
LOAN NUMBER 3048 - IND

LOAN AGREEMENT
(Ordinary Operations)

(Accelerating Infrastructure Investment Facility in India - Project 1)

between

ASIAN DEVELOPMENT BANK

and

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

DATED 22 January 2014

LAL: IND 47083

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 22 January 2014 between ASIAN DEVELOPMENT BANK (hereinafter called "ADB") and INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (hereinafter called the "Borrower").

WHEREAS

(A) by a framework financing agreement dated 19 August 2013 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for the purposes of financing projects under the Accelerating Infrastructure Investment Facility in India;

(B) by a periodic financing request dated 19 August 2013 submitted by the Borrower, 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 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 amount of 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) "Companies Act, 1956" means the Companies Act, 1956 (1 of 1956) of the Guarantor, as amended from time to time;

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

(d) "Corporate Governance Framework" means the corporate governance framework formulated in accordance with the Borrower's Comprehensive Business Plan and International Best Practices and attached as Appendix 4 to the RRP for ADB Loan 2882;

(e) "ESMU" means the Environmental and Social Management Unit established by the Borrower in February 2010, that will be responsible for monitoring of compliance with the Guarantor's national and state level policies and the ESSF;

(f) "ESSF" means the environmental and social safeguards framework prepared in accordance with ADB's Safeguard Policy Statement (2009), the Guarantor's policies, laws and regulations, safeguard policies of other development partners, and set out in Schedule 5 to the FFA, as amended from time to time;

(g) "Facility" means the Accelerating Infrastructure Investment Facility in India provided by ADB to the Borrower in accordance with ADB's policy under *Mainstreaming the Multitranche Financing Facility* (R121-08) dated 20 June 2008;

(h) "FAM" means the facility administration manual for the Facility dated August 2013 and agreed between the Borrower and ADB, as updated from time to time in accordance with respective administrative procedures of the Borrower and ADB;

(i) "FFA" means the framework financing agreement dated 19 August 2013, entered into between ADB, the Borrower, and the Guarantor, for 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) "IIPFF-1" means the India Infrastructure Project Financing Facility provided by ADB to the Borrower in accordance with the Framework Financing Agreement, dated 16 November 2007, between ADB and the Borrower;

(l) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2012, as amended from time to time);

(m) "Memorandum and Articles" means the memorandum and articles of association of the Borrower, as amended from time to time;

(n) "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 PFR dated 19 August 2013;

(o) "PMU" means the project management unit established under IIPFF-1 by the Borrower and maintained in accordance with paragraphs 1 to 3 of Schedule 3 to this Loan Agreement;

(p) "Procurement Guidelines" means ADB's Procurement Guidelines (2013, as amended from time to time);

(q) "Project" means the project described in Section 3.01 of this Loan Agreement;

(r) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means the Borrower;

(s) "Qualified Enterprise" means an enterprise, which satisfies the selection criteria set out in paragraph 5 of Schedule 3 to this Loan Agreement, to which the Borrower proposes to make or has made a Subloan, and includes a special purpose vehicle that is incorporated in India in accordance with the Guarantor's public-private partnership projects under the Scheme;

(t) "Qualified Subproject" means a specific development subproject which satisfies the selection criteria set out in paragraph 5 of Schedule 3 to this Loan Agreement, to be carried out by a Qualified Enterprise utilizing the proceeds of a Subloan;

(u) "RRP" means ADB's Report and Recommendation of the President to the Board of Directors;

(v) "Scheme" means both, (i) the Guarantor's Scheme for Financing Viable Infrastructure Projects (SIFTI) through a Special Purpose Vehicle called the India Infrastructure Finance Company Limited issued on 4 January 2006 and further amended to date as of 21 May 2013, and (ii) the Takeout Finance Scheme for financing Viable Infrastructure Projects, effective 16 April 2010 and further amended to date as of 1 December 2011, as set out in Schedule 4 to the FFA, and as further amended from time to time;

(w) "SIFTI" means the Borrower's Scheme for Financing Viable Infrastructure Projects;

(w) "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;

(x) "Takeout Finance Scheme" means the Borrower's Takeout Finance Scheme for financing Viable Infrastructure Projects, effective 16 April 2010, as set out in Schedule 4 to the FFA, and as further amended from time to time; and

(y) "Works" means construction or civil works to be financed out of the proceeds of the Loan, and 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 four hundred million Dollars (\$400,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Loan Agreement.

