

CONCESSION AGREEMENT

THIS AGREEMENT is entered into on this the 30th day of August, 2007 at Bhopal.

BETWEEN

- 1. MADHYA PRADESH ROAD DEVELOPMENT CORPORATION LIMITED** a Company incorporated under the provisions of Companies Act 1956 vide Certificate of Incorporation No. U-45203/MP/2004.PIC/16758 dated 14.07.2004 as issued by the Registrar of Companies, Madhya Pradesh, Gwalior, and having its office at 16-A, Arera Hills, Bhopal – 462 011 (Madhya Pradesh) (hereinafter referred to as “MPRDC” which expression shall unless repugnant to the context or meaning thereof include its administrators, successors and assigns) of **One Part**,

AND

- 2. M/s Western MP Infrastructure & Toll Roads Pvt. Ltd.**, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 135, Continental Building, Dr. A.B.Road, Worli, Mumbai- 18 (hereinafter referred to

as the “**Concessionaire**” which expression shall unless repugnant to the context or meaning thereof include its successors and permitted assigns and substitutes) of the **Other Part**.

WHEREAS:

- (A) The Government of MP had entrusted to the MPRDC the development, maintenance and management of State Highway No. 31 including Section from Km 0.00 to Km 125.00 (approx. 125.00 km).
- (B) The MPRDC had resolved to augment the existing road from km 0.00 to km 125.00 (approximately 125.00 Km) on the section of State Highway No.31 (hereinafter called the “**SH-31**”) in the State of Madhya Pradesh by Four-Laning on build, operate and transfer (“**BOT**”) basis in accordance with the terms and conditions to be set forth in a concession agreement.
- (C) The MPRDC had accordingly invited proposal by its Tender Notice No. 6566/MPRDC/2006 dated 05.12.2006 (the “**Tender Notice**”) for short listing of bidders for construction, operation and maintenance of the above referred section of SH-31 on BOT basis and had short listed certain bidders including, inter alia, the consortium, comprising M/s Pan India Network Infravest Pvt., Ltd., Mumbai, M/s Suncity Projects Pvt. Ltd. and M/s Essel Infraprojects Ltd., Mumbai, (collectively the “**Consortium**”) with M/s Pan India Network Infravest Pvt. Ltd. as its leader.
- (D) The MPRDC had prescribed the technical and commercial terms and conditions, and invited bids from the short listed bidders pursuant to the Tender Notice for undertaking the Project.
- (E) After evaluation of the bids received, the MPRDC had accepted the bid of the Consortium and issued its letter of acceptance No.MPRDC/L-J/Road/BOT/2007/2059 dated 10.07.2007 (hereinafter called the “**LOA**”) to the Consortium requiring, inter alia, the execution of this Concession Agreement within 45 (forty-five) days of the date of issue thereof.
- (F) The Consortium has since promoted and incorporated the Concessionaire as a limited liability company under the Companies Act 1956, and has requested the MPRDC to accept the Concessionaire as the entity which shall undertake and perform the obligations and exercise the rights of the consortium under the LOA, including the obligation to enter into this Concession Agreement pursuant to the LOA for executing the Project.

Concession Agreement for Four laning of Lebad-Jaora Road Projects in Madhya Pradesh

- (G) By its letter dated 30.08.2007, the Concessionaire has also joined in the said request of the Consortium to the MPRDC to accept it as the entity which shall undertake and perform the obligations and exercise the rights of the Consortium including the obligation to enter into this Concession Agreement pursuant to the LOA. The Concessionaire has further represented to the effect that it has been promoted by the Consortium for the purpose hereof
- (H) The MPRDC has agreed to the said request of the Consortium and the Concessionaire, and has accordingly agreed to enter into this Concession Agreement with the Concessionaire for execution of the Project on BOT basis, subject to and on the terms and conditions set forth hereinafter.

NOW THEREFORE in consideration of the foregoing and the respective covenants and agreements set forth in this Concession Agreement, the sufficiency and adequacy of which is hereby acknowledge, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1

DEFINITION AND INTERPRETATION

1.1 Definitions

The words and expression beginning with capital letters and defined in this Agreement (including those in Article 48) shall, unless the context otherwise requires, have the meaning ascribed thereto herein and the words and expression defined in the Schedules and used therein shall have the meaning ascribed thereto in the Schedules.’

1.2 Interpretation

In this Agreement, unless the context otherwise requires,

- (a) references to any legislation or any provision thereof shall include amendment or re-enactment or consolidation of such legislation or any provision thereof so far as such amendment or re-enactment or consolidation applies or is capable of applying to any transaction entered into hereunder;
- (b) references to laws of India or Indian law or regulation having the force of law shall include the laws, acts, ordinances, rules, regulations, bye laws or notifications which have the force of law in the territory of India and as from time to time may be amended , modified, supplemented, extended or re-enacted;
- (c) references to a “**person**” and words denoting a natural person shall be construed as a reference to any individual, firm, company, corporation, society, trust, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the above and shall include successors and assigns;
- (d) the table of contents, headings or sub headings in this Agreement are for convenience of reference only and shall not be used in, and shall not affect, the construction or interpretation of this Agreement;
- (e) the words “**include**” and “**including**” are to be construed, without limitation and shall be deemed to be followed by “ without limitation” or but not limited to” whether or not they are followed by such phrases;
- (f) references to “**construction**” include, unless the context otherwise requires, investigation, design, developing, engineering, procurement, delivery, transportation, installation, processing, fabrication, testing, commissioning and other

activities incidental to the construction and “**construct**” shall be construed accordingly;

- (g) any reference to any period of time shall mean a reference to that accordingly to Indian Standard Time;
- (h) any reference to day shall mean a reference to a calendar day;
- (i) reference to a “**business day**” shall be construed as a reference to a day (other than a Sunday) on which banks in Bhopal are generally open for business ;
- (j) any reference to a month shall mean a reference to a calendar month as per the Gregorian calendar;
- (k) references to any date, period or Project Milestone shall mean and include such date, period or Project Milestone as may be extended pursuant to this Agreement;
- (l) any reference to any period commencing “**from**” a specified day or date and “**till**” or “**until**” a specified day or date shall include both such day or dates ; provided that if the last day of any period computed under this Agreement is not a business day, then the period shall run until the end of the next business day;
- (m) the words importing singular shall include plural and vice versa;
- (n) references to any gender shall include the other and the neutral gender;
- (o) “**lakh**” means a hundred thousand (100,000) and “ **crore**” means ten million (10,000,000);
- (p) “**indebtedness**” shall be construed so as to include any obligation(whether incurred as principal or surety) for the payment or repayment of money, whether present or future , actual or contingent;
- (q) references to the “**winding-up**”, “ **dissolution,**” “ **insolvency**”, or “**reorganization**” of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation , winding –up, reorganization, dissolution, arrangement, protection or relief of debtors;
- (r) any reference, at any time, to any agreement, deed , instrument, licence or document of any description shall be construed as reference to that agreement , deed , instrument, licence or other document as amended , varied , supplemented, modified

or suspended at the time of such reference ; provided that this Sub-clause shall not operate so as to increase liabilities or obligations of the MPRDC hereunder or pursuant hereto in any manner whatsoever;

- (s) any agreement, consent, approval, authorisation, notice, communication, information or report required under or pursuant to this Agreement from or by any Party or the Independent Engineer shall be valid and effective only if it is in writing under the hand of duly authorised representative of such Party or the Independent Engineer, as the case may be, in this behalf and not otherwise;
- (t) the Schedules and Recitals to this Agreement form an integral part of this Agreement and will be in full force and effect as though they were expressly set out in the body of this Agreement;
- (u) references to Recitals, Articles, Clauses, Sub-clauses or Schedules in this Agreement shall, except where the context otherwise requires, mean references to Recitals, Articles, Clauses, Sub-clauses and Schedules of or to this Agreement, and references to a paragraph shall, subject to any contrary indication, be construed as a reference to a paragraph of this Agreement or of the Schedule in which such reference appears ; and
- (v) the damages payable by either Party to the other of them as set forth in this Agreement , whether on per diem basis or otherwise , are mutually agreed genuine pre-estimated loss and damage likely to be suffered and incurred by the Party entitled to receive the same and are not by way of penalty (the” **Damages**”).

1.2.2 Unless expressly provide otherwise in this Agreement, any Documentation required be provided or furnished by the Concessionaire to the MPRDC and/or the Independent Engineer shall be provided free of cost and in three copies , and if the MPRDC and /or the Independent Engineer is required to return any such Documentation with their comments and/ or approval, they shall be entitled to retain two copies thereof.

1.2.3 The rule of construction, if any, that a contract should be interpreted against the parties responsible for the drafting and preparation thereof, shall not apply.

1.2.4 Any word or expression used in this Agreement shall unless otherwise defined or construed in this Agreement, bear its ordinary English meaning and, for these purposes, the General Clauses Act 1897 shall not apply.

1.3 Measurement and Arithmetic Conventions

All measurement and calculations shall be in the metric system and calculation done to 2 (two) decimal places, with the third digit of 5 (five) or above being rounded up and below 5 (five) being rounded down..

1.4 Priority of Agreements and errors/discrepancies

1.4.1 This agreement, and all other agreements and documents forming part of this agreement are to be taken as mutually explanatory and, unless otherwise expressly provided elsewhere in this agreement, the priority of this agreement and other documents and agreements forming part hereof shall, in the event of any conflict between them, be in the following order:

(a) this agreement; and

(b) all other agreements and documents forming part hereof;

i.e. the agreement at (a) above shall prevail over the agreement and documents at (b) above.

1.4.2 Subject to Clause 1.4.1 in case of ambiguities or discrepancies within this Agreement, the following shall apply:

(a) between two or more Clauses of this Agreement, the provisions of a specific Clause relevant to the issue under consideration shall prevail over those in other Clauses

(b) between the Clauses of this agreement and the Schedules, the Clauses shall prevail and between Schedules and Annexes, the Schedules shall prevail;

(c) between the written description on the Drawings and the Specifications and Standards, the latter shall prevail;

(d) between the dimension scaled from the Drawing and its specific written dimension, the latter shall prevail; and

(e) between any value written in numerals and that in words, the latter shall prevail.

ARTICLE 2

SCOPE OF THE PROJECT

2.1 Scope of the project

The scope of the Project (the “**Scope of the Project**”) shall mean and include, during the Concession Period:

- (a) Construction of the Project Highway on the site forth in **Schedule-A** and as specified in **Schedule-B** together with provision of Project Facilities as specified in **Schedule –C** , and in conformity with the Specifications and Standards set forth in **Schedule-D**;
- (b) operation and maintenance of the Project Highway in accordance with the provision of this Agreement; and
- (c) performance and fulfilment of all other obligations of the Concessionaire in accordance with the provision of this Agreement and matters incidental thereto or necessary for the performance of any or all of the obligations of the Concessionaire under this Agreement.

ARTICLE 3

GRANT OF CONCESSION

3.1 The Concession

- 3.1.1 Subject to and in accordance with the provisions of this Agreement, the Applicable Laws and the Applicable Permits, the MPRDC hereby grants to the Concessionaire the concession set forth herein including the exclusive right, licence and authority during the subsistence of this Agreement to construct, operate and maintain the Project (the “**Concession**”) for a period of 25 (twenty five) years commencing from, the Appointed Date and the Concessionaire hereby accepts the Concession and agrees to implement the Project subject to and in accordance with the terms and conditions set forth herein.
- 3.1.2 Subject to and in accordance with the provision of this Agreement, the Concession hereby granted shall oblige or entitle (as the case may be) the Concessionaire to:
- (a) Right of way , access and licence to the Site for the purpose of and to the extent conferred by the provision of this Agreement;
 - (b) construct the Project Highway
 - (c) manage, operate and maintain the Project Highway and regulate the use thereof by third parties;
 - (d) demand, collect and appropriate Fee from vehicles and person liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid;
 - (e) perform and fulfill all of the Concessionaire’s obligations under and in accordance with this Agreement;
 - (f) bear and pay all costs, expenses and charges in connection with or incidental to the performance of the obligations of the Concessionaire under this Agreement; and
 - (g) not assign, transfer or sublet or create any lien or Encumbrance on this Agreement, or the Concession hereby granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof save and except as expressly permitted by this Agreement or the Substitution Agreement.

ARTICLE 4

CONDITIONS PRECEDENT

4.1 Condition Precedent

4.1.1 Save and except as expressly provided in Articles 4, 9, 10, 24, 34, 44, and 47, the respective rights and obligation of the Parties under this Agreement shall be subject to the satisfaction in full of the conditions precedent specified in this Clause 4.1 (the “**Conditions precedent**”)

4.1.2 The concessionaire may upon providing the Performance Security to the MPRDC in accordance with Article 9, at any time after 90 (ninety) days from the date of this Agreement or on an earlier day acceptable to the MPRDC, by notice require the MPRDC to satisfy any or all of the Condition Precedent set forth in this Clause 4.1.2 within a period of 30(thirty) days of the notice, or such longer period not exceeding 60 (sixty) days as may be specified therein, and the condition precedent required to be satisfied by the MPRDC prior to the appointed date shall be deemed to have been fulfilled when the MPRDC shall have:

- (a) Provided to for to the Concessionaire the Right of Way to the Site in accordance with the provisions of Clause 10.3.1; provided that the conditions set forth in Clause 10.3.2 shall also be satisfied on or prior to the Appointed Date,
- (b) procured approval of the Railway authorities in the form of a general arrangement drawing that would enable the Concessionaire to construct road over bridges / under bridges at level crossing on the Project Highway in accordance with the Specification and Standards and subject to the terms and conditions specified in such approval; and }
- (c) procured all Applicable Permits relating to environmental protection and conservation of the Site]

[Provided that the MPRDC may from time to time by notice extend, for up to 6(six) months, the period for procuring the approval set forth in Sub-Clause (b) and/or Sub-clause (c) above and in that event the land to be covered by over bridges or the affected sections of the Project Highway, as the case may be, shall be included in the Appendix referred to in Clause 10.3 and dealt with in accordance with the provision thereof ; and provided further that upon the procurement of such approval the Concessionaire shall be entitled to a period of 18 (eighteen) months therefrom for completion of the over bridges.

4.1.3 The Conditions Precedent required to be satisfied by the Concessionaire prior to the Appointed Date shall be deemed to have been fulfilled when the Concessionaire shall have:

- a) provided Performance Security to the MPRDC;
- b) executed and procured execution of the Escrow Agreement;
- c) executed and procured execution of the Substitution Agreement;
- d) procured all the Applicable Permits specified in Schedule-E-unconditionally or if subject to conditions then all such conditions shall have been satisfied in full and such Applicable Permits are in full force and effect;
- e) executed the Financing Agreements and delivered to the MPRDC 3 (three) true copies thereof, duly attested by a Director of the Concessionaire;
- f) delivered to the MPRDC 3 (three) true copies of the Financial Package and the Financial Model duly attested by a Director of the Concessionaire , along with 3 (three) soft copies of the Financial Model in MS Excel version or any substitute thereof, which is acceptable to the senior lenders;
- g) delivered to the MPRDC from [Consortium Members, their respective] confirmation, in original, of the correctness of their representations and warranties setforth in Sub clauses (k), (l) and (m) of clause 7.1 of this Agreement; and
- h) delivered to the MPRDC a legal opinion from the legal counsel of the Concessionaire with respect to the MPRDC of the Concessionaire to enter into this Agreement and the enforceability of the provision thereof:

Provided that upon request in writing by the Concessionaire, the MPRDC may, in its discretion, waive any of the Conditions Precedent set forth in this Clause 4.1.3.

4.1.4 Each Party shall make all reasonable endeavours to satisfy the Condition Precedent within the time stipulated and shall provide the other party with such reasonable cooperation as may be required to assist that Party in satisfying the Conditions Precedent for which that Party is responsible.

4.1.5 The Parties shall notify each other in writing at least once a month on the progress made in satisfying the Conditions Precedent. Each Party shall promptly inform the

other Party when any Condition precedent for which it is responsible has been satisfied.

4.2 Damages for delay by the MPRDC

In the event that (i) the MPRDC does not procure fulfilment of any or all of the Conditions Precedent set forth in Clause 4.1.2 within the period specified in respect thereof, and (ii) the delay has not occurred as a result of breach of this Agreement by the Concessionaire or due to Force Majeure, the MPRDC shall pay to the Concessionaire Damages in an amount calculated at the rate of 0.1% (zero point one percent) of the Performance Security for each day's delay until the fulfilment of such Conditions Precedent, subject to a maximum of 20% (twenty percent) of the Performance Security.

ARTICLE - 5

OBLIGATION OF THE CONCESSIONAIRE

5.1 Obligations of the Concessionaire

- 5.1.1 Subject to and on the terms and condition of this Agreement, the Concessionaire shall at its cost and expense procure finance for and undertake the design, engineering, procurement, construction, operation and maintenance of the Project Highway and observe, fulfill, comply with and perform all its obligations set out in this Agreement or arising hereunder.
- 5.1.2 The Concessionaire shall comply with all Applicable Laws and Applicable Permits (including renewals as required) in the performance of its obligations under this Agreement.
- 5.1.3 Subject to Clauses 5.1.1 and 5.1.2, the Concessionaire shall discharge its obligations in accordance with Good Industry Practice and as a reasonable and prudent person.
- 5.1.4 The Concessionaire shall, at its own cost and expenses in addition to and not in derogation of, its obligations elsewhere set out in this Agreement:
- (a) make, or cause to be made, necessary applications to the relevant Government Instrumentalities with such particulars and details, as may be required for obtaining all Applicable Permits (other than those set forth in Clause 4.1.2 above) and obtain such Applicable Permits in conformity with the Applicable Laws;
 - (b) procure, as required, the appropriate proprietary rights, licences, agreements and permission for materials, methods, processes and system used or incorporated into the Project Highway;
 - (c) perform and fulfil its obligation under the Financing Agreements;
 - (d) make reasonable efforts to maintain harmony and good industrial relations among the personnel employed by it or its Contractors in connection with the performance of its obligation under this Agreement;
 - (e) make reasonable efforts to facilitate the acquisition of land required for the purpose of the Agreement;

- (f) ensure and procure that its Contractors comply with all Applicable Permits and Applicable Laws in the performance by them of any of the Concessionaire's obligation under this Agreement;
- (g) not do or omit to do any act, deed or thing which may in any manner be violative of any of the provisions of this Agreement;
- (h) support, cooperate with and facilitate the MPRDC in the implementation and operation of the Project in accordance with the provisions of this Agreement:
and
- (i) transfer the Project Highway to the MPRDC upon Termination of this Agreement, in accordance with the provisions thereof.
- (j) execute with reasonable promptness the Tripartite Agreement.

5.2 Obligation relating to Project Agreements

- 5.2.1 It is expressly agreed that the Concessionaire shall, at all times, be responsible and liable for all its obligations under this Agreement notwithstanding anything contained in the Project Agreements or any other agreement, and no default under any Project Agreement or agreement shall excuse the Concessionaire from its obligations or liability hereunder.
- 5.2.2 The Concessionaire shall submit to the MPRDC the drafts of all Project Agreements or any amendments or replacements thereto for its review and comments, and the MPRDC shall have the right but not the obligation to undertake such review and provide its comments, if any, to the Concessionaire within 15 (fifteen) days of the receipt of such drafts. Within 7(seven) days of execution of any Project Agreement or amendment thereto, the Concessionaire shall submit to the MPRDC a true copy thereof, duly attested by a Director of the Concessionaire, for its record. For the avoidance of doubt, it is agreed that the review and comments hereunder shall be limited to ensuring compliance with the terms of this Agreement. It is further agreed that any failure or omission of the MPRDC to review and/or comment hereunder shall not be construed or deemed as acceptance of any such agreement or document by the MPRDC. No review and/or observation of the MPRDC and/or its failure to review and/ or convey its observations on any document shall relieve the Concessionaire of its obligations and liabilities under this Agreement in any manner nor shall the MPRDC be liable for the same in any manner whatsoever.
- 5.2.3. The Concessionaire shall not make any replacement or amendments to any of the Financing Agreements without the prior written consent of the MPRDC if such

replacement or amendment has, or may have, the effect of imposing or increasing any financial liability or obligation on the MPRDC, and in the event that any replacement or amendment is made without such consent, the Concessionaire shall not enforce such replacement or amendment nor permit enforcement thereof against the MPRDC. For the avoidance of doubt, the MPRDC acknowledges and agrees that it shall not unreasonably withhold its consent for restructuring or rescheduling of the Debt Due.

- 5.2.4 The Concessionaire shall procure that each of the Project Agreements contains provisions that entitle the MPRDC to step into such agreement, in its sole discretion, in substitution of the Concessionaire in the event of Termination or Suspension.
- 5.2.5 Notwithstanding anything to the contrary contained in this Agreement, the Concessionaire agrees and acknowledges that selection or replacement of an O&M Contractor and execution of the O&M Contract shall be subject to the prior approval of the MPRDC from national security and public interest perspective, the decision of the MPRDC in this behalf being final, conclusive and binding on the Concessionaire, and undertakes that it shall not give effect to any such selection or contract without prior approval of the MPRDC. For the avoidance of doubt, it is expressly agreed that approval of the MPRDC hereunder shall be limited to national security and public interest perspective, and the MPRDC shall endeavour to convey its decision thereon expeditiously. It is also agreed that the MPRDC shall not be liable in any manner on account of grant or otherwise of such approval and that such approval or denial thereof shall not in any manner absolve the Concessionaire or its Contractors from any liability or obligation under this Agreement.

5.3 Obligations relating to Change in Ownership

- 5.3.1 The Concessionaire shall not undertake or permit any Change in Ownership, except with the prior written approval of the MPRDC.
- 5.3.2 Notwithstanding anything to the contrary contained in this Agreement, the Concessionaire agrees and acknowledges that:
- (i) all acquisitions of Equity by an acquirer, either by himself or with any person acting in concert, directly or indirectly, including by transfer of the direct or indirect legal or beneficial ownership or control of any Equity, in aggregate of not less than 15% (fifteen per cent) of the total Equity of the Concessionaire; or

- (ii) acquisition of any control directly or indirectly of the Board of Directors of the Concessionaire by any person either by himself or together with any person or persons acting in concert with him shall be subject to prior approval of the MPRDC from national security and public interest perspective, the decision of the MPRDC in this behalf being final, conclusive and binding on the Concessionaire, and undertakes that it shall not give effect to any such acquisition of Equity or control of the Board of Directors of the Concessionaire without such prior approval of the MPRDC. For the avoidance of doubt, it is expressly agreed that approval of the MPRDC hereunder shall be limited to national security and public interest perspective and the MPRDC shall endeavour to convey its decision thereon expeditiously. It is also agreed that the MPRDC shall not be liable in any manner on account of grant or otherwise of such approval and that such approval or denial thereof shall not in any manner absolve the Concessionaire from any liability or obligation under this agreement.

For the purposes of this Clause **5.3.2**

- (a) the expression "acquirer", "control" and "person acting in concert" shall have the meaning ascribed thereto in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 or any statutory re-enactment thereof as in force as on the date of acquisition of Equity, or the control of the Board of Directors, as the case may be, of the Concessionaire;
- (b) the indirect transfer or control of legal or beneficial ownership of Equity shall mean transfer of the direct or indirect beneficial ownership or control of any company or companies whether in India or abroad which results in the acquirer acquiring control over the shares or voting rights of shares of the Concessionaire; and
- (c) power to appoint, whether by contract or by virtue of control or acquisition of shares of any company holding directly or through one or more companies (whether situate in India or abroad) the Equity of the Concessionaire, not less than half of the directors on the Board of Directors of the Concessionaire or of any company, directly or indirectly whether situate in India or abroad, having ultimate control of not less than 15%(fifteen per cent) of the Equity of the Concessionaire shall constitute acquisition of control, directly or indirectly, of the Board of Directors of the Concessionaire.

5.4 Employment of foreign nationals

The Concessionaire acknowledges, agrees and undertakes that employment of foreign personnel by the Concessionaire and/or its contractors and their sub-contractors shall be subject to grant of requisite regulatory permits and approvals including employment /residential visas and work permits, if any required, and the obligation to apply for and obtain the same shall and will always be of the Concessionaire and, notwithstanding anything to the contrary contained in this Agreement, refusal of or inability to obtain any such permits and approvals by the Concessionaire or any of its contractors or sub-contractors shall not constitute Force Majeure Event, and shall not in any manner excuse the Concessionaire from the performance and discharge of its obligations and liabilities under this Agreement.

5.5 Employment of trained personnel

The Concessionaire shall ensure that the personnel engaged by it in the performance of its obligations under this Agreement are at all times properly trained for their respective functions.

5.6 Sole Purpose of the Concessionaire

The Concessionaire having been set up for the sole purpose of exercising the rights and observing and performing its obligations and liabilities under this Agreement, the Concessionaire or any of its subsidiaries shall not, except with the previous written consent of the MPRDC, be or become directly or indirectly engaged, concerned or interested in any business other than as envisaged herein.

ARTICLE 6

OBLIGATIONS OF THE MPRDC

6.1 Obligations of the MPRDC

6.1.1 The MPRDC shall, at its own cost and expense undertake, comply with and perform all its obligations set out in this Agreement or arising hereunder.

6.1.2 The MPRDC agrees to provide support to the Concessionaire and undertakes to observe, comply with and perform, subject to and in accordance with the provision of this Agreement and the Applicable laws, the following:

- (a) upon written request from the Concessionaire and subject to the Concessionaire complying with Applicable Laws, provide all reasonable support and assistance to the Concessionaire in procuring Applicable Permits required from any Government Instrumentality for implementation and operation of the Project;
- (b) upon written request from the Concessionaire, assist the Concessionaire in obtaining access to all necessary infrastructure facilities and utilities, including water and electricity at rates and on terms no less favourable to the Concessionaire than those generally available to commercial customers receiving substantially equivalent services;
- (c) procure that no barriers are erected or placed on the Project Highway by any Government Instrumentality or persons claiming through or under it, except for reason of Emergency, national security, law and order or collection of inter-state taxes;
- (d) make best endeavours to procure that no local Tax, toll or charge is levied or imposed on the use of whole or any part of the Project Highway;
- (e) subject to and in accordance with the Applicable Laws, grant to the Concessionaire the authority to regulate traffic on the Project Highway;
- (f) assist the Concessionaire in procuring Police assistance for regulation of traffic, removal of trespassers and security on the Project Highway;
- (g) not do or omit to do any act, deed or thing which may in any manner be violative of any of the provisions of this Agreement;

- (h) support, cooperate with and facilitate the Concessionaire in the implementation and operation of the Project in accordance with the provisions of this Agreement; and
- (i) upon written request from the Concessionaire and subject to the provisions of Clause 5.4, provide reasonable assistance to the Concessionaire and any expatriate personnel of the Concessionaire or its Contractors to obtain applicable visas and work permits for the purposes of discharge by the Concessionaire or its Contractors their obligations under this Agreement and the Project Agreements.

6.2 Maintenance obligations prior to Appointed Date

During the Development Period, the MPRDC shall maintain the Project Highway, at its own cost and expense, so that its traffic worthiness and safety are at no time materially inferior as compared to its condition 7(seven) days prior to the last date for submission of the Bid, and in the event of any material deterioration or damage other than normal wear and tear, undertake repair thereof, or pay to the Concessionaire the cost and expense as determined by the Independent Engineer, for undertaking such repair after the Appointed Date. For the avoidance of doubt, the MPRDC shall undertake only routine maintenance during the Development Period, and it shall undertake special repairs only for ensuring safe operation of the Project Highway, or in the event of excessive deterioration or damage caused due to unforeseen events such as floods or torrential rain.

