

No. 9672

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
PAKISTAN

Guarantee Agreement—*Eightb Industrial Credit and Investment Project* (with annexed Loan Regulations No. 4, as amended, and Loan Agreement between the Bank and the Pakistan Industrial Credit and Investment Corporation Limited). Signed at Washington on 21 March 1969

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 26 June 1969.

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
PAKISTAN

Contrat de garantie — *Huitième projet relatif au crédit et aux investissements industriels* (avec, en annexe, le Règlement n° 4 sur les emprunts, tel qu'il a été modifié, et le Contrat d'emprunt entre la Banque et la Pakistan Industrial Credit and Investment Corporation Limited). Signé à Washington le 21 mars 1969

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 26 juin 1969.

GUARANTEE AGREEMENT ¹

AGREEMENT, dated March 21, 1969, between the ISLAMIC REPUBLIC OF PAKISTAN, 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 Pakistan Industrial Credit and Investment Corporation Limited (hereinafter called the Borrower), which agreement, the schedules therein referred to and Loan Regulations No. 4 of the Bank made applicable thereto are hereinafter called the Loan Agreement ², the Bank has agreed to make to the Borrower a loan in various currencies equivalent to forty million dollars (\$ 40,000,000), 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 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 February 15, 1961 as amended February 9, 1967 ³ subject, however, to the modifications thereof set forth in Schedule 2 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 1969, upon notification by the Bank to the Government of Pakistan.

² See p. 72 of this volume.

³ *Ibid.*

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: (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; or (b) 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, including the State Bank of Pakistan or any other institution performing the functions of a central bank.

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 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, and free from all restrictions, 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 upon payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes 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. Except as the Guarantor and the Bank shall otherwise agree, the Guarantor shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of any of the Government Agreements.

Section 3.06. The Guarantor shall not take, or permit any of its political subdivisions or any of its agencies or instrumentalities or any agency or instrumentality of any political subdivision to take, any action which would prevent or materially interfere with the performance by the Borrower of any of its covenants, agreements and obligations in the Loan Agreement contained, and shall take or cause to be taken all reasonable action which shall be required on its part in order to enable the Borrower to perform such covenants, agreements and obligations.

Section 3.07. The Guarantor shall make, and maintain in effect, arrangements satisfactory to the Bank to protect the Borrower against losses in connection with the payment of interest or other charges on, or the repayment of principal of, the Loan or the Bonds resulting from changes in the rate of exchange between rupees and the currency or currencies in which such payments are to be made.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Agreement and the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Secretary to the Government of Pakistan, Ministry of Finance, 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:

The Secretary to the Government of Pakistan
Economic Affairs Division
Islamabad, Pakistan

Cable address:

Economic
Islamabad

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Intbafrad
Washington, D.C.

Section 5.02. The Secretary to the Government of Pakistan, Economic Affairs Division, is designated for the purpose 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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Islamic Republic of Pakistan:

By A. R. BASHIR
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,
AS AMENDED 9 FEBRUARY 1967

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

[*Not published herein. See United Nations, Treaty Series, vol. 598, p. 270.*]

LOAN AGREEMENT

AGREEMENT, dated March 21, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE PAKISTAN INDUSTRIAL CREDIT AND INVESTMENT CORPORATION LIMITED (hereinafter called the Borrower), a company organized and existing under the Companies Act, 1913, of Pakistan.

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961 as amended February 9, 1967,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said Loan Regulations No. 4, as so modified, being hereinafter called the Loan Regulations).

Section 1.02. Unless the context otherwise requires, the following terms wherever used in this Agreement have the following meanings :

¹ See above.

(a) "Bank Loan Agreements" means the loan agreements dated December 17, 1957,¹ September 25, 1959,² June 27, 1961,³ February 13, 1963,⁴ June 30, 1964,⁵ July 9, 1965⁶ and August 10, 1967,⁷ 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.

(b) "Government Agreements" means the agreements dated October 26, 1957, December 7, 1961, July 4, 1967 and December 30, 1968, respectively, all between the Guarantor and the Borrower, providing for advances by the Guarantor to the Borrower of Rs 30,000,000, Rs 30,000,000, Rs 10,000,000 and Rs 10,000,000, respectively, and shall include such amendments to such agreements as may from time to time be agreed by the parties thereto and the Bank.

(c) "DLF Agreement" means the agreement between the Development Loan Fund, an agency of the United States of America, and the Borrower, dated May 12, 1961, providing for a loan to the Borrower in an aggregate principal amount not to exceed \$7,500,000, and shall include such amendments to said agreement as may from time to time be agreed by the parties thereto.

