

No. 4474

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

Guarantee Agreement—*Trombay Extension Project* (with annexed Loan Regulations No. 4 and Loan Agreement —*Trombay Extension Project*— between the Bank and the Tata Hydro-Electric Power Supply Company, Limited, the Andhra Valley Power Supply Company, Limited, and the Tata Power Company, Limited). Signed at Washington, on 29 May 1957

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 — *Extension du Projet Trombay* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Extension du Projet Trombay* — entre la Banque et la Tata Hydro-Electric Power Supply Company, Limited, l'Andhra Valley Power Supply Company, Limited, et la Tata Power Company, Limited). Signé à Washington, le 29 mai 1957

Texte officiel anglais.

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

No. 4474. GUARANTEE AGREEMENT¹ (*TROMBAY EXTENSION PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 29 MAY 1957

AGREEMENT, dated May 29, 1957, between INDIA, acting by its President, (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank of the one part and The Andhra Valley Power Supply Company, Limited, The Tata Hydro-Electric Power Supply Company, Limited and The Tata Power Company, Limited (hereinafter called the Borrowers) of the other part, which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrowers a loan in various currencies in an aggregate principal amount equivalent to nine million eight hundred thousand dollars (\$9,800,000), 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;

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

WHEREAS an agreement (hereinafter called the Government Agreement) is to be entered into between the Guarantor and the Borrowers providing the terms on which the Guarantor is willing to give its guarantee above recited;

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 June 15, 1956³ subject, however, to the modifications thereof set forth in Schedule 3⁴ to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called

¹ Came into force on 28 November 1957, upon notification by the Bank to the Government of India.

² See p. 210 of this volume.

³ See p. 208 of this volume.

⁴ See p. 234 of this volume.

the Loan Regulations), with the same force and effect as if they were fully set forth herein. The terms defined in the Loan Agreement shall have the same meaning herein as if such definitions 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, the Trust Deed and 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 the 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, the Trust Deed 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 Borrowers. 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 to the Government of India
Ministry of Finance
New Delhi
India

Alternative address for cablegrams and radiograms :

Finance Ministry
New Delhi

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

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 J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

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

[*Not published herein.* See *United Nations, Treaty Series, Vol. 260, p. 376.*]

LOAN AGREEMENT (*TROMBAY EXTENSION PROJECT*)

AGREEMENT, dated May 29, 1957, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) of the one part and THE TATA HYDRO-ELECTRIC POWER SUPPLY COMPANY, LIMITED (hereinafter sometimes called Hydro), THE ANDHRA VALLEY POWER SUPPLY COMPANY, LIMITED (hereinafter sometimes called Andhra) and THE TATA POWER COMPANY, LIMITED (hereinafter sometimes called Power), all being companies duly incorporated under the Indian Companies Acts (said companies being hereinafter sometimes collectively called the Borrowers) of the other part.

WHEREAS

(A) By a loan agreement dated November 19, 1954,¹ between the Bank and the Borrowers, the Bank granted a loan (hereinafter called the first loan) to the Borrowers in an amount in various currencies equivalent to \$16,200,000, for the purpose of financing a thermal power station at Trombay and ancillary installations and facilities more particularly described therein (hereinafter called the Trombay Project);

(B) The first loan was guaranteed as to payment of principal, interest and other charges by the Guarantor;

(C) By the 1955 Trust Deed (as hereinafter defined) the Borrowers created, as security for the first loan: (1) a first specific mortgage upon certain properties more particularly described therein and consisting principally of the properties included or to be included in the Trombay Project or subsequently added thereto; (2) a first floating charge upon all property of the Borrowers or any of them then or thereafter specifically acquired for, or appropriated for use for, or lying in or about the said specifically mortgaged properties or any part thereof; and (3) an assignment by way of mortgage of the Trombay License (as hereinafter defined), together with any extensions or renewals thereof;

(D) The Bank has been requested to grant a second loan to the Borrower for the purpose of financing additions to the Trombay Project, said second loan to be guaranteed as to payment of principal, interest and other charges by the Guarantor upon the terms of a Guarantee Agreement² of even date herewith;