6.3 Obligations relating to Competing Roads

The MPRDC shall procure that during the subsistence of this Agreement, neither the MPRDC nor any Government Instrumentality shall, at any time before the 10th anniversary of the Appointed Date, construct or cause to be constructed any Competing Road; provided that the restriction herein shall not apply if the average traffic on the Project Highway in any year exceeds 90% (ninety per cent) of its designed capacity i.e. 50000 PCU's. Upon breach of its obligations hereunder, the MPRDC shall be liable to payment of compensation to the Concessionaire under and in accordance with Clause 35.4.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES

7.1 Representation and Warranties of the Concessionaire

The Concessionaire represents and warrants to the MPRDC that:

- (a) it is duly organised and validly existing under the laws of India, and has full power and MPRDC to execute and perform its obligations under this Agreement and to carry out the transactions contemplated hereby;
- (b) it has taken all necessary corporate and other actions under Applicable Laws to authorise the execution and delivery of this Agreement and to validly exercise its rights and perform its obligations under this Agreement;
- (c) it has the financial standing and capacity to undertake the Project in accordance with the terms of this Agreement;
- (d) this Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with the terms hereof and its obligations under this Agreement will be legally valid, binding and enforceable obligations against it in accordance with the terms hereof;
- (e) it is subject to the laws of India, and hereby expressly and irrevocably waives any immunity in any jurisdiction in respect of this Agreement or matters arising there under including any obligation , liability or responsibility hereunder;
- (f) the information furnished in the Bid and as updated on or before the date of this Agreement is true and accurate in all respects as on the date of this Agreement.
- (g) the execution, delivery and performance of this Agreement will not conflict with, result in the breach of, constitute a default under, or accelerate performance required by any of the terms of its Memorandum and Articles of Association [or those of any member of the Consortium] or any Applicable Laws or any covenant, contract, agreement, arrangement, understanding, decree or order to which it is a party or by which it or any of its properties or assets is bound or affected;
- (h) there are no actions , suits, proceedings, or investigations pending or , to its knowledge , threatened against it at law or in equity before any court or before any other judicial , quasi-judicial or other MPRDC, the outcome of which may result in the breach of this Agreement or which individually or in the aggregate may result in

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any material impairment of its ability to perform any of its obligations under this Agreement;

- (i) It has no knowledge of any violation or default with respect to any order, writ, injunction or decree of any court or any legally binding order of any Government Instrumentality which may result in any material adverse effect on its ability to perform its obligation under this Agreement and no fact or circumstances exists which may give rise to such proceedings that would adversely affect the performance of its obligation under this Agreement;
- (j) it has complied with Applicable Laws in all material respects and has not been subject to any fines, penalties, injunctive relief or any other civil or criminal liabilities which in the aggregate have or may have a material adverse effect on its ability to perform its obligations under this Agreement;
- (k) it shall at no time undertake or permit any Change in Ownership except in accordance with Clause 5.3 and that the { existing promoters/Consortium Members} together with their Associates hold not less than 51% (fifty one percent) of its issued and paid up Equity as on date of this Agreement (that the respective holdings of each Consortium Member conforms to the representation made by the Consortium and accepted by the MPRDC as part of the Bid and that no member of the Consortium shall hold less than 10% (ten per cent) of such Equity during the Construction Period)
- (l) the Consortium Members and their Associates have the financial standing and resources to fund the required Equity and to raise the debt necessary for undertaking and implementing the Project in accordance with this Agreement;
- (m) each Consortium Member is duly organised and validly existing under the laws of the jurisdiction of its incorporation, and has requested the MPRDC to enter into this Agreement with the Concessionaire pursuant to the Letter of Acceptance, and has agreed to and unconditionally accepted the terms and conditions set forth in this agreement;
- (n) all its rights and interests in the Project Highway shall pass to and vest in the MPRDC on the Transfer Date free and clear of all liens, claims and Encumbrances, without any further act or deed on its part of the MPRDC, and that none of the Project Assets shall be acquired by it, subject to any agreement under which a security interest or other lien or Encumbrance is retained by any person save and except as expressly provided in this Agreement;
- (o) no representation or warranty by it contained herein or in any other document furnished by it to the MPRDC or to any Government Instrumentality in relation to

Applicable Permits contains or will contain any untrue statement of material facts or omits or will omit to state a material fact necessary to make such representation or warranty not misleading; and

- (p) no sums, in cash or kind, have been paid or will be paid, by it or on its behalf to any other person by way of fees, commission or otherwise for securing the Concession or entering into this Agreement or for influencing or attempting to influence any officer or employee of the MPRDC in connection therewith.

7.2 Representations and Warranties of the MPRDC

The MPRDC represents and warrants to the Concessionaire that:

- (a) it has full power and to execute, deliver and perform its obligation under this Agreement and to carry out the transactions contemplated herein and that it has taken all actions necessary to execute this Agreement, exercise its rights and perform its obligation, under this Agreement;
- (b) it has taken all necessary actions under the Applicable Laws to authorise the execution, delivery and performance of this Agreement;
- (c) it has the financial standing and capacity to perform its obligations under the Agreement;
- (d) this Agreement constitutes a legal, valid and binding obligation enforceable against it in accordance with the terms thereof;
- (e) there are no actions, suits or proceedings pending or, to its knowledge, threatened against it at law or in equity before any court or before any other judicial, quasi-judicial or other MPRDC, outcome of which may result in the default or breach of this Agreement or which individually or in the aggregate may result in any material impairment of its ability to perform its obligation under this Agreement;
- (f) it has no knowledge of any violation or default with respect to any order, writ, injunction or any decree of any court or any legally binding order of any Government Instrumentality which may result in any material adverse effect on the MPRDC's ability to perform its obligations under this Agreement;
- (g) it has complied with Applicable Laws in all material respects;

- (h) all information provided by the MPRDC in the Tender Notice and invitation to bid in connection with the Project is to the best of its knowledge and belief true and accurate in all material respects;
- (i) it has the right, power and authority to manage and operate the Project Highway up to the Appointed Date;
- (j) it has good and valid right to the Site, and has power and authority to grant a licence in respect thereto to the Concessionaire; and
- (k) upon the Concessionaire paying the Concession Fee and performing the covenants herein it shall not at any time during the term hereof, interfere with peaceful exercise of the rights and discharge of obligations by the Concessionaire, in accordance with this Agreement.

7.3 Disclosure

In the event that any occurrence or circumstance comes to the attention of either Party that renders any of its aforesaid representations or warranties untrue or incorrect, such Party shall immediately notify the other Party of the same. Such notification shall not have the effect of remedying any breach of the representation or warranty that has been found to be untrue or incorrect nor shall it adversely affect or waive any obligation of either Party under this Agreement.

ARTICLE 8

DISCLAIMER

8.1 Disclaimer

- 8.1.1 The Concessionaire acknowledges that prior to the execution of this Agreement, the Concessionaire has, after a complete and careful examination made an independent evaluation of the Tender Notice , Scope of the Project, Specifications and Standards, Site, local conditions , physical qualities of ground, subsoil and geology, traffic volumes and all information provided by the MPRDC , and has determined to its satisfaction the accuracy or otherwise thereof and the nature and extent of difficulties , risks and hazards as are likely to arise or may be faced by it in the course of performance of its obligations hereunder. Save as provided in clause 7.2, the MPRDC makes no representation whatsoever, express, implicit or otherwise, regarding the accuracy and/or completeness of the information provided by it and the Concessionaire confirms that it shall have no claim whatsoever against the MPRDC in this regard.
- 8.1.2 The Concessionaire acknowledges and hereby accepts the risk of adequacy, mistake or error in or relating to any of the matter set forth in Clause 8.1.1 above and hereby acknowledges and agrees that the MPRDC shall not be liable for the same in any manner whatsoever to the Concessionaire,[the Consortium Members and their] Associates or any person claiming through or under any of them.

ARTICLE 9

PERFORMANCE SECURITY

9.1 Performance Security

The Concessionaire shall, for the performance of its obligations hereunder during the Construction Period, provide to the MPRDC no later than 120 (one hundred and twenty) days from the date of this Agreement, an irrevocable and unconditional guarantee from a Bank for a sum equivalent to Rs. 29.4655 crores (Rupees Twenty nine crores forty six lacs fifty five thousand only) (5% of the Project Cost) in the form set forth in the **Schedule –F** (the “**Performance Security**”). Until such time the Performance Security is provided by the Concessionaire pursuant hereto and the same comes into effect, the Bid Security shall remain in force and effect, and upon such provision of the Performance Security pursuant hereto, the MPRDC shall release the Bid Security to the Concessionaire.

9.2 Appropriation of Performance Security

Upon occurrence of a Concessionaire Default, the MPRDC shall, without prejudice to its other rights and remedies hereunder or in law, be entitled to encash and appropriate the relevant amounts from the Performance Security as Damages for such Concessionaire Default. Upon such encashment and appropriation from the Performance Security the Concessionaire shall, within 30 (thirty) days thereof, replenish, in case of partial appropriation, to its original level the Performance Security, and in case of appropriation of the entire Performance Security provide a fresh Performance Security as the case may be and the Concessionaire shall within the time so granted, replenish or furnish fresh Performance Security as aforesaid failing which the MPRDC shall be entitled to terminate this Agreement in accordance with Article 37. Upon replenishment or furnishing of fresh Performance Security, as the case may be as aforesaid, the Concessionaire shall be entitled to an additional Cure Period of 90 (ninety) days for remedying the Concessionaire Default, and in the event of the Concessionaire not curing its default within such Cure Period, the MPRDC shall be entitled to encash and appropriate such Performance Security as Damages, and to terminate this Agreement in accordance with Article 37.

9.3 Release of Performance Security

The Performance Security shall remain in force and effect for a period of one year, but shall be released earlier upon the Concessionaire expending on Project construction an aggregate sum that is not less than 20% (twenty percent) of the Total Project Cost; and provided the Concessionaire is not in the breach of this Agreement. Upon request made by the Concessionaire for release of the

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Performance Security along with the particular establishing satisfaction of the requirements specified under this clause 9.3, the MPRDC shall release the Performance Security forthwith.

ARTICLE 10

RIGHT OF WAY

10.1 The Site

The site of the Project Highway shall comprise of the real estate described in Schedule A and in respect of which the Right of Way shall be provided and granted by the MPRDC to the Concessionaire as a licensee under and in accordance with this Agreement (the "Site"). For the avoidance of doubt, it is hereby acknowledged and agreed that references to the Site shall be construed as references to the real estate required for Four-Laning of the Project Highway as set forth in **Schedule –A**.

10.2 Licence, Access and Right of Way

10.2.1 The MPRDC hereby grants to the Concessionaire access to the Site for carrying out any surveys, investigation and soil tests that the Concessionaire may deem necessary during the Development Period, it being expressly agreed and understood that the MPRDC shall have no liability whatsoever in respect of survey, investigation and test carried out or work undertaken by the Concessionaire on or about the Site pursuant hereto in the event of Termination or otherwise.

10.2.2 In consideration of the Concession Fee, this Agreement and the covenants and warranties on the part of the Concessionaire herein contained, the MPRDC, in accordance with the terms and condition set forth herein, hereby grants to the concessionaire, commencing from the Appointed Date, leave and licence rights in respect of all the land (along with any buildings, constructions or immovable assets, if any, thereon) comprising the site which is described, delineated and shown in **Schedule-A** hereto (the "**Licensed Premises**"), on "as is where basis", free of any Encumbrances, to operate and maintain the said Licence Premises, together with all and the singular rights, liberties, privileges, easement and appurtenances whatsoever to the said Licensed Premises, here-ditaments or premises or any part thereof belonging to or anyway appurtenant thereto or enjoyed therewith, for the duration of the Concession Period and for the purposes permitted under this Agreement, and for no other purpose whatsoever.

10.2.3 The licence, access and right of way granted by this Agreement to the Concessionaire shall always be subject to existing rights of way and the Concessionaire shall perform its obligation in a manner that two existing lanes of the Project Highway or an alternative thereof are open to traffic at all times during the Construction Period.

10.2.4 It is expressly agreed that the Licence granted hereunder shall terminate automatically and forthwith, without the need for any action to be taken by the MPRDC to terminate the Licence, upon the Termination of this Agreement for any reason whatsoever.

10.2.5 The Concessionaire hereby irrevocably appoints the MPRDC (or its nominee) to be its true and lawful attorney, to execute and sign in the name of the Concessionaire a transfer or surrender of the Licence granted hereunder at any time after the Concession Period has expired or has been terminated earlier in terms, hereof, a sufficient proof of which will be the declaration of any duly authorised officer of the MPRDC, and the Concessionaire consents to it being registered for the purpose.

10.2.6 It is expressly agreed that

- (i) trees on the Sites are property of the MPRDC except that the Concessionaire shall be entitled to exercise usufructory rights thereon during the Concession Period,
- (ii) any archaeological discoveries shall belong to and vest in the MPRDC and the Concessionaire shall promptly report the discovery thereof to the MPRDC and follow its instructions for safe removal thereof; and
- (iii) mining rights do not form part of the licence granted to the Concessionaire under this Agreement and the Concessionaire hereby acknowledges that it shall not have any mining rights or any interest in the underlying minerals on or under the Licenced Premises. For the avoidance of doubt, mining rights means the right to mine any and all minerals or interest therein.

10.3 Procurement of the Site

10.3.1 Pursuant to the notice specified in Clause 4.1.2, the MPRDC Representative and the Concessionaire shall , on a mutually agreed date and time , inspect the Site and prepare a memorandum containing an inventory of the site including the vacant and unencumbered land, buildings, structures, road works, trees and any other immovable property on or attached to the Site. Such memorandum shall have appended thereto an appendix (the “**Appendix**”) specifying in reasonable detail those part of the Site to which vacant access and Right of Way has not been granted to the Concessionaire Signing of the memorandum in two counterparts (each of which shall constitute an original), by the authorised representatives of the Parties shall be deemed to constitute a valid licence and Right of Way to the Concessionaire for free and unrestricted use and development of the vacant and

- unencumbered Site during the Concession Period under and in accordance with the provisions of this Agreement and for no other purpose whatsoever. For the avoidance of doubt, it is agreed that valid licence and Right of Way with respect to the parts of the Site as set forth in the Appendix shall be deemed to have been granted to the Concessionaire upon vacant access thereto being provided by the MPRDC to the Concessionaire.
- 10.3.2 Without prejudice to the provision of Clause 10.3.1, the Parties hereto agrees that on or prior to the Appointed Date, the MPRDC shall have granted vacant access and Right of Way such that the Appendix shall not include more than 20% (twenty percent) of the total area of the Site required and necessary for the [Four-Lane] Project Highway, and in the event Financial Close is delayed solely on account of delay in grant of such vacant access and Right of Way, the MPRDC shall be liable to payment of Damages under and in accordance with the provisions of Clause 4.2.
- 10.3.3 On and after signing the memorandum and until the Transfer Date, the Concessionaire shall maintain round-the-clock vigil over the site and shall ensure and procure that no encroachment thereon takes place , and in the event of any encroachment or occupation on any part thereof, the Concessionaire shall report such encroachment or occupation forthwith to the MPRDC and undertake its removal at its cost and expenses.
- 10.3.4 The MPRDC shall make best effort to provide and grant the Right of Way to the Concessionaire in respect of all land included in the Appendix, and in the event of delay for any reason other than Force Majeure or breach of this Agreement by the Concessionaire, it shall pay to the Concessionaire Damages in a sum calculated at the rate of Rs.50 (Rupees fifty) per day for every 1000 (one thousand) square meters or part thereof, commencing from the 91st (ninety first) day of the Appointed Date and until such Right of Way is procured.
- 10.3.5 Upon receiving Right of Way in respect of any land included in the Appendix, the Concessionaire shall complete the Construction Works thereon within a reasonable period to be determined by the Independent Engineer in accordance with Good Industry Practice; provided that the issue of Provisional Certificate shall not be affected or delayed on account of vacant access to any part of the site not being granted to the Concessionaire or any construction on such part of the Site remaining incomplete on the date of Tests on account of the delay or denial of such access thereto. For the avoidance of doubt, it is expressly agreed that Construction Works on all lands for which Right of Way is granted within 90 (ninety) days of the Appointed Date shall be completed before the Project Completion Date. It is further agreed that the obligation of the Concessionaire to complete the affected Construction Works shall subsist so long as the MPRDC

continues to pay the damages specified herein, and upon the MPRDC ceasing to pay such Damages after giving 60(sixty) days notice thereof to the Concessionaire, the obligation of the Concessionaire to complete such works on such part of the Site shall cease forthwith.

- 10.3.6 The Concessionaire shall, if so required by the MPRDC, procure on behalf of the MPRDC, on the terms and to the extent specified by the MPRDC, the additional land required for Toll Plazas, Traffic Aid Posts, Medical Aid Posts, under passes and over passes or for] construction of works specified in Change of Scope Order issued under Article 16, in accordance with this Agreement and upon procurement, such land shall form part of the site and vest in the MPRDC, provided that the Concessionaire may by notice given to the MPRDC no later than 60(sixty) days from the [Appointed Date or the date of Change of Scope Order, as the case may be, require the MPRDC to initiate and undertake the proceedings for acquisition of such land under the provision of Land Acquisition Act,1884 and the MPRDC shall take all such steps as may be reasonably necessary for such land acquisition forthwith provided further that the cost of the land acquired under this Clause 10.3.6 shall be borne by the MPRDC in accordance with the Act; provided also that the land to be acquired by the MPRDC hereunder shall be deemed to be included in the Appendix referred to in this Clause 10.3 and dealt with in accordance with the provision thereof .[For the avoidance of doubt, it is agreed that the minimum area of land to be acquired for the Toll Plazas and approach roads thereof shall conform to the provisions of Schedule –B and Schedule-C . It is further agreed that the MPRDC may, at any time after the Bid Date, suo-moto acquire the land required hereunder.]
- 10.3.7 The Concessionaire may procure at its cost and expense and on its own the land that may be required by it for Additional Facilities and the MPRDC shall have no obligation or liability in respect thereof. For the avoidance of doubt, the Concessionaire shall seek prior consent of the MPRDC to connect any Additional Facility to the Project Highway and such consent shall not be unreasonably withheld.

10.4 Site to free from Encumbrances

Subject to the provisions of Clause 10.3, the Site shall be made available by the MPRDC to the Concessionaire pursuant hereto free from all Encumbrances and occupations and without the Concessionaire being required to make any payment to the MPRDC on account of any costs, compensation, expenses and charges for the acquisition and e use of such Site for the duration of the Concession Period, except insofar as otherwise expressly provided in the Agreement. For this avoidance of doubt, it is agreed that existing rights of way, easement, privileges,

liberties and appurtenances to the Licenced Premises shall not be deemed to be Encumbrances.

10.5 Protection of Site from encroachments

During the Concession Period, the Concessionaire shall protect the Site from any and all occupations, encroachments or Encumbrances, and shall not place or create nor permit any Contractor or other person claiming through or under the Concessionaire to place or create any Encumbrance or security interest over all or any part of the Site or the Project Assets, or on any right of the Concessionaire therein or under this Agreement, save and except as otherwise expressly set forth in this Agreement.

10.6 Special/temporary right of way

The Concessionaire shall bear all costs and charges for any special or temporary right of way required by it in connection with access to the site. The Concessionaire shall obtain at its own cost such facilities on or outside the Site as may be required by it for the purpose of the Project Highway and the performance of its obligations under this Agreement.

10.7 Access to the MPRDC and Independent Engineer

The licence, right of way and right to the Site granted to the Concessionaire hereunder shall always be subject to the right of access of the MPRDC and the Independent Engineer and their employees and agents for inspection, viewing and exercise of their rights and performance of their obligations under this Agreement.

ARTICLE 11

UTILITIES, ASSOCIATED ROADS AND TREES

11.1 Existing utilities and roads

Notwithstanding anything to the contrary contained herein, the Concessionaire shall ensure that all existing roads, right of way or utilities on, under or above the Site are kept in continuous satisfactory use, if necessary, by providing suitable, temporary or permanent diversion with the MPRDC of the controlling body of that road, right of way or utility, and the MPRDC shall, upon written request from the Concessionaire, initiate and undertake at the Concessionaire's cost, legal proceedings for acquisition of any right of way necessary for such diversion.

11.2 Shifting of obstructing utilities

The Concessionaire shall, subject to Applicable Laws and with assistance of the MPRDC, undertake shifting of any utility including electric lines, water pipes and telephone cables, to an appropriate location or alignment within or outside the site if and only if such utility causes a material adverse effect on the construction, operation or maintenance of the Project Highway. The cost of such shifting shall be borne by the MPRDC or by the entity owning such utility, if the MPRDC so directs, and in the event of any delay in shifting thereof, the Concessionaire shall be excused for failure to perform any of its obligations hereunder if such failure is a direct consequence of delay on the part of the entity owning such electric lines, water pipes or telephone cables, as the case may be.

11.3 New utilities and roads

11.3.1 The Concessionaire shall allow, subject to such condition as the MPRDC may specify, access to, and use of the site for laying telephone lines, water pipes, electric cables or such other public utilities. Where such access or use causes any financial loss to the Concessionaire, it may require the user of the site to pay compensation or damages as per Applicable Laws. For the avoidance of the doubt, it is agreed that the use of the Site under this Clause shall not in any manner relieve the Concessionaire of its obligation to maintain the Project Highway in accordance with this Agreement and any damage caused by such use shall be restored forthwith.

11.3.2. The MPRDC may, by notice require the Concessionaire to connect any adjoining road to the Project Highway, and the connecting portion thereof falling within the Site shall be constructed by the Concessionaire at the MPRDC's cost in accordance with Article 16. The maintenance of such connecting portion shall be

undertaken by the Concessionaire in accordance with the provision of Clause 17.1.3

- 11.3.3 The MPRDC may by notice require the Concessionaire to connect through, a paved road, any adjoining service station, hotel, motel or any other public facility or amenity to the Project Highway, whereupon the connecting portion thereof that falls within the Site shall be constructed and maintained by the Concessionaire upon advance payment of cost to be made by the beneficiary entity in accordance with the amount and period as determined by the Independent Engineer. For the avoidance of doubt, any connecting road constructed prior to the Appointed Date and falling within the Site shall be maintained by the Concessionaire upon advance payment to be made by the beneficiary entity in accordance with the provision of this Clause.

11.3.4 Felling of Trees

The MPRDC shall assist the Concessionaire in obtaining the Applicable Permits for felling of trees to be identified by the MPRDC for this purpose if and only if such trees cause a material adverse effect on the construction, operation or maintenance of the Project Highway. The cost of such felling shall be borne by the MPRDC, and in the event of any delay in felling thereof for reason beyond the control of the Concessionaire, it shall be excused for failure to perform any of its obligations hereunder if such failure is a direct consequence of delay in the felling of trees. For the avoidance of doubt, the Parties hereto agree that the felled trees shall be deemed to be owned by the MPRDC and shall be disposed in such manner and subject to such conditions as the MPRDC may in its sole discretion deem appropriate.

ARTICLE 12

CONSTRUCTION OF THE PROJECT HIGHWAY

12.1 Obligation prior to commencement of construction

Prior to commencement of Construction Works, the Concessionaire shall:

- (a) submit to the MPRDC and the Independent Engineer its detailed design, construction methodology, quality assurance procedures, and the procurement, engineering and construction time schedule for completion of the project in accordance with the Project Completion Schedule as set forth in Schedule-G. For the avoidance of doubt, it is clarified that the concessionaire shall be allowed to start construction of section of Road/CD works after submitting the detailed design for that section of the Road/CD works. Minimum length of the road for the purpose of design will be 10 kms.
- (b) appoint its representative duly authorised to deal with the MPRDC in respect of all matters under or arising out of or relating to this Agreement;
- (c) undertake, do and perform all such acts, deeds and things as may be necessary or required before commencement of construction under and in accordance with this Agreement, the Applicable Laws and Applicable Permits; and
- (d) make its own arrangements for quarrying of materials needed for the Project Highway under and in accordance with the Applicable Laws and Applicable Permits.

12.2 Maintenance during Construction Period

During the Construction Period, the Concessionaire shall maintain, at its own cost, the existing lane(s) of Project Highway so that its traffic worthiness and safety are at no time materially inferior as compared to its condition 7(seven) days prior to the date of this Agreement, and shall undertake the necessary repair and maintenance works for this purpose; provided that the Concessionaire may, at its cost , interrupt and divert the flow of traffic if such interruption and diversion is necessary for the efficient progress of Construction Works and conforms to Good Industry Practice; provided further that such interruption and diversion shall be undertaken by the Concessionaire only with the prior written approval of the Independent Engineer which approval shall not be unreasonably withheld . For the avoidance of doubt , it is agreed that the Concessionaire shall at all times be responsible for ensuring safe operation of the Project Highway.

12.3 Drawings

In respect of the Concessionaire's obligations with respect to the Drawings of the Project Highway as set forth in Schedule-H, the following shall apply:

- (a) The Concessionaire shall prepare and submit, with reasonable promptness and in such sequence as is consistent with the Project Completion Schedule, three copies of all Drawings to the Independent Engineer for review.
- (b) By submitting the Drawings for review to the Independent Engineer, the Concessionaire shall be deemed to have represented that it has determined and verified that the design and engineering including field construction criteria related thereto are in conformity with the Specifications and Standards.
- (c) Within 15(fifteen) days of the receipt of the Drawings, the Independent Engineer shall review the same and convey its observations to the Concessionaire with particular reference to the conformity or otherwise with the Scope of the Project and the Specifications and Standards. The concessionaire shall not be obliged to await the observations of the Independent Engineer on the Drawing submitted pursuant hereto beyond the said (fifteen) days period and may begin or continue Construction Works at its own discretion and risk..
- (d) If the observations of the Independent Engineer indicate that the Drawings are not in conformity with the Scope of the Project or the Specifications and Standards, such Drawings shall be revised by the Concessionaire and resubmitted to the Independent Engineer for review. The Independent Engineer shall give its observation, if any within 7(seven) days of receipt of the revised Drawings.
- (e) No review and/or observation of the Independent Engineer and/ or its failure to review and / or convey its observation on any Drawings shall relieve the Concessionaire of its obligations and liabilities under this Agreement in any manner nor shall the Independent Engineer or the MPRDC be liable for the same in any manner.
- (f) Without prejudice to the foregoing provisions of this Clause 12.3, the Concessionaire shall submit to the MPRDC for review and comments , its Drawings relating to alignment of the Project Highway, finished road level, location and layout of the Toll Plaza[s] and general arrangement drawing of major bridges, flyovers and grade separators, and the MPRDC shall have the right but not the obligation to undertake such review and provide its comments, if any, within 30(thirty) days of the receipt of such Drawings. The

provision of this Clause 12.3 shall apply *mutatis mutandis* to the review and comments hereunder.

- (g) Within 90 (ninety) days of the Project Completion Date, the Concessionaire shall furnish to the MPRDC and the Independent Engineer a complete set of as-built Drawings, in 2 (two) hard copies and in micro film form or in such other medium as may be acceptable to the MPRDC, reflecting the Project Highway as actually designed, engineered and constructed, including an as-built survey illustrating the layout of the Project Highway and set back lines, if any, of the buildings and structures forming part of the Project Facilities.

12.4 Four-Laning of the Project Highway

12.4.1 On or after the Appointed Date, the Concessionaire shall undertake construction of [Four-Laning] as specified in Schedule-B and Schedule-C, and in conformity with the Specifications and Standards set forth in Schedule-D. The [720th (seven hundred and twentieth) day] from the Appointed date shall be the schedule date for completion of [Four-Laning] (the “**Scheduled Four-Laning Date**”) and the Concessionaire agrees and undertakes that [Four-Laning] shall be completed on or before the Schedule [Four-Laning]Date.

12.4.2 The Concessionaire shall construct the Project Highway in accordance with the Project Completion Schedule set forth in Schedule-G. In the event that the Concessionaire fails to achieve any Project Milestone within a period of 90 (ninety) days from the date set forth for such Milestone in **Schedule-G**, unless such failure has occurred due to Force Majeure or for reason solely attributable to the MPRDC, it shall pay Damages to the MPRDC in a sum calculated at the rate of 0.1% (zero point one percent) of the amount of Performance Security for delay of each day until such Milestone is achieved; provided that if any or all Project Milestone or the Schedule Four-Laning Date are extended in accordance with the provision of this Agreement, the dates set forth in **Schedule – G** shall be deemed to be modified accordingly and the provisions of this Agreement shall apply as if **Schedule-G** has been amended as above; provided further that in the event Project Completion Date is achieved on or before the Scheduled Four-Laning Date, the Damages paid under this Clause 12.4.2 shall be refunded by the MPRDC to the Concessionaire, but without any interest thereon. For the avoidance of doubt, it is agreed that recovery of Damages under this Clause 12.4.2 shall be without prejudice to the rights of the MPRDC under this Agreement, including the right of Termination thereof.

12.4.3 In the event that Four-Laning is not completed within 270 (two hundred and seventy) days from the Scheduled Four-Laning Date, unless the delay is on

account of reason solely attributable to the MPRDC or due to Force Majeure, the MPRDC shall be entitled to terminate this Agreement.

12.7 Construction of service lanes by the MPRDC

The MPRDC shall, at any time after the [8th (eighth)] anniversary of the Appointed Date, be entitled in its discretion to undertake at its cost, construction of service lanes on the Project Highway in accordance with the specifications and standards applicable to other district roads (ODRs) in the State. Such construction shall be undertaken without causing undue disruption to traffic and upon its completion, the Concessionaire shall have the obligation to maintain the service lanes in accordance with Good Industry Practice and regulate the use thereof in accordance with the provision of this Agreement.

ARTICLE 13

MONITORING OF CONSTRUCTION

13.1 Monthly progress reports

During the Construction Period, the Concessionaire shall, not later than 7 (seven) days after the close of each month, furnish to the MPRDC and the Independent Engineer a monthly report on progress of the Construction Works and shall promptly give such other relevant information as may be required by the Independent Engineer.

