CLEAN TECHNOLOGY FUND GUARANTEE AGREEMENT

(India Partial Risk Sharing Facility for Energy Efficiency)

between

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
acting as the guarantee program manager of
the Partial Risk Sharing Facility for Energy Efficiency

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an implementing entity of the Clean Technology Fund

Dated March 31, 2015
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CTF GUARANTEE NUMBER TF019230

Clean Technology Fund
GUARANTEE AGREEMENT

AGREEMENT, dated March 31, 2015 entered into between:

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA ("CTF Guarantee Beneficiary" or "SIDBI"), a financial institution organized and existing under the laws of the Republic of India, acting in its capacity as the guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency (the "Facility" or "PRSIF", as further defined below), and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank" or "IBRD"), acting not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund ("CTF") (the "Agreement").

The CTF Guarantee Beneficiary and the World Bank hereby agree as follows:

ARTICLE I
Standard Conditions, Definitions and Interpretation

Section 1.01. (a) The following provisions of the Standard Conditions for Loans Made by the World Bank Out of the Climate Investment Funds, dated February 18, 2014 (the "Standard Conditions"), with the modifications set forth in paragraph (b) of this Section 1.01 or as otherwise modified by this Agreement, constitute an integral part of this Agreement:

(i) Article I (Introductory Provisions);
(ii) Section 2.10 (Project Execution; Disputed Area);
(iii) Section 3.02 (Withdrawal of Loan Proceeds; Funding Shortfall) Section 3.06 (a) and (b) (Withdrawal of Loan Proceeds; Eligible Expenditures);
(iv) Section 4.06 (Loan Terms; Place of Payment), Section 4.07(a) (Loan Terms; Currency of Payment), Section 4.08 (Loan Terms; Valuation of Currencies), Section 4.09 (Loan Terms; Manner of Payment);
(v) Article VI (Assignment);
(vi) Article VIII (Enforceability; Arbitration); and

(b) The Standard Conditions, unless the context otherwise requires, shall be modified as follows:

(i) the term "Borrower," wherever used in the Standard Conditions, is replaced by the term "CTF Guarantee Beneficiary" (as defined in this Agreement);
(ii) the term "Effective Date," wherever used in the Standard Conditions, has the meaning as defined in Section 1.02 of this Agreement;
(iii) the term “Eligible Expenditures,” wherever used in the Standard Conditions, is replaced by the term “Loss” (as defined in this Agreement);

(iv) the term “Legal Agreement,” wherever used in the Standard Conditions, means, collectively, this Agreement and the Cooperation Agreement;

(v) the term “Loan” or “loan,” wherever used in the Standard Conditions, is replaced by the term “CTF Guarantee” (as defined in this Agreement);

(vi) the term “Loan Agreement,” or “Project Agreement,” wherever used in the Standard Conditions, is replaced by the term this “Agreement” (as defined in this Agreement);

(vii) the term “Project,” wherever used in the Standard Conditions, has the meaning as defined in Section 1.02 of this Agreement;

(viii) References to the terms “Guarantee Agreement,” “Guarantor” and “Project Implementing Entity,” wherever used in the Standard Conditions, shall be disregarded for the purpose of this Agreement; and

(ix) Section 3.04(a) (Applications; Supporting Evidence) of the Standard Conditions is modified by deleting the words “or to request the World Bank to enter into a Special Commitment” in the first sentence thereof.

Section 1.02 Unless the context requires otherwise,

(a) the several terms defined in the Standard Conditions, as any of such terms may be modified pursuant to Section 1.01(b) above, and in the Preamble to this Agreement, shall have the respective meanings therein set forth when used in this Agreement;

(b) the following terms used herein with initial capital letters used in this Agreement shall have the meanings ascribed to them as follows:

“Advisory Committee” means the advisory committee relating to the Project, constituted in accordance with the Operations Manual and provisions of the SIDBI-GEF Grant Agreement;

“Arbitral Tribunal” has the meaning assigned thereto in the Standard Conditions;

“Articles of Agreement” means the articles of agreement establishing the World Bank, as the same may be amended from time to time;

“Authorisation” means any necessary authorization, approval, consent, license, franchise, ruling, permit, tariff, rate, certification, exemption, filing, registration or other similar action from, by, with or involving any Authority, which is or was necessary in connection with the Project, or which is or was necessary for the performance by the CTF Guarantee Beneficiary of any covenant or obligation in accordance with any Transaction Documents;
"Authority" means any national, regional, municipal or local government or governmental, administrative, judicial, fiscal or government-owned or controlled body, department, commission, authority, tribunal, agency or entity having jurisdiction over the matter (including any environmental protection authority and any person or entity, whether or not government-owned or controlled, or howsoever constituted that exercises the functions of a central bank);

"BEE" means the Bureau of Energy Efficiency, a statutory body under India's Ministry of Power, established under the Energy Conservation Act of 2001, or any successor thereto;

"Beneficiary Host Entity" means entities including, but not limited to, large industrial concerns, micro, small or medium enterprises, commercial buildings, municipal bodies, which enter into ESPCs with Energy Service Companies for the Project;

"Business Day" means any day (other than a Saturday or Sunday) on which: (a) banks are generally open for business (including dealings in foreign exchange and foreign currency deposits) in Mumbai, India, and New York in the United States of America, and (b) the World Bank is generally open for business in Washington, D.C. in the United States of America;

"Business Implementation Plan" means the annual plan submitted by the CTF Guarantee Beneficiary to the Advisory Committee and the World Bank on December 31 of each Fiscal Year, in such form as set out in the template attached to the Operations Manual, which outlines planned and proposed Project activities, budgetary estimates, and other monitoring and evaluation matters as prescribed by the Operations Manual;

"Commitment Currency" means Dollars (USD);

"Covered Event" means, at any time on or after receipt by the CTF Guarantee Beneficiary of any Eligible Sub-Guarantee Claim, the amount of funds allocated to the PFI Risk Coverage Ledger Account available to the CTF Guarantee Beneficiary is insufficient to make an Eligible Sub-Guarantee Payout in respect of such Eligible Sub-Guarantee Claim;

"Cooperation Agreement" means the agreement so named and entered, or to be entered, into between India and the World Bank, as implementing agency of each of CTF and GEF, on or about the date hereof in respect of the Project;

"CTF Guarantee" means a commitment provided by the World Bank to pay to the CTF Guarantee Beneficiary for any Loss up to the Maximum World Bank/CTF Commitment Amount under, and subject to the terms of, this Agreement;

"CTF Guarantee Beneficiary Reduction Notice" has the meaning assigned thereto in Section 4.02(b) of this Agreement;

"CTF Guarantee Charge" has the meaning ascribed to the term in Article V (MDB Fee and CTF Guarantee Charge);

"CTF Guarantee Charge Payment Date" has the meaning ascribed to the term in Section 5.04;
"CTF Ledger Account" means a Ledger Account established and maintained by SIDBI for the purposes of the Project in accordance with the terms of this Agreement and the SIDBI-GEF Grant Agreement for the purpose of receiving amounts of the CTF Guarantee;

"Demand" means an application, by means of a Demand Notice, by the CTF Guarantee Beneficiary to the World Bank for payment by the World Bank in relation to any Loss under this Agreement;

"Demand Notice" means a demand notice from the CTF Guarantee Beneficiary to the World Bank (completed as appropriate) in, or substantially in, the form set out in Schedule 2 (Form of Demand Notice) to this Agreement and making a Demand pursuant to Article XI (Filing of Demands);

"Dollar," "$" and "USD" means the lawful currency of the United States of America;

"EESL GEF Grant Agreement" has the meaning set out in the SIDBI-GEF Grant Agreement;

"Effectiveness Deadline" has the meaning assigned thereto in Section 9.01(e) (Termination by the World Bank);

"Effective Date" has the meaning assigned thereto in Section 6.01 (Conditions Precedent);

"Eligible Borrower" means a borrower of an Eligible Sub-Financing, which shall be: (i) an ESCO borrowing to finance implementation of an Eligible Sub-Project or (ii) a Beneficiary Host Entity borrowing to hire an ESCO to implement an Eligible Sub-Project, in all cases, any such person that meets the Minimum Loan Eligibility Criteria in accordance with the Operations Manual;

"Eligible Lender" means a lender of a Sub-Financing, which shall be any PFI that: (i) is a scheduled commercial bank (as so identified and listed in the RBI Act) or a Non-Banking Financial Company (as defined in the RBI Act), (ii) has not been declared ineligible to be awarded an IDA- or IBRD-financed contract in accordance with the World Bank Sanctions Procedures; (iii) has not been debarred under any act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations and (iv) for the avoidance of doubt, shall not include SIDBI in its capacity as a lender under the PRSF;

"Eligible Sub-Guarantee" means a partial guarantee issued by the CTF Guarantee Beneficiary on the Facility’s behalf to an Eligible Lender in respect of an Eligible Sub-Financing, under the PRSF in accordance with procedures and requirements in the Operations Manual and acceptable to the World Bank;

"Eligible Sub-Guarantee Agreement" means a letter instrument evidencing an Eligible Sub-Guarantee issued by the CTF Guarantee Beneficiary to an Eligible Lender for an Eligible Sub-Financing, which shall be governed by the terms of and read along-with the
relevant Master Guarantee Agreement, all in accordance with the terms of the Operations Manual and the relevant templates attached thereto;

"Eligible Sub-Guarantee Claim" means any valid guarantee claim received by the CTF Guarantee Beneficiary by an Eligible Lender on or after the Effective Date of this Agreement under and pursuant to the terms of the relevant Eligible Sub-Guarantee as a result of a principal and/or interest payment default(s) by the relevant Eligible Borrower on the relevant Sub-Financing;

"Eligible Sub-Guarantee Payout" means any payment made, or to be made, by the CTF Guarantee Beneficiary to any Eligible Lender in relation to the a valid Eligible Sub-Guarantee Claim, Sub-Financing, under and pursuant to the terms of the relevant Eligible Sub-Guarantee and the Operations Manual;

"Eligible Sub-Financing" means a loan, which: (i) is provided by an Eligible Lender to an Eligible Borrower in support of any Eligible Sub-Project; (ii) meets the Minimum Loan Eligibility Criteria; and (iii) is guaranteed by an Eligible Sub-Guarantee;

"Eligible Sub-Project" means a Sub-Project financed by an Eligible Sub-Financing and supported by an Eligible Sub-Guarantee;

"Energy Savings Performance Contract" or “ESPC” means a contract between an Energy Service Company and a Beneficiary Host Entity substantially in the form attached as a template to the Operations Manual and in accordance with terms and conditions satisfactory and acceptable to the World Bank including appropriate arrangements for energy cost-sharing and verification;

"Energy Service Company" or “ESCO” means has the meaning ascribed to the term “ESCO” in the Operations Manual;

"Environmental and Social Laws" means any laws and regulations in effect in India relating to the environment, occupational and community health or safety, or laws and regulations relating to land acquisition, scheduled tribes and other relevant social issues, including, as they relate to the foregoing: (i) the Constitution of India; (ii) the laws of India (and all of their implementation regulations, where applicable); and (iii) all other international conventions and treaties to which India is a party and which have been ratified by India and are in full force and effect, to the extent such laws and regulations are applicable to the CTF Guarantee Beneficiary or the Project;

