

No. 5459

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

**Guarantee Agreement — *Industrial Development Project*  
(with annexed Loan Regulations No. 4 and Loan Agree-  
ment between the Bank and the Industrial and Mining  
Development Bank of Iran). Signed at Washington, on  
23 November 1959**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 15 No-  
vember 1960.*

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

**Contrat de garantie — *Projet de développement industriel*  
(avec, en annexe, le Règlement n° 4 sur les emprunts et  
le Contrat d'emprunt entre la Banque et la Banque ira-  
nienne de développement industriel et minier). Signé à  
Washington, le 23 novembre 1959**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le  
15 novembre 1960.*

No. 5459. GUARANTEE AGREEMENT<sup>1</sup> (*INDUSTRIAL DEVELOPMENT PROJECT*) BETWEEN IRAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 23 NOVEMBER 1959

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AGREEMENT, dated November 23, 1959 between IRAN (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 and the Industrial and Mining Development Bank of Iran (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to five million two hundred thousand dollars (\$5,200,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower ;

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, 1956,<sup>2</sup> subject, however, to the modifications thereof set forth in Schedule 2<sup>3</sup> to the Loan 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. 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.

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<sup>1</sup> Came into force on 14 May 1960, upon notification by the Bank to the Government of Iran.

<sup>2</sup> See p. 252 of this volume.

<sup>3</sup> See p. 270 of this volume.

*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 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: (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; 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.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision.

*Section 3.02.* (a) The Guarantor and the Bank 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. 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 interferes with, or threatens 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 or fees 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 fees 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 Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees 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 or abrogate the Government Advance Agreement or the Agency Agreement without the approval of the Bank.

*Section 3.07.* The Guarantor shall not take any action or permit any of its agencies or instrumentalities to take any action, which would prevent or materially interfere with the carrying on by the Borrower of its operations and enterprise in an efficient and businesslike manner, or with the performance by the Borrower of any of its covenants, agreements and obligations in the Loan Agreement.

*Section 3.08.* The Guarantor shall from time to time, promptly upon request by the Borrower, advance such amounts to the Borrower under the Government Advance Agreement as the Borrower shall require for its operations.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives 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 :

Ministry of Finance  
Government of Iran  
Teheran, Iran

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.* The Minister of Finance of the Guarantor 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.

Iran :

By ARDALAN

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 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

(*INDUSTRIAL DEVELOPMENT PROJECT*)

AGREEMENT, dated November 23, 1959 between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and INDUSTRIAL AND MINING DEVELOPMENT BANK OF IRAN (hereinafter called the Borrower), a corporation duly incorporated under the laws of Iran.

WHEREAS the Borrower has been incorporated to assist in the creation, expansion and modernization of private enterprises in Iran ; to encourage, sponsor and facilitate the participation of private capital both internal and external in such enterprises ; to provide capital for such enterprises in the form of loans or share participations ; and to promote technical, financial, managerial and administrative knowledge in Iran ;

WHEREAS the Government of Iran has agreed to assist the Borrower by making advances to the Borrower in an aggregate principal amount of six hundred million Rials (Rls. 600,000,000) on the terms and conditions of an agreement hereinafter referred to as the Government Advance Agreement, and by transferring to the Borrower one billion four hundred million Rials (Rls. 1,400,000,000) aggregate principal amount of loans on the terms and conditions of an agreement hereinafter referred to as the Agency Agreement;

WHEREAS the Development Loan Fund, an agency of the United States of America, has agreed to make a loan to the Borrower in an aggregate principal amount not to exceed five million two hundred thousand dollars (\$5,200,000) on the terms and conditions of an agreement hereinafter referred to as the DLF Agreement ;

WHEREAS four hundred million Rials (Rls. 400,000,000) of the share capital of the Borrower have been subscribed by private investors in and outside Iran ; 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 Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,<sup>1</sup> subject, however, to the modifications thereof set forth in Schedule 2<sup>2</sup> 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.* Wherever used in this Agreement, or any schedule thereto, the following terms shall have the following meanings unless the context otherwise requires :

- (a) The term "Government Advance Agreement" shall mean the agreement dated November 8, 1959, entered into between the Government of Iran and the Borrower, providing for advances by the Government of Iran to the Borrower in an aggregate principal amount of six hundred million Rials (Rls. 600,000,000), and shall include such changes in said agreement as may from time to time be agreed by the parties thereto and the Bank.
- (b) The term "Agency Agreement" shall mean the agreement dated November 8, 1959, entered into between the Government of Iran and the Borrower, providing for the transfer or delivery to the Borrower of loans made by the Industrial Credit Bank of the

<sup>1</sup> See p. 252 of this volume.