13.2 Inspection

During the Construction Period, the Independent Engineer shall inspect the Project Highway at least once a month and make a report of such inspection (the “**Inspection Report**”) stating in reasonable detail the defects or deficiencies, if any, with particular reference to the Scope of the Project and Specifications and Standards. It shall send a copy of the Inspection Report to the MPRDC and the Concessionaire within 7 (seven) days of such inspection and upon receipt thereof, the Concessionaire shall rectify and remedy the defects or deficiencies, if any, stated in the Inspection Report. Such inspection or submission of Inspection Report by the Independent Engineer shall not relieve or absolve the Concessionaire of its obligations and liabilities hereunder in any manner whatsoever.

13.3 Tests

- 13.3.1 For determining that the Construction Works conform to the Specifications and Standards, the Independent Engineer shall require the Concessionaire to carry out or cause to be carried out Tests, at such time and frequency and in such manner as may, be specified by the Independent Engineer from time to time in accordance with Good Industry Practice for quality assurance. The size of sample for such tests shall normally comprise 10 % (the per cent) of the quantity and/or number of tests prescribed by IRC for the construction works undertaken by the MPRDC through their contractors. The Concessionaire shall with due diligence carry out or cause to be carried out all the tests in accordance with the instructions of the Independent Engineer and furnish the results thereof to the Independent Engineer. Costs incurred on such tests shall be borne by the Concessionaire. For the avoidance of doubt, the costs to be incurred on any Test which is undertaken for determining the rectification of any defect or deficiency in construction shall be borne solely by the Concessionaire.

- 13.3.2 In the event that results of any tests conducted under this Clause 13.3 establish any defects or deficiencies in the Construction Works, the Concessionaire shall carry out

remedial measures and furnish a report to the Independent Engineer in this behalf. The Independent Engineer shall require the Concessionaire to carry out or cause to be carried out tests to determine that such remedial measures have brought the Construction Works into compliance with the Specifications and Standards, and the procedure set forth in this Clause 13.3 shall be repeated until such Construction Works conform to the Specification and Standard. For the avoidance of doubt it is agreed that tests pursuant to this Clause 13.3 shall be undertaken in addition to and independent of the tests that shall be carried out by the Concessionaire for its own quality assurance in accordance with Good Industry Practice. It is also agreed that a copy of the results of such tests shall be sent by the Concessionaire to the Independent Engineer forthwith.

13.4 Delays during construction

If the Concessionaire does not achieve any of the Project Milestones or the Independent Engineer shall have reasonably determined that the rate of progress or Construction Works is such that [Four-Laning] is not likely to be achieved by the Schedules Four-Laning Date, it shall notify the Concessionaire to this effect, and the Concessionaire shall, within 15 (fifteen) days of such notice , by a communication inform the Independent Engineer in reasonable detail about the steps it proposes to take to expedite progress and the period within which it shall achieve the Project Completion Date.

13.5 Suspension of unsafe Construction Works

- 13.5.1 Upon recommendation of the Independent Engineer to this effect, the MPRDC may by notice require the Concessionaire to suspend forthwith the whole or any part of the Construction Works if in the reasonable opinion of the MPRDC such work threatens the safety of the Users and pedestrians.

- 13.5.2 The Concessionaire shall, pursuant to the notice under Clause 13.5.1 , suspend the Construction Works or any part thereof for such time and in such manner as may be specified by the MPRDC and thereupon carry out remedial measures to secure the safety of suspended works an the Users. The Concessionaire may by notice require the Independent Engineer to inspect such remedial measures forthwith and make a report to the MPRDC recommending whether or not the suspension hereunder may be revoked. Upon receiving the recommendations of the Independent Engineer, the MPRDC shall either revoke such suspension or instruct the Concessionaire to carry out such remedial measures as may be necessary in the reasonable opinion of the

MPRDC, and the procedure set forth in this Clause 13.5 shall be repeated until the suspension hereunder is revoked.

- 13.5.3 Subject to the provisions of Clause 34.7, all reasonable costs incurred for maintaining and protecting the Construction Works or part thereof during the period of suspension (the “**Preservation Costs**”), shall be borne by the Concessionaire; provided that if the suspension has occurred as a result of any breach of this Agreement by the MPRDC, the Preservation Costs shall be borne by the MPRDC.
- 13.5.4 If suspension of Construction Works is for reasons not attributable to the Concessionaire, the Independent Engineer shall determine any extension of the dates set forth in the Project Completion Schedule to which the Concessionaire is reasonably entitled, and shall notify the MPRDC accordingly whereupon the MPRDC shall extend such Project Completion Schedule dates in accordance with the recommendations of the Independent Engineer. In the event that the Scheduled Four-Laning Date is extended pursuant hereto, the Concession Period shall be deemed to be extended by a period equal in length to the period of extension of the Scheduled Four-Laning Date.

13.6 Video recording

During the Construction Period, the Concessionaire shall provide to the MPRDC for every calendar quarter, a video recording, which will be compiled into a 3 (three)-hour compact disc or digital video disc, as the case may be , covering the status and progress of Construction Works in that quarter . First video recording shall be provided to the MPRDC within 7(seven) days of the Appointed Date and thereafter no later than 15 (fifteen) days after the close of each quarter.

ARTICLE 14

COMPLETION CERTIFICATE

14.1 Test

14.1.1 At least 30 (thirty) days prior to the likely completion of the Project Highway, the Concessionaire shall notify the Independent Engineer of its intent to subject the Project Highway to Tests. The date and time of each of the Tests shall be determined by the Independent Engineer in consultation with the Concessionaire, and notified to the MPRDC who may designate its representative to witness the Test. The Concessionaire shall provide such assistance as the Independent Engineer may reasonably require for conducting the Tests. In the event of the Concessionaire and the Independent Engineer failing to mutually agree on the dates for conducting the Tests, the Concessionaire shall fix the dates by not less than 10 (ten) days notice to the Independent Engineer.

14.1.2 All Tests shall be conducted in accordance with **Schedule-I**. The Independent Engineer shall observe, monitor and review the result of the Tests to determine compliance of the Project Highway with Specifications and Standards and if it is reasonably anticipated or determined by the Independent Engineer during the course of any Test that the performance of the Project Highway or any party thereof does not meet the Specifications and Standards, it shall have the right to suspend or delay such Test and require the Concessionaire to remedy and rectify the defects or deficiencies. Upon completion of each Test, the Independent Engineer shall provide to the Concessionaire and the MPRDC copies of all Test data including detailed Test results. For the avoidance of doubt, it is expressly agreed that the Independent Engineer may require the Concessionaire to carry out or cause to be carried out additional Tests, in accordance with Good Industry Practice, for determining the compliance of the Project Highway with Specifications and Standards.

14.2 Completion Certificate

Upon completion of Construction Works the Independent Engineer determining the Tests to be successful, it shall forthwith issue to the Concessionaire and the MPRDC a certificate substantially in the form set forth in **Schedule –J** (the “**Completion Certificate**”).

14.3 Provisional Certificate

The Independent Engineer may at the request of the Concessionaire issue a provisional certificate of completion substantially in the form set forth in

Schedule-J (the “**Provisional Certificate**”) if the Tests are successful and the Project Highway can be safely and reliably placed in commercial operation though certain works or things forming part thereof are outstanding and not yet complete. In such an event, the Provisional Certificate shall have appended thereto a list of outstanding items signed jointly by the Independent Engineer and the Concessionaire (the “**Punch List**”); provided that the Independent Engineer shall not withhold the Provisional Certificate for reason of any work remaining incomplete if the delay in completion thereof is attributable to the MPRDC.

14.4 Completion of Punch List items

14.4.1 All items in the Punch List shall be completed by the Concessionaire within 90 (ninety) days of the date of issue of the Provisional Certificate and for any delay thereafter, other than for reason solely attributable to the MPRDC or due to Force Majeure, The MPRDC shall be entitled to recover Damages from the Concessionaire to be calculated and paid for each day of the delay until all items are completed, at the lower (a) 0.1% (zero point one percent) of the Performance Security, and (b) 0.2% (zero point two percent) of the cost of completing such items as estimated by the Independent Engineer. Subject to payment of such Damages, the Concessionaire shall be entitled to a further period not exceeding 120 (one hundred and twenty) days for completion of the Punch List items. For the avoidance of doubt, it is agreed that if completion of any item is delayed for reason solely attributable to the MPRDC or due to Force Majeure, the completion date thereof shall be determined by the Independent Engineer in accordance with Good Industry Practice, and such completion date shall be deemed to be the date of issue of the Provisional Certificate for the purpose of Damages, if any, payable for such item under this Clause 14.4.1.

14.4.1 Upon completion of all Punch List items, the Independent Engineer shall issue the Completion Certificate. Failure of the Concessionaire to complete all the Punch List items within the time set forth in Clause 14.4.1 for any reason , other than conditions constituting Force Majeure or for reasons solely attributable to the MPRDC, shall entitle the MPRDC to terminate this Agreement.

14.5 Withholding of Provisional Certificate

14.5.1 If the Independent Engineer determines that the Project Highway or any part thereof does not conform to the provisions of this Agreement and cannot be safely and reliably placed in commercial operations, it shall forthwith make a report in this behalf and send copies thereof to the MPRDC and the Concessionaire. Upon receipt of such a report from the Independent Engineer and after conducting its own inspection, if the MPRDC is of the opinion that

the Project Highway is not fit and safe for commercial service, it shall , within 7(seven) days of receiving the aforesaid report, notify the Concessionaire of the defects and deficiencies in the Project Highway and direct the Independent Engineer to withhold issuance of the Provisional Certificate. Upon receipt of such notice, the Concessionaire shall remedy and rectify such defects or deficiencies and thereupon Tests shall be undertaken in accordance with this Article 14. Such procedure shall be repeated as necessary until the defects or deficiencies are rectified.

14.5.2 Notwithstanding anything to the contrary contained in Clause 14.5.1, the MPRDC may, at any time after receiving a report from the Independent Engineer under that Clause, direct the Independent Engineer to issue a Provisional Certificate under Clause 14.3, and such direction shall be complied forthwith.

14.6 Rescheduling of Tests

If the Independent Engineer certifies to the MPRDC and the Concessionaire that it is unable to issue the Completion Certificate or Provisional Certificate, as the case may be, because of events or circumstances on account of which the Tests could not be held or had to be suspended, the Concessionaire shall be entitled to re-schedule the Test and hold the same as soon as reasonably practicable.

ARTICLE 15

ENTRY INTO COMMERCIAL SERVICE

15. 1.Commercial Operation Date (COD)

Four-Laning shall be deemed to be complete when the Completion Certificate or the Provisional Certificate, as the case may be, issued under the provision of Article 14, and accordingly the commercial operation date of the Project shall be the date on which such Completion Certificate or the Provisional Certificate is issued (the “**COD**”). The Project Highway shall enter into commercial service on COD whereupon the Concessionaire shall be entitled to demand and collect Fee in accordance with the provision of Article 27.

15.2 Damages for delay

Subject to the provisions of Clause 12.4, if COD does not occur prior to the 91st (ninety first) day from the Scheduled Four-Laning Date, unless the delay is on account of reasons solely attributable to the MPRDC or due to Force Majeure, the Concessionaire shall pay Damages to the MPRDC in a sum calculated at the rate of 0.1% (zero point one percent) of the amount of Performance Security for delay of each day until COD is achieved.

ARTICLE 16

CHANGE OF SCOPE

16.1 Change of Scope

- 16.1.1 The MPRDC may, notwithstanding anything to the contrary contained in this Agreement, require the provision of additional works and services which are not included in the Scope of the Project as contemplated by this Agreement (“**Change of Scope**”). Any such Change of Scope shall be made in accordance with the provisions of this Article 16 and the costs thereof shall be expended by the Concessionaire and reimbursed to it by the MPRDC in accordance with Clause 16.3.
- 16.1.2 If the Concessionaire determines at any time that a Change of Scope is necessary for providing safer and improved services to the Users, it shall by notice in writing require the MPRDC to consider such Change of Scope. The MPRDC shall within 15(fifteen) days of receipt of such notice, either accept such Change of Scope with modifications, if any, and initiate proceedings therefrom in accordance with this Article 16 or inform the Concessionaire in writing of its reason for not accepting such Change of Scope.

16.2 Procedure for Change of Scope

- 16.2.1 In the event of the MPRDC determining that a Change of Scope is necessary, it shall issue to the Concessionaire a notice specifying in reasonable detail the works and services contemplated hereunder (the “**Change of Scope Notice**”).
- 16.2.2 Upon receipt of a Change of Scope Notice, the Concessionaire shall with due diligence, provide to the MPRDC such information as is necessary, together with preliminary Documentation in support of:
- (a) the impact, if any, which the Change of Scope is likely to have on the Project Completion Schedule if the works or services are required to be carried out during the Construction Period, and
 - (b) the options for implementing the proposed Change of Scope and the effect, if any, each such option would have on the cost and time thereof, including a detailed breakdown by work classification specifying the material and labour costs calculated in accordance with the scheduled rates applicable to the works assigned by the MPRDC to its contractors, along with the proposed premium/discount on such rates; provided that the cost incurred by the Concessionaire in providing such information

shall be reimbursed by the MPRDC to the extent such cost is certified by the Independent Engineer as reasonable.

- 16.2.3 Upon receipt of information set forth in Clause 16.2.2, if the MPRDC decides to proceed with the Change of Scope, it shall convey its preferred option to the Concessionaire, and the Parties shall, with assistance of the Independent Engineer thereupon make good faith efforts to agree upon the time and cost for implementation thereof. Upon reaching an agreement, the MPRDC shall issue an order (the “**Change of Scope Order**”) requiring the Concessionaire to proceed with the performance thereof. In the event that the Parties are unable to agree, the MPRDC, may by issuing a Change of Scope Order, require the Concessionaire to proceed with the performance thereof pending resolution of the Dispute, or carry out the works in accordance with Clause 16.5
- 16.2.4 The provisions of this Agreement, insofar as they relate to Construction Works and Tests, shall apply *mutatis mutandis* to the works undertaken by the Concessionaire under this Article 16.

16.3 Payment for Change of Scope

- 16.3.1 Within 7 (seven) days of issuing a Change of Scope Order, the MPRDC shall make an advance payment to the Concessionaire in a sum equal to 20% (twenty per cent) of the cost of Change of Scope as agreed hereunder and in the event of a Dispute, 20% (twenty per cent) of the cost assessed by the Independent Engineer. The Concessionaire shall after, commencement of work, present to the MPRDC bills for payment in respect of the works in progress or completed works, as the case may be, supported by such Documentation as is reasonably sufficient for the MPRDC to determine the accuracy thereof. Within 30 (thirty) days of the receipt of such bills, the MPRDC shall disburse to the Concessionaire such amounts as are certified by the Independent Engineer as reasonable and after making a proportionate deduction for the advance payment made hereunder and in the event of any Dispute, final adjustments thereto shall be made under and in accordance with the Dispute Resolution Procedure.
- 16.3.2 Notwithstanding anything to the contrary contained in Clause 16.3.1, all costs arising out of any Change of Scope Order issued during the Construction Period shall be borne by the Concessionaire subject to an aggregate ceiling of 0.25% (zero point two five percent) of the Total Project Cost. Any costs in excess of the ceiling shall be reimbursed by the MPRDC in accordance with Clause 16.3.1 In the event that the total cost arising out of Change of Scope Orders (if any) issued prior to the Project Completion Date is less than 0.25% (zero point two five percent) of the Total Project Cost, the difference thereof shall be credited by the Concessionaire to the Safety Fund within a period of 180 (one hundred and eighty) days of the Project Completion Date.

16.4 Restriction on certain works

16.4.1 Notwithstanding anything to the contrary contained in this Article 16, the MPRDC shall not require the Concessionaire to undertake any works or services if such works or services are likely to delay completion of [Four-Laning]; provided that in the event that the MPRDC considers such works or services to be essential, it may issue a Change of Scope Order subject to the condition that the works forming part of or affected by such Order shall not be reckoned for purposes of determining completion of [Four-Laning]and issuing the Provisional Certificate.

16.4.2 Notwithstanding anything to the contrary contained in this Article 16, the Concessionaire shall be entitled to nullify any Change of Scope Order if it causes the cumulative costs relating to all the Change of Scope Orders to exceed 5%(five percent) of the Total Project Cost in any continuous period of 3(three) years immediately preceding the date of such Change of Scope Order or if such cumulative costs exceed 20% (twenty per cent) of the Total Project Cost at any time during the Concession Period.

16.5 Power of the MPRDC to undertake works

16.5.1 Notwithstanding anything to the contrary contained in Clauses 16.2 and 16.3, the MPRDC may, after giving notice to the Concessionaire and considering its reply thereto, award such works or services to any person on the basis of open competitive bidding, provided that the Concessionaire shall have the option of matching the first ranked bid in terms of the selection criteria, subject to the payment of 2% (two percent) of the bid amount to the MPRDC, and thereupon securing the award of such works or services. For the avoidance of doubt, it is agreed that the Concessionaire shall be entitled to exercise such option only if it has participated in the bidding process and its bid does not exceed the first ranked bid by more than 10% (ten percent) thereof

16.5.2 The works undertaken in accordance with this Clause 16.5 shall conform to the Specifications and Standards and shall be carried out in a manner that minimises the disruption in operation of the Project Highway. The provisions of this Agreement, insofar as they relate to Construction Works and Tests, shall apply *mutatis mutandis* to the works carried out under this Clause 16.5.

16.6 Reduction in Scope of the Project

16.6.1 If the Concessionaire shall have failed to complete any Construction Works on account of Force Majeure or for reasons solely attributable to the MPRDC, the MPRDC may in its discretion require the Concessionaire to pay 80% (eighty percent) of the sum saved therefrom, and upon such payment to the MPRDC, the

obligations of the Concessionaire in respect of such works shall be deemed to have been fulfilled.

- 16.6.2 For determining the obligations of the Concessionaire under this Clause 16.6, the provisions of Clause 16.1, 16.2 and 16.4 shall apply *mutatis mutandis*, and upon issue of Change of Scope Order by the MPRDC hereunder, the Concessionaire shall pay forthwith the sum specified therein.

ARTICLE 17

OPERATION AND MAINTENANCE

17.1 O& M obligations of the Concessionaire

17.1.1 During the Operation Period, the Concessionaire shall operate and maintain the Project Highway in accordance with this Agreement either by itself, or through the O&M Contractor and if required, modify, repair or otherwise make improvements to the Project Highway to comply with the provisions of this Agreement, Applicable Laws and Applicable Permits, and conform to Good Industry Practice. The obligations of the Concessionaire hereunder shall include:

- (a) permitting safe, smooth and uninterrupted flow of traffic on the Project Highway during normal operating conditions;
- (b) collecting and appropriating the Fee
- (c) minimizing disruption to traffic in the event of accidents or other incidents affecting the safety and use of the Project Highway by providing a rapid and effective response and maintaining liaison with emergency services of the state;
- (d) carrying out periodic preventive maintenance of the Project Highway;
- (e) undertaking routine maintenance including prompt repairs of potholes, cracks, joints, drains, embankments, structures, pavement marking, lighting , road signs and other traffic control devices;
- (f) undertaking major maintenance such as resurfacing of pavements , repairs to structures and repairs and refurbishment of tolling system and other equipment;
- (g) preventing, with the assistance of concerned law enforcement agencies, any unauthorised use of the Project Highway;
- (h) preventing with the assistance of the concerned law enforcement agencies, any encroachments on the Project Highway; including the site;
- (i) protection of the environment and provision of equipment and materials therefor;

- (j) Operation and maintenance of all communication, control and administrative systems necessary for the efficient operation of the Project Highway;
 - (k) maintaining a public relations unit to interface with and attend to suggestions from the Users, government agencies, media and other agencies, and
 - (l) Complying with Safety Requirements in accordance with Article 18.
- 17.1.2 The Concessionaire shall remove promptly from the Project Highway all surplus construction machinery and materials, waste materials (including hazardous materials and waste water), rubbish and other debris (including, without limitation, accident debris) and keep the Project Highway in a clean, tidy and orderly condition, and in conformity with the Applicable Laws, Applicable Permits and Good Industry Practice.
- 17.1.3 The Concessionaire shall maintain, in conformity with Good Industry Practice, all stretches of approach roads, overpasses, under-passes or other structures situated on the Site but not forming part of the carriageway.

17.2 Maintenance Requirements

The Concessionaire shall procure that at all times during the Operation Period, the Project Highway conforms to the maintenance requirements set forth in Schedule –K (the “**Maintenance Requirements**”)

17.3 Maintenance Manual

Not later than 180 (one hundred and eighty) days prior to the Scheduled [Four-Laning] Date, the Concessionaire shall, in consultation with the Independent Engineer, evolve a repair and maintenance manual (the “**Maintenance Manual**”) for the regular and preventive maintenance of the Project Highway in conformity with the Maintenance Requirements, Safety Requirements and Good Industry Practice, and shall provide 5 (five) copies thereof to the MPRDC and 2(two) copies to the Independent Engineer. The Maintenance Manual shall be revised and updated once every 3 (three) years and the provisions of this Clause 17.3 shall apply, *mutatis mutandis*, to such revision.

17.4 Maintenance Program

- 17.4.1** Not later than 45 (forty five) days prior to the beginning of each Accounting Year during the Operation Period, the Concessionaire shall provide to the MPRDC and the Independent Engineer, its proposed annual programme of preventive, urgent and other scheduled maintenance (the “Maintenance

Programme”) to comply with the Maintenance Requirements, Maintenance Manual and Safety Requirements. Such Maintenance Programme shall include:

- (a) preventive maintenance schedule;
 - (b) arrangements and procedures for carrying out urgent repairs;
 - (c) criteria to be adopted for deciding maintenance needs;
 - (d) intervals and procedures for carrying out inspection of all elements of the Project Highway;
 - (e) intervals at which the Concessionaire shall carry out periodic maintenance;
 - (f) arrangements and procedures for carrying out safety related measures; and
 - (g) intervals for major maintenance works and the scope thereof.
- 17.4.2 Within 15 (fifteen) days of receipt of the Maintenance Programme, the Independent Engineer shall review the same and convey its comments to the Concessionaire with particular reference to its conformity with the Maintenance Requirements, Maintenance Manual and Safety Requirements.
- 17.4.3 The Concessionaire may modify the Maintenance Programme as may be reasonable in the circumstances, and the procedure specified in Clauses 17.4.1 and 17.4.2 shall apply *mutatis mutandis* to such modifications.

17.5 Safety, vehicle breakdowns and accidents

- 17.5.1 The Concessionaire shall ensure safe conditions for the Users, and in the event of unsafe conditions, lane closures, diversions, vehicle breakdowns and accidents, it shall follow the relevant operating procedures including the setting up of temporary traffic cones and lights, and removal of obstruction and debris without delay. Such procedures shall conform to the provisions of this Agreement, Applicable Laws, Applicable Permits and Good Industry Practice.
- 17.5.2 The Concessionaire’s responsibility for rescue operations on the Project Highway shall be limited to prompt removal of vehicles or debris or any other obstructions, which may endanger or interrupt the smooth flow of traffic.[For this purpose, it shall maintain and operate a round-the –clock vehicle rescue post with one mobile crane having the capacity to lift a truck with a Gross Vehicle Weight of 15,000(Fifteen thousand) kilograms.

17.6 De-commissioning due to Emergency

- 17.6.1 If, in the reasonable opinion of the Concessionaire, there exists an Emergency which warrants de-commissioning and closure to traffic of the whole or any part of the Project Highway, the Concessionaire shall be entitled to de-commission and close the whole or any part of the Project Highway to traffic for so long as such Emergency and the consequences thereof warrant; provided that such de-commissioning and particulars thereof shall be notified by the Concessionaire to the MPRDC without any delay; and the Concessionaire shall diligently carry out and abide by any reasonable directions that the MPRDC may give for dealing with such Emergency.
- 17.6.2 The Concessionaire shall re-commission the Project Highway or the affected part thereof as quickly as practicable after the circumstances leading to its de-commissioning and closure have ceased to exist or have so debated as to enable the concessionaire to re-commission the Project Highway.

17.7 Lane Closure

- 17.7.1 The Concessionaire shall not close any lane of the Project Highway for undertaking maintenance or repair works except with the prior written approval of the Independent Engineer. Such approval shall be sought by the Concessionaire through a written request to be made at least 7 (seven) days before the proposed closure of lane and shall be accompanied by particulars thereof. Within 3(three) days of receiving such request, the Independent Engineer shall grant permission with such modifications as it may deem necessary and a copy of such permission shall be sent to the MPRDC.
- 17.7.2 The provisions of Clause 17.7.1 shall not apply to de-commissioning under Clause 17.6.1 or to closure of any lane for a period not exceeding 2 (two) hours in a day at any time of the day and 6 (six) hours in a day at a time specified by the Independent Engineer as off-peak hours when the flow of traffic is comparatively lower.
- 17.7.3 Upon receiving the permission pursuant to Clause 17.7.1, the Concessionaire shall be entitled to close the designated lane for the period specified therein, and in the event of any delay in re-opening such lane, the Concessionaire shall pay Damages to the MPRDC calculated at the rate 0.1% (zero point one percent) of the Average Daily Fee for every stretch of 250(two hundred and fifty) meters or part thereof for each day of delay until the lane has been re-opened for traffic.

17.8 Damages for breach of maintenance obligations

- 17.8.1 In the event that the Concessionaire fails to repair or rectify any defect or deficiency set forth in the Maintenance Requirements within the period specified therein, it shall be deemed to be in the breach of this Agreement and the MPRDC shall be entitled to recover Damages, to be calculated and paid for each day of delay until the breach is cured, at the higher of (a) 0.5% (zero point five percent) of Average Daily Fee, and (b) 0.1% (zero point one percent) of the cost of such repair or rectification as estimated by the Independent Engineer Recovery of such Damages shall be without prejudice to the rights of the MPRDC under this Agreement, including the right of Termination thereof.
- 17.8.2 The Damages set forth in Clause 17.8.1 may be assessed and specified forthwith by the Independent Engineer, provided that the MPRDC may, in its discretion, demand a smaller sum as Damages, if in its opinion, the breach has been cured promptly and the Concessionaire is otherwise in compliance with its obligations hereunder. The Concessionaire shall pay such Damages forthwith and in the event that it contests such Damages, the Dispute Resolution Procedure shall apply.

17.9 MPRDC's right to take remedial measures

- 17.9.1 In the event the Concessionaire does not maintain and/or repair the Project Highway or any part thereof in conformity with the Maintenance Requirements, the Maintenance Manual or the Maintenance Programme, as the case may be, and fails to commence remedial works within 15 (fifteen) days of receipt of the O&M Inspection Report or a notice in this behalf from the MPRDC or the Independent Engineer as the case may be , the MPRDC shall , without prejudice to its rights under this Agreement including Termination thereof , be entitled to undertake such remedial measures at the risk and cost of the Concessionaire , and to recover such cost from the Concessionaire. In addition to recovery of the aforesaid cost, a sum equal to 20% (twenty percent) of such cost shall be paid by the Concessionaire to the MPRDC as Damages.
- 17.9.2 The MPRDC shall have the right and the Concessionaire hereby expressly grants to the MPRDC the right to recover the costs and Damages specified in Clause 17.9.1 directly from the Escrow Account as if such cost and Damages were O&M Expenses, and for that purpose , the Concessionaire hereby agrees to give irrevocable instructions to the Escrow Bank to make payment from the Escrow Account in accordance with the instructions of the MPRDC under this Clause 17.9.2 and debit the same to O&M Expenses.

17.10 Overriding powers of the MPRDC

17.10.1 If in the reasonable opinion of the MPRDC, the Concessionaire is in material breach of its obligations under this Agreement and, in particular, the Maintenance Requirements, and such breach is causing or likely to cause material hardship or danger to the User, the MPRDC may, without prejudice to any of its rights under this Agreement including Termination thereof, by notice require the Concessionaire to take reasonable measures immediately for rectifying or removing such hardships or danger, as the case may be.

17.10.2 In the event that the Concessionaire, upon notice under Clause 17.10.1, fails to rectify or remove any hardship or danger within a reasonable period, the MPRDC may exercise overriding powers under this Clause 17.10.2 and take over the performance of any or all the obligations of the Concessionaire to the extent deemed necessary by it for rectifying or removing such hardship or danger, provided that the exercise of such overriding powers by the MPRDC shall be of no greater scope and of no longer duration than is reasonably required hereunder, provided further that any costs and expenses incurred by the MPRDC in discharge of its obligations hereunder shall be deemed to be O&M Expenses, and the MPRDC shall be entitled to recover them from the Concessionaire in accordance with the provisions of Clause 17.9 along with the Damages specified therein.

17.10.3 In the event of a national emergency, civil commotion or any other act specified in Clause 34.3, the MPRDC may take over the performance of any or all the obligations of the Concessionaire to the extent deemed necessary by it, and exercise such control over the Project Highway or give such directions to the Concessionaire as may be deemed necessary; provided that the exercise of such overriding powers by the MPRDC shall be of no greater scope and of no longer duration than is reasonably required in the circumstances which caused the exercise of such overriding power by the MPRDC. For the avoidance of doubt, the consequences of such action shall be dealt in accordance with the provisions of Article 34.

