MEMORANDUM OF AGREEMENT

BETWEEN

NATIONAL HIGHWAYS AUTHORITY OF INDIA

AND

MAHARASHTRA STATE ROAD DEVELOPMENT CORPORATION

FOR

4 LANING OF SATARA-KOLHAPUR TO MAHARASHTRA STATE BORDER SECTION OF NH4 FROM KM 725 TO KM 592/240
MEMORANDUM OF AGREEMENT

THIS AGREEMENT is made at Mumbai on the 15th day of March, 2001.

Between

1. NATIONAL HIGHWAYS AUTHORITY OF INDIA, a statutory body constituted under the provisions of the National Highways Authority of India Act, 1988, and having its principal office at No.1, Eastern Avenue, Maharani Bagh, New Delhi-110 065 (hereinafter referred to as "NHAi" which expression shall include its administrators, successors and assign) of the one part.

And

2. MAHARASHTRA STATE ROAD DEVELOPMENT CORPORATION LIMITED, a Government of Maharashtra undertaking company within the meaning of the Companies Act, 1956, and having its Registered Office at Napean Sea Road, Priyadarshini Park, Mumbai 400 036 (hereinafter referred to as the "MSRDC" which expression shall include its administrators, successors and assign) on the second part.

WHEREAS

A. The Ministry of Road Transport and Highways of the Government of India (hereinafter referred to as "MORT&H") had authorized NHAi to improve and upgrade the existing 2 Lane Highway from Km.592/240 to Km.725 of Satara-Kolhapur to Maharashtra State Border section of the National Highway No.4 (NH-4) in Maharashtra State including the construction, strengthening and widening thereof into four lane partially access controlled highway and the operation, maintenance of the same through a concession on build, operate and transfer ("BOT") basis.

B. NHAi had accordingly offered the proposal to MSRDC for inter alia, design, engineering, financing, procurement, construction, completion, operation, maintenance and toll collection of the aforesaid Highways on BOT basis and MSRDC had responded to the same.
C. Based on this, NHAI desires to enter into an Agreement for the purpose of implementing the improvement works and grant of the concession in relation to the aforesaid Highway by way of a Concession Agreement.

D. Pending finalization and execution of the aforesaid Concession Agreement, NHAI and MSRDC desire to enter into this Memorandum of Agreement to record the principal terms of agreement in relation to implementation of the improvement works and the grant of a concession by NHAI to MSRDC in respect of the aforesaid Highway.

E. The project cost shall be evaluated by MSRDC on the basis of DPR, which shall be vetted by the NHAI.

NOW THEREFORE IN CONSIDERATION of the premises and the mutual covenants hereinafter contained, the parties hereto agree and this Memorandum of Agreement witnesseth as follows:

1. Definition

1.1 In this Memorandum of Agreement, each of the following expressions has, unless the context otherwise requires, the meaning assigned to it as follows:

"Concession Agreement" means the Concession Agreement referred to in Recital C above in respect of the implementation of the improvement works and the granting of the Concession in respect of the Project Highways;

"Project Highways" means:

The Highway from Km.592/240 to Km.725 of Satara-Kolhapur to Maharashtra State Border section of the National Highways No.4 (NH-4) in Maharashtra State.

"Project" means Land Acquisition, designing, financing, procurement, engineering, construction, operation and maintenance of the Project Highway in accordance with the Concession Agreement.

"Scope of Project" shall be as finally agreed upon and may include the strengthening and widening to 4 lane Highway by MSRDC and also all design, engineering, land acquisition for ROW and quarries,
shifting of utilities, services, etc. financing, procurement, construction, completion, operation, maintenance and toll collection of the Project Highway which will hereinafter be called the Toll Highway.

1.2 Words and expression denoting the singular number only shall include the plural number and vice-versa.

1.3 Words referring to a person shall include any body of persons, whether incorporated or unincorporated.

1.4 The headings of this Memorandum of Agreement are inserted merely for ease of reference and shall not affect the interpretation and construction of this Memorandum of Agreement.

2. Agreement to Grant Concession Rights

2.1 NHAI hereby agrees to grant to MSRDC and MSRDC hereby agrees to accept the exclusive right, licence and authority to implement the Project in accordance with the Concession Agreement to be finalized after preparation of Detailed Project Report by MSRDC. The Concession Agreement shall be got vetted through financial consultant by NHAI. The Concession period shall be mutually decided by NHAI & MSRDC. It shall commence from a date to be specified in the Concession Agreement. It is agreed that the project highways shall be completed by 31st December, 2003. However, every endeavor will be made to accelerate the work.

