

CONFORMED COPY

LOAN NUMBER 3058 IN

(Export Development Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated May 26, 1989

LOAN NUMBER 3058 IN

LOAN AGREEMENT

AGREEMENT, dated May 26, 1989, between INDIA, acting by its President (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS: (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) by an agreement of even date herewith (hereinafter called the ICICI Loan Agreement), the Bank has agreed to make a loan to the Industrial Credit and Investment Corporation of India Limited (ICICI) in an aggregate principal amount of one hundred seventy-five million dollars (\$175,000,000) to assist ICICI in the financing of Part A (ii) of the Project on the terms and conditions therein set forth;

(C) for the purposes of carrying out Parts A (i), B and C of the Project, the Borrower will make available to ICICI, the Export-Import Bank (Ex-Im Bank) and the Bank of Baroda and the Canara Bank (PCBs) the proceeds of the Loan as provided for in Section 3.02 of this Agreement;

(D) the Borrower is expected to receive from the Government of Japan a grant in an amount equivalent to \$2,700,000 to assist in financing Part D of the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth in Schedule 6 to this Agreement (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "ICICI" means Industrial Credit and Investment Corporation of India Limited, a company established and operating under the laws of India;

(b) "ICICI Loan Agreement" means the agreement of even date herewith, entered into between the Bank and ICICI for the purposes of carrying out Part A (ii) of the Project, as the same may be amended from time to time, and such term includes all the schedules and agreements supplemental to the ICICI Loan Agreement;

(c) "Export-Import Bank", and the acronym "Ex-Im Bank" mean the bank established under the Export-Import Bank Act, 1981 of the Borrower, as amended to the date of this Agreement;

(d) "Participating Commercial Banks" and the acronym "PCB" mean the Bank of Baroda and the Canara Bank, being banks established and operating under the laws of the Borrower;

(e) "ICICI Financial Agreement" means the agreement to be entered into between the Borrower and ICICI pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time with the prior concurrence of the Bank;

(f) "Ex-Im Bank Financial Agreement" means the agreement to be entered into between the Borrower and Ex-Im Bank pursuant to Section 3.02 (b) of this Agreement, as the same may be amended from time to time with the prior concurrence of the Bank;

(g) "PCB Financial Agreement" means the agreement to be entered into between the Borrower and each Participating Commercial Bank pursuant to Section 3.02 (c) of this Agreement, as the same may be amended from time to time with the prior concurrence of the Bank;

(h) "Financial Agreements" means the agreements referred to

in sub-paragraphs (e), (f) and (g) of this Section, collectively;

(i) "EDF" means the Export Development Fund, a separate account to be opened and administered on behalf of the Borrower by each of ICICI, Ex-Im Bank and the PCBs for the purposes of the Project;

(j) "EDF Programs" means eligible activities as defined in the Statement of Policies and Operating Procedures for EDF and financed out of the EDF under Parts A (i), B (i), and C (i) of the Project;

(k) "TAF" means the Technical Assistance Fund, a separate account to be used by each of ICICI, Ex-Im Bank and the PCBs for the purposes of the Project;

(l) "TAF Programs" means eligible activities as defined in the Statement of Policies and Operating Procedures for TAF and financed out of the TAF under Part D of the Project;

(m) "Statements of Policies and Operating Procedures for EDF" means guidelines, satisfactory to the Bank, adopted by ICICI, Ex-Im Bank and PCBs for carrying out Parts A (i), B (i) and C (i), respectively, of the Project;

(n) "Investment Enterprise" means any enterprise in the private sector, joint sector (private and public) or a cooperative which is eligible to receive a Sub-loan or participate in EDF Programs under the Project;

(o) "Investment Project" means an export-oriented development project supported by a strategic export development plan designed to increase exports, to be carried out by an Investment Enterprise utilizing the proceeds of a Sub-loan;