(E) The security constituted by the 1955 Trust Deed is to be appropriately modified, as hereinafter in Section 5.04 provided, so as to extend, *inter alia*, to the property included in the Project hereinafter provided for and so that the first loan and said second loan shall rank *pari passu* in respect of such security as so modified;

(F) The Guarantor and the Borrowers propose to enter into an agreement (hereinafter called the Government Agreement) providing the terms on which the Guarantor is willing to give its guarantee above recited; and

WHEREAS the Bank has, upon the basis of the foregoing, agreed to make a loan to the Borrowers upon the terms and conditions hereinafter set forth;

NOW THEREFORE, it is hereby agreed as follows :

¹ See p. 168 of this volume.

² See p. 202 of this volume.

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,¹ subject, however, to the modifications thereof set forth in Schedule 3² 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. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any schedule thereto :

- (a) The term " first Loan Agreement " means the Loan Agreement, dated November 19, 1954, between the Bank and the Borrowers.
- (b) The term " first loan " means the loan provided for in the first Loan Agreement.
- (c) The term " Trombay Project " means the project provided for in the first Loan Agreement.
- (d) The term " Project " means the Project described in Schedule 2³ to this Agreement as such description shall be amended from time to time by agreement between the Bank and the Borrowers.
- (e) The term " Projects " means both the Trombay Project and the Project. The term " 1955 Trust Deed " means the Trust Deed dated November 4, 1955, made between the Borrowers and Baring Brothers & Co., Limited, as trustees, and the Bank securing the first loan and the bonds issuable under the first Loan Agreement in a principal amount in various currencies equivalent to \$16,200,000, and (except where the contest otherwise requires) shall include any deeds or instruments supplemental thereto.
- (g) The term " Supplemental Indenture " means the deed or deeds and other instruments which shall be executed by the Borrowers in accordance with the provisions of Section 5.04 of this Agreement in order to modify the security of the 1955 Trust Deed as in said Section provided.
- (h) The term " Trust Deed " means the 1955 Trust Deed as modified by the Supplemental Indenture and shall except where the context otherwise requires include each deed and other instrument included in the Supplemental Indenture and any deed or deeds supplemental to the 1955 Trust Deed as so modified which shall be executed and delivered in accordance with the provisions thereof.
- (i) The term " Andhra Trust Deed " means the Trust Deed dated September 25, 1940, made between Andhra and others, as trustees, and shall include all deeds or instruments supplemental thereto.
- (j) The term " First Power Trust Deed " means the Trust Deed dated August 22, 1940, made between Power and others, as trustees, and shall include all deeds or instruments supplemental thereto.

¹ See p. 208 of this volume.

² See p. 234 of this volume.

³ See p. 232 of this volume.

- (k) The term "Second Power Trust Deed" means the Trust Deed dated June 29, 1949, made between Power and others, as trustees, and shall include all deeds or instruments supplemental thereto.
- (l) The term "Trombay License" means the Trombay Thermal Power Electric License, 1953, as amended, granted to the Borrowers by the Government of Bombay.
- (m) The term "subsidiary" means any company which is a subsidiary of any one of the Borrowers within the meaning of The Companies Act, 1956 of India (or any amendment thereto).
- (n) The term "rupees" and the letters "Rs." mean currency of the Guarantor.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrowers, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to nine million eight hundred thousand dollars (\$9,800,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrowers and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement; provided, however, that, until the Borrower shall have complied with the provisions of Section 5.04 of this Agreement, no more than the equivalent of three million dollars (\$3,000,000) shall be withdrawn from the Loan Account, except as the Bank may otherwise agree.

Section 2.03. The Borrowers 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 principal amount of the Loan not so withdrawn from time to time. Notwithstanding the provisions of Section 2.02 of the Loan Regulations, such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrowers from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

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

Section 2.05. Except as the Bank and the Borrowers shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrowers 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 April 15 and October 15 in each year.

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

¹ See p. 230 of this volume.

Section 2.08. (a) All obligations of the Borrowers under this Agreement, the Bonds and the Trust Deed shall be joint and several and the obligation of any of them to comply with any provision of this Agreement is not subject to any prior notice to, demand upon or action against or in relation to any of the others.

