
LOAN NUMBER 3186-IND

LOAN AGREEMENT
(Ordinary Operations)

(Clean Energy Finance Investment Program – Project 1)

between

ASIAN DEVELOPMENT BANK

and

INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED

DATED 27 October 2015

IND 46268

LOAN AGREEMENT (Ordinary Operations)

LOAN AGREEMENT dated 27 October 2015 between ASIAN DEVELOPMENT BANK (“ADB”) and INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED (“Borrower”).

WHEREAS

(A) by a framework financing agreement dated 02 September 2014 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Clean Energy Finance Investment Program;

(B) by a periodic financing request dated 02 September 2014, the Borrower has applied to ADB for a loan for the purposes of the Project described in Section 3.01 of this Loan Agreement;

(C) the loan is to be guaranteed by INDIA (“Guarantor”) under the terms of the Guarantee Agreement (“Guarantee Agreement”) of even date herewith between the Guarantor and ADB; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 (“Loan Regulations”), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain

fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

- (b) Section 3.06 is deleted and the following is substituted therefor:

Rebate. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

- (c) Section 3.07 is deleted and the following is substituted therefor:

Surcharge. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in

ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

- (d) Section 7.07(c) is deleted.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) “Consulting Guidelines” means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(b) “Consulting Services” means the consulting services to be financed out of the proceeds of the Loan;

(c) “Environmental Management Plan” or “EMP” means each environmental management plan for a Qualified Subproject, including any update thereto, incorporated in the IEE;

(d) “Environmental Safeguards” means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(e) “ESMS” means an environmental and social management system for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(f) “ESSU” means the environmental and social safeguards unit to be established by the Borrower to monitor compliance with the ESMS and the Guarantor’s laws, regulations and policies relating to the environment and social safeguards;

(g) “Facility” means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;

(h) “FAM” means the Facility administration manual dated September 2014 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(i) “FFA” means the framework financing agreement dated 02 September 2014 between ADB and the Borrower with respect to the Facility;

(j) “Goods” means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(k) “Indigenous Peoples Plan” or “IPP” means each indigenous peoples plan for a Qualified Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the ESMS;

(l) “Indigenous Peoples Safeguards” means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(m) “Initial Environmental Examination” or “IEE” means each initial environmental examination for a Qualified Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the ESMS;

(n) “Investment Program” means the Clean Energy Finance Investment Program;

(o) “Involuntary Resettlement Safeguards” means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(p) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2012, as amended from time to time);

(q) “Memorandum and Articles” means the memorandum and articles of association of the Borrower, as amended from time to time;

(r) “PFR” means the periodic financing request submitted or to be submitted by the Borrower and the Guarantor, for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the periodic financing request dated 02 September 2014;

(s) “Procurement Guidelines” means ADB’s Procurement Guidelines (2013, as amended from time to time);

(t) “Qualified Enterprise” means an enterprise, which satisfies the eligibility criteria set out in paragraph 3 of Schedule 3 to this Loan Agreement;

(u) “Qualified Subproject” means a specific subproject, which satisfies the eligibility criteria set out in paragraph 4 of Schedule 3 to this Loan Agreement, to be carried out by a Qualified Enterprise;

(v) “Resettlement Plan” or “RP” means a resettlement plan for a Qualified Subproject, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the ESMS;

(w) “Safeguards Monitoring Report” means each report prepared and submitted by the Borrower to ADB on the Qualified Enterprises’ performance with regard to the ESMS, including any corrective and preventative actions;

(x) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(y) "Statement of Subprojects" means a simplified project financial statements comprising of a listing of Qualified Subprojects which IREDA has provided financing to using (either partially or wholly) Loan proceeds together with the committed and disbursed amounts against each such Qualified Subproject over a given fiscal year;

(z) "Subloan" means a loan made, or proposed to be made, by the Borrower out of the proceeds of the Loan to a Qualified Enterprise for a Qualified Subproject;

(aa) "Takeout Financing Scheme" means the financing by the Borrower of Qualified Subprojects in accordance with Borrower's Guidelines to Take Over Loans by IREDA from Other Financial Institutions/Banks, as amended from time to time in agreement with ADB; and

(bb) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of two hundred million Dollar (\$200,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 15 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

(a) LIBOR; and

(b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 April and 15 October in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Loan Agreement.

