

No. 4472

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
INDIA**

Guarantee Agreement—*Industrial Credit and Investment Project* (with annexed Loan Regulations No. 4 and Loan Agreement—*Industrial Credit and Investment Project*—between the Bank and The Industrial Credit and Investment Corporation of India Limited). Signed at Washington, on 14 March 1955

Official text: English.

Registered by the International Bank for Reconstruction and Development on 15 August 1958.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
INDE**

Contrat de garantie — *Projet relatif au crédit et aux investissements industriels* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet relatif au crédit et aux investissements industriels* — entre la Banque et l'Industrial Credit and Investment Corporation of India Limited). Signé à Washington, le 14 mars 1955

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 15 août 1958.

No. 4472. GUARANTEE AGREEMENT¹ (*INDUSTRIAL CREDIT AND INVESTMENT PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 14 MARCH 1955

AGREEMENT, dated March 14, 1955, between INDIA, acting by its President, (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS an agreement, dated January 29, 1955, as recited in the Loan Agreement (as hereinafter defined) has been entered into between the Guarantor and The Industrial Credit and Investment Corporation of India Limited (hereinafter called the Borrower) providing for an advance by the Guarantor to the Borrower in the amount of seventy-five million rupees (Rs. 75,000,000);

WHEREAS by an agreement of even date herewith between the Bank and the Borrower, which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to ten million dollars (\$10,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment of the principal, interest and other charges on such loan; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee the payment of the principal, interest and other charges on such loan;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated October 15, 1952³ subject, however, to the modifications thereof set forth in Schedule 2⁴ to said Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter

¹ Came into force on 28 December 1955, upon notification by the Bank to the Government of India.

² See p. 138 of this volume.

³ See p. 136 of this volume.

⁴ See p. 152 of this volume.

called the Loan Regulations), with the same force and effect as if they were fully set forth herein. The terms defined in Section 1.02 of said Loan Agreement shall have the same meaning herein as if such Section were fully set forth herein.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this 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 Loan, the principal of, and interest on the Bonds and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision 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 Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (a) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (b) any pledge of commercial goods to secure debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods; or (c) any pledge by the Reserve Bank of India of any of its assets in the ordinary course of its banking business to secure any indebtedness maturing not more than one year after its date.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and Bonds shall be paid without deduction for and free from any taxes (including duties, fees or impositions) imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of or duties or fees or impositions levied upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes (including duties, fees or impositions) that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor shall not amend the Government Agreement without the approval of the Bank.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Agreement and of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. A Secretary to the Government of India in the Ministry of Finance is designated as the authorized representative of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

The Secretary, Ministry of Finance
Government of India
New Delhi
India

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, District of Columbia
United States of America

Section 5.02. A Secretary to the Government of India in the Ministry of Finance is designated for the purposes of Section 8.03 of the Loan Regulations.

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 and delivered in the District of Columbia, United States of America, as of the day and year first above written.

India :

by G. L. MEHTA
Authorized Representative

International Bank for Reconstruction and Development :
by Eugene R. BLACK
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 OCTOBER 1952

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 172, p. 124.*]

LOAN AGREEMENT
(INDUSTRIAL CREDIT AND INVESTMENT PROJECT)

AGREEMENT, dated March 14, 1955, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED, a company duly incorporated under the Indian Companies Act 1913, (hereinafter called the Borrower).

WHEREAS the Borrower has been incorporated to stimulate the creation, expansion and modernization of private industries in India and to encourage and promote the participation of private capital both internal and external in Indian industry and provide capital, in the form of loans or equity participation, and to furnish managerial, technical and administrative advice to industry;

WHEREAS the Government of India has agreed to assist the Borrower by making available to the Borrower seventy-five million rupees (Rs.75,000,000) as an advance pursuant to the Government Agreement hereinafter described;

WHEREAS fifty million rupees (Rs.50,000,000) of the Ordinary Shares of the Borrower have been subscribed by private investors in and outside India; and

WHEREAS the Bank has been requested to grant a loan to the Borrower;

NOW THEREFORE, the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated October 15, 1952,¹ subject, however, to the modifications thereof set forth in Schedule 2² to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. The following terms as used herein shall have the following meanings unless the context otherwise requires :

- (a) The term " Guarantor " means India acting by its President.
- (b) The term " Government Agreement " means the Agreement dated January 29, 1955, entered into between the Guarantor and the Borrower providing for an advance by the Guarantor to the Borrower of seventy-five million rupees (Rs. 75,000,000) and shall include such changes in said Agreement as may from time to time be agreed by the parties thereto and the Bank.
- (c) The term " subsidiary " means a company which is a subsidiary of the Borrower within the meaning of the Indian Companies Act 1913 (or any amendment thereof).
- (d) The term " rupees " and the letters " Rs." mean currency of the Guarantor.