(b) The Bank may release, or grant extension of time or forbearance to, any of the Borrowers in respect of the performance of any obligations under this Agreement, the Bonds or the Trust Deed without affecting the obligations of the other or others of the Borrowers.

(c) Notwithstanding any other provision of this Agreement any notice, demand or protest given or made by the Bank to any of the Borrowers shall be deemed to have been given or made to all the Borrowers.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrowers shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrowers, subject to modification by further agreement between them.

Section 3.02. The Borrowers shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrowers shall execute and duly deliver Bonds representing the principal amount of the Loan of the form, tenor and purport prescribed in the Trust Deed and as provided thereby and the Loan Regulations.

Section 4.02. The Borrowers shall from time to time designate and notify to the Bank an authorized representative or representatives for the purposes of Section 6.12 (a) of the Loan Regulations.

Section 4.03. The Borrowers shall effect original issues of the Bonds only as herein provided.

Section 4.04. The Bank and the Borrowers shall be at liberty to make such arrangements as they may from time to time mutually agree as to procedure for the issue, authentication and delivery of the Bonds and such arrangements may be in addition to or in substitution for any of the provisions of this Agreement or of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrowers shall carry out and complete the Project and operate their undertakings, including the Project, with due diligence and efficiency and in conformity with sound engineering, financial and electric utility practices.

Section 5.02. (a) The Borrowers shall furnish to the Bank, promptly upon their preparation, the general plans and specifications for the Project, the construction schedule and any material modifications subsequently made therein.

(b) The Borrowers shall maintain records adequate to identify the goods purchased out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrowers.

(c) The Borrowers shall enable the Bank's representatives to inspect any and all goods purchased out of the proceeds of the Loan, the sites, works and construction included in the Project, the operation of the Projects, and the other plants, properties and operations included in their respective undertakings, and shall enable them to examine any relevant records and documents.

(d) The Borrowers shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the use of the goods purchased therewith, the progress of the Project and the operations and financial condition of the Borrowers.

Section 5.03. (a) The Bank and the Borrowers shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each party 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 Borrowers 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 Borrowers shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) Each of the Borrowers shall cause each of its subsidiaries (if any) to observe and perform the obligations of the Borrowers hereunder to the extent to which the same may be applicable thereto as though such obligations were binding upon each of such subsidiaries.

Section 5.04. (a) The Borrowers shall execute and deliver, and shall cause all other necessary parties to execute and deliver, all such deeds and other instruments, in such form, as the Bank may reasonably require to cause the security constituted by the 1955 Trust Deed to be so modified and extended that as so modified and extended it will constitute by way of security for the Loan, the Bonds, the first loan and the bonds issuable under the first Loan Agreement, all of which shall rank *pari passu inter se* in respect of such security : (1) a First Specific Mortgage upon all the properties now owned

or hereafter acquired by the Borrowers or any of them and expressed in the 1955 Trust Deed to be the specifically mortgaged premises thereunder or intended so to be (including the properties and assets described in Schedule 2 as included in the Project together with any additions thereto); (2) a First Floating Charge upon all the property and assets expressed in the 1955 Trust Deed to be charged or intended so to be by the first floating charge created thereby; and (3) an Assignment by way of Mortgage of the Trombay License, together with any extensions or renewals thereof, such Mortgage, Charge and Assignment to rank in point of security, subject to the provisions of subsection (b) of this Section, prior to any other mortgage, charge or lien upon any of the properties or assets of the Borrowers or any of them, now existing or hereafter created, including the Andhra Trust Deed, the First Power Trust Deed and the Second Power Trust Deed.

