Loan Agreement

(MSME Growth Innovation and Inclusive Finance Project)

between

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated March 31, 2015
LOAN AGREEMENT

Agreement dated March 31, 2015, between SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, the amount of five hundred million Dollars ($500,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread, provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are June 15 and December 15 in each year.
2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unw withdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

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

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is the Chairman and Managing Director, the Deputy Managing Director, an Executive Director, or a Chief General Manager.

5.02. The Borrower’s Address is:

Small Industries Development Bank of India
SME Development Center
C-11, G Block
Bandra-Kurla Complex
Bandra, Mumbai-400-051
India

Facsimile:

+91(22) 6753 1282

5.03. The Bank’s Address is:

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

Facsimile:

+1-202-477-6391
AGREED at New Delhi, India, as of the day and year first above written.

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

By ____________________________
Mar 31, 2015
Authorized Representative

Name: Dr. Kshatriapati Shivaji
Title: Chairman Mg. Director

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By ____________________________
Authorized Representative

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

Project Description

The objective of the Project is to improve access to finance of MSMEs in manufacturing and service sectors from early to growth stage, including through innovative financial products.

The Project consists of the following parts:

**Part A: Spurring Early Stage and Risk Capital Financing**

Pioneering early stage debt financing and supporting risk capital financing through the provision of Sub-loans by the Borrower and/or PFIIs to MSMEs.

**Part B: Supporting Service Sector Financing Models**

Supporting service sector financing products through the provision of Sub-loans by the Borrower and/or PFIIs to MSMEs.

**Part C: Supporting Finance to Manufacturing Micro Small Medium Enterprises**

Supporting manufacturing sector financing products, including those promoting good management practices, through the provision of Sub-loans by the Borrower and/or PFIIs to MSMEs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Borrower shall maintain adequate organizational structures, including a Project implementing unit, with functions, powers, staff and resources necessary and appropriate for ensuring Project implementation.

B. Operations Manual

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Operations Manual, and shall ensure that the Operations Manual is not materially revised, amended, waived, or abrogated without the prior consent of the Bank. In the event of any conflict between the provisions of the Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Sub-loans

For purposes of the carrying out the Project, the Borrower shall:

(a) (i) appraise and select MSMEs in accordance with the criteria set forth in the Operations Manual; (ii) make Sub-loans to MSMEs under Sub-loan Agreements on the terms and conditions set forth in Schedule 4 to this Agreement; and (iii) exercise its rights under the Sub-loan Agreements in such manner as to protect the interests of the Bank, comply with its obligations under the Sub-loan Agreements, and achieve the purposes of the Project; and

(b) (i) appraise and select PFIs in accordance with the criteria set forth in the Operations Manual; (ii) reblend to the PFIs a portion of the proceeds of the Loan under Participation Arrangements on the terms and conditions set forth in Schedule 5 to this Agreement; and (iii) exercise its rights under the Participation Arrangements in such manner as to protect the interests of the Bank, comply with its obligations under the Participation Arrangements, and achieve the purposes of the Project.

D. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
E. **Safeguards**

1. The Borrower shall, and shall cause each PFI to, carry out the Project in accordance with the ESMF and the relevant instruments to be prepared pursuant to paragraph 2 below, and pursuant to the objectives, policies, procedures and other provisions set forth therein, in a form and content satisfactory to the Bank.

2. Prior to the carrying out of all activities under the Project, the Borrower shall or shall cause each PFI through its Participation Arrangement to: (a) carry out and/or cause to be carried out an environmental/social screening and/or an environmental/social assessment (as the case may be) of the pertinent activities to be financed under the Project, including under a Sub-Loan; (b) approve, and/or cause to be approved an environmental/social management plan applicable to such Sub-Loan acceptable to the Bank in accordance with the applicable provisions of the ESMF; and (c) implement and/or cause to be implemented the corresponding environmental/social management plan in accordance with its terms.

