

AGREEMENT

THIS PROJECT AGREEMENT (AGREEMENT) is made on this 29th day of March 2004 BETWEEN The Vijayawada, Guntur, Tenali, Mangalagiri Urban Development Authority represented by its Vice-chairman Shri.Vishnu, IAS (hereinafter referred to as "VGTMUDA" which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors / representatives) of the ONE PART AND M/s.Delara Tourism Corporation Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Plot No.807, Road No.36, Jubilee Hills, Hyderabad represented by its Chairman & Managing Director Shri.Satish Modi duly authorized representative, (hereinafter referred to as DTCL, which expression shall unless repugnant to the context or meaning thereof, be deemed to mean and include its successors in business and assigns) of the other part.

- (I) Whereas, the VGTM – UDA has executed a Memorandum of Understanding (MOU) with the DTCL for the conceptualization, design, development, financing construction, marketing, operations and maintenance of (a) Multiplex / Urban Entertainment Center (UEC) (b) Pushkar Park in the State of Andhra Pradesh at Vijayawada more particularly described in the Schedule hereunder;
- (II) And whereas, the Parties are now desirous of forming a Joint Venture Company (hereinafter referred to as "the Company / JVC") in India to carry on the business of conceptualization, design, development, financing, construction, marketing, operations and maintenance of the aforesaid projects in Krishna & Guntur Districts of the State of Andhra Pradesh;
- (III) And Whereas, the Parties hereto are desirous of recording their agreement for the formation of a Joint Venture Company (JVC) and for the implementation of the project of the above two projects in Vijayawada as is herein contained;

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Now, therefore, it is hereby agreed by and between the parties hereto as under:-

Definitions

1.1 In this agreement, unless the context otherwise requires,-

- (a) "Act" means the Companies Act, 1956 and any modification thereof for the time being in force;
- (b) UEC / Multiplex & Pushkar Park shall have the same meaning as has been ascribed to them in the MoU dated 29.03.2004.
- (c) "Joint Venture Company" or "JVC" means a company to be incorporated under the Companies Act, 1956, pursuant to the signing of this agreement;
- (d) Project means project as specified in the said MoU;
- (e) Project Site means Project site as specified in the said MoU;
- (f) "Shares" means the equity shares carrying voting rights to be issued by the JVC
- (g) "Project Completion" means the time when the total project is completed by the Joint Venture Company

1.2 The Words, phrases and concepts mentioned in this AGREEMENT shall, unless they be repugnant to the context or meaning thereof, or unless expressly defined otherwise, have the same meaning to them under the Companies act, 1956

2. Role of JVC

2.1 A Joint Venture Company shall be incorporated as a company with limited liability under the Companies Act, 1956 having its registered office at Vijayawada.

2.2 The rights and obligations of the shareholders of the JVC shall be determined through a separate shareholders agreement, which will be executed within 30 days of the date hereof.

2.3 The JVC shall have the responsibility to conceptualize, design, develop, finance, construct market, operate and maintain the Project.

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[Signature]

- 2.4 The development rights for the entire parcel of land being the Project Site and the land which is provided to the JVC by operation of clauses 3.1(a) 40 acres at Banks of River Krishna Vijayawada & 5 acres at Kasturbhaipet Hills, Mughalraj Puram, Vijayawada more particularly described in the Scheduled hereunder shall vest with the JVC. The JVC will get the entire civil and other development works of the Project executed by them or subcontracting them to competent sub contractors.
- 2.5 The JVC shall be responsible for operations of the above two projects JVC may by an ordinary resolution transfer some specialized operations of the projects a third party if it is felt that such transfer is in the over all interest of the said projects.
- 2.6 (a) The JVC shall endeavor to provide the facilities as stated in the Detailed Project Report and which forms part of the documents. However availability of such facility will depend on the demand of those services, and shall be provided in place in a phased manner, as may be decided by the JVC.
- (b) It is further understood that the provision of the aforesaid facilities / services would be in accordance with the terms and conditions mutually agreed to by the JVC, and subject to the commercial viability of such facilities / services.
- 2.7 The JVC shall engage the required technical consultants and other experts in order to develop these two model projects as mentioned in Clause 2.6 above.
- 2.8 The names of the JVC shall be VGTM – Delara Tourism Corporation Limited
- 2.9 The consideration for the land for the projects shall be paid by the JVC to the VGTM-UDA as under:
- (1) By allotting equity shares at par to the extent of 33% of the equity share capital proposed in the financial structure for the project.

3. The obligations of the VGTM-UDA relates to the following:

- 3.1 (a) VGTM-UDA shall provide the land as mentioned herein above for the Projects towards equity share capital VGTM-UDA, as has been described in para above.
- (b) It is understood by and between the parties hereto that the JVC may mortgage or charge the said land to lenders of repute, if so desired by the JVC, to raise fiancés by the JVC for the successful completion of the Project.

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(c) In the unlikely event of any portion of the said land get submerged. It is agreed by the VGTM-UDA that if this piece of land is not suitable for the layout of the projects as per the plans prepared by the Architects to be appointed by the JVC, then the VGTM-UDA shall make available to the JVC an equivalent area of usable land, adjacent to the said lands.

3.2 VGTM-UDA shall recommend to the Government of India for sanction of concession or grants and soft loans to the project and use the best efforts possible to ensure that such concessions and grants and loans are made available to the JVC. VGTM-UDA accepts the fact that the Projects will not be viable without these grants and concessions.

3.3 a) VGTM-UDA would provide to the JVC at the Project Site, treated piped water supply through the Water Works Department within 120 days of signing of this Agreement. Water charges to the end users of the Project shall not exceed the applicable rates for domestic use charged by the Vijayawada water works at any given time, by more than 10% of the rates charged to the domestic users (subject to sanction by Vijayawada Municipal Corporation). It is further understood that if the Vijayawada Water Works is not able to supply the said water through its proposed pipeline on the time that has agreed upon, then tanker water shall be provided by the Vijayawada Water Works at the Project Site at the same rates as per piped water rates.

b) VGTM-UDA also agrees to provide untreated water of River Krishna from the barrage at no cost, required by JVC for growing plants and operating other entertainment facilities in the Theme park includes maintenance of water body and recuperating losses due to evaporation, seepage etc. round the year.

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- 3.4 VGTM-UDA shall provide a peaceful and vacant possession of the land earmarked for the Projects the promoters of the JVC, within fifteen days of this Agreement, and will convey the ownership thereof to the JVC within 15 days of the incorporation of the JVC.
- 3.5 VGTM-UDA shall also ensure quick and time bound availability to the JVC of the clearances from all relevant state Government departments at their own cost for the speedy implementation of the Project.
- 3.6 The Government of Andhra Pradesh or Andhra Pradesh TRANSCO (APTRANSCO.) or such regulatory body formed by the Government of Andhra Pradesh shall facilitate the availability of the requisite amount of electricity for the project. It is further understood that VGTM-UDA / APTRANSCO shall ensure uninterrupted and good quality power supply from Receiving / Sub Station to be established by it / them at its / their cost on the land to be made available to them by the JVC in the above two projects. This Receiving / Sub Station shall be fed by 2 independent feeders and the power supply to the end users of the Projects shall be as per the requirements (subject to sanction by APTRANSCO).
- 3.7 VGTM-UDA shall assist JVC in getting the relevant permission/s from the Electricity Regulatory Authority, in case JVC or any unit in the above projects wants to set up a captive power plant.
- 3.8 The VGTM-UDA agrees that the VGTM-UDA or any of its agencies shall not directly or indirectly promote Multiplex or Water Sports in the vicinity of Vijayawada.
- 3.9 VGTM-UDA shall depute a VGTM-UDA official to the JVC, for coordination and liaison with State Government departments to ensure prompt approvals for the projects from the various Government Departments. The commensurate remuneration for this official will be borne by the JVC.
- 3.10 It is understood by and between the parties hereto that for implementing the Project the necessary approvals and permissions required from the Government of Andhra Pradesh and local authorities will be available on the basis of a "Single Window Clearance".
- 3.11 Further to be really effective and to be meaningful, there must be a sufficiently authorized delegated level of authority with the personnel posted for this work, as

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well as the procedures must be minimal, transparent and consistent, and that the permissions must be given within a time bound frame from the date of submission of the application for the same.

- 3.12 Similarly, the VGTM – UDA shall use its best efforts to ensure the provision of a suitable officer from the Government of India, with adequate delegated authority and seniority for the approvals for the Project pertaining to the Government of India, and whose role shall be similar in manner as provided in 3.10 above.
- 3.13 VGTM-UDA shall widen and strengthen the approach roads to the projects at its cost and this shall be done within a period of 4 (four) months from the date of this Agreement.
- 3.14 The VGTM-UDA shall recommend to Government of Andhra Pradesh to waive the levy of the conversion and betterment charge on the land payable by the JVC and the stamp duty and the registration charges for transfer of Project Site and / or land as specified.
- 3.15 a) The VGTM-UDA shall direct the Environment Protection Training and Research Institute (EPTRI) (define) to act as the Nodal Agency for obtaining permissions from the Environment Ministry / Department under the relevant Acts enacted for pollution norms for the project.
- 3.15 b) The VGTM-UDA shall help JVC to obtain necessary clearances from Irrigation Department and / or other departments.
- 3.16 The VGTM-UDA shall grant such other benefits as may be decided upon by the GoAP, to encourage to the projects.
- 3.17 The VGTM-UDA shall use its best efforts to ensure that the Government of India gives this Projects the Status of an Infrastructure Project.
- 3.18 The VGTM-UDA shall erect, within (120) days of this Agreement, a suitable fencing around the entire land demarcated by it for the proposed projects at its costs, save and except the space for the main gate from the main access roads. Gates shall be provided for by JVC at its costs.
- 3.19 The VGTM-UDA shall give the first right of refusal to the JVC for taking over the expansion phase of the project on the additional land if any available.