(b) Each of the Borrowers undertakes that, except as the Bank shall otherwise agree, no mortgage, hypothecation, pledge, lien or charge shall be created on any of its assets as security for any debt, or extended to secure any additional debt, except that any one or more of the Borrowers may :

(A) (1) create mortgages, hypothecations, specific charges or pledges ranking in priority to the floating charge under the Trust Deed and referred to in sub-clause (a) (2) of this Section on all or any properties or assets of the Borrowers or any of them not specifically mortgaged or assigned by way of mortgage (or agreed to be so mortgaged or assigned) by or pursuant to the Trust Deed in terms of sub-clause (a) (1) and (3) of this Section; and

(2) without prejudice to (1) above and subject to the priority of the security created or to be created by or pursuant to the Trust Deed, create mortgages, hypothecations, liens or charges on any of the properties or assets of the Borrowers or any of them

for securing debts or borrowings up to an aggregate for all the Borrowers (under both (1) and (2) above) of thirty million rupees (Rs. 30,000,000) but so that no lender or other person dealing with the Borrowers or any of them as the case may be shall be entitled or concerned to see or enquire whether this limit is observed or not provided the lender has obtained a certificate from the Borrowers or any of them as the case may be certifying that the amounts borrowed and then to be borrowed are within the above limits;

(B) subject to the First Specific Mortgage and the Assignment by way of Mortgage created or to be created by or pursuant to the Trust Deed, create pledges or hypothecations securing debts or borrowings, maturing not more than one year (at a time) from their respective dates and incurred to bankers in the ordinary course of business, in an amount not exceeding in the aggregate for all the Borrowers at any one time five million rupees (Rs. 5,000,000) but so that no lender or other person dealing with the Borrowers or any of them shall be entitled or concerned to see or enquire whether this limit is observed or not provided that the lender has obtained from the Borrowers or any of them as the case may be a certificate certifying that the amounts borrowed and then to be borrowed are within the aforesaid limits.

(c) The Borrowers shall take all necessary steps and shall procure all other necessary parties to take all necessary steps to ensure that all mortgages and charges outstanding upon the property and assets to be mortgaged, charged or assigned by or pursuant to the Trust Deed shall be discharged or be varied to the reasonable satisfaction of the Bank so as to ensure that full effect may be given to the foregoing provisions of this Section.

(d) The Borrowers shall obtain all necessary consents for the valid execution and delivery of the Supplemental Indenture and shall duly register, or cause to be duly registered, the Supplemental Indenture, together with such other documents as may be necessary or proper in order to render the same fully effective in accordance with its terms.

(e) The Borrowers shall hold or acquire, to the reasonable satisfaction of the Bank, all such lands and properties and all such rights of way, easements, licenses, consents, or other rights or privileges as shall be necessary or requisite to enable them to construct and operate the Projects, or shall (to the like satisfaction) make effective arrangements therefor; and the Borrowers shall supply to the Bank a certificate, satisfactory to the Bank, setting forth particulars of the foregoing.

(f) The Borrowers shall, not later than December 31, 1957, duly perform their obligations pursuant to the foregoing subparagraphs of this Section and furnish to the Bank evidence, satisfactory to the Bank, of such performance. As part of such evidence there shall be furnished an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank showing that the requirements of subparagraphs (a) to (d) inclusive of this Section have been duly complied with and that, as to the property, lands and interests in land specified in the certificate referred to in subparagraph (e) as being owned or having been acquired, the Borrowers have good and marketable title thereto; that as to the licenses, consents or other rights or privileges specified in said certificate as having been acquired, the Borrowers have validly acquired the same and that the same are valid and effective; and that, as to arrangements specified in said certificate for the acquisition of any of the foregoing, such arrangements are valid and effective.

(g) The Bank and the Borrower may from time to time agree upon modifications of the foregoing requirements of this Section.

Section 5.05. The Borrowers shall at all times take all steps necessary to maintain their respective corporate existences and rights to carry on operations and shall, except as the Bank may otherwise agree, take all steps necessary for the acquisition and retention by them of all such lands, interests in land and properties and for the acquisition, maintenance and renewal of such rights, powers, privileges and franchises, as may be necessary or useful for the construction and operation of the Projects and the conduct of their respective businesses.

Section 5.06. No debentures of any of the Borrowers secured by any existing trust deed shall, after the respective dates fixed in such deed for their final payment, be reissued without the approval of the Bank.

Section 5.07. Subject to such exemption as shall be conferred by the provisions of Section 3.03 and Section 3.04 of the Guarantee Agreement, the Borrowers 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 its territories on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement, the Trust Deed 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 taxation of (including duties levied in respect of, or fees or impositions 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 5.08. The Borrowers shall pay or cause to be paid all taxes (including duties, fees and impositions), if any, imposed under the laws of the United Kingdom or the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of the United Kingdom or such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement, the Trust Deed or the Bonds.

Section 5.09. The Borrowers shall duly perform all obligations to be performed by them under the 1955 Trust Deed and the Trust Deed.

Section 5.10. The Borrowers shall not consent to any action taken at any meeting of bondholders or by written instrument pursuant to the provisions of the 1955 Trust Deed or of the Trust Deed which would change the terms of the Bonds or adversely affect the holders thereof unless the Bank shall have expressed in writing its approval of such action or such consent.

Section 5.11. The Government Agreement shall not be amended without the approval of the Bank.

Section 5.12. The Borrowers shall not, except as the Bank and the Borrowers shall otherwise agree, take or concur in any action which would have the effect of amending, abrogating, or assigning the Trombay License.

Section 5.13. None of the Borrowers shall amend its Memorandum or Articles of Association without the approval of the Bank.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if the event specified in paragraph (j) of Section 5.02 of the Loan Regulations shall occur, or (iii) 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 Borrowers, 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 Agreement, the Trust Deed or the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE; TERMINATION

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

- (a) Without limiting the generality of Section 9.01 (a) (i) of the Loan Regulations, (i) the shareholders of the Borrowers shall have taken such action, satisfactory to the Bank, as shall be necessary to authorize the Directors of the Borrowers validly to authorize or to ratify and adopt this Agreement on behalf of the Borrowers, (ii) the Directors of the Borrowers shall have validly authorized or ratified and adopted this Agreement on behalf of the Borrowers and (iii) all necessary consents for the valid execution, ratification and adoption of this Agreement by and on behalf of the Borrowers shall have been secured.
- (b) Each of the Borrowers shall have certified in writing to the Bank that, as of a date to be agreed between the Borrower and the Bank, there has been no material adverse change in its condition since the date of this Agreement.
- (c) The Borrowers have validly complied with the requirements of Section 5.04 (c) of this Agreement.
- (d) The Government Agreement shall have been duly executed in form satisfactory to the Bank.

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

- (a) That the actions provided for in Section 7.01 (a) of this Agreement have been duly and validly taken, and that the Borrowers have full power and authority to raise monies by the issuance of Bonds and otherwise as herein provided, and that all acts, consents and approvals necessary therefor have been duly and validly performed or given.
- (b) That the Borrowers have full power and authority to construct and operate the Projects and have all necessary rights and powers in connection therewith, that all acts, franchises, concessions, consents and approvals necessary therefor have been duly and validly performed or given, and that, with such exceptions as the Bank may have approved, all easements, rights and privileges necessary therefor have been duly obtained.
- (c) That the requirements of Section 5.04 (c) of this Agreement have been validly complied with.

Section 7.03. A date 90 days after the date of this 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 June 30, 1961.

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

Alternative address for cablegrams and radiograms :

Intbafrad

Washington, D. C.

For the Borrowers :

Tata Hydro-Electric Agencies Private Limited

Bombay House

Bruce Street

Bombay No. 1

India

Alternative address for cablegrams and radiograms :

Thebamco

Bombay

Section 8.03. (a) Until the Bank shall be otherwise notified by the Borrowers any notice or request required or permitted to be given or made by the Bank pursuant to the provisions of this Agreement or of the Bonds to the Borrowers or any of them shall be deemed to have been duly given or made if it is addressed and delivered to Tata Hydro-Electric Agencies Private Limited at the address specified in Section 8.02 of this Agreement.

(b) Tata Hydro-Electric Agencies Private Limited and Tata Incorporated jointly are and each of them severally is hereby designated by the Borrowers and each of them to sign applications provided for in Article IV of the Loan Regulations and to take any other action or execute any other documents except Bonds required or permitted to be taken or executed pursuant to the provisions of this Agreement by the Borrowers or any of them and the Bank shall be entitled to rely exclusively on any such action or execution.

