OFFICIAL DOCUMENTS

Loan Agreement

(Energy Efficiency Scale-Up Program)

between

ENERGY EFFICIENCY SERVICES LIMITED

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
AGREEMENT dated as of the Signature Date between ENERGY EFFICIENCY SERVICES LIMITED ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS: (A) India has requested support from the Bank in favor of the Borrower for an aggregate amount of $300,000,000;

(B) the Borrower and the Bank have agreed that such Bank support would be provided in the form of:

(i) a Bank Loan in support of the Borrower's Program, for an amount of $220,000,000; and

(ii) a Bank partial Guarantee of repayment of financing to be raised by the Borrower from commercial lenders or bond subscribers for a maximum amount of $80,000,000 ("Guarantee"), in support of activities under Parts 1 and 2 of the Program, as further defined in the set of legal documents related to the Guarantee and the financing it is intended to support;

in each case subject to the terms and conditions agreed between the Bank and the Borrower (and others in the case of the Guarantee), and reflected in the relevant legal agreements to be signed for the provision of such Loan and Guarantee, respectively.

NOW, THEREFORE, the Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower the amount of two hundred and twenty million Dollars ($220,000,000), as such amount may be converted from time to
time through a Currency Conversion ("Loan"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Variable Spread; or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are May 15 and November 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

2.08. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

(b) For purposes of this Section the following terms have the meanings set forth below:

(i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Guarantor and to the Borrower and other borrowers guaranteed by the Guarantor that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.

(ii) "Standard Exposure Limit" means the standard limit on the Bank's financial exposure to the Guarantor which, if exceeded,
would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.

(iii) “Total Exposure” means for any given day, the Bank’s total financial exposure to the Guarantor, as reasonably determined by the Bank.

ARTICLE III — PROGRAM

3.01. The Borrower declares its commitment to the objectives of the Program. To this end, the Borrower shall carry out the Program in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following, namely, that the Borrower’s Governing Documents have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Managing Director.

6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower’s address is:

Energy Efficiency Services Limited
4th and 5th Floor, IWAI Building
A-13, Sector 1, Noida, Uttar Pradesh 201301
India; and
(b) the Borrower's Electronic Address is:

Facsimile: +91(120)4908099
E-mail: ic@EESL.CO.IN

6.03. For purposes of Section 10.01 of the General Conditions;

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED as of the Signature Date.

ENERGY EFFICIENCY SERVICES LIMITED

By

Authorized Representative

Name: S. GOPAL

Title: CHIEF GENERAL MANAGER, FINANCE

Date: AUGUST 28, 2018

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: HISHAM ABDO

Title: ACTING COUNTRY DIRECTOR, INDIA

Date: AUGUST 28, 2018
SCHEDULE I

Program Description

The objectives of the Program are to scale up energy savings in residential and public sectors, strengthen the Borrower’s institutional capacity, and enhance its access to commercial financing.

The Program consists of the following activities (included in FY 2018-22) in the Borrower’s overall corporate investments program for FY 2017-22:

1. **Energy Savings and EE Market Transformation in the Residential Sector:**
   Scaling-up the EE delivery in the residential sector under the UJALA Program, focusing on LED bulbs, tube lights and ceiling fans.

2. **Energy Savings and EE Market Transformation in Public Street Lighting:**
   Delivering investments in public street lighting, under the SLNP Program.

3. **Development of Sustainable Business Models in new EE Market Segments:**
   Supporting up-stream program development and incorporation of technical, environmental and social sustainability elements into the design of the new initiatives, such as air-conditioning, agriculture demand side management and Building EE Program, which require additional preparatory work before sustainable scale-up; but expressly excluding the actual capital investments for such new initiatives.

4. **Institutional Strengthening for Sustainable EE Scale-Up:**
   Strengthening and developing the institution capacities of the Borrower, especially with respect to technical, managerial, procurement, environmental and social capacity and practices.
SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

The Borrower shall be responsible for the management, coordination, implementation and monitoring and evaluation of the Program in accordance with the following arrangements, which shall be maintained, throughout the period of implementation of the Program:

1. The Borrower shall maintain in its headquarters, a National Program Manager for its participation in the SLNP Program and the UJALA Program.

2. The Borrower shall maintain its headquarters and regional offices, each with composition, institutional framework, powers, functions, and resources satisfactory to the Bank, and supported by competent personnel in adequate numbers for such purpose.

B. Additional Program Implementation Arrangements

1. Program Action Plan

Without limitation on the generality of Section 5.01(b) of the General Conditions, the Borrower shall ensure that the Program Action Plan is carried out, in a manner satisfactory to the Bank.

Section II. Excluded Activities

The Borrower shall ensure that the Program excludes any activities which:

A. in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

B. involve the procurement of: (1) works (including turnkey, supply and installation of plant and public private partnership) estimated to cost $115,000,000 equivalent or more per contract; (2) goods (including information technology systems) estimated to cost $75,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost $75,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost $30,000,000 equivalent or more per contract.
Section III. Program Monitoring, Reporting and Evaluation

1. The Borrower shall furnish to the Bank each Program Report not later than one (1) month after the end of each Fiscal Year, covering the Fiscal Year.

2. Without limitation on the generality of the provisions of Section III.1 above, the Borrower shall:

   (a) for the purpose of verifying Disbursement Linked Results, engage, with the first such engagement not later than September 30, 2018, an independent third-party entity or entities, with qualifications, experience and terms of reference satisfactory to the Bank, to undertake the verification process referred to in Section III.2(b) below;

   (b) undertake, as often as necessary in view of the submission of a withdrawal application, a verification process, in a manner satisfactory to the Bank, through the independent third-party entity or entities engaged pursuant to Section III.2(a) above, to ascertain whether the Disbursement Linked Results have been achieved for the Periods under review; and

   (c) furnish to the Bank corresponding verification reports, in form and substance acceptable to the Bank, no later than one (1) month after the completion of the verification to which it relates.

3. Mid-term Review. The Borrower shall:

   (a) carry out jointly with the Bank, no later than thirty (30) months after the Effective Date, or such other period as may be agreed with the Bank, a midterm review of the Program to assess the status of Program implementation, as measured against the indicators agreed with the Bank and the legal covenants included or referred to in this Agreement;

   (b) to this end, prepare and furnish to the Bank at least one (1) month before such review, a report, in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Section III.1 of this Schedule and the verification activities carried out in accordance with Section III.2 of this Schedule, on the progress achieved in the carrying out of the Program during the period preceding the date of such report (including compliance with the Program Action Plan) and setting out the measures recommended to ensure the efficient carrying out of the Program and the achievement of the objectives thereof during the period following such date; and

   (c) review jointly with the Bank the report referred to in the immediately preceding paragraph and thereafter take all measures required to ensure
the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Bank’s views on the matter.

Section IV. Withdrawal of Loan Proceeds

A. General

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) pay the Front-end Fee; (b) pay each Interest Rate Cap or Interest Rate Collar premium; and (c) finance the results (“Disbursement Linked Results” or “DLRs”) achieved by the Borrower, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category:

<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator as applicable)</th>
<th>Disbursement Linked Result (as applicable)</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
</tr>
</thead>
</table>
| (1) DLI #1: Number of LED bulbs and tube lights, sold by the Borrower under the UJALA Program. | (i) 57 million LED bulbs and tube lights sold during Period 1  
(ii) 63 million LED bulbs and tube lights sold during Period 2  
(iii) 63 million LED bulbs and tube lights sold during Period 3  
(iv) 33 million LED bulbs and tube lights sold during Period 4  
(v) 3 million LED bulbs and tube lights sold during Period 5 | For Period 1: $17,110,000  
For Period 2: $19,000,000  
For Period 3: $19,090,000  
For Period 4: $9,900,000  
For Period 5: $900,000 (or, subject to the Bank’s option under Section IV.B.2 immediately below, $0.30 per LED bulb or tube) |
<table>
<thead>
<tr>
<th>(2) DLI #2: Number of EE ceiling fans (BEE 5-star rating or above), sold by the Borrower under the UJALA Program.</th>
<th>Total Aggregate for Category 1: $66,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) 0.9 million EE ceiling fans sold during Period 1</td>
<td></td>
</tr>
<tr>
<td>(ii) 1.2 million EE ceiling fans sold during Period 2</td>
<td></td>
</tr>
<tr>
<td>(iii) 1.32 million EE ceiling fans sold during Period 3</td>
<td></td>
</tr>
<tr>
<td>(iv) 1.2 million EE ceiling fans sold during Period 4</td>
<td></td>
</tr>
<tr>
<td>(v) 1.2 million EE ceiling fans sold during Period 5</td>
<td></td>
</tr>
<tr>
<td>For Period 1: $3,400,000</td>
<td></td>
</tr>
<tr>
<td>For Period 2: $4,540,000</td>
<td></td>
</tr>
<tr>
<td>For Period 3: $4,990,000</td>
<td></td>
</tr>
<tr>
<td>For Period 4: $4,540,000</td>
<td></td>
</tr>
<tr>
<td>For Period 5: $4,530,000</td>
<td></td>
</tr>
<tr>
<td>(or, subject to the Bank's option under Section IV.B.2 immediately below, $3.78 per fan)</td>
<td></td>
</tr>
<tr>
<td>Total Aggregate for Category 2: $22,000,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(3) DLI # 3: Number of LED street lights installed by the Borrower under the SLNP Program.</th>
<th>---</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) 1.8 million LED street lights installed during Period 1</td>
<td></td>
</tr>
<tr>
<td>(ii) 1.8 million LED street lights installed during Period 2</td>
<td></td>
</tr>
<tr>
<td>(iii) 1.8 million LED street lights installed during Period 3</td>
<td></td>
</tr>
<tr>
<td>(iv) 1.5 million LED street lights installed during Period 4</td>
<td></td>
</tr>
<tr>
<td>(v) 0.3 million LED street lights installed during Period 5</td>
<td></td>
</tr>
<tr>
<td>For Period 1: $19,250,000</td>
<td></td>
</tr>
<tr>
<td>For Period 2: $19,250,000</td>
<td></td>
</tr>
<tr>
<td>For Period 3: $19,250,000</td>
<td></td>
</tr>
<tr>
<td>For Period 4: $16,040,000</td>
<td></td>
</tr>
<tr>
<td>For Period 5: $3,210,000</td>
<td></td>
</tr>
<tr>
<td>(or, subject to the Bank's option under Section IV.B.2 immediately below, $10.69 per street light)</td>
<td></td>
</tr>
</tbody>
</table>
| (4) DLI # 4: EE AC Sustainability Action Implementation. | No later than by the end of Period 4:  
(i) The Borrower's Board of Directors has decided to implement EE air-conditioning actions; and  
(ii) Pursuant to such decision, the Borrower has:  
(A) Included, in the packaging of the air-conditioners sold by the Borrower, consumer guides on safe refrigerant replacement and disposal and buy back options (where available);  
(B) Started (without interruption until the date of the withdrawal application) to include, in the Borrower's bidding documents from EE AC manufacturers, request to manufacturers to report AC refrigerant disposal (including Registered E-Waste Dismantler/Recycler's verification or evidence of disposal) in conformity with India's Environmental Protection Act, using the model template provided by the Borrower, to enable monitoring and recording of AC disposal and recycling actions by manufacturers intending to supply AC units to the Borrower; and  
(C) Conducted stakeholder consultations (including at least 3 AC manufacturers and 2 waste disposal agents) on safe refrigerant disposal. | $14,000,000 |
| --- | --- | --- |
| (5) DLI # 5: Business Model for Collaboration with Private SectorESCOs in the Implementation of the Borrower's | No later than by the end of Period 2:  
(i) The Borrower has approved a business model designed to broaden service offering under the Building EE Program, including through partnership with private sector ESCOs. Such business model: | $8,000,000 |

Total Aggregate for Category 3: $77,000,000
| Building EE Program. | (A) includes a description of the partnership model(s) and the range of targeted energy solutions;  
(B) includes a description of the roles, responsibilities and implementation sharing risk between the Borrower and private sector ESCOs;  
(C) includes a description of the methods of measurement and verification of EE in buildings;  
(D) includes a plan for consultation with the private sector ESCOs; and  
(E) reflects consultations with stakeholders to inform the design of the business model;  
(ii) the Borrower has published a report on the business model referred to in (i) above and containing the elements described in (i)(A) to (E) above on its website; and  
(iii) the Borrower has conducted consultations on the report referred to in (ii) immediately above with at least 10 private sector ESCOs and issued a report on such consultations, including date, location, material presented and/or distributed, list and contact details of the participants, key issues raised by the participants, participants' responses to feedback survey on the consultations. |
|  | (6) DLI # 6: Establishment of a sustainable development unit and report on the updated EHSS Manual covering all EESL's programs under implementation  
(i) No later than by the end of Period 2, the Borrower’s Board of Directors has decided sustainable to establish a sustainable development unit under the Managing Director, to ensure environmental and social sustainability of all the Borrower’s activities, and approved its terms of reference, sufficient budget to implement the terms of reference, staffing plan and program to build staff capacity, as further specified below:  
(A) Such terms of reference are consistent with Annex VII of the ESSA and include, inter alia:  
(a) the continuous update of the Borrower’s EHSS Manual to ensure full coverage of the Program Under Implementation by |
|  | (i) $16,500,000 |
the Borrower and all environmental and social risks and mitigation plans for all the Borrower's Program Under Implementation;

(b) the development of training on the EHSS Manual and capacity building of the Borrower's staff and contractors;

(c) the monitoring of compliance with the EHSS Manual;

(d) the restructuring and operation of a systematic and accessible grievance redressal system; and

(e) the preparation of biennial (once every two years) management report on the implementation of the EHSS Manual;

and

(B) Such staffing plan includes full time staff in adequate number to carry out the responsibilities of the sustainable development unit, and each with terms of reference, qualifications and experience commensurate with its responsibilities within the unit.

(ii) No later than by the end of Period 5, the Borrower having established (with a budget sufficient to carry out its responsibilities) its sustainable development unit in accordance with its Board decision referred to in paragraph (i) immediately above and such unit having carried out its activities in accordance with its terms of reference, the Borrower's sustainable development unit has produced its report to the Borrower's management on its first 24 months of activity and on the first period of implementation of the EHSS Manual (including an analysis of its performance, strength and weaknesses).

(7) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of

$550,000
the General Conditions

<table>
<thead>
<tr>
<th>(8) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 4.05(c) of the General Conditions</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL AMOUNT</td>
<td>220,000,000</td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for purposes of Section 2.03 of the General Conditions, for DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed $55,000,000 may be made for such DLRs under Category 1 (DLI # 1), Category 2 (DLI # 2) and Category 3 (DLI # 3), achieved prior to this date but on or after April 1, 2017; or

   (b) for any DLR under Categories (1) through (6), until and unless the Borrower has furnished evidence satisfactory to the Bank (including such report referred to in Section III.2(c) of this Schedule) that said DLR has been achieved.

2. (a) Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Category (1), (2) or (3) has not been achieved by the date by which said DLR is set to be achieved, the Bank may, by notice to the Borrower: (i) authorize the withdrawal of such lesser amount of the unwritten proceeds of the Loan then allocated to said Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in the third column of the Disbursement Table; (ii) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or (iii) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.

   (b) Notwithstanding the provisions of Part B.1(b) of this Section, if the Borrower has, by the date by which the said DLR is set to be achieved, achieved results under Category (1), (2) or (3) in excess of the DLR indicated in the Disbursement Table for the Period, the Bank may, by notice to the Borrower, authorize the withdrawal of such greater amount
of the unwithdrawn proceeds of the Loan then allocated to said Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said greater amount to be calculated in accordance with the formula set out in the third column of the Disbursement Table. For the avoidance of doubt, the exercise of this option by the Bank shall not have the effect of increasing the total aggregate amount allocated to the relevant Category under the third column of the Disbursement Table, but may only affect the sequencing of the disbursement of the amounts corresponding to each DLR.

3. The Closing Date is September 30, 2022.
SCHEDULE 3
Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

### Level Principal Repayments¹

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15</td>
<td></td>
</tr>
<tr>
<td>Beginning May 15, 2023 through May 15, 2036</td>
<td>3.57%</td>
</tr>
<tr>
<td>On November 15, 2036</td>
<td>3.61%</td>
</tr>
</tbody>
</table>

¹ The determination of the principal amounts of the Loan repayable on each Principal Payment Date is made in accordance with Section 3.03 of the General Conditions.
SCHEDULE 4

PROGRAM ACTION PLAN

The Program Action Plan includes institutional strengthening actions to ensure that the Borrower is well equipped to deliver activities and achieve results under the Program.

<table>
<thead>
<tr>
<th>Action Description and Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> The Borrower shall, no later than March 31, 2019:</td>
</tr>
<tr>
<td>o Update the Borrower’s Guidelines, Policy and Procedure for Procurement of Goods, Works and Non-Consulting Services (&quot;Guidelines&quot;) to add additional market methods/approaches commensurate with the size and complexity of the procurement to be handled by the Borrower in the future;</td>
</tr>
<tr>
<td>o Update its Standard Bidding Documents (&quot;SBDs&quot;), in line with the Guidelines;</td>
</tr>
<tr>
<td>o Develop a standard template for Memoranda of Understanding (&quot;MoUs&quot;) with the Borrower’s government clients (States, State owned enterprises, urban local bodies, etc.); and</td>
</tr>
<tr>
<td>o Adopt and disseminate such Guidelines, SBDs and MoUs, and train staff, vendors and clients on such documents.</td>
</tr>
<tr>
<td><strong>2.</strong> The Borrower shall:</td>
</tr>
<tr>
<td>o no later than Sept. 30, 2018, disseminate its Quality Assurance Manuals and dispense training on quality assurance in street and domestic lighting to staff and vendors; and</td>
</tr>
<tr>
<td>o no later than March 31, 2019, develop and adopt a manual (including standard protocols) for quality assurance of the Borrower’s efficient ceiling fans program, disseminate it and dispense training on such manual to staff and vendors.</td>
</tr>
<tr>
<td><strong>3.</strong> No later than September 30, 2018, the members of the Borrower’s Audit Committee of the Board shall include two independent directors.</td>
</tr>
<tr>
<td><strong>4.</strong> No later than March 31, 2019, the Borrower shall prepare, adopt and implement finance manual(s) covering all financial management functions in line with current systems, and issue an internal notification of their application as of April 1, 2019.</td>
</tr>
<tr>
<td><strong>5.</strong> The Borrower shall ensure that:</td>
</tr>
<tr>
<td>o No later than September 30, 2018, its audit committee approves terms of reference in form and substance acceptable to the Bank to strengthen the Borrower’s internal audit function; and</td>
</tr>
<tr>
<td>o such internal audit function is performed in accordance with its terms of reference approved under paragraph (i) immediately above throughout the period of implementation of the Program.</td>
</tr>
<tr>
<td><strong>6.</strong></td>
</tr>
<tr>
<td>o The Borrower shall, no later than March 31, 2019, develop and adopt its strategy on EE market transformation of residential lighting. Such strategy shall:</td>
</tr>
<tr>
<td>• include reporting on activities (and their results) associated with the Borrower’s roles/functions related to, <em>inter alia</em>, (a) bulk procurement; (b) quality assurance (e.g., equipment quality assurance and warranty); (c) environmental sustainability;</td>
</tr>
</tbody>
</table>
and (d) marketing and outreach (including programs targeting low income/poor households and women consumers/users); and

- specify the indicators the Borrower will track, including: (i) number of LED bulbs sold by the Borrower and other sellers; (ii) the Borrower’s bulb cost; (iii) prices of the bulbs sold by the Borrower and by other sellers; (iv) the Borrower bulbs market share and other sellers’ market share; (v) number of manufacturers selling LED bulbs in India’s residential LED lighting market; (vi) number of direct employment created by the Borrower (of which women); (vii) estimated number of beneficiaries (of which women and girls).

- No later than March 31, 2022, the Borrower shall report to the Bank on key strategy indicators.

### 7. The Borrower shall, no later than March 31, 2020, produce and make publicly available (including by posting it on its website) a report (i) containing an independent review and evaluation of the agricultural demand side management models examined/tested by the Borrower; and (ii) reporting on the Borrower’s sustainability actions and indicators including:

- Sampling and data recording of ground water levels prior to the installation of agricultural pump sets;
- The Borrower’s compilation of available real-time monitoring data from smart panels for all EE agricultural pump sets installed;
- The Borrower’s collection of reported data on ground water level data collection (by State ground-water Board) and evaluation of the suitability of EE agricultural pump equipment in that particular region, along with information on: (a) water extraction from the fields for non-agricultural uses and mechanism(s) to control/limit water consumed for non-agriculture uses; and (b) changing crop patterns, if any;
- The Borrower’s sampling of ground water measurement in each region where agricultural demand side management activities are implemented or proposed;
- The Borrower-organized farmer education workshops (on both energy and water efficiency); and
- The Borrower’s education material on EE agricultural pump systems (including guidance on irrigation efficiency and pump usage).

### 8. The Borrower shall no later than March 31, 2020, develop and implement a plan for systematic and periodic independent evaluation of each Borrower’s Program Under Implementation, including program impact assessment, challenge identification and consumer perspectives collection, to inform such program design; and (having carried out the first two such independent evaluation reports) share with the Bank the first two reports.

### 9. The Borrower shall, no later than March 31, 2020:

- Develop and adopt a training program, and install a training center, for EE capacity building and training of the Borrower’s staff, EE private sector targeting private sector ESCOs and other EE service providers, and the Borrower’s customers, to: (i) ensure continued development of the Borrower’s human resources necessary
for the Borrower’s long-term growth; and (ii) facilitate and support private sector participation in India's EE market segments; and
- report on the delivery of the first training session including: (i) the date and location of such training; (ii) training agenda; (iii) training material; (iv) list and contact details of participants; and (v) participant responses to feedback survey on training session.

10. The Borrower shall, no later than March 31, 2020:
- develop a baseline of the number of women it employs (including direct staff, short term contracted staff, and apprentices) at each level (managerial, technical, administrative); and
- track, on an ongoing basis, how many women it directly employs at each level (managerial, technical, administrative).

11. The Borrower shall, no later than March 31, 2019, strengthen and operationalize the complete EHSS Manual to: (i) cover all existing gaps; (ii) strengthen it with provisions, Standard Operating Protocols and Documentation Formats to guide and manage all Programs Under Implementation no later than twelve (12) months after its qualification as Program Under Implementation; (iii) provide procedures / mechanisms to update it in the future; (iv) include a program to completely disseminate it among, and train, the staff, vendors and support agencies; and (iv) describe procedures for compliance monitoring.

12. The Borrower, with financial advisors’ support, shall, no later than March 31, 2019, develop, and its management shall approve, a long-term financial resource mobilization plan.
APPENDIX

Section I. Definitions

1. "AC" means air conditioning.
3. "Borrower's Governing Documents" means the Borrower's Memorandum and Articles of Association, dated December 4, 2009, as the same shall have been amended to the date of this Agreement.
4. "Building EE Program" means the program of the Borrower, to retrofit lighting and cooling appliances, and other measures to reduce energy consumption in buildings.
5. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. "Disbursement Linked Indicator" or "DLI" means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
7. "Disbursement Linked Result" or "DLR" means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
8. "Disbursement Table" means the table specifying each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) ("Category"), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category, in Section IV.A.2 of Schedule 2 to this Agreement.
9. "EE" means energy efficiency.
10. "EHSS Manual" means the Borrower's Environmental, Occupational Health, and Safety and Social Manual, which contains guidance to its staff to identify and mitigate environmental, occupational health, and safety and social risks while carrying out its operations both in office and off-site.
11. "ESCO" means an energy service company.

13. “Fiscal Year” or “FY” means the Borrower’s fiscal year, commencing on April 1 and ending on March 31.

14. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing”, dated July 14, 2017, with the modifications set forth in Section II of this Appendix.

15. “LED” means light emitting diode.

16. “Period” means a period of time, as further defined below.

17. “Period 1” means the period of time starting on the date of this Agreement and ending on March 31, 2019.

18. “Period 2” means the FY starting on April 1, 2019 and ending on March 31, 2020.

19. “Period 3” means the FY starting on April 1, 2020 and ending on March 31, 2021.

20. “Period 4” means the FY starting on April 1, 2021 and ending on September 30, 2021.

21. “Period 5” means the FY starting on October 1, 2021 and ending on March 31, 2022.

22. “Program Action Plan” means the Borrower’s plan attached to this Agreement as Schedule 4 and referred to in Section I.B.1 of Schedule 2 to this Agreement.

23. “Program Under Implementation” means a program of activities of the Borrower, carried out in accordance with its corporate investment program, with respect to which the Borrower has determined no later than March 31 of the previous Fiscal Year that it qualifies as a “Program Under Implementation” for the subsequent Fiscal Year, on the basis of the following criteria: (a) (i) the Borrower has completed at least three rounds of procurement and deployment, as per the technical specifications set forth in the relevant procurement documents for the implementation of such program; or (ii) the Borrower has made investments of at least two billion Indian Rupees (INR 2,000,000,000) in projects of that program, and has received management approval to continue program deployment in the subsequent year, whichever is earlier; and (b) the Borrower’s investment projections for the subsequent Fiscal Year for such program is higher than the investment made during the Fiscal Year when such determination is made.

24. “Quality Assurance Manuals” means, collectively, the Borrower’s manual, including standard protocols, for quality assurance with respect to street lighting,
dated August 2017, and the Borrower’s manual, including standard protocols, for quality assurance with respect to domestic lighting, dated September 2016.

25. “Registered E-Waste Dismantler/Recycler’s” means waste disposal agents or service providers, including hazardous waste management services providers, that are authorized and registered under the laws of India, to receive electronic waste to dismantle, recycle or dispose of.

26. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

27. “SLNP Program” means India’s Street Lighting National Program for the replacement of conventional street lights with LED lights.

28. “UJALA Program” means India’s “Unnat Jyoti by Affordable LEDs for All” for the implementation of which the Borrower is providing LED bulbs, tube lights and ceiling fans for domestic consumers/households.

Section H. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Paragraph 85 (Program Expenditures) of the Appendix to the General Conditions is deleted in its entirety and replaced by the following new paragraph:

“85. “Program Expenditure” means an expenditure that meets the requirement of Section 2.03, comprising of: (a) the cost of LED bulbs, tube lights and ceiling fans sold under the UJALA Program and associated distribution and awareness costs; (b) the cost of street light installed under the SLNP Program and associated installation costs; and (c) salaries and employee benefits to the Borrower’s staff, but expressly excluding any such expenditures financed by the Bank or the Association under any other loan, credit or grant or an expenditure financed by a party beneficiary of a guarantee provided by the Bank or the Association, and any expenditure financed by another multilateral or bilateral development partner.”