17.11 Restoration of loss or damage to Project Highway

Save and except as otherwise expressly provided in this Agreement, in the event that the Project Highway or any part thereof suffers any loss or damage during the Concession Period from any cause whatsoever, the Concessionaire shall, at its cost and expense, rectify and remedy such loss or damage forthwith so that the Project Highway conforms to the provisions of this Agreement.

17.12 Modifications to the Project Highway

The Concessionaire shall not carry out any material modifications to the Project Highway save and except where such modifications are necessary for the Project Highway to operate in conformity with the Maintenance Requirements and Good Industry Practice provided that the Concessionaire shall notify the Independent Engineer of the proposed modifications along with particulars thereof at least 15 (fifteen) days before commencing work on such modifications and shall reasonably consider any suggestions that the Independent Engineer may make within 15(fifteen) days of receiving the Concessionaire's proposal.

17.13 Excuse from performance of obligations

The Concessionaire shall not be considered in breach of its obligations under this Agreement if any part of the Project Highway is not available to traffic on account of any of the following duration thereof:

- (a) an event of Force Majeure;
- (b) measures taken to ensure the safe use of the Project Highway except when unsafe conditions occurred because of failure of the Concessionaire to perform its obligations under this Agreement; or
- (c) compliance with a request from the MPRDC or the directions of any Government Instrumentality the effect of which is to close all or any part of the Project Highway.

Notwithstanding the above, the Concessionaire shall keep all un-affected parts of the Project Highway open to traffic provided they can be operated safely.

17.14 Barriers and diversions

The MPRDC shall procure that during the Operation Period, no barriers are erected or placed by any Government Instrumentality on the Project Highway except for reasons of Emergency, national security, law and order or collection of inter-state taxes. The MPRDC shall also make best endeavours to procure that no Government Instrumentality shall undertake or cause to be undertaken, except for reasons of Emergency, national security or law and order, any diversions of traffic from or closing down of approach roads to the Project Highway that may cause a material adverse effect on the flow of traffic to and from the Project Highway.

17.15 Advertising on the Site

The Concessionaire shall not undertake or permit any form of commercial advertising, display or hoarding at any place on the Site if such advertising, display or hoarding shall be visible to the Users while driving on such Highway; provided that this restriction shall not apply to the Toll Plaza[s], rest areas, bus shelters and telephone booths located on the Project Highway if the advertising thereon does not, in the opinion of the MPRDC, distract the Users or violates extant guidelines of MoSRTH. For the avoidance of doubt, it is agreed that the rights of the Concessionaire hereunder shall be subject to Applicable Laws, as in force and effect from time to time and no compensation shall be claimed on account thereof.

ARTICLE 18

SAFETY REQUIREMENTS

18.1 Safety Requirements

- 18.1.1 The Concessionaire shall comply with the provisions of this Agreement, Applicable Laws and Applicable Permits and conform to Good Industry Practice for securing the safety of the Users. In particular, the Concessionaire shall develop, implement and administer a surveillance and safety programme for providing a safe environment on or about the Project Highway, and shall comply with safety requirements set forth in **Schedule-L** (the “**Safety Requirements**”).
- 18.1.2 The MPRDC shall also appoint an experienced and qualified firm or organization as the “**Safety Consultant**” for carrying out safety audit of the Project Highway in accordance with the Safety Requirements, and shall take all other actions necessary for securing compliance with the Safety Requirements.

18.2 Expenditure on Safety Requirements

All costs and expenses arising out of or relating to Safety Requirements shall be borne by the Concessionaire to the extent such costs and expenses form part of the works and services included in the Scope of the Project, and works and services, if any, not forming part of the Scope of the Project shall be undertaken in accordance with the provision of Article 16. Costs and expenses on works and services not covered hitherto before and arising out of Safety Requirements shall be borne from out of a dedicated safety fund (the” **Safety Fund**”) to be managed and operated by the MPRDC or a substitute thereof.

ARTICLE 19

MONITORING OF OPERATION AND MAINTENANCE

19.1 Monthly status reports

During Operation Period, the Concessionaire shall, no later than 7 (seven) days after close of each month, furnish to the MPRDC and the Independent Engineer a monthly report stating in reasonable detail the condition of the Project Highway including its compliance or otherwise with the Maintenance Requirements, Maintenance Manual, Maintenance Programme and Safety Requirements, and shall promptly give such other relevant information as may be required by the Independent Engineer.

19.2 Inspection

The Independent Engineer shall inspect the Project Highway at least once a month. It shall make a report of such inspection (the “**O&M Inspection Report**”) stating in reasonable detail the defects or deficiencies, if any, with particular reference to the Maintenance Requirements, Maintenance Manual, the Maintenance Programme and Safety Requirements, and send a copy thereof to the MPRDC and the Concessionaire within 7 (seven) days of such inspection.

19.3 Tests

For determining that the Project Highway conforms to the Maintenance Requirements, the Independent Engineer shall require the Concessionaire to carry out or cause to be carried out tests specified by it in accordance with Good Industry Practice. The Concessionaire shall with due diligence carry out or cause to be carried out all such tests in accordance with the instructions of the Independent Engineer and furnish the results of such tests forthwith to the Independent Engineer.

19.4 Remedial measures

19.4.1 The Concessionaire shall repair or rectify the defects or deficiencies, if any, set forth in the O&M Inspection Report or in test results referred to in Clause 19.3 and furnish a report in respect thereof to the Independent Engineer and the MPRDC within 15(fifteen) days of receiving the O&M Inspection Report or the test results, as the case may be, provided that where the remedying of such defects or deficiencies is likely to take more than 15(fifteen) days, the Concessionaire shall submit the progress reports of the repair works once every week until such works are completed in conformity with this Agreement.

- 19.4.2 The Independent Engineer shall require the Concessionaire to carry out or cause to be carried out tests, at its own cost, to determine that such remedial measures have brought the Project Highway into compliance with the Maintenance Requirements and procedure set forth in this Clause 19.4 shall be repeated until the Project Highway conforms to the Maintenance Requirements. In the event that remedial measures are not completed by the Concessionaire in conformity with the provision of this Agreement, the MPRDC shall be entitled to recover Damages from the Concessionaire under and in accordance with the provision of Clause 17.8.

19.5 Monthly Fee Statement

During the Operation Period, the Concessionaire shall furnish to the MPRDC within 7 (seven) days of completion of each month, a statement of Fee substantially in the form set forth in **Schedule – M** (the “**Monthly Fee Statement**”).

ARTICLE 20

TRAFFIC REGULATION

20.1 Traffic regulation by the Concessionaire

The Concessionaire shall regulate traffic on the Project Highway in accordance with the Applicable Laws, and subject to the supervision and control of the State authorities [or a substitute thereof] empowered in this behalf under the Applicable Laws.

20.2 Police Assistance

For regulating the use of Project Highway in accordance with the Applicable Laws and this Agreement, the MPRDC shall assist the Concessionaire in procuring police assistance from the State Government or a substitute thereof. The police assistance shall include setting up of traffic aid post (the “**Traffic Aid Post**”) [at each of the Toll Plazas with a mobile Police squad for round – the –clock patrolling of the Project Highway].

20.3 Buildings for Traffic Aid Posts

The Concessionaire shall, in accordance with the type design prescribed for such police outpost buildings by [the State Government or a substitute thereof, construct buildings not exceeding 25 (twenty five) square meters of plinth area, for each of the Traffic Aid Posts, and hand them over to the MPRDC not later than 30 (thirty) days prior to the Schedule Four-Laning Date]. The Traffic Aid Post[s] shall be deemed to be part of the Site and shall vest in the MPRDC.

20.4 Recurring expenditure on Police assistance

On or before the Scheduled Four-Laning Date, the Concessionaire shall provide to the State Police Department or a substitute thereof one Jeep or similar vehicle in good working condition along with the chauffeurs for round-the –clock patrolling as set forth in clause 20.2 and shall meet the operating cost of such vehicles including the salary and allowances of the chauffeurs. The concessionaire shall maintain the Traffic Aid Post buildings in accordance with Good Industry practice. For the avoidance of doubt, it is agreed that the Concessionaire shall not be liable for any other expenditure incurred by the State Police Department or a substitute thereof except for the additional police assistance taken by the concessionaire on request.

ARTICLE 21

EMERGENCY MEDICAL AID

21.1 Medical Aid Posts

For providing emergency medical aid during the operation period, as set forth in this Agreement, the Concessionaire shall assist the State Government [or a substitute thereof to be designed by the MPRDC] in setting up and operating a medical aid post (the “**Medical Aid Post**”) at [each of the Toll Plazas WITH round –the-clock ambulance services for victims of accidents on the Project Highway.]

21.2 Buildings for Medical Aid Posts

The Concessionaire shall at its cost and in accordance with the type design prescribed for such building by MPRDC construct an aid post building of minimum 25 sq mtrs, and hand them over to the MPRDC, not later than 30(thirty) days prior to the Scheduled Four-Laning Date. The Medical Aid Post(s) shall be deemed to be part of the Site and shall vest in the MPRDC.

21.3 Recurring expenditure on Medical Aid Posts

On or before the COD, the Concessionaire shall provide to the State Medical Department or a substitute thereof to be designated by the MPRDC one Ambulance in good working condition along with chauffeurs and two medical personnel for round-the-clock ambulance services as set forth in Clause 21.1 and meet the operating cost of such ambulance including the salaries and allowances to the chauffeurs. The Concessionaire shall also reimburse to the State Medical Department (or a substitute thereof to be designated by the MPRDC) the actual expenditure incurred by it in each Accounting Year on the medical equipment, and the pay and allowances of up to 2 (two) medical personnel deployed exclusively for the Medical Aid Post buildings in accordance with Good Industry Practice. For the avoidance of doubt, it is agreed that the Concessionaire shall not be liable for any other expenditure incurred by the State Medical Department or a substitute thereof to be designated by MPRDC.

ARTICLE 22

TRAFFIC CENSUS AND SAMPLING

22.1 Traffic Census

The Concessionaire shall install, maintain and operate electronic/ computerised traffic counters at [each of] the Toll Plaza[s] and collect data relating to the number and types of vehicles using the Project Highway. [The Concessionaire shall also install, maintain and operate weighing platforms (weigh in motion type) for recording on a sample basis the weight of the commercial goods vehicle using the Project Highway.] A weekly statement of such data shall be compiled and furnished forthwith by the Concessionaire to the MPRDC substantially in the form specified in Schedule-N.

22.2 Traffic survey

The MPRDC may require the Concessionaire to conduct, during each year of the Concession Period , a detailed traffic survey at such frequency and on such days as the MPRDC may specify , provided that the cumulative period of such survey shall not exceed 14(fourteen) days in a year. The Concessionaire shall, at its own cost, carry out or cause to be carried out the survey in the form and manner reasonably specified by the MPRDC and furnish a detailed report thereof within 15(fifteen) days of the completion of each survey. For the avoidance of doubt, the MPRDC may also conduct traffic surveys, in such manner as it deems fit and at its own cost , through any agency designated by it for this purpose.

22.3 Traffic sampling

- 22.3.1 For determining the actual traffic on the Project Highway, the MPRDC shall be entitled to inspect the relevant records of the Concessionaire, and may at its own cost undertake traffic sampling substantially in the manner set forth in schedule –O at such frequency as it may deem appropriate, but in no case for less than a continuous period of 7(seven) days. The Concessionaire shall provide such assistance as the MPRDC may reasonably require for such traffic sampling.
- 22.3.2 If the traffic sampling pursuant to this Clause 22.3 demonstrates that the actual traffic is more than the traffic reported by the Concessionaire, the traffic determined by the traffic sampling shall be deemed to be traffic for purpose of this Agreement and in the event of any Dispute relating to the traffic sampling, the Dispute Resolution Procedure shall apply. For the avoidance of doubt, Realizable Fee for any comparable period shall be calculated with reference to the traffic determined hereunder.

22.4 Computer systems and network

The Concessionaire shall install, operate and maintain a computer system with round-the-clock connections to the networks of the Government and other related entities for exchange of data and information useful or necessary for efficient and transparent regulation and management of traffic. For this purpose, it shall follow such protocol for Electronic Data Interchange (the "**EDI**") as the Government may specify. For the avoidance of doubt, it is agreed that the form specified in **Schedule-N** may be modified by the Government from time to time for conforming to the requirements and output of ED

ARTICLE 23

INDEPENDENT ENGINEER

23.1 Appointment of Independent Engineer

MPRDC shall appoint through a transparent bidding process applicable to the multilateral agency supported projects a Consulting Engineering Firm or body corporate substantially in accordance with the selection criteria set forth in Schedule-P, to be the independent consultant under this Agreement (the” **Independent Engineer**”). The appointment shall be made not later than 90(ninety) days from the date of this Agreement and shall be for a period of 3 (three) years. On expiry of the aforesaid period, the MPRDC may in its discretion renew the appointment, or appoint another firm through a transparent bidding process to be the Independent Engineer for a term of 3(three) years, and such procedure shall be repeated after expiry of each appointment.

23.2 Duties and functions

- 23.2.1 The Independent Engineer shall discharge its duties and functions substantially in accordance with the terms of reference set forth in **Schedule-Q**.
- 23.2.2 The Independent Engineer shall submit regular periodic reports (at least once every month) to the MPRDC in respect` of its duties and functions set forth in **Schedule-Q**.

23.3 Remuneration

The remuneration, cost and expenses of the Independent Engineer shall be paid by the MPRDC and subject to the provision set forth in Schedule-P, one half of such remuneration, cost and expenses shall be reimbursed by the Concessionaire to the MPRDC within 15(fifteen) days of receiving a statement of expenditure from the MPRDC.

23.4 Termination of appointment

- 23.4.1 The MPRDC may, in its discretion terminate the appointment of the Independent Engineer at any time, but only after appointment of another Independent Engineer in accordance with Clause 23.1.
- 23.4.2 If the Concessionaire has reason to believe that the Independent Engineer is not discharging its duties and functions in a fair, efficient and diligent manner , it may make a written representation to the MPRDC and seek termination of the appointment of the Independent Engineer. Upon receipt of such representation, the

MPRDC shall hold a tripartite meeting with the Concessionaire and Independent Engineer for an amicable resolution of the Dispute, and if any difference or disagreement between the MPRDC and the Concessionaire remains unresolved, the Dispute shall be settled in accordance with the Dispute Resolution Procedure. In the event that the appointment of the Independent Engineer is terminated hereunder, the MPRDC shall appoint forthwith another Independent Engineer in accordance with Clause 23.1.

23.5 Authorised signatories

The MPRDC shall require the Independent Engineer to designate and notify to the MPRDC and the Concessionaire up to 2 (two) persons employed in its firm to sign for and on behalf of the Independent Engineer, and any communication or document required to be signed by the Independent Engineer shall be valid and effective only if signed by any of the designate persons, provided that the Independent Engineer may by notice in writing substitute any of the designated persons by any of its employees.

23.6 Dispute resolution

If either Party disputes any advice, instruction, decision, direction or award of the Independent Engineer, or, as the case may be, the assertion or failure to assert jurisdiction, the Dispute shall be resolved in accordance with the Dispute Resolution Procedure.

ARTICLE 24

FINANCIAL CLOSE

24.1 Financial Close

- 24.1.1 The Concessionaire hereby agrees and undertakes that it shall achieve Financial Close within 180 (one hundred and eighty) days from the date of this Agreement and in the event of delay, it shall be entitled to a further period not exceeding [120(one hundred and twenty)] days subject to payment of Damages to the MPRDC in a sum calculated at the rate of 0.1% (zero point one percent) of the Performance Security for each day of delay; provide that the Damages specified herein shall be payable every week in advance and the period beyond the said 180(one hundred and eighty) days shall be granted only to the extent of Damages so paid; provided further that no Damages shall be payable if such delay in Financial Close has occurred solely as a result of any default or delay by the MPRDC in procuring satisfaction of the Conditions Precedent specified in Clause 4.1.2 or due to Force Majeure.
- 24.1.2 The Concessionaire shall, upon occurrence of Financial Close, notify the MPRDC forthwith, and shall have provided to the MPRDC, at least 2 (two) days prior to the Financial Close, 3(three) true copies of the Financial Package and the Financial Model, duly attested by a Director of the Concessionaire, along with 3(three) soft copies of the Financial Model in MS Excel version or any substitute thereof, which is acceptable to the Senior Lenders.

24.2 Termination due to failure to achieve Financial Close

- 24.2.1 Notwithstanding anything to the contrary contained in this Agreement, but subject to Clause 34.6.1, in the event that Financial Close does not occur, for any reason whatsoever, within the period set forth in Clause 24.1.1, all rights, privileges, claims and entitlements of the Concessionaire under or arising out of this Agreement shall be deemed to have been waived by, and to have ceased with the concurrence of the Concessionaire and the Concession Agreement shall be deemed to have been terminated by mutual agreement of the Parties. For the avoidance of doubt, it is agreed that in the event the Parties hereto have, by mutual consent, determined the Appointed Date to precede the Financial Close, the provisions of this Clause 24.2.1 shall not apply.
- 24.2.2 Upon termination under Clause 24.2.1, the MPRDC shall be entitled to encash the Bid Security and appropriate the proceeds thereof as Damages; provided, however, if Financial Close has not occurred solely as a result of the MPRDC being in default of any of its obligations under Clause 4.1.2, it shall, upon Termination, return the Bid Security forthwith along with Damages equal to 25% (twenty-five percent) thereof. For the avoidance of doubt, it is expressly agreed that if the Bid Security shall have

been substituted by Performance Security, the Authority shall be entitled to encash therefrom an amount equal to Bid Security.

ARTICLE-25

GRANT

25.1 Grant

Deleted

25.2 Equity Support

Deleted

25.2 O & M Support

Deleted

PREMIUM

25.3 Premium

The Concessionaire acknowledges and agrees that as set forth in the financial bid, it shall pay to the MPRDC for each year of the concession period, (but commencing from the Scheduled COD of the project, a premium (the “**Premium**”) in the form of an additional Concession Fee, as set forth in clause 26.2.1 and in the manner set forth in clause 26.4.. For the first and last year of the concession period, the premium for the balance part period of the year, if any, will be proportionately arrived. The premium for the last year will be deposited fully

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at least one month before the vesting. The term year here means the period starting from 1st of April of any year and ending on 31st of March, of the next succeeding year.

ARTICLE 26

CONCESSION FEE

26.1 Concession Fee

In consideration of the grant of Concession, the Concessionaire shall pay to the MPRDC the following sums by way of concession fee (the “**Concession Fee**”)

- a) the concession fee payable until the (10th (Tenth) anniversary of the Appointed Date shall be Rs. 1.00 (rupee one) per annum.

26.2 Additional Concession Fee

26.2.1 Without prejudice to the provisions of Clause 26.1, the Concessionaire agrees to pay to the MPRDC for the 1st (First) year of the Concession Period, but commencing from the day falling after Scheduled COD a Premium in the form of an additional Concession Fee equal to 4.762% (Four Point Seven Six Two percent) of the total Realisable Fee during that year; and for each subsequent year of the Concession Period, the Premium shall be determined by increasing the proportion of Premium to the total Realizable Fee in the respective year by an additional 1% percentage (one percent) point as compared to the immediately preceding year. For the avoidance of doubt, the Premium for the 2nd (Second) and 3rd (Third) years shall be equal to 5.762% (Five Point Seven Six Two per cent) and 6.762% (Six Point Seven Six Two per cent) respectively of the total realizable fee for the respective years.

26.2.2 The Premium payable under Clause 26.1.2 shall be deemed to be Concession Fee for the purposes of this Agreement.

26.3 Determination of Concession Fee

Notwithstanding anything to the contrary contained in this Agreement, the Concessionaire agrees and undertakes that the total realizable fee for the purposes of computing the Concession Fee under this Article 26 shall be determined on the express understanding that the number of PCUs in the first year following the COD shall be deemed to be the higher of (a) the actual PCUs and (b) 12900 PCUs on 15.06.2005; and that the number of PCUs for computing the Concession Fee for each subsequent year shall be deemed to be the higher of (a) the actual PCUs and (b) 2% (two percent) greater than the number of PCUs reckoned hereunder in the immediately preceding year. For avoidance of doubt, the parties hereto agree that for the purposes of computing the Concession Fee hereunder, the proportion of cars, buses, trucks and other vehicles to the total number of PCUs shall always be based on the actual proportion thereof in the relevant year. The Parties also agree that for the

purposes hereof, Realizable Fee shall be computed with reference to the Fee due and payable by Users and any discounts, concessions or waivers granted by the Concessionaire to any or all Users shall not be reckoned for computing the Realizable Fee hereunder.

26.4 Payment of Concession Fee

The Concession Fee payable under the provisions of Clause 26 shall be due and payable in monthly instalments. Within 7 (seven) days of the close of each month, the Concessionaire shall pay to the MPRDC against the Concession Fee; a provisional amount calculated on the basis of total Realisable Fee of the immediately preceding month, and final settlement thereof, based on audited account of the Concessionaire, shall be made within 120 (one hundred and twenty) days of completion of the respective accounting year.

26.5 Verification of Realisable Fee

26.5.1 The MPRDC may, in order to satisfy itself that the Concessionaire is reporting its Realisable Fee honestly and faithfully, depute its representatives to the Toll Plaza[s] and undertake such other measures and actions as it may deem necessary to ascertain the actual Fee revenues.

26.5.2 If the verification of Fee revenues pursuant to this Clause 26.5 demonstrates that the Realisable Fee is more than the amount reported by the Concessionaire, the MPRDC shall, for the purpose of determining the Fee revenues, be entitled to undertake traffic sampling for a continuous period of 7(seven days in accordance with Clause 22.3. The Parties hereto agree that if the average daily Fee revenue determined under this Clause 26.5.2 exceeds the average daily Realisable Fee reported by the Concessionaire during the preceding month by 1% (one percent) thereof, the difference between such fee revenue and Realisable Fee shall be multiplied by 180 (one hundred and eighty) and the product so arrived at shall be paid as Damages by the Concessionaire to the MPRDC, and in the event of any Dispute relating to the traffic sampling, the Dispute Resolution Procedure shall apply. For the avoidance of doubt, it is agreed that seasonal variation in traffic volume shall be determined by the Independent Engineer on the basis of past trends and other relevant information, and due weightage shall be assigned to such variations in computing the Realisable Fee payable under this Clause 26.5.2

Note: In the event of the Concessionaire seeking a Grant under Clause 25.1 of this Agreement, clause 26.2 to 26.5 will not apply.

ARTICLE 27

USER FEE

27.1 Collection and appropriation of Fee

- 27.1.1 On and from the COD till the Transfer Date, the Concessionaire shall have the sole and exclusive right to demand, collect and appropriate fee from the Users in accordance with this Agreement and the Fee Notification set forth in Schedule-R; provided that for ease of payment and collection, such fee shall be rounded off to the nearest 1(one) rupees in accordance with the Fee Notification; provided further that the Concessionaire may determine and collect Fee at such lower rates as it may, by public notice to the Users, specify in respect of all or any category of Users or vehicles.
- 27.1.2 The Concessionaire acknowledges and agrees that upon payment of Fee any User shall be entitled to use the Project Highway and the Concessionaire shall not place or cause to be placed any restriction on such use except to the extent specified in any Applicable Law, Applicable Permit or the provisions of this Agreement.
- 27.1.3 The concessionaire acknowledges and agrees that any User who is not liable for payment of the Fee shall be entitled to use the Project Highway without any restrictions except to the extent specified in any Applicable Law, Applicable Permit or the provisions of this Agreement. For the avoidance of doubt, the Concessionaire hereby acknowledges that exempted Vehicles are not liable to payment of Fee.

27.2 Revision of Fee

- 27.2.1. The parties hereto acknowledge and agree that in accordance with the Fee Notification, the Fee, specified therein as applicable on COD (the Base Fee) shall be revised annually on April 1 in accordance with the provision of the Fee Notification.
- 27.2.2. The Concessionaire hereby acknowledge and agree that it is not entitled to any revision of Fee or other relief from the MPRDC or any Government Instrumentality except in accordance with the express provision of this Agreement.

27.3 Fee for Local Traffic

The Concessionaire shall collect fee at discounted rate from Local Traffic, and shall issue passes in respect thereof for commuting on the Project Highway, [but without crossing more than one Toll Plaza during the course of a day]. The Concessionaire shall issue appropriate passes in a manner that minimises the inconvenience to Local Traffic consistent with the Concessionaire's need to

prevent any leakage of Fees. For carrying out provisions of this Clause, the Concessionaire shall formulate, publish and implement an appropriate scheme and carry out such modifications and improvements to such scheme as may reasonably be suggested by MPRDC or required by local circumstances from time to time in conformity with the objectives of this Agreement..

27.4 Free use of service lanes

- 27.4.1 Notwithstanding anything to the contrary contained in this Agreement, upon construction of service lanes, the Local Traffic, Tractors, animal-drawn vehicles and two-wheelers shall be entitled to free use thereof, and the Concessionaire shall be entitled to refuse entry of such vehicles on the carriageway of the Four-Lane Project Highway, except on payment of Fee in accordance with the Fee Notification. For the avoidance of doubt, it is agreed that the Concessionaire shall be entitled to set up temporary or permanent Fee collection booths, entry barriers or such other restriction on the service lanes, as may reasonably be necessary for preventing such evasion in accordance with the provisions of Clause 27.8.
- 27.4.2 Any motorised vehicle, not being Local Traffic, using the service lane shall be liable to payment of Fee as if it was using the Project Highway.]

27.5 Discounted Fee for Local Traffic.

- 27.5.1 The Concessionaire shall, upon request from any person for issue of monthly pass, issue such pass at a discounted rate equivalent to 50% (fifty percent) of the Fee payable for the respective vehicle. The rates of monthly passes shall be based on toll charges for return traffic (once) on the same day and calculated for the month consisting of 30 days or 31 days as the case may be. Such discounted tickets shall entitle for a specified vehicle to commute on the Project Highway by using the monthly pass during a period of one month (calendar month) or part thereof.

27.6 Re-appropriation of excess Fee

- 27.6.1 In the event that the average daily traffic of PCUs in any Accounting Year shall have reached a level equivalent to 120% (one hundred and twenty percent- the Traffic Cap) of 50000 PCU's the Fee levied and collected from the traffic exceeding the Traffic Cap shall, notwithstanding anything to the contrary contained in this Agreement, be deemed to be due and payable to the MPRDC in accordance with the provision of Clause 27.6.2
- 27.6.2 If traffic in any Accounting Year exceeds the Traffic Cap, the Concessionaire shall be entitled to collect and appropriate the Realizable Fee for traffic not exceeding the Traffic Cap , and for all traffic exceeding the Traffic Cap, the Concessionaire shall

collect and deposit the same into the Safety Fund within 60 (sixty) days of the close of the relevant Accounting Year; provided that the balance remaining in respect of the excess traffic of the last Accounting Year of the Concession Period shall be credited to the Safety Fund within 30 (thirty) days of the Transfer Date.

27.7 Tolling Contractor

The Concessionaire may appoint a Tolling Contractor or any other persons collect the Fee for and on behalf of the Concessionaire, provided that notwithstanding such appointment the Concessionaire shall be and remain solely liable and responsible for the collection of fee in accordance with this Agreement and its deposit into the Escrow Account and for compliance with the provision of this Agreement.

27.8 Fee collection points

Fee shall ordinarily be collected at the Toll Plaza[s] from vehicles crossing the Toll Plaza[s] and using the whole or part of the Project Highway; provided that for preventing evasion of Fee by any vehicle circumventing any of the Toll Plaza[s] and using the whole or part of the Project Highway, the Concessionaire shall be entitled to set up at its own risk and cost and in consultation with the Independent Engineer, its temporary or permanent Fee collection booths, or impose such other restrictions on entry to the Project Highway, as may be reasonable be necessary for preventing such evasion. For the avoidance of doubt, the Concessionaire hereby acknowledges and agrees that it shall not determine or collect from Fee from the users who [use any part of the Project Highway which is situated between the two Toll Plazas OR *only use part of the Project Highway situated on any one side of the Toll Plaza.*] It is further acknowledged and agreed that the restrictions hereunder shall not extend beyond a distance of 10 (ten) kilometers from the Toll Plaza(s) and the provision of this Clause 27.8 shall be enforced as to minimize inconveniences to Users who are not liable to payment of Fee.

27.9 Additional charge for evasion of Fee

In the event that any vehicle uses the Project Highway without payment of Fee due, the Concessionaire shall, subject to Applicable Law and Applicable Permits, be entitled to determine and collect from such vehicle the Fee due and an equivalent amount towards predetermined liquidated damages for attempt to make unauthorised use of the Project Highway; provided that the determination and collection of such Fee and liquidated damages shall be at the risk and cost of the Concessionaire and the MPRDC shall not in any manner be liable on account thereof; provided further that upon detection of overloading, the Concessionaire shall prevent the vehicle from using the project highway until the excess load has been removed from such vehicle and the

Government shall not be liable for any act or omission of the concessionaire in relation to such vehicle or person driving such vehicle.