(b) The Loan has a principal repayment period of 15.5 years, and a grace period as defined in paragraph (c) of this Section.

(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;

(b) 0.60% as provided by Section 3.02 of the Loan Regulations, less a credit of 0.20% as provided by Section 3.03 of the Loan Regulations; and

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 this Loan Agreement is executed.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 March and 15 September 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. (a) The Project for which the Loan is made is the financing by the Borrower of specific development Subprojects by making Subloans for Qualified Subprojects to Qualified Enterprises in India, all in accordance with the Scheme, the Companies Act, 1956, and this Loan Agreement.

(b) In the event of any change in the Scheme, the Guarantor, the Borrower, and ADB will assess the potential impact on the Facility and evaluate any change in scope, amendment, or continuation, as appropriate, of the Project.

Section 3.02. (a) Except as ADB may otherwise agree, the proceeds of each part of the Loan shall be used only for making Subloans to Qualified Enterprises and shall be applied exclusively to the cost of Goods, Works and Consulting Services and other

items of expenditure required to carry out the Qualified Subprojects in respect of which such part of the Loan was withdrawn.

(b) To ensure compliance with the provisions of Section 4.02(b) of this Loan Agreement, the Borrower shall make a Subloan to a Qualified Enterprise for only such Qualified Subproject that involves procurement of Goods, Works, and Consulting Services from member countries of ADB, the amount of which is at least equal to the size of the Subloan for the Qualified Subproject.

(c) 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. (a) Whenever the Borrower proposes to make a Subloan in an amount exceeding the amount of \$30 million, 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. A Subloan shall be deemed to exceed the equivalent of the amount specified in or agreed pursuant to this subsection if the amount of such Subloan, when added to the amount of any other Subloan or Subloans previously made or authorized for the same Qualified Subproject, exceeds the equivalent of the amount so specified or agreed. No withdrawal shall be made in respect of a Subloan falling within the provisions of this subsection unless ADB shall have authorized withdrawals from the Loan Account.

(b) Whenever the Borrower has made, or proposes to make, a Subloan in an amount not exceeding the equivalent of the amount specified in subsection (a) hereinabove, the Borrower shall, promptly furnish to ADB a statement, in a form satisfactory to ADB, describing the Qualified Subproject and the terms and conditions of the Subloan.

(c) Notwithstanding the requirements under clauses (a) and (b) hereinabove, all Subloans under Takeout Finance Scheme shall be required to follow requirements of clause (a) hereinabove, irrespective of the amount involved.

Section 3.04. Subject to Section 3.06 of this Loan Agreement, no withdrawals shall be made from the Loan Account for amounts expended for the cost of a Qualified Subproject prior to receipt by ADB of the application for approval of such Qualified Subproject pursuant to paragraph 6 of Schedule 3 to this Loan Agreement.

Section 3.05. 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: (a) such expenditures shall have been incurred in full compliance with the Procurement Guidelines, and safeguards policies, and (b) suitable provisions shall be included in the existing Subloan agreements to reflect the provisions of Article IV of this Loan Agreement.

Section 3.06. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Section 3.07. The closing date for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 2016 or such other date as may from time to time be agreed between ADB and the Borrower.

ARTICLE IV

Subloans

Section 4.01. (a) Each Subloan shall carry interest at an appropriate rate as provided in paragraph 14(c) of Schedule 3 to this Loan Agreement 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. Each Subloan agreement shall appropriately reflect the obligations of the Borrower and the Qualified Enterprise assumed under this Loan Agreement in respect of the Qualified Subproject.

(b) Prior to disbursement of Subloans, the Borrower shall review the utilization report for each Qualified Subproject as verified by a chartered accountant, and the lead bank/designated lead syndicator, and which shall be accompanied by an engineer's certificate.

