sold (the "**Subject Shares**"), (ii) the price per share (the "**Subject Price**") of the Subject Shares (which shall be a cash price), and (iii) any other material terms and conditions of the proposed transfer. The Offer Notice shall constitute an offer to sell to the Offerees the Subject Shares, pro rata (on a fully diluted and fully converted basis) among all Offerees, at the Subject Price and upon the other terms and conditions set forth in the Offer Notice and as provided herein.
- (b) Each of the Offerees may accept the offer set forth in the Offer Notice by delivering a written notice (the "**Acceptance Notice**") to the Offeror at any time during the thirty (30) Business Days following the receipt by such Offerees of the Offer Notice, setting forth its irrevocable commitment to purchase an amount of the Subject Shares not exceeding, when combined with any Subject Shares to be purchased by the other Offerees, the total number of the Subject Shares, upon the terms and conditions set forth herein, subject to receipt by the Offerees of any required third party approvals or Government Approvals (the same to be specified in such notice), compliance with all

Laws applicable thereto and the absence of any injunction or similar legal order preventing such transaction.

- (c) If the Offeree or Offerees deliver within the time stipulated in Clause 6.2 (b) the Acceptance Notices and collectively agree to purchase all of the Subject Shares pursuant to this Clause 6.2, the Offeror shall transfer, and the Offerees shall pay for, such Subject Shares within forty five (45) Business Days following completion of the procedures set forth in Clause 6.2(b) above. If the total number of Shares desired to be purchased by the Offerees, as evidenced by the delivered Acceptance Notices, exceeds the number of Subject Shares, the Offeror shall initially allocate the Subject Shares among the Offerees that have delivered Acceptance Notices, pro rata (on a fully diluted and fully converted basis), to such Offerees' respective holdings of Shares until all Subject Shares are so allocated or one of such Offerees has received its desired portion of the Subject Shares. The remaining Subject Shares shall be allocated by the Offeror on the same pro rata basis among the remaining Offerees, until all Subject Shares are allocated or a remaining Offeree has received its desired portion of their Subject Shares, and so on, until all Subject Shares are allocated.
- (d) If the offer set forth in the Offer Notice expires without an agreement as set out in the Acceptance Notice (s) of, the Offerees to purchase all of the Subject Shares, or if the Offerees have failed to close on the purchase of all of the Subject Shares as provided in this Clause 6.2, the Offeror shall, subject to other provisions of this Agreement, have one hundred and twenty days (120) Business Days to transfer the Subject Shares, at a price not less than the Subject Price and upon terms and conditions otherwise not more favourable to third party transferee (s) provided that :
- (i) in case such third party is a competitor of HIAL, then only with the written consent of Investors which will not be unreasonably withheld and will be deemed to be granted if no reply is received within fifteen (15) Business Days of request having been made.
 - (ii) such third party must be financially sound and reputed party, and
 - (iii) such third party must agree in advance to be bound by this Agreement by means of a Deed of Adherence set out in **Schedule 2B**.
- (e) If such transfer by the Offeror is not consummated to the third party transferee(s), within such one hundred and twenty (120) day period pursuant to Clause 6.2(c), the Offeror shall not be permitted to sell its Shares pursuant to this Clause 6.2 without again complying with each requirement in this Clause 6.2(a) to (c).
- (f) Any Offer Notice or the Acceptance Notice pursuant to this Clause 6.2 shall in the first instance be given to the Secretary who shall thereafter determine pro-rata entitlements of each of the Offerees and give corresponding Offer Notice to each Offeree on behalf of the Offeror. Any response by such Offerees agreeing or not agreeing to sell the Subject Shares shall also be given to the Secretary who will forward the same to the Offeror on behalf of such other Offerees.

6.3 Rights of an Investor upon ceasing to be Shareholder

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

 Page 25 of 47

- (a) any director or directors nominated by a Party who ceases to be a shareholder shall resign from the Board without any claim or compensation or payment whatsoever;
- (b) the provisions of Clause 14 (confidentiality), Clause 17 (Governing Law), and Clause 19 (Arbitration) shall continue to apply to all Parties including the Party who has ceased to be a shareholder.

7. INITIAL PUBLIC OFFERING

The Investors will endeavour to cause HIAL to hold an initial public offering of its Shares within five (5) years from the Commercial Operations Date subject to favourable market conditions and requisite approval of the Board, unless otherwise agreed by the Investors. The Investors agree to offer/relinquish their Shares pro-rata and in proportion to their shareholding to enable listing of Shares. All expenses directly related to the IPO or offer for sale or for listing, such as payment of fees to the lead manager, brokerage and underwriting, Listing fees, printing charges, fees payable to the registrar and other related expenses shall be borne and paid by HIAL. At any time which is within two (2) months before the contemplated date of the IPO fixed by HIAL, the Parties agree to modify this Agreement to reflect any changes which are considered appropriate in the post IPO scenario.

8. DEVELOPMENT COSTS

8.1 Development Costs

Subject to certification by independent auditor appointed by HIAL, all Pre-Closing Date Development Costs incurred by the State Promoters and the Sponsors (including the Other Investors if any) up to Closing Date relating to development of the Project shall be paid by HIAL to the State Promoters and the Sponsors (including the Other Investors if any) or capitalised, and all the costs and expenses for preparation of the Detailed Project Report to the extent not funded by HIAL as part of the Development Budget shall be paid by HIAL to GMR.

