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LOAN NUMBER 4870-IN

# Loan Agreement

(Rampur Hydropower Project)

between

SATLUJ JAL VIDYUT NIGAM LIMITED

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated January 15, 2008

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**LOAN NUMBER 4870-IN**

**LOAN AGREEMENT**

Agreement dated January 15, 2008, between SATLUJ JAL VIDYUT NIGAM LIMITED (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

**ARTICLE I – GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in Appendix I to this Agreement) constitute an integral 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 Appendix I to this Agreement.

**ARTICLE II – LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of four hundred million Dollars (\$400,000,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of said fee.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(d) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

**ARTICLE III – PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV – REMEDIES OF THE BANK**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) The Memorandum and Articles of Association has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement.
  - (b) The Execution Agreement has been terminated, or has been amended, suspended, abrogated, replaced or waived so as to: (i) affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement; or (ii) affect materially and adversely the ability of Himachal Pradesh to perform any of its obligations under the Project Agreement.
  - (c) The Bank has determined that a fraudulent or corrupt activity has occurred in the carrying out of the Project.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in paragraphs (a), (b) and (c) of Section 4.01 of this Agreement occurs.

**ARTICLE V – TERMINATION**

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

**ARTICLE VI – REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Chairman and Managing Director.

6.02. The Borrower's Address is:

Himfed Building  
New Shimla - 171009  
Himachal Pradesh, India

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

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

SATLUJ JAL VIDYUT NIGAM LIMITED

By /s/ H. K. Sharma

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Isabel M. Guerrero

Country Director, India

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are: (a) to improve the reliability of India's Northern Electricity Grid through the addition of renewable, low carbon energy from the Project; and (b) to improve the effectiveness of the Borrower with respect to the preparation and safe implementation of economically, environmentally and socially sustainable hydropower projects.

The Project consists of the following parts:

#### **1. Rampur Scheme**

Construction of the 412 MW Rampur run-of-the-river hydropower electricity generation scheme with a gross head of about 139 meters situated downstream of the power station of Nathpa Jhakri Scheme on the Satluj River in the State of Himachal Pradesh of the Guarantor consisting, inter alia, of the following:

- (a) construction of a river diversion tunnel and a river crossing tunnel from the tailrace of the Nathpa Jhakri Project to act as a breaking cistern for the conduction of water to the headrace tunnel referred to in (b) below of this Part 1 of the Project;
- (b) construction of a headrace tunnel of about 15 kilometers in length and about 10.5 meters in diameter to take water from the tailrace of the Nathpa Jhakri Project through the tunnels referred to in (a) above of this Part 1 of the project to the head of three (3) penstocks referred to in (c) below of this Part 1 of the Project;
- (c) construction of three (3) above-ground, surface-mounted steel penstocks, and six (6) branch penstocks, to deliver the water to drive turbines in the powerhouse referred to in (d) below of this Part 1 of the Project; and
- (d) construction of a surface powerhouse on the right bank of the Satluj River near the village of Bael, including acquisition and installation of turbine generators, generator transformers and electro-mechanical equipment in the powerhouse.

#### **2. Improving the Availability of the Nathpa Jhakri Power Plant**

Carrying out investment measures for ensuring higher availability of the Nathpa Jhakri Power Plant, including: (a) the provision of spare parts, runners and interventions at the Nathpa intake to combat the deleterious impact of silt affecting that plant; and

(b) other investment measures that may be identified based on the results of model tests and other investigations for containing silt in the Nathpa Jhakri Project.

### 3. **Institutional Strengthening**

Carrying out a program of institutional reform and capacity building to strengthen the Borrower's ability to prepare, implement and manage the development, operation and maintenance of hydropower projects in accordance with international best practices focusing, inter alia, on: (a) planning and management of environment and social issues; (b) contract management skills; (c) safety and health aspects; and (d) financial accountability and corporate governance.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements**