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 administrative, technical, financial, economic, engineering, environmental, social safeguards, and business 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 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 to be financed out of the proceeds of the Loan 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 carry out and operate the Qualified Subproject in compliance with ADB's safeguards policies as required in paragraphs 8 to 13 of Schedule 3 to this Loan Agreement;
- (f) 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 financed out of the proceeds of the Loan 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;
- (g) 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 financed out of the proceeds of the Loan, the Qualified Subproject, the Qualified Enterprise and other related matters; and
- (h) 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 banking, administrative, financial, engineering, environmental, and business 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 local currency 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, as part of the records and accounts referred to in Section 7.03 of the Loan Regulations.

Section 5.05. (a) The Borrower shall furnish to ADB all such reports and information as ADB shall reasonably request concerning the Qualified Enterprises, the Qualified Subprojects and the Subloans as part of the reports and information referred to in Section 7.04(a) of the Loan Regulations.

(b) The Borrower shall include information on the execution of the Qualified Subprojects and their costs as part of the report referred to in Section 7.04(d) of the Loan Regulations.

Section 5.06. (a) 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 accounts and financial statements (balance sheet, statement of income and expenses, and related 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; (iii) as part of each such audit, have the auditors prepare a report (which includes the auditor's opinion on the financial statements, use of Loan proceeds and compliance with financial covenants of this Loan Agreement as well as on the 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 (iv) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such further information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements of the Borrower and the opinion of the auditors on the financial statements 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 financial statements of the Borrower and its financial affairs where they relate to the Project with the auditors appointed by the Borrower pursuant to subsection (a) 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.

Section 5.07. The Borrower shall enable ADB's representatives to review and examine any Qualified Enterprise, any Qualified Subproject, the Goods and Works financed out of the proceeds of the Loan, 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 administrative, financial, environmental 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.

(d) The Borrower shall keep ADB informed, of the establishment or acquisition by it, of any subsidiaries.

Section 5.09. The Borrower shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of its Memorandum and Articles, or the Scheme or any provision thereof, which if implemented, could adversely affect the carrying out of the Project or the operation of 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 are specified as additional events for suspension of the right of the Borrower by prior notice to the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations:

(a) the Memorandum and Articles, or any provision thereof, shall have been repealed, suspended, amended or modified in any manner that in the reasonable opinion of ADB will or may adversely affect the carrying out of this Loan Agreement; and

(b) the Scheme or any provision thereof, shall have been repealed, suspended, amended or modified in any manner that in the reasonable opinion of ADB will or may adversely affect the carrying out of this 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: any of the events specified in Section 6.01 of this Loan Agreement shall have occurred.

ARTICLE VII

Effectiveness

Section 7.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations: the ESMU shall have been fully staffed to the satisfaction of ADB.

Section 7.02. 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

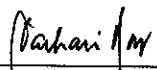
India Infrastructure Finance Company Limited
8th Floor, Hindustan Times Building
18&20, Kasturba Gandhi Marg
New Delhi – 110001, India

Facsimile Number:

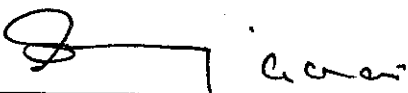
91-11-23730251.

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 and to be delivered at the principal office of ADB, as of the day and year first above written.

ASIAN DEVELOPMENT BANK

By 
NARHARI RAO
Officer-In-Charge
India Resident Mission

INDIA INFRASTRUCTURE FINANCE
COMPANY LIMITED

By 
SANJEEV GHAI
Chief General Manager

SCHEDULE 1**Amortization Schedule
(Accelerating Infrastructure Investment Facility in India – 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.

Sequence	Date Payment Due	Installment Share (Expressed as a % based on 5% annuity)
1	15 March 2018	2.173900
2	15 September 2018	2.228248
3	15 March 2019	2.283954
4	15 September 2019	2.341053
5	15 March 2020	2.399579
6	15 September 2020	2.459568
7	15 March 2021	2.521058
8	15 September 2021	2.584084
9	15 March 2022	2.648686
10	15 September 2022	2.714903
11	15 March 2023	2.782776
12	15 September 2023	2.852345
13	15 March 2024	2.923654
14	15 September 2024	2.996745
15	15 March 2025	3.071664
16	15 September 2025	3.148455
17	15 March 2026	3.227167
18	15 September 2026	3.307846
19	15 March 2027	3.390542
20	15 September 2027	3.475306
21	15 March 2028	3.562188
22	15 September 2028	3.651243
23	15 March 2029	3.742524
24	15 September 2029	3.836087
25	15 March 2030	3.931989
26	15 September 2030	4.030289
27	15 March 2031	4.131046
28	15 September 2031	4.234322
29	15 March 2032	4.340181
30	15 September 2032	4.448685