2.2 Subject to the provisions to be made in the Concession Agreement and the terms hereof, MSRDC shall:

   a) carry out all pre-project activities for preparation of Detailed Project Reports;

   b) carry out land acquisition required for the Toll Highway. NHAI shall bear the cost of land acquisition.

   c) Design, engineer, finance, procure and construct in accordance with the Concession Agreement the works included in the Scope of the Project;

   d) Upon completion of the strengthening and widening to 4 lane highway by MSRDC and during the
operation period specified in the Concession Agreement to manage, operate and maintain the Toll Highway and regulate the use thereof in accordance with the terms of the Concession Agreement and in accordance with the laws of the land;

e) Upon completion and its opening to traffic, levy, demand, collect and appropriate the fees from vehicles and persons liable to payment of fees for using the Toll Highway or any part thereof and to regulate traffic on the said Project Highways. This is to be in accordance with the provisions of the National Highways Act, 1956, as amended up to date including rules made there under;

f) Be entitled to a grant as project subsidy and loan which will be finalized after preparation of Detailed Project Report by MSRDC and depending upon Financial Analysis the grant will be drawn down by MSRDC progressively during the construction/operation period of the Project as per financial analysis.

g) For realization of the project cost Toll Fee may be levied as the rates decided by NHAI on the basis of Financial feasibility report and directives issued by Govt. of India on the subject.

2.3. It is agreed between NHAI and MSRDC that the project costs to be reflected in the Concession Agreement will be as per Detailed Project Report to be prepared by MSRDC, which shall be checked by Consultant and approved by NHAI.

3. Finalization and Execution of the Concession Agreement

3.1 NHAI shall prepare the Concession Agreement incorporating all terms and conditions of this Memorandum of Agreement. The parties shall in good faith finalize, confirm and execute the Concession Agreement within 120 days from the date of this Memorandum of Agreement or such extended date as may be mutually agreed upon.
4. **Duration of this Memorandum of Agreement**

This Memorandum of Agreement shall be effective upon the signing hereof and shall continue to be in force therefrom unless and until:

(i) execution of the Concession Agreement, which shall have the effect of superseding this Memorandum of Agreement; OR

(ii) termination of this Memorandum of Agreement by mutual agreement of the parties in writing.

5. **Assignment**

Neither party may assign, transfer or otherwise dispose of all or any part of its rights and obligations under this Memorandum of Agreement to any person without the prior written consent of the other party, consent of which shall not be unreasonably withheld.

6. **Expenses**

Each party will be responsible for its own expenses during the negotiations in connection with this Memorandum of Agreement.

7. **Confidentiality of Information**

All information exchanged between the Parties, in connection with this Memorandum of Agreement or during discussions preceding this Memorandum of Agreement and relating to this Memorandum of Agreement or to any other matter contemplated by this Memorandum of Agreement, and any other related discussions and negotiations held between the parties is confidential to them and may not be disclosed to any third party during the duration of this Memorandum or anytime thereafter except:

a) with the written consent of the other party; or
b) if required by law; or
c) in connection with legal proceedings by authority of a court of competent jurisdiction; or
d) if the information is or becomes generally and publicly available but not as a result of breach by either party and/or its employees of its obligation hereunder.

The obligations of confidentiality herein shall survive the termination of this Memorandum of Agreement.
8. Legal Relations

This Memorandum sets out the agreement of the parties and is intended to be legally binding on the parties in respect of the subject matter hereto. This Memorandum of Agreement is not intended to define or create any company, partnership or joint venture between the parties.

9. Execution

This Memorandum of Agreement is executed in two (2) originals.

10. Variation, Modification or Alteration

No variation, modification or alteration of any provisions of this Memorandum of Agreement shall be effective unless made with the prior written agreement of the parties hereto.

11. Governing Laws

This Memorandum of Agreement shall be construed and governed by the Laws of the Republic of India.

IN WITNESS WHEREOF, the parties have through their duly authorized representatives signed this Memorandum of Agreement on the day and year first above written.

SIGNED BY

For and on behalf of
NATIONAL HIGHWAYS AUTHORITY OF INDIA
In the presence of

SIGNED BY

For and on behalf of
MAHARASHTRA STATE ROAD DEVELOPMENT CORPORATION LIMITED
In the presence of

Handwritten Signature: 15/3/2001