¹ See p. 136 of this volume.

² See p. 152 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to ten million dollars (\$10,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account in instalments as follows :

- (a) There shall be so credited such amounts as shall from time to time be agreed upon by the Bank and the Borrower as required to meet the reasonable administrative expenses of the Borrower payable in foreign currency. (For the purposes of this Agreement, the term "foreign currency" means any currency other than currency of the Guarantor);
- (b) When any investment project shall be approved by the Bank as in Section 3.02 provided, there shall be so credited an amount equal to the estimated foreign currency cost thereof as approved by the Bank, less any amounts credited or withdrawn in respect thereof pursuant to sub-paragraph (c) of this Section;
- (c) Additional amounts shall be so credited, and may be withdrawn, as follows : After the Effective Date there shall be credited to the Loan Account such amounts, not exceeding in the aggregate \$1,000,000, as the Borrower shall from time to time request, and such amounts (together with any amounts thereafter so credited as hereinafter in this sub-paragraph (c) provided) shall be subject to withdrawal by the Borrower from time to time. Each application for any such withdrawal shall state the investment project or investment projects for which the withdrawal is requested, and that the amount so requested will be applied to the foreign currency cost of goods required for carrying out such project or projects. Within 90 days from the date of each such withdrawal (but in any event before the Closing Date) the Borrower shall (i) cause such investment project or projects or other investment projects to be approved by the Bank, if not already so approved, and (ii) furnish evidence satisfactory to the Bank that an amount equal to the amount so requested and withdrawn has been applied to the cost of goods required for the carrying out of such approved project or projects. Upon the furnishing of such evidence in respect of any such withdrawal, or any part thereof, the Bank shall from time to time (but not after the Closing Date) make additional credits to the Loan Account in such amounts as shall be requested by the Borrower but not in excess of the amount of such withdrawal, or part thereof, covered by such evidence. The Borrower shall, within 90 days after the date of each withdrawal (but in any event before the Closing Date) reimburse the Loan Account for all or any part of such withdrawal as to which such evidence shall not have been submitted to and approved by the Bank. The Loan Account shall be credited with the amount of any such reimbursement. No credit shall be made to the Loan Account, and no withdrawal shall be made therefrom, pursuant to this sub-paragraph for any expenditure in respect of which a credit has been made pursuant to sub-paragraph (b) of this Section;

(d) The Loan Account may, by agreement between the Bank and the Borrower, be reduced by any amount credited thereto pursuant to sub-paragraph (b) of this Section which will not be required for the investment project in respect of which it was so credited. By like agreement amounts credited or to be credited to the Loan Account pursuant to sub-paragraph (c) of this Section may be reduced. No such reduction shall be deemed *ipso facto* to be a cancellation of any part of the Loan.

Amounts credited to the Loan Account may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations and this Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the amount of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the several dates on which amounts shall be credited to the Loan Account to the respective dates on which (a) they are withdrawn from the Loan Account or are cancelled pursuant to Article V of the Loan Regulations or (b) there shall be a reduction of the Loan Account pursuant to Section 2.02 (d) hereof. Any amounts credited to the Loan Account because of reimbursement to the Loan Account by the Borrower pursuant to sub-paragraph (c) of Section 2.02 hereof shall for the purposes of this Section cease to be treated as withdrawn as of the date of such reimbursement.

Section 2.04. The Borrower shall pay interest at the rate of four and five-eighths per cent ($4\frac{5}{8}\%$) per annum on the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on January 1 and July 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Loan Agreement.

Article III

DESCRIPTION OF THE PROJECT; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is a program to contribute to the industrial development of India by providing credits for productive purposes to enterprises in India which are or will be controlled by private capital, and by making other productive investments in such enterprises, for specific development projects, all in accordance with the Memorandum and Articles of Association of the Borrower, as

¹ See p. 152 of this volume.

amended from time to time, and in furtherance of the corporate purposes of the Borrower as therein set forth. (Such enterprises are herein called "investment enterprises" and such specific development projects are herein called "investment projects").

Section 3.02. The proceeds of the Loan shall be applied exclusively to the cost of goods which will be required for the carrying out of the Project, including the carrying out of such investment projects as shall from time to time be approved in writing by the Bank.

Section 3.03. Whenever the Borrower shall desire to submit an investment project to the Bank for approval the Borrower shall submit to the Bank an application in such form as shall be agreed between the Bank and the Borrower. Such application shall contain a description of such investment project and such other information as the Bank shall reasonably request.

