

No. 6410

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

Guarantee Agreement—*Fourth Industrial Credit and Investment Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and The Industrial Credit and Investment Corporation of India Limited). Signed at Washington, on 28 February 1962

Official text: English.

Registered by the International Bank for Reconstruction and Development on 4 December 1962.

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

Contrat de garantie — *Quatrième projet relatif au crédit et aux investissements industriels* (avec, en annexe, le Règlement n°4 sur les emprunts et le Contrat d'emprunt entre la Banque et l'Industrial Credit and Investment Corporation of India Limited). Signé à Washington, le 28 février 1962

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 4 décembre 1962.

No. 6410. GUARANTEE AGREEMENT¹ (*FOURTH INDUSTRIAL CREDIT AND INVESTMENT PROJECT*) BETWEEN INDIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 28 FEBRUARY 1962

AGREEMENT, dated February 28, 1962, 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 and The Industrial Credit and Investment Corporation of India Limited (hereinafter called 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 equivalent to twenty million dollars (\$20,000,000), 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 February 15, 1961,² subject, however, to the modifications thereof set forth in Schedule 1³ 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.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

¹ Came into force on 21 May 1962, upon notification by the Bank to the Government of India.

² See p. 10 of this volume.

³ See p. 28 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 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: (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 pledge of commercial goods to secure a 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 (iii) 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 co-operate 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 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 India 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 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 taxes 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 India.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes 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 First Government Agreement, the Second Government Agreement or the Third Government Agreement.

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 to the Government of India
Ministry of Finance
New Delhi,
India

Alternative address for cablegrams and radiograms :

Ecofairs
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 B. K. NEHRU
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 FEBRUARY 1961

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

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212*]

LOAN AGREEMENT

(*FOURTH INDUSTRIAL CREDIT AND INVESTMENT PROJECT*)

AGREEMENT, dated February 28, 1962, 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, VII of 1913 (hereinafter called the Borrower).

WHEREAS by agreements dated March 14, 1955,¹ July 15, 1959² and October 28, 1960,³ respectively, all between the Bank and the Borrower, the Bank made loans to the Borrower to finance part of the Borrower's program of providing credits to, and making other productive investments in, private enterprises in India ;

WHEREAS by an agreement dated March 23, 1961, between the Development Loan Fund, an agency of the United States of America (hereinafter called the Development Loan Fund) and the Borrower, the Development Loan Fund made a loan to the Borrower for said program ;

WHEREAS the Government of India agreed to assist in financing part of said program by means of an advance pursuant to the First Government Agreement (as hereinafter defined) and by means of a loan pursuant to the Second Government Agreement (as hereinafter defined) ; and

WHEREAS the Borrower has requested the Bank to make a further loan for said program ;

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 February 15, 1961,⁴ subject, however, to the modifications thereof set forth in Schedule 1⁵ 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 Loan Agreement or any Schedule thereto,

(a) the term "Guarantor" shall mean India, acting by its President ;

(b) the terms "First Loan Agreement", "Second Loan Agreement" and "Third Loan Agreement" shall mean the loan agreement dated March 14, 1955, the loan agreement dated July 15, 1959 and the loan agreement dated October 28, 1960, respectively, all between the Bank and the Borrower, as the same have been or may be amended from time to time by agreement between the Bank and the Borrower ;

(c) the term "DLF Agreement" shall mean the loan agreement dated March 23, 1961, between the Development Loan Fund and the Borrower, as the same has been or may be amended from time to time by agreement between the parties thereto ;

¹ United Nations, *Treaty Series*, Vol. 309, p. 129.

² United Nations, *Treaty Series*, Vol. 355, p. 95.

³ United Nations, *Treaty Series*, Vol. 406, p. 27.

⁴ See p. 10 of this volume.

⁵ See p. 28 of this volume.