<sup>2</sup> See p. 270 of this volume.

Plan Organization and by the Bank Melli Iran out of the Revaluation Fund, in an aggregate principal amount of one billion four hundred million Rials (Rls. 1,400,000,000), 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 "DLF Agreement" shall mean the agreement dated November 19, 1959, between the Development Loan Fund, an agency of the United States of America, and the Borrower, providing for a loan to the Borrower in an aggregate principal amount not to exceed five million two hundred thousand dollars (\$5,200,000), and shall include such changes in said agreement as may from time to time be agreed by the parties thereto and the Bank.
- (d) The term "Rials" and the letters "Rls." shall mean currency of the Guarantor.
- (e) The term "foreign currency" shall mean any currency other than currency of the Guarantor.

## 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 five million two hundred thousand dollars (\$5,200,000).

*Section 2.02.* (a) The Bank shall open a Loan Account on its books in the name of the Borrower.

(b) When any investment project shall be approved by the Bank as in Section 3.02 provided, there shall be credited to the Loan Account, in respect of the estimated foreign currency cost of such investment project, such part of the Loan as the Bank shall approve.

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

*Section 2.03.* Amounts credited to the Loan Account in respect of an investment project 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, and shall be applied exclusively for credits for, or investments in, the investment project in respect of which such amounts were credited to the Loan Account.

*Section 2.04.* 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 amounts 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) the Loan Account is reduced in respect of such amounts pursuant to Section 2.02 (c) hereof.

*Section 2.05.* The Borrower shall pay interest on each part of the principal amount of the Loan withdrawn from the Loan Account and outstanding from time to time at such rate as shall have been notified by the Bank to the Borrower at the time when such part of the principal amount of the Loan was credited to the Loan Account as being the rate then generally applicable to new Bank loans of the same type and maturity.

*Section 2.06.* 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 2.07.* Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

*Section 2.08. (a)* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule I<sup>1</sup> to this Agreement.

*(b)* Each payment of principal shall be applied *pro rata* to the several parts of the Loan then outstanding.

### 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 Iran by providing credits for productive purposes to private enterprises in Iran, 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 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 required to carry out such investment projects as shall from time to time be approved in writing by the Bank. Notwithstanding the provisions of Section 4.01 of the Loan Regulations, except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made for any such investment project more than 60 days prior to the submission of the investment project to the Bank for approval.

*Section 3.03. (a)* When submitting an investment project to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, containing a description of such investment project and such other information as the Bank shall reasonably request.

*(b)* Except as the Bank and the Borrower shall otherwise agree, requests for approval of investment projects shall be submitted on or before November 1, 1962.

<sup>1</sup> See p. 270 of this volume.



*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 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 such investment enterprise to carry out and operate the investment project with due diligence and efficiency and in accordance with sound engineering and financial standards, including the maintenance of adequate records; the right to require that the goods to be financed with the proceeds of the Loan shall be used exclusively in the carrying out of such investment project; the right of the Bank and the Borrower to inspect such goods and the sites, works and construction included in such investment project, the operation thereof and any relevant records and documents; the right to require that such investment enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice, and that insurance covering marine and transit hazards on the goods financed out of the proceeds of the Loan shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable; and the right to obtain all such information as the Bank and 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.* The Borrower shall from time to time, as required, notify the Bank in writing of the person or persons designated by it as its authorized representatives for the purposes of Section 6.12 (a) of the Loan Regulations.

#### *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, with qualified and experienced management and in accordance with its Memorandum and Articles of Association, as amended from time to time.

*Section 5.02.* (a) 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.

(b) 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.* The Borrower shall exercise its rights in relation to each investment project financed out of the proceeds of the Loan in such manner as to protect the interests of the Bank and the Borrower.

*Section 5.04.* (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 5.05.* Except as the Bank shall otherwise agree, the Borrower shall not incur, assume or guarantee any debt, if at the time or as a result thereof the total amount then outstanding of debt incurred, assumed or guaranteed by the Borrower would exceed an amount equal to three times the aggregate of (1) the unimpaired capital, surplus and free reserves of the Borrower, determined in accordance with sound accounting practices, and (2) the amount at the time outstanding of the advance from the Guarantor pursuant to the Government Advance Agreement.

