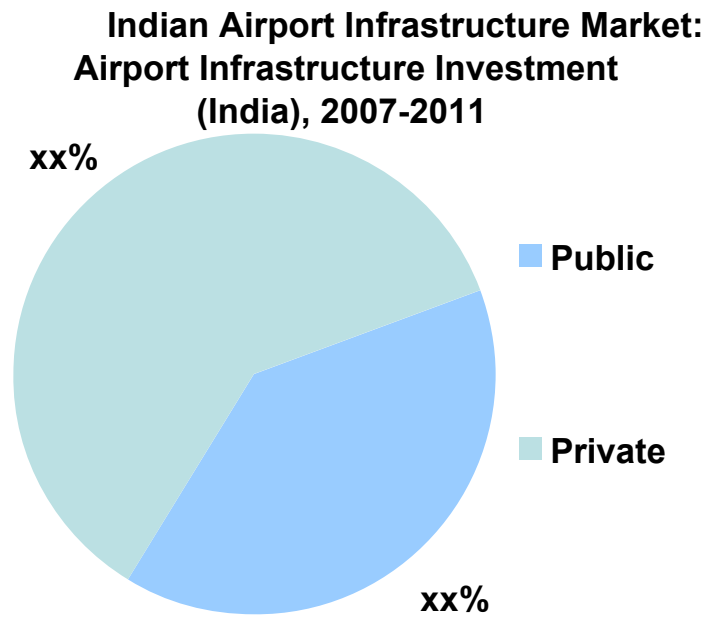


Executive Summary – Market Overview

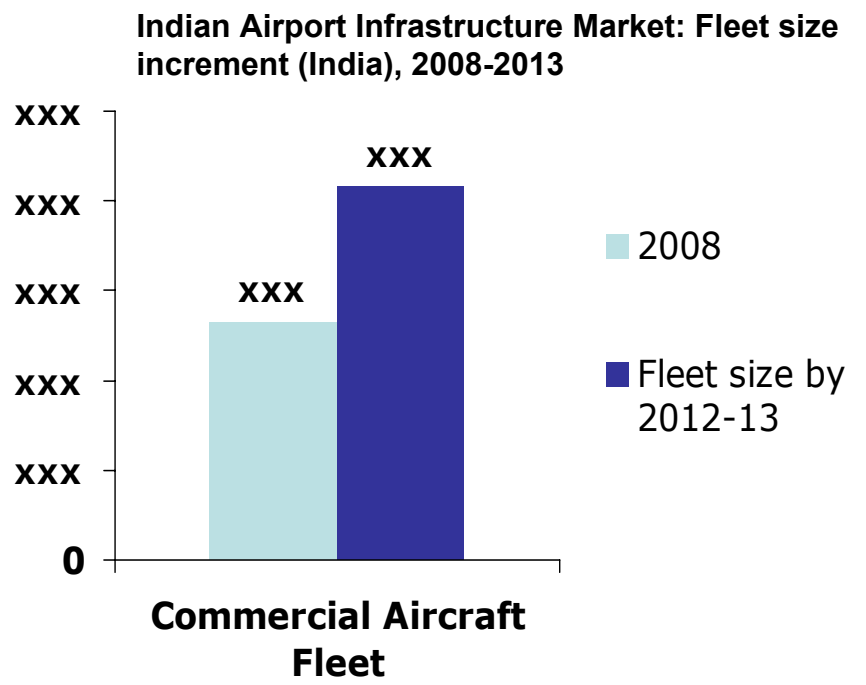
- Airport Infrastructure development in India has been seeing light in the wake of emerging business places, increased scope for connectivity, airlines' operating models, government initiatives and dynamic growth of tourism
- Government initiatives and the support towards the development and modernization of airports have been very positive and encouraging. The government has taken up several initiatives to bring in private players into this arena by providing assistance in terms of tax holidays and land for construction
- Planning committees and steering boards have been created to accelerate and facilitate the progression of the projects and policies related to the development of airport infrastructure
- The trends in the air traffic, cargo movement and passenger movement across the main airports in the country suggest that the development of alternative airports will help in decreasing the congestion at the existing airports, and in increasing connectivity. The rates of growth for air traffic, cargo movement and passenger movement have been more than xx percent in the past 5 years
- The projections for the growth of air traffic, cargo movement and passenger movement looks affirmative based on the expected handling of all forms of traffic at the existing airports and the planned capacity expansions
- The funding for the airport development projects involves equity from loans, government grants, investors, AAI and consortium partners all of which will be invested into the project in a phased manner to accommodate for the planned expansions. The funding can be purely private or public private but Greenfield projects have been public-private alliances