(p) "Sub-loan" means a loan made or proposed to be made by Ex-Im Bank or a PCB, as the case may be, out of the proceeds of the Loan to an Investment Enterprise for an Investment Project; and "free-limit Sub-loan" means a Sub-loan, as so defined, which qualifies as a free-limit Sub-loan pursuant to the provisions of Section 2.02 (b) of this Agreement;

(q) "ERAS" means the Exchange Risk Administration Scheme established in the Industrial Development Bank of India, as described in its release dated April 5, 1989;

(r) "Charter" means the Memorandum of Association and the Articles of Association of ICICI dated January 5, 1955, as amended to the date of this Agreement;

(s) "Prior Loan Agreement" means any outstanding loan agreement between the Bank and ICICI dated before the date of this Agreement and "Prior Loan" means any loan provided for therein;

(t) "IEP Loan Agreement" means the Loan Agreement (Industrial Export (Engineering Products) Project) dated January 21, 1986 between the Borrower and the Bank;

(u) "Special Account" means the account referred to in Section 2.02 (c) of this Agreement; and

(v) "Rupees" or the sign "Rs" means the currency of the Borrower.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of one hundred twenty million dollars (\$120,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for Parts A (i), B (i) and C (i) of the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan; and (ii) Sub-loans under Parts B (ii) and C (ii) of the Project and to be financed out of the proceeds of the Loan.

(b) A free-limit Sub-loan shall be a Sub-loan for an Investment Project in an amount to be financed out of the proceeds of the Loan which shall not exceed the sum of \$500,000 equivalent when added to any other outstanding amounts financed or proposed to be financed out of the proceeds of the Loan or of any Prior Loan the proceeds of which have been or are being used for financing goods and services directly and materially related to such Investment Project, the foregoing amount being subject to change from time to time as determined by the Bank.

(c) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in the Reserve Bank of India on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. (a) When presenting a Sub-loan (other than a free-limit Sub-loan) under Parts B (ii) and C (ii) of the Project to the Bank for approval, the Borrower shall furnish, or shall cause Ex-Im Bank and each PCB to furnish, to the Bank an application, in form satisfactory to the Bank, together with: (i) a description of the Investment Enterprise and an appraisal of the Investment Project, including (A) a description of the expenditures proposed to be financed out of the proceeds of the Loan, (B) the strategic export development plan of the Investment Enterprise, and (C) the internal economic rate of return of the Investment Project and the domestic resource cost analysis for the goods to be manufactured and exported; (ii) the proposed terms and conditions of the Sub-loan, including the schedule of amortization of the Sub-loan; and (iii) such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of a free-limit Sub-loan shall contain: (i) a summary description of the Investment Enterprise and the Investment Project, including (A) a description of the expenditures proposed to be financed out of the proceeds of the Loan, (B) the strategic export development plan of the Investment Enterprise, and (C) the domestic resource cost of the goods to be manufactured and exported; and (ii) the terms and conditions of the Sub-loan, including the schedule of amortization therefor.

(c) Except as the Bank and the Borrower shall otherwise agree, applications and requests made pursuant to the provisions of paragraphs (a) and (b) of this Section shall be presented to the Bank on or before March 31, 1993.

(d) Notwithstanding the amount of the Sub-loan, the Borrower shall cause Ex-Im Bank to present, to the Bank for approval the first five Sub-loans (including free-limit Sub-loans if that be the case) to be made by Ex-Im Bank. For such purposes, the application for approval shall be furnished to the Bank together with the information and documentation provided for in paragraph (a) of this Section.