Section 3.04. Any credit granted by the Borrower to, or other investment made by the Borrower in, an investment enterprise for an investment project to be financed in whole or in part out of the proceeds of the Loan, shall be granted or made on terms whereby the Borrower shall obtain, by the written agreement of such investment enterprise or other appropriate legal means, rights adequate to protect the interests of the Borrower and the Bank, including the right to require that the goods to be purchased with proceeds of the Loan shall be used exclusively in the carrying out of such investment project, the right to inspect such goods and the sites, works and construction included in such investment project and the operation thereof, the right to require such investment enterprise to carry out and operate the investment project with due diligence and efficiency in accordance with sound engineering and financial standards, including the maintenance of adequate records, and the right to obtain all such information as the Borrower shall reasonably request relating to the foregoing and to the financial condition and operations of such investment enterprise. Such rights shall include appropriate provision whereby further access by such enterprise to use of the proceeds of the Loan may be suspended or terminated by the Borrower upon failure by such investment enterprise to carry out the terms of such credit or other investment.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. Any two Directors for the time being of the Borrower are hereby designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations. The foregoing shall be in addition to any other designation by the Borrower for such purpose.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices, under the supervision of qualified and experienced management and in accordance with its Memorandum and Article of Association, as amended from time to time.

Section 5.02. (a) The Borrower shall exercise its rights in relation to each investment project financed in whole or in part out of the proceeds of the Loan in such manner as to protect the interests of the Borrower and the Bank.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the investment enterprises, the investment projects and the financial condition and operations of the Borrower.

(c) The Borrower shall maintain records adequate to record the progress of the Project and of each investment project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrower. The Borrower shall enable the Bank's representatives to examine such records.

Section 5.03. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition of substantial importance which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 5.04. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect, provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions to secure a debt maturing not more than one year after its date.

Section 5.05. The Borrower shall pay or cause to be paid all taxes (including duties, fees or impositions), if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue,

delivery or registration of this Loan Agreement, the Guarantee Agreement¹ or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxes (including duties, fees or impositions) on payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.06. The Borrower shall pay or cause to be paid all taxes (including duties, fees and impositions), if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.07. The Borrower shall make or cause to be made adequate arrangements for insurance of the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Guarantor.

Section 5.08. Neither the Memorandum nor the Articles of Association of the Borrower nor the Government Agreement shall be amended without the approval of the Bank.

Section 5.09. Without the approval of the Bank no payment shall be made to the Guarantor in respect of the advance under the Government Agreement except at the times and in the amounts therein provided.

Section 5.10. The Borrower shall procure that each of its subsidiaries (if any) shall observe and perform the obligations of the Borrower hereunder to the extent to which the same may be applicable thereto as though such obligations were binding upon each of such subsidiaries.

Section 5.11. The Borrower shall duly perform all obligations to be performed by it under the Government Agreement.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f) or paragraph (j) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Loan Agreement or in the Bonds to the contrary notwithstanding.

¹ See p. 130 of this volume.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Loan Agreement within the meaning of Section 9.01 (a) (ii) of the Loan Regulations :

- (a) Fifty million rupees (Rs.50,000,000) of the Ordinary Shares of the Borrower shall have been subscribed and fully paid in cash at par; and
- (b) The Borrower shall have received from the Guarantor seventy-five million rupees (Rs.75,000,000) being the full amount of the advance provided for in the Government Agreement.

Section 7.02. A date ninety days after the date of this Loan Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be five years after the Effective Date.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.
United States of America

For the Borrower :

The Industrial Credit and Investment Corporation of India Limited
Fort House
221 Dadabhoy Naoroji Road (Hornby Road)
Bombay 1
India

IN WITNESS WHEREOF the Bank through its representative thereunto duly authorized has caused this Loan Agreement to be signed in its name and the common seal of the Borrower has been hereunto affixed in the presence of its two directors thereunto duly authorized by its Board and the parties hereto have caused this Loan Agreement to be delivered in the District of Columbia, United States of America, all as of the day and year first above written.