(d) "AID Agreement" means the agreement between the Agency for International Development, an agency of the United States of America, and the Borrower, dated December 7, 1966, providing for a loan to the Borrower in an aggregate principal amount not to exceed Rs 30,000,000, and shall include such amendments to said agreement as may from time to time be agreed by the parties thereto.

(e) "Eximbank Agreement" means the agreement between Export-Import Bank of the United States, an agency of the United States of America, and the Borrower, dated January 30, 1969, providing for a loan to the Borrower in an aggregate principal amount not to exceed \$5,000,000 and shall include such amendments to such agreement as may from time to time be agreed by the parties thereto.

(f) "Government Credit Agreements" means the agreements which have been, or shall be, entered into from time to time between the Guarantor and the Borrower providing for foreign currency credits to the Borrower out of funds made available to the Guarantor by governments of foreign countries.

(g) "sub-loan" means a loan made by the Borrower to an Investment Enterprise for an Investment Project.

(h) "investment" means an investment, other than a sub-loan, made by the Borrower in an Investment Enterprise for an Investment Project.

¹ United Nations, *Treaty Series*, vol. 299, p. 321.

² *Ibid.*, vol. 355, p. 169.

³ *Ibid.*, vol. 425, p. 241.

⁴ *Ibid.*, vol. 467, p. 3.

⁵ *Ibid.*, vol. 519, p. 57.

⁶ *Ibid.*, vol. 554, p. 39.

⁷ *Ibid.*, vol. 618, p. 261.

(i) "Investment Enterprise" means an enterprise to which the Borrower shall propose to make or shall have made a sub-loan, or in which it shall propose to make or shall have made an investment, in accordance with and as provided in Section 3.01 of this Agreement.

(j) "Investment Project" means a specific development project to be carried out by an Investment Enterprise and in respect of which an application for withdrawal from the Loan Account is made by the Borrower.

(k) "subsidiary" means a company which is a subsidiary of the Borrower within the meaning of the Companies Act, 1913 (or any amendment thereof) of the Guarantor.

(l) "rupees" and the letters "Rs" mean currency of the Guarantor.

(m) "foreign currency" means any currency other than currency of the Guarantor.

(n) "Statement of Policies" means the Outline of Business Policies approved by the Board of Directors of the Borrower on December 10, 1964, as amended on March 11, 1967 and September 30, 1967, and as further amended from time to time.

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 Agreement set forth or referred to, an amount in various currencies equivalent to forty million dollars (\$40,000,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(b) 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 and the Loan Regulations.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account in respect of any Investment Project such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for the reasonable cost of goods required for such Investment Project; provided, however, that except as the Bank shall otherwise agree:

- (i) withdrawals in respect of any Investment Project shall not exceed the equivalent of the aggregate amount of sub-loans or investments made by the Borrower for such Investment Project after the date of this Agreement;
- (ii) no withdrawals shall be made in respect of any Investment Project for which the Borrower has made sub-loans or investments in the aggregate equal to or exceeding the equivalent of \$4,000,000, or such other amount as the Bank shall from time to time determine, unless the Bank shall have approved such Investment Project;

- (iii) no withdrawals shall be made on account of expenditures for any Investment Project incurred more than 90 days prior to the date on which the Bank shall have received the first application for withdrawal from the Loan Account in respect of such Investment Project ; and
- (iv) no withdrawals shall be made on account of (A) expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor or (B) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.

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 principal amount of the Loan not withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}$ %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06. Except as the Borrower and the Bank 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 commitment outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

DESCRIPTION OF THE PROJECT ; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is the financing by the Borrower of economic development in Pakistan through loans for productive purposes to enterprises in Pakistan which are or will be controlled by private capital, and through 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.

Section 3.02. Except as the Bank and the Borrower shall otherwise agree, the proceeds of the Loan shall be applied exclusively to the foreign currency cost of goods required to carry out Investment Projects in respect of which the Borrower has made sub-loans or investments.

Section 3.03. (a) When submitting an Investment Project to the Bank for approval under Section 2.03 (ii) of this Agreement, the Borrower shall furnish to

the Bank an application, in form satisfactory to the Bank, containing a description of such Investment Project and of the terms and conditions of the Borrower's sub-loan to or investment in the Investment Enterprise and such other information as the Bank shall reasonably request.

(b) The Borrower shall, prior to submitting its first application for withdrawal from the Loan Account in respect of any Investment Project for which approval is not required under Section 2.03 (ii) of this Agreement, furnish to the Bank a summary of such Investment Project and of the terms and conditions of the Borrower's sub-loans or investments for such Investment Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of 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, with qualified and experienced management and in accordance with its Memorandum and Articles of Association and its Statement of Policies, 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, the sub-loans and investments, and the administration, 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, and shall enable the Bank's representatives to examine such records.

(c) The Borrower shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accounting firm acceptable to the Bank in accordance with generally accepted accounting

principles consistently applied and shall, promptly after their preparation and not later than four months after the close of the fiscal year to which they apply, transmit to the Bank certified copies of such statements and a signed copy of the accounting firm's report.

Section 5.03. (a) The Borrower shall exercise its rights in relation to each Investment Project financed in whole or in part with the proceeds of the Loan in such manner as to protect the interests of the Bank and of the Borrower.

(b) The Borrower undertakes that unless the Bank shall otherwise agree, any sub-loan or investment will be made on terms whereby the Borrower shall obtain, by written agreement or other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including, in the case of any such sub-loan and, to the extent that it shall be appropriate in the case of any such investment : (i) the right to require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and management standards and maintain adequate records ; (ii) 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 the Investment Project ; (iii) the right of the Bank and the Borrower to inspect such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents ; (iv) the right to require that the 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, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely useable by the Investment Enterprise to replace or repair such goods ; (v) the right to obtain all such information as the Bank for the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise ; and (vi) the right of the Borrower to suspend or terminate access by the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its agreement with the Borrower.

(c) The Borrower shall at all times make adequate provision to protect itself against losses resulting from changes in the rate of exchange between rupees and the currency or currencies in which the Borrower's outstanding money obligations shall have to be met.

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, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and any other matters relating to the purposes of the Loan.

(b) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.05. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any subsidiary to incur any indebtedness if, after the incurring of any such indebtedness, the consolidated indebtedness of the Borrower and all its subsidiaries then incurred and outstanding would be greater than seven times the consolidated capital and surplus of the Borrower and all its subsidiaries.

For the purposes of this Section :

(a) The term " indebtedness " means any debt incurred by the Borrower or a subsidiary (including debt assumed or guaranteed by the Borrower or a subsidiary) maturing more than one year after the date on which it is originally incurred.

(b) The term " incur " with reference to any indebtedness includes any modification of the terms of payment of such indebtedness. Indebtedness shall be deemed to be incurred (i) under a loan contract or agreement, on the date and to the extent it is drawn down pursuant to such loan contract or agreement, and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee shall have been entered into.

(c) Whenever in connection with this Section it shall be necessary to value in terms of rupees debt payable in another currency, such valuation shall be made at the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

(d) The term " consolidated indebtedness of the Borrower and all its subsidiaries " means the total amount of indebtedness of the Borrower and all its subsidiaries, excluding (i) indebtedness owed by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary, and (ii) indebtedness referred to in paragraph (e) (ii) and (iii) of this Section.

(e) The term " consolidated capital and surplus of the Borrower and all its subsidiaries " means the aggregate of (i) the total unimpaired capital, surplus and free reserves of the Borrower and all its subsidiaries after excluding such items of capital, surplus and reserves as shall represent equity interests of the Borrower or of any subsidiary in the Borrower or in any subsidiary, (ii) the amount of the advances under the Government Agreements payable after the date of the last outstanding maturity of the principal amount of the Loan or of any of the loans provided for in the Bank Loan Agreements, and (iii) the amount at the time outstanding but not yet due for payment of other indebtedness of the Borrower under agreements approved by the Bank, at the request of the Borrower, for purposes of this paragraph (e) (iii).

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. 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 the 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 upon payments under any Bond to a holder thereof than the 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, 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 the Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.09. (a) The Borrower shall duly perform all its obligations under the Government Agreements and any agreement approved by the Bank for purposes of Section 5.05 (e) (iii) of this 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 any of the Government Agreements or any agreement approved by the Bank for purposes of Section 5.05 (e) (iii) of this Agreement.

(b) The Borrower shall not, without the approval of the Bank, make any payment in respect of the advances under any of the Government Agreements, in respect of indebtedness under any agreement approved by the Bank for purposes of Section 5.05 (e) (iii) of this Agreement, in respect of the credits under the Government Credit Agreements or in respect of the loans provided for in the DLF Agreement, the AID Agreement and the Eximbank Agreement, except at the times and in the amounts therein originally provided.

Section 5.10. (a) The Borrower shall not amend its Memorandum or Articles of Association without the approval of the Bank.

¹ See p. 64 of this volume.

(b) The Borrower shall inform the Bank of any proposed action to amend its Statement of Policies and shall afford the Bank a reasonable opportunity, in advance of the taking of such action, to exchange views with the Borrower with respect thereto.

Section 5.11. 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 (e) or paragraph (f) of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement shall occur and shall continue for a period of thirty days, or (ii) if a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any bond delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days, or (iv) 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 Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. The following additional events are specified for the purposes of paragraph (l) of Section 5.02 of the Loan Regulations :

- (i) any of the advances provided for in the Government Agreements shall have become repayable prior to its agreed maturity because of the happening of an event of default therein described or otherwise ;
- (ii) demand shall have been made for repayment in advance of maturity of any loan or credit to the Borrower, having an original maturity of one year or more, by reason of any default specified in an agreement providing for any such loan or credit ; and
- (iii) an order is made or a resolution passed for the winding up of the Borrower.

Section 6.03. The Bank and the Borrower hereby agree that for the purposes of each of the Bank Loan Agreements 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

MODIFICATION OF BANK LOAN AGREEMENTS

Section 7.01. Section 5.04 (a) of the Loan Agreement between the Bank and the Borrower dated December 17, 1957 and Section 5.05 of the Loan Agreements between the Bank and the Borrower dated September 25, 1959, June 27, 1961, February 13, 1963, June 30, 1964, July 9, 1965 and August 10, 1967 are hereby amended to conform to Section 5.05 hereof.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be March 31, 1974, or such later date as may be agreed by the Bank.

Section 8.02. If this Agreement shall not have come into force and effect by June 1, 1969, this Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 8.03. 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, D.C. 20433
United States of America
Cable address :
Intbafrad
Washington, D.C.

For the Borrower :

The Pakistan Industrial Credit and Investment Corporation Limited
Jubilee Insurance House
McLeod Road
P.O. Box No. 5080
Karachi 2, Pakistan
Cable address :
Picicorp
Karachi

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be 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 Pakistan Industrial Credit and Investment Corporation Limited :

By A. R. BASHIR
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>
December 15, 1972	8,000	June 15, 1981	1,920,000
June 15, 1973	12,000	December 15, 1981	1,940,000
December 15, 1973	121,000	June 15, 1982	1,965,000
June 15, 1974	245,000	December 15, 1982	2,005,000
December 15, 1974	410,000	June 15, 1983	2,025,000
June 15, 1975	560,000	December 15, 1983	2,070,000
December 15, 1975	750,000	June 15, 1984	2,100,000
June 15, 1976	870,000	December 15, 1984	2,092,000
December 15, 1976	1,050,000	June 15, 1985	1,888,000
June 15, 1977	1,240,000	December 15, 1985	1,440,000
December 15, 1977	1,400,000	June 15, 1986	1,165,000
June 15, 1978	1,610,000	December 15, 1986	854,000
December 15, 1978	1,740,000	June 15, 1987	450,000
June 15, 1979	1,800,000	December 15, 1987	290,000
December 15, 1979	1,850,000	June 15, 1988	180,000
June 15, 1980	1,890,000	December 15, 1988	110,000
December 15, 1980	1,900,000	June 15, 1989	50,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 three years before maturity	$\frac{3}{4}$ %
More than three years but not more than six years before maturity	$1\frac{3}{4}$ %
More than six years but not more than eleven years before maturity ..	$2\frac{3}{4}$ %
More than eleven years but not more than sixteen years before maturity	$4\frac{1}{2}$ %
More than sixteen years but not more than eighteen years before maturity	$5\frac{1}{2}$ %
More than eighteen years before maturity	$6\frac{1}{2}$ %

SCHEDULE 2

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement, the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961 as amended February 9, 1967, are modified as follows :

(a) The following subparagraph (d) is added to 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 paragraph (b) of Section 2.05 and in Section 6.16 of these Regulations.”

(b) Section 4.01 is deleted.

(c) The words “ Investment Projects ” are substituted for the words “ the Project ” in the second sentence of Section 4.03.

(d) 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 ”.

(e) Paragraph 6 of Section 10.01 is deleted and replaced by the following paragraph :

“ 6. The term ‘ Borrower ’ means the party to the Loan Agreement to which the Loan is made ; and the term ‘ Guarantor ’ means the Islamic Republic of Pakistan, acting by its President. ”

(f) Paragraph 11 of Section 10.01 is deleted and the following paragraph substituted therefor :

“ 11. The term ‘ Project ’ means the project for which the Loan is granted, as described in Section 3.01 of the Loan Agreement ”.

(g) The first sentence of paragraph 12 of Section 10.01 is deleted and the following sentence substituted therefor :

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