Section 2.04. The Closing Date shall be March 31, 1996 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.07 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.07. Interest and other charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

### ARTICLE III

#### Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its obligations under this Agreement, the Borrower shall:

(a) carry out the Project through ICICI, Ex-Im Bank and the PCBs, all with due diligence and efficiency and in conformity with appropriate administrative, industrial and financial practices;

(b) cause ICICI, Ex-Im Bank and the PCBs to perform in accordance with the provisions of the Financial Agreements, all

their respective obligations therein set forth; and

(c) take and cause to be taken all action, including the provision of funds, facilities, services, and other resources necessary or appropriate to enable ICICI, Ex-Im Bank and the PCBs each to perform the said obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

Section 3.02. The Borrower shall, for the purpose of carrying out:

(a) Part A (i) of the Project, make available to ICICI, out of the proceeds of the Loan and pursuant to the ICICI Financial Agreement to be entered into between the Borrower and ICICI under terms and conditions satisfactory to the Bank, including those set forth in Schedule 4 to this Agreement, an amount not to exceed \$7,000,000 equivalent;

(b) Parts B (i) and (ii) of the Project, make available to Ex-Im Bank, out of the proceeds of the Loan and pursuant to the Ex-Im Bank Financial Agreement to be entered into between the Borrower and Ex-Im Bank under terms and conditions satisfactory to the Bank, including those set forth in Schedule 4 to this Agreement, amounts not to exceed \$7,000,000, and \$40,000,000 equivalent, respectively; and

(c) Parts C (i) and (ii) of the Project, make available to each Participating Commercial Bank, out of the proceeds of the Loan and pursuant to a PCB Financial Agreement to be entered into between the Borrower and each PCB under terms and conditions satisfactory to the Bank, including those set forth in Schedule 4 to this Agreement, amounts not to exceed \$3,000,000, and \$30,000,000 equivalent, respectively.

Section 3.03. The Borrower shall exercise its rights under the Financial Agreements in such manner as to protect the interest of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Financial Agreements, or any provision thereof.

Section 3.04. The Borrower shall:

(a) continue to maintain the Steering Committee established under the IEP Loan Agreement and chaired by the Secretary, Department of Commerce of the Borrower or its nominee with such membership as shall be satisfactory to the Bank. Such Steering Committee shall be assigned, at all times, such powers and responsibilities as shall be required to enable it to accomplish adequately its purposes which shall include, inter alia: (i) ratifying the Statement of Policies and Operating Procedures for EDF of each of Ex-Im Bank and the PCBs related to Parts B (i) and C (i) of the Project and any modifications or amendments thereto; (ii) reviewing the progress in the carrying out of Parts B and C of the Project; and (iii) approving financial assistance to EDF Programs of Ex-Im Bank or the PCBs in excess of, respectively, \$100,000 or \$50,000 per EDF Program (or, on cumulative basis, in excess of, respectively, \$200,000 and \$100,000 per Investment Enterprise).

(b) continue to maintain the Steering Committee established under the IEP Loan Agreement and chaired by the Secretary, Department of Industrial Development of the Borrower or its nominee with such membership as shall be satisfactory to the Bank. Such Steering Committee shall be assigned, at all times, with such powers and responsibilities as shall be required to enable it to accomplish its purposes, which shall include, inter alia: (i)

ratifying the Statement of Policies and Operating Procedures for EDF of ICICI related to Part A (i) of the Project and any modifications or amendments thereto; (ii) reviewing the progress in the carrying out of Part A (i) of the Project; and (iii) approving financial assistance to EDF Programs of ICICI in excess of \$100,000 per EDF Program (or, on a cumulative basis, in excess of \$200,000 per Investment Enterprise).

Section 3.05. The Borrower shall take all such action as shall be necessary to provide and, thereafter, maintain:

(a) ICICI with the necessary powers to approve financial assistance to EDF Programs up to \$100,000 equivalent per EDF Program; and

(b) Ex-Im Bank and each of the PCBs with the necessary powers to approve financial assistance to EDF Programs up to \$100,000 and \$50,000 equivalent, respectively, per EDF Program.

Section 3.06. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of paragraph 3 (a) (ii) (A) of Schedule 4 to this Agreement, subject to the proviso in paragraph 15 of said Schedule.

Section 3.07. (a) The Borrower shall ensure that the ERAS interest rate is adjusted as necessary in order to cover adequately the interest rate and foreign exchange risks.

(b) The Borrower shall, in the event of a deficit in the funds required for ERAS, extend necessary support, and may recoup its contribution when a surplus is generated.