(d) the terms "First Government Agreement" and "Second Government Agreement" shall mean the agreement for an advance dated January 29, 1955 and the loan agreement dated October 26, 1959, respectively, both between the Guarantor and the Borrower, as the same have been or may be amended from time to time by agreement between the parties thereto and the Bank ;

(e) the term "Third Government Agreement" shall mean the agreement dated June 2, 1961, between the Guarantor and the Borrower, as the same has been or may be amended from time to time by agreement between the parties thereto and the Bank ;

(f) the term "Investment Enterprise" shall mean an enterprise to which the Borrower shall have granted a credit or in which it shall have made an investment, in accordance with and as provided in Section 3.01 of this Agreement ;

(g) the term "Investment Project" shall mean a specific development project to be carried out by an Investment Enterprise as shall be approved in writing by the Bank or in respect of which amounts shall have been credited to the Loan Account pursuant to the provisions of Section 2.02 (b) of this Agreement ;

(h) the term "subsidiary" shall mean a subsidiary of the Borrower within the meaning of the Companies Act, 1956 (or any amendment thereof) of the Guarantor ;

(i) the term "foreign currency" shall mean any currency other than currency of the Guarantor.

Words importing the singular number include the plural number and *vice versa*.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty million dollars (\$20,000,000).

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) When any Investment Project shall be approved by the Bank as in Section 3.02 of this Agreement provided, there shall be credited to the Loan Account, subject to the provisions of paragraph (d) of this Section, in respect of the estimated foreign currency cost of such Investment Project, such part of the Loan as the Bank shall approve.

(b) There shall be so credited, in respect of the estimated foreign currency cost of any Investment Project, such part of the Loan as the Borrower shall from time to time request, but not exceeding, with respect to any Investment Project or in the aggregate, such limits as shall from time to time be agreed by the Bank. Each request by the Borrower for credit to the Loan Account pursuant to this paragraph (b) shall state the Investment Project for which the part of the Loan to be credited is requested.

(c) The Borrower hereby covenants that, except as the Bank and the Borrower shall otherwise agree, (i) no credit shall be made pursuant to paragraph (a) of Section 2.02 of the Second Loan Agreement, of the Third Loan Agreement or of this Agreement for any Investment Project in respect of which a credit has been made pursuant to paragraph (b) of any such Section and (ii) no credit shall be made pursuant to paragraph (b) of any such Section for an Investment Project in respect of which a credit has been made pursuant to paragraph (a) of any such Section.

(d) Except as the Bank shall otherwise agree, no credit shall be made to the Loan Account pursuant to paragraph (a) of this Section (i) in respect of any portion of the Loan the proceeds of which are to be reloaned by the Borrower to an Investment Enterprise, until the Bank and the Borrower shall have agreed upon an amortization schedule for repayment of such proceeds by such Investment Enterprise to the Borrower; or (ii) in respect of any portion of the Loan the proceeds of which are to be invested by the Borrower other than by way of loan, until the Bank and the Borrower shall have agreed upon the terms of such investment and upon an amortization schedule for the repayment of such portion of the Loan by the Borrower to the Bank.

(e) The Loan Account may, by agreement between the Bank and the Borrower, be reduced by any amount credited thereto pursuant to paragraph (a) or paragraph (b) of this Section. 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 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 the amount of each part 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, or from such other date or dates as shall have been agreed upon between the Bank and the Borrower, 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 the provisions of Section 2.02 (e) of this Agreement.

Section 2.05. The Borrower shall pay interest on the principal amount of each part 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, or at such other time or times as shall have been agreed upon between the Bank and the Borrower, as being the rate then generally applicable to new Bank loans of the same maturity. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

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 April 15 and October 15 in each year.

