

MEMORANDUM OF AGREEMENT

BETWEEN

TIRUPATHI URBAN DEVELOPMENT AUTHORITY

AND

[•]

FOR

DEVELOPMENT OF TIRUPATHI TOURISM TEMPLE TOWNSHIP

UNDER SWISS CHALLENGE METHOD

Memorandum of Agreement

This Memorandum of Agreement (MoA) is entered into on this _____ Day of _____ 2007 at _____, Andhra Pradesh by and between:

Tirupathi Urban Development Corporation (hereinafter referred to as "TUDA" which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors/representatives) of the First Part;

AND

[•] (hereinafter referred to as [•] which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors/representatives) of the Second Part;

Recitals

Whereas, Tirupathi Temple is one of the holiest places in Hinduism with more than 19 million people visiting the temple every year.

Whereas Tirupathi city is a major city located in Chittoor district of Andhra Pradesh. It is not only a pilgrimage center but an educational hub with several universities and Government of Andhra Pradesh (GoAP) sponsored medical, veterinary, agricultural colleges.

Whereas it has been felt necessary to develop a world class Integrated Tourism Temple Township in proximity to the Tirupathi Temple to provide state-of-the-art facilities for tourism, devotion, commerce, residence, and other social purposes.

Whereas TUDA has identified 140.00 acres of land at Surappakasam village near Gazulamandyam, 9 km from Tirupathi for developing a world class Integrated Tourism Temple Township on Public Private Partnership basis.

Whereas [•] plans to develop an Integrated Tourism Temple Township in Tirupathi under Public Private Partnership format. The integrated tourism temple township is proposed to have world-class four star hotel, dormitories, entertainment complex, banquet hall, education facilities, commercial space, residences, play ground and green space etc.

Whereas [•] has submitted a proposal and concept design to TUDA under "Swiss Challenge Method" under the Andhra Pradesh Infrastructure Development Enabling Act, 2001 to develop the Integrated Tourism Temple Township in Tirupathi. The proposal received by TUDA under the Swiss Challenge Method has been discussed by the two parties on various occasions with the view to reformulate it into more optimum structure.

This MoA is intended to form a basis for further discussions and negotiations on the idea of developing the Integrated Tourism Temple Township under Public Private Format at Tirupathi through Swiss Challenge route and will be supplemented by an agreement ("Development Agreement") executed by the proper and duly authorized officers of

TUDA and successful bidder (“Developer”). In no event shall any matter discussed or proposed herein or any other format become a binding obligation on either party hereto, unless or until the appropriate Governmental authorities have approved the same, if there is any need or obligation to seek such approval (s)

Therefore, the parties have agreed to set out the broad terms of their understandings as under:-

NOW THIS MEMORANDUM OF AGREEMENT WITNESSETH AS FOLLOWS:-

1 LAND

TUDA has identified 140.00 acres of land at Surappakasam village near Gazulamandyam, 9 km from Tirupathi town for the Integrated Tourism Temple Township at Tirupathi and agrees that timely transfer of possession and title (when sold) of land is critical for the success of the project. TUDA represents that it already has clear and unencumbered title to the identified land and shall be in a position to transfer it to the purchasers of the developed property.

2 ORIGINAL PROJECT PROPONENT

TUDA recognizes [•] as Original Project Proponent under the Andhra Pradesh Infrastructure Development Enabling Act, 2001 for the development of Integrated Tourism Temple Township at Tirupathi.

3 BID PROCESS

Under the Swiss Challenge Method, TUDA shall invite competitive counter proposals from other interested applicants for development of the Temple Township at Tirupathi. The Proposal by [•] to TUDA could be shared with other interested applicants. However, TUDA shall not share the financial component of the proposal with any other party. Based on the original proposal submitted by [•], the other interested applicants will then be given an opportunity to submit their plan for the proposed township. The financial proposals of the shortlisted applicants shall be examined for attractiveness to TUDA. If TUDA finds one of the competing counter proposals more attractive, then [•] will be given the opportunity to match the competing counter proposal and win the project. TUDA shall strive to complete the selection process within two months of signing of this MoA.