(c) The Borrower shall review, from time to time, the relending procedures of each of ICICI, Ex-Im Bank and the PCBs in order to ensure that interest rates to final users remain positive in real terms, reflective of market conditions and sufficient to provide a reasonable spread to such institutions.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;
- (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made; and
- (iii) enable the Bank's representatives to examine such records.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) (i) of this Section and those for the Special Account for each fiscal year audited, in

accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

- (ii) furnish to the Bank as soon as available, but in any case not later than four months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

#### ARTICLE V

##### Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified:

(a) ICICI, Ex-Im Bank or any PCB shall have failed to perform any of its respective obligations under the Financial Agreements;

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that ICICI, Ex-Im Bank or a PCB will be able to perform its respective obligations under the Financial Agreements;

(c) Either the Charter, the Export-Import Bank of India Act, 1981 of the Borrower, or Banking Regulation (Acquisition and Transfer of Undertakings) Act, 1969 of the Borrower shall have been amended so as to materially and adversely affect the carrying out of the Project or any Part thereof, or the operations or financial condition of ICICI, Ex-Im Bank or any PCB, respectively;

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of either ICICI, Ex-Im Bank or a PCB or for the suspension of their respective operations;

(e) Any part of the principal amount of any loan to either a ICICI, Ex-Im Bank or a PCB having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable; and

(f) A material change shall have been made in the Statements of Policies and Operating Procedures for EDF of either ICICI, Ex-Im Bank or a PCB without the Bank's prior concurrence.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

(a) any event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Bank to the



Borrower; and

(b) any event specified in paragraphs (c), (d), (e) or (f) of Section 5.01 of this Agreement shall occur.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that the Financial Agreements have been entered into by the Borrower and ICICI, Ex-Im Bank and PCBs, respectively; and

(b) all conditions precedent to the effectiveness of the ICICI Loan Agreement (other than the effectiveness of this Agreement) have been fulfilled.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Financial Agreements have been duly authorized or ratified by, and are legally binding upon the Borrower and ICICI, Ex-Im Bank and PCBs, respectively, in accordance with their terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. Any Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary in the Ministry of Finance, Department of Economic Affairs of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

The Secretary to the Government of India  
Ministry of Finance  
Department of Economic Affairs  
New Delhi, India

Cable address:

ECOFAIRS  
New Delhi

Telex:

953-313546

For the Bank:

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

Cable address:

Telex:

INTBAFRAD  
Washington, D.C.

440098 (ITT)  
248423 (RCA) or  
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INDIA

By /s/ Anil Kumar  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Bilsel Alisbah  
Acting Regional Vice President  
Asia

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Sub-loans for Investment Projects:		
(a) by Ex-Im Bank	40,000,000	100% of foreign expenditures or 80% of Ex-Im Bank loans for Invest- ment Projects
(b) by PCBs	60,000,000	100% of foreign expenditures or 80% of PCB loans for Investment Projects
(2) EDF Programs	20,000,000	50%
TOTAL	<hr/> 120,000,000	

2. For the purposes of this Schedule the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower.

3. The disbursement percentage for Category (1) has been calculated in compliance with the policy of the Bank that the proceeds of the Loan shall not be disbursed on account of payments for the acquisition of land, taxes or duties; on this basis, if the cost of land, taxes or duties represents more than 50% of the total cost of the concerned Investment Project, the Bank may, by notice to the Borrower, decrease the disbursement percentages then applicable to Category (1) as required to be consistent with the aforementioned policy of the Bank.

4. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) for payments made for expenditures prior to the date of this Agreement;

(b) in respect of a Sub-loan unless: (i) the Sub-loan has been approved by the Bank; or (ii) the Sub-loan is a free-limit Sub-loan for which the Bank has authorized withdrawals from the Loan Account; and

(c) except as the Bank and the Borrower shall otherwise agree, on account of expenditures by an Investment Enterprise in respect of a Sub-loan subject to the Bank's approval if such expenditures shall have been made more than ninety days prior to the date on which the Bank shall have received in respect of such Sub-loan the application and information required by Section 2.03 (a) of this Agreement or, in respect of a free-limit Sub-loan, more than ninety days prior to the date on which the Bank shall have received in respect of such free-limit Sub-loan the request and information required by Section 2.03 (b) of this Agreement.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist India's key financial institutions in carrying out a strategy of promoting the growth of exports.