Section 2.08. The Borrower shall repay the principal of each part of the Loan in accordance with an amortization schedule to be agreed upon between the Bank and the Borrower at the time when the Loan Account is credited with such part of the Loan, as the same may be amended from time to time by agreement between the Bank and the Borrower. Such amortization schedule shall include, *inter alia*, provisions for premiums on prepayment of principal in advance of maturity and shall provide for semi-annual repayment of principal on the dates specified in Section 2.07 of this Agreement. Except as the Bank and the Borrower may otherwise agree, such amortization schedule shall provide for full repayment not later than April 15, 1977, and, in the case of a part of the Loan the proceeds of which are to be reloaned by the Borrower, shall conform substantially to the amortization schedule applicable to the Investment Project for which such part is so to be reloaned.

Article III

DESCRIPTION OF THE PROJECT ; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Projects 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, all for specific development projects, 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.

Section 3.02. The proceeds of the Loan shall be applied exclusively to the costs of goods required to carry out such Investment Projects as shall from time to time be approved in writing by the Bank or in respect of which amounts have been credited to the Loan Account pursuant to the provisions of Section 2.02 (b) of this Agreement. 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 ninety days prior to the submission of the Investment Project to the Bank for approval or, in the case of credits to the Loan Account pursuant to the provisions of Section 2.02 (b) of this Agreement, more than ninety days prior to the request for credit to the Loan Account.

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) Within 30 days from the date on which the Loan Account shall have been credited pursuant to the provisions of Section 2.02 (b) of this Agreement in respect of an Investment Project, the Borrower shall, if it has not already done so, furnish to the Bank a brief description, in form satisfactory to the Bank, of such Investment Project and of the terms and conditions of the Borrower's credit or other investment in such Investment Project.

(c) Except as the Bank and the Borrower shall otherwise agree, requests for approval of Investment Projects pursuant to the provisions of Section 2.02 (a) of this Agreement and for credits to the Loan Account pursuant to the provisions of Section 2.02 (b) of this Agreement shall be submitted on or before December 31, 1963.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of each part 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 Articles 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 Bank and the Borrower.

(b) The Borrower undertakes that any credit granted by it to, or other investment made by it in, an Investment Enterprise for an Investment Project to be financed out of the proceeds of the Loan will 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 Bank and the Borrower, 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 re-

quire 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, except as the Bank may otherwise agree, 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 operations and financial condition of such Investment Enterprise. Such rights shall include appropriate provisions 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.

Section 5.03. (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 operations and financial condition 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 operations and financial condition of the Borrower. The Borrower shall enable the Bank's representatives to examine such records.

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. 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 5.06. The Borrower shall pay or cause to be paid all taxes, 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 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 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 India.

Sections 5.07. The Borrower shall pay or cause to be paid all taxes, 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 5.08. The Borrower shall not amend its Memorandum or Articles of Association or abrogate, waive, or amend, or agree to the amendment of any provision of the First Government Agreement, the Second Government Agreement, the Third Government Agreement or the DLF Agreement without the approval of the Bank.

Section 5.09. Without the approval of the Bank no payment shall be made in respect of the advance under the First Government Agreement, of the loan under the Second Government Agreement or of the loan under the DLF 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 First Government Agreement, the Second Government Agreement, the Third Government Agreement and the DLF Agreement.

Article VI

REMEDIES OF THE BANK

Section 6.01. (a) (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 for the purposes of 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 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

¹ See p. 4 of this volume.

payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

(b) Each of the following events is specified as an event for the purposes of paragraph (j) of Section 5.02 of the Loan Regulations :

- (i) the advance provided for in the First Government Agreement shall have become due and payable pursuant to the provisions of Clause 7 thereof ;
- (ii) the loan provided for in the Second Government Agreement shall have become due and payable pursuant to the provisions of Clause 9 thereof ;
- (iii) the loan provided for in the DLF Agreement shall have become due and payable pursuant to the provisions of Section 8.02 thereof ;
- (iv) any loan or credit to the Borrower, having an original maturity of one year or more, shall have become due and payable prior to its agreed maturity pursuant to the terms thereof ;
- (v) an order is made or a resolution passed for the winding up of the Borrower.