Section 2.06. Except as ADB may otherwise agree, if a Subloan or any part thereof shall be repaid to the Borrower in advance of maturity, or if a Subloan or any part thereof shall be sold, transferred, assigned or otherwise disposed of by the Borrower, the Borrower may utilize the proceeds thereof for making further Subloans to Qualified Enterprises for Qualified Subprojects under the terms of this Loan Agreement.

Section 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Description of Project; Use of Proceeds of the Loan

Section 3.01. The Project for which the Loan is made is the financing by the Borrower of specific subprojects within the renewable energy or energy efficiency subsectors in accordance with this Loan Agreement.

Section 3.02. (a) Except as ADB may otherwise agree, the proceeds of the Loan shall be used only for making Subloans to Qualified Enterprises for Qualified

Subprojects and shall be applied exclusively to the cost of Goods, Works and Consulting Services and other items of expenditure required to carry out such Qualified Subprojects.

(b) Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, all Goods, Works and Consulting Services in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 3.03. Whenever the Borrower proposes to make a Subloan, the Borrower shall, before requesting a withdrawal, submit to ADB an application for approval of such Subloan. Such application shall be in a form satisfactory to ADB, and shall contain a description and appraisal of the Qualified Subproject, the terms and conditions of the proposed Subloan, and such other information as ADB shall reasonably request.

Section 3.04. Withdrawals from the Loan Account may be made for reimbursement of reasonable expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement, subject to a maximum amount equivalent to 20% of the Loan amount; provided that (a) such expenditures have been incurred in compliance with the Procurement Guidelines and safeguard policies; and (b) suitable provisions have been included in the existing Subloan agreements to reflect the provisions of Article IV of this Loan Agreement.

Section 3.05. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account until IREDA has established the ESMS in a manner satisfactory to ADB and appointed full-time staff for the ESSU or made arrangements, satisfactory to ADB, for appropriate consulting support for the ESSU.

Section 3.06. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 April 2019 or such other date as may from time to time be agreed between ADB and the Borrower.

ARTICLE IV

Subloans

Section 4.01. Each Subloan shall carry interest at an appropriate rate and shall be made on terms whereby the Borrower shall obtain, by a written agreement with the Qualified Enterprise in form acceptable to ADB, rights adequate to protect the interests of ADB and the Borrower.

Section 4.02. Without limiting the generality of the foregoing provisions of Section 4.01 of this Loan Agreement and in addition to any other provisions which a prudent lender would request, each Subloan agreement shall include provisions to the effect that:

- (a) the Qualified Enterprise shall carry out and operate the Qualified Subproject with due diligence and efficiency and in accordance with sound applicable technical, business and development practices, including maintenance of adequate accounts and records;

- (b) the proceeds of the Loan shall be used only for procurement in member countries of ADB, in accordance with procedures acceptable to ADB, of Goods which are produced in and supplied from, and Works and Consulting Services which are supplied from, such countries and as set out in Schedule 2 to this Loan Agreement;
- (c) the Goods, Works and Consulting Services shall be used exclusively in the carrying out of the Qualified Subproject;
- (d) ADB and the Borrower shall each have the right to inspect such Goods and Works, the Qualified Enterprise, the Qualified Subproject, and any relevant records and documents;
- (e) the Qualified Enterprise shall take out and maintain with responsible insurers insurance against such risks and in such amounts as shall be consistent with sound business practices, and, without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of Goods to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods;
- (f) ADB and the Borrower shall each be entitled to obtain all such information as each shall reasonably request relating to the Subloan, the Goods, Works and Consulting Services, the Qualified Subproject, the Qualified Enterprise and other related matters; and
- (g) the Borrower shall be entitled to suspend or terminate further access by the Qualified Enterprise to the use of the proceeds of the Loan upon failure by the Qualified Enterprise to perform its obligations under its agreement with the Borrower.