The Project consists of the following Parts, as the same may be amended from time to time to achieve such objectives.

#### Part A: (ICICI)

- (i) The carrying out of EDF Programs by ICICI to finance part of the preparation and implementation of the export development plans of Investment Enterprises;
- (ii) financing of specific Investment Projects through Sub-loans to eligible export-oriented Investment Enterprises.

#### Part B: (Ex-Im Bank)

- (i) The carrying out of EDF Programs by Ex-Im Bank to finance part of the preparation and implementation of the export development plans of Investment Enterprises;

- (ii) financing of specific Investment Projects through Sub-loans to eligible export-oriented Investment Enterprises.

Part C: (PCBs)

- (i) The carrying out of EDF Programs by each PCB to finance part of the preparation and implementation of the export development plans of Investment Enterprises;
- (ii) financing of specific Investment Projects through Sub-loans to eligible export-oriented Investment Enterprises.

Part D: (TAF)

The carrying out of TAF Programs by ICICI, Ex-Im Bank and PCBs to strengthen their capacity to appraise export oriented projects and advise Investment Enterprises on export strategy issues.

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The Project is expected to be completed by September 30, 1995.

### SCHEDULE 3

#### Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in dollars)*
December 1, 1994	2,205,000
June 1, 1995	2,285,000
December 1, 1995	2,375,000
June 1, 1996	2,465,000
December 1, 1996	2,560,000
June 1, 1997	2,660,000
December 1, 1997	2,760,000
June 1, 1998	2,865,000
December 1, 1998	2,975,000
June 1, 1999	3,090,000
December 1, 1999	3,205,000
June 1, 2000	3,330,000
December 1, 2000	3,455,000
June 1, 2001	3,590,000
December 1, 2001	3,725,000
June 1, 2002	3,870,000
December 1, 2002	4,015,000
June 1, 2003	4,170,000
December 1, 2003	4,330,000
June 1, 2004	4,495,000
December 1, 2004	4,665,000
June 1, 2005	4,845,000
December 1, 2005	5,030,000
June 1, 2006	5,225,000
December 1, 2006	5,425,000
June 1, 2007	5,630,000
December 1, 2007	5,845,000
June 1, 2008	6,070,000
December 1, 2008	6,300,000
June 1, 2009	6,540,000

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\* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

#### Premiums on Prepayment

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

#### SCHEDULE 4

##### Terms and Conditions of the Financial Agreements

Except as the Bank shall otherwise agree, the terms and conditions of the Financial Agreements shall, inter alia, provide that:

1. ICICI, Ex-Im Bank and each PCB declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out Parts A (i), B and C, respectively, of the Project described in said Schedule with due diligence and efficiency and in conformity with appropriate administrative, financial, and industrial practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for each such part of the Project.

2. For purposes of carrying out Parts A (i), B (i) and C (i) of the Project, ICICI, Ex-Im Bank and each PCB, respectively, shall:

(a) adopt and, thereafter, apply Statements of Policies and Operating Procedures for EDF, satisfactory to the Bank; and

(b) adopt and, thereafter, maintain organizational arrangements, including staffing, satisfactory to the Bank.