Within ninety (90) days of the execution of this Agreement, the Parties shall agree upon a budget for development costs to be incurred by HIAL (“**Development Budget**”). Such Development Budget shall include the costs of preparation of the Detailed Project Report and shall contain itemised expenditure proposed to be incurred by HIAL for a specified period. Notwithstanding the provisions of Clause 2.2, the Parties shall fund this Development Budget by equity subscription or advances against equity in the following proportion: (i) the Sponsors (including the Other Investors if any) seventy four percent (74%); and (ii) the State Promoters twenty six percent (26%), and such contribution shall be in line with the percentage of equity holding. The Board may make Cash Calls and issue equity shares at par in respect of such subscription made by the Parties or hold the money received as an advance against equity. All costs incurred from the Development Budget, as well as all the expenses incurred by GMR up to Closing Date relating to development of the Project, will constitute Development Costs. All costs incurred from the Development Budget will be Pre-Closing Date Development Costs and will be incurred by and in the name of HIAL. The Parties agree that AAI shall fund its share of the costs of the Development Budget towards the preparation of the Detailed Project Report only after the approval of the Detailed Project Report.

8.2 Forfeiture of the Performance Guarantee

Should at any time prior to Closing Date, the Sponsors abandon the Project, then the State Promoters shall be entitled to terminate this Agreement and upon such termination, the State Promoters shall be entitled to (a) forfeit the Performance Guarantee referred to in Clause 10.2;

Page 26 of 47

and (b) to cause HIAL to forfeit the amounts advanced against equity by the Sponsors in the event Shares therefor have not been issued or if Shares have been issued to the Sponsors pursuant to Clause 8.1 to acquire all of such Shares at a total consideration of Rs. 100/- (Rupees one hundred only).

9. FINANCE

9.1 Non-Recourse Project Financing

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

9.2 Guarantees

The Parties agree that any or all pledge of Shares and/or guarantees including Project cost overrun guarantees, guarantees issued pursuant to any Financing Agreements shall be given by the Sponsors in the same proportion as their respective Shareholding Percentages.

9.3 Subordinate Debt

In order to meet the financing requirements of the Project, the Sponsors or their Affiliates or Other Investors may provide subordinate debt on terms mutually agreed with HIAL.

10. PROJECT IMPLEMENTATION

10.1 Fundamental Principles

The Parties agree that the entering into of the Project Agreements shall be subject to the fulfilment of the fundamental principles set out in Clause 3.6.

10.2 Performance Guarantee

GMR has provided a Performance Guarantee, in the form agreed between the Parties, in favour of GoAP. Such Performance Guarantee shall be kept effective, valid and duly renewed until the Commercial Operations Date.

11. AFFIRMATIVE COVENANTS

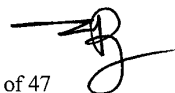
11.1 Financial Data

- (a) HIAL will maintain true books and records of account in which full and correct entries will be made of all its business transactions pursuant to a system of accounting established and administered in accordance with GAAP, and will set aside on its books all such proper accruals and reserves as shall be required under GAAP. HIAL shall provide the information and documents set out in Clauses 11.1(b) to (h), to each of the Investors (except to the extent any Investor (as the case may be) shall have given notice that such provision is no longer required or which ceased to be a Shareholder). The right of the Investors under this Clause 11.1(a) shall be available (i) in respect of a Sponsor so long as such Sponsor holds at least 5% of the issued and outstanding Shares of HIAL (on a fully diluted and fully converted basis), and (ii) in respect of the State Promoters, so long as the State Promoters have one (1) Director on the Board.

- (b) As soon as available, but in any event within 90 days after the end of each fiscal year of HIAL, a copy of the audited consolidated and consolidating balance sheet of HIAL as at the end of such fiscal year and statements of income, statements of shareholders' equity and statements of cash flows of HIAL for such fiscal year, all in reasonable detail and stating in comparative form the figures as at the end of and for the previous fiscal year accompanied by an opinion of a major internationally recognized accounting firm selected by HIAL, which opinion shall state that such accounting firm's audit was conducted in accordance with GAAP. All such financial statements shall be complete and correct in all material respects and shall be prepared in conformity with GAAP and applied on a consistent basis throughout the periods reflected therein except as stated therein.
- (c) As soon as available, but in any event not later than 45 days after the end of each of the first three quarters of each fiscal year, the unaudited consolidated and consolidating balance sheet of HIAL as at the end of such quarter and the related unaudited statements of income, statements of shareholders' equity and statements of cash flows of HIAL for such quarter and for the elapsed period in such fiscal year, all in reasonable detail and stating in comparative form the figures as of the end of and for the comparable periods of the preceding fiscal year and budgeted figures for the period, and prepared in conformity with GAAP and applied on a consistent basis throughout the periods reflected therein except as stated therein.
- (d) As soon as available, but in any event not later than 30 days after the end of each month, the unaudited balance sheet of HIAL as at the end of such month and the related unaudited statements of income, statements of Shareholders' equity and statements of cash flows for such month, all in reasonable detail and prepared in conformity with GAAP and applied on a consistent basis throughout the periods reflected therein except as stated therein.
- (e) Along with each financial statement described in Clauses 11.1(a), 11.1(b) and 11.1(c) above, a brief narrative description prepared by management of the results of operations of HIAL during such period covered by such financial statement, including identification of relevant trends in the business of HIAL and the financial condition of HIAL.
- (f) As soon as available, but in no event later than 30 days prior to the end of each fiscal year of HIAL, the Annual Business Plan of HIAL for the next succeeding fiscal year, including but not limited to a cash flow projection, operating budget (calculated monthly), and a business plan for the next three succeeding fiscal years, and any material updates or revisions to any of the foregoing as soon as available.
- (g) Promptly, such additional information and financial data regarding results of operations, financial condition, business, affairs or prospects of HIAL, including without limitation cash flow analyses and projections, as is available to HIAL that any of Investors may reasonably request.
- (h) Provide all information relating to the Project required to be provided to any Lenders to HIAL.