*Section 5.06.* The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or of any of its subsidiaries 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 and securing a debt maturing not more than one year after its date.

*Section 5.07.* Subject to such exemption as shall be conferred by the provisions of Section 3.03 and 3.04 of the Guarantee Agreement,<sup>1</sup> the Borrower shall pay or cause to

<sup>1</sup> See p. 246 of this volume.

be paid all taxes or fees, 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 Agreement, the Guarantee Agreement 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, or fees 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 Borrower shall pay or cause to be paid all taxes or fees, 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 Agreement, the Guarantee Agreement or the Bonds.

*Section 5.09.* (a) The Borrower shall not amend its Memorandum or Articles of Association without the approval of the Bank.

(b) The Borrower shall duly perform all its obligations under the Government Advance Agreement, the Agency Agreement and the DLF Agreement. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Government Advance Agreement, the Agency Agreement or the DLF Agreement, without the approval of the Bank.

*Section 5.10.* Without the approval of the Bank no repayment in advance of maturity shall be made in respect of the advance under the Government Advance Agreement.

*Section 5.11.* Except as the Bank shall otherwise agree, if the Borrower shall repay, in advance of maturity, all or part of its indebtedness then outstanding under the DLF Agreement, the Borrower shall repay, in advance of maturity, all or a proportionate amount, as the case may be, of the Loan then outstanding. Any amount of the Loan to be repaid pursuant to the foregoing provisions of this Section which cannot be applied to the payment of an entire maturity may, notwithstanding the provisions of subsection (b) of Section 2.05 of the Loan Regulations, be applied to the payment of a part of a maturity only. In all other respects the provisions of the Loan Regulations relating to repayment in advance of maturity shall apply to any repayment of the Loan pursuant to this Section.

*Section 5.12.* The Borrower shall establish and maintain adequate reserves. For this purpose the Borrower shall, before declaring or paying any dividends or making any distribution on any shares of its capital stock (other than a dividend payable solely in shares of its capital stock), or acquiring any shares of its capital stock for a consideration, set aside as a reserve or reserves such sums as shall be appropriate in the light of the operations and financial condition of the Borrower and the nature of its business. The Bank and the Borrower shall consult from time to time about the level of reserves to be established and maintained.

*Section 5.13.* The Borrower shall cause each of its subsidiaries (if any) to 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.

#### 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 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.

#### 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) Two hundred forty thousand shares of Class A Stock of the Borrower of the par value of one thousand Rials (Rls. 1,000) each, and one hundred sixty thousand shares of Class B Stock of the Borrower of the par value of one thousand Rials (Rls. 1,000) each, shall have been subscribed, allotted and fully paid in cash at par ;
- (b) The Government Advance Agreement shall have been duly executed by the parties thereto and shall be fully effective ;
- (c) One billion four hundred million Rials (Rls. 1,400,000,000) aggregate principal amount of loans shall have been transferred or delivered to the Borrower in accordance with the provisions of the Agency Agreement ; and
- (d) The conditions precedent to disbursement under the DLF Agreement, set forth in Section 5.01 and Section 5.03 thereof, shall have been fulfilled.

*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, namely that the Government Advance Agreement, the Agency Agreement and the DLF Agreement have been duly and validly executed and constitute valid and binding obligations of the parties thereto in accordance with their terms.

*Section 7.03.* A date 90 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 November 1, 1963.

*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 Borrower :

Industrial and Mining Development Bank of Iran  
204, Boulevard Karaj  
Teheran, Iran

Alternative address for cablegrams and radiograms :

Inmidel  
Teheran, Iran

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 Eugene R. BLACK  
President

Industrial and Mining Development Bank of Iran :