3. For the purposes of carrying out Parts A (i), B (i) and C (i) of the Project, ICICI, Ex-Im Bank and each PCB, respectively, shall:

(a) enter into arrangements, satisfactory to the Bank, with the Investment Enterprises for financing EDF Programs, which arrangements shall provide, inter alia, for the right to:

- (i) require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards, and to maintain adequate records;
- (ii) require that: (A) the goods and services to be financed out of the proceeds of the Loan shall be purchased at a reasonable price, account being taken also of other relevant factors such as time of delivery and efficiency and reliability of the goods and availability of maintenance facilities and spare parts therefor, and, in the case of services, of their quality and the competence of the parties rendering them, and (B) such goods and services shall be used exclusively in the carrying out of the EDF Program;
- (iii) inspect, by itself or jointly with representatives of the Bank, if the Bank shall so request, such goods included in the EDF Program and any relevant records and documents;
- (iv) require that: (A) the Investment Enterprise shall take out and maintain with responsible insurers such insurance against such risks and in such amounts as shall be consistent with sound business practice; and (B) 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, any indemnity thereunder to be made payable in a currency freely usable by the Investment Enterprise to replace or repair such goods;
- (v) obtain all such information as the Borrower, the Bank, ICICI, Ex-Im Bank or each PCB shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise and to the benefits to be derived from the EDF Program; and
- (vi) suspend or terminate the right of the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its contract with ICICI, Ex-Im Bank or a PCB.

4. ICICI, Ex-Im Bank and each PCB shall furnish to the Borrower and the Bank quarterly and bi-annual reports, of such scope and in such detail as the Bank shall reasonably request on the progress

of Parts A (i), B (i) and C (i) of the Project, such reports to be furnished within three months after the end of each reporting period.

5. ICICI, Ex-Im Bank and each PCB shall duly perform all their obligations under the respective Financial Agreements. Except as the Bank shall otherwise agree, ICICI, Ex-Im Bank and each PCB shall not take or concur in any action which would have the effect of amending, abrogating, assigning, or waiving the respective Financial Agreements or any provision thereof.

6. (a) ICICI, Ex-Im Bank and each PCB shall, at the request of the Bank, exchange views with the Bank with regard to the progress of the Project, the performance of their respective obligations under the Financial Agreements, and other matters relating to the purposes of the Loan.

(b) ICICI, Ex-Im Bank and each PCB shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Loan, or the performance of their respective obligations under the Financial Agreements.

7. ICICI, Ex-Im Bank and each PCB shall not materially amend its Statements of Policies and Operating Procedures for EDF without the prior concurrence of the Bank.

8. ICICI, Ex-Im Bank and each PCB shall continue to carry on their operations and conduct their affairs in accordance with sound administrative, and financial standards and practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

9. ICICI, Ex-Im Bank and each PCB shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

10. (a) ICICI, Ex-Im Bank and each PCB shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of Parts A (i), B (i) and C (i) of the Project.

(b) ICICI, Ex-Im Bank and each PCB shall:

- (i) have the accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than four months after the end of each such year, a certified copy of the report of such audit by the said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said accounts and the audit thereof and said records as the Bank shall from time to time reasonably request.

11. Except as the Bank and the Borrower may otherwise agree, for the purposes of carrying out Parts B (ii) and C (ii) of the Project:

(a) the terms and conditions of each Sub-loan shall include, inter alia:

- (i) for each Investment Project, a maximum amount of \$1,000,000 equivalent or a minimum amount of \$50,000 equivalent shall be withdrawn;
- (ii) interest on the outstanding principal payable at a rate of thirteen and a half percent (13.5%) per annum for small scale enterprises and fourteen percent (14%) for medium- and large-scale enterprises as such terms may be defined by the Borrower's appropriate agencies from time to time;
- (iii) commitment charge on the undisbursed amounts of the Sub-loan of up to one percent (1%) per annum;
- (iv) repayment period of 3 to 15 years, including a grace period of up to 3 years, respectively;
- (v) 20% minimum contribution of the total costs of the Investment Projects by the Investment Enterprise concerned;
- (vi) ratio of debt to equity, including the Sub-loan of the Investment Enterprise not to be greater than 3 to 1;
- (vii) estimated net revenues of the Investment Enterprise for each fiscal year during the term of the Sub-loan to be at least 1.5 times the estimated debt service requirements of such Enterprise in such year on all debt including the Sub-loan; and
- (viii) All Sub-loans shall be denominated in Rupees.