Section 4.03. The Borrower shall promptly and effectively exercise its rights in relation to each Qualified Subproject in accordance with the standards of a prudent lender and in such manner as to protect the interests of ADB and the Borrower.

ARTICLE V

Particular Covenants

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business and development practices.

(b) In the carrying out of the Project and in the conduct of its business, the Borrower shall perform all the obligations set forth in Schedule 3 to this Loan Agreement.

Section 5.02. The Borrower shall at all times make adequate provision to protect itself against any loss resulting from changes in the rate of exchange between Indian

Rupees and the currency or currencies in which the Borrower's outstanding money obligations will have to be met.

Section 5.03. The Borrower shall not make a Subloan to any Qualified Enterprise unless such Qualified Enterprise has at its disposal, or has made appropriate arrangements to obtain as and when required, all funds, including adequate working capital, and other resources which are required by such Qualified Enterprise for the carrying out of its Qualified Subproject in respect of which the Subloan is to be made.

Section 5.04. The Borrower shall maintain records and accounts adequate to record the progress of each Qualified Subproject (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial condition of the Borrower.

Section 5.05. The Borrower shall furnish to ADB all such reports and information as ADB shall reasonably request concerning the Qualified Enterprises, the Qualified Subprojects (including costs thereof), and the Subloans.

Section 5.06. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual Statement of Subprojects for the Project in accordance with accounting principles acceptable to ADB; (iii) have such Statement of Subprojects audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest fund(s) and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited Statement of Subprojects for the Project and the opinion of the auditors on the Statement of Subprojects within 30 days of the date of their receipt by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the Statement of Subprojects for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

(c) In addition to annual audited Statement of Subprojects referred to in subsection (a) hereinabove, the Borrower shall (i) provide its annual financial statements prepared in accordance with national accrual-based financing reporting standards acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; and (iii) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited

financial statements in the English language and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

Section 5.07. The Borrower shall enable ADB's representatives to inspect any Qualified Enterprise, any Qualified Subproject, the Goods and Works, and any relevant records and documents maintained by the Borrower.

Section 5.08. (a) The Borrower shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its business.

(b) The Borrower shall at all times conduct its business in accordance with sound applicable technical, financial, and business practices, and under the supervision of competent and experienced management and personnel.

(c) Except as ADB may otherwise agree, the Borrower shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Loan Agreement.

Section 5.09. The Borrower shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of its Memorandum and Articles, which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. The Borrower shall afford ADB an adequate opportunity to comment on such proposal prior to taking any affirmative action thereon.

ARTICLE VI

Suspension; Acceleration of Maturity

Section 6.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations: the Memorandum and Articles, or any provision thereof, shall have been repealed, suspended or amended in any manner which in ADB's reasonable opinion may adversely affect the carrying out of the Loan Agreement.

Section 6.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: the event specified in Section 6.01 of this Loan Agreement shall have occurred.

ARTICLE VII

Effectiveness

Section 7.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VIII

Miscellaneous

Section 8.01. The Chairman and Managing Director of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2337.

For the Borrower

Indian Renewable Energy Development Agency Limited
3rd Floor, August Kranti Bhawan
Bhikaiji Cama Place
New Delhi -110066
India

Facsimile Number:

(91) 11 26717416.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By  _____
M. Teresa Kho
Country Director

INDIAN RENEWABLE ENERGY
DEVELOPMENT AGENCY LIMITED

By  _____
K.S. Popli
Chairman & Managing Director

SCHEDULE 1**AMORTIZATION SCHEDULE****(CLEAN ENERGY FINANCE INVESTMENT PROGRAM – PROJECT 1)**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Date Payment Due	Installment Share (Expressed as a %)
15 April 2020	3.333333
15 October 2020	3.333333
15 April 2021	3.333333
15 October 2021	3.333333
15 April 2022	3.333333
15 October 2022	3.333333
15 April 2023	3.333333
15 October 2023	3.333333
15 April 2024	3.333333
15 October 2024	3.333333
15 April 2025	3.333333
15 October 2025	3.333333
15 April 2026	3.333333
15 October 2026	3.333333
15 April 2027	3.333333
15 October 2027	3.333333
15 April 2028	3.333333
15 October 2028	3.333333
15 April 2029	3.333333
15 October 2029	3.333333
15 April 2030	3.333333
15 October 2030	3.333333
15 April 2031	3.333333
15 October 2031	3.333333
15 April 2032	3.333333
15 October 2032	3.333333
15 April 2033	3.333333

