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LOAN NUMBER 8066-IN

Project Agreement

(Eastern Dedicated Freight Corridor – I Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED

Dated October 27, 2011

PROJECT AGREEMENT

AGREEMENT dated October 27, 2011, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the “Bank”) and DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED (the “DFCCIL” or “Project Implementing Entity”) (the “Project Agreement”) in connection with the Loan Agreement of same date between India (the “Borrower”) and the Bank (the “Loan Agreement”). The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — PROJECT

- 2.01. DFCCIL declares its commitment to the objectives of the Project. To this end, DFCCIL shall:
 - (a) carry out the Project in accordance with the provisions of Article V of the General Conditions; and
 - (b) provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and DFCCIL shall otherwise agree, DFCCIL shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. DFCCIL’s Representative is the Managing Director.
- 3.02. The Bank’s address is:

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

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. DFCCIL's address is:

5th Floor, Pragati Maidan Building Complex
Pragati Maidan
New Delhi, 110001
India

AGREED at New Delhi, India, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Roberto Zagha
Authorized Representative

DEDICATED FREIGHT CORRIDOR
CORPORATION OF INDIA LIMITED

By /s/ Anshuman Sharma
Authorized Representative

SCHEDULE

Execution of the Project

Section I. Institutional Arrangements and Project Undertakings

Institutional Arrangements

1. Throughout Project implementation, DFCCIL shall:
 - (a) have the overall responsibility for day-to-day Project implementation and appoint and maintain, suitably qualified personnel in adequate numbers, to carry out the functions of procurement, contract management, financial management, social and environmental management, and general Project oversight, monitoring and reporting;
 - (b) maintain social and environmental management units at the DFCCIL headquarters and its field offices, with functions, powers, staff and resources necessary and appropriate for: (i) implementing social and environmental safeguards measures required under the RAP, the RPF, the EMP and the EMF; and (ii) in the event of any major alteration in alignment under the Project, prior to issuance of the request for proposals under the altered alignment, ensuring that the EMP and the RAP shall be updated based on the provisions of the EMP and RPF respectively, and approved by the Bank, and that necessary and required social and environmental clearances are obtained from the Borrower's relevant authorities; and
 - (c) engage quality and safety audit consultant, with qualifications and experience, and under terms of reference acceptable to the Bank, to provide the DFCCIL and the Bank quarterly monitoring reports throughout the Project's construction period.

General Project Undertakings

2. DFCCIL shall ensure that the Project is carried out in accordance with the provisions of the Project Implementation Manual, the Subsidiary Loan Agreement, the Concession Agreement, the Track Access Agreement, the Anti-Corruption Guidelines, and GAAP and ensure that the Project Implementation Manual, the Subsidiary Loan Agreement, the Concession Agreement, the Track Access Agreement, and the GAAP are not materially revised, amended, waived, assigned or abrogated without the prior agreement of the Bank; if any provision of this Agreement is inconsistent with a provision of the Project Implementation Manual, the Subsidiary Loan Agreement, the Concession Agreement, the Track Access Agreement, or the GAAP, the provision of this Agreement shall prevail.

Contractual Arrangements

3. DFCCIL shall, not later than September 30, 2011, enter into a Concession Agreement with MOR, and prior to the commissioning of the facilities financed by the Loan, update the Concession Agreement to incorporate relevant schedules into the Track Access Agreement (a part of the Concession Agreement), both under terms and conditions satisfactory to the Bank.
4. Prior to award of any civil works or track contracts, DFCCIL shall ensure that:
 - (a) construction sites under a given stretch of railways as specified in proposed construction contracts between DFCCIL and its contractors, shall be available encumbrance free to contractors for construction activities under the Project; and
 - (b) all required and necessary environmental clearances for track alignment approved by DFCCIL shall have been issued by the Borrower's relevant authorities.
5. Prior to award of any contract for electrical, signaling and telecommunications works, DFCCIL shall have:
 - (a) agreed with all civil works and track contractors partial/phased plans for the installation of electrical, signaling and telecommunications systems under the Project to enable contractors to complete their work in accordance with the agreed work program; and
 - (b) agreed with a respective and relevant local authority and/or utilities on a system interconnection and relocation plan to enable contractors to complete their work.

Social and Environmental Safeguards

6. DFCCIL shall carry out Part 1 of the Project in accordance with the provisions of the EMP, the EMF, the RAP and the RPF and all plans prepared in respect thereof and shall ensure that no action is taken which would prevent or interfere with such implementation. In the event that any provision of the EMP, the EMF, the RAP and the RPF shall conflict with any provision under this Agreement, the provisions of the latter shall prevail.
7. To address grievances related to or arising out of implementation of the RAP and the RPF, DFCCIL shall, not later than September 30, 2011, constitute or appoint, as the case may be, district-level grievance redressal committees; a senior level grievance committee, and an Ombudsman, with powers, functions, capacity, and

resources appropriate to fulfill their respective functions under the Project and thereafter maintain them until the Closing Date of the Project.

8. DFCCIL shall, by December 31 of each year, starting December 31, 2012, undertake an annual review of the results and experiences in implementing the RAP and the RPF, and thereafter promptly submit the review results to the Bank for comments and update the RAP and the RPF, if required, satisfactory to the Bank; and thereafter implement the updated RAP and the updated RPF.
9. Without limitation upon its other reporting obligations under this Schedule, DFCCIL shall take all measures necessary on its part to regularly collect, compile, and submit to the Bank, on a quarterly basis, reports on the status of compliance with the EMP, the EMF, the RAP and the RPF, giving details of:
 - (a) measures taken in furtherance of such Frameworks and Plans;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Frameworks and Plans; and
 - (c) remedial measures taken or required to be taken to address such conditions.

Reports and Studies

10. DFCCIL shall, not later than December 31, 2015, provide to the Borrower and Bank, an initial impact study of the Project conducted under terms of reference satisfactory to the Bank, and within six (6) months of commissioning the facilities to be financed under the Project, provide to the Borrower and the Bank a final impact study of the Project conducted under terms of reference satisfactory to the Bank.
11. DFCCIL shall submit to the Bank, not later than June 30 of each year starting June 30, 2012, an annual progress report on the implementation of the GAAP and thereafter implement the GAAP taking into account the Bank's comments on said progress reports, if any.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. DFCCIL shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08(b) of the General Conditions and on the basis of indicators agreed with the Bank. Each such report shall cover the period of one (1) Financial Year quarter, and shall be

furnished to the Borrower and the Bank not later than forty-five (45) days after the end of the period covered by such report.

2. Notwithstanding the requirement in Section II.A.1 of this Schedule, within thirty (30) months of the Effective Date of this Agreement, DFCCIL shall carry out a comprehensive mid-term Project review, and shall by February 1, 2014, prepare and furnish to the Bank a mid-term Project progress report, satisfactory to the Bank.
3. DFCCIL shall provide to the Borrower not later than five (5) months after the Closing Date, for incorporation in the report referred to in Section 5.08(c) of the General Conditions, all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B. Financial Management, Financial Reports; Audits

1. DFCCIL shall maintain a financial management system and prepare financial statements related to the Project in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of DFCCIL, including operations, resources and expenditures related to the Project.
2. Without limitation on the provisions of Part A of this Section, DFCCIL shall prepare and furnish to the Bank as part of the Project Report not later than forty-five (45) days after the end of each Financial Year quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. DFCCIL shall have the financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing principles and standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one (1) Financial Year. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

Section III. Procurement

All goods, works and consultants' services required under the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.