11.2 Access

HIAL will give each of the Investors as the case may be and its representatives full access during reasonable business hours to all properties, assets, books, contracts, commitments, reports and records of HIAL, and furnish to them all such documents, records and information



with respect to the properties, assets and business of HIAL and copies of any work papers relating thereto as any of the Investors shall from time to time reasonably request. HIAL will keep each of the Investors generally informed as to the affairs of the business of HIAL. The right of the Investors under this Clause 11.2 shall be available (i) in respect of a Sponsor so long as such Sponsor holds at least 5% of the issued and outstanding Shares of HIAL (on a fully diluted and fully converted basis), and (ii) in respect of the State Promoters, so long as the State Promoters have one (1) Director on the Board.

11.3 Consultation Rights

HIAL shall provide to each of the Investors (as the case may be) with a right to consult with and advise management of HIAL on significant business issues and corporate actions, including management's proposed annual business plans, and HIAL will cause management to meet with the representatives of Investors (as the case may be) regularly during each year at mutually agreeable times for such consultation and advice and to review progress in achieving such plans. The Investors (as the case may be) shall have the right to submit proposals or suggestions to the management of HIAL from time to time, and HIAL will cause management to discuss such proposals or suggestions with the Investors (as the case may be) within a reasonable time following submission.

11.4 Corporate Existence

HIAL shall at all times preserve and keep in full force and effect its corporate existence, and all of its rights and franchises it deems to be material to its businesses.

11.5 Payment of Taxes

HIAL will pay all taxes, duties, levies and other imposts imposed upon it or any of its properties or assets or in respect of any of its franchises, business, income or profits before any penalty or interest accrues thereon, and all claims (including, without limitation, claims for labour, services, materials and supplies) for sums which have become due and payable and which by Law have or might become a Lien upon any of its properties or assets, provided that no such charge or claim need be paid if being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and if such reserves or other appropriate provision, if any, as shall be required by generally accepted accounting principles shall have been made therefor.

11.6 Maintenance of Properties; Insurance

HIAL shall maintain or cause to be maintained in good repair, working order and condition all properties used or useful in the business of HIAL and from time to time shall make or cause to be made all appropriate repairs, renewals and replacements thereof. After the Commercial Operations Date, HIAL will insure and maintain insurance of the Airport and all properties and assets of HIAL against all risks as approved by the Board, with insurance company (ies) and for amount as approved by the Board.

11.7 HIAL's Covenant

HIAL shall fulfil the stipulations contained in Clauses 11.1 to 11.6.



12. REPRESENTATIONS AND WARRANTIES

12.1 Representations Warranties of the Sponsors

The Sponsors represent and warrant to the State Promoters and HIAL that:

- (a) As of the date of this Agreement, each of the Sponsors continues to comply with the criteria for undertaking the Project as specified in the bid documents, such as requirements of minimum net worth, annual turnover and cash accruals.
- (b) The execution or performance of this Agreement by the Sponsors does not breach or conflict with any of its obligations under any other agreement or contract entered into by the Sponsors.
- (c) All information, data and documents provided by the Sponsors to the State Promoters in this Agreement, is true and correct in all material respects.

12.2 Representations & Warranties of Parties

Each Party represents and warrants to the other that:

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

13. TERM AND TERMINATION

13.1 Term

- (a) This Agreement shall be effective upon its execution and shall continue in full force and effect from the date hereof until terminated in accordance with the terms hereof.



- (b) In case of (a) the Sponsors ceasing to hold less than 5% Shareholding Percentage for any reason whatsoever, or (b) State Promoters ceasing to hold less than 5% Shareholding Percentage for any reason whatsoever, this Agreement shall terminate. Provided that the rights of the State Promoters under Clause 5.1 (b) shall survive any such termination.
- (c) This Agreement shall stand terminated in respect of MAHB only in case MAHB ceases to hold at least 5% Shareholding Percentage.
- (d) This Agreement may also be terminated by either of GMR or the State Promoters in case of termination of the Concession Agreement by a thirty (30) days notice to the other.

13.2 Insolvency Event

For the purposes of this Clause 13, an “Insolvency Event”, with regard to a Party, shall mean one or more of the following events (a) a receiver or trustee (excluding debenture trustees and security trustees) has been appointed over its assets, and such appointment is not dismissed or withdrawn or such receiver or trustee has not been discharged as the case may be within sixty (60) days of such appointment, or (b) if it is dissolved or liquidated; or (c) a resolution for its voluntary winding up has been passed, or (d) a liquidator or provisional liquidator has been appointed in any winding up petition or insolvency petition filed against it which appointment is not set aside or stayed within sixty (60) days of such appointment. For avoidance of doubt, it is clarified that exercise of any powers by the GoI under the Airports Authority of India Act, 1994 with respect to AAI or its property, including but not limited to reconstitution thereof shall not be an event of insolvency.

