Loan Agreement

(Second Programmatic Electricity Distribution Reform Development Policy Loan for Rajasthan)

between

INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INDIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, inter alia, of: (i) the actions which the STATE OF RAJASTHAN (the "Program Implementing Entity") has already taken under the Program and which are described in the Schedule to the Program Agreement, dated as of the same date, between the Bank and the Program implementing Entity; and (ii) the Borrower's maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore 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 fifty million United States dollars, (USD250,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan").

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

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

2.04. 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.

2.05. The Payment Dates are January 15 and July 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
2.07. **(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 Borrower, and to other borrowers guaranteed by the Borrower 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 Borrower 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 Borrower, as reasonably determined by the Bank.

2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

**ARTICLE III — PROGRAM**

3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

(a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
Prior to each such exchange of views, the Borrower shall furnish to the Bank, for its review and comment, a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and

without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in the Schedule to the Program Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

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 thirty (30) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Bank is satisfied with the progress achieved by the Borrower and the Program Implementing Entity in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is any of the following officials, acting severally: Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Borrower.
6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
North Block
New Delhi 110 001
India; and

(b) the Borrower's Electronic Address is:

Facsimile: E-mail:
+91-11-23094905 jsmi-dea@nic.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: Facsimile:
248423(MCI) or +1-202-477-6391
64145(MCI)
AGREED as of the Signature Date.

INDIA

By [Signature]
Authorized Representative
Name: SAMEER KUMAR KHALE
Title: JOIN SECRETARY
Date: AUGUST 28, 2018

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By
Authorized Representative
Name: MISHAM ABDI
Title: ACTING COUNTRY DIRECTOR, INDIA
Date: AUGUST 28, 2018
SCHEDULE 1
Availability of Loan Proceeds

A. General. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.

B. On-Lending Arrangements. To facilitate the carrying out of the Program, the Borrower shall make all proceeds of the Loan available to the Program Implementing Entity in accordance with the Borrower’s standard arrangements for development assistance to the States of India.

C. Allocation of Loan Amounts. The Loan (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>249,375,000</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>625,000</td>
</tr>
<tr>
<td>(3) Amount due pursuant to Section 4.05 (c) of the General Conditions</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>250,000,000</td>
</tr>
</tbody>
</table>

D. Withdrawal Tranche Release Conditions. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower’s macroeconomic policy framework.

E. Deposit of Loan Amounts. The Borrower within forty five (45) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Indian Rupees equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower’s budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

F. Closing Date. The Closing Date is September 30, 2019.
SCHEDULE 2

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 Repayments**

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 15 and July 15</td>
<td></td>
</tr>
<tr>
<td>Beginning July 15, 2021</td>
<td>2.78%</td>
</tr>
<tr>
<td>through July 15, 2038</td>
<td></td>
</tr>
<tr>
<td>On January 15, 2039</td>
<td>2.7%</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. "AT&C" means the DISCOMs' aggregated technical and commercial losses.

2. "AVVNL" means the Ajmer Vidyut Vitaran Nigam Ltd, an electricity distribution public utility registered and operating in the territory of Rajasthan, under the Corporate Identity Number (CIN) U40109RJ2000SGC016482.

3. "Board of Directors" means collectively the boards of directors of each of the DISCOMs.

4. "Corporate Governance and Financial Accountability Plans" means the action plans for corporate governance and financial accountability approved by the DISCOMs pursuant to: (i) resolution of the Board of Directors of AVVNL in its 251st meeting held on May 22, 2017; (ii) resolution of the Board of Directors of JVVNL in its 257th meeting held on May 8, 2017; and (iii) resolution of the Board of Directors of JdVVNL in its 238th meeting held on May 22, 2017.

5. "DISCOMs" means, collectively, the AVVNL, JVVNL and JdVVNL.

6. "ERP" means enterprise resource planning.

7. "FY16-17" means the Borrower’s and Rajasthan’s fiscal year which begun on April 1, 2016 and finished on March 31, 2017.

8. "FY17-18" means the Borrower’s and Rajasthan’s fiscal year which begun on April 1, 2017 and finishes on March 31, 2018.


10. "Indian Rupees" means the lawful currency of the Borrower.

11. "IT" means information technology.

12. "IT Roadmaps" means the information technology roadmaps approved by the DISCOMs pursuant to: (i) resolution of the Board of Directors of AVVNL in its 254th meeting held on November 14, 2017; (ii) resolution JPD/CS/Resolution/D.834 683409 of December 12, 2017 from JVVNL; and (iii)
resolution of the Board of Directors of JdVVNL in its 242nd meeting held on November 15, 2017.

13. “JdVVNL” means the Jodhpur Vidyut Vitran Nigam Ltd, an electricity distribution public utility registered and operating in the territory of Rajasthan, under the Corporate Identity Number (CIN) U40109RJ2000SGC016483.

14. “JVVNL” means the Jaipur Vidyut Vitran Nigam Ltd, an electricity distribution public utility registered and operating in the territory of Rajasthan under the Corporate Identity Number (CIN) U40109RJ2000SGC016486.


16. “Memoranda of Understanding” means the memoranda of understanding entered into between the government of Rajasthan and: (i) AVVNL, dated May 2, 2017, setting out targets for AVVNL for FY16-17, and dated May 2, 2017, setting out targets for AVVNL for FY17-18; (ii) JVVNL, dated May 5, 2017, setting out targets for JVVNL for FY16-17, and dated May 5, 2017, setting out targets for JVVNL for FY17-18; (iii) JdVVNL, dated May 18, 2017, setting out targets for JdVVNL for FY16-17, and dated May 18, 2017, setting out targets for JdVVNL for FY17-18.

17. “Performance Management Policies” means the policies for implementation of key performance indicators for evaluating the performance of employees of the DISCOMs, approved by the DISCOMs pursuant to: (i) resolution 1/2018 of the Board of Directors of AVVNL dated January 24, 2018; (ii) resolution JPD/CS/Resolution/D.47 of the Board of Directors of JVVNL dated January 24, 2018; and (iii) resolution 01/2018 of the Board of Directors of JdVVNL dated January 23, 2018.

18. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter D.O. No. F.15(21)Energy/2014/Pt., dated April 4, 2018 from Rajasthan to the Bank (communicated by the Borrower via letter D.O.
No.06/07/2015-FB-VIII of April 16, 2018) declaring the Rajasthan's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in the Schedule to the Program Agreement, consistent with the program's objectives.


20. "Rajasthan" means the Borrower's State of Rajasthan.

21. "Rajasthan Urja Vikas Nigam Ltd." and the acronym “RUVNL” mean the Rajasthan Energy Development Corporation Ltd., a company established on December 4, 2015 and registered pursuant to sub-section (2) of section 7 of India’s Companies Act 2013, under the Corporate Identity Number (CIN) U40104RJ2015SGC048738.

22. “RERC” means the Rajasthan Electricity Regulatory Commission established pursuant to Section 82 of India’s Electricity Act 2003 (Act No. 36 of 2003).

23. "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.

24. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part C of Schedule 1 to this Agreement.

25. "Transfer Policies" means the transfer policies in respect of officers/officials of administrative/accounts/ministerial/technical cadres of the DISCOMs, approved by the DISCOMs pursuant to: (i) resolution 1/2018 of the Board of Directors of AVVNL dated January 24, 2018 (AVVNL); (ii) resolution JPD/CS/Resolution/D.47 of the Board of Directors of JVVNL dated January 24, 2018 (JVVNL); and (iii) resolution 01/2018 of the Board of Directors of JdVVNL dated January 23, 2018 (JdVVNL).