For purposes of this paragraph the following terms have the following meanings:

- (i) "debt" means any indebtedness of the Investment Enterprise maturing by its terms more than one year after the date in which it is originally incurred;
- (ii) "equity" means the sum of the total unimpaired paid-up capital, retained earnings, reserves and subordinated debt of the Investment Enterprise not allocated to cover specific liabilities;
- (iii) "net revenues" means the difference between the sum of revenues from all sources related to operations and net non-operating income; and the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt;
- (iv) "net non-operating income" means the difference between revenues from all sources other than those related to operation and expenses, including taxes and payments in lieu of taxes, incurred in the generation of such revenues; and
- (v) "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.



12. The maximum size of an Investment Enterprise financed under Part C (ii) of the Project shall be \$4,000,000 equivalent in fixed assets (excluding land and buildings) prior to the Sub-loan.

13. Under Part B (ii) of the Project, Ex-Im Bank may make Sub-loans to Investment Enterprises in respect of software expenditures for non-production assets to larger firms. Except as the Bank shall otherwise agree, the maximum size of any such Sub-loan shall not exceed \$1,000,000 equivalent.

14. Sub-loans shall be made only on the basis of a detailed appraisal of the proposed Investment Project, including an overall evaluation of the financial and economic benefits and profitability expected to accrue from such Investment Project.

15. Ex-Im Bank and each PCB shall obtain, inter alia, in respect of each Sub-loan from the Investment Enterprise in respect of the Investment Project, the rights set forth in Section 3 (a) of this Schedule, except that in sub-paragraph (ii) (A) thereof the following proviso shall be added:

"provided, however, that contracts estimated to cost the equivalent of \$50,000 or more shall be let on the basis of not less than three quotations invited from eligible suppliers."

16. The provisions of paragraph 10 of this Schedule shall apply, mutatis mutandis, to the maintenance of records and accounts in respect of Sub-loans under Part B (ii) and Part C (ii) of the Project.

17. The amounts made available to ICICI, Ex-Im Bank and each PCB out of the proceeds of the Loan shall: (a) be used exclusively in the carrying out of Parts A (i), B and C of the Project, respectively; (b) in respect of Parts A (i), B (i) and C (i) of the Project, be administered on behalf of the Borrower by ICICI, Ex-Im Bank and each PCB; and (c) in respect of Parts B (ii) and C (ii) be treated as an equity contribution made by the Borrower to Ex-Im Bank and each PCB.

18. The Borrower shall bear the foreign exchange risk on all funds made available to ICICI, Ex-Im Bank and the PCBs pursuant to their respective Financial Agreements.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means, Categories (1) and (2) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement;

(c) the term "Authorized Allocation" means an amount equivalent to \$10,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule; and

(d) notwithstanding the provisions of paragraph 4 (b) and (c) of Schedule 1 to this Agreement, payments for expenditures to be financed out of the proceeds of free-limit Sub-loans may be made out of the Special Account before the Bank shall have authorized withdrawals from the Loan Account in respect thereof. Such expenditures, however, shall qualify as eligible expenditures only if the Bank shall subsequently authorize such withdrawals.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation for the Special Account, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan allocated

to the eligible Categories less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the respective Part of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories for the respective Part of the Project shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

#### SCHEDULE 6

##### Modifications of General Conditions

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

(1) The last sentence of Section 3.02 is deleted.

(2) The words "the Bank may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Loan shall be cancelled" set forth at the end of Section 6.03 are deleted and the following is substituted therefor:

"or (f) by the date specified in Section 2.03 (c) of the Loan Agreement, the Bank shall, in respect of any portion of the Loan: (i) have received no applications or requests permitted under sub-paragraphs (a) or (b) of

said Section; or (ii) having been so received, shall have been denied, the Bank may, by notice to the Borrower, terminate the right to submit such applications or approvals or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice, such amount or portion of the Loan shall be cancelled."

