
LOAN NUMBER 9705-IN

Loan Agreement

(Second Low-Carbon Energy Programmatic Development Policy Financing)

between

INDIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INDIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework.

WHEREAS, the Borrower has requested the International Development Association (“Association”) to contribute to the financing of the Program, with a non-concessional credit in the amount of thirty one million five hundred thousand Dollars (\$31,500,000).

The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of one billion four hundred sixty eight million five hundred thousand Dollars (\$1,468,500,000) (“Loan”), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment, a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
 - (c) without limitation upon paragraph (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following:
- (a) the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
 - (b) The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is any of the following officials acting severally: The Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs of the Borrower's Ministry of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Secretary
Department of Economic Affairs
Ministry of Finance

Government of India
North Block
New Delhi 110 001, India; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
+91-11-23094075	secy-dea@nic.in

6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	wbindia@worldbank.org

AGREED as of the Signature Date.

INDIA

By



Authorized Representative

Name: Manisha Sinha

Title: Additional Secretary

Date: 15-Jul-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Hideki Mori

Title: Acting Country Director for India

Date: 13-Jul-2024

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

Pillar I: Promoting Green Hydrogen

1. To increase the domestic production of green hydrogen (“GH”) and local manufacturing of electrolyzers, the Borrower, through the Ministry of New and Renewable Energy (“MNRE”), has: (a) notified the incentive schemes for GH production and electrolyzer manufacturing, which specify the detailed incentives and eligibility criteria for recipients, and outline the framework for bidder selection through a transparent and competitive process; and (b) appointed SECI as the implementing agency to manage these incentive schemes, as evidenced by: (i) MNRE’s sanction for the Scheme Guidelines for implementation of ‘SIGHT Programme - Component I: Incentive Scheme for Electrolyzer Manufacturing’, dated June 28, 2023; and (ii) MNRE’s sanction for the Scheme Guidelines for implementation of ‘SIGHT Programme-Component I: Incentive Scheme for Green Hydrogen Production’, dated June 28, 2023.
2. To increase the consumption of GH and ammonia in key demand sectors, the Borrower, through the MNRE, has issued guidelines for transparent and competitive bidding process on the demand aggregation model, as evidenced by: (i) MNRE’s sanction for the Scheme Guidelines for implementation of ‘SIGHT Programme - Component II: Incentive for Procurement of Green Ammonia Production (under mode-2A)’, dated January 16, 2024; and (ii) MNRE’s sanction for the Scheme Guidelines for implementation of ‘SIGHT Programme - Component II: Incentive for Procurement of Green Hydrogen Production (under mode-2B)’, dated January 16, 2024.
3. To ensure that the incentives scheme under SIGHT and bulk procurement benefit only green hydrogen projects, the Borrower, through the MNRE, has notified a GH standard that defines the eligibility criteria for consideration as green hydrogen, as evidenced by the Office Memorandum No. 353/35/2022-NT issued by the MNRE under the National Green Hydrogen Mission, dated August 18, 2023.

Pillar 2: Scaling up Renewable Energy

4. To improve RE grid integration, the Borrower, through the Ministry of Power (“MoP”) has notified the Electricity (Amendment) Rules, 2023 as evidenced by its publication in the Official Gazette (Gazette No. 377) dated May 29, 2023 and through the Central Electricity Regulatory Commission (“CERC”) has notified the Indian Electricity Grid Code, as evidenced by its publication in the Official Gazette (Gazette No. 488), dated July 11, 2023.
5. To reduce costs for battery energy storage systems (“BESS”) and thereby promote integration of RE into the grid, the Borrower, through its Cabinet, has approved an incentive scheme for BESS, as evidenced by the Press Information Bureau’s press release

on the Cabinet’s approval of the scheme titled “Viability Gap Funding for development of BESS”, dated September 6, 2023.

Pillar 3: Enhancing finance for low-carbon energy investments

6. To facilitate tracking and trading of carbon credits, the Borrower, through the Ministry of Power (“MoP”), has notified the Carbon Credit Trading Scheme (“CCTS”), that sets forth the governance structure and functions of the CCTS, as evidenced by MoP’s notification, published in the Official Gazette (Gazette No. 2702), dated June 28, 2023.
7. To promote green finance while preventing greenwashing, the Borrower, through SEBI, has issued a regulatory framework for Environment, Social and Governance (“ESG”) Disclosures, Ratings, and Investing, as evidenced by : (a) SEBI Master Circular for ESG Rating Providers dated July 12, 2023; (b) SEBI Circular on ESG Mutual Fund Schemes dated July 20, 2023; and (c) SEBI (Credit Rating Agencies) (Amendment) Regulations 2023 published in the Official Gazette (Gazette No. 465), dated July 3, 2023.

Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan is allocated in: (a) a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds; and (b) the amounts requested by the Borrower to pay: (A) the Front-end Fee; and (B) each Interest Rate Cap or Interest Rate Collar premium. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in Dollars)
(1) Single Withdrawal Tranche	1,464,828,750
(2) Front-end Fee	3,671,250
(3) Amount due pursuant to Section 4.05 (c) of the General Conditions	0
TOTAL AMOUNT	1,468,500,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. Deposit of Loan Amounts.

1. The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Indian Rupees equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

E. Closing Date. The Closing Date is June 30, 2026.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

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”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each June 15 and December 15	
Beginning June 15, 2025, Through December 15, 2042,	2.70%
On June 15, 2043,	2.80%

APPENDIX

Definitions

1. “BESS” means battery energy storage system.
2. “Cabinet” means the Borrower’s council comprising of those ministers with Cabinet-rank, as set forth in the Borrower’s constitution, or any successor thereto.
3. “Carbon Credit Trading Scheme” or “CCTS” means the Borrower’s Carbon Credit Trading Scheme.
4. “Central Electricity Regulatory Commission” or “CERC” means the regulatory body set up under Section 76 of the Borrower’s Electricity Act, 2003, with the mandate among other things to regulate tariffs of power generating companies and promote the development of the power market.
5. “Electricity (Amendment) Rules, 2023”, means the rules, which amended the Electricity Rules, 2005 as evidenced by its publication in the Official Gazette (Gazette No. 377) dated May 29, 2023.
6. “Environment, Social and Governance (“ESG”) Disclosures, Ratings, and Investing” means a regulatory framework issued by SEBI to promote green finance while preventing greenwashing.
7. “ESG Rating Providers” means the rating providers as defined in the SEBI (Credit Rating Agencies) (Amendment) Regulations 2023.
8. “Fiscal Year” or “FY” means the Borrower’s fiscal year, which begins on April 1 of each calendar year and ends of March 31 of the next calendar year.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (last revised on July 15, 2023).
10. “GH” means green hydrogen.
11. “Indian Electricity Grid Code” means the Borrower’s Electricity Grid Code (Indian Electricity Grid Code) Regulations, 2023, a regulation describing the philosophy and the responsibilities for planning and operation of Indian power system specified by CERC in accordance with sub section 1(h) of Section 79 of the Electricity Act, 2003.
12. “Indian Rupees” means the lawful currency of the Borrower.
13. “Ministry of Finance” means the Borrower’s Ministry of Finance, or any successor thereto.
14. “Ministry of New and Renewable Energy” or “MNRE” means the Borrower’s Ministry of New and Renewable Energy, or any successor thereto.

15. “Ministry of Power” or “MoP” means the Borrower’s Ministry of Power, or any successor thereto.
16. “National Green Hydrogen Mission” means an action plan launched by the Borrower in January 2023 to establish a conducive green hydrogen ecosystem and catalyze large-scale green hydrogen investments, to eventually position India as a global hub for production, usage, and export of green hydrogen and its derivatives.
17. “Official Gazette” means one of the Borrower’s official journals in which laws enacted by the Borrower are published.
18. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated June 5, 2024 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
19. “RE” means renewable energy.
20. “RE-plus-BESS” means renewable energy plus battery energy storage system.
21. “SEBI (Credit Rating Agencies) (Amendment) Regulations 2023” means the regulations published in the Official Gazette (Gazette No. 465) dated July 3, 2023.
22. “SEBI” means the Securities Exchange Board of India, established and governed under the Securities and Exchange Board of India Act, 1992 (15 of 1992), to, among other things, protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
23. “SECI” means “Solar Energy Corporation of India Limited”, a state-owned corporation, originally registered under Section 25 (not-for-profit) of the Guarantor’s Companies Act (1956), and converted on November 9, 2015 under Section 3 of the Guarantor’s new Company Act (2013), pursuant to Certificate of Incorporation No. CUI U40106DL2011GOI225263.
24. “SIGHT Programme” or “SIGHT” means, the Borrower’s Strategic Interventions for Green Hydrogen Transition scheme that provides for financial incentives targeting domestic manufacturing for electrolyzers and production of GH.
25. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
26. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
27. “Viability Gap Funding for development of BESS”, means the Borrower’s scheme for viability gap funding for development of BESS, dated September 6, 2023.