1. The Borrower shall:
  - (a) carry out the Project in accordance with the provisions of the Execution Agreement and fulfill all its obligations set out in that agreement with due diligence and efficiency and in a manner satisfactory to the Bank, provided however, that the implementation of Annexure 1 to the Execution Agreement relating to resettlement and rehabilitation activities shall be as supplemented by the provisions contained in the Resettlement Action Plan;
  - (b) carry on its operations and conduct its affairs in accordance with sound administrative, financial, engineering, environmental and electricity-utilities practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers;
  - (c) at all times operate and maintain its plants, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and utility practices; and
  - (d) take out and maintain with responsible insurers or make other provisions satisfactory to the Bank for insurance against such risks and in such amounts as shall be consistent with appropriate practices.
2. The Borrower shall:
  - (a) carry out the Project in accordance with the provisions of the Resettlement Action Plan and the Sustainable Community Development Plan; and
  - (b) implement the Resettlement Action Plan and the Sustainable Community Development Plan in accordance with the objectives, policies, time schedule and other provisions contained in each such Plan, all in a manner satisfactory to the Bank, and shall not amend, waive or abrogate any provision of any such Plan without the prior approval of the Bank.
3. The Borrower shall not initiate the implementation of any construction activities on any part of the land required for the Project until such time, in respect of that part of the land:

- (a) a determination is made of the number of persons who will need to be displaced and physically relocated from the land to another location as a result of the implementation of the Project activities;
- (b) compensation, including rehabilitation grant, if applicable, has been paid to the persons, identified in sub-paragraph (a) above, for any loss of land or other assets for the purpose of the Project activities;
- (c) depending upon the option selected by the persons, identified in sub-paragraph (a), above, either: (i) adequate arrangements have been made for timely payment of rental allowance and housing construction grant and developed plots of land with adequate facilities have been allotted, to these persons; or (ii) permanent relocation sites with adequate facilities have been prepared; or (iii) adequate arrangements have been made for timely payment of assistance for site and construction to these persons;
- (d) all assistance required for relocation, including payment of moving expenses, have been provided to the persons, identified in sub-paragraph (a), above; and
- (e) relocation of the persons, identified in sub-paragraph (a) above, has been completed in the permanent relocation sites;

all in accordance with the principles and the provisions of the Resettlement Action Plan and in a manner satisfactory to the Bank.

4. The Borrower shall:

- (a) carry out measures satisfactory to the Bank for improving the living standard of persons affected by the implementation of the Project in accordance with the provisions of the Resettlement Action Plan;
- (b) carry out two (2) studies, in accordance with, terms of reference satisfactory to the Bank, to assess the impact of the implementation of the Resettlement Action Plan on changes in the living standard of persons affected by the implementation of the Project, the first such study to be completed no later than December 31, 2009 and the second such study to be completed no later than December 31, 2012;
- (c) discuss the results of each such study with the Bank promptly after its completion and, taking into account the recommendations of the Bank, take appropriate measures satisfactory to the Bank; and



- (d) monitor the implementation of the Resettlement Action Plan and the measures for improving the living standard of persons referred to in this paragraph 4 through an external agency under terms of reference satisfactory to the Bank; the monitoring shall be carried out on a quarterly basis during the first year of implementation of the Project and semi-annually thereafter, and promptly after completion of the monitoring, the Borrower shall provide to the Bank a report on the results of the monitoring.

5. The Borrower shall:

- (a) appoint, prior to the mobilization of each main civil works contract for the construction of the Rampur Scheme, and thereafter maintain safety officers to oversee the safety aspects during the construction of the Rampur Scheme;
- (b) establish no later than December 31, 2007, and thereafter, retain a Safety Panel until the commencement of operations of the Rampur Scheme;
- (c) unless otherwise agreed with the Bank, require the Safety Panel to visit the site of the Rampur Scheme on a quarterly basis for the first year of Project implementation, and thereafter, on a biannual basis, to inspect and evaluate the safety status of the construction of the Rampur scheme, and provide written reports of findings and recommendations for any safety related measures;
- (d) implement the measures recommended by the Safety Panel;
- (e) carry out periodic dam safety reviews of the Nathpa Jhakri Project and implement the recommendations emanating from such review, including making any changes that may be required to the Operations and Maintenance Manual; and
- (f) carry out the operation and maintenance of the Nathpa Jhakri Project in accordance with the provisions of the Operations and Maintenance Manual.

6. The Borrower shall:

- (a) carry out the Project in accordance with the provisions of the Environmental Management Plan; and
- (b) implement the Environmental Management Plan in accordance with the objectives, policies, time schedule and other provisions contained in the plan, all in a manner satisfactory to the Bank, and shall not amend, waive

or abrogate any provision of the plan without the prior approval of the Bank.

7. The Borrower shall make arrangements satisfactory to the Bank for the evacuation of power generated from the Rampur Scheme, including implementing adequate environment and social safeguards in respect of these arrangements.

8. The Borrower shall implement the aspects of the Catchment Area Treatment Plan and the Compensatory Afforestation Plan that are within its sphere of responsibility and provide all support and cooperation to Himachal Pradesh as may be required in order to facilitate the implementation of the Catchment Area Treatment Plan and the Compensatory Afforestation Plan by Himachal Pradesh.

9. Except as the Bank may otherwise agree, the investment measures referred to in Part 2(b) of Schedule 1 to this Agreement shall be eligible for financing out of the proceeds of the Loan based on proposals made by the Borrower provided they meet the following criteria and are approved by the Bank for financing:

- (a) the investment is technically and operationally justified and has been formulated after taking into account other alternative investments;
- (b) the investment is economically and financially justified;
- (c) the appropriate state or central government or statutory authorities have provided all required clearances and approvals for implementing the investment, including environment and forest clearances prior to initiation of construction of those elements where such clearances are required;
- (d) the investment has adequate financing, procurement and implementation plans;
- (e) the investment complies with the Borrower's environmental policy and it has carried out an environmental impact assessment and prepared an environmental mitigation plan, and where applicable, a resettlement and rehabilitation plan or other development plan for adversely affected people, all in a manner satisfactory to the Bank;
- (f) the investment shall be for activities that are consistent with the development objectives of the Project; and
- (g) such additional criteria as may be specified by the Bank for each investment.

**Section II. Project Monitoring, Reporting, Financial Management and Financial Ratios**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than one (1) month after the end of the period covered by such report.
2. For purposes of Section 5.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than December 31, 2012.
3. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
4. Without limitation on the provisions of paragraphs 1 and 2 of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report not later than one (1) month after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
5. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period. The Borrower shall, in addition, prepare an internal audit report for each Fiscal Year and furnish this report to the Bank, together with details of actions taken to address the issues identified in such report, not later than three (3) months after the end of such Fiscal Year.
6. The Borrower shall:
  - (a) take all necessary steps to maintain its accounts receivable at a level not exceeding an amount equivalent to its billing for energy generation for the preceding three (3) months; and
  - (b) furnish to the Bank, not later than December 31 of each year, its ten-year financial projections, including its investment program and financing plan.
7.
  - (a) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt, if after the incurrence of such debt the ratio of debt to equity shall be greater than 4 to 1.
  - (b) For purposes of this Section:

- (i) The term “debt” means any indebtedness of the Borrower maturing by its terms more than one (1) year after the date on which it is originally incurred.
- (ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
- (iii) The term “equity” means the sum of the total unimpaired paid-up capital, retained earnings and reserves of the Borrower not allocated to cover specific liabilities.
- (iv) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

### **Section III. Procurement**

#### **A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except, as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) National Competitive Bidding, subject to additional provisions agreed with the Bank
(b) Shopping
(c) Direct Contracting
(d) Force Account

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For the purpose of Section 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$500,000 equivalent per contract may comprise entirely of national consultants.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Quality-based Selection
(b) Selection under a Fixed Budget

(c) Least-Cost Selection
(d) Selection Based on the Consultants' Qualifications
(e) Single Source Selection
(f) Selection of Individual Consultants

**D. Review by the Bank of Procurement Decisions**

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank:

- (a) each contract for goods or works procured on the basis of International Competitive Bidding;
- (b) first contract for goods procured on the basis of National Competitive Bidding;
- (c) first contract for works procured on the basis of National Competitive Bidding;
- (d) each contract for works estimated to cost the equivalent of \$5,000,000 or more;
- (e) each contract for goods or works estimated to cost the equivalent of \$10,000 and procured on the basis of Direct Contracting;
- (f) each contract for consultants' services provided by a firm selected on the basis of procedures other than Single Source Selection for assignments estimated to cost the equivalent of \$200,000 or more;
- (g) each contract for consultants' services provided by a firm selected on a Single Source Selection basis for assignments estimated to cost the equivalent of \$50,000 or more. In addition, the following prior review procedures shall apply to each contract for the employment of individual consultants (other than consultants to be selected on a sole source basis) estimated to cost the equivalent of \$50,000 or more:
  - (i) the report on the comparison of the qualifications and experience of candidates, terms of reference and conditions of employment of the consultant shall be furnished to the Bank for its prior review and approval;