27.10 Additional fee for overloaded vehicles

Subject to provisions of clause 27.9 and without prejudice to the liability incurred under the Applicable Laws by any person driving a vehicle that is loaded in excess of the permissible limit set forth in such laws, the Concessionaire may, in its discretion and pending action under the Applicable Laws such vehicle to the use the project Highway upon payment of an additional fee (the “**Additional Fee**”) in lieu of the likely deterioration that may be caused to the Project Highway by such use. The Additional Fee shall not exceed:

- (a) 50% (fifty percent) of the Fee if the overloading of such vehicle exceeds 10% (ten percent) of the permissible load but is not greater than 20% (twenty percent) thereof; and
- (b) 100% (one hundred per cent) of the Fee if such overloading exceeds 20% (twenty percent) of the permissible load:

Provided that the Additional Fee shall be levied on the basis of actual Gross Vehicle Weight as measured by a standardized static weighing machine to be installed by the Concessionaire at [each of] the Toll Plaza[s].

Provided further that determination and collection of Additional Fee shall be regulated and enforced entirely at the risk and cost of the Concessionaire and it shall have no claim against the MPRDC in the event of its inability or failure to collect such Additional Fee in full or part for any reason whatsoever.

27.11 Display of Fee rates

- 27.11.1 The Concessionaire shall, at the beginning of the Project Highway and near the Toll Plaza[s], prominently display the applicable rates of Fee for information of Users approaching from either side of the Project Highway.
- 27.11.2 The Concessionaire shall, from time to time , inform the MPRDC of the applicable Fee and the detailed calculation thereof . Such information shall be communicated at least 15(fifteen) days prior to the revision of Fee under and in accordance with the Fee Notification.
- 27.11.3 The Concessionaire shall not revise, display or collect any amounts in excess of the rates of Fee payable under the Fee Notification. In the event any excess amounts are collected by or on behalf of the Concessionaire, it shall upon receiving a notice to

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this effect from the MPRDC, refund such excess amounts to the MPRDC along with Damages equal to 25% (twenty five percent) thereof.

ARTICLE 28

REVENUE SHORTFALL LOAN

- 28.1** If the Realisable Fees in any Accounting Year during the Concession Period shall fall below the Subsistence Revenue Level, MPRDC agrees to allow the Concessionaire to avail accommodation for such shortfall, by way of a loan (“Revenue Shortfall Loan”) from any Bank. Any balance of Maintenance Fund of the Concessionaire or any sums received or likely to be received by the Concessionaire through insurance claims (except insurance payments for physical loss used to carry out requisite repairs) or payments by MPRDC under Clause 28 shall first be deducted and only the balance amount remaining shall be availed as the Revenue Shortfall Loan.,
- 28.2 For the purposes of availing of any loan on account of Revenue Shortfall loan pursuant to Clause 23.1 above in any Accounting Year, the Concessionaire shall:
- 28.2.1 Submit a detailed account of the Event, and its impact on total revenues of the Concessionaire as soon as feasible and submit weekly reports thereafter.
- 28.2.2 Provide to MPRDC, the Schedule of Debt Service Payments under then Financing Documents for the Accounting year for which Revenue Shortfall Loan are claimed.
- 28.2.3 Provide to MPRDC the details of O^M Expenses budget for such Accounting Year and the expenditure incurred in that year out of such budget.
- 28.2.4. Within 15 (fifteen) days of the close of each Accounting Year in which the shortfall in the referred to in Clause 23.1 shall occur, provide a certificate from the Statutory Auditors of the Concessionaire certifying the Subsistence Revenue Level , the Realisable Fees and the Revenue Shortfall Loan requirement after deducting reserves of the Concessionaire, if any; and
- 28.2.5. Submit a written request to MPRDC under the hands of a Director of the Concessionaire requesting for permission of MPRDC for availing of Revenue Shortfall Loan from the Bank by payment thereof into the Escrow Account.
- 28.3. Upon the receipt of the request and documents as set forth in Clause 23.1 above and provided the same is not found by MPRDC to be wrong or incorrect, MPRDC

- shall approve the amount of Revenue Shortfall Loan within 30 days (thirty) thereof.
- 28.4 The Revenue Shortfall Loan and the interest thereon shall be repaid by the Concessionaire, before the termination of Concession Period, in a sum equal to 50% (fifty per cent) of the Net Cash flow of the Concessionaire and such repayments shall be made in one or more years as necessary, or as per the stipulations of the Lenders.
- 28.5. Notwithstanding anything to the contrary contained in Clause 23.4 the Concessionaire shall repay the entire Revenue Shortfall Loan and interest thereon at least one year before the expiry of the Concession Period.
- 28.6 If any sum remains due or outstanding from the Concessionaire under this Clause 23 at any time during a period of one year preceding the Termination Date, MPRDC shall allow the increase in the concession period only in the event of such loans being taken to cover the shortfall in Subsistence Revenue Level, proportionately and to the extent approved by MPRDC, to allow the concessionaire to be compensated for the loss of Revenue and to be able to repay such Revenue shortfall loan. In any case, such extended period shall not exceed 3 years. The extension of Concession Period up to 3 years may be considered with prior approval of MPRDC.

ARTICLE 29

EFFECT OF VARIATIONS IN TRAFFIC GROWTH

29.1 Effect of variation in traffic growth

- 29.1.1 The MPRDC and the Concessionaire acknowledge that the traffic as on June 1, 2020 (the “**Target Date**”) is estimated to be 26800 PCUs per day (the “**Target Traffic**”), and hereby agree that for determining the modifications to the Concession Period under this Article 29, the actual traffic on the Target Date shall be derived by the period under this Article 29, the actual traffic on the Target date shall derived by computing the average of the traffic as determined by traffic sampling to be undertaken, in accordance with Clause 22.3 on the date that falls one year prior to the Target Date (the “**Actual Traffic**”). For the avoidance of doubt, it is agreed that traffic sampling shall be undertaken for a continuous period of 7 (seven) days during anytime within 15(fifteen) days prior to the date specified herein and the average shall be deemed to be actual traffic.
- 29.1.2 In the event that the Actual Traffic shall have fallen short of the Target Traffic by more than 2.5% (two point five percent) thereof or exceeded the Target Traffic by more than 2.5% (two point five percent) thereof, the Concession Period shall be deemed to be modified in accordance with Clause 29.2. For the avoidance of doubt, in the event of any Dispute relating to Actual Traffic, the Dispute Resolution Procedure shall apply.

29.2 Modification in the Concession Period

- 29.2.1 Subject to the provision of Clause 29.1.2, in the event Actual Traffic shall have fallen short of the Target Traffic, then for every 1% (one percent) shortfall as compared to the Target Traffic, the Concession Period shall , subject to payment of Concession Fee in accordance with this Agreement, be increased by 1.5% (one point five percent) thereof; provided that such increase in Concession Period shall not in any case exceed 20% (twenty percent) of the Concession Period. For the avoidance of doubt, and by way of illustration, it is agreed that in the event of a shortfall of 10.6% (ten point six percent) in Target Traffic, the Concession Period shall be increased by 15% (fifteen percent) thereof
- 29.2.2 Subject to the provisions of Clause 29.1.2 in the event Actual Traffic shall have exceeded the Target Traffic, then for every 1% (one percent) excess as compared to the Target Traffic, the Concession Period shall be reduced by 0.75% (zero point one percent) thereof; provided that such reduction in Concession Period shall not in any case exceed 10% (ten percent) thereof. For the avoidance of doubt and way of illustration, it is agreed that in the event of an excess of 8.7% (eight point seven percent) in Target Traffic, the Concession Period shall be reduced by 6% (six percent) thereof.

ARTICLE 30

CONSTRUCTION OF ADDITIONAL TOLL WAY

30.1 Restriction on construction of Additional Toll way

- 30.1.1 Notwithstanding anything to the contrary contained in this Agreement but subject always to Clause 30.2, the MPRDC shall not construct and shall procure that no Government Instrumentality shall construct or cause to be constructed, any expressway or other toll road between, interalia, [Lebad and Jaora) (collectively the “**Additional Toll way**”) for use by traffic at any time before the [15th (fifteenth) anniversary of the Appointed Date. For the avoidance of doubt, Additional Toll way does not include any expressway or other toll road connecting, interalia, Lebad and Jaora] if the length of such expressway or toll road exceeds the length of the existing route comprising the Project Highway by 25% (twenty five percent) thereof.
- 31.1.2 If the MPRDC shall be in breach of the provisions of Clause 30.1.1, the Concessionaire shall, without prejudice to its other rights and remedies under this Agreement including Termination thereof, be entitled to receive compensation from the MPRDC under and in accordance with the provisions of Clause 35.4.

30.2 Minimum Fee for the Project Highway

Upon commissioning of the Additional Toll way, the Concessionaire shall continue to collect the Fee, and shall not offer any discounts or reductions in such Fee except with the prior written consent of the MPRDC; provided that the Concessionaire may continue in the same form and manner, any discounts or reductions that it had offered to any general or special class of Users or vehicles for a continuous period of three years prior to the opening of the Additional Toll way to traffic.

30.3 Minimum Fee for Additional Toll way

MPRDC agrees and undertakes to procure that the fee to be levied and collected during the subsistence of this Concession from any vehicle or class of vehicles using the Additional Toll way shall at no time be less than 25% (twenty five percent) higher than the Fee levied and collected from similar vehicles using the Project Highway.

ARTICLE 31

ESCROW ACCOUNT

31. Escrow Account

31.1.1 The Concessionaire shall, prior to the Appointed Date, open and establish an Escrow Account with a Bank (the "Escrow Bank") in accordance with this Agreement read with the Escrow Agreement.

31.1.2 The nature and scope of the Escrow Account are fully described in the agreement (the "**Escrow Agreement**") to be entered into amongst the Concessionaire, the MPRDC, the Escrow Bank and the Senior Lenders through the Lenders Representative, which shall be substantially in the form set forth in Schedule-S.

31.2 Deposits into Escrow Account

The Concessionaire shall deposit or cause to be deposited the following inflows and receipts into the Escrow Account:

- (a) all funds constituting the Financial Package;
- (b) all Fee and any other revenues from or in respect of the Project Highway, including the proceeds of insurance claims ; and
- (c) all payments by the MPRDC, after deduction of any outstanding Concession Fee:

Provided that the Senior Lenders may make direct disbursements to the EPC Contractor in accordance with the express provisions contained in this behalf in the Financing Agreements.

31.3 Withdrawals during Concession Period

31.3.1 The Concessionaire shall, at the time of opening the Escrow Account , give irrevocable instructions, by way of an Escrow Agreement, to the Escrow Bank instructing, interalia , that deposits in the Escrow Account shall be appropriated in the following order every month, or at shorter intervals as necessary and if not due in a month then appropriated proportionately in such month and retained in the Escrow Account and paid out there from in the month when due:

- a) all taxes due and payable by the Concessionaire
- b) all payments relating to construction of the Project Highway, subject to and in accordance with the conditions , if any set forth in the Financing Agreements.

- c) O&M expenses, subject to the ceiling, if any, set forth in the Financing Agreements;
- d) O&M expenses and other costs and expenses incurred by the MPRDC in accordance with the provision of this Agreement and certified by the MPRDC as due and payable to it.
- e) Concession Fee due and payable to the MPRDC.
- f) monthly proportionate provision of Debt Service due in an Accounting Year;
- g) premium due and payable to the MPRDC:]
- h) all payments and Damages certified by the MPRDC as due and payable to it by the Concessionaire, including repayment of Revenue Shortfall Loan;
- i) debt service in respect of Subordinated Debt:
- j) any reserve requirements set forth in the Financing Agreements: and
- k) balance If any in accordance with the instructions of the Concessionaire.

31.3.2 The Concessionaire shall not in any manner modify the order of payment specified in Clause 31.3.1, except with the prior written approval of the MPRDC.

31.4 Withdrawals upon Termination

31.4.1 Notwithstanding anything to the contrary contained in this Agreement, all amounts standing to the credit of the Escrow Account shall, upon Termination, be appropriated in the following order:

- (a) all taxes due and payable by the Concessionaire;
- (b) 90% (ninety percent) of the Debt Due excluding Subordinated Debt;
- (c) outstanding Concession Fee;
- (d) all payments and Damages certified by the MPRDC as due and payable to it by the Concessionaire, including [Premium and] repayment of Revenue Shortfall Loan;

- (e) retention and payments relating to the liability for defects and deficiencies set forth in Article 39.
- (f) Outstanding Debt Service including the balance of Debt Due;
- (g) outstanding subordinated Debt;
- (h) incurred or accrued O&M expenses;
- (i) any other payments required to be made under this Agreement; and
- (j) balance if any in accordance with the instructions of the Concessionaire:

Provided that no appropriation shall be made under Sub-clause (j) of this Clause 31.4.1 until a Vesting Certificate has been issued by the MPRDC under the provisions of Article 38.

31.4.2 The provisions of this Article 31 and the instruction contained in the Escrow Agreement shall remain in full force and effect until the obligations set forth in Clause 31.4.1 have been discharged.

ARTICLE 32

INSURANCE

32.1 Insurance during Concession Period

The Concessionaire shall effect and maintain at its own cost, during the Construction Period and the Operation Period, such insurances for such maximum sums as may be required under the Financing Agreements, and the Applicable Laws, and such insurances as may be necessary or prudent in accordance with Good Industry Practice (the “**Insurance Cover**”). The Concessionaire shall also effect and maintain such insurances as may be necessary for mitigating the risks that may be devolve on the MPRDC as a consequence of any act or omission of the Concessionaire during the Construction Period. For the avoidance of doubt, the level of insurance to be maintained by the Concessionaire after repayment of Senior Lenders dues in full shall be determined by the Concessionaire on the same principles as applicable for determining the level of insurance prior to such repayment of Senior Lenders’ dues.

32.2 Notice to the MPRDC

Not later than 45 (forty-five) days prior to commencement of the Construction Period or the Operation Period, as the case may be , the Concessionaire shall by notice furnish to the MPRDC, in reasonable detail, information in respect of the insurance that it proposes to effect and maintain in accordance with this Article 32. Within 30 (thirty) days of receipt of such notice , the MPRDC may require the Concessionaire to effect and maintain such other insurances as may be necessary pursuant hereto, and in the event of any difference or disagreement relating to any such insurance , the Dispute Resolution Procedure shall apply.

32.3 Evidence of Insurance Cover.

All insurances obtained by the Concessionaire in accordance with this Article 32 shall be maintained with insurers on terms consistent with Good Industry Practice. Within 15 (fifteen) days of obtaining any insurance cover, the Concessionaire shall furnish to the MPRDC, notarized true copies of the certificates of insurance copies of insurance policies and premia payment receipts in respect of such insurance, and no such insurance shall be cancelled, modified or allowed to expire or lapse until the expiration of at least 45(forty five) days after notice of such proposed cancellation , modification or non-renewal has been delivered by the Concessionaire to the MPRDC.

32.4 Remedy for failure to insure

If the Concessionaire shall fail to effect and keep in force all insurances for which it is responsible pursuant hereto, the MPRDC shall have the option to either keep in force any such insurances, and pay such Premium and recover the costs thereof from the Concessionaire, or in event of computation of a Termination Payment, treat an amount equal to the Insurance Cover as deemed to have been received by the Concessionaire.

32.5 Waiver of subrogation

All insurance policies in respect of the insurance obtained by the Concessionaire pursuant to this Article 32 shall include a waiver of any and all rights of subrogation or recovery of the insurers, thereunder against, interalia, the MPRDC, and its assigns, successors, undertakings and their subsidiaries, affiliates, employees, insurers and underwriters, and of any right of the insurers to any set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any such person insured under any such policy or in any way connected with any loss, liability or obligation covered by such policies of insurance.

32.6 Concessionaire's waiver

The Concessionaire hereby further releases, assigns and waives any and all rights of subrogation or recovery against , interalia, the MPRDC and its assigns, undertakings and their subsidiaries, affiliates, employees, successors, insurers and underwriters, which the Concessionaire may otherwise have or acquire in or from or in any way connected with any loss, liability or obligation covered by policies of insurance maintained or required to be maintained by the Concessionaire pursuant to this Agreement (other than third party liability insurance policies) or because of deductible clauses in or inadequacy of limits of any such policies of insurance.

32.7 Application of insurance proceeds

The proceeds from all insurance claims, except life and injury, shall be paid to the Concessionaire by credit to the Escrow Account and it shall, notwithstanding anything contrary contained in Clause 31.3, apply such proceeds for any necessary repair, reconstruction, reinstatement, replacement, improvement, delivery or installation of the Project Highway, and the balance remaining, if any, shall be applied in accordance with the provisions contained in this behalf in the Financing Agreements.

ARTICLE 33

ACCOUNTS AND AUDIT

33.1 Audited accounts

33.1.1 The Concessionaire shall maintain book of accounts recording all its receipts (including all Realizable Fees and other revenues derived/ collected by it from or on account of the Project Highway and/or its use). Income, expenditure, payments (including payments from the Escrow Account), assets and liabilities, in accordance with this Agreement, Good Industry Practice, Applicable Laws and Applicable Permits. The Concessionaire shall provide 2(two) copies of its Balance Sheet, and profit and loss account, along with a report thereon by its Statutory Auditors, within 60(sixty) days of the close of the Accounting Year to which they pertain and such audited accounts shall form the basis of payments of either party under this Agreement. The MPRDC shall have a right to require copies of relevant extracts of books of accounts, duly certified by the Auditors, to be provided to the MPRDC for verification of basis of payments, and in the event of any discrepancy or error being found, the same shall be rectified and such rectified account shall form the basis of payments by either Party under this Agreement.

33.1.2 The Concessionaire shall, within 30(thirty) days of the close of each quarter of an Accounting Year, furnish to the MPRDC its un-audited financial results in respect of the preceding quarter, in the manner and form prescribed by the Securities and Exchange Board of India for publication of quarterly results by the companies listed on a stock exchange.

33.1.3 On or before the thirty-first day of May each Year, the Concessionaire shall provide to the MPRDC, for the preceding Accounting Year, a statement duly audited by its Statutory Auditors giving summarised information on (a) the traffic count for each category of vehicles using the Project Highway and liable for payment of Fee thereof, (b) Fee charged and received , Realizable Fee and other revenues derived from the Project Highway, and (c) such other information as the MPRDC may reasonably require.

33.2 Appointment of auditors

33.2.1 The Concessionaire shall appoint, and have during the subsistence of this Agreement as its Statutory Auditors, a firm chosen by MPRDC from the mutually agreed list of 5 (five) reputable firms of chartered accountants (the “**Panel of Chartered Accountants**”) suggested by concessionaire. Such list be prepared substantially in accordance with the criteria set forth in Schedule-T. All fees and expenses of the Statutory Auditors shall be borne by the Concessionaire.

33.2.2 The Concessionaire may terminate the appointment of its Statutory Auditors with the prior approval of MPRDC subject to the replacement of Statutory Auditors being Appointed from the Panel of Chartered Accountants as per clause 33.2.1.

33.2.3 Notwithstanding anything to the contrary contained in this Agreements, the MPRDC shall have the right, but not the obligation, to appoint at its cost from time to time at anytime, another firm (the “**Additional Auditors**”) to audit and verify all those matters, expenses, costs, realization and things which the Statutory Auditors are required to do, undertake or certify pursuant to this Agreement.

33.2.4 In the event that the Grant exceeds 20% (twenty percent) of the Total Project Cost, the MPRDC shall have the right, but not the obligation, to appoint at its cost, for the duration of the Construction Period, another firm (the” **Concurrent Auditors**”) to undertake concurrent audit of the Concessionaire’s accounts.

33.3 Certification of claims by Statutory Auditors

Any claim or document provided by the Concessionaire to the MPRDC in connection with or relating to receipts, income, payments, costs, expenses, accounts or audit, and any matter incidental thereto shall be valid and effective only if certified by it Statutory Auditors.

33.4 Dispute resolution

In the event of there being any difference between the findings of the Additional Auditors or the Concurrent Auditors, as the case may be, and the certification provided by the Statutory Auditors, such Auditors shall meet to resolve the differences and if they are unable to resolve the same, such Dispute shall be resolved by the MPRDC by recourse to the Dispute Resolution Procedure.

ARTICLE 34

FORCE MAJEURE

34.1 Force Majeure

As used in this Agreement, the expression: “**Force Majeure**” or Force Majeure Event” shall mean occurrence in India of any or all of Non Political Event, Indirect Political Event and Political Event, as defined in Clauses 34.2, 34.3 and 34.4 respectively, if it affects the performance by the Party claiming the benefit of Force Majeure (the “**Affected Party**”) of its obligations under this Agreement and which act or event (i) is beyond the reasonable control of the Affected Party, and (ii) the Affected Party could not have prevented or overcome by exercise of due diligence and following Good Industry Practice, and (iii) has Material Adverse Effect on the Affected Party.

34.2 Non-Political Event

A Non-Political Event shall mean one or more of the following acts or events:

- (a) act of God , epidemic or plague, extremely adverse weather conditions, lightning, earthquake, landslide, cyclone, flood, volcanic eruption, chemical or radioactive contamination or ionising radiation , fire or explosion (to the extent of contamination or radiation or fire or explosion originating from a source external to the Site);
- (b) strikes or boycotts (other than those involving the Concessionaire, Contractors or their respective employees/ representative, or attributable to any act or omission of any of them) interrupting supplies and services to the Project Highway for a continuous period of 24 (twenty four) hours and an aggregate period exceeding 7(seven) days in an Accounting Year, and not being an Indirect Political Event set forth in Clause 34.3;
- (c) any failure or delay of a Contractor but only to the extent caused by another Non – Political Event and which does not result in any offsetting compensation being payable to the Concessionaire by or on behalf of such Contractor;
- (d) any judgement or order of any court of competent jurisdiction or statutory authority made against the Concessionaire in any proceedings for reason other than (i) failure of the Concessionaire to comply with any Applicable Law or Applicable Permit or (ii) on account of breach of any Applicable Law or Applicable Permit or of any contract, or (iii) enforcement of this Agreement or (iv) exercise of any of its rights under this Agreement by the MPRDC:

- (e) the discovery of geological conditions, toxic contamination or archaeological remains on the Site that could not reasonably have been expected to be discovered through a site inspection; or
- (f) any event or circumstances of a nature analogous to any foregoing.

34.3 Indirect Political Event

An indirect Political Event shall mean one or more of the following acts or events:

- (a) an act of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, riot, insurrection, terrorist or military action, civil commotion or politically motivated sabotage;
- (b) industry wide or State wide strikes or industrial action for a continuous period of 24 (twenty four) hours and exceeding an aggregate period of 7(seven) days in an Accounting Year;
- (c) any civil commotion, boycott or political agitation which prevents collection of Fee by the Concessionaire for an aggregate period exceeding 7(seven) days in an Accounting Year;
- (d) any failure or delay of a Contractor to the extent caused by any indirect political event and which does not result in any offsetting compensation being payable to the Concessionaire by or on behalf of such Contractor;
- (e) any Indirect Political Event that causes a Non-Political Event; or
- (f) any event or circumstances of a nature analogous to any of the foregoing.

34.4 Political Event

A Political Event shall mean one or more of the following acts or events by or on account of any Government Instrumentality:

- (a) Change in Law, only if consequences thereof cannot be dealt with under and in accordance with the provision of Article 41 and its effect, in financial terms, exceeds the sum specified in Clause 41.1;
- (b) Expropriation or Compulsory acquisition of any Project Assets or rights of the Concessionaire or of the Contractors;

- (c) Unlawful or unauthorised or without jurisdiction revocation of, or refusal to renew or grant without valid, cause any clearance, licence, permit presentation no objection certificate, consent approval or exemption required by the Concessionaire or any of the Contractors to perform their respective obligation under this Agreement and the Project Agreements: provided that such delay, modification, denial, refusal or revocation did not result from the Concessionaire's or any Contractor's inability or failure to comply with any condition relating to grant, maintenance or renewal of such clearance, licence, authorisation, no objection certificate, exemption, consent, approval or permit.
- (d) any failure or delay of a Contractor but only to the extent caused by another Political Event and which does not result in any offsetting compensation being payable to the Concessionaire by or on behalf of such Contractor; or
- (e) any event or circumstance of a nature analogous to any of the foregoing.

34.5 Duty to report Force Majeure Event

34.5.1 Upon occurrence of a Force Majeure Event, the Affected Party shall by notice report such occurrence to the other Party forthwith. Any notice pursuant hereto shall include full particulars of:

- (a) the nature and extent of each Force Majeure Event which is the subject of any claim for relief under this Article 34 with evidence in support thereof;
- (b) the estimated duration and the effect probable effect which such Force Majeure Event is having or will have on the Affected Party's performance of its obligation under this Agreement;
- (c) the measure which the Affected Party is taking or proposes to take for alleviating the impact of such Force Majeure Event; and
- (d) any other information relevant to the Affected Party's claim

34.5.2 The Affected Party shall not be entitled to any relief for or in any respect of a Force Majeure Event unless it shall have notified the other Party of the occurrence of the Force Majeure Event as soon as reasonably practicable and in any event not later than 7(seven) days after the Affected Party knew, or ought reasonably to have known, of its occurrence and shall have given particulars of the probable material effect that the Force Majeure Event is likely to have on the performance of its obligations under this Agreement.

34.5.3 For so long as the Affected Party continues to claim to be materially affected by such Force Majeure Event, it shall provide the other Party with regular (and not less than weekly) reports containing information as required by Clause 34.5.1, and such other information as the other Party may reasonably request the Affected Party to provide.

34.6 Effect of Force Majeure Event on the Concession

34.6.1 Upon the occurrence of any Force Majeure Event prior to the Appointed Date, the period set forth in Clause 24.1.1 for achieving Financial Close shall be extended by a period equal in length to the duration of the Force Majeure Event.

34.6.2 At any time after the Appointed Date, if any Force Majeure Event occurs:

- (a) before the Project Completion Date, the Concession Period and the dates set forth in the Project Completion Schedule shall be extended by a period equal in length to the duration for which such Force Majeure Event subsists; or
- (b) after the Project Completion Date, whereupon the Concessionaire is unable to collect Fee despite making best efforts or it is directed by the MPRDC to suspend the collection thereof during the subsistence of such Force Majeure Event, the Concession Period shall be extended by a period equal in length to the period during which the Concessionaire was prevented from collection of Fee on account thereof, provided that in the event of partial collection of Fee where the daily collection is less than 90% (ninety percent) of the Average Daily Fee, the MPRDC shall extend the Concession Period in proportion to the loss of Fee on daily basis. For the avoidance of doubt, loss of 25% (twenty five percent) in collection of Fee as compared to the Average Daily Fee for four days shall entitle the Concessionaire to extension of one day in the Concession Period.

34.7 Allocation of costs arising out of Force Majeure

34.7.1 Upon occurrence of any Force Majeure Event prior to the Appointed Date, the Parties shall bear their respective costs and no Party shall be required to pay to the other Party any costs thereof;

34.7.2 Upon occurrence of a Force Majeure Event after the Appointed Date, the costs incurred and attributable to such event and directly relating to the Project (the “**Force Majeure Costs**”) shall be allocated and paid as follows:

- (a) upon occurrence of a Non-Political Event, the Parties shall bear their respective Force Majeure Costs and neither Party shall be required to pay to other Party any costs thereof;

- (b) upon occurrence of an Indirect Political Event, all Force Majeure Costs attributable to such Indirect Political Event, and not exceeding the Insurance Cover for such Indirect Political Event, shall be borne by the Concessionaire and to the extent Force Majeure Costs exceed such Insurance Cover, one half of such excess amount shall be reimbursed by the MPRDC to the Concessionaire.
- (c) upon occurrence of a Political Event, all Force Majeure Costs attributable to such Political Event shall be reimbursed by the MPRDC to the Concessionaire.

For the avoidance of doubt, Force Majeure Costs may include interest payments on debt, O&M Expenses, any increase in the cost of construction Works on account of inflation and all other costs directly attributable to the Force Majeure Event, but shall not include loss of fee revenues or debt repayment obligations, and for determining such costs, information contained in the Financial Package may be relied upon to the extent that such information is relevant.

- 34.7.3 Save and except as expressly provided in this Article 34, neither Party shall be liable in any manner whatsoever to the other Party in respect of any loss, damage, costs, expense, claims, demands and proceedings relating to or arising out of occurrence or existence of any Force Majeure Event or exercise of any right pursuant hereto.