15 October 2033	3.333333
15 April 2034	3.333333
15 October 2034	3.333343
Total	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 2

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Procurement

3. The Borrower shall ensure that each Qualified Enterprise undertakes procurement of Goods, Works and Consulting Services with due attention to economy and efficiency and in accordance with established private sector or commercial practices.
4. The Borrower shall ensure that (a) the Qualified Enterprises adopt, to the extent possible, internationally competitive bidding procedures where the amount of the investment is unusually large and economy and efficiency may be gained by following such procedures; (b) the Goods and Works financed through the Subloans are purchased at a reasonable price taking into consideration relevant factors such as time of delivery, efficiency and reliability of the goods, and their suitability for the Qualified Subproject; and (c) consulting services are obtained at a reasonable price taking into consideration the quality and competence of the parties rendering such consulting services.

Industrial or Intellectual Property Rights

5. (a) The Borrower shall ensure that all Goods and Works procured by the Qualified Enterprise (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts entered into by the Qualified Enterprise for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) hereinabove.
6. The Borrower shall ensure that all ADB-financed contracts entered into by the Qualified Enterprise with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

SCHEDULE 3

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the FAM. Any subsequent change to the FAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the FAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.
2. The Borrower shall carry out the undertakings set out in Schedule 6 of the FFA in an efficient and timely manner.

Qualified Enterprise

3. The Borrower shall ensure that each Qualified Enterprise:
 - (a) has sufficient resources and financial capability to raise resources to complete and operate the relevant Qualified Subproject successfully;
 - (b) is not in default of any prior loan from the Borrower or any other lenders;
 - (c) be able to provide appropriate security as required by the Borrower;
 - (d) maintains appropriate financial records of income and expenditure to the satisfaction of the Borrower and ADB; and
 - (e) complies with, and ensures that the relevant Qualified Subproject complies with, ADB's policies and procedures and national and state level policies, laws and regulations relating to environment, resettlement and indigenous peoples.

Qualified Subproject

4. The Borrower shall ensure that that all Qualified Subprojects are selected and approved in accordance with the selection criteria and approval process stipulated in Schedule 4 to the FFA.

Takeout Financing Scheme

5. The Borrower may utilize up to 20% of the Loan proceeds for the purposes of the Takeout Financing Scheme.

6. The Borrower shall ensure that all Subprojects to be financed through Takeout Financing Scheme (a) will be required to satisfy the Qualified Subproject criteria set out in paragraph 4 of this Schedule 3 and that the Subloan Agreement for such Subprojects shall satisfy the requirements set out in Section 4.02 of this Loan Agreement; (b) follow IREDA's Takeout Financing Guidelines, Reserve Bank of India regulations and comply with the same ADB requirements as any other Subprojects funded under the Project including compliance with the Procurement Guidelines, the Consulting Guidelines, and all applicable environmental and social safeguard requirements set out in the ESMS.

Financial Covenants

7. The Borrower shall, at all times, comply with the prudential regulations which the Guarantor has made applicable to Borrower including capital adequacy, income recognition, classification, and provisioning of nonperforming assets.

8. The Borrower shall (a) maintain positive profitability and (b) comply with the relevant Reserve Bank of India capital adequacy ratios for nonbank financial institutions.

9. Towards improving credit risk management and reporting system, with effect from not later than 31 March 2015, the Borrower shall ensure gross non-performing loans level to be below 3.9%.