- (ii) the contract shall be awarded only after the Bank's approval shall have been given; and
  - (iii) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract; and
- (h) the following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a sole source basis:
- (i) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the Bank for its prior review and approval;
  - (ii) the contract shall be awarded only after the Bank's approval shall have been given; and
  - (iii) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

All other contracts shall be subject to Post Review by the Bank.

#### **Section IV. Withdrawal of Loan Proceeds**

##### **A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed</u>
(1) Goods, works, training, and consultants' services for the Project	399,000,000	100%
(2) Front-end Fee	1,000,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b><u>400,000,000</u></b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed eighty million Dollars (\$80,000,000) equivalent may be made for payments made prior to this date but on or after January 1, 2007 for Eligible Expenditures under Category (1).
2. The Closing Date is March 31, 2013.



**SCHEDULE 3****Amortization Schedule**

<b><u>Principal Payment Date</u></b>	<b>Principal Amount of the Loan Payable (<u>Expressed in dollars</u>*)</b>
May 15, 2013	8,570,000
November 15, 2013	8,820,000
May 15, 2014	9,075,000
November 15, 2014	9,335,000
May 15, 2015	9,605,000
November 15, 2015	9,880,000
May 15, 2016	10,165,000
November 15, 2016	10,455,000
May 15, 2017	10,760,000
November 15, 2017	11,070,000
May 15, 2018	11,385,000
November 15, 2018	11,715,000
May 15, 2019	12,050,000
November 15, 2019	12,400,000
May 15, 2020	12,755,000
November 15, 2020	13,125,000
May 15, 2021	13,500,000
November 15, 2021	13,890,000
May 15, 2022	14,290,000
November 15, 2022	14,705,000
May 15, 2023	15,125,000
November 15, 2023	15,560,000
May 15, 2024	16,010,000
November 15, 2024	16,470,000
May 15, 2025	16,945,000
November 15, 2025	17,435,000
May 15, 2026	17,935,000
November 15, 2026	18,450,000
May 15, 2027	18,985,000
November 15, 2027	19,535,000

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\* The figures in this column represent the amount in dollars to be repaid, except as provided in Section 3.08 of the General Conditions.

**APPENDIX I****Definitions**

1. “Catchment Area Treatment Plan” means the Plan of Himachal Pradesh dated April 7, 2006 aimed, inter alia, at reducing the sediment load in river Satluj, upstream of the Project, and protecting the watersheds in the Project’s area of influence, including area treatment, soil conservation, and improvement of degraded forest areas.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Compensatory Afforestation Plan” means the plan of Himachal Pradesh dated March 31, 2006 aimed at compensating the loss of forest land acquired for the purpose of implementing the Project.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
5. “Environmental Management Plan” means the Borrower’s Plan dated April 7, 2007, setting out the arrangements and procedures for managing the adverse environmental impacts resulting from the implementation of the Project.
6. “Execution Agreement” means the agreement dated October 20, 2004, entered into between the State of Himachal Pradesh and the Satluj Jal Vidyut Nigam Limited for the execution of the Rampur Hydro Electric Project on the River Satluj in District Shimla, Himachal Pradesh.
7. “Fiscal Year “ means the Fiscal Year of the Borrower, the Guarantor or Himachal Pradesh, as the case may be, beginning on April 1 of a calendar year and ending on March 31 of the following calendar year.
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005, with the modifications set forth in Appendix II to this Agreement.
9. “Himachal Pradesh” means the State of Himachal Pradesh of India or any successor thereto.
10. “Memorandum and Articles of Association” means the documents dated May 23, 1988, governing, inter alia, the incorporation, powers, functions, and operational procedures of the Borrower as may be amended from time to time.
11. “Nathpa Jhakri Power Plant” means the power plant in the Nathpa Jhakri Project.