Section 6.02. The Bank and the Borrower hereby agree that for the purposes of the First Loan Agreement, the Second Loan Agreement, the Third Loan Agreement and this Loan Agreement, respectively, an event referred to in paragraph (c) of Section 5.02 of the Loan Regulations No. 4 of the Bank applicable to any such Agreement shall be deemed to be an event under paragraph (c) of Section 5.02 of the Loan Regulations No. 4 of the Bank applicable to any other such Agreement.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1964, or such other date as shall be agreed upon between the Bank and the Borrower.

Section 7.02. A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.03. 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 :

The Industrial Credit and Investment Corporation of India Limited
163, Backbay Reclamation
Bombay 1
India

Alternative address for cablegrams and radiograms :

Credcorp
Bombay

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 Industrial Credit and Investment Corporation of India Limited :

By H. T. PAREKH
Authorized Representative

SCHEDULE 1

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement, the provision of Loan Regulations No. 4 of the Bank, dated February 15, 1961, shall be deemed to be modified as follows :

(a) By the deletion of Sections 2.01, 2.02 and 2.03.

(b) By the deletion of sub-paragraphs (a) and (b) of Section 2.05 and the substitution therefor of the following sub-paragraphs :

“(a) The principal of each part of the Loan withdrawn from the Loan Account shall be repayable in accordance with the amortization schedule agreed upon between the Bank and the Borrower in respect of such part of the Loan pursuant to Section 2.08 of the Loan Agreement.

“(b) The Borrower shall have the right, upon payment of all accrued interest and payment of the premiums specified in the applicable amortization schedule, and upon not less than 45 days' notice to the Bank, to repay in advance of maturity (i) all of the principal amount of any part of the Loan at the time outstanding or (ii) all of the principal amount of any one or more maturities of any part of the Loan, provided that

on the date of such payment there shall not be outstanding any portion of such part of the Loan maturing after the portion to be prepaid. However, if Bonds shall have been delivered pursuant to Article VI in respect of any portion of any part of the Loan to be prepaid, the terms and conditions of prepayment of that portion of such part of the Loan shall be those set forth in Section 6.16 and in such Bonds."

(c) By the addition to Section 2.05 of the following new sub-paragraph as sub-paragraph (d) :

"(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 Section 6.16 of these Regulations."

(d) By the deletion of sub-paragraph (a) of Section 3.03 and the substitution therefor of the following subparagraph :

"(a) The principal of each part of the Loan shall be repayable in the several currencies withdrawn from the Loan Account and the amount repayable in each currency shall be the amount withdrawn in that currency. The foregoing provision is subject to one exception, namely : if withdrawal shall be made in any currency which the Bank shall have purchased with another currency for the purpose of such withdrawal, the portion of the Loan so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase."

(e) By the deletion of sub-paragraph (c) of Section 3.03 and the substitution therefor of the following subparagraph :

"(c) Except as the Bank and the Borrower shall otherwise agree, the portion of the Loan to be repaid, under the provisions of this Section, in any particular currency shall be repayable in such instalments, not inconsistent with the instalments set forth in the amortization schedule applicable to the part of the Loan in respect of which the repayment is made, as the Bank shall specify."

(f) By the substitution in the second sentence of Section 4.03 of the words "Investment Projects" for the word "Project".

(g) By the deletion in sub-paragraph (b) of Section 5.03 of the words "from the Loan Account".

(h) By the deletion of Section 5.05 and the substitution therefor of the following Section :

"SECTION 5.05. *Application of Reduction of Loan Account and of Cancellation to Maturities.* Except as otherwise agreed between the Bank and the Borrower, any cancellation pursuant to this Article or any reduction of the Loan Account pursuant to Section 2.02 (e) of the Loan Agreement in respect of any part of the Loan credited to the Loan Account shall be applied *pro rata* to the several maturities of the principal amount of such part of the Loan as set forth in the amortization schedule applicable

thereto, except that the principal amount of any such maturity so cancelled shall not exceed the amount of such maturity remaining after deducting the principal amount of Bonds of such maturity theretofore delivered or requested pursuant to Article VI and the Bonds or portions of the Loan of such maturity theretofore sold or agreed to be sold by the Bank."

