
LOAN NUMBER 2404-IND

LOAN AGREEMENT
(Ordinary Operations)

(India Infrastructure Project Financing Facility – Project 1)

between

ASIAN DEVELOPMENT BANK

and

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

DATED 3 MARCH 2008

LAL: IND 40655

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 3 March 2008 between ASIAN DEVELOPMENT BANK (hereinafter called "ADB") and INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (hereinafter called "the Borrower").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Section 3.01 of this Loan Agreement;

(B) the Loan is to be guaranteed by India (hereinafter called "the Guarantor") under the terms of a Guarantee Agreement of even date herewith; and

(C) ADB, on the basis inter alia of the foregoing, has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001, are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Ordinary Operations Loan Regulations as so modified being hereinafter called "the Loan Regulations"):

(a) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the amount of the credit against the interest payable by the Borrower

(b) Section 3.06 is deleted and the following is substituted therefor:

(a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum) by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(c) Section 3.07 is deleted and the following is substituted therefor:

(a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum) by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan

on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

- (d) Section 6.03 is deleted and the following is substituted therefor:

Application for Withdrawal. When the Borrower shall desire to withdraw any amount from the Loan Account or to request ADB to issue commitment letters pursuant to Section 6.02, the Borrower shall deliver to ADB an application in such form and containing such statements and agreements, as ADB shall reasonably request. Except as ADB and the Borrower shall otherwise agree, applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall be made promptly in relation to expenditures for the Qualified Projects.

- (e) Section 7.07(c) is deleted.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the Loan Regulations have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "Consulting Guidelines" means ADB's Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2007, as amended from time to time);

(b) "Companies Act, 1956" means the Companies Act, 1956 (1 of 1956) of the Guarantor, as amended from time to time;

(c) "ESSF" means the environmental and social safeguards framework prepared in accordance with ADB's *Environment Policy* (2002), *Involuntary Resettlement Policy* (1995), *Policy on Indigenous Peoples* (1998), Guarantor's policies, laws and regulations, safeguard policies of other development partners, and set out in Schedule 5 to the FFA;

(d) "Facility" means the multitranche financing facility provided by ADB to the Borrower in accordance with ADB's policy under *Pilot Financing Instruments and Modalities* (R194-05) dated 4 August 2005;

(e) "FFA" means the framework financing agreement dated 16 November 2007 entered into between ADB, the Borrower, and the Guarantor, for the Facility;

(f) "Goods" means equipment and materials to be financed out of the proceeds of the Loan; and including related services such as transportation, insurance,

installation, commissioning, training, and initial maintenance, but excluding consulting services;

(g) “Memorandum and Articles” means the memorandum and articles of association of the Borrower as amended from time to time;

(h) “PFR” means the periodic financing request to be submitted by the Borrower, and the Guarantor, for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the PFR dated 16 November 2007;

(i) “PMU” means the project management unit established by the Borrower in accordance with paragraph 1 of Schedule 3 to this Loan Agreement;

(j) “Project Executing Agency” for the purposes of, and within the meaning of, the Loan Regulations means the Borrower;

(k) “Procurement Guidelines” means ADB’s Procurement Guidelines (2007, as amended from time to time);

(l) “Qualified Enterprise” means an enterprise, which satisfies the eligibility criteria set out in paragraph 3 of Schedule 3 to this Loan Agreement, to which the Borrower proposes to make or has made a Subloan, and includes a special purpose vehicle that is incorporated in India in accordance with Guarantor’s public-private partnership projects under the Scheme;

(m) “Qualified Project” means a specific development project which, satisfies the criteria set out in paragraph 3 of Schedule 3 to this Loan Agreement, to be carried out by a Qualified Enterprise utilizing the proceeds of a Subloan;

(n) “RRP” means ADB’s Report and Recommendation of the President to the Board of Directors for this Project;

(o) “Scheme” means the Guarantor’s *Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called the India Infrastructure Finance Company Limited* issued on 4th January 2006 as set out in Appendix 3 to the RRP, and as amended from time to time;

(p) “Subloan” means a loan made or proposed to be made by the Borrower out of the proceeds of the Loan to a Qualified Enterprise for a Qualified Project; and

(q) “Works” means construction or civil works to be financed out of the proceeds of the Loan, and including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding consulting services.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of three hundred million dollars (\$300,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in paragraph (c) of this Section.

(c) The term "grace period" as used in paragraph (b) of this Section means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations, less a credit of 0.40% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing sixty (60) days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 June and 15 December in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Loan Agreement.

Section 2.06. Except as ADB may otherwise agree, if a Subloan or any part thereof shall be repaid to the Borrower in advance of its maturity, the Borrower may utilize the proceeds thereof for making further Subloans to Qualified Enterprises for Qualified Projects under the terms of this Loan Agreement.

Section 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and

outstanding from a Floating Rate to a Fixed Rate, or vice versa; and

- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Description of Project; Use of Proceeds of the Loan

Section 3.01. (a) The Project for which the Loan is made is the financing by the Borrower of specific development projects by making Subloans for Qualified Projects to Qualified Enterprises in India, all in accordance with the Scheme, the Companies Act, 1956, and this Loan Agreement.

(b) In the event of any change in the Scheme, the Guarantor, the Borrower, and ADB will assess the potential impact on the Facility and evaluate any change in scope, amendment, or continuation, as appropriate, of the Project.

Section 3.02. (a) Except as ADB may otherwise agree, the proceeds of the Loan shall be used only for making Subloans to Qualified Enterprises and shall be applied exclusively to the cost of Goods, Works and consulting services and other items of expenditure required to carry out the Qualified Projects in respect of which the Loan was withdrawn.

(b) To ensure compliance with the provisions of Section 4.02(b) of this Loan Agreement, the Borrower shall make a Subloan to a Qualified Enterprise for only such Qualified Project that involves procurement of Goods, Works, and consulting services from member countries of ADB, the amount of which is at least equal to the size of the Subloan for the Qualified Project.

(c) Except as ADB may otherwise agree, all Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 3.03. Whenever the Borrower proposes to make a Subloan, the Borrower shall, before requesting a withdrawal, submit to ADB an application for approval of such Subloan in accordance with the approval procedure set out in paragraph 4 of Schedule 3 to this Loan Agreement. Such application shall be in a form satisfactory to ADB, and shall contain a description and appraisal of the Qualified Project, the terms and

conditions of the proposed Subloan, and such other information as ADB shall reasonably request.

Section 3.04. Subject to Section 3.05 of this Loan Agreement, no withdrawals shall be made from the Loan Account for amounts expended for the cost of a Qualified Project prior to receipt by ADB of the application for approval of such Qualified Project pursuant to Section 3.03 of this Loan Agreement.

Section 3.05 Withdrawals from the Loan Account may be made for reimbursement of reasonable expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement, subject to a maximum amount equivalent to 20 percent of the Loan amount; provided (i) such expenditures shall have been incurred in full compliance with ADB's Procurement Guidelines, and safeguards policies, and (ii) suitable provisions shall be included in the existing Subloan agreements to reflect the provisions of Article IV of this Loan Agreement.

Section 3.06 (a) Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with ADB's Loan Disbursement Handbook dated January 2007 ("Loan Disbursement Handbook"), as amended from time to time. Prior to disbursement of Subloans, the Borrower shall review the utilization report for each Qualified Project as verified by a chartered accountant, and the lead bank/designated lead syndicator, and which shall be accompanied by an engineer's certificate.

(b) Except as ADB may otherwise agree, the Borrower shall establish after the Effective Date, an imprest account in a current account with a commercial bank acceptable to ADB. The imprest account shall be established, managed, replenished, and liquidated in accordance with ADB's Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be Dollar. The initial amount to be deposited in the imprest account shall not exceed the lower of (i) the estimated expenditure for the first six (6) months of Project implementation, or (ii) the equivalent of ten (10) percent of the Loan amount (i.e. \$30,000,000).

Section 3.07. The closing date for withdrawals from the Loan Account for the purposes of Section 9.02 of the Loan Regulations shall be 30 October 2009 or such other date as may from time to time be agreed between ADB and the Borrower.

ARTICLE IV

Subloans

Section 4.01. Each Subloan shall carry interest at an appropriate rate, as provided in paragraph 11(iii) of Schedule 3 to this Loan Agreement, and shall be made on terms whereby the Borrower shall obtain, by a written agreement with the Qualified Enterprise in form acceptable to ADB, rights adequate to protect the interests of ADB and the Borrower. Each Subloan agreement shall appropriately reflect the obligations of the Borrower

and the Qualified Enterprise assumed under this Loan Agreement in respect of the Qualified Project.

Section 4.02. Without limiting the generality of the foregoing provisions of Section 4.01 of this Loan Agreement and in addition to any other provisions which a prudent lender would request, each Subloan agreement shall include provisions to the effect that:

- (a) the Qualified Enterprise shall carry out and operate the Qualified Project with due diligence and efficiency and in accordance with sound administrative, financial, economic, engineering, environmental, social safeguards, and business practices, including maintenance of adequate accounts and records;
- (b) the proceeds of the Loan shall be used only for procurement in member countries of ADB, in accordance with procedures acceptable to ADB, of Goods produced in, and consulting services supplied from, such countries, and as set out in Schedule 2 to this Loan Agreement;
- (c) the Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be used exclusively in the carrying out of the Qualified Project;
- (d) the Qualified Enterprise shall carry out and operate the Qualified Project in compliance with ADB's safeguards policies as required in paragraphs 6,7, 9 and 10 of Schedule 3 to this Loan Agreement;
- (e) ADB shall have the right to audit and examine the records and accounts of the Borrower, the Qualified Enterprise, the Qualified Project, suppliers, and contractors relating to the Qualified Project;
- (f) the Qualified Enterprise shall take out and maintain with responsible insurers insurance against such risks and in such amounts as shall be consistent with sound business practices, and, without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of Goods financed out of the proceeds of the Loan to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods;
- (g) ADB and the Borrower shall each be entitled to obtain all such information as each shall reasonably request relating to the Subloan, the Goods, Works and consulting services financed out of the proceeds of the Loan, the Qualified Project, the Qualified Enterprise and other related matters; and
- (h) the Borrower shall be entitled to suspend or terminate further access by the Qualified Enterprise to the use of the proceeds of the Loan upon failure by the Qualified Enterprise to perform its obligations under its agreement with the Borrower.

Section 4.03. The Borrower shall promptly and effectively exercise its rights in relation to each Qualified Project in accordance with the standards of a prudent lender and in such manner as to protect the interests of ADB and the Borrower.

ARTICLE V

Particular Covenants

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound banking, administrative, financial, economic, engineering, environmental, social safeguards, and business practices.

(b) In the carrying out of the Project and in the conduct of its business, the Borrower shall perform all the obligations set forth in Schedule 3 to this Loan.

Section 5.02. The Borrower shall at all times make adequate provision to protect itself against any loss resulting from changes in the rate of exchange between Indian Rupees and the currency or currencies in which the Borrower's outstanding money obligations will have to be met.

Section 5.03. The Borrower shall not make a Subloan to any Qualified Enterprise unless such Qualified Enterprise has at its disposal, or has made appropriate arrangements to obtain as and when required, all funding, including adequate working capital, and other resources which are required by such Qualified Enterprise for the carrying out of its Qualified Project in respect of which the Subloan is to be made.

Section 5.04. The Borrower shall maintain records and accounts adequate to record the progress of each Qualified Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial condition of the Borrower, as part of the records and accounts referred to in Section 7.03 of the Loan Regulations.

Section 5.05. (a) The Borrower shall furnish to ADB all such reports and information as ADB shall reasonably request concerning the Qualified Enterprises, the Qualified Projects and the Subloans as part of the reports and information referred to in Section 7.04(a) of the Loan Regulations.

(b) The Borrower shall include information on the execution of the Qualified Projects and their costs as part of the report referred to in Section 7.04(d) of the Loan Regulations.

Section 5.06. (a) The Borrower shall have its accounts and financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and shall, promptly after their preparation but in any event not later than

6 months after the close of the fiscal year to which they relate, furnish to ADB (i) certified copies of such audited accounts and financial statements and (ii) the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement), all in the English language. The Borrower shall furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements and its financial affairs from time to time with the auditors appointed by the Borrower pursuant to Section 5.06(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Borrower.

Section 5.07. The Borrower shall enable ADB's representatives to review and examine any Qualified Enterprise, any Qualified Project, the Goods and Works financed out of the proceeds of the Loan, and any relevant records and documents maintained by the Borrower.

Section 5.08. (a) The Borrower shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its business.

(b) The Borrower shall at all times conduct its business in accordance with sound administrative, financial, environmental and business practices, and under the supervision of competent and experienced management and personnel.

(c) The Borrower shall not sell, lease or otherwise dispose of any of its assets, except in the ordinary course of its business, and which in the opinion of ADB will or may adversely affect the carrying out of this Loan Agreement.

(d) The Borrower shall keep ADB informed, of establishment or acquisition by it, of any subsidiaries.

ARTICLE VI

Suspension; Cancellation; Acceleration of Maturity

Section 6.01. The following are specified as additional events, for suspension of the right of the Borrower, by prior notice to the Borrower, to make withdrawals from the Loan Account for the purposes of Section 9.02(l) of the Loan Regulations:

(a) the Memorandum and Articles, or any provision thereof, shall have been repealed, suspended, amended or modified in any manner that in the reasonable opinion of ADB will or may adversely affect the carrying out of this Loan Agreement; and

(b) the Scheme or any provision thereof, shall have been repealed, suspended, amended or modified in any manner that in the reasonable opinion of ADB will or may adversely affect the carrying out of this Loan Agreement.

Section 6.02. The following are specified as additional events for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: any of the events specified in Section 6.01 of this Loan Agreement shall have occurred.

ARTICLE VII

Effectiveness

Section 7.01. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VIII

Miscellaneous

Section 8.01. The Chairman and Managing Director of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Cable Address:

ASIANBANK
MANILA

Telex Numbers:

29066 ADB PH (RCA)
42205 ADB PM (ITT)
63587 ADB PN (ETPI)

Facsimile Numbers:

(632) 636-2444
(632) 636-2337.

For the Borrower


India Infrastructure Finance Company Limited
1201-1207 Naurang House
21, Kasturba Gandhi Marg
New Delhi – 110 001

Facsimile Number:

91 11 23736355.


IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

ASIAN DEVELOPMENT BANK

By 

NARHARI RAO
Officer-in-charge
India Resident Mission

INDIA INFRASTRUCTURE FINANCE
COMPANY LIMITED

By 

S. S. KOHLI
Chairman and Managing Director

SCHEDULE 1**Amortization Schedule
(India Infrastructure Project Financing Facility)**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 December 2012	2.500000
15 June 2013	2.500000
15 December 2013	2.500000
15 June 2014	2.500000
15 December 2014	2.500000
15 June 2015	2.500000
15 December 2015	2.500000
15 June 2016	2.500000
15 December 2016	2.500000
15 June 2017	2.500000
15 December 2017	2.500000
15 June 2018	2.500000
15 December 2018	2.500000
15 June 2019	2.500000
15 December 2019	2.500000
15 June 2020	2.500000
15 December 2020	2.500000
15 June 2021	2.500000
15 December 2021	2.500000
15 June 2022	2.500000
15 December 2022	2.500000
15 June 2023	2.500000
15 December 2023	2.500000
15 June 2024	2.500000
15 December 2024	2.500000
15 June 2025	2.500000
15 December 2025	2.500000
15 June 2026	2.500000

15	December	2026	2.500000
15	June	2027	2.500000
15	December	2027	2.500000
15	June	2028	2.500000
15	December	2028	2.500000
15	June	2029	2.500000
15	December	2029	2.500000
15	June	2030	2.500000
15	December	2030	2.500000
15	June	2031	2.500000
15	December	2031	2.500000
15	June	2032	2.500000
Total			100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 2

Procurement of Goods and Works, and Consulting Services

A. General

1. All Goods and Works, and consulting services, if any, to be financed out of the proceeds of the Loan shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively, as applicable to financial intermediaries.
2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

B. Procurement for Goods and Works; Selection of Consulting Services

3. The Borrower shall cause Qualified Enterprises to (i) adopt, to the extent possible, internationally competitive bidding procedures when the amount of the investment is unusually large and economy and efficiency can be gained by following such procedures, and (ii) ensure that the Goods and Works to be financed by Subloans shall be purchased at a reasonable price, account being taken also of relevant factors such as time of delivery, efficiency and reliability of the goods, and their suitability for the Qualified Project and, in the case of consulting services, of their quality and the competence of the parties rendering them.
4. For build operate and transfer projects and variants, if the Qualified Enterprise or engineering, procurement, and construction contractor is selected through competitive bidding among international entities in accordance with procedures acceptable to ADB, such Qualified Enterprise or contractor may apply its own procedures for procurement provided that such procurement is for Goods and Works, and consulting services supplied from, or produced in, ADB member countries. To this end, the Qualified Enterprise shall ensure that the amount of procurement of Goods, Works, and consulting services from member countries of ADB is at least equal to the size of the Subloan for the Qualified Project.

C. Industrial or Intellectual Property Rights

5. (a) The Borrower shall cause Qualified Enterprises to ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.
 - (b) The Borrower shall cause Qualified Enterprises to ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

6. The Borrower shall cause Qualified Enterprises to ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

SCHEDULE 3

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower, as the Project Executing Agency, shall set up a PMU to monitor the screening and selection of Qualified Projects in consultation with the consortium of lenders, and also the day-to-day implementation. The PMU shall also be responsible for ensuring that all Qualified Projects are in compliance with the ESSF and applicable national and state policies, laws and regulations relating to environment, resettlement, and indigenous people. The PMU shall be staffed with existing resources of the Borrower, and supported by consultants to be provided under technical assistance by ADB. The PMU staff shall comprise specialists with expertise in risk management and project advisory work. A senior officer, reporting directly to the chairman and managing director of the Borrower, shall be appointed for ensuring compliance with the ESSF. The PMU shall also have a dedicated financial/accounting officer to monitor Project accounts and process claims.

2. The board of directors of the Borrower shall provide policy direction and strategic oversight for the Project.

Selection Criteria

3. (a) Each Qualified Enterprise and Qualified Project shall satisfy at all times the sub-borrower and sub-project selection criteria as set out in the Scheme, which includes, *inter alia*, appraisal thereof by the lead bank/designated lead syndicator for technical, economic, and commercial viability

- shall: (b) Without limitation to paragraph 3(a) above, each Qualified Enterprise
 - (i) be selected in accordance with ADB's Procurement Guidelines;
 - (ii) have adequate resources and financial capability to raise resources to complete and operate the relevant Qualified Project successfully;
 - (iii) not be in default on any prior loan from the Borrower or from any of the participating members of the consortium of lenders;
 - (iv) be able to provide security as required by the consortium of lenders;
 - (v) maintain appropriate financial records of income and expenditure to the satisfaction of the Borrower and ADB; and
 - (vi) comply, and cause each Qualified Project to comply, with ADB's and national and state policies, laws and regulations relating to environment, resettlement and indigenous peoples.

Approval Procedure

4. Without limitation to Section 3.03 of this Loan Agreement, the Borrower shall ensure that all Qualified Projects are submitted to ADB for prior review and approval. In order to prepare and process each Qualified Project, the Borrower shall:
 - (i) review the preliminary designs and cost estimates as approved by the lending consortium;

- (ii) review and update the ESSF for environmental assessment, involuntary resettlement, and indigenous peoples to ensure consistency with the applicable country legal frameworks;
- (iii) review and ascertain compliance with the ESSF. The review reports shall be submitted to ADB together with other relevant safeguard documents. If any non-compliance is found during review, ADB shall request a corrective action plan, which shall be prepared by the Borrower and submitted to ADB for approval; and
- (iv) submit the safeguards compliance certificate to ADB.

Environment

5. The Borrower shall implement the environmental management system framework as set out in the ESSF in accordance with its terms and acceptable to ADB to ensure that each Qualified Project is implemented and undertaken in compliance with applicable environmental laws, rules, regulations, and policies of India and the relevant states, and ADB's *Environment Policy* (2002). The Borrower shall ensure that for each Qualified Project, initial environmental examination, environmental impact assessment, and the environment management plan, as applicable, are submitted to ADB for prior approval, before it approves the Qualified Project.

6. The Borrower shall cause each Qualified Enterprise to ensure that the Qualified Project is undertaken in compliance with applicable environmental laws, rules, regulations, and policies of India and the relevant states, ADB's *Environment Policy* (2002), and the terms of the ESSF.

7. The Borrower shall cause each Qualified Enterprise to ensure that all necessary mitigation measures shall have been taken to mitigate any adverse environmental impacts associated with the Qualified Project.

Resettlement

8. The Borrower shall implement the social safeguards framework as set out in the ESSF in accordance with its terms and acceptable to ADB, and shall ensure that for each Qualified Project, which involves land acquisition and has resettlement impacts, the resettlement plan is submitted to ADB for approval, before it approves the Qualified Project. The Borrower shall also ensure that adequate number of staff are trained and deployed to fully implement and comply with the ESSF.

9. The Borrower shall cause each Qualified Enterprise to ensure that each Qualified Project, which involves land acquisition and has resettlement impacts, (i) is undertaken in compliance with all the applicable laws, rules, regulations, and policies of India, and the relevant states, and ADB's *Involuntary Resettlement Policy* (1995), and the terms of the ESSF, (ii) all land and rights-of-way required for Qualified Project are obtained in a timely manner, (iii) the provisions of the resettlement plans are implemented in accordance with its terms, (iv) all compensation and resettlement assistance is given to the affected persons prior to their dispossession and displacement and commencement of civil works, (v) resettlement plans are updated upon completion of the detailed design and submitted to ADB for approval prior to commencement of civil works, (vi) adequate staff and resources are committed to supervising and monitoring implementation of the resettlement plans, and (vii)

an independent agency acceptable to ADB and the Borrower is engaged by the Qualified Enterprise to monitor and evaluate results of implementation of resettlement plans, and the reports are forwarded to ADB and the Borrower as required under the ESSF.

Indigenous Peoples

10. The Borrower shall cause each Qualified Enterprise to ensure that Qualified Projects do not adversely affect vulnerable groups, such as indigenous peoples, and in the event of any impact or their involvement, the Borrower shall cause each Qualified Enterprise to implement the social safeguards framework as set out in the ESSF in accordance with its terms to ensure compliance with ADB's *Policy on Indigenous Peoples* (1998).

Financial

11. The Borrower shall ensure that:
- (i) it complies at all times with the prudential norms, as made applicable to it by the Guarantor, including capital adequacy, income recognition, classification, and provisioning of non-performing assets;
 - (ii) it maintains a debt service coverage ratio of at least 1.0, and ensure that it has no arrears in repayment of its current debt obligations; and
 - (iii) the onlending rates to Qualified Enterprises are market-based, and adequate to cover all costs and risks associated with onlending, including any foreign exchange risk premium.

Governance; Anticorruption

12. The Borrower shall ensure that accountability and transparency are maintained in its operations through stakeholder meetings and publication of progress reports through the duration of the Project, and internal procedures and controls are instituted, maintained, and complied with to prevent any corrupt, fraudulent, collusive, or coercive practices. The Borrower shall ensure that an appropriate corporate governance framework is formulated in accordance with its comprehensive business plan and international best practices, and reported in its annual report to its board of directors, and ADB. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to examine and review any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Qualified Projects.

Performance Monitoring and Evaluation

13. Within 6 months of the Effective Date, the Borrower shall establish baseline data for select indicators under the investment program performance monitoring system acceptable to ADB. Without limiting the generality of Section 7.04 of the Loan Regulations, the Borrower shall submit to ADB the quarterly progress reports and a completion report within 3 months of the completion of the Project.

Project Review

14. The Borrower shall review the performance of the Project through the PMU on a quarterly basis, which shall be completed by 10th day of the month following the quarterly

review. The board of directors of the Borrower shall review the performance semi-annually and shall forward semi-annual progress reports to ADB by the 10th day of the month following the semi-annual review. ADB shall review quarterly and semi-annual progress reports during its annual review missions and during the tripartite reviews chaired by the Guarantor. In addition, a midterm review shall be conducted by ADB and the Borrower in the financial year 2008-09.