12. “Nathpa Jhakri Project” means the project financed by the Bank under Loan Agreement Number 3024 dated May 18, 1989.
13. “Operations and Maintenance Manual” means the Borrower’s Manual dated March 15, 2007, for operating and maintaining the Nathpa Jhakri Project.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
15. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated July 17, 2007, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of those paragraphs.
16. “Rampur Scheme” means the scheme described in Part 1 of Schedule 1 to this Agreement.
17. “Resettlement Action Plan” means the Borrower’s Plan dated March 29, 2007, setting out the arrangements and procedures for the resettlement and rehabilitation of people affected by the implementation of the Project.
18. “Safety Panel” means a panel consisting of an international safety expert and a national safety expert as envisaged in the Environmental Management Plan.
19. “Sustainable Community Development Plan” means the Borrower’s Plan dated March 29, 2007, for the provision of infrastructure facilities for the benefit of communities in the Project area.

**APPENDIX II**

The modifications to the General Conditions are as follows:

1. The last line in Section 1.01 is deleted.
2. The reference to “Section 3.01 (b)” in Section 2.07 (b) is replaced with the reference “Section 3.01”.
3. Section 3.01 is deleted in its entirety and substituted with the following provision:

*Section 3.01. Front-end Fee.* The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

4. A new paragraph (d) is added to Section 3.02, *Interest*, to read as follows:
  - (a) Notwithstanding the provisions of paragraph (a) of this Section, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Borrower shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified in the Loan Agreement (or such other interest rate as may be applicable pursuant to Article IV as a result of a Conversion) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.
5. Paragraph 19 in the list of definitions in the Appendix is deleted in its entirety and subsequent paragraphs 20 through 27 are renumbered as paragraphs 19 through 26, respectively. Existing paragraphs 27 through 91 are renumbered as paragraphs 31 through 95, respectively.
6. New paragraphs 27, 28, 29, and 30 are inserted in the list of definitions in the Appendix to read as follows:
  27. “Default Interest Period” means for any overdue amount of the Withdrawn Loan Balance, each Interest Period during which such overdue amount remains unpaid; provided, however, that the first such Default Interest Period shall commence on the 31<sup>st</sup> day following the date on which such amount becomes overdue, and the final such Default Interest Period shall end on the date at which such amount is fully paid.”
  28. “Default Interest Rate” means for any Default Interest Period:

(a) in the case of a Variable Spread Loan: Default LIBOR plus the Variable Spread plus one half of one percent (0.5%);

(b) in the case of a Fixed Spread Loan for which interest on the amount of the Withdrawn Loan Balance to which the Default Interest Rate applies was payable at a Variable Rate immediately prior to the application of the Default Interest Rate: the Default Variable Rate plus one half of one percent (0.5%); and

(c) in the case of a Fixed Spread Loan for which interest on the amount of the Withdrawn Loan Balance to which the Default Interest Rate applies was payable at a Fixed Rate immediately prior to the application of the Default Interest Rate: Default LIBOR plus the Fixed Spread plus one half of one percent (0.5%).

28. “Default LIBOR” means LIBOR for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default LIBOR shall be equal to LIBOR for the Interest Period in which the amount referred to in Section 3.02 (d) first becomes overdue.

29. “Default Variable Rate” means the Variable Rate for the relevant Interest Period; it being understood that for the initial Default Interest Period, Default Variable Rate shall be equal to the Variable Rate for the Interest Period in which the amount referred to in Section 3.02 (d) first becomes overdue.

7. The definition of “Fixed Spread” in paragraph 44 in the list of definitions in the Appendix (as renumbered pursuant to item 4 above) is amended to read as follows:

“Fixed Spread” means the Bank’s fixed spread for the initial Loan Currency in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement; provided, that upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, such fixed spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines; and provided further that notwithstanding the foregoing, for purposes of determining the Default Interest Rate applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the “Fixed Spread” means the Bank’s fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount.

8. The reference to “Section 3.01 (b)” in paragraph 47 in the list of definitions in the Appendix (as renumbered pursuant to item 4 above) is replaced with the reference “Section 3.01”.

9. The definition of “LIBOR Reset Date” in paragraph 60 in the list of definitions in the Appendix (as renumbered pursuant to item 4 above) is amended to read as follows.