Sequence	Date Payment Due	Installment Share (Expressed as a % based on 5% annuity)
31	15 March 2033	4.559913
	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: (a) 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 (b) 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 and Works, and Consulting Services****A. General**

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

B. Procurement for Goods and Works; Selection of Consulting Services

3. The Borrower shall cause Qualified Enterprises to: (a) adopt, to the extent possible, internationally competitive bidding procedures when the amount of the investment is unusually large and economy and efficiency can be gained by following such procedures, and (b) ensure that the Goods and Works to be financed by Subloans shall be purchased at a reasonable price, account also being taken of relevant factors such as time of delivery, efficiency and reliability of the goods, and their suitability for the Qualified Subproject and, in case of consulting services, of their quality and competence of the parties rendering them.
4. For build operate and transfer projects and their variants, if the Qualified Enterprise or engineering, procurement, and construction contractor is selected through competitive bidding among international entities in accordance with procedures acceptable to ADB, such Qualified Enterprise or contractor may apply its own procedures for procurement provided that such procurement is for Goods and Works, and consulting services supplied from, or produced in, ADB member countries. To this end, the Qualified Enterprise shall ensure that the amount of procurement of Goods, Works, and consulting services from member countries of ADB is at least equal to the size of the Subloan for the Qualified Subproject.

C. Industrial or Intellectual Property Rights

5. (a) The Borrower shall cause Qualified Enterprises to 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 cause Qualified Enterprises to ensure that all contracts 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 cause Qualified Enterprises to ensure that all ADB-financed contracts 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. (a) 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.

(b) The Borrower, as the Project Executing Agency, shall ensure that the PMU established under IIPFF-1 shall continue as the PMU under the Project to monitor the screening and selection of Qualified Subprojects in consultation with the consortium of lenders, and also the day-to-day implementation. The PMU shall also be responsible for ensuring that all Qualified Subprojects are in compliance with the ESSF and applicable national and state level policies, laws and regulations relating to environment, resettlement, and indigenous people.

2. The PMU shall be comprised of specialist staff with expertise in risk management and project advisory work. A senior officer, reporting directly to the chairman and managing director of the Borrower, shall be appointed for ensuring compliance with the ESSF. The PMU shall also have a dedicated financial/accounting officer to monitor Project accounts and process claims. The Borrower shall also be responsible for developing and implementing an investment program performance monitoring system.

3. The Borrower shall further develop and maintain the capacity of the PMU staff to perform the responsibilities of the PMU, including developing and maintaining specialist capacity and expertise to conduct and implement environmental and social safeguards due diligence by: (a) developing and training existing staff with such capacity and expertise; and/or (b) engaging staff or consultants with such capacity or expertise.

4. The board of directors of the Borrower shall provide policy direction and strategic oversight for the Project.

Selection Criteria

5. (a) Each Qualified Enterprise and Qualified Subproject shall satisfy at all times the sub-borrower and sub-project selection criteria as set out in the Scheme, which includes, *inter alia*, appraisal by a specialized and designated appraisal agency for technical, economic, and financial viability, and review and acceptance of the results of the appraisal by the lead bank.

(b) Without limitation to clause (a) of this paragraph, each Qualified Enterprise shall:

- (i) be selected in accordance with ADB's Procurement Guidelines;
- (ii) have adequate resources and financial capability to raise resources to complete and operate the relevant Qualified Subproject successfully;

- (iii) not be in default on any prior loan from the Borrower or from any of the participating members of the consortium of lenders;
- (iv) be able to provide security as required by the consortium of lenders;
- (v) maintain appropriate financial records of income and expenditure to the satisfaction of the Borrower and ADB; and
- (vi) comply, and cause each Qualified Subproject to comply, with ADB's policies and procedures and national and state level policies, laws and regulations relating to environment, resettlement and indigenous peoples.