Screening, Categorization, and Environmental and Social Assessment and Planning

10. The Borrower shall ensure that before any Qualified Subproject is approved for financing:

- (a) the ESMS is used to screen and categorize the significance of potential environmental, indigenous peoples or involuntary resettlement impacts associated with such Qualified Subproject;
- (b) an IEE, an EMP, a RP and/or an IPP are prepared for such Qualified Subproject as required pursuant to the ESMS; and
- (c) the IEE, the EMP, the RP and/or the IPP (as applicable) are cleared by ADB if such Qualified Subproject is Category A or Category B within the meaning of the SPS .

11. The Borrower shall not provide financing under the Project for any Qualified Subprojects which may be classified as Category A for environment, resettlement or indigenous peoples within the meaning of the SPS.

Environment

12. The Borrower shall ensure that the preparation, design, construction, implementation, operation and decommissioning of each Qualified Subproject and all Project facilities comply with (a) all applicable laws and regulations of India relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the ESMS; and (d) all measures and

requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Resettlement

13. The Borrower shall ensure that all land and all rights-of-way required for each Qualified Subproject are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of India relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the ESMS; and (d) all measures and requirements set forth in the respective RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

14. Without limiting the application of the Involuntary Resettlement Safeguards, the ESMS or the RP, the Borrower shall ensure that no physical or economic displacement takes place in connection with any Qualified Subproject until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Indigenous Peoples

15. The Borrower shall ensure that the preparation, design, construction, implementation and operation of each Qualified Subproject comply with (a) all applicable laws and regulations of India relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; (c) the ESMS; and (d) all measures and requirements set forth in the respective IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

16. The Borrower shall ensure that (a) necessary budgetary and human resources are made available to fully implement the ESMS; and (b) each Qualified Enterprise receiving a Subloan makes necessary budget and human resources to fully implement the respective EMP, RP and IPP.

Safeguards Monitoring and Reporting

17. The Borrower shall do the following:

- (a) submit semi-annual Safeguards Monitoring Reports to ADB;
- (b) if any unanticipated environmental and/or social risks and impacts arise during Qualified Subproject implementation promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and

- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the ESMS and any EMP, RP or IPP promptly after becoming aware of the breach.

Prohibited List of Investments

18. The Borrower shall ensure or cause the Qualified Enterprise to ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Grievance Redress Mechanism

19. The Borrower shall ensure that towards smooth implementation of the Project, grievances if any from stakeholders, relating to implementation of the Project or any Qualified Subproject or use of funds, are addressed effectively and efficiently. The Borrower shall ensure that the Qualified Enterprises (a) make the existence of a grievance redress mechanism publicly known; and (b) proactively and constructively review and redress grievances of affected people in relation to the Project or any Qualified Subproject.

Labor Standards

20. The Borrower shall ensure that civil works contracts under Qualified Subprojects under Subloan agreements follow all applicable national and state level labor laws and that these further include provisions to the effect that contractors: (a) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; and (b) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

Governance and Anticorruption

21. The Borrower shall comply with ADB's Anticorruption Policy (1998, as amended to date) and (i) shall ensure that the anticorruption provisions acceptable to ADB and the Borrower are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the Borrower, the Qualified Enterprises and all contractors, suppliers, consultants, and other service providers as they relate to the Qualified Subprojects and the Project, and as included in the FAM; (ii) shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (iii) acknowledge that ADB reserves the right to investigate directly or through its agents any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (iv) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the FAM.

Combating Money Laundering and Financing of Terrorism

22. The Borrower shall:

- (a) comply with applicable laws and regulations of the Guarantor on combating money laundering and financing of terrorism and ensure that Loan proceeds are not used, directly or indirectly, in money laundering or financing of terrorism;
- (b) formulate and implement internal control procedures, including customer due diligence procedures, to prevent violation of subparagraph (a) hereinabove; and
- (c) promptly inform the Guarantor and ADB if there is any violation or potential violation of subparagraph (a) hereinabove. In the event that ADB informs the Borrower of its concern that there has been such an alleged violation, the Borrower shall: (i) cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred; (ii) respond promptly and in reasonable detail to any query from ADB; and (iii) furnish documentary support for such response upon ADB's request.