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

International Bank for Reconstruction and Development :

By J. Burke KNAPP

Vice President

The Tata Hydro-Electric Power Supply Company, Limited :

The Andhra Valley Power Supply Company, Limited :

The Tata Power Company, Limited :

By E. T. WARREN

Authorized Representative

Countersigned:

Tata Hydro-Electric Agencies Private Limited :

By E. T. WARREN

Authorized Representative

SCHEDULE 1
AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
April 15, 1960	\$202,000	April 15, 1968	\$315,000
October 15, 1960	208,000	October 15, 1968	324,000
April 15, 1961	214,000	April 15, 1969	333,000
October 15, 1961	220,000	October 15, 1969	343,000
April 15, 1962	226,000	April 15, 1970	352,000
October 15, 1962	232,000	October 15, 1970	362,000
April 15, 1963	239,000	April 15, 1971	372,000
October 15, 1963	245,000	October 15, 1971	383,000
April 15, 1964	252,000	April 15, 1972	394,000
October 15, 1964	260,000	October 15, 1972	405,000
April 15, 1965	267,000	April 15, 1973	416,000
October 15, 1965	274,000	October 15, 1973	428,000
April 15, 1966	282,000	April 15, 1974	440,000
October 15, 1966	290,000	October 15, 1974	452,000
April 15, 1967	298,000	April 15, 1975	465,000
October 15, 1967	307,000		
		TOTAL	\$9,800,000

* 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 this column 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 3 years before maturity	1/2%
More than 3 years but not more than 6 years before maturity	1 1/2%
More than 6 years but not more than 11 years before maturity	2 1/2%
More than 11 years but not more than 14 years before maturity	3 1/2%
More than 14 years but not more than 16 years before maturity	4 1/2%
More than 16 years before maturity	5 5/8%

SCHEDULE 2

DESCRIPTION OF THE PROJECT

General

The Project consists of the addition to the thermal station included in the Trombay Project of a third thermal-electric unit similar in characteristics and capacity to the two existing units; the addition of coal handling, coal crushing and ash disposal equipment; the expansion of cooling water, fuel storage, substation and other facilities required in connection with the operation of the third unit; and the addition of overhead and underground transmission cables between the Trombay station and the Carnac Bridge receiving station.

Thermal Station

The additions to the thermal station will include a hydrogen cooled turbo-generator unit rated at 62,500 kw maximum capacity, operating with steam at 1250 psi pressure 950° F temperature; a boiler rated at 600,000 lbs. of steam per hour maximum continuous output, equipped to be fired with domestic coal or with oil refinery by-products, the fuel now used in the existing two units, or with furnace oil; coal crushing and handling equipment of sufficient capacity to supply two boilers; condensing equipment; a circulating water system; additions to the existing fuel handling and storage facilities, including additional storage tanks; feed water treating and heating system; controls, instrumentation and electrical equipment, including auxiliary switchgear and transformers; ash disposal facilities; and other necessary appurtenances and accessories.

Pipe Line Works

An additional pipe line, with the necessary pumps and intake structures, will be constructed to bring cooling water from Bombay Harbor.

Trombay Substation

An 80 MVA step-up transformer will be added to the existing 110 KV switch yard.

Transmission

Two 110 KV double circuit overhead transmission lines each approximately 3.1 miles long and a single circuit underground pressurized transmission cable approximately 4.5 miles long will supplement existing transmission facilities between the Trombay switch yard and the Carnac Bridge receiving station.

Operation

The third unit is scheduled for operation in April, 1960.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, are modified as follows :

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

“(i) On or after the date of the Loan Agreement and prior to the Effective Date there shall have been any act or omission to act which would have constituted a violation of any covenant contained in the Loan Agreement or the Guarantee Agreement of the Loan Agreement and Guarantee Agreement had been effective on the date of such act or omission.

“(j) If the security constituted by the 1955 Trust Deed or the Trust Deed shall become enforceable.”

(2) By the deletion of Section 6.01.