(c) Notwithstanding the generality of clauses (a) and (b) hereinabove, the ADB loan available to the Borrower for Qualified Subprojects under the Takeout Finance Scheme shall not exceed 40 percent of the Loan amount.

Approval Procedure

6. Without limitation to Section 3.03 of this Loan Agreement, the Borrower shall ensure that all Qualified Subprojects are submitted to ADB for prior review and approval in accordance with Schedule 3 of the FFA. In order to prepare and process each Qualified Subproject, the Borrower shall:

- (a) review the preliminary designs and cost estimates as approved by the lending consortium;
- (b) review and update the ESSF for environmental assessment, involuntary resettlement, and indigenous peoples to ensure consistency with the applicable country legal frameworks and ADB's Safeguard Policy Statement (2009);
- (c) review and ascertain compliance with the ESSF and submit the review reports to ADB together with other relevant safeguard documents; and
- (d) submit the safeguards compliance certificate to ADB.

7. If any non-compliance is found during ADB's review of the documents, ADB shall request a corrective action plan, which shall be prepared by the Borrower and submitted to ADB for approval.

Safeguards

Environment

8. The Borrower shall implement the environmental management system framework as set out in the ESSF in accordance with its terms. The Borrower shall ensure that each Qualified Subproject: (a) is implemented and undertaken in accordance with the terms and conditions of the ESSF acceptable to ADB, and (b) is in compliance with applicable environmental laws, rules, regulations, and policies of India and its relevant state(s), and ADB's Safeguard Policy Statement (2009). The Borrower shall ensure that for each Qualified Subproject, environmental assessments, as applicable, such as: the initial environmental examination, the environmental impact assessment, and the environment management plan, or an environmental audit including a corrective action plan, if required, are submitted to ADB for prior approval, before it approves the Qualified Subproject.

9. The Borrower shall cause each Qualified Enterprise to ensure that the Qualified Subproject is undertaken in compliance with applicable environmental laws, rules, regulations, and policies of India and its relevant state, ADB's Safeguard Policy Statement (2009), and the terms of the ESSF.

10. The Borrower shall cause each Qualified Enterprise to ensure that all necessary mitigation measures shall have been undertaken to mitigate any adverse environmental impacts associated with the Qualified Subproject.

Resettlement

11. The Borrower shall implement the social safeguards framework as set out in the ESSF in accordance with its terms. The Borrower shall ensure that each Qualified Subproject, which involves land acquisition and has resettlement impacts, (a) is implemented and undertaken in accordance with the terms and conditions of the ESSF acceptable to ADB, and (b) the resettlement plan is submitted to ADB for approval, before it approves the Qualified Subproject. The Borrower shall also ensure that adequate numbers of staff are trained and deployed to fully implement and comply with the ESSF.

12. The Borrower shall cause each Qualified Enterprise to ensure that each Qualified Subproject, which involves land acquisition and has resettlement impacts: (a) is undertaken in compliance with all the applicable laws, rules, regulations, and policies of India, and its relevant state(s), and ADB's Safeguard Policy Statement (2009), and the terms of the ESSF, (b) all land and rights-of-way required for a Qualified Subproject are obtained in a timely manner, (c) the provisions of the resettlement plans are implemented in accordance with their terms, (d) all compensation and resettlement assistance is given to the affected persons prior to their dispossession and displacement and commencement of civil works, (e) resettlement plans are updated upon completion of the detailed design and submitted to ADB for approval prior to commencement of civil works, (f) adequate staff and resources are committed to supervising and monitoring implementation of the resettlement plans, and (g) experienced and qualified external experts or qualified non-government organizations acceptable to ADB and the Borrower are engaged by the Qualified Enterprise to monitor and evaluate results of implementation of resettlement plans, and the reports are forwarded to ADB and the Borrower as required under the ESSF.

Indigenous Peoples

13. The Borrower shall cause each Qualified Enterprise to ensure that Qualified Subprojects do not adversely affect vulnerable groups, such as indigenous peoples, and in the event of any impact or their involvement, the Borrower shall cause each Qualified Enterprise to implement the social safeguards framework as set out in the ESSF in accordance with its terms to ensure compliance with ADB's Safeguard Policy Statement (2009) and the terms of the ESSF.