34.8 Termination Notice for Force Majeure Event

If a Force Majeure Event subsists for a period of 180 (one hundred and eighty) days or more within a continuous period of 365 (three hundred and sixty five) days, either Party may in its discretion terminate this Agreement by issuing a Termination Notice to the other Party without being liable in any manner whatsoever save as provided in this Article 34, and upon issue of such Termination Notice, this Agreement shall notwithstanding anything to the contrary contained herein, stand Terminated forthwith provided that before issuing such Termination Notice, the party intending to issue Termination Notice shall inform the other Party of such intention and grant 15 (fifteen) days time to make a representation and may after the expiry of such 15 (fifteen) days period, whether or not it is in receipt of such representation, in its sole discretion issue the Termination Notice.

34.9 Termination Payment for Force Majeure Event

34.9.1 If Termination is on account of a Non-Political Event, the MPRDC shall make a Termination Payment to the Concessionaire in an amount equal to 90% (ninety percent) of the Debt Due less Insurance Cover.

34.9.2 If Termination is on account of an Indirect Political Event, the MPRDC shall make a Termination Payment to the Concessionaire in an amount equal to:

(a) Debt Due less Insurance Cover; provided that if any insurance claims forming part of the Insurance Cover are not admitted and paid, then 80% (eighty percent) of such unpaid claims shall be included in the computation of Debt Due; and

(b) 110% (one hundred and ten percent) of the Adjusted Equity.

34.9.3 If Termination is on account of a Political Event, the MPRDC shall make a Termination Payment to the Concessionaire in an amount that would be payable under Clause 37.3.2 as if it were an MPRDC Default.

34.10 Dispute resolution

In the event that the Parties are unable to agree in good faith about the occurrence or existence of a Force Majeure Event, such Dispute shall be finally settled in accordance with Dispute Resolution Procedure , provided that the burden of proof as to the occurrence or existence of such Force Majeure Event shall be upon the Party claiming relief and/ or excuse on account of such Force Majeure Event.

34.11 Excuse from performance of obligations

If the Affected Party is rendered wholly or partially unable to perform its obligations under this Agreement because of a Force Majeure Event, it shall be excused from performance of such of its obligations to the extent it is unable to perform on account of such Force Majeure Event; provided that.

A) the suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure Event;

b) the Affected Party shall make all reasonable efforts to mitigate or limit damage to the other Party arising out of or as a result of the existence or occurrence of such Force Majeure Event and to cure the same with due diligence and

- c) when the Affected Party is able to resume performance of its obligations under this Agreement, it shall give to the other Party notice to that effect and shall promptly resume performance of its obligations hereunder

ARTICLE 35

COMPENSATION FOR BREACH OF AGREEMENT

35.1 Compensation for default by the Concessionaire

In the event of the Concessionaire being in material default or breach of this Agreement, it shall pay to the MPRDC by way of compensation all direct costs suffered or incurred by the MPRDC as a consequence of such material default, within 30 days of receipt of such demand supported by necessary particulars thereof; provided that no compensation shall be payable under this Clause 35.1 for any breach or default in respect of which Damages are expressly specified and payable under this Agreement.

35.2 Compensation for default by the MPRDC

In the event of the MPRDC being in material default or breach of this Agreement at any time after the Appointed Date, it shall pay to the Concessionaire by way of compensation, all direct cost suffered or incurred by the Concessionaire as a consequence of such material default within 30(thirty) days of the receipt of the demand supported by necessary particulars thereof, provided that no such compensation shall be payable for any breach or default in respect of which Damages have been expressly specified in this Agreement. For the avoidance of doubt, compensation payable may include interest payments on debt, O&M Expenses any increase in capital costs on account of inflation and all other costs directly attributable to such material default but shall not include loss of Fee revenues or debt repayment obligations, and for determining such compensation information contained in the Financial Package and the Financial Model may be relied upon to the extent it is relevant.

35.3 Extension of Concession Period

In the event that a material default or breach of this Agreement set forth in Clause 35.2 causes delay in achieving the Project Completion date or leads to suspension of or reduction in collection of Fee, as the case may be , the MPRDC shall , in addition to payment of compensation under Clause 35.2, extend the Concession Period, such extension being equal in duration to the period by which Project Completion date was delayed or the collection of Fee remained suspended on account thereof, as the case may be and in the event of reduction in collection of Fee where the daily collection is less than 90% (ninety percent) of the Average Daily Fee, the MPRDC shall in addition to payment of compensation hereunder , extend the Concession Period in proportion to the loss of Fee on a daily basis. For the avoidance of doubt, loss of 25% (twenty

percent) in collection of Fee as compared to the Average Daily Fee for four days shall entitle the Concessionaire to extension of one day in the Concession Period.

35.4 Compensation for Competing Roads

- 35.4.1 In the event that an Additional Toll way or a Competing Road, as the case may be is opened to traffic or operated in breach of this Agreement , the MPRDC shall pay to the Concessionaire compensation in a sum equal to the difference between the Realisable Fee and the projected daily (the” **Projected Fee**”) until the breach is cured. The Projected Fee hereunder shall be an amount equal to the Average Daily Fee, increased at the close of every month by 0.5% (zero point five percent) thereof and revised in accordance with Clause 27.2. For the avoidance of doubt, the Average Daily Fee for the purpose of this Clause shall be the amount so determined in respect of the Accounting Year or period, as the case may be occurring prior to such opening or operation of an Additional Toll way or a Competing Road as the case may be.
- 35.4.2 Payment of compensation under this Clause 35.4 shall be deemed to cure the breach of this Agreement so long as the MPRDC continues to pay compensation hereunder.

35.5 Compensation to be in addition

Compensation payable under this Article 35 shall be in addition to, and not in substitution for, or derogation of, Termination Payment, if any.

ARTICLE 36

SUSPENSION OF THE CONCESSIONAIRE'S RIGHTS

36. Suspension upon Concessionaire Default

Upon occurrence of a Concessionaire Default, the MPRDC shall be entitled, without prejudice to its other rights and remedies under this Agreement including its rights of Termination hereunder to (i) suspend all rights of the Concessionaire under this Agreement including the Concessionaire's right to collect Fee and other revenues pursuant hereto, and (ii) exercise such rights itself or authorise any person to exercise the same on its behalf during such suspension (the "**Suspension**".) Suspension hereunder shall be effective forthwith upon issue of notice by the MPRDC to the Concessionaire and may extend up to a period not exceeding 180(one hundred and eighty) days from the date of issue of such notice; provided that upon written request from the Concessionaire and the Lenders Representative, the MPRDC shall extend the aforesaid period of 180 (one hundred and eighty) days by a further period not exceeding 90(ninety) days.

36.2 MPRDC to act on behalf of Concessionaire

36.2.1 During the period of Suspension, the MPRDC shall on behalf of the Concessionaire collect all Fee and revenues under and in accordance with this Agreement and deposit the same in the Escrow Account. The MPRDC shall be entitled to make withdrawals from the Escrow Account for meeting the costs incurred by it for remedying and rectifying the cause of Suspension, and thereafter for defraying the expenses specified in Clause 31.3

36.2.2 During the period of Suspension hereunder all assets and liabilities in relation to the Project Highway shall continue to vest in the Concessionaire and all things done or actions taken, including expenditure incurred by the MPRDC for discharging the obligations of the Concessionaire under and in accordance with Agreement and the Project Agreements, shall be deemed to have been done or taken for and on behalf of the Concessionaire and the Concessionaire undertakes to indemnify the MPRDC for all costs incurred during such period.

36.3 Revocation of Suspension

36.3.1 In the event that the MPRDC shall have rectified or removed the cause of Suspension within a period not exceeding 90 (ninety) days from the date of Suspension, it shall revoke the Suspension forthwith and restore all rights of the Concessionaire under this Agreement.

36.3.2 Upon the Concessionaire having cured the Concessionaire Default within a period not exceeding 90 (ninety) days from the date of Suspension, the MPRDC shall revoke the Suspension forthwith and restore all rights of the Concessionaire under this Agreement

36.4 Substitutions of Concessionaire

At any time during the period of Suspension, the Lenders Representative on behalf of Senior Lenders, shall be entitled to substitute the Concessionaire under and in accordance with the Substitution Agreement, and upon receipt of notice thereunder from the Lenders Representative, the MPRDC shall withhold Termination for a period not exceeding 180 (one hundred and eighty) days from the date of Suspension and any extension thereof under Clause 36.1, for enabling the Lenders Representative to exercise its rights of substitution on behalf of Senior Lenders.

36.5 Termination

36.5.1 At any time during the period of Suspension under this Article 36, the Concessionaire may by notice require the MPRDC to revoke the Suspension and issue a Termination Notice. Subject to the rights of the Lenders Representative to undertake substitution in accordance with the provisions of Agreement and within the period specified in Clause 36.4, the MPRDC shall within 15 (fifteen) days of receipt of such notice, terminate this Agreement under and in accordance with Article 37.

36.5.2 Notwithstanding anything to the contrary contained in this Agreement, in the event that Suspension is not revoked within 180 (one hundred and eighty) days from the date of Suspension hereunder or within the extended period, if any, set forth in Clause 36.1, the Concession Agreement shall upon expiry of the aforesaid period, be deemed to have been terminated by mutual agreement of the Parties and all the provisions of this Agreement shall apply, mutatis mutandis, to such Termination as if a Termination Notice had been issued by the MPRDC upon occurrence of a Concessionaire Default.

ARTICLE 37

TERMINATION

37.1 Termination for Concessionaire Default

37.1.1 Save as otherwise provided in this Agreement, in the event that any of the defaults specified below have occurred, and the Concessionaire fails to cure the default within the Cure Period set forth below, or where no Cure Period is specified, then within a Cure Period of 60(sixty) days, the Concessionaire shall be deemed to be in default of this Agreement (“ **Concessionaire Default**”), unless the default has occurred solely as a result of any breach of this Agreement by the MPRDC or due to Force Majeure . The default referred to herein shall include:

- a) the Performance Security has been encashed and appropriated in accordance with Clause 9.2 and the Concessionaire fails to replenish or provide fresh Performance Security within a Cure Period of 30 (thirty) days.
- b) subsequent to the replenishment or furnishing of fresh Performance Security in accordance with Clause 9.2, the Concessionaire fails to cure , within a Cure Period of 90 days, the Concessionaire Default for which whole or part of the Performance Security was appropriated.
- c) the Concessionaire does not achieve the latest outstanding Project Milestone due in accordance with the provisions of **Schedule –G** and continues to be in default for 90 (ninety) days;
- d) the Concessionaire abandons or manifests intention to abandon the construction or operation of the Project Highway without the prior written consent of the MPRDC;
- e) project Completion Date does not occur within the period specified in Clause 12.4.3;
- f) the punch list items have not been completed within the period set forth in Clause 14.4.1;
- g) the Concessionaire is in breach of the Maintenance Requirements;
- h) the Concessionaire has failed to make any payment to the MPRDC within the period specified in this Agreement;
- i) an Escrow Default has occurred and the Concessionaire fails to cure the Default within a Cure Period of 15 (fifteen) days;

- j) upon occurrence of a Financial Default, the Lenders Representative has by notice required the MPRDC to undertake Suspension in accordance with the Substitution Agreement and the Concessionaire fails to cure the default within the Cure Period specified in the Substitution Agreement;
- k) a breach of any of the Project Agreements by the Concessionaire has caused material Adverse Effect.
- l) the Concessionaire creates any Encumbrance in breach of this Agreement;
- m) the Concessionaire repudiates this Agreement or otherwise takes any action or evidences or conveys an intention not to be bound by the Agreement;
- n) a Change in Ownership has occurred in breach of the provisions of Clause 5.3;
- o) there is a transfer, pursuant to law either of (i) the rights and/or obligations of the Concessionaire under any of the Project Agreements, or of (ii) all or part of the assets or undertaking of the Concessionaire, and such transfers causes a Material Adverse Effect;
- p) an execution levied on any of the assets of the Concessionaire has caused a Material Adverse Effect;
- q) the Concessionaire is adjudged bankrupt or insolvent, or if trustee or receiver is appointed for the Concessionaire or for the whole or material part of its assets that has a material bearing on the Project,
- r) the Concessionaire has been , or is in the process of being liquidated, dissolved, wound-up, amalgamated or reconstituted in a manner that would cause, in the reasonable opinion of the MPRDC, a Material Adverse Effect;
- s) a resolution for winding up of the Concessionaire is passed, or any petition for winding up of the Concessionaire is admitted by a court of competent jurisdiction and a provisional liquidator or receiver is appointed and such order has not been set aside within 90(ninety) days of the date thereof or the Concessionaire is ordered to be wound up by court except for the purpose of amalgamation or reconstruction; provided that as part of such amalgamation or reconstruction the entire property, assets and undertaking of the Concessionaire are transferred to the amalgamated or reconstructed entity and that the amalgamated or reconstructed entity has unconditionally assumed the obligation of the Concessionaire under this Agreement and the Project Agreements; and provided that:

- i) the amalgamated or reconstructed entity has the capability and operating experience necessary for the performance of its obligations under this Agreement and the Project Agreements.
- ii) the amalgamated or reconstructed entity has the financial standing to perform its obligations under this Agreement and the Project Agreements.; and has a credit worthiness at least as good as that of the Concessionaire as at the Appointed Date; and
- iii) each of the Project Agreements remains in full force and effect;
- t) the Concessionaire has failed to fulfill any obligations, for which failure Termination has been specified in this Agreement; or
- u) the Concessionaire commits a material default in complying with any other provision of this agreement.

37.1.2 Without prejudice to any other rights or remedies which the MPRDC may have under this Agreement, upon occurrence of a Concessionaire Default, the MPRDC shall be entitled to terminate this Agreement by issuing a Termination Notice to the Concessionaire ; provided that before issuing the Termination Notice , the MPRDC shall by a notice inform the Concessionaire of its intention to issue such Termination Notice and grant 15(fifteen) days to the Concessionaire to make a representation , and may after the expiry of such 15(fifteen) days, whether or not it is in receipt of such representation , issue the Termination Notice , subject to the provisions of clause 37.1.3.

37.1.3 The MPRDC shall, if there be Senior Lenders send a copy of its notice of intention to issue a Termination Notice referred to in Clause 37.1.2 to inform the Lender's Representative and grant 15(fifteen) days to the Lenders Representative, for making a representation on behalf of the Senior Lenders stating the intention to substitute the Concessionaire in accordance with the Substitution Agreement, In the event the MPRDC receives such representation on behalf of Senior Lenders, it shall, in its discretion either withhold Termination for a period not exceeding 180(one hundred and eighty) days from the date of such representation or exercise its rights of suspension, as the case may be , for enabling the Lenders Representative to exercise the Senior Lender's right of substitution in accordance with the Substitution Agreement:

Provided that the Lender's Representative may, instead of exercising the Senior Lender's right of substitution, procure that the default specified in the notice is cured within the aforesaid period of 180(one hundred and eighty) days, and upon such curing thereof, the MPRDC shall withdraw its notice referred to above and restore all the rights of the Concessionaire:

Provided further that upon written request from the Lender's Representative and the Concessionaire, the MPRDC shall extend the aforesaid period of 180(one hundred and eighty) days by such further period not exceeding 90(ninety) days, as the MPRDC may deem appropriate.

37.2 Termination for MPRDC Default

37.2.1 In the event that any of the defaults specified below shall have occurred and the MPRDC fails to cure such default within a Cure Period of 90 (ninety) days or such longer period as has been expressly provided in this Agreement, the MPRDC shall be deemed to be in default of this Agreement (the “**MPRDC Default**”) unless the default has occurred as a result of any breach of this Agreement by the Concessionaire or due to Force Majeure. The defaults referred to herein shall include;

- a) the MPRDC commits a material default in complying with any of the provision of this Agreement and such default has a Material Adverse Effect on the Concessionaire;
- b) the MPRDC has failed to make any payment to the Concessionaire within the period specified in this Agreement;
- c) The MPRDC repudiates this Agreement or otherwise takes any action that amounts to or manifest an irrevocable intention not to be bound by this Agreement; or
- d) the State commits a material default in complying with the provision of the State Support Agreement if such default has a Material Adverse Effect on the Concessionaire and the breach continues for a period of 90 (ninety) days from the date of notice given in this behalf by the Concessionaire to the MPRDC.

37.2.2. Without prejudice to any other right or remedy which the Concessionaire may have under this Agreement, upon occurrence of MPRDC Default, the Concessionaire shall, subject to the provisions of the Substitution Agreement, be entitled to terminate this Agreement by issuing a Termination Notice to the MPRDC; provided that before issuing the Termination Notice, the Concessionaire shall by a notice inform the MPRDC of its intention to issue the Termination Notice and grant 15 (fifteen) days, to the MPRDC to make a representation, and may after the expiry of such 15 (fifteen) days, whether or not it is in receipt of such representation, issue the Termination Notice.

37.3 Termination Payment

- 37.3.1 Upon Termination on account of a Concessionaire Default during the Operation Period the MPRDC shall pay to the Concessionaire by way of Termination Payment, an amount equal to 90% (ninety percent) of the Debt Due less Insurance Cover; provided that if any insurance claims forming part of the Insurance Cover are not admitted and paid, then 80% (eighty percent) of such unpaid claims shall be included in the computation of Debt Due. For the avoidance of doubt, the Concessionaire hereby acknowledges that no Termination Payment shall be due or payable on account of a Concessionaire Default occurring prior to the Project Completion Date.
- 37.3.2 Upon Termination on account of MPRDC Default, the MPRDC shall pay to the Concessionaire, by way of Termination Payment, an amount equal to:
- (a) Debt Due; and
 - (b) 150% (one hundred and fifty percent) of the Adjusted Equity.
- 37.3.3 Termination Payment shall become due and payable to the Concessionaire within 15 (fifteen) days of a demand being made by the Concessionaire to the MPRDC within necessary particulars, and in the event of any delay, the MPRDC shall pay interest at a rate equal to 3% (three percent) above the Bank Rate on the amount of Termination Payment remaining unpaid; provided that such delay shall not exceed 90(ninety) days. For the avoidance of doubt, it is expressly agreed that Termination Payment shall constitute full discharge by the MPRDC of its payment obligations in respect thereof hereunder.

37.4 Other rights and obligations of the MPRDC

Upon Termination for any reason whatsoever, the MPRDC shall:

- (a) be deemed to have taken possession and control of the Project Highway forthwith;
- (b) take possession and control of all materials , stores, implements, construction plants and equipment on or about the site;
- (c) be entitled to restrain the Concessionaire and any person claiming through or under the Concessionaire from entering upon the Site or any part of the Project;
- (d) require the Concessionaire to comply with the Divestment Requirements set forth in Clause 38.1; and

- (e) succeed upon election by the MPRDC, without the necessity of any further action by the Concessionaire, to the interest of the Concessionaire under such of the Project Agreement as the MPRDC may in its discretion deem appropriate , and shall upon such election be liable to the Contractors only for compensation accruing and becoming due and payable to them under the terms of their respective Project Agreements from and after the date the MPRDC elects to succeed to the interests of the Concessionaire. For the avoidance of doubt, it is hereby agreed, and the Concessionaire hereby acknowledges, that all sums claimed by such Contractors as being due and owing for works and services performed or accruing on account of any act, omission or event prior to such date shall constitute debt between the Concessionaire and such Contractors, and the MPRDC shall not in any manner be liable for such sums. It is further agreed that in the event the MPRDC elects to cure any outstanding defaults under such Project Agreements, the amount expended by the MPRDC for this purpose shall be deducted from the Termination Payment.

37.5 Survival of rights

Notwithstanding anything to the contrary contained in this Agreement, any Termination pursuant to the provision of this Agreement shall be without prejudice to the accrued rights of either Party including its right to claim and recover money damages, insurance proceeds, security deposits and other rights and remedies which it may have in law or contract. All rights and obligation of either Party under this Agreement, including Termination Payments and Divestment Requirements, shall survive the Termination to the extent such survival is necessary for giving effect to such rights and obligations.

ARTICLE 38

DIVESTMENT OF RIGHTS AND INTEREST

38.1 Divestment Requirements

Upon Termination the Concessionaire shall comply with and conform to the following Divestment Requirements:

- (a) notify to the MPRDC forthwith the location and particulars of all Project Assets;
- (b) deliver forthwith the actual or constructive possession of the Project Highway, free and clear of all Encumbrances, save and except to the extent set forth in the Substitution Agreement;
- (c) cure all Project Assets, including the road , bridges, structures and equipment, of all defects and deficiencies so that the Project Highway is compliant with the Maintenance Requirement; provided that in the event of Termination during the Construction Period, all Project Assets shall be handed over on “**as is where is**” basis after bringing them to a safe condition;
- (d) deliver relevant records and reports pertaining to the Project Highway and its design , engineering, construction, operation and maintenance , including all programmes and manuals pertaining thereto, and complete ‘as built’ Drawings as on the Transfer Date;
- (e) execute such deeds of conveyance, documents and other writings as the MPRDC may reasonably require for conveying , divesting and assigning all the rights, title and interest of the Concessionaire in the Project Highway, including the right to receive outstanding insurance claims to the extent due and payable to the MPRDC, absolutely unto the MPRDC or its nominee; and
- (f) comply with all other requirements as may be prescribed or required under Applicable Laws for completing the divestment and assignment of all rights, title and interest of the Concessionaire in the Project Highway, free from all Encumbrances, absolutely unto the MPRDC or to its nominee.

38.2 Inspection and cure

Not earlier than 90 (ninety) days before Termination but not later than 15(fifteen) days before the effective date of such Termination, the Independent

Engineer shall verify, in the presence of a representative of the Concessionaire, compliance by the Concessionaire with the Maintenance Requirements and if required cause appropriate tests to be carried out at the Concessionaire cost for this purpose. Defaults if any in the Maintenance Requirements shall be cured by the Concessionaire at its cost and the provisions of Article 39 shall apply, *mutatis mutandis*, in relation to curing of defects or deficiencies under this Article 38.

38.3 Vesting Certificate

The divestment of all rights, title and interest in the Project Highway shall be deemed to be complete on the date when all of the Divestment Requirements have been fulfilled, and the MPRDC shall without unreasonable delay, thereupon issues a certificate substantially in the form set forth in Schedule –U (the “**Vesting Certificate**”), which will have the effect of constituting evidence of the divestment by the Concessionaire of all of its rights, title and interest in the Project Highway, and their vesting in the MPRDC pursuant hereto, It is expressly agreed that any defect or deficiency in the Divestment Requirements shall not in any manner be construed or interpreted as restricting the exercise of any rights by the MPRDC or its nominee on, or in respect of , the Project Highway on the footing that all Divestment Requirements have been complied with by the Concessionaire.

38.4 Additional Facilities

Notwithstanding anything to the contrary contained in this Agreement, all Additional Facilities shall continue to vest in the Concessionaire upon and after Termination.

38.5 Divestment Costs etc

- 38.5.1 The Concessionaire shall bear and pay all costs incidental to divestment of all of the rights title and interest of the Concessionaire in the Project Highway in favor of the MPRDC upon Termination, save and except that all stamp duties payable on any deeds or Documents executed by the Concessionaire in connection with such divestment shall be borne by the MPRDC.
- 38.5.2 In the event of any dispute relating to matters covered by and under this Article 38, the Dispute Resolution Procedure shall apply.

ARTICLE 39

DEFECTS LIABILITY AFTER TERMINATION

39.1 Liability for defects after Termination

The Concessionaire shall be responsible for all defects and deficiencies in the Project Highway for a period of 120 (one hundred and twenty) days after Termination, and it shall have the obligation to repair or rectify, at its own cost, all defects and deficiencies observed by the Independent Engineer in the Project Highway during the aforesaid period. In the event that the Concessionaire fails to repair or rectify such defect or deficiency within a period of 15(fifteen) days from the date of notice issued by the MPRDC in this behalf, the MPRDC shall be entitled to get the same repaired or rectified at the Concessionaire risk and cost so as to make the Project Highway conform to the Maintenance Requirements. All costs incurred by the MPRDC hereunder shall be reimbursed by the Concessionaire to the MPRDC within 15 (fifteen) days of receipt of demand thereof, and in the event of default in reimbursing such costs, the MPRDC shall be entitled to recover the same from the Escrow Account.

39.2 Retention in Escrow Account

39.2.1 Notwithstanding anything to the contrary contained in this Agreement, but subject to the provisions of Clause 39.2.3 a sum equal to 5% (five percent) of the total Realisable Fee for the year immediately preceding the Transfer Date shall be retained in the Escrow Account for a period of 120(one hundred and twenty) days after Termination for meeting the liabilities, if any, arising out of or in connection with the provisions of Clause 39.1.

39.2.2 Without prejudice to the provision of Clause 39.2.1, the Independent Engineer shall carry out an inspection of the Project Highway at any time between 210(two hundred and ten) and 180(one hundred and eighty) days prior to the Termination and if it recommends that the status of the Project Highway is such that a sum larger than the amount stipulated in Clause 39.2.1 should be retained in the Escrow Account and for a period longer than the aforesaid 120 (one hundred and twenty)days , the amount recommended by the Independent Engineer shall be retained in the Escrow Account for the period specified by it.

39.2.3 The Concessionaire may for the performance of its obligation under this Article 39, provide to the MPRDC a guarantee from a Bank for a sum equivalent to the amount determined under 39.2.1 or 39.2.2, as the case may be , and for the period specified therein, substantially in the form set forth in Schedule –F (the “**Performance Guarantee**”), to be modified, *mutatis mutandis*, for this

purpose, and the MPRDC shall , without prejudice to its other rights and remedies hereunder or in law , be entitled to encash and appropriate the required amounts from the Performance Guarantee for undertaking the repairs or rectification at the Concessionaire's risk and cost in accordance with the provision of this Article 39.Upon furnishing of a Performance Guarantee under this Clause 39.2.3, the retention of funds in the Escrow Account in terms of Clause 39.2.1 or 39.2.2, as the case may be , shall be dispensed with.

ARTICLE 40

ASSIGNMENT AND CHARGES

40.1 Restrictions on assignment and charges

- 40.1.1 Subject to Clauses 40.2 and 40.3 , this Agreement shall not be assigned by the Concessionaire to any person save and except with prior consent in writing of the MPRDC, which consent the MPRDC shall be entitled to decline without assigning any reason.
- 40.1.2 Subject to the provisions of Clause 40.2 the Concessionaire shall not create nor permit to subsist any Encumbrances, or otherwise transfer or dispose of all or any of its rights and benefits under this Agreement or any Project Agreement to which the Concessionaire is a party except with prior consent in writing of the MPRDC which consent the MPRDC shall be entitled to decline without assigning any reason.

40.2 Permitted assignment and charges

The restraints set forth in Clause 40.1 shall not apply to:

- a) liens arising by operation of law (or an agreement evidencing the same) in the ordinary course of business of the Project Highway;
- b) mortgages/pledges/hypothecation of goods/assets other than Project Assets, and their related documents of title , arising or created in the ordinary course of business of the Project Highway and as security only for indebtedness to the Senior Lenders under the Financing Agreements and/or for working capital arrangements for the Project Highway
- c) assignment of rights , interest and obligation of the Concessionaire to or in favour of the Lender's Representative as nominee and for the benefit of the Senior Lenders, to the extent covered by and in accordance with the Substitution Agreement as security for financing provided by Senior Lenders under the Financing Agreements; and
- d) liens or encumbrances required by any Applicable Law.

40.3 Substitution Agreement

- 40.3.1 The Lender's Representative , on behalf of Senior Lenders, may exercise the right to substitute the Concessionaire in accordance with the agreement for

substitution of the Concessionaire , (the “**Substitution Agreement**”) to be entered into amongst the Concessionaire the MPRDC and the Lenders’ Representative on behalf of Senior Lenders, substantially in the form set forth in Schedule –V.

40.3.2 Upon substitution of the Concessionaire under and in accordance with the Substitution Agreement, the Nominated Company substituting the Concessionaire shall be deemed to be the Concessionaire under this Agreement and shall enjoy all rights and be responsible for all obligations of the Concessionaire under this Agreement as if it were the Concessionaire; provided that where the Concessionaire is in breach of this Agreement on the date of such substitution , the MPRDC shall by notice grant a Cure Period of 120 (one hundred and twenty) days to the Concessionaire for curing such breach.

40.4 **Assignment by the MPRDC**

Notwithstanding anything to the contrary contained in this Agreement, the MPRDC may after giving 60 (sixty) days notice to the Concessionaire, assign any of its rights and benefits and/or obligations under this Agreement; to an assignee who is in the reasonable opinion of the MPRDC, capable of fulfilling all of the MPRDC’s then outstanding obligations under this Agreement.

ARTICLE 41

CHANGE IN LAW

41.1 Increase in costs

If as a result of Change in Law, the Concessionaire suffers an increase in costs or reduction in net after-tax return or other financial burden, the aggregate financial effect of which exceeds the higher of Rs.1 crore (Rupees one crore) and 0.5% (zero point five percent) of the Realisable Fee in any Accounting Year, the Concessionaire may so notify the MPRDC and propose amendments to this Agreement so as to place the Concessionaire in the same financial position as it would have enjoyed had there been no such Change in Law resulting in the cost increase, reduction in return or other financial burden as aforesaid. Upon notice by the Concessionaire, the Parties shall meet, as soon as reasonably practicable but no later than 30(thirty) days from the date of notice, and either agree on amendments to this Agreement or on any other mutually agreed arrangement.

