
LOAN NUMBER 3521 - IND
LOAN NUMBER 8325 - IND (EF)

GUARANTEE AGREEMENT
(Ordinary Operations)
(ADB Clean Technology Fund)
(Solar Transmission Sector Project)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 05 April 2017

IND 49214

**GUARANTEE AGREEMENT
(Ordinary Operations)
(ADB Clean Technology Fund)**

GUARANTEE AGREEMENT dated 05 April 2017 between INDIA acting by its President ("Guarantor") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a Loan Agreement of even date herewith ("Ordinary Operations Loan Agreement") between ADB and Power Grid Corporation of India Limited ("Borrower"), ADB has agreed to make to the Borrower from ADB's ordinary capital resources a loan of one hundred seventy-five million Dollars (\$175,000,000) ("Ordinary Operations Loan") on the terms and conditions set forth in the Ordinary Operations Loan Agreement;

(B) by a Loan Agreement of even date herewith ("CTF Loan Agreement", and together with the Ordinary Operations Loan Agreement, the "Loan Agreements") between ADB and the Borrower, ADB, acting in its capacity as an implementing entity of the Clean Technology Fund, has agreed to make to the Borrower from the Clean Technology Fund a loan of fifty million Dollars (\$50,000,000) ("CTF Loan", and together with the Ordinary Operations Loan, the "Loans") on the terms and conditions set forth in the CTF Loan Agreement; and

(C) the Guarantor, in consideration of ADB's entering into the Loan Agreements with the Borrower, has agreed to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations, dated 1 January 2017 ("Loan Regulations") and the Standard Terms set out in Schedule 1 to the CTF Loan Agreement ("Standard Terms") are hereby made applicable to this Guarantee Agreement with the same force and effect as if they were fully set forth herein subject, however, to the modifications thereof set forth in the Loan Agreements.

Section 1.02. Wherever used in this Guarantee Agreement, the several terms defined in the Loan Agreements, Loan Regulations and the Standard Terms shall have the respective meanings set forth therein unless the context otherwise requires.

ARTICLE II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loans, the premium, if any, on the prepayment of the Loans, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreements.

Section 2.02. The Guarantor shall ensure that the principal of, and the service charge and other charges on, the Loans are paid without restrictions of any kind imposed by, or in the territory of the Guarantor.

Section 2.03. The Guarantor shall ensure that:

- (a) the principal of, and service charge and other charges (including the Multilateral Development Bank Fee) on the Loans are exempt from, and are paid without deduction for, any taxes levied by, or in the territory of, the Guarantor; and
- (b) the Loan Agreements and this Guarantee Agreement are exempt from any taxes levied by, or in the territory of, the Guarantor on or in connection with the execution, delivery or registration thereof.

Section 2.04. The obligations of the Guarantor under this Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower, and shall not be impaired by any of the following: any extension of time, forbearance or concession given to the Borrower; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or in respect of any security for the Loans; any modification or amplification of the provisions of the Loan Agreements contemplated by the terms thereof; or any failure of the Borrower to comply with any requirement of any law, regulation or order of the member in whose territory the Project is to be carried out or of any political or administrative subdivision or agency of such member.

Section 2.05. The Guarantor shall not take any action, or permit any of its political subdivisions or agencies or any agency of any such political subdivisions to take any action, which would prevent or interfere with the successful carrying out of the Project or the successful operation of the Project facilities, or the performance by the Borrower of its obligations under the Loan Agreements.

Section 2.06. (a) The Guarantor shall from time to time take such action as may be necessary or appropriate on its part to ensure prompt performance by the Borrower of its obligations under the Loan Agreements.

(b) The Guarantor shall perform all the obligations under the Loan Agreements to the extent that they are applicable to the Guarantor.

Section 2.07. (a) It is the mutual intention of the Guarantor and ADB that no other external debt shall have any priority over the Loans by way of a lien on the assets of the Guarantor. To that end, the Guarantor undertakes (i) that, except as ADB may otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loans; and (ii) that the Guarantor, in creating or permitting the creation of any such lien, will make express provision to that effect.

(b) The provisions of subsection (a) hereinabove shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) "The term "assets of the Guarantor" as used in subsection (a) hereinabove includes assets of any political subdivision or any agency of the Guarantor and assets of any agency of any such political subdivision, and assets of any entity owned or controlled by, or operating for the account or benefit of, the Guarantor or any such political subdivision or agency, including any other institution performing the functions of a central bank for the Guarantor.

ARTICLE III

Section 3.01. Each of the Secretary, Additional Secretary, Joint Secretary, Director, or Deputy Secretary, Ministry of Finance, Department of Economic Affairs of the Guarantor is designated as representative of the Guarantor for the purposes of Section 12.02 of the Loan Regulations and Section 10.02 of the Standard Terms.

Section 3.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations and Section 10.01 of the Standard Terms:

For the Guarantor

The Secretary to the Government of India
 Ministry of Finance
 Department of Economic Affairs
 North Block
 New Delhi – 110 001
 India

Facsimile Number:

(0091) 11 2309-2477
 (0091) 11 2309-2511

For ADB

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


Facsimile Numbers:

(632) 636-2444

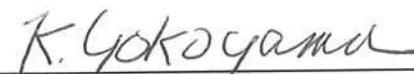
(632) 636-2338

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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.

INDIA

By  05/04/2017
Raj Kumar
Joint Secretary (MI)
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By 
Kenichi Yokoyama
Country Director