Executive Summary – Infrastructure Spending

- The Committee on Infrastructure expects the total investment towards airport development during the next 5 years to be INR xxx,xxx Mn of which close to INR xxx,xxx Mn is expected to come through the PPPs
- Many International Investors and international airport companies have evinced interest in the past during the bidding stages of the Greenfield airports and many such companies are consortium partners in many of the current airport development projects
- The planned investment is expected to witness the up gradation/modernization of metro airports, development of tier x/x airports across the country in a planned x phases of development
- The commercial aircraft fleet size is expected to increase from the current xxx to xxx by end of 2013

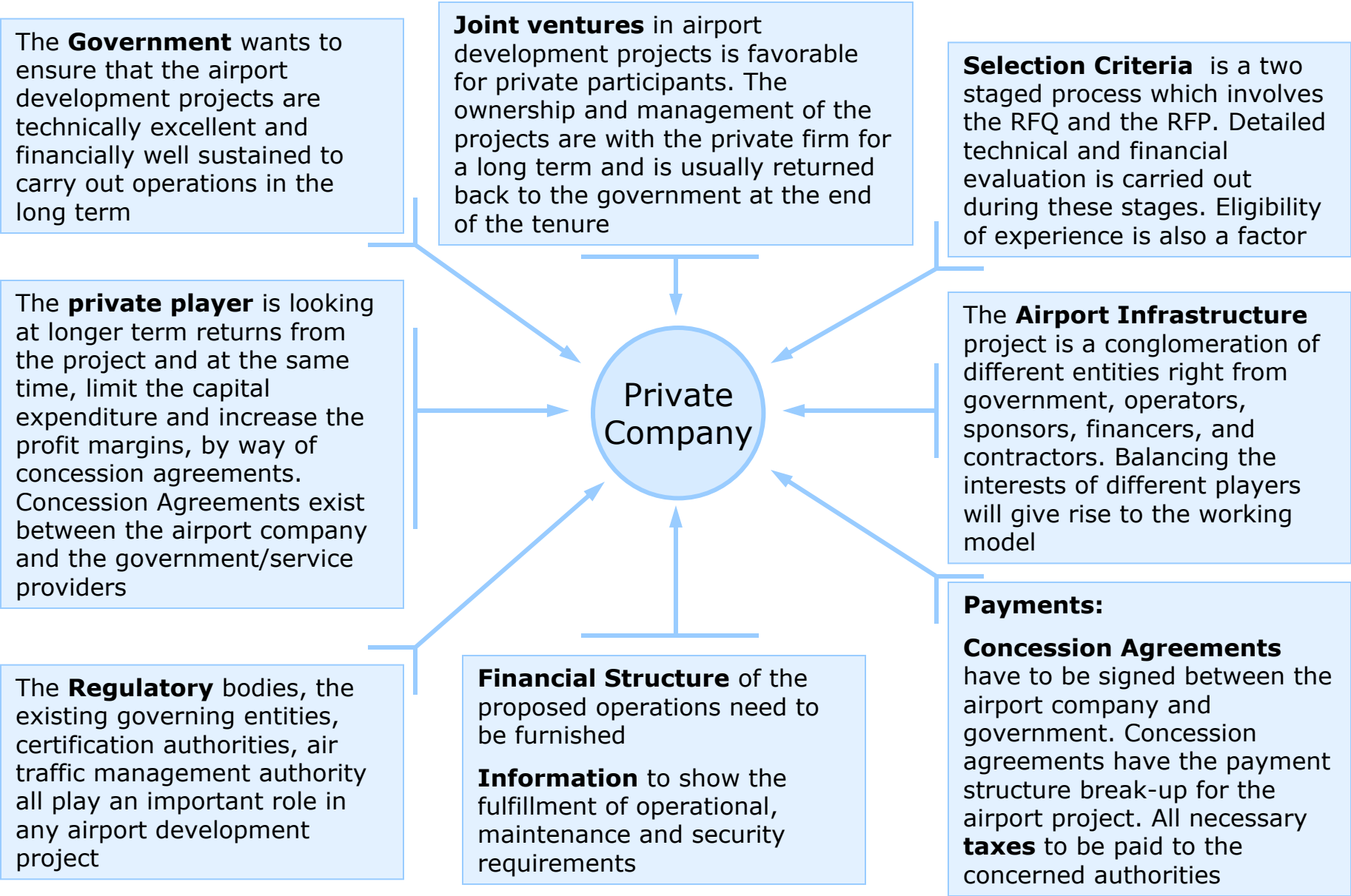


Note: All figures rounded. Source: Planning Commission of India



Source: DGCA, Frost & Sullivan

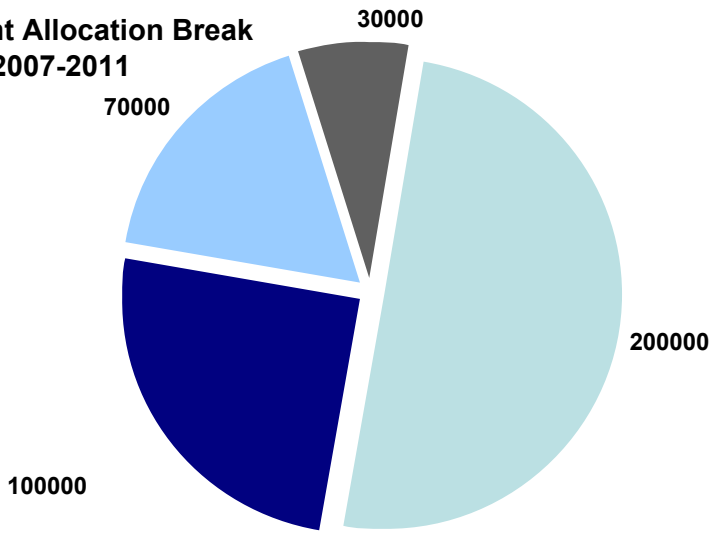
Executive Summary – Scope of Privatization



Executive Summary - Opportunities Overview

Indian Airport Infrastructure Market: Development Allocation Break
Up INR Mn (India), 2007-2011

- Restructuring/Modernising
- Greenfield
- Upgradation
- Improvement



Source: Committee on Infrastructure, Government of India

Private Player View Point

Non-Metro

Landside development of xx Non-Metro airports available

Greenfield

Currently about 5 Greenfield projects have been identified by government

Identification (Feasibility) of the project is usually done by the state government

Merchant

Complete autonomy of the project rests with the promoters

Identification (Feasibility) of the project has to be done by the promoters

The opportunity horizon for private players can be seen as three separate segments

Industry Overview

"In the long term history of aviation in India, we have barely arrived at the threshold. The face of Indian aviation will be unrecognizable in just five years' time. The path is complex, it requires consensus – but also strong leadership. It requires imagination and also requires money – lots of it" –Peter Harbison, CAPA

EARLY STAGES

Vision - JRD Tata – Tata Airlines **1932- Actual Kick Off**

Aircraft Rules Adopted **1937**

First Joint Sector Tata Airline- GoI- Air India

Capital of INR 20 million at the time of Joint Sector

Nationalization of Air India and Indian Airlines **1953**

Ending Monopoly in Domestic Aviation **1990**

DORMANT PERIOD

Merging

International Airports Authority

National Airports Authority

AAI Airports Authority of India Act **1994 Airport Infrastructure Management**

1990-95 No integrated policy or structure

Foreign Airlines National Airlines not flowing to all countries

1995-2003 Inadequate capital for National Airlines
Highly restrictive policy guarding national players
1996 Restrictions on new entrants collapsed entire private side – **Jet and Sahara Survived**

BLEAK No major airport infrastructure development Economy Booming and major reforms, but aviation unattended

DRAMATIC CHANGES 2003-07

Economy Boost Growth in GDP 2004-07

Increase – End Users and operators

Infrastructure bottlenecks and Funding constraints

Realization Airport Infrastructure a key for Economic Growth

First LCC Air Deccan **2003-04**

Connectivity Issue

Domestic and International – Open Sky Policy

END RESULT

FDI policy changes – Encourage private players

Privatization Greenfield projects, Metro airports, Private airports, Non-Metro Airports, Up gradation

Quality Global Standards and expertise

Majority Funding Private players