13.3 Consequences of Insolvency Event of the Sponsors

- (a) If a Sponsor suffers an Insolvency Event (the “Sponsor Affected Party”) and subject to the approval (if any is required) of the relevant court or judicial authority, the other Sponsor shall within a period of ninety (90) days either (i) acquire the Shares held of the Sponsor Affected Party and its Affiliates in HIAL or (ii) identify a third party, reasonably acceptable to the State Promoters, willing to acquire such Shares, provided that if the State Promoters shall not have granted approval or rejected such proposed third party within thirty (30) days of being notified, the third party so proposed shall be deemed to have been approved. The purchase price for such Shares shall be the Fair Market Value. The Sponsor Affected Party hereby agrees that if it suffers an Insolvency Event it shall be obliged to sell its Shares in the manner contemplated by this Clause 13.3.
- (b) In the event that the other Sponsor elects not to so acquire such Shares or fails to identify a third party willing to acquire such Shares within sixty (60) days from the date of the Insolvency Event of the Sponsor Affected Party, the State Promoters shall be entitled to require that such Shares be sold to the State Promoters (or Affiliates) or any third party or parties selected by the State Promoters at Fair Market Value, and the Sponsor Affected Party and its Affiliates shall be obliged to sell the same as aforesaid, and the State Promoters shall be required to complete the sale/purchase of the Sponsor Affected Party’s Shares within sixty (60) days from the date of expiry of the said sixty (60) days notice period. In case the sale/purchase by the State Promoters is not completed within the time period as above then Sponsor Affected Party can sell such Shares to any third party.

13.4 Sponsors' Material Breach and its Consequences

If a Sponsor is in Material Breach of this Agreement ("**Defaulting Sponsor**") and fails to rectify the same forthwith, any other Party (not being a Sponsor) may serve a notice on such Defaulting Sponsor (with copies to each of the other Parties) requiring rectification of such Material Breach within thirty (30) days of the service of such notice. If such Material Breach is not so rectified then:

- (a) the other non-defaulting Sponsors ("**Other Sponsor**") shall have the right within a period of sixty (60) days, either (i) to acquire the Shares of the Defaulting Sponsor and its Affiliates, or (ii) identify a third party reasonably acceptable to the State Promoters, willing to acquire such Shares, provided that if the State Promoters shall not have granted approval or rejected such proposed third party within thirty (30) days of being notified, the third party so proposed shall be deemed to have been approved. The Defaulting Sponsor and its Affiliates shall be obliged to sell the same as aforesaid. The price for such Shares shall be the lesser of (i) the par value and (ii) Fair Market Value.
- (b) In the event the Other Sponsors do not purchase the Shares of the Defaulting Sponsor or fail to identify a third party pursuant to Clause 13.4 (a), the State Promoters shall be entitled, by a notice given within forty five (45) days after the expiration of the sixty (60) days as set out in Clause 13.4 (b) (i), to exercise all or any one or more of the following rights:
 - (i) require that the Defaulting Sponsor transfer all Shares held by it and its Affiliates to the State Promoters or any third party or parties selected by the State Promoters at seventy five percent (75%) of the par value or seventy five percent (75%) of Fair Market Value, on the date of transfer, whichever is lower, and the Defaulting Sponsor and its Affiliates shall be obliged to sell the same as aforesaid;
 - (ii) require that HIAL terminate any Project Agreement/s to which the Defaulting Sponsor and/or its Affiliate is a party.
 - (iii) Ensure that all the directors nominated by the Defaulting Sponsor tender their resignation as directors with immediate effect.

For the purpose of Clause 13.4 and Clause 13.5 a reference to the Sponsors shall include Other Investors holding Shares in HIAL.

13.5 State Promoter's Material Breach and its Consequences

If a State Promoter is in Material Breach of this Agreement ("**Defaulting State Promoter**") and fails to rectify the same forthwith, any other Party (not being a State Promoter) may serve a notice on such Defaulting State Promoter (with copies to each of the other Parties) requiring rectification of such Material Breach within thirty (30) days of the service of such notice. If such Material Breach is not so rectified then:

- (a) then the non-defaulting State Promoter ("**Other State Promoter**") shall within a period of sixty (60) days, acquire all the Shares of the Defaulting State Promoter and its Affiliates.



- (b) In the event the Other State Promoter does not purchase the Shares of the Defaulting State Promoter pursuant to Clause 13.5(a), any of the Sponsors shall be entitled, to require the State Promoters to:
- (i) purchase all the Shares held by such Sponsor and its Affiliates at the Fair Market Value or par value, whichever is higher.;
 - (ii) relieve such Sponsor (or its Affiliates if applicable) from any outstanding obligations undertaken by it to the Lenders to HIAL under the Financing Agreements;
 - (iii) reimburse any subordinate debt advanced by such Sponsors to HIAL in terms of Clause 9.3; and
 - (iii) reimburse any amounts paid by such Sponsor (or its Affiliate if applicable) to any Lender to HIAL in respect of any borrowing undertaken by HIAL, and that the State Promoters relieve such Sponsor (or its Affiliate if applicable) from any outstanding guarantees in respect of such borrowing and return (if applicable) the Performance Guarantee.
 - (iv) Ensure that all the directors nominated by such Sponsor tender their resignation as directors with immediate effect.
- (c) HIAL and the Parties record their intent that they shall seek to incorporate appropriate enabling provisions in the Project Agreements with the Sponsors /their respective Affiliates for implementation of the provisions of Clause 13.5(b) (iii).

13.6 Consequences of Termination

Any termination of this Agreement pursuant to the provisions of Clause 2.3 or this Clause 13 shall be without prejudice to:

- (a) any accrued obligations and any right of action or remedy that may have accrued to any Party prior to such termination;
- (b) the provisions of Clause 14 (Confidentiality), Clause 17 (Governing Law) and Clause 19 (Arbitration) shall continue to apply to all Parties, including the Party against whom the termination provisions are invoked.

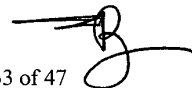
Upon termination of this Agreement pursuant to Clause 13.1(d), the Board shall consider all options to protect the economic interests of the Shareholders including the option of voluntary winding up of HIAL.