(3) Section 6.07 is amended to read as follows :

“SECTION 6.07. *Form of Bonds.* (a) The Bonds shall be fully registered bonds without coupons (hereinafter sometimes called registered Bonds) or bearer bonds with coupons for semi-annual interest attached (hereinafter sometimes called coupon Bonds). Bonds delivered to the Bank shall be registered Bonds or coupon Bonds in such temporary or definitive form (authorized by the Trust Deed) as the Bank shall request. Registered Bonds and coupon Bonds payable in dollars and the coupons attached thereto shall be substantially in the forms respectively set forth in the Trust Deed. Bonds payable in any currency other than dollars shall be substantially in the forms respectively set forth in the Trust Deed, as the case may be, except that they shall (a) provide for payment of principal, interest and premium on redemption, if any, in such other currency, (b) provide for such place of payment as the Bank shall specify, and (c) contain such other modifications as the Bank shall reasonably request in order to conform to the laws or to the financial usage of the place where they are payable.

“(b) Notwithstanding any other provision of the Loan Agreement or these Regulations, if the Bank shall so require, the Borrower shall execute and deliver bonds pursuant to Section 6.03 before the execution and delivery of the Trust Deed. The provisions of Section 6.07 of Loan Regulations No. 4 of the Bank, dated June 15, 1956, but before modification by subparagraph (a) of this Section, shall apply to the form of any such bonds, with appropriate changes therein satisfactory to the Bank, to provide for the exchange thereof, free of cost to the Bank, for Bonds of the same respective amounts, currencies and maturities issued under the Trust Deed, the Loan Agreement and these Regulations. All other provisions of the Loan Agreement, the Guarantee Agreement and these Regulations relating or referring to Bonds shall apply *mutatis mutandis* to such bonds except where such application would be clearly inconsistent with the requirements of this subparagraph.

“(c) All Bonds shall have the guarantee of the Guarantor endorsed thereon substantially in the form set forth in Schedule 3 to these Regulations.”

(4) The following sentence is added at the beginning of Section 6.09, namely :

“Except as the Bank and the Borrower shall otherwise agree, Bonds shall be dated as hereinafter in this Section provided.”

(5) By the addition in Section 6.11 of the following new subsection, namely :

“(d) Subject to the provisions of Sections 6.05 and 6.06, Bonds payable in any currency may be exchanged without charge to the Bank for Bonds of the same or an equivalent aggregate principal amount payable in the same or any other currency or currencies and having the same or any other maturity or maturities. For the purposes of determining the equivalent of one currency in terms of another the value of each shall be as determined by the Bank.”

(6) The first sentence of Section 6.12 (a) is changed to read as follows :

“The Bonds shall be signed in the name and on behalf of the Borrower by its authorized representative designated pursuant to the Loan Agreement for the purposes of this Section.”

(7) By the deletion of Section 6.18.

(8) In Section 7.01, after the words “Guarantee Agreement” where those words occur, the words “, the Trust Deed” are added.

(9) The following words of sub-section (c) of Section 7.04 are deleted, that is to say : “or, if they shall not agree, by the Guarantor”.

(10) Sub-section (j) of Section 7.04 is amended to read as follows :

“(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of controversies between the parties under the Loan Agreement and Guarantee Agreement or any claim by any such party against any other such party arising thereunder provided, however, that nothing herein shall be deemed to preclude any of the said parties from exercising, or instituting any legal or equitable action to enforce, any right or claim arising out of or pursuant to the Trust Deed or the Bonds, and submission to arbitration hereunder shall not be deemed to be a condition precedent or in any way to prejudice such exercise or other enforcement of any such right or claim.”

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

“6. (a) The term ‘Borrower’ means the Borrowers, except that in Section 5.02 (b), 5.02 (c), 5.02 (d), 5.02 (f) and 7.02 of the Loan Regulations, such term shall be deemed to mean the Borrowers or any of them.

“(b) The term ‘Guarantor’ means India, acting by its President.”

(12) By the deletion of paragraph 10 of Section 10.01 and the substitution thereof of the following new paragraph, namely :

“The term ‘Bonds’ means Bonds issued and authenticated pursuant to the

Trust Deed (except as otherwise provided in Section 6.07 (b)), with the guarantee of the Guarantor endorsed thereon as provided in the Loan Agreement and the Guarantee Agreement.”

(13) By the deletion of paragraph 12 of Section 10.01.

(14) Section 6.04 is amended by substituting the words “interest (herein called the service charge)” for the words “a service charge” in the second sentence thereof.