“LIBOR Reset Date” means:

(a) for any Loan Currency other than Euro, the day two London Banking Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period of a Variable Spread Loan, the day two London Banking Days prior to the fifteenth day of the month preceding the month in which the Loan Agreement is signed; provided that if the date of the Loan Agreement falls on or after the fifteenth day of the month in which the Loan Agreement is signed, the LIBOR Reset Date shall be the day two London Banking Days prior to the fifteenth day of such month; (ii) in the case of the Initial Interest Period of a Fixed Spread Loan, the day two London Banking Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided, that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the LIBOR Reset Date shall be the day two London Banking Days prior to the date of the Loan Agreement; and (iii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to any Approved Currency other than Euro falls on a day other than a Payment Date, the initial LIBOR Reset Date for the Approved Currency shall be the day two London Banking Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided, that if the Conversion Date falls on the first or fifteenth day of such month, the LIBOR Reset Date for the Approved Currency shall be the day two London Banking Days prior to the Conversion Date);

(b) for Euro, the day two Target Settlement Days prior to the first day of the relevant Interest Period (or: (i) in the case of the initial Interest Period for a Variable Spread Loan, the day two Target Settlement Days prior to the fifteenth day of the month preceding the month in which the Loan Agreement is signed; provided that if the date of the Loan Agreement falls on or after the fifteenth day of the month in which the Loan Agreement is signed, the LIBOR Reset Date shall be the day two Target Settlement Days prior to the fifteenth day of such month; (ii) in the case of the Initial Interest Period for a Fixed Spread Loan, the day two Target Settlement Days prior to the first or fifteenth day of the month in which the Loan Agreement is signed, whichever day immediately precedes the date of the Loan Agreement; provided that if the date of the Loan Agreement falls on the first or fifteenth day of such month, the LIBOR Reset Date shall be the day two Target Settlement

Days prior to the date of the Loan Agreement; and (iii) if the Conversion Date of a Currency Conversion of an amount of the Unwithdrawn Loan Balance to Euro falls on a day other than a Payment Date, the initial LIBOR Reset Date for the Approved Currency shall be the day two Target Settlement Days prior to the first or fifteenth day of the month in which the Conversion Date falls, whichever day immediately precedes the Conversion Date; provided that if the Conversion Date falls on the first or fifteenth day of such month, the LIBOR Reset Date for the Approved Currency shall be the day two Target Settlement Days prior to the Conversion Date); and

(c) notwithstanding sub-paragraphs (a) and (b) of this paragraph, if, for a Currency Conversion to an Approved Currency, the Bank determines that market practice for the determination of the LIBOR Reset Date is on a date other than as set forth in said sub-paragraphs, the LIBOR Reset Date shall be such other date, as further specified in the Conversion Guidelines.

10. The definition of “Loan Payment” in paragraph 67 in the list of definitions in the Appendix (as renumbered pursuant to item 4 above) is amended to read as follows:

“Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.

11. The definition of “Payment Date” in paragraph 72 in the list of definitions in the Appendix (as renumbered pursuant to item 4 above) is amended to read as follows:

“Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest is payable.

12. The terms “the Project Implementing Entity” or “Project Implementing Entity” wherever used in the following provisions of the General Conditions, are modified to read “Himachal Pradesh”: Sections 5.02(a), 5.05, 5.08(b), 5.08(c), 5.11, 7.02(b)(ii), 7.02(d)(i), 7.02(h), 7.02(j), 7.03(c), 7.07(b)(ii), 7.07(e), 8.02, 9.01(a), 9.02, 9.03, 9.04, 10.02, 10.03, and paragraphs 77 and 78 (definitions of “Project Implementing Entity’s Address” and “Project Implementing Entity’s Representative” as renumbered pursuant to item 4 above) in the list of definitions in the Appendix (of the General Conditions). All other references in the General

Conditions to “the Project Implementing Entity” or “Project Implementing Entity” shall be disregarded.

13. The definition of “Project Agreement” in paragraph 75 to the Appendix (of the General Conditions) is deleted and substituted by the following definition:

The “Project Agreement” means the agreement between the Bank and Himachal Pradesh regarding the carrying out of the Project.

14. The definition of “Project Implementing Entity” in paragraph 76 to the Appendix (of the General Conditions) is deleted.