13.7 Exclusive Remedies

The Parties agree and undertake that each of them shall take all necessary steps to implement and give full effect to the provisions of this Clause 13.7. The Parties agree that the remedies expressly stated in this Agreement shall be the sole and exclusive remedies of the Parties for liabilities to one another arising out of or in connection with this Agreement.

13.8 Liability for Consequential Loss

Notwithstanding anything to the contrary contained in this Agreement, in no event shall any Party, its officers, employees or agents be liable to any other Party (on the basis of breach of



contract, indemnity, warranty or tort, including negligence and strict or absolute liability, or breach of statutory duty or otherwise) for any matter arising out of or in connection with this Agreement in respect of any Consequential Loss suffered by such other Party. Each Party undertakes not to sue any other Party, its officers, employees, and agents in respect of such Consequential Loss.

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

14. CONFIDENTIALITY, NON-DISCLOSURE & SECRECY

14.1 Information Confidentiality

All Parties acknowledges that any and all commercial and technical information and data provided by one constituent to the other or to HIAL shall be considered to be confidential and the constituent receiving such information and data shall not, at any time, directly or indirectly disclose such information and data to any person firm or use the same in any manner other than in connection with the pursuit of this Agreement, without the prior consent of the relevant other constituent. The constituents shall cause HIAL to be bound by this obligation of secrecy and non-disclosure in respect of information and data provided to it by any of the constituents. The obligations in this Clause 14 shall survive termination of this Agreement for 5 (five) years.

14.2 Exceptions

The obligation towards confidentiality shall, however, exclude: (i) such information and data which are already in the public domain or which needs to be disclosed by law, as requested by a court of law; (ii) any disclosure by a Party in connection with any proposed transfer of its Shares to a third party (subject to obtaining an appropriate confidentiality undertaking of such third party); (iii) any disclosure required to be made by the State Promoters and the Sponsors to the GoI and/or GoAP or to any other Governmental Authority for the purpose of obtaining consents, permits and approvals or for any other purpose; and (iv) any disclosure to potential financiers or arrangers or investment banks for purposes of financing of the Project.

14.3 Binding Nature

Each Party undertakes that it and its Affiliates and its nominees and employee of such Party and each employee of such Affiliate and nominee shall not, without limit in point of time, whether during the terms hereof or after the termination of this Agreement, divulge or communicate to any third party (except as may be necessary for such Party to exercise its rights and perform its obligations hereunder or as may be required by law) or use for its own purpose any information about the private affairs of HIAL or another Party or its Affiliates or nominees.



14.4 Public Announcement

No public announcement or disclosure shall be made in respect of the subject matter of this Agreement or any of the transactions contemplated herein without the prior written approval of the other Parties (save as may be required by law or any regulatory authority in which event the scope of the announcement will be limited to the matters required to be disclosed and the disclosing Party will, if practicable, consult with the other Parties on the terms and timing of such announcement). Provided that notwithstanding the above, HIAL may make such public announcements or statements as are considered appropriate in relation to its activities or operations.

15. WAIVER

15.1 Waiver by Consent

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

15.2 Failure or Delay

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


15.3 Cumulative Rights

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

15.4 Sovereign Immunity

Each of the State Promoters hereby unconditionally and irrevocably:

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

 Page 35 of 47

16. NOTICES

16.1 Details

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

In case of GoAP to :

- J-Block, AP Government Secretariat
- Hyderabad-500 022
- Fax # (+91-40) 2345 0104
- Attention: Secretary, Transport Roads and Buildings Department, Government of Andhra Pradesh

In case of AAI to :

- Rajiv Gandhi Bhavan, Safdarjung Airport
New Delhi – 110 003
- Fax # (+91-11) 2463 2990
- Attention: Chairman

In case of HIAL to :

- J-Block, AP Government Secretariat
- Hyderabad-500 022
- Fax # (040) 2345 0104
- Attention: Secretary, Transport, Roads & Buildings Department, Government of Andhra Pradesh

In case of GMR to :

- GMR Infrastructure Limited
- 6-3-866/1/G3, Green Lands,
Begumpet
- Hyderabad India
- Fax # (+91-040) 2341 0184
- Attention: Director, GMR Infrastructure Limited

In case of MAHB to:

- **Malaysian Airports Holdings Berhad**
- Head Office MAB,
Sultan Abdul Aziz Shah Airport,
47200 Subang,
Selangor Darul Eshan, Malaysia
- Fax #
- Attention: Chairman

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

- (a) if personally delivered, upon delivery at the address of the relevant Party;
- (b) if sent by registered post-acknowledgement due seven (7) days after the posting;
- (c) if sent by facsimile upon receipt of confirmation by sender, from the receiver, that the facsimile has been received;
- (d) if sent by courier four (4) days after the date of despatch.

16.2 Change in Address

A Party may notify the other Parties of a change to its name, relevant addressee, address, or fax number for the purposes of Clause 16.1 as provided herein.

Page 36 of 47

17. APPLICABLE LAW

This Agreement shall be construed and enforced according to the laws of the Republic of India. Subject to Clause 19, the Courts at Hyderabad shall have the jurisdiction for grant of any interim relief and the enforcement of any award.

18. MISCELLANEOUS

18.1 Relationship

Nothing herein shall constitute a partnership between the Parties hereto.

18.2 Severability

If any provision, including any phrase, sentence, clause, section or subsection, of this Agreement is invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering such provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

18.3 Entire Agreement

This Agreement and the schedules attached constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof.