"Environmental Risk Management Framework" or “ERMF” means the Project’s framework, dated April 15, 2014, which defines the roles and responsibilities of all stakeholders under the Facility relating to environmental regulatory compliance, environmental legacy issues, negative environmental impacts from technology upgrades, environmental safeguard and due diligence requirements for Sub-Projects, third-party appraisal checks, and including any amendments made to the framework with the World Bank’s approval;

“ESDD” means the environment and social safeguards due diligence covering environmental and social impact assessment, initial environmental examination, environmental and social management plan, environmental codes of practice, resettlement action plan, indigenous peoples plan or any such other safeguard documents
that are required to be prepared by an Eligible Borrower for a Sub-Project in accordance with the ERMF;

"Executive Committee" means the executive committee relating to the Project constituted in accordance with the provisions of the SIDBI-GEF Grant Agreement;

"Facility" or "PRSIF" means the Partial Risk Sharing Facility for Energy Efficiency, established on behalf of India through funding support from GEF through its grant and CTF through its guarantee and managed by the CTF Guarantee Beneficiary on behalf of India;

"Facility Operations Ledger Account" means a Ledger Account called Facility Operations Account established and maintained by SIDBI for the purposes of the Project, in accordance with the terms of this Agreement and the SIDBI-GEF Grant Agreement;

"Final Demand Date" means the date falling on twenty (20) years after the Effective Date;

"Fiscal Year" means India’s fiscal year starting on April 1 each calendar year and ending on March 31 the following calendar year;

"GEF" means the Global Environment Facility;

"GEF Grant Agreements" means the SIDBI-GEF Grant Agreement and the EESL-GEF Grant Agreement;

"IDA" means the International Development Association;

"India" means the Republic of India;

"Ledger Accounts" means, collectively, the CTF Ledger Account, the PFI Risk Coverage Ledger Account, the SIDBI Risk Coverage Ledger Account, the Facility Operations Ledger Account and the SIDBI TA Ledger Account, as well as the three separate ledger accounts to which 25% of each Sub-Guarantee Claim on, respectively, the CTF Ledger Account, the PFI Risk Coverage Account and the SIDBI Risk Coverage Ledger Account will be assigned until release following conclusion of recovery proceedings;

"Limitation Notice" has the meaning ascribed to the term in Section 8.01 (Limitation of World Bank/CTF Commitment);

"Loss" means, at any time following the Effective Date and the occurrence of a Covered Event, any amount of the shortfall between: (i) the amount necessary to cover any payment made or to be made by the CTF Guarantee Beneficiary in respect of any Eligible Sub-Guarantee Claim; and (ii) the amount allocated to the PFI Risk Coverage Ledger Account available to the CTF Guarantee Beneficiary to make such Eligible Sub-Guarantee Claim (without counting amounts assigned to the related CTF Ledger Account in respect of 25% balances of Eligible Sub-Guarantee Claims not yet released pending conclusion of recovery proceedings); provided for the avoidance of doubt that "Loss" shall exclude: (a) all penalty or default interest, fee for late payment, breakage fees, and costs, expenses and losses of the CTF Guarantee Beneficiary (other than any amount of
Eligible Sub-Guarantee Claim) under any Sub-Guarantee; (b) attorney’s fees and arbitration costs in connection with or relating to any Sub-Guarantee;

"MDB Fee" has the meaning ascribed to the term in Article V (MDB Fee and CTF Guarantee Charge);

"Material Adverse Effect" means an event, condition or circumstance occurring (or any effect or consequence thereof) that has had or reasonably could be expected to have a material and adverse effect on: (A) the ability of any party to any of the Transaction Documents to observe or perform any of its payment or other obligations in accordance with the terms of the Transaction Documents to which it is a party; (B) the rights and obligations of the World Bank under the World Bank/CTF Agreements, and any other Transaction Documents, as applicable; or (C) the legality, validity, binding nature or enforceability of any of the Transaction Documents; provided that if a Material Adverse Effect is indicated in a specific instance to relate to a specific party, then the term “party” as used herein shall in such instance only be read to include such indicated party.

"Master Guarantee Agreement" means the master guarantee agreement entered into by the CTF Guarantee Beneficiary and an Eligible Lender in accordance with the terms of the Operations Manual and the the template attached thereto;

"Maximum World Bank/CTF Commitment Amount" means the amount set forth in Article IV (Maximum World Bank / CTF Commitment Amount);

"Memorandum of Understanding" or "MOU" means the memorandum of understanding each PFI will enter into with the CTF Guarantee Beneficiary relating to the Project, substantially in the form attached as a template to the Operations Manual;

"Minimum Loan Eligibility Criteria" means the minimum loan eligibility criteria applied to any Eligible Sub-Financing, as set out in the Operations Manual;

"Operations Manual" means the Project’s Operations Manual, dated as of January 13, 2015, adopted by the CTF Guarantee Beneficiary and satisfactory to the World Bank, as will be completed by the template documents, satisfactory to the World Bank, annexed to such manual, and as such manual may be amended by the CTF Guarantee Beneficiary from time to time with the prior written consent of the World Bank as to any material changes;

"Participating Financial Institution" or "PFI" has the definition set out in the SIDBI-GEF Grant Agreement;

"PFI Risk Coverage Ledger Account" means a Ledger Account called PFI Lending Window established and maintained by SIDBI for the purposes of making payments on Eligible Sub-Guarantee Claims to Eligible Lenders under the Project, in accordance with the terms of this Agreement and the SIDBI-GEF Grant Agreement;

"Project" means the Project described in Schedule 1 to the SIDBI-GEF Grant Agreement;

"RBI Act" means the Reserve Bank of India Act, 1934, as modified from time to time;
“Rupee” and “INR” mean the lawful currency of the Republic of India;

“Sanctionable Practice” means any Coercive Practice, Corrupt Practice, Collusive Practice, Obstructive Practice and Fraudulent Practice, as those terms are defined and interpreted in accordance with Schedule 4 (Anti-Corruption Guidelines for World Bank Guarantee and Carbon Finance Transactions);

“SIDBI-GEF Grant Agreement” means the agreement entered, or to be entered, into between SIDBI and the World Bank, acting as a GEF implementing agency pursuant to which SIDBI has agreed to carry out certain activities under the Project on the terms and conditions set forth therein;

“SIDBI-GEF Grant Effectiveness Date” means the date as of which the SIDBI-GEF Grant Agreement becomes effective in accordance with its terms;

“SIDBI Risk Coverage Ledger Account” means a Ledger Account called SIDBI Lending Window established and maintained for the purposes of funding Sub-Guarantees to SIDBI as a Sub-Financier under the Project, in accordance with the terms of this Agreement and the SIDBI-GEF Grant Agreement;

“Sub-Financier” has the meaning set out in the SIDBI-GEF Grant Agreement;

“Sub-Financing” means a loan or financing made by a PFI or SIDBI in its capacity as a Sub-Financier under the PRSF to an ESCO or to a Beneficiary (as defined in the Operations Manual), which is empanelled or qualified and eligible for a Sub-Guarantee under the Operations Manual, for the purpose of carrying out energy efficiency projects under ESPCs;

“Sub-Project” means an energy efficiency project which is qualified and eligible for a Sub-Financing under the Facility;

“Transaction Documents” means, collectively, the World Bank / CTF Agreements, the GEF Grant Agreements, any Eligible Sub-Guarantee Agreement and related Master Guarantee Agreement, the Operations Manual, the MOUs; the ERMF and any ESDDs;

“World Bank/CTF Agreements” means, collectively, this Agreement and the Cooperation Agreement;

“World Bank/CTF Guarantee Period” has the meaning assigned thereto in Section 2.03 (World Bank/CTF Commitment Coverage: The World Bank / CTF Guarantee Period);

“World Bank Group” means the five affiliated institutions, namely, the IBRD, IDA, Multilateral Investment Guarantee Agency, International Finance Corporation, and International Center for the Settlement of Investment Disputes; and

“World Bank Sanctions Procedures” means those sanctions procedures for World Bank guarantee and carbon finance transactions adopted by the Executive Directors of IBRD and IDA as of September 24, 2013, as such procedures may be amended from time to time.
Section 1.03. Unless the context requires otherwise, any reference herein to an Article, Section or Schedule is to an Article, Section or Schedule to this Agreement.

Section 1.04. Headings in this Agreement are inserted for convenience of reference only and shall be ignored in construing this Agreement.

Section 1.05. All schedules to this Agreement are an integral part of this Agreement with the same force and effect as if they were fully set out herein; and references to this Agreement shall include references to both this Agreement and the schedules.

Section 1.06. Words importing the singular include the plural and vice versa.

Section 1.07. References to the words “include” and “including” shall be construed without limitation.

Section 1.08. For the purposes of this Agreement, an entity is deemed to exercise “control” so long as either or both of the following continue to be true: (i) it has the ownership, directly or indirectly, of a majority of the voting capital, or (ii) it has the power to direct the management, policies, or composition of the board of directors (or equivalent body of that entity) through ownership of voting capital, by contract or otherwise.

Section 1.09. References in this Agreement to any document are references to such document as originally executed and, if amended, supplemented or replaced, to such document as amended, supplemented or replaced from time to time (provided that where consent is required to amend, supplement or replace, such consent has been obtained), and shall include any document that amends, supplements or replaces it.

ARTICLE II
World Bank/CTF Guarantee Coverage

Section 2.01. Subject to the submission by the CTF Guarantee Beneficiary of a Demand in accordance with Article XI (Filing of Demands) and any other provisions of this Agreement, and in consideration of the payment to the World Bank of the MDB Fee and the CTF Guarantee Charges under Article V (MDB Fee and CTF Guarantee Charges), the World Bank hereby agrees to pay the CTF Guarantee Beneficiary for any Loss sustained by the CTF Guarantee Beneficiary; provided that in no event shall the World Bank be liable or obligated under this Agreement to pay amounts which when aggregated together, exceed the Maximum World Bank / CTF Commitment Amount; provided further that unless otherwise agreed in writing between the World Bank and the CTF Guarantee Beneficiary, payment of any Loss under this Section 2.01 shall be remitted to the CTF Ledger Account for the CTF Guarantee Beneficiary to apply exclusively towards such Loss.

Section 2.02. Any payment made or to be made by the World Bank under Section 2.01 is funded out of the resources made available to the World Bank as an implementing entity of the CTF. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it from the CTF trust fund, and the CTF Guarantee Beneficiary’s right to demand a payment by the World Bank under this Agreement is subject to the availability of such funds. As of the Effective Date, the funds made available to the World Bank for the purpose of the World Bank’s payment obligations under this Agreement shall be twenty-five million Dollars ($25,000,000).
Section 2.03. **The World Bank / CTF Guarantee Period.** The World Bank / CTF Guarantee Period shall be the period during which a Demand Notice may be submitted by the CTF Guarantee Beneficiary pursuant to this Agreement, and shall begin on the Effective Date and expire, subject to Section 11.05, on the Final Demand Date.

**ARTICLE III**
**Currency**

Section 3.01. All payments under this Agreement shall be made in Rupees.

**ARTICLE IV**
**Maximum World Bank/CTF Commitment Amount**

Section 4.01. Subject to Section 4.02 and Article VIII (Limitation of World Bank/CTF Commitment), the Maximum World Bank/CTF Commitment Amount under this Agreement shall be twenty-five million Dollars ($25,000,000) as may be reduced from time to time as set out below.