International Bank for Reconstruction and Development :

by Eugene R. BLACK
President

The common seal of The Industrial Credit and Investment Corporation of India Limited was hereunto affixed in the presence of :

A. D. SHROFF
D. M. KHATAN
Directors

[SEAL]

SCHEDULE 1
AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After each Payment (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After each Payment (expressed in dollars) *</i>
—	—	\$10,000,000	January 1, 1965	501,000	5,068,000
January 1, 1960	\$399,000	9,601,000	July 1, 1965	513,000	4,555,000
July 1, 1960	408,000	9,193,000	January 1, 1966	525,000	4,030,000
January 1, 1961	418,000	8,775,000	July 1, 1966	537,000	3,493,000
July 1, 1961	427,000	8,348,000	January 1, 1967	549,000	2,944,000
January 1, 1962	437,000	7,911,000	July 1, 1967	562,000	2,382,000
July 1, 1962	447,000	7,464,000	January 1, 1968	575,000	1,807,000
January 1, 1963	458,000	7,006,000	July 1, 1968	589,000	1,218,000
July 1, 1963	468,000	6,538,000	January 1, 1969	602,000	616,000
January 1, 1964	479,000	6,059,000	July 1, 1969	616,000	—
July 1, 1964	490,000	5,569,000			

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02) the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations.

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity	½%
More than 5 years but not more than 10 years before maturity	1%
More than 10 years before maturity	2%

SCHEDULE 2

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement, the provisions of Loan Regulations No. 4 of the Bank, dated October 15, 1952, are modified as follows:

(a) The second sentence of Section 2.02 is deleted.

(b) Section 2.05 (c) is amended to read as follows:

“(c) It is the policy of the Bank to encourage the repayment of its loans prior to maturity. Accordingly the Bank will sympathetically consider, in the light of

all circumstances then existing, any request of the Borrower to waive the payment of any premium payable under paragraph (b) of this Section on repayment of the Loan (and likewise the payment of any premium payable under Section 6.16 on redemption of Bonds held by the Bank).”

(c) The first sentence of Section 3.01 is amended to read as follows :

“ The Borrower shall use reasonable efforts to assure that goods financed out of the proceeds of the Loan are purchased with the currencies of the countries from which such goods are acquired.”

(d) Sub-sections (i) and (j) of Section 5.02 are amended to read as follows :

“(i) After the date of the Loan Agreement and prior to the Effective Date, any action shall have been taken which would have constituted a violation of any covenant contained in the Loan Agreement or Guarantee Agreement relating to the creation of liens as security for debt if the Loan Agreement had been effective on the date such action was taken.

“(j) The advance provided for in the Government Agreement shall have become repayable pursuant to the provisions of Clause 7 of the Government Agreement or if an order is made or a resolution passed for the winding up of the Borrower.”

(e) The following words in the fourth and fifth lines of sub-section (c) of Section 7.04 shall be deleted, that is to say :

“ or, if they shall not agree, by the Guarantor.”

(f) The third and fourth sentences of sub-section (i) of Section 7.04 are amended to read as follows :

“ The Bank, the Borrower and the Guarantor shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided and borne equally between the Bank on the one side and the Borrower and Guarantor on the other. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.”

(g) Section 9.01 is amended to read as follows :

“ SECTION 9.01. *Conditions Precedent to Effectiveness of Loan Agreement and Guarantee Agreement.* The Loan Agreement and Guarantee Agreement shall not become effective until :

“(a) the Borrower has notified the Bank that (i) the execution and delivery of the Loan Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary corporate and governmental action, and (ii) all other events specified in the Loan Agreement as conditions to its effectiveness have occurred;

“(b) the Guarantor has notified the Bank that (i) the execution and delivery of the Guarantee Agreement on behalf of the Guarantor have been duly authorized or ratified by all necessary governmental action, and (ii) all other events relating to the Guarantor and specified in the Loan Agreement as conditions to its effectiveness have occurred; and

“(c) the Borrower and the Guarantor have furnished to the Bank evidence thereof satisfactory to the Bank.”

(h) Sub-sections (c) and (d) of Section 9.02 are amended to read respectively as follows :

“(c) that the Bonds and the Guarantee on the Bonds when executed and delivered in accordance with the Loan Agreement and Guarantee Agreement will constitute valid and binding obligations of the Borrower and the Guarantor, respectively, in accordance with their terms and that, except as stated in such opinion, no further signatures or formalities are required for that purpose; and

“(d) that the Government Agreement has been duly and validly executed and constitutes a valid and binding obligation of the parties thereto in accordance with its terms.”

(i) Paragraph 6 of Section 10.01 is amended to read as follows :

“6. The term ‘Borrower’ means The Industrial Credit and Investment Corporation of India Limited.”

(j) The first sentence of paragraph 13 of Section 10.01 is amended to read as follows :

“The term ‘goods’ means equipment, supplies and services which are required for the Project, including investment projects, and shall also include the reasonable administrative expenses of the Borrower payable in foreign currency.”

(k) The second sentence of Section 4.03 shall be deleted.