18.4 Specific Performance

The Parties hereby acknowledge and confirm that it is impossible to measure in money the damages which will accrue to a Party or to their heirs, personal representatives, or assigns by reason of a failure to perform any of the obligations under this Agreement and therefore agree that the terms of this Agreement shall be specifically enforceable. If any Party or personal representatives, or assigns institutes any action or proceeding to specifically enforce the provisions hereof, any Party against whom such action or proceeding is brought (i) hereby waives the claim or defense therein that such Party or such personal representative has an adequate remedy at law, and (ii) hereby confirms that it shall not offer in any such action or proceeding the claim or defense that such remedy at law exists.

18.5 Variations

This Agreement shall not be amended, varied, altered or modified except by an instrument in writing expressly referring to this Agreement and signed by the Parties. The Parties hereby agree that upon execution they shall make appropriate modifications to this Agreement if and to the extent required after execution of the Concession Agreement.

19. ARBITRATION

19.1 Disputes

All disputes, controversies or claims arising out of or in connection with or in relation to this Agreement or the breach, termination or invalidity thereof (Dispute) shall in the first instance be attempted to be amicably resolved between the Parties. In the event that a Dispute cannot be so resolved within 45 Business Days of the date of the first written notice of such dispute

Page 37 of 47

by one Party to the other Parties, then such dispute shall be referred to arbitration in accordance with the terms of Clauses 19.2 or 19.3 below, as applicable.

19.2 Disputes between State Promoters inter se

Disputes that arise pursuant to this Agreement between the State Promoters only which are not resolved by mutual discussion as provided in Clause 19.1, shall be referred by either party to such dispute to the Permanent Machinery of Arbitrators in the Bureau of Public Enterprises in terms of OM No.15/9/86-BPE (FIN) dated 30.03.1989 issued by the Ministry of Industry, Government of India, or such other orders/memos of the Government of India or any instrumentality thereof, issued from time to time for the resolution of disputes between two or more public sector undertakings or authorities.

19.3 Disputes where one party is not a State Promoter

Disputes that arise pursuant to this Agreement when one Party to the dispute is not a State Promoter shall be resolved by arbitration under the provisions of the (Indian) Arbitration and Conciliation Act, 1996 and any amendment or succeeding legislation thereto in accordance with Clauses 19.3 to 19.7 (inclusive). The arbitration shall be conducted by a panel of three arbitrators who shall be appointed in the manner described below:

- (a) In case all State Promoters are on the same side in a Dispute and the Sponsors are on the other side, then the State Promoters shall appoint one arbitrator jointly, and the Sponsors shall appoint one arbitrator. The third arbitrator shall be appointed by the two arbitrators so appointed by respectively the State Promoters and the Sponsors;
- (b) In case one of the State Promoters is on one side in a Dispute and other State Promoter and the Sponsors are on the other side of the Dispute, then each side to the Dispute as above shall appoint one arbitrator. The two arbitrators so appointed by each side to the Dispute shall appoint the third arbitrator.
- (c) In all other cases, the two sides to the Dispute shall appoint one arbitrator each and the two arbitrators so appointed by each side to the Dispute shall appoint the third arbitrator.

19.4 Language and Venue

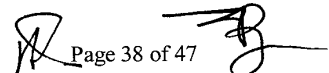
The arbitration proceedings shall be conducted in the English language. The venue of arbitration shall be Hyderabad, India.

19.5 Binding

The Parties hereby agree that the arbitral award shall be final and binding and the Parties irrevocably waive their right to any form of appeal, review or recourse to any state court or other judicial authority, insofar as such waiver may be validly made. The arbitrator shall give a reasoned and speaking award in writing.

19.6 Miscellaneous

The arbitrators shall adopt procedures suitable to the Dispute, avoiding unnecessary delay or expense, so as to provide an expeditious and fair means for the resolution of the Dispute. Unless otherwise agreed, the arbitral award shall be made in any event within two years from the date the arbitration enters into reference. The arbitrators shall give a reasoned award.



Page 38 of 47

The Parties shall have the right to seek injunctive relief from a court of competent jurisdiction, both before and after the arbitrators have been appointed, at any time up until the arbitrators have made their final award.


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

20. COUNTERPARTS

This Agreement shall be executed in five (5) counterparts, one to be retained by each Party each of which shall constitute the original but all of which when taken together shall constitute one and the same agreement.

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


Signed for and on behalf of)
Government of Andhra Pradesh)
by a duly authorised representative)
in the presence of:)
Signature of witness N.P. Reddy)
Name and address of witness N.P. (A.M.A.R.) S/O M. R. REDDY)
Add. Seli, TR&B, GOAP)



Signature of authorised representative
Mr. J. Rambabu, Special Chief Secretary

Name of authorised representative

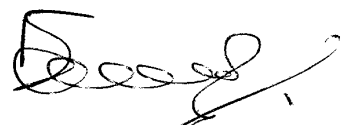
Signed for and on behalf of)
Airports Authority of India)
by a duly authorised representative)
in the presence of:)
Signature of witness J. Subramanian)
Name and address of witness AIRPORTS AUTHORITY OF INDIA)
RAJIV GANDHI BHAVAN)
NEW DELHI - 110003)



Signature of authorised representative
Mr. V.D.V. Prasad Rao, Member
(Finance)

Name of authorised representative

Signed for and on behalf of)
GMR Infrastructure Limited)
By a duly authorised representative)
In the presence of:)
Signature of witness T. Srinagesh)
Name and address of witness GIL, 25/1, SKIP HOUSE, MUSEUM ROAD, BANGALORE)



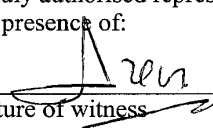
Signature of authorised representatives
Mr. B.V.N. Rao, Director

Name of authorised representatives




Signed for and on behalf of

Malaysian Airports Holding Berhad
by a duly authorised representative
in the presence of:


Signature of witness

UAE KAVE MOHAB. NOR.
Name and address of witness

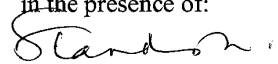

Signature of authorised representatives

Name of authorised representatives

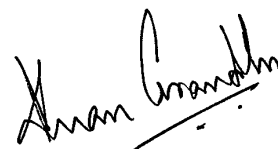
TAN SRI DATUK DR. ARIS B. OTHMAN

Signed for and on behalf of

Hyderabad International Airports Limited
by a duly authorised representative
in the presence of:


Signature of witness

SUNIL TANDON, BMR,
Name and address of witness


Signature of authorised representatives

Name of authorised representatives

Mr. Kiran Kumar Grandhi, Director



SCHEDULE 1
DETAILS OF HYDERABAD INTERNATIONAL AIRPORT LIMITED

Name : Hyderabad International Airport Limited
Number :
Date of Incorporation :
Registered Office :
Authorized Capital : 5,000,000 equity shares of Rupees ten (10) each aggregating to Rupees 50,000,000 (Rupees Fifty Million Only).
Issued and paid -up share capital : 50,000 equity shares of Rupees ten (10) each aggregating to Rupees 5,00,000 (Rupees Five Hundred Thousand Only).
Directors :
Secretary :
Accounting reference date:
Activities : Promoting and undertaking the design, finance, building, operations and maintenance of the international airport project at Shamshabad, Hyderabad on a Build, Own, and Operate basis, carrying out aeronautical and non-aeronautical and airport-centric business/ activities, and participation in and/or undertaking allied activities/investments and/or related business.



SCHEDULE 2A

Form of Deed of Adherence in case of subscription by an Affiliate of the Sponsors or the State Promoters, or transfer of shares to an Affiliate by the Sponsors or a State Promoters, or transfer of Shares by an Affiliate of the Sponsors or State Promoters to respectively another Affiliate of the Sponsors or State Promoters (as the case may be)

THIS DEED OF ADHERENCE is made on _____ between _____, a company incorporated under the laws of _____ and having its principal office at _____ ("XYZ"); and [Transferor whose Affiliate is subscribing to or acquiring the Shares and all the Other Parties] (the "**Other Parties**");

WHEREAS the Sponsors, the State Promoters and Hyderabad International Airport Limited ("**HIAL**") have entered into a Shareholders Agreement dated _____ ("**SHA**") in respect of their mutual rights and obligations under a joint venture in relation to the Airport and the Sponsors and the State Promoters have for this purpose participated in HIAL.

WHEREAS the [Sponsor /State Promoter] has proposed that its Affiliate XYZ [subscribe to] [acquire]* _____ equity shares pursuant to Clause 4.4(c)/Clause 4.5/Clause 6.1(d)]* of the SHA and pursuant to which XYZ is required to execute a Deed of Adherence as a condition precedent to [subscription] [transfer]* of the Shares as aforesaid; and

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

NOW THEREFORE, this Deed of Adherence witnesseth as under:

1. XYZ hereby confirms that it has been provided with a copy of the SHA and hereby undertakes with the Other Parties to be bound by and observe and perform all the terms and conditions of the SHA as if it were a party thereto to the extent the same are applicable to [Transferor Party] as a Shareholder and in particular XYZ undertakes to exercise its voting rights to ensure performance of the SHA. XYZ shall exercise all rights under the SHA through the Investor whose Affiliate it is.
2. In the event XYZ shall cease to be an Affiliate of the Sponsor /State Promoter it shall prior to such event transfer all Shares held by it in HIAL to the relevant the Sponsor /State Promoter or to another Affiliate(s) of the Sponsor /State Promoter (as the case may be).
3. This Deed of Adherence shall be governed and construed in accordance with the laws of India. The provisions of Clause 19 of the SHA shall govern any disputes between the parties to this Deed of Adherence.

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

XYZ

By
Name
Title
Witness

*Delete the inapplicable

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

By
Name
Title
Witness

SCHEDULE 2B
Form of Deed of Adherence in case of transfer of shares to a third party in terms of
Clause 6.2(d)

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

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

WHEREAS the Sponsors, the State Promoters and Hyderabad International Airport Limited ("**HIAL**") have entered into a Shareholders Agreement dated _____ ("**SHA**") in respect of their mutual rights and obligations under a joint venture in relation to the Airport and the Sponsors and the State Promoters have for this purpose participated in HIAL;

WHEREAS [Transferor Party]proposes to transfer ____ equity shares held by it to XYZ pursuant to Clause 6.2(d) of the SHA and pursuant to Clause 6.2(d) thereof the proposed transferee is required to execute a Deed of Adherence as a condition precedent to transfer of the shares as aforesaid; and

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

NOW THEREFORE, this Deed of Adherence witnesseth as under:

1. XYZ hereby confirms that it has been provided with a copy of the SHA and hereby undertakes with the Other Parties to observe and perform all the terms and conditions of the SHA as if it were a party thereto to the extent the same are applicable to a Shareholder and in particular XYZ undertakes to exercise its voting rights to ensure performance of the SHA.
2. This Deed of Adherence shall be governed and construed in accordance with the laws of India.
3. The provisions of Clause 19 of the SHA shall govern any disputes between the parties to this Deed of Adherence.

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

XYZ
By
Name
Title
Witness

[Other Parties]
By
Name
Title
Witness

* Delete the inapplicable



SCHEDULE 2C

Form of Deed of Adherence in case of subscription by Other Investors or transfer of shares by GMR to Other Investor

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

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

WHEREAS the Sponsors, the State Promoters and Hyderabad International Airport Limited ("**HIAL**") have entered into a Shareholders Agreement dated ____ ("**SHA**") in respect of their mutual rights and obligations under a joint venture in relation to the Airport and the Sponsors and the State Promoters have for this purpose participated in HIAL;

WHEREAS [GMR] have proposed that XYZ subscribe to or acquire ____ Shares pursuant to Clause 4.3 of the SHA and in accordance therewith XYZ is required to execute a Deed of Adherence as a condition precedent to subscription/transfer* of the Shares as aforesaid; and

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

NOW THEREFORE, this Deed of Adherence witnesseth as under:

1. XYZ hereby confirms that it has been provided with a copy of the SHA and hereby undertakes with the Other Parties to be bound by and observe and perform all the terms and conditions of the SHA as if it were a party thereto to the extent the same are applicable to Investors and in particular XYZ agrees to exercise its voting rights to ensure performance of the SHA.
2. This Deed of Adherence shall be governed and construed in accordance with the laws of India.
3. The provisions of Clause 19 of the SHA shall govern any disputes between the parties to this Deed of Adherence.

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

XYZ
By
Name
Title
Witness

[Other Parties]
By
Name
Title
Witness

* Delete the inapplicable



SCHEDULE 3
FAIR MARKET VALUE DETERMINATION MECHANISM

1. Fair Market Value of the Shares means the value of the Shares determined by a firm of Chartered Accountants of international repute (the “Valuer”) on the basis of a transaction between a willing seller and a willing buyer and in accordance with Indian GAAP provided that in determining such value the Valuer shall:
 - (a) not ascribe or take into account, directly or indirectly, any value *per se* to the Land provided to HIAL under the Land Lease Agreement, provided that any value arising out of or pursuant to the rights of HIAL to develop the Project on the Land pursuant to the Concession Agreement may be considered.
 - (b) exclude any value attributable directly or indirectly to the State Support granted to HIAL.
2. Upon receiving a request from a concerned Party for determination of the Fair Market Value of Shares where required in terms of this Agreement, the Board will select the Valuer and instruct the Valuer to determine the Fair Market Value in accordance with Paragraph 1 above
3. HIAL will provide the information required by the Valuer for such determination, within a period of fifteen (15) days of appointment.
4. The Valuer shall determine the Fair Market Value within a period of twenty (20) days thereafter and provide his report to the Board, with copies to all Parties.
5. The costs, including fees of the Valuer, incurred for such determination shall be borne by the seller and/or the buyer, as may reasonably be determined by the Board.



**SCHEDULE 4
RESERVED MATTERS**

1. Borrow, take loans or incur any indebtedness to an aggregate limit (together with any liability then existing on such account) in excess of Rs. 250,000,000/- (Rupees Two Hundred and Fifty million) for purposes of liquidity management. Provided that the consent as aforesaid shall not be required for the following:
 - (a) borrowing pursuant to Financing Agreements and working capital requirements;
 - (b) giving of any guarantee, indemnity, performance bonds or incurring any similar contingent liability in the ordinary and normal course of business;
 - (c) borrowing for the purposes of and up to the limit set out in Clause 5.12.
2. The disposal of substantial undertaking or assets of HIAL having a financial impact in excess of an aggregate amount of Rs. 100,000,000/- (Rupees hundred million) in each financial year;
3. Except as provided in Clause 5.11 or as provided in the Agreement, any change of the authorised share capital of HIAL , capital structure and issuance of further capital;
4. The approval of the Project Agreements entered into with the Affiliates of Investors other than those entered into in normal course of business on a competitive basis, and other than communication, navigation, surveillance/air traffic management services and aviation security services agreement(s) with the AAI;
5. Substantially reducing the business of HIAL or substantially expanding the business of HIAL other than expansions covered in or pursuant to the Detailed Project Report and the Concession Agreement;
6. IPO or listing of Shares or securities of HIAL and the terms thereof;
7. Any change in the nature of the business of HIAL or any alteration to the Memorandum and/or Articles or any change in the name or registered office of HIAL ;
8. Any winding-up, liquidation or dissolution of HIAL or buy-back of Shares by HIAL or any reduction in the share capital of HIAL ;
9. Any use of the Land otherwise than as provided in the Detailed Project Report and Concession Agreement;
10. Any resolution to acquire or dispose of any interest in any other company, partnership or business, or enter into a joint venture or a strategic alliance, otherwise than as provided in the Detailed Project Report and Concession Agreement;
11. The granting of any loans by HIAL (other than any advance payments, trade credits for periods up to ninety (90) days and accounts receivable), except as provided under the Act; and
12. Any transfer of Shares otherwise than in accordance with this Agreement.



SCHEDULE 5
LIST OF OTHER INVESTORS

1. McQuire Bank, Australia
2. ICICI Bank Limited
3. International Finance Corporation
4. Commonwealth Development Corporation Financial Services Limited
5. AMP, Australia
6. FMO, Netherlands
7. DEG, Germany
8. BIO, Belgium
9. Asian Development Bank, Manila
10. European Investment Bank
11. New York Life
12. Industrial Development Bank of India Limited
13. Unit Trust of India Limited
14. Industrial Credit and Investment Corporation Limited
15. Industrial Development Finance Corporation Limited
16. Infrastructure Leasing & Financial Services Limited
17. Infrastructure Development Fund
18. Schipol Airport
19. Changi Airport
20. British Airports Authority
21. Airport de Paris
22. Frankfurt Airport
23. Alterra Partners
24. Hochtief