3. Without limitation on its other reporting obligations under this Agreement, the Borrower shall collect, compile and submit to the Bank on a bi-annual basis (or such other frequency as may be agreed with the Bank) consolidated reports on the status of compliance with the ESMF with respect to all Sub-Loans, including those made by the Borrower and those made by PFIs, giving details of: (a) measures taken in furtherance of the said instrument; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

4. In the event of any conflict between the provisions of the ESMF on one hand (including any environmental/social management plan prepared thereunder) and the provisions of this Agreement on the other hand, the provisions of this Agreement shall prevail.

**Section II. Project Monitoring Reporting and Evaluation**

A. **Project Reports**

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

B. **Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than nine (9) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following method, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank (as defined in the Operations Manual).

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d)
Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank; (g) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (i) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-loans under the Project</td>
<td>498,750,000</td>
<td>90% of amounts disbursed under Sub-loan Agreements</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>1,250,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(3) Interest Rate Cap or Interest Rate Collar premium</td>
<td>-0-</td>
<td>Amount due pursuant to Section 2.08(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>500,000,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $100,000,000 may be made for payments made prior to this date but on or after April 1, 2014, for Eligible Expenditures.

2. The Closing Date is March 31, 2020.
SCHEDULE 3
Amortization Schedule

1. 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"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each June 15 and December 15</td>
<td></td>
</tr>
<tr>
<td>Beginning June 15, 2020, Through December 15, 2024</td>
<td>10%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
SCHEDULE 4

Principal Terms and Conditions of Sub-loan Agreements

Each Sub-loan shall be made under the terms and conditions of a Sub-loan Agreement whereby the Borrower or the PFI, as the case may be, shall:

(a) establish the amount of the Sub-loan, together with the interest charged on the principal amount outstanding from time to time and the repayment period, inclusive of grace period, each in accordance with the Operations Manual;

(b) require the MSME to carry out the activities financed out of the proceeds of a Sub-loan with due diligence and efficiency and in accordance with sound technical, economical, financial, managerial, environmental and social standards and practices, including those set forth in the Operations Manual, the EMSF and the Anti-Corruption Guidelines;

(c) require the MSME to: (i) maintain policies and procedures to enable it to monitor and evaluate the progress of the Sub-loan in accordance with indicators acceptable to the Borrower; and (ii) prepare financial statements in accordance with consistently applied accounting standards set forth in the Operations Manual;

(d) require: (i) that the goods, works and services to be financed out of the proceeds of the Sub-loan shall be procured in accordance with the provisions of Section III of Schedule 2 to this Agreement; and (ii) that such goods, works and services shall be exclusively used in the carrying out of the activities financed out of the proceeds of the relevant Sub-Loan;

(e) obtain the right to inspect, by itself or jointly with representatives of the Bank, if the Bank shall so request, such goods and the sites, works, plants and construction included in the activities to be financed out of the proceeds of a Sub-loan, the operation thereof, and any relevant records and documents;

(f) obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the MSME and to the benefits to be derived from the activities financed out of the proceeds of a Sub-loan; and

(g) obtain the right to suspend or terminate the right of the MSME to the use of the proceeds of the Sub-loan, or declare to be immediately due and payable all or any part of the amount of the Sub-loan then withdrawn, upon failure by such MSME to perform any of its obligations under the Sub-loan Agreement.
SCHEDULE 5

Principal Terms and Conditions of the Participation Arrangements

Each Participation Arrangement shall contain provisions pursuant to which each respective PFI shall undertake to:

(a) (i) carry out activities under the Project under a plan of action agreed with the Borrower and in accordance with appropriate technical, economical, financial, managerial, environmental and social standards and practices, including in conformity with: (A) the investment and lending policies and procedures referred to in the Operations Manual; (B) the ESMF; and (C) the Anti-Corruption Guidelines;

(ii) maintain qualified management staff in adequate numbers as required for the purposes of the Project; and

(iii) provide, promptly as needed, the funds, facilities, services and other resources required for such purposes;

(b) (i) make one or more Sub-loans to one or more MSMEs on the terms and conditions set forth in Schedule 4 to this Agreement;

(ii) exercise its rights in relation to each such Sub-loan in such manner as to protect its interests and the interests of the Borrower and the Bank, comply with its obligations under its respective Participation Arrangement, and achieve the purposes of the Project;

(iii) not assign, amend, abrogate or waive any of its agreements providing for a Sub-loan, or any provision thereof, without the prior consent of the Borrower and the Bank; and

(iv) supervise, monitor and report on the activities to be carried out by each MSME in accordance with the provisions of the Operations Manual and the ESMF.

