

**MEMORANDUM OF UNDERSTANDING**

This memorandum of Understanding (MOU) is entered in to on this 29<sup>th</sup> day of March, 2004 by and between –

VGTM Vijayawada Urban Development Authority represented by the Vice – Chairman Shri V.N.Vishnu I.A.S., Vijayawada having its office at VGTM, Vijayawada Urban Development Authority, Vijayawada hereinafter referred to as VGTM (which expression shall mean and include the successors in office and or interests) on the first part.

**AND**

M/s.Delara Tourism Cooperation Limited having its registered office at Plot No.807, Road No.36, Jubille Hills, Hyderabad .represented by its Authorized Representative Shri.Satish Modi, Chairman & Managing Director, resident of India, herein after referred to as Delara (which expression shall mean and the include the other Directors for the time being, the successors in office and or interests) as party of the second part.

**WHEREAS**

VGTM is mandated to do Tourism development with in Vijayawada, Guntur, Tenali & Mangalagiri areas. It is also mandated to develop Tourism project in partnership with private sectors. Thus VGTM was scouting for a suitable reputed experienced private entrepreneur in the field of Tourism development and had come across M/s Delara.

*Satish Modi.*



And whereas Delara expressed their willingness to work together in Joint Venture and they always believed in entrepreneurship, drive & initiative of an entrepreneur to be combined with solidity of the Government, So that one can enjoy best of both private & Government Sectors and eliminate the negative perception of both. Thus it commands confidence of lenders, Investors, Users etc.,

And whereas Delara as an entrepreneur of repute and experience shall conceive, design, develop & finance and run the project.

And Whereas VGTM and DTCL will permit the special purpose company to mortgage / hypothecate the land and the assets created there on in favour of lenders to raise the required resources for the respective projects. Both VGTM & DTCL will also monitor its utilization of the same for specific purpose of respective projects.

And whereas ensuring efficiency and enterprise of private company and eliminate fly by night image of independent entrepreneur. It will also eliminate its own procedure that results in delays and inefficiency perceived to be associated with the Government.

And whereas to give effect to the intent and purpose stated above it is agreed to have SPC (Special Purpose Company) a joint venture company to be named as VGTM - Delara Tourism Development Corporation Ltd., to promote several projects related to Tourism in Vijayawada, Guntur, Tenali & Mangalagiri Urban agglomeration area. Land will be transferred to SPC (Special Purpose Company) at no cost to entrepreneur for the specific purpose mutually agreed.

And whereas each project will be a separate subsidiary like Pushkar Park, Multiplex / Urban Entertainment Centre a project / Unit of VGTM Delara Tourism Corporation Limited.

And whereas the transparency and efficiency shall be maintained as in case of best managed Corporation and Joint Ventures.

Satish



And whereas the plans proposed to be submitted within 15 days and work shall commence within further 15 days for the Pushkar Park to create maximum facilities which are available before Pushkar.

And whereas Delara promptly responded to the invitation and visited several potential sites for Tourism Development.

And whereas they instantly agreed to put up a place like Necklace Road, Ring road along the banks of Krishna down stream Krishna Barrage for Public at large.

And whereas they also accepted to put up a Water Park, Theme Park, Club resort at the allotted site of 7 hectares for the specific purpose at a cost of Rs.10 Crores ( Rupees Ten Crores only) or more.

And whereas they have also accepted the VGTM condition of 33% equity against land, infrastructure, exemptions etc., in the proposed special purpose company to be formed to execute this project.

And whereas part of work to be completed on or before Pushkar festival schedule to be held in August, 2004.

And whereas similarly another site was selected for putting up Mall, Multiplex & Revolving restaurant with city center club in an area of 5 acres at Kasturbhaipet Hills, Moghulraj Puram at an estimated cost of Rs.30 - 50 Crores. It is also proposed to make this club as part of the chain of Federal Club proposed at various places including the state capital at Hyderabad, where member of one club will be able to enjoy the facilities of the chain of clubs as of original member (and not affiliated club member).

And whereas the proposed UEC (Urban Entertainment Centre) to be put up within next 3-5 years on the same principle of 33% equity against land, infrastructure, exemption.

Satish Mehra.



And whereas these are two of the projects short listed for the time being, out of many proposed and is reduced to this memorandum of Understanding.

The M.O.U is in good faith and is subject to force Majeure. The VGTM liability is strictly limited to land only. Financial institutions can replace / substitute borrower, subject to the terms and conditions of Loan Agreement. VGTM retains its share of 33 %. The Promoter M/s Delara Tourism Corporation Ltd., has an option to Purchase the stake of VGTM in any / all subsidiary joint ventures by paying the value equal to preceding 3 years average market value per share if the company is listed, otherwise the price recommended by an independent Chartered Accountant arrived at by using accepted techniques of valuation.

And whereas there is any difference / dispute of interpretation and / or understanding of the terms this MOU and subsequent agreement the matter shall be resolved through arbitration as per the Arbitration and Conciliation Act 1996.

**PARTY OF THE FIRST PART  
DELARA TOURISM  
CORPORATION LTD.**

1. Satish modi.

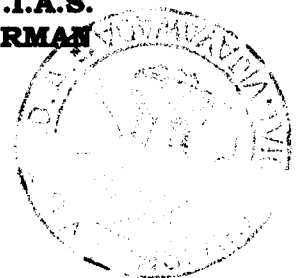
**SATISH MODI  
CHAIRMAN & MANAGING DIRECTOR**

2. K. Manohar Reddy  
**K.MANO HAR REDDY  
EXECUTIVE DIRECTOR**

**PARTY OF THE SECOND PART  
VGTM URBAN  
DEVELOPMENT AUTHORITY**

1. V.N. Vishnu I.A.S.

**V.N.VISHNU.I.A.S.  
VICE - CHAIRMAN**



**WITNESS**

1. (Ch. Kumara Swamy)

2. (G. Venkatesh)  
planning officer