(i) By the insertion of the words "of each part" after the word "amount" in Section 6.01.

(j) By the substitution of the words "the part of the Loan represented by such Bonds" for the words "the Loan", whenever they occur in Section 6.02.

(k) By the deletion of Section 6.04 and the substitution therefor of the following Section :

"SECTION 6.04. *Interest on Bonds ; Service Charge.* Bonds shall bear interest at such rate or rates as the Bank shall request, not in excess, however, of the rate of interest on the part of the Loan represented by such Bonds. 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."

(l) By the deletion of Section 6.05 and the substitution therefor of the following Section :

"SECTION 6.05. *Currency in Which Bonds are Payable.* Bonds shall be payable as to principal and interest in the several currencies in which the part of the Loan represented by such Bonds is repayable. Each Bond delivered pursuant to any request under Section 6.03 or under Section 6.11 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."

(m) By the deletion of Section 6.06 and the substitution therefor of the following Section :

"SECTION 6.06. *Maturities of Bonds.* The maturities of the Bonds shall correspond to the maturities of the principal amounts of the several parts of the Loan represented thereby as set forth in the amortization schedules applicable thereto. The Bonds delivered pursuant to any request under Section 6.03 or under Section 6.11 shall have such maturities as the Bank shall specify in such request except that the aggregate principal amount of Bonds of any maturity shall at no time exceed the corresponding instalment of the principal amount of the part of the Loan represented by such Bonds."

(n) By the insertion of the words "of the part" after the word "amount" in the last sentence of Section 6.09.

(o) By the deletion of the first sentence of sub-paragraph (a) of Section 6.11 and the substitution thereof of the following sentence :

"(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."

(p) By the deletion of sub-paragraphs (a) and (b) of Section 6.16 and the substitution thereof of the following sub-paragraphs :

"(a) Bonds shall be subject to redemption prior to their maturity by the Borrower in accordance with their terms, at a redemption price equal to the principal amount thereof plus the interest accrued and unpaid thereon to the date fixed for the redemption thereof plus as a premium the percentages of said principal amount specified in the amortization schedule applicable to the part of the Loan represented by such Bonds."

"(b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the part of the Loan represented by such Bond, the Borrower shall pay to the Bank on the date fixed for redemption the service charge provided for in Section 6.04 accrued and unpaid at such date on the principal amount of such part of the Loan represented by such Bond."

(q) By the deletion of the following words in the fourth and fifth lines of paragraph (c) of Section 7.04 :

"or, if they shall not agree, by the Guarantor".

(r) By the deletion of paragraph 4 of Section 10.01 and the substitution thereof of the following paragraph :

"4. The term 'Loan' means the loan provided for in the Loan Agreement, and the term 'part of the Loan' means the portion of the Loan credited to the Loan Account in respect of an Investment Project."

(s) By the deletion of paragraph 6 of Section 10.01 and the substitution thereof of the following paragraph :

"6. The term 'Borrower' means The Industrial Credit and Investment Corporation of India Limited."

(t) By the deletion of paragraph 10 of Section 10.01 and the substitution thereof of the following paragraph :

"10. 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."

(u) By the deletion of paragraph 11 of Section 10.01 and the substitution therefor of the following paragraph :

“11. The term ‘Project’ means the project for which the Loan is granted, as described in Section 3.01 of the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower.”

(v) By the deletion of the first sentence of paragraph 12 of Section 10.01 and the substitution therefor of the following sentence :

“12. The term ‘goods’ means equipment, supplies and services required for the Investment Projects financed out of the proceeds of the Loan.”