4 IMPLEMENTATION

If and when selected through Swiss Challenge Route by TUDA to develop the Temple Township, [•] shall form a Special Purpose Vehicle (hereinafter referred to as “SPV”), which shall be awarded the Development rights for the Integrated Tourism Temple Township and a suitable Development Agreement shall be signed between TUDA and [•]. The Development Agreement shall define world class standards for the development and maintenance of the Integrated Tourism Temple Township. The SPV shall be bound to adhere to the standards at all times.

On formation of the SPV, the possession to the land presently identified for the Integrated Tourism Temple Township will be transferred to the SPV as per the terms of the Development Agreement. However, the title to the land shall remain with TUDA and shall be transferred to the owners of developed property thereafter.

The SPV shall develop the aforesaid land in parts and / or in phases as per the development regulations specified by the Government of India/ Government of Andhra Pradesh and / or as specified in the Development Agreement to be entered into between TUDA and the SPV.

The SPV shall be responsible for complete development of the Integrated Tourism Temple Township and shall undertake to follow all the regulations of Government of India / GoAP / TUDA and accept sole responsibility for the same. The SPV shall accept full responsibility and shall be fully liable for any default in the same.

The SPV shall undertake to deliver a development plan and operations & maintenance scheme for all infrastructure and other facilities for the Integrated Tourism Temple Township to TUDA as per the time schedule agreed to in the aforesaid Development Agreement.

The SPV shall obtain the necessary permits, licenses, permissions, approvals as may be required by law for development, operations and management of the Integrated Tourism Temple Township. TUDA will provide assistance to the SPV for the same.

5 GOVERNMENT SUPPORT

TUDA/ Government of Andhra Pradesh shall make its best efforts to obtain tax benefits under section 80IA of the Income Tax Act 1961 for the SPV.

6 DEVELOPMENT FRAMEWORK

[•] and TUDA agree upon the following development principles for the project to be taken under the Swiss challenge procedure. The agreed upon development principles shall be embodied in the Development Agreement to be signed between TUDA and successful bidder.

- 1) A land area of 140.00 acres will be given to the Developer for the development of an Integrated Tourism Township. The development will be undertaken in phases covering a period of seven (7) years.
- 2) The proposed township being an integrated development, with each development impacting the potential of the other, the entire land area will be handed over to the project on the signing of the Development-cum-Power of Attorney agreement.
- 3) The sale deed will be executed by TUDA after the development of each unit is completed.
- 4) The Developer will sell developed residential and commercial units. The sale of plotted land shall be capped in the Development Agreement.
- 5) The revenue sharing will be restricted to commercial and residential development.

- 6) There shall be no revenue share to TUDA from the hotel proposed to be developed and the Kalyana Mandapam and Prayer hall. These shall revert to TUDA at the end of 30 year agreement period.
- 7) The dormitory constructed shall be handed over to TUDA, free of cost and charges, after completion of construction.
- 8) The Developer will indicate the minimum investment into the project over a period of 7 years.
- 9) Commercial terms of the Developer will comprise of two elements:
 - (a) Development Fees - 20% to be paid on the date of signing of the agreement; and (ii) 80% within 180 days of signing the agreement.
 - (b) Advance Fees - 20% to be paid on the signing of the agreement; and 80% within 180 days of signing of the agreement.

This Advance Fees will be adjusted against the revenue share payable as specified in the Development Agreement. It will also act as development security and may be enforced in the event of default on the part of developer as defined in the agreement.

- (c) The Development Fee paid to TUDA will be non-refundable, unless where the Development Agreement is terminated on account of non-obtention of approval(s) from any Government Authority, in which case only 10% shall be forfeited.
- 10) The development period will be seven (7) years, extendable by TUDA as per the provisions of the Development Agreement-cum-General Power of Attorney signed between the parties.
- 11) TUDA's obligations will be:
 - (a) Handling over of the land along with attendant access rights in the manner as specified in the Agreement;
 - (b) Providing best effort support for obtaining all relevant approvals;
 - (c) Providing best effort assistance in obtaining all necessary infrastructure facilities for the project;
 - (d) Assist in eventual registration and transfer of the property in the name of purchaser;
- 12) The Developer's obligations will be:
 - (a) Development of land, sale of the property as per the terms and conditions of the Agreement;
 - (b) Providing all necessary infrastructure facilities for the project;
 - (c) Obtaining all relevant approval;
 - (d) Construction of four lane access road connecting the township to the specified State Highway as per specifications and standards detailed in the Agreement;

7 PROTECTION OF INTELLECTUAL AND PROPRIETARY RIGHTS

- a) Each party shall undertake to observe the confidentiality and secrecy of any documents, information or data transmitted during the implementation of this Memorandum. In the event of termination of this Memorandum of Agreement, the parties agree that the provisions of this Article shall continue to apply for a period to be agreed upon between the Parties

- b) Both the parties shall have exclusive rights over the “project technology” which is defined as: all inventions, improvements, discoveries, designs, data, concepts, ideas, processes, methods, techniques, know-how and information respecting the ideas conceived, made or executed by either parties during the course of performing design, engineering, fabrication or construction under this Agreement, or made or created as the result of the joint efforts of TUDA and [•] pursuant to this Agreement. The term “Project Technology” shall exclude any of parties proprietary processes used in the design or execution of the project.

8 CONFIDENTIALITY

Each Party shall undertake to observe the confidentiality and secrecy of any documents, information or data transmitted during the implementation of this Memorandum. In the event of termination of this Memorandum, the parties agree that the provisions of this Article shall continue to apply for a period to be agreed upon between the Parties.

9 REVISION, AMENDMENT AND MODIFICATION

The Parties may revise, amend or modify all or any part of this Memorandum by way of mutual consent in writing. Any revision, amendment or modification agreed to between the Parties shall come into force on such date as determined by the Parties and shall form part of this Memorandum. Any revision, amendment or modification shall be done without prejudice to the rights and obligations arising from or based on this Memorandum prior to or up to such revision, amendment or modification.

10 SETTLEMENT OF DISPUTES

Any difference or disputes arising out of the interpretation, implementation or application of any of the provisions of this Memorandum shall be settled amicably by consultation or negotiation between the Parties without reference to any third party.

11 SUSPENSION

Each party reserves the right for reasons of security or public order to suspend temporarily either in whole or in part the implementation of this Memorandum which shall take effect thirty (30) days after notification has been given to the other party.

12 TERMINATION

Either party may terminate this Memorandum at any time by giving three (3) months written notice to the other party. In the event of the termination, the provisions provided hereunder shall remain in force until completion of any existing arrangements unless other wise agreed to by the Parties.

13 COMMUNICATION

All notices, approvals, consent or other communication required or permitted to be given or made under this Memorandum shall be in writing and shall be transmitted to the parties at the addresses below

Tirupathi Urban Development Corporation

Telephone : +91-877-2225803
Fax : +91-877-2225730
Attention : Mr. P Mohan Reddy

[•]

14 PUBLIC ANNOUNCEMENT

Neither TUDA nor [•] shall issue any press release or any other public announcement with respect to the matters covered by this Memorandum without the prior written consent of the other, provided however, that this obligation shall not be deemed to prohibit any party from making any legally or administratively required disclosure.

In witness whereof, the parties hereto agree through their authorized representatives have executed this memorandum of Agreement, as on date first above written.

For & on behalf of

Signed and delivered for and on behalf of
TIRUPATHI URBAN DEVELOPMENT AUTHORITY

Name: P. Mohan Reddy
Title: Vice Chairman

Signed and delivered for and on behalf of
[•]

Name:
Title: