
LOAN NUMBER 3436 - IND

LOAN AGREEMENT
(Ordinary Operations)
(Demand-Side Energy Efficiency Sector Project)

between

ASIAN DEVELOPMENT BANK

and

ENERGY EFFICIENCY SERVICES LIMITED

DATED 30 March 2017

IND 48224

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 30 March 2017 between ASIAN DEVELOPMENT BANK ("ADB") and ENERGY EFFICIENCY SERVICES LIMITED ("Borrower").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

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

(C) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein;

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 ("Loan Regulations"), 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:

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

Credit. (a) 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 7.07(c) is deleted.

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

- (a) "Counterparty(ies)" means any State where the Project activities are to be carried out including as referred in Schedule 1 to this Loan Agreement;
- (b) "EARF" means the environment assessment and review framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (c) "EIRR" means economic internal rate of return;
- (d) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (e) "Financial Year" means the period of 12 months commencing on 01 April and ending on 31 March;
- (f) "FIRR" means financial internal rate of return;
- (g) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding consulting services;
- (h) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (i) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (j) "IPPF" means the indigenous peoples planning framework for the Project, including any update thereto, to be prepared, if required pursuant to the SPS, and submitted by the Borrower and cleared by ADB;
- (k) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);
- (l) "NGO" means a non-government organization;
- (m) "PAM" means the project administration manual for the Project dated 24 August 2016 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (n) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(o) "Procurement Plan" means the procurement plan for the Project as included in the PAM and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, and other arrangements agreed with ADB;

(p) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means the Borrower;

(q) "RF" means the resettlement framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(r) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(s) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EARF, the RF, or IPPF as applicable, including any corrective and preventative actions;

(t) "State" means a state as found eligible as a Counterparty for purposes of establishing Project facilities;

(u) "Subproject" means a subproject that is found eligible for financing under the Project in accordance with the "Subproject Selection Criteria and Approval Procedures" as included in the PAM as also listed under paragraph 5 of Schedule 5 to this Loan Agreement; and

(v) "WACC" means weighted average cost of capital.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of two hundred million Dollar (\$ 200,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 15 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 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:

- (a) LIBOR; and
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% 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 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 March and 15 September 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 2 to this Loan Agreement.

Section 2.06. (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 subsection (a) hereinabove 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

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the agreed contract are not adhered to.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2021 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. The Borrower shall make available, promptly as needed and on terms and conditions acceptable to ADB, the funds, facilities, services, and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities.

Section 4.03. (a) Whenever applicable, in the carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to ADB to be employed to an extent and upon terms and conditions satisfactory to the Borrower and ADB.

(b) The Borrower shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Borrower and ADB, as applicable. The Borrower shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 4.04. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.05. (a) The Borrower shall (i) maintain separate accounts and records for the Project including Subprojects; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) In addition to annual audited financial statements referred to in subsection (a) hereinabove, the Borrower shall (i) provide its annual financial statements prepared in accordance with financing reporting standards acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iii) as part of each such audit, have the auditors prepare the auditors' opinion(s) on the financial statements and compliance with the financial covenants of the Loan Agreement; and (iv) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements and auditors' opinion(s), all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(d) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower and its financial affairs where they relate to the Project with the auditors appointed by the Borrower pursuant to subsections

(a)(iii) and (c) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.06. (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 technical, financial, business and development practices, and under the supervision of competent and experienced management and personnel.

(c) The Borrower shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 4.07. Except as ADB may otherwise agree, the Borrower shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice the ability of the Borrower to perform satisfactorily any of its obligations under this Loan Agreement.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The General Manager - Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

4th Floor, IWAI Building,
A-13 Sector 1
Noida – 201301, Uttar Pradesh
India

Facsimile Number:

+91 120 490-8049

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

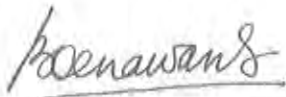
Facsimile Numbers:

+632 636-2444

+632 636-2238.


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 as of the day and year first above written and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By 

L.B. Sondjaja
Officer-In-Charge
India Resident Mission

ENERGY EFFICIENCY SERVICES
LIMITED

By 

S. Gopal
(Chief General Manager) (F)

SCHEDULE 1**Description of the Project**

1. The objective of the Project is increased end-use energy efficiency in the Project areas.
2. The Project shall comprise the enhancing of:
 - (a) street lighting efficiency in one or more municipalities in eligible States including Rajasthan, Maharashtra, Goa, and Telangana by replacing these with LED lamps with remote monitoring and control system;
 - (b) electric bulbs, tube lights and fans efficiency in households and institutions in utility service areas in eligible States including Rajasthan, Maharashtra, Andhra Pradesh, and Uttar Pradesh by installation of LED based lighting and more efficient fans; and
 - (c) agricultural water pumps efficiency in utility service areas of eligible States including Rajasthan, Andhra Pradesh, Maharashtra, and Karnataka by replacing old pumps with more efficient ones and with remote monitoring and control system.
3. The Project is expected to be completed by 31 December 2020.

SCHEDULE 2**Amortization Schedule****(Demand-Side Energy Efficiency Sector Project)**

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>Date Payment Due</u>	<u>Installment Share</u> (expressed as a %)
15 March 2022	3.333333
15 September 2022	3.333333
15 March 2023	3.333333
15 September 2023	3.333333
15 March 2024	3.333333
15 September 2024	3.333333
15 March 2025	3.333333
15 September 2025	3.333333
15 March 2026	3.333333
15 September 2026	3.333333
15 March 2027	3.333333
15 September 2027	3.333333
15 March 2028	3.333333
15 September 2028	3.333333
15 March 2029	3.333333
15 September 2029	3.333333
15 March 2030	3.333333
15 September 2030	3.333333
15 March 2031	3.333333
15 September 2031	3.333333
15 March 2032	3.333333
15 September 2032	3.333333
15 March 2033	3.333333
15 September 2033	3.333333
15 March 2034	3.333333
15 September 2034	3.333333
15 March 2035	3.333333
15 September 2035	3.333333
15 March 2036	3.333333
15 September 2036	3.333343
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 2 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 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to and in consultation with the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to and in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between ADB and the Borrower.

Retroactive Financing

5. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with eligible items to be retroactively financed, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Demand-Side Energy Efficiency Sector Project)				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Equipment	184,370,000		
1A	Municipal Lighting		81,940,000	100% of total expenditure claimed*
1B	Bulbs, tube lights and fans		20,490,000	100% of total expenditure claimed*
1C	Agricultural Pumps		81,940,000	100% of total expenditure claimed*
2	Unallocated	15,630,000		
	Total	200,000,000		

*Exclusive of taxes and duties in the country of Borrower.

SCHEDULE 4

Procurement of Goods and Consulting Services

General

1. The procurement of Goods shall be subject to and governed by the Procurement Guidelines.
2. Except as ADB may otherwise agree, Goods shall be procured only on the basis of the procurement method set forth below. This method is subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement method or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan
3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines.

Goods

4. Goods shall be procured on the basis of the procurement method set forth: International Competitive Bidding.

Domestic Preference

5. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods.

Industrial or Intellectual Property Rights

6. (a) The Borrower shall ensure that all Goods 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 ensure that all contracts for the procurement of Goods 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.

ADB's Review of Procurement Decisions

7. Contracts procured under international competitive bidding procedures shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Execution of Project

Implementation Arrangements

1. The Borrower shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.
2. Towards smooth implementation of the Project, the Borrower shall ensure that grievances, if any, from stakeholders, relating to any Project implementation issues or use of funds are addressed effectively and efficiently.
3. Towards effective and timely implementation of the Project, the Borrower shall ensure that its Project Management Unit is always adequately staffed by competent and qualified personnel including for safeguards, social, finance, accounts, technical, and planning.

Counterpart Funds; Facilities Maintenance

4. Towards efficient implementation of the Project, the Borrower shall
 - (a) make available timely and sufficient counterpart funds from its budget for each fiscal year, including the funds needed for social matters, and any cost overruns in respect thereof; and
 - (b) make available, or cause to be made available by the Counterparties, adequate funds towards operation and maintenance of Project facilities, through budgetary allocations or other means, during and after the Project completion.

Selection and Approval of Subprojects

5. The Borrower shall ensure that all Subprojects are appraised, selected and approved in compliance with the requirements of "Subproject Selection Criteria and Approval Procedures" included in the PAM, to the Satisfaction of ADB. Without limitation to this, the Borrower shall ensure that each Subproject as applicable:
 - (a) shall not involve overlap with funding from other agencies, though other agencies such as bilateral development agencies and NGOs may be involved in co-financing, as well as in delivering specific additional support such as monitoring, capacity building and poverty alleviation, in which case these will clearly be defined beforehand;
 - (b) seeks participation of stakeholders and affected people, NGOs, and community, including in particular women and vulnerable groups of the

society, in the selection, design, implementation and monitoring of the rehabilitation and reconstruction of Project facilities;

- (c) shall ensure that the equipment, materials and other resources required can be acquired in or carried to the Subproject location without undue delays and as feasible provide access to services and opportunities to local labor, both men and women;
- (d) shall be required to yield a FIRR exceeding its WACC. The Borrower shall also need to demonstrate that it has undertaken reasonable checks of the credit worthiness of Subproject Counterparties;
- (e) is selected on an economic least cost basis and yields an EIRR of at least 12%;
- (f) meets Category "C" of ADB's SPS for environment, indigenous people and involuntary resettlement; any Subproject with category other than "C" as stated herein will not be eligible for financing under the Project;
- (g) shall have detailed project report completed in the format and level of details acceptable to ADB;
- (h) shall have all necessary arrangements for implementation and payback arrangement with the Counterparties agreed upon; and
- (i) is scheduled to be completed no later than December 2020.

Financial Management and Performance

6. Towards effective financial management and performance,

- (a) by no later than 30 June 2017, the Borrower shall
 - (i) establish a foreign exchange risk management framework with specific policies relating to hedging of both foreign currency and interest rates;
 - (ii) undertake a legal and commercial audit of its existing and pro forma agreements with urban local bodies (ULBs) and power distribution companies in areas in the relevant State, relating to liabilities in the event of termination and force majeure events;
 - (iii) establish a framework for escrow account monitoring in areas relating to establishment of escrow accounts, deposit of funds, enforcement of payment terms in event of default. The framework should also monitor government guarantees and letters of credit; and

- (iv) establish a framework for protection of Project assets (insurance) in the event of fire, theft, insurable force majeure events, post project commissioning.
- (b) the Borrower shall
 - (i) maintain a debt to equity ratio (long-term debt divided by equity net of accumulated profits/losses) not exceeding 80:20;
 - (ii) achieve and maintain a debt service coverage ratio (net cash flow from operations divided by debt service obligations, including all principal payments and tax-shielded interest and lease payments falling due within the year) of least 1.2 for the financial year ending 31 March 2019 and thereafter; and
 - (iii) achieve a current ratio (current assets divided by current liabilities) of at least 1.0 for the financial year ending 31 March 2017 and thereafter.

Safeguards

Environment and Social

7. The Borrower shall ensure that the preparation, design, construction, implementation, operation and commissioning of the Project facilities comply with (i) all applicable laws and regulations of the Guarantor and the relevant State relating to environment, health, and safety; (ii) the Environmental Safeguards; and (iii) all measures and requirements set forth in the EARF, and RF.

8. (a) The Borrower shall ensure that the activities of replacement of the bulbs and related equipment will have no or minimal adverse environmental or social impacts, and follow the Guarantor's, relevant State, ADB's requirements, and Borrower's environment, health and safety standards.

(b) The Borrower shall keep a record of the wastes disposed of according to the requirements of Guarantor and the relevant State regulations including the relevant permits and/or waste destruction certificates.

(c) The Borrower shall submit, as part of Project progress report, a waste management monitoring summary which shall include the amount and methodology of waste collected, stored, transported and disposed of following the requirements of Guarantor and the relevant State regulations and authorities.

Land Acquisition and/ Involuntary Resettlement

9. (a) The Borrower shall ensure that all land and all rights-of-way required for the Subprojects, and all Project facilities are made available to the contractor in accordance with the schedule agreed under the related contract and all land acquisition and resettlement activities if any are implemented in compliance with (i) all applicable laws and regulations of the Guarantor and relevant State relating to land acquisition and involuntary

resettlement; (ii) the Involuntary Resettlement Safeguards; and (iii) all measures and requirements set forth in the RF for the Project.

(b) Without limiting the application of the Involuntary Resettlement Safeguards, the Borrower shall ensure that no physical or economic displacement takes place in connection with the Subproject until:

- (i) compensation and other entitlements have been provided to affected people in accordance with the RF as applicable; and
- (ii) a comprehensive income and livelihood restoration program has been established in accordance with the RF as applicable.

Indigenous Peoples

10. The Borrower shall ensure that the preparation, design, construction, implementation and operation of the Project, and all Project facilities comply with (a) all applicable laws and regulations of the Guarantor and relevant State relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set forth in the IPPF, if any prepared for the Project.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall make available all necessary budgetary and human resources to fully implement the EARF, RF, and IPPF, as required.

Safeguards – Related Provisions in Bidding Documents

12. The Borrower shall ensure that all contracts contain provisions that require contractors to:

- (a) comply with the relevant local laws and regulations, and the measures and requirements relevant to the contractor set forth in the EARF, RF or IPPF as applicable;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks if any, or impacts that arise during construction, implementation or operation of the Project that were not considered in the EARF, RF or IPPF if any; and corrective actions to be taken;
- (d) adequately record the condition of roads, and other infrastructure prior to starting to transport materials and installation; and
- (e) fully reinstate pathways, other local infrastructure, to at least their pre-Project condition upon the completion of installation.

Safeguards: Environment and Social

13. The Borrower shall ensure the following:
- (a) submit Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons upon request by ADB;
 - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the EARF, RF and the IPPF if any, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
 - (c) report any breach of compliance with the measures and requirements set forth in the EARF, RF and IPPF if any, promptly after becoming aware of the breach with detailed description of the event and proposed corrective action plan.

Prohibited List of Investments

14. The Borrower shall ensure that no proceeds of the loan under the Project are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of ADB's SPS.

Stakeholder Communications Strategy

15. The Borrower shall ensure that the Project is undertaken in conformity with the Stakeholder Communication Strategy as agreed between ADB, the Guarantor, and the Borrower, as referred in the PAM.

Procurement

16. The Borrower shall ensure that the anticorruption provisions acceptable to ADB and the Guarantor are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the Borrower, and all contractors, suppliers, and other service providers as they relate to the Project.

17. The Borrower shall announce the Project and business opportunities associated with the Project on its respective website. The website will disclose the following information in relation to goods and services procured for the Project: (a) the list of participating bidders, (b) the name of the winning bidder, (c) the amount of the contracts awarded, and (d) the goods and services procured.

Labor Standards

18. The Borrower shall ensure that contracts under the Project follow all applicable labor laws of the Guarantor and relevant State and that these further include

provisions to the effect that contractors; (a) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; and (b) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

Operation and Maintenance (O&M)

19. The Borrower shall ensure that the Project facilities are adequately maintained and that proper technical supervision and adequate funds for this purpose are provided. The funds required for the O&M will be allocated annually and released on a timely basis. Each Counterparty shall prepare and maintain an asset management plan and O&M management system throughout Project implementation and beyond. Each Counterparty shall ensure that all equipment and spare parts financed under the Project will remain exclusively to be used for the O&M of the Project.

Governance; Anticorruption

20. The Guarantor and the Borrower shall comply with ADB's Anticorruption Policy (1998, as amended to date) and (a) shall ensure that the anticorruption provisions acceptable to ADB, the Guarantor, and the Borrower are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the Borrower and all contractors, suppliers, consultants, and other service providers as they relate to the Project, and as included in the PAM, (b) will allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (c) acknowledge that ADB reserves the right to investigate directly or through its agents any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (d) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.

21. In addition to procurement related information as stipulated above, the Borrower shall publicly disclose Project and Subprojects' information on use of ADB Loan proceeds and procedures on Subprojects' implementation. The information will include inter alia, financial statements, track procurement awards, and status of rehabilitation and reconstruction, funding commitment from other donors and status update on the Project implementation.

Project Performance Monitoring System

22. Within no later than 6 months of Effective Date of the Loan, the Borrower shall establish a Project Performance Monitoring System (PPMS) acceptable to ADB in line with the targets, indicators and procedures agreed with ADB. Without limiting the requirements of setting up the PPMS as detailed in the PAM, the Borrower shall ensure that benefit monitoring, progress and achievements of the Project objectives are undertaken with due participation and feedback of the key stakeholders to monitor the indicators according to the agreed framework on a quarterly basis; and to determine the efficiency and effectiveness of

the Project. The Borrower shall provide ADB with quarterly reports of the same until Project completion.

Use of Loan proceeds

23. Notwithstanding the generality of Section 3.01 of this Loan Agreement, repayments of the Loan proceeds to the Borrower from Counterparties under shorter Subproject payback periods if any, shall be further used by the Borrower to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.