Section 4.02. (a) The Maximum World Bank/CTF Commitment Amount shall be permanently reduced by the amount of any payment made by the World Bank to the CTF Guarantee Beneficiary in relation to any Loss under and in accordance with Section 2.01 of this Agreement. Such reduced Maximum World Bank/CTF Commitment Amount shall remain in effect until any further reduction under this Section 4.02.

(b) In addition to any permanent reduction pursuant to sub-section 4.02(a), after the fourth anniversary of the SIDBI-GEF Grant Effectiveness Date, the Maximum World Bank/CTF Commitment Amount may also be permanently reduced as a result of any written notification delivered at least forty-five (45) calendar days prior to a CTF Guarantee Charge Payment Date by the CTF Guarantee Beneficiary to the World Bank, notifying the reduction of such Maximum World Bank/CTF Commitment Amount (a "CTF Guarantee Beneficiary Reduction Notice"), substantially in the form attached hereto as Schedule 3 (CTF Guarantee Beneficiary Reduction Notice for Maximum World Bank/CTF Commitment Amount). A CTF Guarantee Beneficiary Reduction Notice may not be issued more than once a year, and on each occasion the requested amount of any reduction of the Maximum World Bank/CTF Commitment Amount must be: (i) a minimum of two million five hundred thousand Dollars ($2,500,000), and (ii) in whole multiples thereof. The CTF Guarantee Beneficiary may not reduce the Maximum World Bank/CTF Commitment Amount below ten million Dollars ($10,000,000) pursuant to this Section 4.02(b) without the prior written consent of DEA and the World Bank.

(c) For the avoidance of doubt, any amounts of the Maximum World Bank/CTF Commitment Amount reduced pursuant to this Section 4.02 shall not be reinstated.

**ARTICLE V**
**MDB Fee and CTF Guarantee Charge**
Section 5.01. The World Bank’s obligations under this Agreement are subject to the receipt by the World Bank of a MDB fee (the "MDB Fee") and a guarantee charge (the "CTF Guarantee Charge").

Section 5.02. The MDB Fee in the amount of two hundred thousand Dollars ($200,000) shall be due and payable by the CTF Guarantee Beneficiary on or before the Effective Date.

Section 5.03. The CTF Guarantee Charge shall be due and payable by the CTF Guarantee Beneficiary to the World Bank on each CTF Guarantee Charge Payment Date, and shall be in an amount equal to one tenth of one per cent (0.1% or 10 basis points) per annum of the Maximum World Bank/CTF Commitment Amount.

Section 5.04. Each CTF Guarantee Charge for each relevant year shall be payable in advance in semi-annual installments: (a) the first installment of which shall be due and payable on or before the Effective Date, and (b) each subsequent installment of which shall be due and payable on the immediately following June 15 or December 15, whichever is earlier, and each June 15 and December 15 thereafter until termination of this Agreement in full (each a "CTF Guarantee Charge Payment Date"); provided that: (i) if the Effective Date is on a date other than June 15 or December 15, then (A) the first installment of the CTF Guarantee Charge shall be prorated on the basis of the number of days remaining until the next such CTF Guarantee Charge Payment Date shall occur, and (B) the last installment of the CTF Guarantee Charge shall be prorated on the basis of the number of days from the payment last made on a June or December 15, as applicable, until the date of termination in full of this Agreement; and (ii) if any such date would otherwise be a day which is not a day on which banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City, then the CTF Guarantee Charge Payment Date shall instead be the immediately next day on which such banks are open for general business in New York City.

Section 5.05. In the event that the Maximum World Bank/CTF Commitment Amount is recalculated by the World Bank in accordance with Section 4.02 (b), then the CTF Guarantee Charge shall be proportionately reduced by the portion of the CTF Guarantee Charge applicable to such reduction amount, if any. The World Bank shall, in each case, re-calculate the amount(s) of the CTF Guarantee Charge, and shall promptly send a notice to the CTF Guarantee Beneficiary setting out such re-calculations. Such reduction of the CTF Guarantee Charge shall apply to all subsequent CTF Guarantee Charge Payment periods, other than with respect to sub-paragraph (b) above, where such reduction shall apply only until such time as the relevant Limitation Notice has been revoked.

Section 5.06. Each CTF Guarantee Charge shall be calculated on the basis of the actual number of days elapsed in the relevant period based on a year of three hundred sixty five (365) days.

Section 5.07. The MDB Fee and the CTF Guarantee Charge shall be paid to the World Bank by electronic transfer in immediately available freely transferable funds in Dollars before 11:00 a.m. (New York time) on the relevant payment date or on the relevant CTF Guarantee Charge Payment Date, as the case requires, to:

Bank: Wells Fargo Bank, N.A.
Address:
375 Park Avenue
New York, NY 10152
USA
SWIFT Code: PNBPSUS3NYC
For Credit to:

Account No.: 2000192003489
Ref: India Partial Risk Sharing Facility for Energy Efficiency
      -- CTF Guarantee Number TF019230 (Project ID: P131453)

with written notice of the amount and value date to:

Financial Operations Department
WBG Finance & Accounting
The World Bank
1818 H Street NW
Washington DC 20433
Tel: +1-202-458-8330
Fax: +1-202-522-1654
Email: loanclientservices@worldbank.org

and

World Bank Treasury Operations (TRO)
The World Bank
1818 H Street NW
Washington DC 20433
Fax: +1 (202) 522-2484
Email: trobcashmgtteam@worldbank.org
treasuryservices@worldbank.org

with copies to:

Practice Manager, South Asia, Energy and Extractives
The World Bank
1818 H Street NW
Washington DC 20433
Fax: +1 (202) 522-2427

Practice Manager (Financial Solutions)
The World Bank
1818 H Street NW
Washington DC 20433
Fax: +1 (202) 522-0761
ARTICLE VI
Conditions Precedent

Section 6.01. The effectiveness of this Agreement is subject to satisfaction (or the World Bank’s waiver) of the conditions precedent set out in Schedule 5 (Conditions Precedent to the Effectiveness of the Agreement), each in form and substance satisfactory to the World Bank, except for Article V (MDB Fee and CTF Guarantee Charge), Article VI (Conditions Precedent), Section 9.01(f), Article XV (Confidentiality), Article XX (Dispute Resolution), Article XIX (Notices), Article XVIII (Indemnity and Costs and Expenses), which shall become effective on the date of this Agreement. The World Bank shall notify the CTF Guarantee Beneficiary in writing upon satisfaction (or waiver, as the case requires) of all such conditions precedent, and the date of such notice shall be the “Effective Date” of this Agreement.

ARTICLE VII
Exclusion of World Bank/CTF Commitment

Section 7.01. Without limitation of the World Bank’s rights under Article IX (Termination by the World Bank), and notwithstanding any provision to the contrary contained herein, the World Bank shall in no case be liable to pay any Loss sustained by the CTF Guarantee Beneficiary where:

(a) a non-conforming Demand is made under this Agreement for payment of any Loss (but without prejudice to the CTF Guarantee Beneficiary’s right to re-submit a conforming Demand in such circumstances pursuant to Section 11.06 (Filing of Demands; Failure to Comply)); or

(b) the Eligible Sub-Guarantee Claim(s), in respect of which a Demand has been made, is not in compliance with the terms of the Transaction Documents;

(c) the Loss or the Eligible Sub-Guarantee Claim(s), in respect of which a Demand has been made, is connected to any act that constitutes a Sanctionable Practice engaged in by:

(i) the CTF Guarantee Beneficiary, or

(ii) the relevant Eligible Lender or Eligible Borrower, or any person acting on its behalf in connection with the Project or any transaction contemplated by this Agreement, where the Sanctionable Practices were (x) known by the CTF Guarantee Beneficiary, or (y) could reasonably expected to be discoverable by the CTF Guarantee Beneficiary through the exercise of reasonable due diligence;

(d) prior to the Eligible Sub-Guarantee Claim having been made by the CTF Guarantee Beneficiary, any amendment, modification, change, variation to, or transfer or assignment of, or waiver of breach, under any Transaction Document is made without the World Bank’s prior written consent as required under Section 17.01(j) of this Agreement; provided that where the CTF Guarantee Beneficiary has remedied any such breach under this Section 7.01(d) to the satisfaction of the World Bank within a thirty (30) day cure period that may have been granted in the discretion of the World Bank, the exclusion of coverage under this Agreement shall no longer apply to such payment.
ARTICLE VIII
Limitation of World Bank/CTF Commitment

Section 8.01. Where either:

(a) India or any appropriate Authority has taken any action for the dissolution or disestablishment of the CTF Guarantee Beneficiary or for the suspension of its operations so as to affect materially and adversely the operations or the financial condition of the CTF Guarantee Beneficiary or the CTF Guarantee Beneficiary’s ability to perform any of its obligations under the Project;

(b) the World Bank has made a determination that the CTF Guarantee Beneficiary has engaged in a Sanctionable Practice in connection with the Project or any transaction contemplated by this Agreement;

(c) the CTF Guarantee Beneficiary has breached any of its obligations to the World Bank under this Agreement and, in the reasonable opinion of the World Bank, such breach is continuing after the expiry of the relevant cure period (if any) specified herein;

(d) India has breached any of its obligations to the World Bank under the Cooperation Agreement and, in the reasonable opinion of the World Bank, such breach is continuing after the expiry of the relevant cure period (if any) specified therein;

(e) India has failed to pay to IBRD or IDA an amount due and payable under any loan, credit, borrowing, guarantee or indemnity agreement between India and IBRD or between India and IDA when due and, as a result, IBRD or IDA has suspended disbursements on credits or loans to, or guaranteed by, India; or

(f) India has been suspended from membership in, or has ceased to be a member of, IBRD, IDA, or the International Monetary Fund and IBRD has delivered to the CTF Guarantee Beneficiary a certificate to such effect;

(g) the SIDBI Act shall have been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the operations or the financial condition of the CTF Guarantee Beneficiary or its ability to carry out the Project or to perform any of its respective obligations under this Agreement or the SIDBI-GEF Grant Agreement;

(h) in accordance with the SIDBI-GEF Grant Agreement, a notice has been sent requiring the CTF Guarantee Beneficiary to suspend issuing Sub-Guarantees due to the cumulative amount of Sub-Guarantee Payouts exceeding (i) during the first four years of the Project, the equivalent of seven million Dollars ($7,000,000) or (ii) thereafter, 15% of the cumulative value of guarantees issued; or

(i) the World Bank has declared an event of suspension pursuant to Section 4.01(c) of the SIDBI-GEF Grant Agreement or Section 4.02(c) of the Standard Conditions (as defined in the SIDBI-GEF Grant Agreement).

then, the World Bank may, by written notice to the CTF Guarantee Beneficiary (a “Limitation Notice”) (with a copy to India), inform the CTF Guarantee Beneficiary that no further Sub-Guarantee issued after the effective date of such notification shall be covered by this Agreement
until the World Bank issues a revocation notice, as referred to in Section 8.02 (Limitation of World Bank/CTF Commitment: Revocation of Limitation Notice).

Section 8.02. Revocation of Limitation Notice. The World Bank will, if the event giving rise to such Limitation Notice under Section 8.01 has been remedied (in the reasonable opinion of the World Bank) or waived, immediately and may, at any other time, revoke any Limitation Notice by written notice to the CTF Guarantee Beneficiary stating the reinstatement of coverage under this Agreement.