(c) (i) exchange views with, and furnish all such information to, the Borrower and the Bank, as may be reasonably requested by the Borrower and the Bank, with regard to the progress of the activities under the Project, the performance of its obligations under its respective Participation Arrangement, and other matters relating to the purposes of the Project;

(ii) prepare and submit to the Borrower: (A) reports on Sub-loan disbursements in line with the requirements of the interim unaudited financial report format included in the Operations Manual as and when reimbursement claims are made and (B) annual financial performance reports until the Participation Arrangement has ended; and
(iii) promptly inform the Borrower and the Bank of any condition which interferes or threatens to interfere with the progress of its activities under its respective Participation Arrangement.
APPENDIX

Section I. Definitions


2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “ESMF” means the environmental and social management framework for the Project dated December 31, 2014, and disclosed at the Borrower’s website, setting forth the guiding principles, standards and procedures for: (a) the screening of all Project activities and the identification of any adverse or positive social and environmental impacts caused, or expected to be caused, on account of their implementation; and (b) the preparation of their prescribed environmental impact assessments and/or environmental management plans, social impact assessments and social management plans as required; as such framework may be revised, updated or supplemented from time to time with the prior written agreement between the Borrower and the Bank.

5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

6. “Guarantor” means the Republic of India.

7. “MSME” means any micro, small or medium scale enterprise, business or service firm which has met the criteria set forth in the Operations Manual and to which the Borrower or a PFI proposes to make or has made a Sub-loan; and “MSMEs” means, collectively, all such MSMEs.

8. “Operations Manual” means the manual dated January 27, 2015, adopted by the Borrower in a manner satisfactory to the Bank; setting forth the policies, terms, conditions and procedures for Project implementation as such manual may be revised, updated or supplemented from time to time with the prior written agreement between the Borrower and the Bank.

9. “PFI” means any bank, non-bank finance company, venture capital fund, development bank and/or any other financial institution duly registered according to the applicable laws and regulations of the Guarantor, which has met the criteria set forth in the Operations Manual, has entered into a Participation Agreement with the Borrower and to which the Borrower proposes to make or has made, out of the proceeds of the Loan, a loan for purposes of on-lending a Sub-loan; and “PFIs” means, collectively, all such PFIs.
"Participation Arrangement" means an agreement entered into between the Borrower and a PFI pursuant to the terms and conditions set forth in Schedule 5 to this Agreement; and "Participation Arrangements" means, collectively, all such Participation Arrangements.


"Procurement Plan" means the Borrower's procurement plan for the Project dated December 31, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

"Sub-loan" means the extension of debt made or proposed to be made by the Borrower or a PFI to a MSME under a Sub-loan Agreement for purposes of financing all or a portion of the expenditures incurred by a MSME for the cost of goods, works and/or services selected in accordance with the Operations Manual; and "Sub-loans" means, collectively, all such Sub-loans.

"Sub-loan Agreement" means an agreement entered into between the Borrower or a PFI and a MSME pursuant to the terms and conditions set forth in Schedule 4 to this Agreement; and "Sub-loan Agreements" means, collectively, all such Sub-loan Agreements.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. Renumbered paragraph 21 (originally paragraph 20) of the Appendix (“Conversion Date”) is modified to read as follows:

“21. “Conversion Date” means, for a Conversion, the Execution Date or such other date as the Bank shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that if the Loan Agreement provides for automatic Conversions into the Approved Currency upon withdrawal of amounts of the Loan, the Conversion Date shall be the date of withdrawal from the Loan Account of the amount in respect of which the Conversion has been requested.”

6. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

7. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

8. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.