Provided that if no agreement is reached within 90(ninety) days of the aforesaid notice, the Concessionaire may by notice require the MPRDC to pay an amount that would place the Concessionaire in the same financial position that it would have enjoyed had there been no such Change in Law, and within 15 (fifteen) days of receipt of such notice, along with particulars thereof, the MPRDC shall pay the amount specified therein, provided that if the MPRDC shall dispute such claim of the Concessionaire, the same shall be settled in accordance with the Dispute Resolution Procedure. For the avoidance of doubt it is agreed that this Clause 41.1 shall be restricted to changes in law directly affecting the Concessionaire costs of performing its obligation under this Agreement.

41.2 Reduction in costs

If as a result of Change in Law, the Concessionaire benefits from a reduction in costs or increase in net after –tax return or other financial gains, the aggregate financial effect of which exceeds the higher of Rs 1 crore (Rupee one crore) and 0.5% (zero point five percent) of the Realisable Fee in any Accounting Year, the MPRDC may so notify the Concessionaire and propose amendments to this Agreement so as to place the Concessionaire in the same financial position as it would have enjoyed had there been no such Change in Law resulting in the decreased costs, increase in return or other financial gains as aforesaid. Upon notice by the MPRDC the Parties shall meet as soon as reasonably practicable but no later than 30 (thirty) days from the date of notice and either agree on such amendments to this Agreement or on any other mutually agreed arrangement:

Provided that if no agreement is reached within 90(ninety) days of the aforesaid notice, the MPRDC may by notice require the Concessionaire to pay an amount that would place the Concessionaire in the same financial position that it would have enjoyed had there been no such Change in Law, and within 15 (days of the receipt of such notice, along with particulars thereof , the Concessionaire shall pay the amount specified therein to the MPRDC, provided that if the Concessionaire shall dispute such claim to the MPRDC, the same shall be settled in accordance with the Dispute Resolution Procedure. For the avoidance of doubt, it is agreed that this Clause 41.2 shall be restricted to change in law directly affecting the Concessionaire's costs of performing its obligations under this Agreement.

41.3 Protection of NPV

Pursuant to the provision of Clause 41.1 and 41.2 and for the purposes of placing the Concessionaire in the same financial position as it would have enjoyed had there been no Change in Law affecting the costs , returns or other financial burden or gains , the Parties shall rely on the Financial Model to establish a net present value (the "NPV") of the net cash flow and make necessary adjustments in costs, revenues, compensation or other relevant parameter, as the case may be , to procure that the NPV of the net cash flow is the same as it would have been if no Change in Law had occurred.

41.4 Restriction on cash compensation

The Parties acknowledge and agree that the demand for cash compensation under this Article 41 shall be restricted to the effect of Change in Law during the respective Accounting Year and shall be made at any time after commencement of such year, but no later than one year from the close of such Accounting Year. Any demand for cash compensation payable for and in respect of any subsequent Accounting Year shall be made after the commencement of the Accounting Year to which the demand pertains , but no later than two years from the close of such Accounting Year.

41.5 No claim in the event of recovery from Users.

Notwithstanding anything to the contrary contained in this Agreement, the MPRDC shall not in any manner be liable to reimburse to the Concessionaire any sums on account of a Change in Law if the same are recoverable from the Users.

ARTICLE 42

LIABILITY AND INDEMNITY

42.1 General Indemnity

- 42.1.1 The Concessionaire will indemnify, defend , save and hold harmless the MPRDC and its officers, servants, agents, Government Instrumentalities and Government owned and/or controlled entities/enterprises. (“**The MPRDC Indemnified Persons**”) against any and all suits , proceedings, actions , demands and third party claims for any loss , damage , cost and expense of whatever kind and nature arising out of any breach by the Concessionaire of any of its obligations under this Agreement or any related agreement, except to the extent that any such suits, proceedings actions, demands and claims have arisen due to any negligent act or omission, or breach of this Agreement on the part of the MPRDC Indemnified Persons.
- 42.1.2 The MPRDC will indemnify, defend , save and hold harmless the Concessionaire against any and all suits, proceedings, actions, demands and third party claims for any loss , damage ,costs and expense of whatever kind and nature arising out of (i) defect in title and/or the rights of the MPRDC in the land comprised in the Site and/or (ii) breach by the MPRDC of any of its obligation under this Agreement or any related agreement, which materially and adversely affect the performance by the Concessionaire of its obligations under this Agreement, save and except that where any such claim , suit, proceeding, action, and / or demand has arisen due to a negligent act or omission, or breach of any of its obligations under any provision of this Agreement or any related agreement and /or breach of its statutory duty on the part of the Concessionaire its subsidiaries, affiliates, contractors, servants or agents, the same shall be the liability of the Concessionaire.

42.2 Indemnity by the Concessionaire

- 42.2.1 Without limiting the generality of Clause 42.1 the Concessionaire shall fully indemnify, hold harmless and defend the MPRDC and the MPRDC Indemnified Persons from and against any and loss and/or damages arising out of or with respect to;
- a) failure of the Concessionaire to comply with Applicable Laws and Applicable Permits;
 - b) payment of taxes required to be made by the Concessionaire in respect of the income or other taxes of the Concessionaire’s contractors’, suppliers and representatives or

- c) non-payment of amounts due as a result of material or services furnished to the Concessionaire's or any of its contractors which are payable by the Concessionaire or any of its contractors

42.2.2. Without limiting the generality of the provisions of this Article 42, the Concessionaire shall fully indemnify, hold harmless and defend the MPRDC Indemnified Persons from and against any and all suits, proceedings, actions, claims, demands, liabilities and damages which the MPRDC Indemnified Person may hereafter suffer or pay by reason of any demands, claims, suits or proceedings arising out of claims of infringement of any domestic or foreign patent rights, copyrights or other intellectual property, proprietary or confidentiality rights with respect to any materials, information, design or process used by the Concessionaire or by the Concessionaire's Contractors in performing the Concessionaire's obligation or in any way incorporated in or related to the project. If in any such injunction is granted, the Concessionaire shall make every reasonable effort by giving a satisfactory bond or other wise, to secure the suspension of the injunction or restraint order: If, in any such suit, action, claim or proceedings, the Project Highway, or any part thereof or comprised therein, is held to constitute an infringement and its use is permanently enjoined, the Concessionaire shall promptly make every reasonable effort to secure for the MPRDC a licence at no cost to the MPRDC, authorizing continued use of the infringing work. If the Concessionaire is unable to secure such licence within a reasonable time, the Concessionaire shall at its own expense and without impairing the Specification and Standards, either replace the affected work, or part, or process thereof with non-infringing work or part or process, or modify the same so that it become non-infringing.

42.3 Notice and contest of claims

In the event that either Party receives a claim or demand from a third party in respect of which it is entitled to the benefit of an indemnity under this Article 42 (the "Indemnified Party") it shall notify the other Party (the "Indemnifying Party") within 15(fifteen) days of receipt of the claim or demand and shall not settle or pay the claim without the prior approval of the Indemnifying Party, which approval shall not be unreasonably withheld or delayed. In the event that the Indemnifying Party wishes to contest or dispute the claim or demand, it may conduct the proceedings in the name of the Indemnified Party, subject to the Indemnified Party being secured against any costs involved to its reasonable satisfaction.

42.4 Defence of claims

- 42.4.1 The Indemnified Party shall have the right but not the obligation to contest defend and litigate any claim, action, suit or proceeding by any third party alleged or asserted against such Party in respect of resulting from, related to or arising out of any matter for which it is entitled to be indemnified hereunder and reasonable costs and expenses thereof shall be indemnified by the Indemnifying Party. If the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party in respect of loss to the full extent provided by this Article 42, the Indemnifying Party shall be entitled at its option to assume and control the defence of such claims, action, suit or proceeding, liabilities, payments and obligation at its expense and through the counsel of its choice provided it gives prompt notice of its intention to do so to the Indemnified Party and reimburse the Indemnified Party for the reasonable cost and expenses incurred by the Indemnified Party prior to the assumption by the Indemnifying Party of such defence. The Indemnifying Party shall not be entitled to settle or compromise any claim, demand, action suit or proceeding without the prior written consent of the Indemnified Party, unless the Indemnifying Party provides such security to the Indemnified Party as shall be reasonably required by the Indemnified Party to secure the loss to be indemnified hereunder to the extent so compromised or settled.
- 42.4.2 If the Indemnifying Party has exercised its rights under Clause 42.3, the Indemnified Party shall not be entitled to settle or compromise any claim, action, suit or proceeding without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).
- 42.4.3 If the Indemnifying Party exercises its rights under Clause 42.3, the Indemnified Party shall nevertheless have the right to employ its own counsel, and such counsel may participate in such action but the fees and expenses of such counsel shall be at the expense of the Indemnified Party, when and as incurred, unless:
- (a) the employment of counsel by such party has been authorised in writing by the Indemnifying Party; or
 - (b) the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in the conduct of defence of such action; or
 - (c) the Indemnifying Party shall not in fact have employed independent counsel reasonably satisfactory to the Indemnified Party to assume the defence of such action and shall have been so notified by the Indemnified Party; or

(d) the Indemnified Party shall have reasonably concluded and specifically notified the Indemnifying Party either;

- i) that there may be specific defences available to it which are different from or additional to those available to the Indemnifying Party ; or
- ii) that such claim action suit or proceeding involves or could have a material adverse effect upon it beyond the scope of this Agreement:

Provided that if Sub-clauses (b), (c) or (d) of this Clause 42.4.3 shall be applicable, the counsel for the Indemnified Party shall have the right to direct the defence of such claim , demand, action , suit or proceedings on behalf of the Indemnified Party, and the reasonable fees and disbursements of such counsel shall constitute legal or other expenses hereunder.

42.4 No consequential claims

Notwithstanding anything to the contrary contained in this Article 42, the indemnities herein provided shall not include any claim or recovery in respect of any cost, expense, loss or damage of an indirect, incidental or consequential nature, including loss of profit, except as expressly provided in this Agreement.

42.6 Survival on Termination

The provision of this Article 42 shall survive Termination.

ARTICLE 43

RIGHTS AND TITLE OVER THE SITE

43.1 Licencee rights

The Concessionaire shall have rights to the use of the Site as sole licensee subject to and in accordance with this Agreement and for this purpose it may regulate the entry and use of the Project Highway by third parties in accordance with and subject to the provisions of this Agreement.

43.2 Access rights of the MPRDC and others

43.2.1 The Concessionaire shall allow free access to the site at all times for the authorised representatives and vehicles of the MPRDC, Senior Lenders and the Independent Engineer, and for the persons and vehicles duly authorised by any Government Instrumentality to inspect the Project Highway and to investigate any matter within their authority and upon reasonable notice, the Concessionaire shall provide to such persons reasonable assistance necessary to carry out their respective duties and functions.

43.2.2 The Concessionaire shall, for the purpose of operation and maintenance of any utility or road specified in Article 11, allow free access to the Site at all times for the authorised persons and vehicles of the controlling body of such utility or road.

43.2.3 Property taxes

The Concessionaire shall not be liable to pay any property taxes for the Site.

43.3 Restriction on sub-letting

The Concessionaire shall not sublicense or sublet the whole or any part of the Site, save and except as may be expressly set forth in this Agreement; provided that nothing contained herein shall be construed or interpreted as restricting the right of the Concessionaire to appoint Contractors for the performance of its obligations hereunder including for operation and maintenance of all or any part of the Project Highway.

ARTICLE 44

DISPUTE RESOLUTION

44.1 Dispute resolution

- 44.1.1 Any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Agreement (including its interpretation) between the Parties and so notified in writing by either Party to the other Party (the “**Dispute**”) shall in the first instance, be attempted to be resolved amicably in accordance with the conciliation procedure set forth in Clause 44.2
- 44.1.2 The Parties agree to use their best efforts for resolving all Disputes arising under or in respect of this Agreement promptly equitably and in good faith and further agree to provide each other with reasonable access during normal business hours to all non-privileged records, information and data pertaining to any Dispute.

44.2 Conciliation

In the event of any Dispute between the Parties either Party may call upon the Independent Engineer to mediate and assist the Parties in arriving at an amicable settlement thereof. Failing mediation by the Independent Engineer or without the intervention of the Independent Engineer, either Party may require such Dispute to be referred to the Principal Secretary/Secretary Public Works Department GOMP and the Chairman of the Board of Directors of the Concessionaire for amicable settlement and upon such reference the said persons shall meet no later than 7(seven) days from the date of reference to discuss and attempt to amicably resolve the Dispute . If such meeting does not take place within the 7(seven) day period or the Dispute is not amicably settled within 15(fifteen) days of the meeting or the Dispute is not resolved as evidenced by the signing of written terms of settlement within 30(thirty) days of the notice in writing referred to in Clause 44.1.1 or such longer period as may be mutually agreed by the Parties, either Party may refer the Dispute to arbitration in accordance with the provision of Clause 44.3.

44.3 Arbitration

- 44.3.1** Any Dispute which is not resolved amicably by conciliation, as provided in Clause 44.2, shall be finally decided by reference to arbitration by a Board of Arbitrators appointed in accordance with Clause 44.3.2. Such arbitration shall be held in accordance with the Rules of Arbitration of the International Centre for Alternative Dispute Resolution, New Delhi (the “**Rules**”) , or such other rules as may be mutually agreed by the Parties, and shall be subject to the provisions

of the Arbitration Act. The venue of such arbitration shall be Bhopal and the language of arbitration proceedings shall be English.

- 44.3.2 There shall be a Board of three arbitrators, of whom each Party shall select one, and the third arbitrator shall be appointed by the two arbitrators so selected, and in the event of disagreement between the two arbitrators, the appointment shall be made in accordance with the Rules.
- 44.3.3 The arbitrators shall make a reasoned award (the “**Award**”). Any Award made in any arbitration held pursuant to this Article 44 shall be final and binding on the Parties as from the date it is made, and the Concessionaire and the MPRDC agree and undertake to carry out such Award without delay.
- 44.3.4 The Concessionaire and the MPRDC agree that an Award may be enforced against the Concessionaire and/or the MPRDC, as the case may be, and their respective assets wherever situated.
- 44.3.5 This Agreement and the rights and obligations of the Parties shall remain in full force and effect, pending the Award in any arbitration proceedings hereunder.
- 44.3.2 The citing of all challenges arising out of the agreement or to its implementation shall be the district court of Bhopal and High Courts in the state of Madhya Pradesh.

44.4 Adjudication by Regulatory MPRDC or Commission

In the event of constitution of a statutory Regulatory Authority or Commission with powers to adjudicate upon disputes between the Concessionaire and the MPRDC, all Disputes arising after such constitution shall, instead of reference to arbitration under Clause 44.3, be adjudicated upon by such Regulatory Authority or Commission in accordance with the Applicable Law and all references to Dispute Resolution Procedure shall be construed accordingly. For the avoidance of doubt, the Parties hereto agree that the adjudication hereunder shall not be final and binding until an appeal against such adjudication has been decided by an appellate tribunal or High Court, as the case may be, or no such appeal has been preferred within the time specified in the Applicable Law.

ARTICLE 45

DISCLOSURE

45.1 Disclosure of Specified Documents

The Concessionaire shall make available for inspection by any person, copies of this Concession Agreement, the Maintenance Manual, the Maintenance Programme and the Maintenance Requirements (hereinafter collectively referred to as the “**Specified Documents**”), free of charge, during normal business hours on all working days at the Toll Plaza [s] and Concessionaire’s Registered Office. The Concessionaire shall prominently display at each of the Toll Plaza[s] and toll booths, public notices stating the availability of the Specified Documents for such inspection and shall make copies of the same available to any person upon payment of copying charges on a ‘no profit no loss’ basis.

45.2 Disclosure of Documents relating to safety

The Concessionaire shall make available for inspection by any person copies of all Documents and data relating to safety of the Project Highway, free of charge, during normal business hours on all working days, at the Concessionaires Registered Office. The Concessionaire shall make copies of the same available to any person upon payment of copying charges on a ‘no profit no loss’ basis.

ARTICLE 46

REDRESSAL OF PUBLIC GRIEVANCES

46.1 Complaints Register

- 46.1.1 The Concessionaire shall maintain a public relation office at [each of] the Toll Plaza[s] where it shall keep a register (the” **Complaint Register**”) open to public access at all times for recording of complaints by any person (the “**Complainant**”). Information relating to the availability of and access to the Complaint Register shall be prominently displayed by the Concessionaire [at each] Toll Plaza [s] so as to bring it to the attention of all Users
- 46.1.2 The Complaint Register shall be securely bound and each page thereof shall be duly numbered. It shall have appropriate columns including the complaint number, date, name and address of the Complainant, substance of the complaint and the action taken by the Concessionaire. Immediately after a complaint is registered the Concessionaire shall give a receipt to the Complainant stating the date and complaint number.

46.2 Redressal of complaints

- 46.2.1 The Concessionaire shall inspect the Complaint Register every day and take prompt and reasonable action for redressal of each complaint. The action taken shall be briefly noted in the Complaint Register and a reply stating the particulars thereof shall be sent by the Concessionaire to the Complainant under a certificate of posting.
- 46.2.2 Within 7(seven) days of the close of each month, the Concessionaire shall send to MPRDC and to the Independent Engineer a true photocopy each of all the pages of the Complaint Register on which any entry has been recorded during the course of such month, and upon perusal thereof, the MPRDC may, in its discretion, advise the Concessionaire to take such further action as the MPRDC may deem appropriate for a fair and just redressal of any grievance. The Concessionaire shall consider such advice and inform the MPRDC of its decision thereon, and if the MPRDC is of the opinion that the Complainant is entitled to further relief, it may refer the matter to the competent forum for its disposal under the Consumer Protection Act, 1986, and advise the Complainant to pursue the complaint at his own risk and cost.

ARTICLE 47

MISCELLANEOUS

47.1 Governing law and jurisdiction

This Agreement shall be construed and interpreted in accordance with and governed by the laws of India, and the courts at Bhopal and High Court at Madhya Pradesh shall have jurisdiction over matters arising out of or relating of this Agreement.

47.2 Waiver of immunity

Each Party unconditionally and irrevocably:

- (a) agrees that the execution, delivery and performance by it of this Agreement constitute commercial acts done and performed for commercial purpose.
- (b) agrees that, should any proceedings be brought against it or its assets, property or revenues in any jurisdiction in relation to this Agreement or any transaction contemplated by this Agreement, no immunity (whether by reason of sovereignty or otherwise) from such proceedings shall be claimed by or on behalf of the Party with respect to its assets;
- (c) waives any right of immunity which it or its assets, property or revenues now has, may acquire in the future or which may be attributed to it in any jurisdiction; and
- (d) consents generally in respect of the enforcement of any judgement or award against it in any such proceedings to the giving of any relief or the issue of any process in any jurisdiction in connection with such proceedings (including the making, enforcement or execution against it or in respect of any assets property or revenues whatsoever irrespective of their use or intended use of any order or judgement that may be made or given in connection therewith).

47.3 State Support Agreement

The Concessionaire acknowledges that for the performance of its obligations under this Agreement, it requires support and certain services from GoMP. The nature and scope of such support and services required by the Concessionaire from GoMP shall be fully described in the State Support Agreement. The State

Support Agreement shall be executed substantially in the form are stated in **Schedule 'Z'** to this Agreement. The Concessionaire shall enter into the State Support Agreement at its cost and expense with MPRDC and GoMP.

47.4 Depreciation

For the purpose of depreciation under the Applicable Laws, the property representing the capital investment made by the Concessionaire in the Project shall be deemed to be acquired and owned by the Concessionaire. For the avoidance of doubt, the MPRDC shall not in any manner be liable in respect of any claims for depreciation to be made by the Concessionaire under the Applicable Laws.

47.5 Delayed payments

The Parties hereto agree that payments due from one Party to the other Party under the provisions of this Agreement shall be made within the period set forth therein and if no such period is specified, within 15 (fifteen) days of receiving a demand along with the necessary particulars. In the event of delay beyond such period, the defaulting Party shall pay interest for the period of delay calculated at a rate equal to 5% (five per cent) above the Bank Rate, and recovery thereof shall be without prejudice to the rights of the Parties under this Agreement including Termination thereof.

47.6 Waiver

47.6.1 Waiver, including partial or conditional waiver, by either Party of any default by the other Party in the observance and performance of an provision of or obligations under this Agreement: -

- (a) shall not operate or be construed as a waiver of any other or subsequent default hereof or of other provisions of or obligations under this Agreement;
- (b) shall not be effective unless it is in writing and executed by a duly authorised representative of the Party; and
- (c) shall not affect the validity or enforceability of this Agreement in any manner.

47.6.2 Neither the failure by either Party to insist on any occasion upon the performance of the terms, conditions and provisions of this Agreement or any obligation there under nor time or other indulgence granted by a Party to the other Party shall be

treated or deemed as waiver of such breach or acceptance of any variation of the relinquishment of any such right hereunder.

47.7 Liability for review of Documents and Drawings.

Except to the extent expressly provided in this Agreement:

- (a) no review, comment or approval by the MPRDC or the Independent Engineer of any Project Agreement, Documents or Drawing submitted by the Concessionaire nor any observation or inspection of the construction, operation or maintenance of the Project Highway nor the failure to review, approve, comment, observe or inspect hereunder shall relieve or absolve the Concessionaire from its obligations, duties and liabilities under this Agreement, the Applicable Laws and Applicable Permits; and
- (b) the MPRDC shall not be liable to the Concessionaire by reason of any review comment, approval, observation or inspection referred to in Sub-clause (a) above.

47.8 Exclusion of implied warranties etc.

This Agreement expressly excludes any warranty, condition or other undertaking implied at law or by custom or otherwise arising out of any other agreement between the Parties or any representation by either Party not contained in a binding legal agreement executed by both Parties.

47.9 Survival

47.9.1 Termination shall:

- (a) not relieve the Concessionaire or the MPRDC, as the case may be, of any obligations hereunder which expressly or by implication survive Termination hereof; and
- (b) except as otherwise provided in any provision of this Agreement expressly limiting the liability of either Party, not relieve either Party of any obligations or liabilities for loss or damage to the other Party arising out of or caused by acts or omissions of such Party prior to the effectiveness of such Termination or arising out of such Termination.

47.9.2 All obligations surviving Termination shall only survive for a period of 3 (three) years following the date of such Termination.

47.10 Entire Agreement

This Agreement and the Schedules together constitute a complete and exclusive statement of the terms of the agreement between the Parties on the subject hereof and no amendment or modification hereto shall be valid and effective unless such modification or amendment is agreed to in writing by the Parties and duly executed by persons especially empowered in this behalf by the respective Parties. All prior written or oral understandings, offers or other communications of every kind pertaining to this Agreement are abrogated and withdrawn.

47.11 Severability

If for any reason whatever any provision of this Agreement is or becomes invalid, illegal or unenforceable or is declared by any court of competent jurisdiction or any other instrumentality to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not be affected in any manner, and the Parties will negotiate in good faith with a view to agreeing to one or more provisions which may be substituted for such invalid, unenforceable or illegal provision, as nearly as is practicable to such invalid, illegal or unenforceable provision. Failure to agree up on any such provisions shall not be subject to the Dispute Resolution Procedure set forth under this Agreement or otherwise.

47.12 No partnership

This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the Parties, or to impose any partnership obligation or liability up on either Party and neither Party shall have any right, power or MPRDC to enter into any agreement or undertaking for, or act on behalf of or to act as or be an agent or representative of, or to otherwise bind, the other Party.

47.13 Third Parties

This Agreement is intended solely for the benefit of the Parties and their respective successors and permitted assigns and nothing in this Agreement shall be construed to create any duty to, standard of care with reference to, or any liability to, any person not a Party to this Agreement.

47.14 Successors and Assigns

This Agreement shall be binding upon, and inure to the benefit of the Parties and their respective successors and permitted assigns.

47.15 Notices

Any notice or other communication to be given by any Party to the other Party under or in connection with the matters contemplated by this Agreement shall be in writing and shall:

- (a) in the case of the Concessionaire, be given by facsimile and by letter delivered by hand to the address given and marked for attention of the person set out below or to such other person as the Concessionaire may from time to time designate by notice to the MPRDC; provided that notices or other communications to be given to an address outside Bhopal may, if they are subsequently confirmed by sending a copy thereof by registered acknowledgement due, air mail or by the courier, be sent by facsimile to the number as the Concessionaire may from time to time designate by notice to the MPRDC:
- (b) in the case of the MPRDC, be given by facsimile and by letter delivered by hand and be addressed to the Managing Director of MPRDC with a copy delivered to the MPRDC Representative or such other person as the MPRDC may from time to time designate by notice to the Concessionaire provided that if the Concessionaire does not have an office in Bhopal it may send such notice by facsimile and by registered acknowledgement due, air mail or by courier; and
- (c) any notice or communication by a Party to the other Party given in accordance herewith shall be deemed to have been delivered when in the normal course of post it ought to have been delivered.

47.16 Language

All notice required to be given by one Party to the other Party and all other communications; Documentation and proceedings, which are in anyway relevant to this Agreement, shall be in writing and in English language.

47.17 Counterparts

This Agreement may be executed in two counterparts, each of which when executed and delivered shall constitute an original of this Agreement.

Concession Agreement for Four laning of Lebad-Jaora Road Projects in Madhya Pradesh

ARTICLE 48

DEFINITIONS

48.1 Definitions

In this Agreement, the following words and expressions shall, unless repugnant to the context or meaning thereof, have the meaning hereinafter respectively assigned to them:

“Accounting Year” means the financial year commencing from the first day of April of any calendar year and ending on the thirty-first day of March of the next calendar year.

“Additional Facilities” means the facilities: such as service station, motels, restaurants, shopping areas and amusement parks which the Concessionaire may, in its discretion and subject to Applicable Laws, provide or procure for the benefit of the Users and which are in addition to the Project Facilities, and not situated on the Site;

“Additional Tollway” shall have the meaning set forth in Clause 30.1.1;

“Adjusted Equity” means the Equity funded in Indian Rupees and adjusted on the first day of the current month (the “Reference Date”), in the manner set forth below, to reflect the change in its value on account of depreciation and variation in WPI, and for any Reference Date occurring:

- (a) on or before the Project Completion Date, the Adjusted Equity shall be a sum equal to the Equity funded in Indian Rupees and expended on the Project, revised to the extent of one half of the variation in WPI occurring between the first date of the month of Appointed Date and the Reference Date;
- (b) from the Project Completion Date and until the 4th (fourth) anniversary thereof, an amount equal to the Adjusted Equity as on the Project Completion Date shall be deemed to be the base (the **“Base Adjusted Equity”**) and the Adjusted Equity hereunder shall be a sum equal to the Base Adjusted Equity, revised at the commencement of each month following the Project Completion Date to the extent of variation in WPI occurring between the Project Completion Date and the Reference Date;
- (c) after the 4th (fourth) anniversary of the Project Completion Date, the Adjusted Equity hereunder shall be a sum equal to the Base Adjusted Equity, reduced by 0.33% (Zero point three three percent) thereof at the commencement of each month following the 4th (fourth) anniversary of the Project Completion

Date, and the amount so arrived at shall be revised to the extent of variation in WPI occurring between the Project Completion Date, and the Reference Date;

For the avoidance of doubt, the Adjusted Equity shall, in the event of Termination, be computed as on the Reference Date immediately preceding the Transfer Date; provided that no reduction in the Base Adjusted Equity shall be made for a period equal to the duration, if any, for which the Concession Period is extended, but the revision on account of WPI shall continue to be made;

“Affected Party” shall have the meaning set forth in Clause 34.1;

“Agreement” or “Concession Agreement” means this Agreement, its Recitals, the Schedules thereto and any amendments hereto made in accordance with the provisions contained in this Agreement.