Financial

14. The Borrower shall ensure that:

- (a) it complies at all times with the prudential norms, as made applicable to it by the Guarantor, including capital adequacy, income recognition, classification,

- and provisioning of non-performing assets;
- (b) it maintains a capital to risk weighted assets ratio (as defined by the Reserve Bank of India) of at least 12%;
- (c) in the event the Borrower's application to become a nonbank financial company is approved, the norms made applicable to it by the Reserve Bank of India shall be complied by the Borrower including capital adequacy, income recognition, classification, provisioning of nonperforming assets, and liquidity;
- (d) it shall have no arrears in repayment of its current debt obligations;
- (e) it shall lend to Qualified Subprojects on market-based terms that are adequate to cover all associated costs and risks to include any foreign exchange risk premium;
- (f) in the absence of Reserve Bank of India's approval of its nonbank financial company application, it shall will maintain a credit rating from an international rating agency acceptable to ADB;
- (g) within six months of Effective Date, it shall institute quarterly risk management reporting to its risk committee. The presentation and discussion shall address, at a minimum, changes in the risk profile of the Borrower's loan and investment portfolio and the status of its "Implementation Plan" for its "Integrated Risk Management Systems Project" of February 2013;
- (h) within six months of Effective Date, it shall implement an integrated management information system to replace the current manual systems; and
- (i) it shall implement on a timely basis the "Implementation Plan" of the "Integrated Risk Management Systems Project, February 2013".

Institutional Matters

15. The Borrower shall develop and maintain the capacity of ESMU staff to perform the responsibilities of the ESMU at a level that is commensurate with the overall operations of the Borrower from time to time, including developing and maintaining specialist capacity and expertise to conduct and implement environmental and social safeguards due diligence by (a) developing and training existing staff with such capacity and expertise, and/or (b) engaging staff or consultants with such capacity or expertise.

16. Within no later than 6 months of Effective Date, the Borrower shall have implemented the integrated data platform and loan accounting system and replaced the current manual system.

17. The Borrower shall at all times continue to fully and adequately staff the ESMU. In this regard the Borrower shall, by no later than December 2014, regularize the post of ESMU head.

18. Within no later than 6 months of Effective Date, the Borrower shall institute quarterly risk management reporting to its risk management committee. In this regard the Implementation Plan of the Borrower shall be implemented by July 2016.

Governance; Anticorruption

19. The Borrower shall ensure that accountability and transparency are maintained in its operations through stakeholder meetings and publication of progress reports throughout the

duration of the Project, and internal procedures and controls are instituted, maintained, and complied with to prevent any corrupt, fraudulent, collusive, or coercive practices and to ensure conformity with ADB's Anticorruption Policy (1998, as amended to date). The Borrower shall ensure that all contracts financed by ADB in connection with the Subprojects specify the right of ADB to review and examine the records and accounts of the subborrowers, suppliers, and contractors as they relate to the Subprojects. The Borrower shall ensure that its annual report to its board of directors, and ADB includes a report upon and discussion of the implementation of its Corporate Governance Framework. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to examine and review any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Qualified Subprojects.

Undertakings

20. The Borrower shall carry out the undertakings provided for under Schedule 6 to the FFA in a timely manner.

Performance Monitoring and Evaluation

21. Within 6 months of the Effective Date, the Borrower shall establish baseline data for select indicators under the investment program performance monitoring system acceptable to ADB. Thereafter, the Borrower shall conduct annual surveys and shall update ADB on implementation progress against each indicator, in the semi-annual progress reports. Without limiting the generality of Section 7.04 of the Loan Regulations, the Borrower shall submit to ADB semi-annual progress reports and a completion report within 3 months of the completion of all Subprojects.

Project Review

22. The Borrower shall review the performance of the Project through the PMU on a quarterly basis, which shall be completed by the tenth day of the month following the quarterly review. The board of directors of the Borrower shall review the performance semi-annually and shall forward semi-annual progress reports to ADB by the tenth day of the month following the semi-annual review. ADB shall review semi-annual progress reports and shall undertake annual review missions and tripartite reviews chaired by the Guarantor. In addition, a midterm review shall be conducted by ADB and the Borrower in the financial year 2014-15.