

CONFORMED COPY

LOAN NUMBER 3780 IN

ICICI Guarantee Agreement

(Industrial Pollution Prevention Project)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 21, 1994

LOAN NUMBER 3780 IN

ICICI GUARANTEE AGREEMENT

AGREEMENT, dated November 21, 1994, between India (the Guarantor) (acting by its President) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA (ICICI) (the Borrower), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Development Credit Agreement as hereinafter defined, have requested the Bank to assist in the financing of the Project;

(B) by the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank has agreed to extend to the Borrower a loan in various currencies equivalent to fifty million dollars (\$50,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as provided in this Agreement;

(C) the Guarantor has requested the International Development Association to provide assistance towards the financing of Parts A, B(2) and C of the Project and by an agreement of even date herewith between the Guarantor and the International Development Association (the Development Credit Agreement), the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to seventeen million seven hundred thousand Special Drawing Rights (SDR 17,700,000) (the Credit);

(D) the Industrial Development Bank of India (IDBI) has also

requested the Bank to provide assistance towards the financing of Parts B(1), B(2) and C(3) of the Project and by an agreement of even date herewith between the Bank and IDBI (the IDBI Loan Agreement), the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to ninety-three million dollars (\$93,000,000) (the IDBI Loan);

(E) by an agreement of even date herewith between the Guarantor and the Bank (the IDBI Guarantee Agreement), the Guarantor has agreed to guarantee the obligations of IDBI in respect of the IDBI Loan and to undertake such other obligations as set forth in the Guarantee Agreement;

(F) Parts A, C(1), C(2) and C(4) of the Project will be carried out by the Guarantor, Part B(1) of the Project will be carried out by IDBI and the Borrower and Parts B(2) and C(3) of the Project will be carried out by IDBI with the assistance of the Guarantor; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

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 last sentence of Section 3.02 deleted (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 and in the Preamble to and Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

ARTICLE II

Guarantee; Provision of Funds

Section 2.01. The Guarantor declares its commitment to the objective of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Agreement.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

ARTICLE III

Representatives of the Guarantor; Addresses

Section 3.01. Any Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 3.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