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4. Role of DTCL

- 4.1 DTCL through JVC shall be responsible for drafting a detailed Project report document, which will provide the complete basis for engineering design and drawings and thereafter construction, within a period of 180 days from the date of the Project Agreement.
- 4.2 DTCL shall be responsible for arranging the required finances for the JVC so as to ensure that the construction schedule of the projects is not hampered for want of funds.
- 4.3 DTCL shall arrange required funds, know how and execute the project through its own finances, strategic financial investors and long term loans for the JVC as may required for the successful completion of all the phases of the project. Together valued at 67% of over all project cost.
- 4.4 DTCL shall through the JVC ensure the development of the project as mentioned in the Detailed Project Report subject to any Force Majeure, which for the purpose of this Agreement, the MoU and any other Agreement, shall mean any loss, injury, delay or damages suffered or incurred by the JVC due to strikes, lock-outs, storms, cyclones, fire, explosion, act of God, war whether declared or not, government or police action or any other cause which is beyond the reasonable control of the JVC and any of the conditions mentioned herein.
- 4.5 Securing all clearances for the Project shall be the responsibility of the VGTM-UDA at the appropriate stage as per the requirements of the project at their own cost herein above mentioned.
- 4.6 The equity shares required to be subscribed in the JVC may be subscribed by DTCL and / or its nominee / s provided that the said nominee/s has agreed to abide by this Agreement.
- 4.7 The DTCL shall be eligible to take up similar projects in the vicinity on the lands belonging to VGTM-UDA to establish chain of club / similar facilities and other tourism attractions on those locations.

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5. Validate of the Agreement

- (1) This agreement subsists as an extension of the MoU entered into by and between the Parties hereto dated 29.03.2004 having supplemented the said MoU, and is in no way a substitution of the said MoU.
- (2) Similarly, this Agreement will remain valid even after the parties hereto have entered into a "Shareholders" Agreement as mentioned in the MoU.
- (3) It is also agreed by and between the parties hereto that this Agreement is also subject to the Arbitration Clauses as mentioned in the aforesaid MoU, and which shall be binding on both the parties, as mentioned in details therein.

6. Events of Defaults

- (1) Any breach by VGTM-UDA of any of its obligation under this Agreement and the MoU dated 29.03.2004 and any other Agreements between the parties hereto.
- (2) The expropriation or compulsory acquisition of all or any material part of the projects.
- (3) Any non-supply of Power and / or Water or access to the projects
- (4) Any compulsory acquisition of shares or other material management interest in the JVC, or any other act, omission or default by the VGTM-UDA or any instrumentality thereof that shall have a material adverse effect on the project.
- (5) Any change in the policy or direction of the Government of India or GoAP resulting into a material adverse effect on the Project.
- (6) Any material misrepresentation by the VGTM-UDA or any of its departments as set forth in this Agreement and the MoU dated 29.03.2004 or any other Agreement between the Parties hereto, or any omission by the Government of Andhra Pradesh / VGTM-UDA of any fact which renders such representation and or warranty materially misleading.
- (7) Any breach by the VGTM-UDA or the GoAP of any of its material obligations either in this Agreement and the MoU dated 29.03.2004 or any other Agreement between the parties hereto which is not remedied within 90 days of the notice from the JVC to the VGTM-UDA or GoAP stating that such a breach has occurred, and which needs to be rectified by the VGTM-UDA and / or the GoAP.

Sahil Mehta



In the event any default has been committed as stated in sub-clause (1) to (6) of Clause 6 as above, then the JVC shall be entitled to terminate this Agreement and the MoU and any other Agreements between the parties hereto after giving a notice in writing of 30 days to the GoAP.

In the event any default has been committed as stated in sub-clause(7) of Clause 6 above, the JVC shall be entitled to terminate forthwith this agreement and the MoU dated 29.03.2004 and any other Agreements between the parties hereto.

7. Consequences of Termination

- (1) In the event of a termination of this agreement and the MoU dated 29.03.2004 and any other Agreement / s between the parties hereto shall stand terminated, ipso fact, without prejudice to the rights of the JVC as enshrined in this Agreement.
- (2) In the event of a termination of this Agreement and the MOU 29.03.2004 and any other Agreements between the parties hereto, the JVC shall be entitled to offer the Project to the VGTM-UDA on a "going concern" basis at a price to be determined by an independent valuer of international repute.
- (3) In the event of VGTM-UDA not accepting this aforesaid offer of the JVC, then the JVC shall be entitled to transfer its rights to the project to any other third party without any further approval of the VGTM-UDA including any approval with regard to the quantum of the offer.

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

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

1. *Satish Modi*

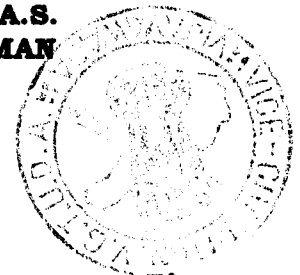
1. *[Signature]*

**SATISH MODI
CHAIRMAN & MANAGING DIRECTOR**

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

2. *[Signature]*

**K.MANO HAR REDDY
EXECUTIVE DIRECTOR**



WITNESS

1. *[Signature]* (CH. KUMARASWAMY)

2. *[Signature]* (G. VENKATESH)

planning officer, *[Signature]*