ARTICLE IX
Termination by the World Bank

Section 9.01. Notwithstanding any other provision of this Agreement, the World Bank may terminate its obligations under this Agreement by written notice to the CTF Guarantee Beneficiary, with a copy to India, effective as of the date specified in the World Bank’s notice of termination (which date must not be retrospective) if:

(a) the CTF Guarantee Beneficiary makes an untrue statement in, or omits material information or evidence from, a Demand with the intention of providing the World Bank with misleading information;

(b) any installment of the CTF Guarantee Charge is not paid under Section 5.04 (MDB Fee and CTF Guarantee Charge) as of 3:00 p.m. (New York time) on the sixth (6th) Business Day following the relevant due date;

(c) the CTF Guarantee Beneficiary has failed to cure its breach under Section 7.01(d) to the satisfaction of the World Bank within sixty (60) days (or such longer period as the World Bank may agree in its sole discretion);

(d) the CTF Guarantee Beneficiary has breached any of its material obligations to the World Bank under this Agreement, and such breach continues for six (6) months (or such longer period as the World Bank may agree in its sole discretion) after receipt by the CTF Guarantee Beneficiary of notice of the breach sent by the World Bank;

(e) the Effective Date does not occur within one hundred eighty (180) days from the date of signature of this Agreement (the “Effectiveness Deadline”);

(f) (i) the CTF Guarantee Beneficiary ceases to be guarantee program manager of the Facility, (ii) India ceases to control the CTF Guarantee Beneficiary or (iii) India ceases to be an owner of the Facility; in each case subject to Article X below;

(g) India has failed to cure its breach of the Cooperation Agreement described in Section 8.01(d) above to the satisfaction of the World Bank within one hundred eighty (180) days (or such longer period as the World Bank may agree in its sole discretion);

(h) by a notice attached at Schedule 6 (CTF Guarantee Beneficiary Request for Termination of CTF Guarantee), SIDBI has requested that the CTF Guarantee terminate as of or at any time, provided that (i) SIDBI has obtained the prior written consent of DEA to such termination and (ii) such notice be delivered at least forty-five (45) days prior to the requested termination date; or
(i) an event giving rise to a refund of funds to GEF pursuant to the SIDBI-GEF Grant Agreement has taken place.

Section 9.02. The provisions of Article XIII (Return of Recovered Funds), Article XV (Confidentiality), Article XVIII (Indemnity and Costs and Expenses) and Article XX (Dispute Resolution) shall survive any termination of this Agreement.

ARTICLE X
Transfer of the CTF Guarantee Beneficiary’s Rights and Obligations

Section 10.01. Notwithstanding Section 9.01(g), if, within a period of 180 days (or such longer period as the World Bank may agree in its sole discretion) from an event giving rise to a termination event under Section 9.01(g), any entity acceptable to the World Bank has assumed all (and not part) of the CTF Guarantee Beneficiary’s rights and obligations under the Sub-Guarantees and MOUs, and subject to terms and conditions, satisfactory to the World Bank, the World Bank agrees that all (and not part) of the CTF Guarantee Beneficiary’s rights and obligations under this Agreement may be transferred and assumed by such new entity agreed by the World Bank, in which case, Section 9.01(g) shall not apply.

ARTICLE XI
Filing of Demands

Section 11.01. Any Demand must be filed by the CTF Guarantee Beneficiary in writing with the World Bank in the form of a Demand Notice, with a simultaneous copy to India. Unless otherwise agreed by the World Bank, the CTF Guarantee Beneficiary may not file a Demand more than once in each month, and the amount of any Demand shall not be less than the equivalent in Rupees of five hundred thousand Dollars (USD 500,000) calculated using the Indian Rupee/Dollar reference rate appearing on the appropriate location of the Reserve Bank of India as at www.rbi.org.in>Current Rates>Exchange Rates on the date of the Demand. For the avoidance of doubt, the CTF Guarantee Beneficiary may file a Demand even if the related Loss is less than USD 500,000. Notwithstanding any other provision of this Agreement, no Demand may be filed after the Final Demand Date as provided pursuant to Section 11.05 (Filing of Demands; Final Demand Date).

Section 11.02. The amount demanded under any Demand Notice shall be expressed in Rupees. For the purpose of the Demand Notice, (a) the amount of Loss shall be calculated on the basis of: (i) the Eligible Sub-Guarantee Claim, in respect of which the Demand is made, and (ii) the amount allocated to the PFI Risk Coverage Ledger Account that is available to the CTF Guarantee Beneficiary for such Eligible Sub-Guarantee Claim on the date of the Demand; and (b) the resulting amount calculated may be rounded up to the nearest Rupee; provided however that if the amount used by the CTF Guarantee Beneficiary to make the relevant Eligible Sub-Guarantee Claim is less than the amount paid by the World Bank under the Demand Notice, the CTF Guarantee Beneficiary shall promptly notify the World Bank of the amount of such unused balance of the World Bank’s payment, and shall administer and return the amount to the World Bank in accordance with Article XIII (Return of Recovered Funds). Notwithstanding Section 11.01, if the amount received by the CTF Guarantee Beneficiary from the World Bank is less than the amount required to satisfy the payment of the Eligible Sub-Guarantee Claim due to foreign exchange fluctuation, the CTF Guarantee Beneficiary may file a Demand Notice for such
shortfall of the amount prior to the expiry of a one month period from the date of payment by the World Bank in respect of the previous Demand.

**Section 11.03.** Each Demand Notice and all accompanying documents shall be in English and the Demand Notice shall be:

(a) signed by the CTF Guarantee Beneficiary;

(b) accompanied by the CTF Guarantee Beneficiary's certification that: (i) a valid Eligible Sub-Guarantee Claim is made under, and pursuant to, the terms of the relevant Sub-Guarantee; (ii) the Eligible Sub-Guarantee Payout required to be made is in compliance with all relevant conditions under the Transaction Documents; (iii) a Covered Event has occurred; (iv) the CTF Guarantee Beneficiary has taken all applicable actions and steps set out in the Transaction Documents (including any request to the relevant Eligible Lender, and as applicable, to any other entity to take applicable actions and steps set out in the Transaction Documents) in all material respect in respect of the verification, determination of eligibility and admissibility of the Eligible Sub-Guarantee Claim in accordance with Clause 7.2 (Guarantee Claim) of the Operations Manual, and (v) the Loss, in respect of which amount a payment is demanded in the Demand Notice, is sustained by the CTF Guarantee Beneficiary and is outstanding;

(c) accompanied by copies of:

(i) the relevant Eligible Sub-Guarantee Claim(s) made on the CTF Guarantee Beneficiary under the relevant Sub-Guarantee(s), together with a copy of the relevant Eligible Sub-Guarantee Agreement(s) and related Master Guarantee Agreement(s);

(ii) a statement of accounts issued by the CTF Guarantee Beneficiary, showing

A. the balance allocated to the PFI Risk Coverage Ledger Account to cover the Loss and

B. all Sub-Guarantee Payouts, Sub-Guarantee Claims and other outflows from and any inflows to the PFI Risk Coverage Ledger Account and the related 25% balance Ledger Account since (x) in the case of a first Demand on the CTF Guarantee, the SIDBI-GEF Grant Effectiveness Date and (y) for each subsequent Demand on the CTF Guarantee, the date of the last Demand Notice; and

(iii) the evidence showing that the relevant Eligible Lender has taken relevant actions and steps to collect payments from the relevant Eligible Borrower, which may include a certification that such Eligible Lender has initiated actions and steps for recovery;

(d) accompanied by the CTF Guarantee Beneficiary's representations and warranties with respect to: (i) the truth and accuracy of each of the representations contained in Article XVI (Representation and Warranties), and (ii) application of all amounts received from the World Bank towards payment of the Eligible Sub-Guarantee Claim(s);

(e) accompanied by evidence reasonably satisfactory to the World Bank of the
authority of the signatory of the Demand Notice to sign the Demand Notice on behalf of the CTF Guarantee Beneficiary;

(f) effective only when the Demand Notice is actually received by the World Bank at its address specified in Article XIX (Notices); and

(g) in the absence of manifest error, conclusive and binding on the parties to this Agreement in respect of all information set out in such Demand Notice.

Section 11.04. Additional Information. The World Bank may request additional information or documentation which is within the CTF Guarantee Beneficiary’s possession or control concerning the circumstances of the Demand Notice within fifteen (15) calendar days of the World Bank’s receipt of the Demand Notice.

Section 11.05. Final Demand Date. A Demand Notice received by the World Bank after 4:00 p.m. (Washington, D.C. time) on the Final Demand Date shall be void and of no effect. Except for any obligations arising as a result of the delivery of a Demand Notice prior to such time on the Final Demand Date under which payment is required to be made on or after the Final Demand Date, the World Bank’s obligations under this Agreement shall terminate at such time on the Final Demand Date.

Section 11.06. Failure to Comply. If, in connection with a Demand Notice, the CTF Guarantee Beneficiary fails to comply with any of the requirements or obligations set out in Article XI (Filing of Demands), the World Bank shall be entitled to deny payment under the Demand Notice. If the World Bank denies payment under the Demand Notice, the CTF Guarantee Beneficiary may cure the failure to comply with such requirements by submitting a new Demand Notice; provided that such new Demand Notice is submitted prior to the Final Demand Date.

Section 11.07. Withdrawal of Demand. (a) The CTF Guarantee Beneficiary may withdraw the Demand at any time before the World Bank effects payment in respect of such Demand. Subject to other provisions of Article XI (Filing of Demands), withdrawal of a Demand shall be without prejudice to the right of the CTF Guarantee Beneficiary to subsequently re-submit a Demand with respect to the amount(s) demanded in the withdrawn Demand.

(b) The World Bank may deem the CTF Guarantee Beneficiary to have withdrawn the Demand if, within fifteen (15) calendar days after a request by the World Bank for additional information or documentation with respect to such Demand pursuant to Section 11.04 (Filing of Demands; Additional Information), the CTF Guarantee Beneficiary fails to:

(i) supply, or make reasonable efforts to supply, such information or documentation;

(ii) communicate to the World Bank that such information or documentation is in fact not within the CTF Guarantee Beneficiary’s control or possession; or

(iii) show the World Bank good cause why such information or documentation should not need to be supplied or such efforts undertaken.

Section 11.08. Cancellation of Demand. (a) If, after the CTF Guarantee Beneficiary has served a Demand Notice on the World Bank pursuant to this Agreement but before the World
Bank has paid the amount demanded, the CTF Guarantee Beneficiary recovers under the Sub-Guarantees the whole or any part of any amount referred to in the Demand Notice, then the CTF Guarantee Beneficiary shall promptly send to the World Bank a request for the cancellation of the Demand Notice in whole or in part, as the case may be, stating the revised amount of Loss then due and payable by the World Bank.

(b) In the event that the funds referred to under Section 11.08(a) were already paid by the World Bank to the CTF Guarantee Beneficiary, unless the World Bank otherwise agrees with the CTF Guarantee Beneficiary for retention of such funds in the CTF Ledger Account in accordance with Article XIII (Return of Recovered Funds), the CTF Guarantee Beneficiary shall promptly refund to the World Bank the whole or the relevant part of the funds so paid by the World Bank.

ARTICLE XII
Payment by the World Bank and Release; Express Obligations Only

Section 12.01. Payment Mechanics. Without prejudice to its rights under Article IX (Termination by the World Bank), and subject to Article IV (Maximum World Bank/CTF Commitment Amount), Article XI (Filing of Demands), and this Article XII (Payment by the World Bank and Release; Express Obligations Only), all payments to be made by the World Bank under Section 2.01 shall be made by the World Bank by 3:00 p.m. (New York time) on the forty-fifth (45) calendar day following the date of receipt by the World Bank of the relevant conforming Demand Notice in accordance with the terms of this Agreement, or if such date is not a Business Day, the next following Business Day, in immediately available funds in Rupees (calculated by the World Bank using such Rupee-Commitment Currency exchange rate as it shall reasonably determine) to the CTF Ledger Account (or if so agreed by the World Bank, such other account of the CTF Guarantee Beneficiary established and maintained for the purpose of the Project).

Section 12.02. Payment to CTF Guarantee Beneficiary only. Subject to Section 12.01, the World Bank shall not be obliged to make any payment under this Agreement directly to any party other than to the CTF Ledger Account of the CTF Guarantee Beneficiary.

Section 12.03. Release. Payments to the CTF Guarantee Beneficiary by the World Bank of amounts demanded from the World Bank pursuant to the Demand Notice shall irrevocably and unconditionally release and discharge the World Bank from its obligations under this Agreement in respect of such Demand Notice to the extent of the amounts so paid.

Section 12.04. Payment without Deduction. All payments to be made by the World Bank pursuant to this Agreement shall be made without deduction for or on account of withholding, set-off, counterclaim or any other reduction, save that the World Bank may make deductions from payments due to the CTF Guarantee Beneficiary on account of any monies owing to the World Bank by the CTF Guarantee Beneficiary pursuant to this Agreement.

Section 12.05. No Set-off. The CTF Guarantee Beneficiary may not exercise any right of set off or counterclaim the CTF Guarantee Beneficiary may have in respect of any obligation owed by the World Bank under this Agreement against any obligation (whether or not matured) owed by the CTF Guarantee Beneficiary to the World Bank (regardless of the place of payment, booking branch or currency of such obligation owed to the World Bank) except in respect of obligations owed by the CTF Guarantee Beneficiary under this Agreement.
Section 12.06. No Break Costs, Default Interest etc. A payment due in accordance with this Agreement shall not under any circumstances include, and no amount shall be payable by the World Bank for, indemnification costs, break costs, late payment interest, penalty interest, penalty fees or other amounts in connection with late payment payable to or by the CTF Guarantee Beneficiary pursuant to any Transaction Document.

Section 12.07. Express Obligations only. The World Bank shall incur no liability nor have any duties or obligations under this Agreement or any of the other Transaction Documents except to the extent expressly stated in this Agreement.

Section 12.08. No Prejudice. Nothing in this Agreement shall prejudice or affect the exercise by the World Bank of its rights and remedies under or pursuant to the Cooperation Agreement or any other agreement between or among the World Bank, India or the government of India as against any other party to any such agreement, or give the CTF Guarantee Beneficiary any rights (by way of subrogation or otherwise) in respect of the World Bank’s rights under the Cooperation Agreement or any other such agreement.

ARTICLE XIII
Return of Recovered Funds

Section 13.01. The CTF Guarantee Beneficiary shall apply all amounts received by it under this Agreement exclusively towards any Loss.

Section 13.02. If: (a) the CTF Guarantee Beneficiary receives or recovers any amount from any Eligible Lender, Eligible Borrower or any such other party in connection with any Eligible Sub-Guarantee Claim, or (b) any amounts (in whole or in part) received by the CTF Guarantee Beneficiary under this Agreement are no longer necessary to cover any Loss; the CTF Guarantee Beneficiary shall remit such amount (net of eligible recovery costs incurred by the CTF Guarantee Beneficiary and documented in the financial reports for the Facility provided to the World Bank (which costs shall only include additional operational expenses relating to such recovery and legal expenses and consultants’ fees directly related to such recovery), in case of sub-paragraph (a) above) first to the CTF Ledger Account, up to the amount(s) paid by the World Bank under this Agreement. Amounts in the CTF Ledger Account and its related 25% balance Ledger Account shall bear interest at the same rate as amounts in the PFI Risk Coverage Ledger Account, and the CTF Guarantee Beneficiary shall pay such interest into the Facility Operations Ledger Account.

Section 13.03. Unless otherwise requested by the World Bank pursuant to Sections 13.04 or 13.05 below, any amount remitted to the CTF Ledger Account pursuant to Section 13.02 may be used by the CTF Guarantee Beneficiary towards any Loss sustained by the CTF Guarantee Beneficiary, with a prior written notice to the World Bank, setting forth the information required under Section 11.03(a), (b), (c) and (d) (but without delivering an actual Demand Notice to the World Bank).

Section 13.04. If, at the expiry of the World Bank/CTF Guarantee Period, any balance is remaining in the CTF Ledger Account or the related Ledger Account designated to hold the partial balance of Eligible Sub-Guarantee Claims pending recovery proceedings (save for any amount necessary to pay for any Loss in connection with the Eligible Sub-Guarantee Claim validly delivered to the CTF Guarantee Beneficiary before the Final Demand Date, but a payment
for which is to be made by the CTF Guarantee Beneficiary after the Final Demand Date), the CTF Guarantee Beneficiary shall cause to be returned any such funds to the World Bank no later than sixty (60) calendar days of the expiry of the World Bank/CTF Guarantee Period. Such return of funds by the CTF Guarantee Beneficiary to the World Bank shall be made in such manner as set out in Section 4.06 (Loan Terms, Place of Payment), Section 4.07(a) (Loan Terms, Currency of Payment), Section 4.08 (Valuation of Currencies), and Section 4.09 (Loan Terms, Manner of Payment) of the Standard Conditions.

Section 13.05. Notwithstanding Section 13.04, the World Bank may, at any time prior to the expiry of the World Bank/CTF Guarantee Period, request the CTF Guarantee Beneficiary to (and the CTF Guarantee Beneficiary shall upon such request by the World Bank) cause to be returned to the World Bank any balance held in the CTF Ledger Account or the related Ledger Account designated to hold the partial balance of Eligible Sub-Guarantee Claims pending recovery proceedings.

ARTICLE XIV
Access to Project, Records and Provision of Information

Section 14.01. The CTF Guarantee Beneficiary shall, and shall cause any Eligible Borrower to, upon reasonable notice and at no charge for access, afford the World Bank and its representatives access during normal business hours to:

(a) examine and visit all or any part of any facilities under the ownership or control of the CTF Guarantee Beneficiary or an Eligible Borrower being used for the purpose of the Project, and

(b) the managers and senior staff of the CTF Guarantee Beneficiary, and such other staff as are designated by them as having knowledge of matters with respect to which the World Bank seeks information, and to the extent the CTF Guarantee Beneficiary is reasonably able to procure such access, the managers and senior staff of its contractors, any Eligible Lenders or Eligible Borrowers;

provided that the representatives of the World Bank comply with all applicable safety regulations and do not interfere with normal operations of the Project.

Section 14.02. The CTF Guarantee Beneficiary shall keep records and related information pertaining to the Project, including but not limited to any Eligible Sub-Guarantee, Eligible Sub-Guarantee Agreement and related Master Guarantee Agreement, Eligible Sub-Guarantee Claim, Eligible Sub-Guarantee Payout, the Ledger Accounts, any amount recovered or received by the CTF Guarantee Beneficiary in connection with any Sub-Guarantee Payout(s), and any information related to any Sub-Project received or to be received in accordance with the Operations Manual.
Section 14.03. The CTF Guarantee Beneficiary shall permit the representatives of the World Bank to examine and make copies of the operating records, books of account, and other records or documents relating to the Project maintained by the CTF Guarantee Beneficiary, at reasonable times and frequency and upon reasonable notice, and shall provide, or procure to be provided, promptly upon written request by the World Bank all financial, technical, environmental, social, and other information related to the Project or any Sub-Project, as the World Bank may from time to time reasonably request.

ARTICLE XV
Confidentiality

Section 15.01. (a) Except as the CTF Guarantee Beneficiary and the World Bank may otherwise agree, the CTF Guarantee Beneficiary waives any right it may have to prevent or restrict the World Bank disclosing (and confirm that the World Bank may disclose) to any person:

(i) this Agreement, the Operations Manual, and the transactions contemplated thereby; and

(ii) such other information on the nature of the Project (other than confidential financial or other proprietary information) that in accordance with World Bank policies and practices on information disclosure is required to be disclosed (whether or not in response to a request therefor), including the ERMF and any ESDDs (as applicable), all reports furnished to the World Bank pursuant thereto, and other relevant documents in connection with the monitoring of compliance with the Environmental and Social Laws.

(b) The CTF Guarantee Beneficiary waives any rights it may have to prevent or restrict any person that is a party to any Transaction Document from disclosing (and confirms that any such person may disclose) the subject matter and content of any such agreement to the World Bank.

(c) Except as provided in paragraph (a) above or as is required by law, the World Bank agrees with the CTF Guarantee Beneficiary that the World Bank will not disclose outside the World Bank (other than to its accountants, auditors, consultants, and counsel), without the prior written consent of the CTF Guarantee Beneficiary (which shall not be unreasonably withheld or delayed), any information or documents concerning the CTF Guarantee Beneficiary or the Project not already in the public domain that the CTF Guarantee Beneficiary has expressly identified in writing as confidential and which are received by the World Bank under this Agreement or under any other Transaction Document. For the purpose of this paragraph (c), information in the public domain shall include information:

(i) which is already known to the World Bank other than as a result of a breach of confidentiality;

(ii) which becomes available to the World Bank from sources that to the best of World Bank's knowledge are under no obligation of confidentiality to the CTF Guarantee Beneficiary;

(ii) which is independently developed by the World Bank;
(iii) which is now or hereafter available to the public through no breach of this Agreement or any other World Bank/CTF Agreement by the World Bank; or

(iv) which has been disclosed by third parties with the prior approval of the World Bank.

(d) The CTF Guarantee Beneficiary agrees that the World Bank is authorized to disclose and provide a copy of: (i) this Agreement to India; or (ii) this Agreement, the Operations Manual or any other Transaction Documents to any contributor(s) that have provided to the World Bank the resources for the purpose of the CTF Guarantee.

ARTICLE XVI
Representations and Warranties

Section 16.01. The CTF Guarantee Beneficiary represents and warrants to the World Bank that:

(a) the CTF Guarantee Beneficiary is a financial institution duly established and validly existing under the laws of India and has the power and legal authority to own and/or lease its properties and assets, to maintain and operate the Project, to conduct its business as presently conducted and to enter into, observe and perform its obligations under this Agreement and the other Transaction Documents to which it is or shall be a party;

(b) this Agreement has been duly authorized, executed, and delivered by the CTF Guarantee Beneficiary, and constitutes its valid and legally binding obligation enforceable against the CTF Guarantee Beneficiary in accordance with its terms, and the CTF Guarantee Beneficiary has taken all necessary action to authorize the execution, delivery, and performance of this Agreement;

(c) the execution, delivery, and performance by the CTF Guarantee Beneficiary of, and the transactions contemplated by, the Transaction Documents to which it is a party do not violate or conflict with: (A) any applicable law, rule, regulation, governmental approval, or judicial or official order which is binding upon it (including any laws of India in effect as of the date hereof); (B) the constitutional documents of the CTF Guarantee Beneficiary; or (C) any document which is binding upon the CTF Guarantee Beneficiary or any of its assets (except, in relation to repetition of this representation in respect of performance, where such violation or conflict shall not materially prevent the performance by it of, and the transactions contemplated by, the Transaction Documents to which it is or shall be a party);

(d) the ERMF and any ESDDs have been prepared and updated by duly qualified consultants and experts in good faith and with due care, and are in compliance with all applicable Environmental and Social Laws, and so far as the CTF Guarantee Beneficiary is aware, there are no circumstances that may at any time prevent or interfere with such compliance;

(e) all Authorisations have been obtained or effected to the extent they are required at the relevant time, and, as far as the CTF Guarantee Beneficiary is aware, no reasonable basis exists for it to believe that the Authorisations which are not required at that time shall not be obtained when they are required (except, in relation to repetition of this representation in respect of performance, where such violation or conflict shall not materially prevent the performance by it of, and the transactions contemplated by, the Transaction Documents to which it is or shall be a party);
(g) no litigation, arbitration, administrative, or other proceeding or investigation is:
(A) pending or, to the best of its knowledge after careful and due inquiry, threatened, against it in connection with the Project or any of the transactions contemplated by the Transaction Documents; or (B) to the best of its knowledge has been started or threatened in a written communication, against a counterparty to a Transaction Document in connection with the Project or any of the transactions contemplated by the Transaction Documents, other than as have been disclosed to the World Bank and do not and is not reasonably likely to result in a Material Adverse Effect;

(h) neither the CTF Guarantee Beneficiary nor, to the best of its knowledge (after due diligence and inquiry in accordance with those employment, management and supervisory practices and policies which would reasonably and ordinarily be expected of an internationally reputable person engaged in the same type of undertaking as the Project), any of its shareholders, contractors, affiliates, Eligible Lenders, Eligible Borrowers, nor any person acting on its or their behalf, has engaged in any Sanctionable Practice in connection with the Project or any transaction contemplated by this Agreement;

(i) neither the CTF Guarantee Beneficiary, nor contractors, nor any affiliates, nor any person acting on its or their behalf, has in connection with the Project or any transaction contemplated by this Agreement, engaged or contracted any individual or firm included in the then-existing World Bank Group listing of firms and individuals ineligible to be awarded a World Bank-financed contract, as such list is published and updated from time to time by the World Bank Group; and

(j) it understands that, in addition to any contractual remedies in respect of fraud and corruption and other Sanctionable Practices that the World Bank has in connection with the Project, the World Bank will also have the right to sanction an individual or entity in accordance with the World Bank’s then-prevailing sanctions policies and procedures.

(k) no representation or warranty or other statement made by it in this Agreement or in any other Transaction Agreement contains any untrue statement of a material fact or omits to state any material fact, in each case as of the date made or furnished, necessary to make the statements herein or therein, taken as a whole, not materially misleading in light of the circumstances in which they were made;

(l) there is no fact known to it or, to the best of its knowledge (after due diligence and inquiry in accordance with those employment, management and supervisory practices and policies which would reasonably and ordinarily be expected of an internationally reputable person engaged in the same type of undertaking as the Project), any of its shareholders, Contractors, affiliates, nor any person acting on its or their behalf, on the date hereof that has not been disclosed in writing to the World Bank which has had or in the future is likely to have a Material Adverse Effect;

Section 16.02. Each of the representations and warranties of the CTF Guarantee Beneficiary set out in Section 16.01 shall be made on the date hereof and shall be deemed made to the World Bank again on the Effective Date and at filing of each Demand with the World Bank with respect to the facts and circumstances then existing.
ARTICLE XVII
Covenants

Section 17.01. The CTF Guarantee Beneficiary hereby covenants and undertakes to the World Bank:

(a) Execution of the Project

(i) to execute, operate, and maintain the Project: (i) with due diligence and efficiency; (ii) in conformity with appropriate administrative, technical, financial, economic, fiduciary, environmental and social standards and practices, so as to comply with all its obligations in accordance with the Transaction Documents and all its obligations under this Agreement;

(ii) to provide, promptly as needed, the funds, facilities, services and other resources required for the carrying out of the Project;

(iii) to exercise its rights under any Eligible Sub-Guarantee Agreement in such manner as to protect the interests of the CTF Guarantee Beneficiary, India and the World Bank, including but not limited to taking all necessary steps and actions to recover any amount from any Eligible Lender, or any such other party in connection with any Eligible Sub-Guarantee Payout, pursuant to the relevant Eligible Sub-Guarantee Agreement and in accordance with the Operations Manual and the provisions of the SIDBI-GEF Grant Agreement;

(iv) to conduct its operations and affairs in accordance with appropriate financial, economic, administrative, management, banking, and engineering practices, and with due regard to ecological, social, environmental and fiduciary standards, acceptable to the World Bank, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and to maintain the Project Management Unit;

(v) to approve and monitor any Sub-Project in accordance with the provisions of the SIDBI-GEF Grant Agreement;

(vi) to make Eligible Sub-Guarantees available to Eligible Lenders under Eligible Sub-Guarantee Agreements on terms and conditions described in the SIDBI-GEF Grant Agreement;

(vii) to permit the World Bank to evaluate any entity proposed or selected as a PFI before or after such entity’s selection as a PFI for conformity with applicable World Bank and CTF policies, and to cause such entity to make available such personnel and information as the World Bank may request in carrying out its evaluation, and to reject such entity or remove it from future participation in the Project upon request by the World Bank prior to the issuance of a Sub-Guarantee;

(viii) to establish and maintain the Ledger Accounts solely for the purposes of the PRSF, in conformity with appropriate administrative, technical, financial, economic, environmental and social standards and practices
(including appropriate protections against attachment, set-off and seizure acceptable to the World Bank), and to use the resources in or allocated to the Ledger Accounts for no purpose other than the PRSI, and in particular:

(A) to establish and maintain the CTF Ledger Account solely for the purpose of receiving and holding any amounts in connection with the CTF Guarantee, and not to move amounts out of or allocated to the CTF Ledger Account without the prior written consent of the World Bank except as provided in Article XIII of this Agreement;

(B) to establish and maintain the PFI Risk Coverage Ledger Account for the purpose of funding Eligible Sub-Guarantees made available to Eligible Lenders, and not to move amounts out of or allocated to the PFI Risk Coverage Ledger Account without the prior written consent of the World Bank except to make Eligible Sub-Guarantee Payouts and to move the 25% balances of Eligible Sub-Guarantee Claims to the related Ledger Account pending conclusion of recovery proceedings;

(C) to establish and maintain two separate Ledger Accounts relating, respectively, to (i) the PFI Risk Coverage Ledger Account and (ii) the CTF Ledger Account, each solely for the purposes of holding the 25% balance of an Eligible Sub-Guarantee Claim otherwise payable from such related Ledger Account, as the case may be, pending conclusion of recovery proceedings, with the understanding that such balances may be moved back to the relevant Ledger Account if they have not become payable within three years of receipt of an Eligible Sub-Guarantee Claim;

(ix) to obtain the prior written consent of the World Bank to any extension of the Initial Fee Structure (as defined in the SIDBI-GEF Grant Agreement);

(b) **Environmental and Social Compliance**

(i) to ensure that the Project is carried out in accordance with the environmental and social standards, mitigation arrangements, and other requirements set forth in the Environmental Risk Management Framework and the Operations Manual;

(ii) to ensure that the relevant Energy Service Company or Beneficiary Host Entity, as applicable, shall, prior to the commencement of any Sub-Project activity, prepare an environmental impact assessment, or environmental management plan as the case may be: (a) in accordance with the provisions of the Environmental Risk Management Framework; (b) furnished to the World Bank for review and approval; and (c) thereafter adopted and disclosed as approved by the World Bank, in a manner acceptable to the World Bank.
(iii) to provide Sub-Guarantees only for those proposed Sub-Projects that meet the requirements of the Environmental Risk Management Framework;

(iv) to ensure that the underlying Sub-Guarantee documents contain (i) the obligation of each Energy Service Company or Beneficiary Host Entity to comply with the applicable standards outlined in the relevant environmental documents; (ii) rights and mechanisms applicable in the event of non-compliance therewith, consistent with the Environmental Risk Management Framework, and (iii) the obligation of the Energy Service Company and Beneficiary Host Entity to establish and maintain appropriate monitoring systems, acceptable to the World Bank; and (iv) promptly obtain and furnish to the World Bank all such information as the World Bank shall reasonably request relating to each Sub-Project;

(c) Audited Financial Statements and Financial Management

(i) to maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards, both in a manner adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project;

(ii) to furnish to the World Bank as soon as available, but in any case not later than nine months after the end of each financial year, certified copies of: (i) audited financial statements of the CTF Guarantee Beneficiary, together with the auditor’s report, for such year, and (ii) audited financial statements of the Facility (including for each of the Ledger Accounts), together with the auditor’s report, for such year, both prepared by independent auditors acceptable to the World Bank;

(d) Provision of Information

(i) to furnish to the World Bank an annual report of the activities of the Facility, in a form acceptable to the World Bank, showing: (i) statements of outstanding Sub-Guarantee liabilities, (ii) statements of any Eligible Sub-Guarantee(s) issued (together with a copy of the relevant Eligible Sub-Guarantee Agreements), Eligible Sub-Guarantee Claim(s) received, Eligible Sub-Guarantee Payout(s) made, and any amount(s) recovered by the CTF Guarantee Beneficiary in connection with any Eligible Sub-Guarantee Payout during the period reported, (iii) a report on the balances, withdrawals, deposits, income, fees and other activities of the Ledger Accounts during the period reported and (iv) a report on the risk profile of the Sub-Financings supported by the Facility;

(ii) to keep the World Bank promptly informed, and provide relevant copies, of any material notification or report received or provided by the CTF Guarantee Beneficiary in accordance with the Operations Manual, including: (i) an action plan prepared by the CTF Guarantee Beneficiary for the reduction of future guarantee claims in accordance with the
Operations Manual for comments by the World Bank; (ii) an event giving a rise to a suspension of the issuance of any Sub-Guarantee, as set out in the Operations Manual;

(iii) to keep the World Bank promptly informed of: (i) any notice of proposed assignment or transfer of the CTF Guarantee Beneficiary’s role as a guarantee program manager of the Facility; (ii) any circumstance, event or situation which interferes, or threatens to interfere, with the performance by the CTF Guarantee Beneficiary or India of their respective obligations pursuant to the Transaction Documents;

(iv) to provide the World Bank with quarterly interim unaudited financial reports for each of the Ledger Accounts within forty-five (45) days from the end of each quarter;

(v) to provide the Advisory Committee and the World Bank with the Business Implementation Plan annually; and

(vi) to provide the World Bank with a notice in the form attached at Schedule 7 (Notice of Expiration or Cancellation of Outstanding Eligible Sub-Guarantees and Eligible Sub-Financings) upon the expiration or cancellation of all outstanding Eligible Sub-Guarantees and all Eligible Sub-Financings.

(c) Compliance with Applicable Laws

(i) to comply with all applicable laws and regulations of India and Authorisations, save where failure to do so shall not materially prevent the performance by it of, or the transactions contemplated by, the Transaction Documents, and to comply with any laws and regulations relating to Sanctionable Practices; and upon notice from the World Bank of any non-compliance, if such non-compliance is susceptible to remedy, to commence prompt remedial action;

(ii) to inform the World Bank of any developments in the legislation, rules, or procedures of, or applicable to, the CTF Guarantee Beneficiary that are likely to adversely affect the implementation of the Project;

(f) Sanctionable Practices

that it shall not, and shall use all reasonable endeavors (consistent with employment, management, and supervisory practices and policies which would reasonably be expected of an internationally reputable person engaged in the same type of undertaking as the Project) to ensure that its shareholders, affiliates, contractors, Eligible Lenders, Eligible Borrowers and any person acting on its or their behalf shall not engage in Sanctionable Practices in connection with the Project or any transaction contemplated by this Agreement; and
(g) **Debarred Persons**

that neither the CTF Guarantee Beneficiary, nor contractors, nor any affiliate, nor Eligible Lenders, nor Eligible Borrowers, nor any person acting on its or their behalf, shall in connection with the Project or any transaction contemplated by this Agreement, engage or contract any individual or firm included in the then-existing World Bank listing of firms and individuals ineligible to be awarded a World Bank-financed contract, as such list is published and updated from time to time by the World Bank Group;

(h) **Cooperation**

in the event that the World Bank notifies the CTF Guarantee Beneficiary of its concerns that there has been, or may have been, a violation of the provisions of Section 16.01(e), (h) and (i), Section 17.01(e) (Compliance with Applicable Laws), Section 17.01(f) (Sanctionable Practices) or Section 17.01(g) (Debarred Persons) of this Agreement, to cooperate in good faith with the World Bank and its representatives in determining whether such a violation has occurred, and respond promptly and in reasonable detail to any notice from the World Bank, and furnish documentary support for such response upon a request from the World Bank, including, but not limited to, permitting a review by independent auditors, acceptable to the World Bank, of the books, accounts, and other documents of the CTF Guarantee Beneficiary and provide a copy of such review to the World Bank;

(i) **Monitoring and Compliance Plans**

(i) to implement and maintain policies and procedures adequate to enable it to evaluate on an ongoing basis, the carrying out in a timely manner of its social and environmental obligations under the ERMF and Environmental and Social Laws; and

(ii) to implement and maintain (consistent with employment, management, and supervisory practices and policies which would reasonably and ordinarily be expected of an internationally reputable person engaged in the same type of undertaking as the Project) monitoring and compliance plans and programs to ensure the periodic monitoring of the CTF Guarantee Beneficiary's obligations under Section 16.01(b) and (i) and Section 17.01(f) (Sanctionable Practices) or Section 17.01(g) (Debarred Persons);

(j) **Modification to Transaction Documents and Other Documents**

(i) without the World Bank's prior written consent, not to effect or make any amendment, modification, change or variation to, or transfer or assignment of, the SIDBI-GEF Grant Agreement, the Operations Manual, or any Master Guarantee Agreement, or agree to or waive any breach thereof, where such amendment, modification, change, variation, transfer, assignment or waiver is not an immaterial or purely administrative matter;
(ii) without the World Bank’s prior written consent, not to assign, transfer or encumber, any right, claim, cause of action, demand, security or other interest arising under any Sub-Guarantee agreement or other Transaction Document, or any provision thereof;

(iii) to timely notify the World Bank of any such proposed amendment, modification, change, variation, transfer, assignment or waiver by a party to any of such agreements;

(iv) not to effect or make any amendment, modification, change or variation to the ERMF without obtaining prior approval of the World Bank; and

(v) without the World Bank’s prior written consent, (i) not to undertake or permit any merger, spin-off, consolidation or reorganization that could have a material effect on the Project, and (ii) not to take any action to authorize, permit or facilitate the CTF Guarantee Beneficiary no longer being controlled by India.

(k) No Assignment

without World Bank’s prior written consent, not to assign, transfer, suspend, abrogate, encumber or waive any rights, interests, covenants or obligation (in whole or in part) under this Agreement.

ARTICLE XVIII
Indemnity and Costs and Expenses

Section 18.01. The CTF Guarantee Beneficiary shall indemnify and reimburse the World Bank promptly on demand in respect of:

(a) all actions, proceedings, liabilities, claims, losses, damages, costs and expenses brought against, suffered or incurred by the World Bank directly or indirectly in relation to, arising out of, or in connection with a breach of any representation and warranty, covenant, undertaking or other obligation of the CTF Guarantee Beneficiary set out in this Agreement;

(b) all reasonable out-of-pocket costs and expenses, supported by applicable documentation (including fees of legal counsel, consultants, and advisors, and traveling costs and expenses) incurred by the World Bank in connection with:

(i) World Bank’s action in preparation for the exercise of, or the actual exercise, enforcement, or preservation of, any of World Bank’s rights or interests under this Agreement or any other documents and instruments related hereto or thereto or at law, in the event of any breach by, or dispute with, the CTF Guarantee Beneficiary hereunder or thereunder;

(ii) any action by Eligible Lender or Eligible Borrower, to the extent it involves or pertains to the World Bank in any way, in preparation for the exercise of, or the actual exercise, enforcement, or preservation of, any of its rights or interests pursuant to the relevant Eligible Sub-Guarantee or any other document referred to, in relation to any breach by, or dispute with the CTF Guarantee Beneficiary hereunder; and
(iii) the consideration of any requests for World Bank's consent to any amendment or waiver or other matter under this Agreement or any Transaction Document or any other document or instrument related thereto, where such waiver, amendment, consent or other matter is necessary or required or is a result of amendments, waivers, consents or other matters proposed, or consented to, by the CTF Guarantee Beneficiary to or in respect of any Transaction Document.

ARTICLE XIX
Notices

Section 19.01. Any notice, request, application, consent, approval or waiver (each referred to in this Article XIX (Notices) as a "notice") required or permitted to be given or made pursuant to this Agreement shall be in writing in the English language.

Section 19.02. Subject to Section 19.03, a notice shall be deemed to have been duly given or made when it has been delivered by hand or sent by mail or facsimile to the party to which it is required or permitted to be given or made at such party's address specified in this Article XIX(Notices) (or at such other address as the party may designate from time to time, by giving not less than fifteen (15) days' written notice to the other party).

Section 19.03. Where expressly so specified in a section, a notice given or made shall be effective only when received.

Section 19.04. Address for Notices. The addresses for notices (other than Demands, which shall be addressed as set forth in Schedules 1 and 2, respectively) given to any party pursuant to this Agreement are as follows:

(i) For the World Bank:

Address: The World Bank
1818 H Street NW
Washington DC 20433
United States of America

Attention: Vice President, South Asia Region
Facsimile: +1 202 477-6391

With a copy to:

Attention: Practice Manager (Financial Solutions),
Facsimile: + (1) 202 522 0761

(ii) For the CTF Guarantee Beneficiary:

Address: Small Industries Development Bank of India
SME Development Centre, Plot No. C-11, 'G' Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400051
Maharashtra, India

Attention: The Chief General Manager, Resources management
Vertical
Facsimile: +91 22 6753-1282

ARTICLE XX
Dispute Resolution

Section 20.01. Arbitration. Any controversy between the parties to this Agreement, and any claim by any such party against the other arising under this Agreement which has not been settled by agreement of the parties shall be submitted to arbitration in accordance with Section 8.03 (Enforceability; Arbitration; Arbitration) of the Standard Conditions; provided that no award may require the World Bank to pay to the CTF Guarantee Beneficiary more than the Maximum World Bank/CTF Commitment Amount in effect at the time of the award for any dispute arising out of or in connection with the commitment provided by the World Bank under this Agreement.

Section 20.02. No Waiver of Immunity. Nothing in this Agreement shall operate as or be construed to constitute a waiver, renunciation, or any other modification of any privilege or immunity of the World Bank under Article VIII of its Articles of Agreement or under any applicable law.

ARTICLE XXI
Miscellaneous

Section 21.01. Amendment. No provision of this Agreement may be amended, modified or supplemented except in a written agreement executed by authorized signatories of each of the World Bank and the CTF Guarantee Beneficiary.

Section 22.02. Separate Contractual Rights. Save as may be expressly provided herein, nothing in this Agreement shall limit or restrict the rights of the World Bank pursuant to any other agreement.

Section 23.03. Counterparts. This Agreement may be executed in separate counterparts and by each party separately on a separate counterpart, and each such counterpart, when so executed and delivered, shall be an original. Such counterparts shall together constitute one and the same instrument.
IN WITNESS WHEREOF the parties to this Agreement have caused this Agreement to be duly executed by their duly authorized representatives on the date first above written.

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA, acting as the guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency

By: [Signature]
[Authorized Representative]

Name: Kshatriya Pratap Shivaji
Title: Chairman & MD, Director

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as an implementing entity of the Clean Technology Fund

By: [Signature]
Authorized Representative

Name: Onno Ruhl
Title: Country Director, India
SCHEDULE 1

STANDARD CONDITIONS FOR LOANS MADE BY THE WORLD BANK OUT OF THE CLIMATE INVESTMENT FUNDS
SCHEDULE 2
FORM OF DEMAND NOTICE

To: International Bank for Reconstruction and Development,
acting as an implementing entity of the Clean Technology Fund
1818 H Street NW
Washington DC 20433
United States of America

Attention: Practice Manager (Financial Solutions)
Facsimile: +1 202 522 0761

with a copy to: Vice President, South Asia Region
Facsimile: +1 202 477-6391

with a copy to: Senior Vice President and General Counsel
Facsimile: +1 (202) 522-1589

With a copy to: The Republic of India

Ladies and Gentlemen,

DEMAND NOTICE
under
the CTF Guarantee Agreement dated __________, 2015
CTF Guarantee Number TF019230

1. Guarantee Agreement

We refer to the CTF Guarantee Agreement dated __________, 2015 between, inter alia: (1) you, acting not in your individual capacity but solely in your capacity as an implementing entity of the Clean Technology Fund; and (2) ourselves, acting as the guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency, as the CTF Guarantee Beneficiary (the "Agreement").

2. Definitions

Unless otherwise defined herein or the context so requires, all capitalized terms used in this Demand Notice shall have the meanings given to them in the Agreement.

3. Amount Demanded

We demand that you pay us an amount of Rupees [insert amount claimed in words] (INR [insert amount claimed in numbers]) in accordance with your obligations under the Agreement, consisting of:
(a) Rupees [insert amount claimed in words] (INR [insert amount claimed in numbers]) of the outstanding Eligible Sub-Guarantee Claim(s); less

(b) Rupees [insert amount claimed in words] (INR [insert amount claimed in numbers]) of the balance allocated to the PFI Risk Coverage Ledger Account available for the Eligible Sub-Guarantee Claim(s) on the date of this Demand.

4. Payment Account

Please pay the amount demanded in this Demand Notice to the following CTF Ledger Account:

- Account holder's name: [*]
- Account name: [*]
- Account number: [*]
- Account bank: [*]
- Account bank's branch: [*]
- number: [*]
- address: [*]

5. Grounds for issuing this Demand Notice

We certify that:

(a) a valid Eligible Sub-Guarantee Claim is made under, and pursuant to, the terms of the relevant Eligible Sub-Guarantee Agreement;

(b) the Eligible Sub-Guarantee Payout(s) required to be made is in compliance with all relevant conditions under the Transaction Documents based on documents and information provided to us by Eligible Lenders;

(c) a Covered Event has occurred;

(d) the Loss, in respect of which amount a payment is demanded in the Demand Notice, is sustained by the CTF Guarantee Beneficiary and is outstanding;

(e) we are entitled to issue this Demand pursuant to the Agreement; and

(f) we are in full compliance with our obligations under Sections 11.02 and 11.03 and have taken all applicable actions and steps set out in the Transaction Documents (including any request to the relevant Eligible Lender, and as applicable, to any other entity to take applicable actions and steps set out in the Transaction Documents) in all material respect in respect of the verification, determination of eligibility and admissibility of the Eligible Sub-Guarantee Claim in accordance with Clause 7.2 (Guarantee Claim) of the Operations Manual.
6. **Representations & Warranties**

   (a) In accordance with Section 16.02 (*Representations and Warranties*) of the Agreement, we hereby represent and warrant the truth and accuracy of each of the representations contained in Section 16.01 (*Representations and Warranties*) of the Agreement.

   (b) We hereby represent and warrant that we shall apply all amounts received from us towards payment of the Eligible Sub-Guarantee Claim(s).

7. **Accompanying Documents**

   We enclose:

   (a) a copy of the Eligible Sub-Guarantee Claim(s) submitted to the CTF Guarantee Beneficiary under the relevant Eligible Sub-Guarantee(s), together with a copy of the relevant Eligible Sub-Guarantee Agreement(s) and Master Guarantee Agreement(s);

   (b) a statement of accounts showing the (i) the balance allocated to the PFI Risk Coverage Ledger Account and its related Ledger Account for holding of 25% balances of claims and (ii) all Sub-Guarantee Payouts and other outflows from and any inflows to the PFI Risk Coverage Ledger Account and its related Ledger Account [since the SIDBI-GEF Grant Effectiveness Date]¹ [since the last Demand Notice dated [*]]²; and

   (c) a copy of the evidence showing that the relevant Eligible Lender has taken relevant actions and steps to collect payments from the relevant Eligible Borrower.

Dated __________, 2015

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For and on behalf of
Small Industries Development Bank of India,
acting as the guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency

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¹ Show all Sub-Guarantee claims since day one of Project in the case of first demand on the CTF Guarantee
² Subsequent Demand Notices on CTF Guarantee need only show Sub-Guarantee claims since last Demand Notice.
SCHEDULE 3

CTF GUARANTEE BENEFICIARY REDUCTION NOTICE FOR THE MAXIMUM WORLD BANK/CTF COMMITMENT AMOUNT

[LETTERHEAD OF CTF GUARANTEE BENEFICIARY]

To: International Bank for Reconstruction and Development,
acting as an implementing entity of the Clean Technology Fund
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Practice Manager (Financial Solutions)
Facsimile: +1 (202) 522-0761

With a copy to: Practice Manager, South Asia, Energy and Extractives
Facsimile: +1 (202) 522-2427

With a copy to: Vice President, South Asia Region
Facsimile: +1 (202) 477-6391

With a copy to: The Republic of India


Dear Sir/Madam,

We refer to the Clean Technology Fund Guarantee Agreement between Small Industries Development Bank of India, acting as the guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency, and the International Bank for Reconstruction and Development, acting as an implementing entity of the Clean Technology Fund, dated __________, 2015 (the "Agreement") in support of the Project. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

Pursuant to Section 4.02(b) of the Agreement, we hereby notify you that the Maximum World Bank/CTF Commitment Amount should be permanently reduced by [insert amount of reduction]. Accordingly, from the date of receipt by the World Bank of this notice, the Maximum World Bank/CTF Commitment Amount shall be [____________].
Sincerely,

[Authorized signature for CTF Guarantee Beneficiary]

For and on behalf of
Small Industries Development Bank of India,
acting as the guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency
ANTI-CORRUPTION GUIDELINES FOR WORLD BANK GUARANTEE AND CARBON FINANCE TRANSACTIONS

The purpose of these Guidelines is to clarify the meaning of the terms “Corrupt Practices”, “Fraudulent Practices”, “Coercive Practices,” “Collusive Practices” and “Obstructive Practices” in the context of World Bank project-based guarantee operations and carbon finance transactions, where the World Bank as trustee of a carbon fund, purchases emission reductions under an emission reductions purchase agreement.

1. CORRUPT PRACTICES

A “Corrupt Practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

INTERPRETATION

A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.

B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor’s books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.

C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.

D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.

E. The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to
facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. **Fraudulent Practices**

A “Fraudulent Practice” is any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

**INTERPRETATION**

A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a “Fraudulent Practice” for purposes of World Bank Group sanctions.

B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in World Bank Guarantee or carbon finance operations. Similarly, other illegal behavior is not condoned, but will not be sanctioned as a Fraudulent Practice under the World Bank sanctions program as applicable to World Bank Guarantee or carbon finance operations.

3. **Coercive Practices**

A “Coercive Practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

**INTERPRETATION**

A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. **Collusive Practices**

A “Collusive Practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

**INTERPRETATION**
Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. **Obstructive Practices**

An "Obstructive Practice" is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the World Bank’s access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

**Interpretation**

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

**General Interpretation**

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.
SCHEDULE 5

CONDITIONS PRECEDENT TO THE EFFECTIVENESS OF THE AGREEMENT

1. Finalization, in form and substance satisfactory to the World Bank, of the Operations Manual, including the template MOU, ESPC, Business Implementation Plan, Master Guarantee Agreement and related internal circular, Eligible Sub-Guarantee Agreement, Sub-Guarantee agreement relating to SIDBI’s coverage of its lending activities under the Project, Trust & Retention Account Agreement and M&V Protocol attached thereto.

2. Execution, delivery and effectiveness of the following agreements, each in form and substance satisfactory to the World Bank:

   (a) the Cooperation Agreement;
   
   (b) the SIDBI-GEF Grant Agreement; and
   
   (c) the EESL-GEF Grant Agreement.

3. Duly executed originals of each of the following documents:

   (a) this Agreement;
   
   (b) the Cooperation Agreement;
   
   (c) the SIDBI-GEF Grant Agreement; and
   
   (d) the EESL-GEF Grant Agreement.

4. Certified copies of each of the following documents:

   (a) the Operations Manual, including the template MOU, ESPC, Business Implementation Plan, Master Guarantee Agreement and related internal circular, Eligible Sub-Guarantee Agreement, Sub-Guarantee agreement relating to SIDBI’s coverage of its lending activities under the Project, Trust & Retention Account Agreement and M&V Protocol attached thereto.

5. An original legal opinion, in form and substance acceptable to the World Bank, given by India relating to the Cooperation Agreement.

6. A legal opinion addressed to the World Bank from counsel to the CTF Guarantee Beneficiary on this Agreement and the SIDBI-GEF Grant Agreement.

7. Payment, and receipt by the World Bank, of the MDB Fee and the first installment of the CTF Guarantee Charge on or before the Effective Date in accordance with Article V (MDB Fee and CTF Guarantee Charge) of this Agreement.

8. A certificate of the CTF Guarantee Beneficiary certifying that the representations and warranties set out in Article XVI (Representations and Warranties) of this Agreement are accurate and complete in all material respects as of the date of such certificate.
9. Documentary evidence satisfactory to the World Bank of the authority of each person who signed:

   (a) this Agreement; and

   (b) the Cooperation Agreement.

10. Receipt in the World Bank account established/maintained for the purpose of the Project of the Maximum World Bank/CTF Commitment Amount from the CTF trustee.
We certify that we have obtained the prior written consent of DEA to the termination of the CTF Guarantee, which consent is attached hereto.

Sincerely,

[Authorized signature for CTF Guarantee Beneficiary]

For and on behalf of
Small Industries Development Bank of India,
acting as the guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency

CONFIRMED AND AGREED BY:

International Bank for Reconstruction and Development,
acting as an implementing entity of the Clean Technology Fund.

Attachment: consent of DEA
SCHEDULE 6

CTF GUARANTEE BENEFICIARY REQUEST FOR TERMINATION OF CTF GUARANTEE
[LETTERHEAD OF CTF GUARANTEE BENEFICIARY]

To: International Bank for Reconstruction and Development,
acting as an implementing entity of the Clean Technology Fund
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Practice Manager (Financial Solutions)
Facsimile: +1 (202) 522-0761

With a copy to: Practice Manager, South Asia, Energy and Extractives
Facsimile: +1 (202) 522-2427

With a copy to: Vice President, South Asia Region
Facsimile: +1 (202) 477-6391

With a copy to: The Republic of India


Dear Sir/Madam,

We refer to the Clean Technology Fund Guarantee Agreement between Small Industries Development Bank of India acting as the guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency, and the International Bank for Reconstruction and Development, acting as an implementing entity of the Clean Technology Fund, dated ___________, 2015 (the "Agreement") in support of the Project. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

Pursuant to Section 9.01(h) of the Agreement, we hereby request that the CTF Guarantee terminate as of [insert date at least 45 days from date of notice], with no further payment obligation by the World Bank or CTF in any capacity pursuant to the Agreement, and that the Agreement terminate as of 4:00 p.m. (Washington, D.C. time) as of that date.

If you accept this Request for Termination, please confirm your agreement by signing, dating and returning to us the countersigned letter.
SCHEDULE 7
NOTICE OF EXPIRATION OR CANCELLATION OF OUTSTANDING ELIGIBLE
SUB-GUARANTEES AND ELIGIBLE SUB-FINANCINGS

[LETTERHEAD OF CTF GUARANTEE BENEFICIARY]

To: International Bank for Reconstruction and Development,
acting as an implementing entity of the Clean Technology Fund
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Practice Manager (Financial Solutions)
Facsimile: +1 (202) 522-0761

With a copy to: Practice Manager, South Asia, Energy and Extractives
Facsimile: +1 (202) 522-2427

With a copy to: Vice President, South Asia Region
Facsimile: +1 (202) 477-6391

With a copy to: The Republic of India

Re: CTF Guarantee Beneficiary Reduction Notice under the Clean Technology Fund
Guarantee Agreement between Small Industries Development Bank of India, acting as the
guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency and
the International Bank for Reconstruction and Development, acting as an implementing
entity of the Clean Technology Fund (CTF Guarantee No. TF019230) in support of the
India Partial Risk Sharing Facility for Energy Efficiency Project

Dear Sir/Madam,

We refer to the Clean Technology Fund Guarantee Agreement between Small Industries
Development Bank of India, acting as the guarantee program manager of the Partial Risk Sharing
Facility for Energy Efficiency, and the International Bank for Reconstruction and Development,
acting as an implementing entity of the Clean Technology Fund, dated __________, 2015 (the
“Agreement”) in support of the Project. Capitalized terms used and not otherwise defined herein
shall have the meanings assigned thereto in the Agreement.

Pursuant to Section 17.01(d)(vi) of the Agreement, we hereby notify you that as of [insert
relevant date]:

(a) all outstanding Eligible Sub-Guarantees and all Eligible Sub-Financings have expired or
been cancelled;
(b) no further Eligible Sub-Guarantees will be issued; and
(c) no further Eligible Sub-Guarantee payouts will be made.

Sincerely,

[Authorized signature for CTF Guarantee Beneficiary]

For and on behalf of
Small Industries Development Bank of India,
acting as the guarantee program manager of the Partial Risk Sharing Facility for Energy Efficiency