“Applicable Laws” means all laws, brought into force and effect by GoI, or GoMP including rules, regulations and notifications made thereunder, and judgements, decrees, injunctions, writs and orders of any court of record, applicable to this Agreement and the exercise, performance and discharge of the respective rights and obligation of the Parties hereunder, as may be in force and effect during the subsistence of this Agreement .;

“Applicable Permits” means all clearances, licences, permits, authorisations, no objection certificates, consents, approvals and exemptions required to be obtained or maintained under Applicable Laws in connection with the construction, operation and maintenance of the Project Highway during the subsistence of this Agreement ;

“Appointed Date” means the date on which Financial Close is achieved or an earlier date that the Parties may by mutual consent determine, and shall be deemed to be the date of commencement of the Concession Period;

“Arbitration Act” means the Arbitration and Conciliation Act, 1996 and shall include modifications to or any re-enactment thereof as in force from time to time;

“Associate” or “Affiliate” means in relation to either Party [and/ or Consortium Members], a person who controls, is controlled by, or is under the common control with such Party [or Consortium Member] (as used in this definition, the expression **“control”** means with respect to a person which is a company or corporation, the ownership, directly or indirectly, of more than 50% (fifty per cent) of the voting shares of such person, and with respect to a person which is

not a company or corporation, the power to direct the management and policies of such person, whether by operation of law or by contract or otherwise);

“MPRDC Default” shall have the meaning set forth in Clause 37.2.1;

“MPRDC Representative” means such person or persons as may be authorised in writing by the MPRDC to act on its behalf under this Agreement and shall include any person or persons having MPRDC to exercise any rights or perform and fulfill any obligations of the MPRDC under this Agreement ;

“Average Daily Fee” means the amount arrived at after dividing the total Realisable Fee of the immediately preceding Accounting Year by 365 (three hundred and sixty five), and increasing the product thereof 5% (five per cent);

provided that the Average Daily Fee for any period prior to completion of the first Accounting Year following COD shall be a simple average of the Fee collected every day during the period between COD and the last day of the month preceding the date on which the event requiring calculation hereof occurred, and in the event that the Fee payable by any segment of traffic has not been realized, for any reason, an assessment thereof shall be made by the Independent Engineer to form part of the Average Daily Fee for such period;

“Bank” means a bank incorporated in India and having a minimum net worth 1000 crore (Rupees one thousand crore) or any other bank acceptable to Senior Lenders, but does not include a bank in which any Senior Lender has an interest;

“Bank Rate” means the rate of interest specified by the Reserve Bank of India from time to time in pursuance of section 49 of the Reserve Bank of India Act, 1934 or any replacement of such Bank Rate for the time being in effect.

“Bid” means the documents in their entirety comprised in the bid submitted by the [Concessionaire/Consortium] in response to the Tender Notice in accordance with the provisions thereof;

“Bid Security” means the security provided by the Concessionaire/Consortium to the MPRDC along with the Bid in a sum of 5.8931crore (Rupees Five crores eighty nine lakhs thirty one thousand) (1 % of project Cost) in accordance with the Tender Notice and which is to remain in force until substituted by the Performance Security;

“Bus” means any passenger motor vehicle with a Gross Vehicle Weight exceeding 12,000 (twelve thousand) kilograms;

“COD” or “Commercial Operation Date” shall have the meaning set for the in Clause 15.1;

“Car” means and includes any motor transport vehicle, car, jeep, van, omnibus, or three-wheeled motor vehicle with a Gross Vehicle Weight not exceeding 7500 (seven thousand five hundred) kilograms, but does not include a Motor Cycle, Tractor or road roller;

“Change in Law” means the occurrence of any of the following after the date of Bid:

- (a) the enactment of any new Indian law;
- (b) the repeal, modification or re-enactment of any existing Indian law;
- (c) the commencement of any Indian Law which has not entered into effect until the date of Bid;
- (d) a change in the interpretation or application of any Indian Law by a judgement of a court of record which has become final, conclusive and binding, as compared to such interpretation or application by a court of record prior to the date of Bid; or
- (e) any change in the rates of any of the Taxes that have a direct effect on the Project;

“Change in Ownership” means a transfer of the direct and/or indirect legal or beneficial ownership of any shares, or securities convertible into shares, that causes the aggregate holding of the [existing promoters/ Consortium members] together with their Associates in the total Equity to decline (i) 51% (fifty one per cent) thereof during construction Period, (ii) 33% (thirty three per cent) thereof during a period of 3 (three) years following Project Completion Date, and (iii) 26% (twenty six per cent) thereof, or such lower proportion as may be permitted by the MPRDC during the remaining Concession Period;

Provided that any material variation (as compared to the representations made by the Concessionaire during the bidding process) in the proportion of the equity holding of [any Consortium Member] to the total Equity, if it occurs prior to the Project Completion Date, shall constitute Change in Ownership unless it is preceded by written consent of the MPRDC, which consent the MPRDC may in its discretion refuse;

“Change of Scope” shall have the meaning set forth in Clause 16.1;

“Company” means the Company acting as the Concessionaire under this Agreement ;

“Competing Road” means an existing paved road which has been widened by more than 2 (two) meters of paved road for at least 75% (seventy five per cent) of the total length thereof at any time after the date of this Agreement or a new road constructed after such date, as the case may be, between [***] and [***] that would serve as an alternative route to the Project Highway, but does not include any road connecting [***] and [***] if the length of such road exceeds the length of the existing route comprising the Project Highway by 25 % (twenty five per cent) thereof;

“Completion Certificate” shall have the meaning set forth in Clause 14.2;

“Concession” shall have the meaning set forth in Clause 3.1.1:

“Concessionaire” shall have the meaning attributed thereto in the array of Parties hereinabove as set forth in the Recitals;

“Concession Fee” shall have the meaning set forth in Clause 26.1;

“Concession Period” means the period starting on and from the Appointed Date and ending on the Transfer Date;

“Concessionaire Default” shall have the meaning set forth in Clause 37.1.1;

“Conditions Precedent” shall have the meaning set forth in Clause 4.1.1;

“Consortium” shall have the meaning set forth in Recital (B);

“Consortium Member” means a company specified in Recital (B) as a member of the Consortium;

“Construction Period” means the period beginning from the Appointed Date and ending on the Project Completion Date;

“Construction Works” means all works and things necessary to complete the Project Highway in accordance with this Agreement.

“Contractor” means the person or persons, as the case may be, with whom the Concessionaire has entered into any of the EPC Contract, the O&M Contract, the Tolling Contract or any other Agreement or contract for construction, operation and/or maintenance of the Project Highway or matters incidental thereto;

“Cure Period” mean the period specified in this Agreement for curing any breach or default of any provision of this Agreement by the Party responsible for such breach or default and shall;

- (a) commence from the date on which a notice is delivered by one, Party to the other Party asking the latter to cure the breach or default specified in such notice;
- (b) not relieve any Party from liability to pay Damages or compensation under the provisions of this Agreement ; and
- (c) not in any way be extended by any period of Suspension under this Agreement ;

provided that if the cure of any breach by the Concessionaire requires any reasonable action by the Concessionaire that must be approved by the MPRDC or the Independent Engineer hereunder, the applicable Cure Period shall be extended by the period taken by the MPRDC or the Independent Engineer to accord their approval;

“Damages” shall have the meaning set forth in Sub-clause (v) of Clause 1.2.1;

“Debt Due” means the aggregate of the following sums expressed in Indian Rupees outstanding on the Transfer Date:

- (a) the principal amount of the debt provided by the Senior Lenders under the Financing Agreements for financing the Total Project Cost (the **“principal”**) but excluding any part of the principal that had fallen due for repayment two years prior to the Transfer Date;
- (b) all accrued interest, financing fees and charges payable under the Financing Agreements on or in respect of the debt referred to in Sub-clause (a) above until the Transfer Date but excluding (i) any interest, fees or charges that had fallen due one year prior to the Transfer Date, (ii) any penal interest or charges payable under the Financing Agreements to any Senior Lender, and (iii) any Pre-payment charges in relation to accelerated repayment of debt except where such charges have arisen due to MPRDC Default; and
- (c) any Subordinated Debt which is included in the Financial Package and disbursed by lenders for financing the Total Project Cost;

provided that if all or any part of the Debt Due is convertible into Equity at the option of Senior Lenders and/or the Concessionaire, it shall be deemed to be Debt Due even after such conversion and the principal thereof shall be dealt with as if such conversion had not been undertaken;

“Debt Service” means the sum of all payments on account of principal, interest, financing fees and charges due and payable in an Accounting Year to the Senior Lenders under the Financing Agreements;

“Development Period” means the period from the date of this Agreement until the Appointed Date;

“Dispute” shall have the meaning set forth in Clause 44.1.1;

“Dispute Resolution Procedure” means the procedure for resolution of Disputes set forth in Article 44;

“Divestment Requirements” means the obligations of the Concessionaire for and in respect of Termination as set forth Clause 38.1;

“Document” or “Documentation” means documentation in printed or written form, or in tapes, discs, drawings, computer programmes, writings, reports, photographs, films, cassettes, or expressed in any other written, electronic, audio or visual form.

“Drawings” means all of the drawings, calculations and documents pertaining to the Project Highway as set forth in Schedule-H and shall include ‘as built’ drawings of the Project Highway.

“EPC Contract” means the engineering, procurement and construction contract or contracts entered into by the Concessionaire with one or more Contractors for, inter alia, engineering and construction of the Project Highway in accordance with the provisions of this Agreement;

“EPC Contractor” means the person with whom the Concessionaire has entered into an EPC Contract;

“Emergency” means a condition or situation that is likely to endanger the security of the individuals on or about the Project Highway, including Users thereof, or which poses an immediate threat of material damage to any of the Project Assets;

“Empowered Institution” means the Empowered Institution as defined in the Scheme for Support to Public Private Partnerships in Infrastructure " promulgated by the Ministry of Finance in July, 2005

“Encumbrances” means, in relation to the Project Highway, any encumbrances such as mortgage, charge, pledge, lien, hypothecation, security, interest, assignment, privilege or priority of any kind having the effect of security or other such obligations, and shall include any designation of loss payees or beneficiaries or any similar arrangement under any insurance policy pertaining to the Project Highway, where applicable herein but excluding utilities referred to in Clause 11.1;

“Equity” means the sum expressed in Indian Rupees representing the paid up equity share capital of the Concessionaire for meeting the equity component of the Total Project Cost, and shall include convertible instruments or other similar forms of capital which shall compulsorily convert into equity share capital of the Company and any interest-free funds advanced by any shareholder of the Company for meeting such equity component, but does not include Equity Support;

“Equity Support” shall have the meaning set forth in Clause 25.2.1;

“Escrow Account” means an Account which the Concessionaire shall open and maintain with Bank in which all inflows and outflows of cash on account of capital and revenue receipts and expenditures shall be credited and debited, as the case may be, in accordance with the provisions of this Agreement , and includes the Sub-Accounts of such Escrow Account;

“Escrow Agreement” shall have the meaning set forth in Clause 31.1.2;

“Escrow Bank” shall have the meaning set forth in Clause 31.1.1;

“Escrow Default” shall have the meaning set forth in Schedule-S;

“Exempted Vehicle” means a vehicle exempted from payment of Fee under and in accordance with the Fee Notification;

“Fee” means the charge levied on and payable for a vehicle using the Project Highway or a part thereof in accordance with the Fee Notification and this Agreement ;

“Fee Notification” means the Notification No F-23-12/2006/G/19 dated 30.12.2006 issued by GoMP in exercise of the powers conferred by Section 2 of

The Indian Tolls (Madhya Pradesh Amendment) Act, 1932 in respect of the levy and collection of the Fees and a copy of which is at Schedule “C” and includes any such subsequent notifications issued from time to time to give effect to the provisions of this Agreement.;

“Financial Close” means the fulfilment of all conditions precedent to the initial availability of funds under the Financing Agreements;

“Financial Default” shall have the meaning set forth in Schedule-V;

“Financial Model” means the financial model adopted by Senior Lenders setting forth the capital and operating costs of the Project and revenues there from on the basis of which financial viability of the Project has been determined by the Senior Lenders, and includes a description of the assumptions and parameters used for making calculations and projections therein;

“Financial Package” means the financing package indicating the total capital cost of [four-Laning] and the means of financing thereof as set forth in the Financial Model and approved by the Senior Lenders, and includes Equity, all financial assistance specified in the Financing Agreements, Subordinated Debt and Equity Support, if any;

“Financing Agreements” means the agreements executed by the Concessionaire in respect of financial assistance to be provided by the Senior Lenders by way of loans, guarantees, subscription to non-convertible debentures and other debt instruments including loan agreements, guarantees, notes, debentures, bonds and other debt instruments, security agreements, and other documents relating to the financing (including refinancing) of the Total Project Cost, and includes amendments or modification made in accordance with Clause 5.2.2;

“Force-Majeure or “Force Majeure Event” shall have the meaning ascribed to it in Clause 34.1;

“Four-Laning” or “Four -Lane] means the construction and completion of all works included in or constituting a Four-Lane Project Highway as specified in Article 2 read with Schedule-B and Schedule-C;

“GOI” means the Government of India;

“GoMP” means the Government of the State of Madhya Pradesh.

“Good Industry Practice” means the practices, methods, techniques, designs, standards, skills, diligence, efficiency, reliability and prudence which are

generally and reasonably expected from a reasonably skilled and experienced operator engaged in the same type of undertaking as envisaged under this Agreement and which would be expected to result in the performance of its obligations by the Concessionaire in accordance with this Agreement, Applicable Laws and Applicable Permits in reliable, safe, economical and efficient manner;

“Government” means the Government of Madhya Pradesh;

“Government Instrumentality” means any department, division or sub-division of the Government or the State Government and includes any commission, board, MPRDC, agency or municipal and other local MPRDC or statutory body including Panchayat under the control of the Government of India or the State Government, as the case may be, and having jurisdiction over all or any part of the Project Highway or the performance of all or any of the services or obligations of the Concessionaire under or pursuant to this Agreement ;

“Grant” shall have the meaning set forth in Clause 25.1.1;

“Gross Vehicle Weight” or “GVW” means in respect of any vehicle the total weight of the vehicle and load certified and registered under the Applicable Laws;

“Heavy Truck” or “Multi-axle truck” means any goods carrier with a Gross Vehicle Weight exceeding 20,000 (twenty thousand) kilograms and includes a truck with three or more axles;

“IRC” means the Indian Roads Congress;

“Indemnified Party” means the Party entitled to the benefit of an indemnity pursuant to Article 42;

“Indemnifying Party” means the Party obligated to indemnify the other Party pursuant to Article 42;

“Independent Engineer” shall have the meaning set forth in Clause 23.1;

“Indirect Political Event” shall have the meaning set forth in Clause 34.3;

“Insurance Cover” means the aggregate of the maximum sums insured under the insurance’s taken out by the Concessionaire pursuant to Article 32, and when used in the context of any act or event, it shall mean the aggregate of the maximum sums insured and payable in relation to such act or event;

“LOA” or “Letter of Acceptance” means the letter of acceptance referred to in Recital (E);

“Lenders Representative” means the person duly authorised by the Senior Lenders to act for and on behalf of the Senior Lenders with regards to matters arising out of or in relation to this Agreement, and includes his successors, assigns and substitutes;

“Light Commercial Vehicle” or “LCV” means any passenger vehicle or goods carrier with a Gross Vehicle Weight exceeding 7500 (seven thousand five hundred) kilograms and includes a Tractor with Trailer but does not include a Tractor, Bus, Truck, or Heavy Truck;

“Local Traffic” means any personal and commercial vehicles including buses, trucks, light motor vehicles or taxis engaged in carrying goods and passengers as plying routinely on the project highway without crossing any one or not more than one of the Toll Plazas on the project highway and to whom monthly passes have been issued by the Concessionaire.

“MOSRTH” means the Ministry of Shipping, Road Transport and Highways or any substitute thereof dealing with National Highways;

“Maintenance Manual” shall have the meaning ascribed to it in Clause 17.3;

“Maintenance Programme” shall have the meaning ascribed to it in Clause 17.4.1;

“Maintenance Requirements” shall have the meaning set forth in Clause 17.2;

“Material Adverse Effect” means a material adverse effect of any act or event on the ability of either Party to perform any of its obligations under and in accordance with the provisions of this Agreement and which act or event causes a material financial burden or loss to either Party;

“Medical Aid Post” shall have the meaning set forth in Clause 21.1;]

“Motor Cycle” means and includes any two –wheeled motor vehicle;

“Nominated Company” means a company selected by the Lender’s Representative and proposed to the MPRDC for substituting the Concessionaire in accordance with the provisions of the Substitution Agreement ;

“Non –Political Event” shall have the meaning set forth in Clause 34.2;

“O&M” means the operation and maintenance of the Project Highway and includes all matters connected with or incidental to such operations and maintenance, provision of services and facilities, and collection of Fee in accordance with the provisions of this Agreement;

“O&M Contract” means the operation and maintenance contract that may be entered into between the Concessionaire and the O&M Contractor for performance of all or any of the O&M obligations;

“O&M Contractor” means the person, if any, with whom the Concessionaire has entered into an O&M Contract for discharging O&M obligation for and on behalf of the Concessionaire;

“O&M Expenses” means expenses incurred by or on behalf of the Concessionaire or by the MPRDC, as the case may be, for all O&M including (a) cost of salaries and other compensation to employees, (b) cost of materials, supplies, utilities and other services, (c) premia for insurance, (d) all taxes, duties, cess and fees due and payable for O&M, (e) all repair, replacement, reconstruction, reinstatement, improvement and maintenance costs, (f) payments required to be made under the O&M Contract, Tolling Contract or any other contract in connection with or incidental to O&M, and (g) all other expenditure required to be incurred under Applicable Laws, Applicable Permits or this Agreement ;

“O&M Inspection Report” shall have the meaning set forth in Clause 19.2;

“O&M Support” shall have the meaning set forth in Clause 25.3.1;

“Operation Period” means the period commencing from the project Completion Date and ending on the Transfer Date;

“PCU” shall have the meaning ascribed to a passenger car unit in the India Roads Congress Publication No. IRC-64, 1990 or any substitute or modification thereof, and when used in this Agreement, shall include only motorised vehicles liable to payment of user charges at the Toll Plaza [s] in accordance with the Fee Notification and the Exempted Vehicles specified therein, but does not include Tractors, Tractors, with Trailer, Motor Cycle and non-motorised vehicles.

“Panel of Chartered Accountants” shall have the meaning set forth in Clause 33.2.1;

“Parties” means the parties to this Agreement collectively and **“Party”** shall mean any of the [arties to this Agreement individually;

“Performance Security” shall have the meaning set forth in Clause 9.1;

“Political Event” shall have the meaning set forth in Clause 34.4;

“Premium” shall have the meaning set forth in Clause 25.4

“Project” means the construction, operation and maintenance of the Project Highway in accordance with the provisions of this Agreement and includes all works, services and equipment relating to or in respect of the Scope of the Project.

Project Agreements means this Agreement, the Financing Agreements, EPC Contract, O&M Contract, Tolling Contract, and any other agreements or contracts that may be entered into by the Concessionaire with any person in connection with matters relating to, arising out of or incidental to the Project, but does not include the Escrow Agreement and the Substitution Agreement;

“Project Assets” means all physical and other assets relating to and forming part of the Site including (a) rights over the Site in the form of licence, Right of Way or otherwise; (b) tangible assets such as civil works and equipment including foundations, embankments, pavements, road surface, interchanges, bridges, culverts, road overbridges, drainage works, traffic signals, sign boards, kilometer-stones, toll plaza [s], electrical systems, communication systems, rest areas, relief centers, maintenance depots and administrative offices; (c) Project Facilities situated on the Site; (d) all rights of the Concessionaire under the Project Agreements; (e) financial assets, such as receivables, security deposits etc.; (f) insurance proceeds; and (g) Applicable Permits and authorisations relating to or in respect of the Project Highway, but does not include Additional Facilities;

“Project Completion Date” means the date on which the Completion Certificate or the Provisional Certificate, as the case may be, is issued under the provisions of Article 14.

“Project Completion Schedule” means the progressive Project Milestones set forth in **Schedule-G** for completion of the Project Highway on or before the Scheduled Four-laning Date;

“Project Facilities” means all the amenities and facilities situated on the Site, as described in **Schedule-C**;

“Project Highway” means the Site comprising the existing road comprising SH31 from km 0.00 to km 125.00 and all project Assets, and its subsequent development and augmentation in accordance with this Agreement;

“Project Milestones” mean the project milestones set forth in Schedule-G;

“Provisional Certificate” shall have the meaning set forth in Clause 14.3;

“Punch List” shall have the meaning ascribed to it in Clause 14.3;

“RBI” means the Reserve Bank of India, as constituted and existing under the Reserve Bank of India Act, 1934 including any statutory modification or replacement thereof, and its successors;

“Reference Exchange Rate” means, in respect of any one currency that is to be converted into another currency in accordance with the provisions of this Agreement, the exchange rate as of 12.00 (twelve) noon on the relevant date quoted in Bhopal by the State Bank of India and in the absence of such rate, the average of similar rates quoted in Bhopal by the Bank of India and the Bank of Baroda;

“Re.”, “Rs.” Or “Rupees” or “Indian Rupees” mean the lawful currency of the Republic of India;

“Realisable Fee” means all the Fee due and realisable under this Agreement but does not include fees that the Concessionaire has not been able to realise after due diligence and best efforts; For the avoidance of doubt, Realisable Fee shall, save as provided in Clause 26.3, be the amount so declared by the Concessionaire on the basis of its provisional accounts or the audited accounts, as the case may be, and in the event of a dispute thereto, the Dispute Resolution Procedure shall apply;

“Revenue Shortfall Loan” shall have the meaning set forth in Clause 28.1.1;

“Right of Way” means the constructive possession of the Site, together with all way leaves, easements, unrestricted access and other rights of way, howsoever described, necessary for construction, operation and maintenance of the Project Highway in accordance with this Agreement ;

“Safety Consultant” shall have the meaning set forth in Clause 18.1.2;

“Safety Requirements” shall have the meaning set forth in Clause 18.1.1;

“**Safety Fund**” shall have the meaning set forth in Clause 18.2.1;

“**Scheduled[Four Laning]Date**” shall have the meaning set forth in Clause 12.4.1;

“**Scheme for Support to Public Private Partnerships in Infrastructure**” means the promulgated by the Ministry of Finance in July, 2005 whereby which the Government of India had put into effect a scheme for providing financial support to bridge the viability gap of infrastructure projects undertaken through Public Private Partnerships as given at schedule---

“**Scope of the Project**” shall have the meaning set forth in Clause 2.1;

“**Senior Lenders**” means the financial institutions, banks, multilateral lending agencies, trusts, funds and agents or trustees of debenture holders, including their successors and assignees, who have agreed to guarantee or provide finance to the Concessionaire under any of the Financing Agreements for meeting all or any part of the Total Project Cost and who hold *parri passu* charge on the assets, rights, title and interests of the Concessionaire;

“**Site**” shall have the meaning set forth in Clause 10.1;

“**Specifications and Standards**” means the specifications and standards relating to the quality, quantity, capacity and other requirements for the Project Highway as set forth in Schedule- D and any modifications thereof, or additions thereto as included in the design and engineering for the Project Highway submitted by the Concessionaire to, and expressly approved by, the MPRDC;

“**State**” means the State of Madhya Pradesh and “**State Government**” means the government of that State

“**State Support Agreement**” shall have the meaning set forth in Clause 47.3;

“**Statutory Auditors**” means a reputable firm of chartered accountants acting as the statutory auditors of the Concessionaire under the provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force, and appointed in accordance with Clause 33.2.1;

“**Subordinated Debt**” means the aggregate of the following sums expressed in Indian Rupees or in the currency of Debt, as the case may be, outstanding as on the Transfer Date:

- (a) the principal amount of debt provided by lenders or the Concessionaire for meeting the Total Project Cost and subordinated to the financial assistance provided by the Senior Lenders; and
- (b) all accrued interest on the debt referred to in Sub-clause (a) above but restricted to the lesser of actual interest rate and rate equal to 5% (five per cent) above, Bank Rate in case of loans expressed in Indian Rupees and lesser of the actual interest rate and six-month LIBOR (London Inter Bank Offer Rate) plus 2% (two per cent) in case of loans expressed in foreign currency, but does not include any interest that had fallen due one year prior to the Transfer Date;

provided that if all or any part of the Subordinated Debt is convertible into Equity at the option of the lenders and/or the Concessionaire, it shall be deemed to be Subordinated Debt even after such conversion and the principal thereof shall be dealt with as if such conversion had not been undertaken.

“Subsistence Revenue” means the total amount of Fee revenue that is required by the Concessionaire in an Accounting Year to meet the sum of (a) O&M Expenses, subject to an annual ceiling of 3% (three per cent) of the Total Project Cost, [plus Grant, if any,] during the first Accounting Year after the project completion date, to be revised for each subsequent year to reflect the variations in WPI occurring between the project Completion Date, and commencement of such Accounting Year, and (b) Debt Service in such Accounting Year, but excluding any interest paid by the MPRDC under Clause 37.7.2 or 35.2;

“Substitution Agreement” shall have the meaning set forth in Clause 40.3;

“Suspension” shall have the meaning set forth in Clause 36.1;

“Taxes” means any Indian taxes including excise duties, customs duties, value added tax, sales tax, local taxes, cess and any impost or surcharge of like nature (whether Central, State or local) on the goods, materials, equipment and services incorporated in and forming part of the Project Highway charged, levied or imposed by any Government Instrumentality, but excluding any interest, penalties and other sums in relation thereto imposed on any account whatsoever. For the avoidance of doubt, Taxes shall not include taxes on corporate income;

“Tender Notice” shall have the meaning set forth in Recital ‘C’;

“Termination” means the expiry or termination of this Agreement and the Concession hereunder;

“Termination Notice” means the communication issued in accordance with the Agreement by one Party to the other Party terminating this Agreement ;

“Termination Payment” means the amount payable by the MPRDC to the Concessionaire upon Termination and may consist of payments on account of and restricted to the Debt Due and Adjusted Equity, as the case may be, which form part of the Total Project Cost in accordance with the provisions of this Agreement; provided that the amount payable in respect of any Debt Due expressed in foreign currency shall be computed at the Reference Exchange Rate for conversion into the relevant foreign currency as on the date of Termination Payment. For the avoidance of doubt, it is agreed that within a period of 60 (sixty) days from the Project Completion Date, the Concessionaire shall notify to the MPRDC, the Total Project Cost as on the Project Completion Date, and its dis-aggregation between Debt Due and Equity, and only the amounts so conveyed shall form the basis of computing Termination Payment, and it is further agreed that in the event such dis-aggregation is not notified to the MPRDC, Equity shall be deemed to be the product arrive at by subtracting Debt Due from Total Project Cost;

“Tests” means the tests set forth in Schedule-I to determine the completion of Four Laning in accordance with the provisions of this Agreement;

“Toll Plaza” means the structure and barriers erected [near each of the two ends] of the Project Highway for the purpose of regulating the entry and exit of vehicles in accordance with the provisions of this Agreement and shall include all land, buildings, equipment, and other facilities required in accordance with or incidental to the provisions of this Agreement; provided that such Toll Plaza [s] shall not be erected within the notified urban limits as notified on the date of this Agreement and shall be situated at locations to be decided by the Concessionaire in consultation with the Independent Engineer;

“Tolling Contract” means the contract, if any, entered into by the Concessionaire with the Tolling Contractor for collection of Fee for and on behalf of the Concessionaire and matters incidental thereto;

“Tolling Contractor” means the person, if any, with whom the Concessionaire has entered into a Tolling Contract;

“Total Project Cost” means the lowest of:

- (a) the capital cost of the Project, [less Equity Support] as set forth in the Financial Package;

- (b) the actual capital cost of the Project upon completion of [Four-Laning] of the Project Highway
- (c) a sum of Rs. 589.31 crores (Rupees Five Hundred Eighty Nine Crores Thirty One Lacs, less Equity Support)]

provided that in the event of Termination, the Total Project Cost shall be deemed to be modified to the extent of variation in WPI or Reference Exchange Rate occurring in respect of Adjusted Equity and Debt Due, as the case may be, in accordance with the provisions of this Agreement ;

“Tractor” means a motor vehicle which is not itself constructed to carry any load other than the equipment used for the purpose of propulsion, but does not include a road roller; and **“Tractor with Trailer”** means a Tractor with an attached vehicle laden with goods other than agricultural produce or agricultural equipment;

Traffic Aid Post” shall have the meaning set forth in Clause 20.2

“Transfer Date” means the date on which this Agreement and the Concession hereunder expires pursuant to the provisions of this Agreement or is terminated by a Termination Notice;

“Tripartite Agreement” means the agreement defined in clause 8.3 of Scheme for Support to Public Private Partnerships in Infrastructure " promulgated by the Ministry of Finance in July, 2005 to be entered into between the Empowered Institution, the concessionaire and the Lead Financial Institution.

“Truck” means any goods carrier with a Gross Vehicle Weight exceeding 12,000 (twelve thousand) kilograms and includes a road roller, but does not include a Heavy Truck;

“User” means a person who travels on the Project Highway or any part thereof in/on any vehicle;

“Vesting Certificate” shall have the meaning set forth in Clause 38.3; and

“WPI” means the Wholesale Price Index for all commodities as published by the Ministry of Industry, GOI and shall include any index which substitutes the WPI, and any reference to WPI shall, unless the context otherwise requires, be constructed as a reference to the WPI published for the period ending with the preceding month.

IN WITNESS WHEREOF THE Parties HAVE EXECUTED AND DELIVERED THIS AGREEMENT AS OF THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

SIGNED, SEALED AND
DELEVERED

SIGNED, SEALED AND
DELIVERED

For and on behalf of
The MPRDC

For and on behalf of
CONCESSIONAIRE

by: _____
(Signature)
(Name)
(Designation)

by: _____
(Signature)
(Name)
(Designation)

In the presence of

1.

2.