By Edward G. MILLER, Jr.  
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>
September 15, 1964 . . .	\$181,000	March 15, 1970 . . . .	251,000
March 15, 1965 . . . .	187,000	September 15, 1970 . . .	259,000
September 15, 1965 . . .	192,000	March 15, 1971 . . . .	266,000
March 15, 1966 . . . .	198,000	September 15, 1971 . . .	274,000
September 15, 1966 . . .	204,000	March 15, 1972 . . . .	282,000
March 15, 1967 . . . .	210,000	September 15, 1972 . . .	291,000
September 15, 1967 . . .	217,000	March 15, 1973 . . . .	300,000
March 15, 1968 . . . .	223,000	September 15, 1973 . . .	309,000
September 15, 1968 . . .	230,000	March 15, 1974 . . . .	318,000
March 15, 1969 . . . .	236,000	September 15, 1974 . . .	328,000
September 15, 1969 . . .	244,000		

\* 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 . . . . .	½ %
More than 3 years but not more than 6 years before maturity . . . . .	2 %
More than 6 years but not more than 11 years before maturity . . . . .	3 ½ %
More than 11 years but not more than 13 years before maturity . . . . .	5 %
More than 13 years before maturity . . . . .	6 %

## SCHEDULE 2

## MODIFICATION 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 :

(a) Section 2.01, Section 2.02, Section 2.03 and sub-section (a) of Section 2.05 are deleted.

(b) Sub-section (b) of Section 2.05, Section 3.02, Section 3.03, Section 3.05 and Section 5.01 are amended by substituting for the word "part", wherever it occurs, the word "portion".

(c) The first sentence of sub-section (b) of Section 2.05 is amended by substituting for the words "said amortization schedule" the words "the amortization schedule to the Loan Agreement".

(d) The following new sub-section is added as sub-section (d) of Section 2.05 :

"(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in the provisions of paragraph (b) of Section 2.05 and of Section 6.16 of these Regulations, and of Section 5.11 of the Loan Agreement."

(e) The first five lines of Section 5.02 are amended to read as follows :

"SECTION 5.02. *Suspension by the Bank.* If any of the following events shall have happened and be continuing, the Bank may at any time or from time to time by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account :"

(f) The last paragraph of Section 5.02 is amended to read as follows :

"The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier ; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section."

(g) Section 6.01 is amended by inserting the words "of each part" after the word "amount".

(h) Section 6.02 is amended by substituting the words "the part of the Loan represented by such Bonds" for the words "the Loan", wherever they occur.

(i) Section 6.04 is amended to read :

"SECTION 6.04. *Interest on Bonds ; Service Charge.* Each Bond shall bear interest at such rate as the Bank shall request, not in excess, however, of the rate of interest on the part of the Loan represented by such Bond. If the rate of interest on any Bond shall be less than the rate of interest on the part of the Loan represented by such Bond, the Borrower shall, in addition to the interest payable on such Bond, pay to the Bank a service charge on the principal amount of such part of the Loan at a rate equal to the difference between the interest rate on such part of the Loan and the interest rate on such Bond. Such service charge shall be payable on the dates on which and in the currency in which such interest is payable."

(j) Section 6.05 is amended to read as follows :

"SECTION 6.05. *Currency in which Bonds are Payable.* Each Bond shall be payable as to principal and interest in the several currencies in which the part of the Loan represented by such Bond is repayable. Each Bond delivered pursuant

to any request under Section 6.03 shall be payable in such currency as the Bank shall specify in such request except that the aggregate principal amount of Bonds representing a part of the Loan and payable in any currency shall at no time exceed the outstanding amount of such part of the Loan repayable in such currency."

(k) The last sentence of Section 6.09 is amended by inserting the words "of the part" after the word "amount".

(l) The first sentence of sub-section (a) of Section 6.11 is amended to read as follows :

"(a) Bonds representing a part of the Loan and bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of the rate of interest on such part of the Loan."

(m) Sub-section (b) of Section 6.16 is amended by substituting the words "the part of the Loan represented by such Bond" for the words "the Loan."

(n) Section 9.03 is amended to read as follows :

"SECTION 9.03. *Effective Date.* Notwithstanding the provisions of Section 8.01, except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and Guarantee Agreement shall come into force and effect on the date upon which the Bank dispatches to the Borrower and to the Guarantor notice of its acceptance of the evidence required by Section 9.01."

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

"The term 'goods' means equipment, supplies and services required for investment projects financed out of the proceeds of the Loan".

(p) Paragraph 11 of Section 10.01 is amended to read :

"The term 'Loan Account' means the account on the books of the Bank to which the amount of each part of the Loan is to be credited as provided in the Loan Agreement."

(q) Paragraph 14 of Section 10.01 is amended to read :

"The term 'external debt' means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium."