



हिमाचल प्रदेश HIMACHAL PRADESH

06AA 053275

Loan Agreement

"On-Lending Agreement"

Between

Himachal Pradesh Government and H.P. Power Transmission Corporation Limited

This agreement is made at Shimla on this ^{20th} day of April, 2012 between Government of Himachal Pradesh (hereinafter called First Party) of the one part and H.P. Power Transmission Corporation Limited, a State Owned Company formed under the Companies Act, 1956 (hereinafter called the Second Party) and having its registered office at Barowalias House, Khalini, Shimla-171002 which expression shall unless be repugnant to the context and meaning include its successors, administrators and assigns of the other part.

WHEREAS the Government of India is taking a loan of 350 Million U S Dollar from Asian Development Bank in various tranches under Himachal Pradesh Clean Energy Transmission Investment Programme for execution of various Transmission projects covered in Power System Master Plan for

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Himachal Pradesh. Out of the above loan of 350 Million U S Dollar, Tranche-I loan of 113 Million U S Dollar shall fund following four number Transmission Projects:

- i) 22/66/220 kV, (22/66 kV, 2x10 MVA +66/220 kV, 31.5 MVA) GIS sub station at Bhoktoo in Distt. Kinnaur with LILO of one circuit of 220 kV Kashang- Bhaba D/C line.
- ii) 220 kV (Twin MOOSE) D/C line from Hatkoti to planned 220/400 kV sub station at Pragati Nagar in Distt. Shimla.
- iii) 220/400 kV, 315 MVA GIS sub station at Pragati Nagar in Distt. Shimla with LILO of both circuits of 400 kV Jhakri- Abdullapur D/C line of PGCIL.
- iv) 66/220/400 kV GIS sub station (66/220 kV, 2x80/100 MVA+220/400 kV, 2x315 MVA) at Wangtoo in Distt. Kinnaur with LILO of both circuits of 220 kV Kashang- Bhaba and 400 kV Wangtoo- Abdullapur D/C Lines.

AND WHEREAS future Tranches shall fund Transmission Projects in Distt. Kullu, Distt. Kangra & Distt. Mandi (Beas Basin), Distt. Chamba (Ravi Basin), Distt. Kinnaur (Satluj Basin) and Distt. Shimla (Yamuna Basin).

AND WHEREAS the Government of India will further transfer this loan granted by Asian Development Bank to the Government of Himachal Pradesh, which inter alia, shall transfer the same to H.P. Power Transmission Corporation Limited (Second Party) which is designated implementing agency for these Transmission Projects.

NOW THIS AGREEMENT WITNESSTH AS FOLLOWS:

1. The second party will prepare the required documents and file the claims/ requests for release of funds with the concerned agencies in accordance with Government of India guide lines and Asian Development Bank requirements. The second party under this agreement will be responsible for the maintenance of accounts and to file the return/information to Government of India and to Asian Development Bank as required from time to time.
2. The first party agrees to transfer the loan money to the accounts of second party with in 15 days of receipt of the loan amount from the Government of India.
3. The second party hereby agrees that:-
 - i) Rate of Interest shall be 10% per annum for all disbursements.
 - ii) Interest on 10% of the total disbursed amount will start immediately from the date of disbursement which will be payable by second party to the First Party annually.
 - iii) The Second Party will be given a grace period of 5 years in case of interest on the 90% of the total disbursed amount. Interest on this amount will start immediately at the end of 5th year which will be payable annually thereafter.
 - iv) Principal repayment will be made in 15 equal annual installments with a moratorium of 5 years.

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4. The interest will be repaid as due on 15th January of each financial year. The amount of the interest will be calculated on the above rates up to the last day of the preceding month in which the payment is due i.e. 31st December.
5. The second party agrees to supply such information and maintain accounts in such manner as may be desired by the first party and will be subject to audit.
6. The transactions under this agreement shall be in Indian Rupees only. The first party agrees and undertakes to further make repayment of loan to Government of India/ Asian Development Bank and second party will have no responsibility towards this.

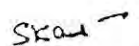
This agreement is being executed in duplicate and original will remain with first party and duplicate copy with second party.

IN WITNESS WHEREOF, the parties aforementioned have executed this agreement on the date and year first above mentioned.

Witness:


(Ar. S. K. Gadh)
Advisor Planning
Go. H.P.

Signed By



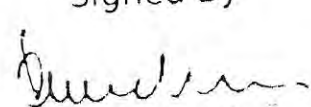
(Dr. Srikant Baldi)
Principal Secretary (Finance) to
the Govt. of Himachal Pradesh

For and on behalf of
Govt. of Himachal Pradesh
(First Party)

Witness:


(U. K. K. Adh)
Director CP&C
HPPTCL.

Signed By


(Sh. Jagdish Chander Sharma)
Managing Director
HPPTCL, Shimla
Authorized signatory
(Second Party)

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LOAN NUMBER 2794-IND

LOAN AGREEMENT
(Ordinary Operations)

(Himachal Pradesh Clean Energy Transmission Investment Program – Project 1)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 15 DECEMBER 2011

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IND 43464

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 15 December 2011 between INDIA, acting by its President ("Borrower"), and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 17 August 2011 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Himachal Pradesh Clean Energy Transmission Investment Program;

(B) by a periodic financing request dated 17 August 2011, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Project will be carried out by the State of Himachal Pradesh ("State"), acting through H.P. Power Transmission Corporation Limited ("HPPTCL"), and for this purpose the Borrower will make available to the State the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB, the State and HPPTCL;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall

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remain fixed for the term of the Loan. ADB shall apply the amount of the credit against the interest payable by the Borrower.

- (b) Section 3.06 is deleted and the following is substituted therefor:

(a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

- (c) Section 3.07 is deleted and the following is substituted therefor:

(a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

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(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2010, as amended from time to time);

(b) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;

(c) "D/C" means double circuit;

(d) "Environmental Assessment and Review Framework" or "EARF" means the environmental assessment and review framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(e) "Environmental Management Plan" or "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;

(f) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(g) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;

(h) "FAM" means the Facility administration manual dated 17 August 2011 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(i) "FFA" means the framework financing agreement dated 17 August 2011 between ADB and the Borrower with respect to the Facility;

(j) "GIS" means gas-insulated switchgear;

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(k) "Goods" means equipment and materials, including for electrical works, to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(l) "HPERC" means the Himachal Pradesh Electricity Regulatory Commission, or any legal successor thereto;

(m) "HPPTCL" means H.P. Power Transmission Corporation Limited, established under the Borrower's Companies Act, 1956, or any legal successor thereto acceptable to ADB;

(n) "Indigenous Peoples Plan" or "IPP" means an indigenous peoples plan for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the IPPF and cleared by ADB;

(o) "Indigenous Peoples Planning Framework" or "IPPF" means the indigenous peoples planning framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(p) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(q) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and cleared by ADB;

(r) "Investment Program" means the Himachal Pradesh Clean Energy Transmission Investment Program;

(s) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(t) "kV" means kilovolt;

(u) "LILO" means loop-in loop-out;

(v) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2007, as amended from time to time);

(w) "Onlending Agreement" means the onlending agreement to be entered into between the State and HPPTCL as referred to in Section 3.01(b) of this Loan Agreement;

(x) "PFR" means the periodic financing request submitted or to be submitted by the Borrower for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the periodic financing request dated 17 August 2011;

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(y) "PMU" means the project management unit established within HPPTCL for the purposes of the Investment Program;

(z) "Procurement Guidelines" means ADB's Procurement Guidelines (2010, as amended from time to time);

(aa) "Procurement Plan" means the procurement plan for the Project dated 17 August 2011 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(bb) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means the State and HPPTCL or, in each case, any legal successor thereto acceptable to ADB;

(cc) "Project facilities" means the substations, transmission lines and other facilities to be constructed under the Investment Program;

(dd) "Resettlement Framework" or "RF" means the resettlement framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(ee) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower pursuant to the requirements set forth in the RF and cleared by ADB;

(ff) "Rupee" means the lawful currency of the Borrower;

(gg) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(hh) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of, and compliance with, the EMP, the RP and the IPP (as applicable), including any corrective and preventative actions;

(ii) "State" means the State of Himachal Pradesh;

(jj) "Subproject" means each and any of the subprojects described in paragraph 2 of Schedule 1 to this Loan Agreement; and

(kk) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including project related services such as auxiliary services rendered under the contracts to perform works such as survey and investigation, that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

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ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred thirteen million Dollars (\$113,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations, less a credit of 0.20% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 March and 15 September in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (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, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating 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 said Floating Rate.

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(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall make the proceeds of the Loan available to the State upon terms and conditions mutually agreeable to ADB and the Borrower.

(b) Subject to the provisions of the FFA, the Borrower shall cause the State to make the proceeds of the Loan available to HPPTCL under an Onlending Agreement on terms and conditions mutually acceptable to ADB. The Borrower shall submit, or cause the State to submit, the Onlending Agreement to ADB within one month from the Effective Date.

(c) The Borrower shall cause the State and HPPTCL to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2018 or such other date as may from time to time be agreed between the Borrower and ADB.

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ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall make available, or cause to be made available, promptly as needed, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.05. The Borrower shall take all actions which shall be necessary on its part to enable the State and HPPTCL to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.06. (a) In relation to the Project, the Borrower shall exercise its rights under the financing arrangements with the State pursuant to Section 3.01 of this Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) In relation to the Project, no rights or obligations under such financing arrangements shall be assigned, amended, abrogated or waived without the prior notice of ADB.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Secretary, Additional Secretary, Joint Secretary, Director or Deputy Secretary in the Department of the Economic Affairs, Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

The Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi – 110001
India

Facsimile Number:

(9111) 2309-2024.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2338.

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IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

INDIA

By



VENU RAJAMONY
Joint Secretary (MI)

Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By



HUN KIM
Country Director
India Resident Mission

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SCHEDULE 1

Description of the Project

1. The objective of the Investment Program and the Project is to provide HPPTCL with sufficient assets and capacity to support its mandate as the State's transmission utility company.
2. The Project shall comprise:
 - (a) the creation of new transmission systems assets in the State as follows:
 - (i) 66/220/400 kV GIS substation at Wangtoo, District Kinnaur, and connecting 400 kV D/C transmission line i.e., LILO, from Wangtoo to Abdullahpur;
 - (ii) 220/400 kV GIS substation near Pragati Nagar, District Shimla, plus connection line by LILO of 400 kV D/C line from Jhakri to Abdullahpur;
 - (iii) 66/220 kV GIS substation at Bhoktoo, District Kinnaur, plus connection line by LILO of 220 kV D/C line from Kashang to Bhaba;
 - (iv) about 28 kilometers transmission line (220 kV D/C line) from Hatkoti to Pragati Nagar, District Shimla; and
 - (b) capacity development of HPPTCL through:
 - (i) development and installation of an enterprise resource planning system;
 - (ii) procurement of miscellaneous computer and engineering design equipment; and
 - (iii) staff training on the use of these systems and equipment.

all as more fully described in the PFR.
3. HPPTCL will engage Consulting Services for the capacity development activities. The Project is expected to be completed by 31 December 2017.

SCHEDULE 2

Amortization Schedule

(Himachal Pradesh Clean Energy Transmission Investment Program – Project 1)

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 shall 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 ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Date Payment Due</u>	<u>Installment Share (Expressed as a % based on 10% annuity)</u>
15 March 2017	0.827816
15 September 2017	0.869207
15 March 2018	0.912667
15 September 2018	0.958301
15 March 2019	1.006216
15 September 2019	1.056526
15 March 2020	1.109353
15 September 2020	1.164820
15 March 2021	1.223061
15 September 2021	1.284214
15 March 2022	1.348425
15 September 2022	1.415846
15 March 2023	1.486639
15 September 2023	1.560971
15 March 2024	1.639019
15 September 2024	1.720970
15 March 2025	1.807019
15 September 2025	1.897369
15 March 2026	1.992238
15 September 2026	2.091850
15 March 2027	2.196442
15 September 2027	2.306264
15 March 2028	2.421578
15 September 2028	2.542657

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<u>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a % based on 10% annuity)
15 March 2029	2.669789
15 September 2029	2.803279
15 March 2030	2.943443
15 September 2030	3.090615
15 March 2031	3.245146
15 September 2031	3.407403
15 March 2032	3.577773
15 September 2032	3.756662
15 March 2033	3.944495
15 September 2033	4.141720
15 March 2034	4.348806
15 September 2034	4.566246
15 March 2035	4.794558
15 September 2035	5.034286
15 March 2036	5.286000
15 September 2036	<u>5.550311</u>
Total	100.000000

2. If the proceeds of the Loan shall not 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 as follows:

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

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

3. Withdrawals made 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.

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

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be 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.

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SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table).

Percentages of ADB Financing

2. Except as ADB may otherwise agree, each item of expenditure shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with and by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with and by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Imprest Accounts and Statement of Expenditures

5. Except as ADB may otherwise agree, the Borrower may establish, and cause to be established, immediately after the Effective Date, (i) a first generation imprest account at the Reserve Bank of India, and (ii) a second generation imprest account for HPPTCL at a commercial bank acceptable to ADB (collectively, imprest accounts). The imprest accounts shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The imprest accounts shall only be used for the purposes of the Project. The currency of the first generation imprest account shall be the Dollar, and the currency of the

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second generation imprest accounts shall be the Rupee. The aggregate amount to be deposited into the imprest accounts shall not exceed the lower of (i) the estimated expenditure to be financed from the imprest accounts for the first 6 months of Project implementation, or (ii) the equivalent of 10% of the Loan amount.

(b) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the statement of expenditures procedure shall not exceed the equivalent of \$100,000.

Retroactive Financing

6. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement, subject to a maximum amount equivalent to 20% of the Loan amount.

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TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Himachal Pradesh Clean Energy Transmission Investment Program – Project 1)			
CATEGORY			ADB FINANCING
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Percentage and Basis for Withdrawal from the Loan Account
1	Equipment	112,550,000	100% of total expenditure claimed
2	Consulting Services	200,000	100% of total expenditure claimed
3	Institutional Development and Strengthening	250,000	100% of total expenditure claimed
	Total	113,000,000	

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SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:
 - (a) International Competitive Bidding;
 - (b) National Competitive Bidding; and
 - (c) Shopping.
4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

National Competitive Bidding

5. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's and the State's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of Contract

6. HPPTCL shall not award any Works contract for a Subproject which involves environmental impacts until HPPTCL has incorporated the relevant provisions from the EMP into the Works contract.
7. HPPTCL shall not award any Works contract involving involuntary resettlement impacts for a Subproject until the Borrower has prepared and submitted to ADB the final RP based on the Subproject's detailed design, and obtained ADB's clearance of such RP.

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Consulting Services

8. Except as ADB may otherwise agree, and except as set forth in the paragraph below, HPPTCL shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

9. HPPTCL shall recruit the individual consultants for project planning, project implementation, financial management and enterprise resource planning system design in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

10. (a) HPPTCL shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) HPPTCL shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

11. HPPTCL shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

12. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

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SCHEDULE 5

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower shall cause the State and HPPTCL to ensure that the Project is implemented in accordance with the detailed arrangements set forth in the FAM and the provisions of the FFA and this Loan Agreement. Any subsequent change to the FAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the FAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.
2. The State and HPPTCL shall ensure that the PMU employs sufficient staff for the duration of the Project with adequate and relevant expertise in the field of project management, financial management, engineering, construction supervision, procurement, equipment inspection and testing, and environmental and social safeguards implementation. The State and HPPTCL shall keep the PMU equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the Project. The State and HPPTCL shall endeavour to assign the same persons to key positions in the PMU for the entire duration of the Project.

Counterpart Support; Onlending Agreement

3. The State and HPPTCL shall provide all counterpart funds, land and facilities required for timely and effective implementation of the Project, including, without limitation, any funds required to meet additional costs arising from design changes, price escalation in construction costs and/or unforeseen circumstances.
4. The State and HPPTCL shall ensure that the Onlending Agreement, in form and substance mutually acceptable to the Borrower and ADB, is submitted to ADB within one month from the Effective Date.

Selection Criteria and Approval Process for Subprojects

5. The State and HPPTCL shall ensure that all Subprojects are selected and approved in accordance with the selection criteria and approval process stipulated in Schedule 4 to the FFA.
6. The State and HPPTCL shall ensure that all documents forming the basis for screening, selection and processing of Subprojects are made available to ADB upon request and are kept available for such purposes for a minimum period of five years from the date of the project completion report for the Project.

Environment

7. The State and HPPTCL shall ensure that the preparation, design, construction, implementation, operation and decommissioning of each Subproject comply with (a) all applicable laws and regulations of the Borrower relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and

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requirements set forth in the IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

8. The State shall ensure or cause HPPTCL to ensure that all land and all rights-of-way required for each Subproject are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF; and (d) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

9. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RP, the State and HPPTCL shall ensure that no physical or economic displacement takes place in connection with the Subprojects until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Indigenous Peoples

10. The State and HPPTCL shall ensure that the Project does not have any impact on indigenous peoples within the meaning of the Safeguard Policy Statement. In the event that the Project does have any such impact, the State shall ensure or cause HPPTCL to ensure that the preparation, design, construction, implementation and operation of the relevant Subproject(s) comply with (a) all applicable laws and regulations of the Borrower and the State relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; (c) the IPPF; and (d) all measures and requirements set forth in the relevant IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

11. The State and HPPTCL shall make available necessary budgetary and human resources to fully implement the EMP, the RP and any IPP.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

12. The State and HPPTCL shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures and requirements relevant to the contractor set forth in the IEE, the EMP, the RP and any IPP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;

- (b) make available a budget for all such environmental and social measures;
- (c) provide HPPTCL with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP or any IPP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

13. The State and HPPTCL shall do the following:
- (a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
 - (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP or any IPP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
 - (c) report any breach of compliance with the measures and requirements set forth in the EMP, the RP or any IPP promptly after becoming aware of the breach.

Prohibited List of Investments

14. The Borrower, the State and HPPTCL shall ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards

15. The Borrower shall ensure or cause the State and HPPTCL to ensure that Works contracts follow all applicable labor laws of the Borrower and the State and that these further include provisions to the effect that contractors (i) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during

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construction; (ii) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions; and (iii) maximize employment of women and local poor and disadvantaged persons for construction purposes, provided that the requirements for efficiency are adequately met. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

Tariff

16. HPPTCL shall submit to HPERC tariff applications for each Subproject in a timely manner prior to commercial operation of the Subproject. HPPTCL will promptly cause to be delivered all documentation reasonably requested by the competent regulatory State authorities so as to ensure a prompt decision by HPERC on the applicable tariff rates.

Implementation of capacity development recommendations

17. HPPTCL shall analyze the recommendations made by consultants under the capacity development component of the Project for adoption of suitable management information systems, and agree with ADB on implementation in accordance with a time-bound action plan that ensures that the relevant outputs are achieved within the Project implementation period.

Organizational Matters

18. In relation to the Project, no later than 31 December 2013, HPPTCL shall have recruited and engaged (i) key personnel for its finance department, including a deputy general manager and three additional staff with adequate qualifications, preferably as chartered accountant, master in business administration specializing in finance, or costs and works accountant; and (ii) staff required to meet substantially all its other staffing requirements as laid down in its organization chart and staffing plan, as updated from time to time in consultation with ADB.

19. Subject to HPPTCL's recruitment and promotion rules, HPPTCL shall generally recruit all personnel on a competitive and transparent basis through open advertisements in the relevant printed media and on their websites.

Debt service coverage ratio

20. Unless otherwise required by the HPERC, from January 2017 onwards HPPTCL shall maintain a debt-service coverage ratio of 1.2. For the purposes of this provision, the term "debt" means any indebtedness maturing by its terms more than one year after the date on which it is originally incurred.

Sector policies

21. The Borrower and the State shall remain committed to, and monitor and enforce, the implementation of the Electricity Act, 2003, the National Electricity Policy, 2005 and the Himachal Pradesh Hydropower Policy, 2006.

22. By no later than December 2012, the Borrower, the State and its power sector entities shall develop a time-bound action plan to complete unbundling of the State's power sector utilities in accordance with the Electricity Act, 2003.

Governance and Anticorruption

23. The Borrower, the State and HPPTCL shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

24. HPPTCL shall announce the Project and business opportunities associated with the Project on its website. In addition, the website shall at least disclose the following information in relation to Consulting Services, Works and Goods procured for the Project: (i) the list of participating bidders, (ii) the name of the winning bidder, (iii) the amount of the contracts awarded, and (iv) the goods and services procured.

25. HPPTCL, through the PMU and through independent auditors, shall conduct periodic inspections and random spot checks of contractors' activities related to fund withdrawals and settlements.

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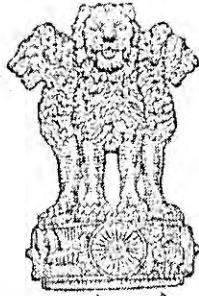
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हिमाचल प्रदेश HIMACHAL PRADESH

A 507910

Loan Agreement

"On-Lending Agreement"

Between

Himachal Pradesh Government and H.P. Power Transmission Corporation Limited

This agreement is made at Shimla on this 3rd day of December, 2014 between Government of Himachal Pradesh (hereinafter called First Party) of the one part and H.P. Power Transmission Corporation Limited, a State Owned Company formed under the Companies Act, 1956 (hereinafter called the Second Party) and having its registered office at Barowalias House, Khalini, Shimla-171002 which expression shall unless be repugnant to the context and meaning include its successors, administrators and assigns of the other part.

WHEREAS the Government of India is taking a loan of 350 Million U S Dollar from Asian Development Bank in various tranches under Himachal Pradesh Clean Energy Transmission Investment Programme for execution of various Transmission projects covered in Power System Master Plan for

[Signature]
3/12/2014

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Himachal Pradesh. Out of the above loan of 350 Million U S Dollar, Tranche-II loan of 110 Million U S Dollar shall fund following fourteen number Transmission Projects:

- 1 66 kV GIS Switching station at Urni in Distt. Kinnaur
- 2 66 kV D/C Line from 66 kV Switching station at Urni to Wangtoo Sub station in Distt. Kinnaur.
- 3 33/220 kV, 50/63 MVA GIS P.S at Lahal in Distt. Chamba.
- 4 220 kV Lahal- Budhil S/C line on D/C Towers in Distt. Chamba
- 5 220 kV GIS Switching Station at Hatkoti in Distt. Shimla.
- 6 220 kV D/C (Twin MOOSE) Transmission Line from Sunda to Hatkoti in Distt. Shimla.
- 7 132/220 kV, 2x100 MVA GIS Pooling Station at Sunda in Distt. Shimla.
- 8 33/132 kV, 2x25/31.5 MVA GIS sub station at Chambi (Shahpur) in Distt. Kangra.
- 9 LILO of 132 kV Kangra- Dehra S/C Line in Distt. Kangra.
- 10 33/132 kV, 31.5 MVA GIS sub station at Pandoh+LILO of one circuit of 132 kV Bajaura- Kangoo D/C Line in Distt. Mandi.
- 11 220 kV D/C line (Twin MOOSE) from Charor to 400/220 kV Banala sub station of PGCIL in Distt. Kullu.
- 12 33/132 kV, 2x25/31.5 MVA GIS Sub Station at Barsaini in Distt. Kullu.
- 13 132 kV D/C line from Barsaini to 132/220 kV sub station at Charor in Distt. Kullu.
- 14 132/220 kV, 100 MVA GIS sub station at Charor in Distt. Kullu.

AND WHEREAS future Tranches shall fund Transmission Projects in Distt. Kullu (Satluj basin), Distt. Chamba (Ravi Basin), Distt. Kangra (Beas basin) and Distt. Shimla (Yamuna Basin).

AND WHEREAS the Government of India will further transfer this loan granted by Asian Development Bank to the Government of Himachal Pradesh, which interalia, shall transfer the same to H.P. Power Transmission Corporation Limited (Second Party) which is designated implementing agency for these Transmission Projects.

NOW THIS AGREEMENT WITNESSTH AS FOLLOWS:

1. The second party will prepare the required documents and file the claims/ requests for release of funds with the concerned agencies in accordance with Government of India guide lines and Asian Development Bank requirements. The second party under this agreement will be responsible for the maintenance of accounts and to file the return/information to Government of India and to Asian Development Bank as required from time to time.
2. The first party agrees to transfer the loan money to the accounts of second party with in 15 days of receipt of the loan amount from the Government of India.

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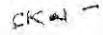
3. The second party hereby agrees that:-

- i) Rate of Interest shall be 10% per annum for all disbursements.
 - ii) Interest on 10% of the total disbursed amount will start immediately from the date of disbursement which will be payable by second party to the First Party annually.
 - iii) The Second Party will be given a grace period of 5 years in case of interest on the 90% of the total disbursed amount. Interest on this amount will start immediately at the end of 5th year which will be payable annually thereafter.
 - iv) Principal repayment will be made in 15 equal annual installments with a moratorium of 5 years.
4. The interest will be repaid as due on 15th January of each financial year. The amount of the interest will be calculated on the above rates up to the last day of the preceding month in which the payment is due i.e. 31st December.
5. The second party agrees to supply such information and maintain accounts in such manner as may be desired by the first party and will be subject to audit.
6. The transactions under this agreement shall be in Indian Rupees only.

This agreement is being executed in duplicate and original will remain with first party and duplicate copy with second party.

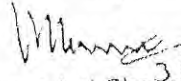
IN WITNESS WHEREOF, the parties aforementioned have executed this agreement on the date and year first above mentioned.

Witness:
1) Akshay Sood
Director Public Finance
& Spl Secy (Fin).

Signed By

(Dr. Shrikant Baldi)
Principal Secretary (Finance) to
the Govt. of Himachal Pradesh

For and on behalf of
Govt. of Himachal Pradesh
(First Party)

Witness:
2) SK Sharma
DIRECTOR (PFC)
HPPTCL SHIMLA.

Signed By

(Sh. Sham Lal Sharma) 3/12/2014
Managing Director
HPPTCL, Shimla
Authorized signatory
(Second Party)

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LOAN NUMBER 3001-IND

LOAN AGREEMENT
(Ordinary Operations)

(Himachal Pradesh Clean Energy Transmission Investment Program – Project 2)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 29 SEPTEMBER 2014

IND 43464

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**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 29 September 2014 between INDIA, acting by its President ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 17 August 2011 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Himachal Pradesh Clean Energy Transmission Investment Program;

(B) by a periodic financing request dated 5 December 2012, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Project will be carried out by the State of Himachal Pradesh (the "State") acting through H.P. Power Transmission Corporation Limited ("HPPTCL"), and for this purpose (i) the Borrower will make the proceeds of the loan provided for herein available to the State, and (ii) the State will make the proceeds of the Loan available to HPPTCL, upon terms and conditions mutually acceptable to ADB and the State; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB, the State and HPPTCL.

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

- (a) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit; Maturity Premium.

- (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

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(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

(c) The Borrower shall pay a maturity premium at the rate specified in the Loan Agreement, which maturity premium shall remain fixed for the term of the Loan. ADB shall add the maturity premium to the interest payable by the Borrower.

(b) Section 3.06 is deleted and the following is substituted therefor:

Rebate. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(c) Section 3.07 is deleted and the following is substituted therefor:

Surcharge. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum),

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by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2010, as amended from time to time);

(b) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;

(c) "D/C" means double circuit;

(d) "Environmental Assessment and Review Framework" or "EARF" means the environmental assessment and review framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(e) "Environmental Management Plan" or "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;

(f) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(g) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;

(h) "FAM" means the facility administration manual dated 17 August 2011 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

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(i) "FFA" means the framework financing agreement dated 17 August 2011 between ADB and the Borrower with respect to the Facility;

(j) "Financing Arrangements" means the arrangements between the Borrower and the State as per current policy of the Borrower, and acceptable to ADB;

(k) "GIS" means gas-insulated switchgear;

(l) "Goods" means equipment and materials, including for electrical works, to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(m) "HPERC" means the Himachal Pradesh Electricity Regulatory Commission, or any legal successor thereto;

(n) "HPPTCL" means H.P. Power Transmission Corporation Limited, established under the Borrower's Companies Act, 1956, or any legal successor thereto acceptable to ADB;

(o) "Indigenous Peoples Plan" or "IPP" means an indigenous peoples plan for the Project, including any update thereto, pursuant to the requirements set forth in the IPPF;

(p) "Indigenous Peoples Planning Framework" or "IPPF" means the indigenous peoples planning framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(q) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS.

(r) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, pursuant to the requirements set forth in the EARF;

(s) "Investment Program" means the Himachal Pradesh Clean Energy Transmission Investment Program;

(t) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(u) "kV" means kilovolt;

(v) "LILO" means loop-in loop-out;

(w) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2012, as amended from time to time);

(x) "MVA" means megavolt-ampere;

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(y) "Onlending Agreement" means the onlending agreement to be entered into between the State and HPPTCL as referred to in Section 3.01(b) of this Loan Agreement;

(z) "PAM" means the project administration manual for the Project dated 21 February 2013 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(aa) "PFR" means the periodic financing request submitted or to be submitted by the Borrower for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the periodic financing request dated 5 December 2012;

(bb) "PMU" means the project management unit established within HPPTCL for the purposes of the Investment Program;

(cc) "Procurement Guidelines" means ADB's Procurement Guidelines (2010, as amended from time to time);

(dd) "Procurement Plan" means the procurement plan for the Project dated 21 February 2013 and agreed between the Borrower, the Project Executing Agency, and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(ee) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means the State and HPPTCL or, in each case, any legal successor thereto acceptable to ADB;

(ff) "Project facilities" means the substations, transmission lines and other facilities to be constructed under the Investment Program;

(gg) "Resettlement Framework" or "RF" means the resettlement framework for the Investment Program, including any update thereto, agreed between the Borrower and ADB and incorporated by reference in the FFA;

(hh) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, pursuant to the requirements set forth in the RF;

(ii) "Rupee" means the lawful currency of the Borrower;

(jj) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(kk) "Safeguards Monitoring Report" means each report submitted to ADB that describes progress with implementation of, and compliance with, the EMP, the RP and an IPP (as applicable), including any corrective and preventative actions;

(ll) "State" means the State of Himachal Pradesh;

(mm) "Subproject" means each and any of the subprojects described in paragraph 2 of Schedule 1 to this Loan Agreement; and

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(nn) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including project related services such as auxiliary services rendered under the contracts to perform works such as survey and investigation, that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred ten million Dollars (\$110,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 years and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.20% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.20% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 September and 1 March in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

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Section 2.06. (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, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa, and
- (iii) the setting of limits on the Floating 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 said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall make the proceeds of the Loan available to the State upon terms and conditions mutually agreeable to ADB and the Borrower.

(b) The Borrower shall cause the State to make the proceeds of the Loan available to HPPTCL under an Onlending Agreement on terms and conditions mutually acceptable to ADB and the Borrower. The Borrower shall submit, or cause the State to submit, the Onlending Agreement to ADB within one month from the Effective Date.

(c) The Borrower shall cause the State and HPPTCL to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured by the State/Project Executing Agency, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where any

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such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause, or cause the State/Project Executing Agency, to cause that all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2018 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause, or cause the State/Project Executing Agency to carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed by the State/Project Executing Agency, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement

Section 4.02. The Borrower shall make available, or cause to be made available by the State/Project Executing Agency, promptly as needed, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower shall ensure that the activities of its departments and agencies, or that of the State/Project Executing Agency, with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

Section 4.05. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.06. The Borrower shall ensure or cause the State/Project Executing Agency to ensure that any facilities relevant to the Project are operated, maintained and repaired in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

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Section 4.07. In so far as it relates to the Project, the Borrower shall take all actions which shall be necessary on its part to enable the State and HPPTCL to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.08. (a) In relation to the Project, the Borrower shall exercise its rights under the financing arrangements with the State pursuant to Section 3.01 of this Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) In relation to the Project, no rights or obligations under such financing arrangements shall be assigned, amended, abrogated or waived without the prior notice of ADB.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Secretary, Additional Secretary, Joint Secretary, Director or Deputy Secretary in the Department of the Economic Affairs, Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

The Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi – 110001
India

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Facsimile Number:

(+91 11) 2309-2024.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(+63 2) 636-2444

(+63 2) 636-2338.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

INDIA

By



TARUN BAJAJ

Joint Secretary (MI)

Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By



M. TERESA KHO

Country Director

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SCHEDULE 1

Description of the Project

1. The objective of the Investment Program is to provide HPPTCL with sufficient assets and capacity to support its mandate as the State's transmission utility company. As part of the Investment Program, the objective of the Project is to improve the capacity of HPPTCL to transmit hydropower generation sources to within and outside of the State, and manage its operations.

2. The Project shall comprise:

Creation of new transmission system assets

(a) the construction of new transmission lines in the State, as follows:

- (i) a 33 kV D/C line from the 33 kV Palchan switching station to the 33/220 kV substation in the yard of Allain Dhuangan Hydro Electric Project;
- (ii) a 66 kV D/C line from the 66 kV switching station at Urni to the Wangtoo substation;
- (iii) a 220 kV S/C line on D/C towers from the 33/220 kV Lahal substation up to the 220 kV in the yard of Budhil Hydro Electric Project;
- (iv) a 220 kV D/C line from Sunda to Hatkoti;
- (v) a 220 kV D/C line from Charor to the 400/220 kV Banala substation; and
- (vi) a 132 kV D/C line from Barsaini to Charor.

(b) the construction of new substations, as follows:

- (i) 33 kV GIS switching station at Palchan;
- (ii) a 66 kV GIS switching station at Urni;
- (iii) a 33/220 kV, 50/63 MVA GIS pooling station at Lahal;
- (iv) a 220 kV GIS switching station at Hatkoti;
- (v) a 132/220 kV, 2x100 MVA GIS pooling station at Sunda;
- (vi) a 33/132, 2x25/31.5 MVA GIS substation at Chambi (Shahpur) with a LILO point of the 132 kV Kangra-Dehra single circuit line;
- (vii) a 33/132 kV station at Pandoh with a LILO of one circuit of the 132 kV Bajaura-Kangoo D/C line;
- (viii) a 33/132 kV, 1x31.5 MVA GIS station at Barsaini;
- (ix) a 132/220 kV, 1x80/100 MVA GIS station at Charor; and
- (x) auxiliary facilities and buildings for the above-mentioned substations and for substations financed under Project 1 of the Investment Program.

Information technology infrastructure

(c) procurement of computer hardware and other system infrastructure equipment, and installation of the second phase of the enterprise resource planning system; and

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HPPTCL capacity development

- (d) project implementation support and training of HPPTCL personnel in project management and transmission utility operations;

all as more fully described in the PFR.

3. HPPTCL will engage Consulting Services for the capacity development activities. The Project is expected to be completed by 31 December 2017.

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SCHEDULE 2

Amortization Schedule

(Himachal Pradesh Clean Energy Transmission Investment Program – Project 2)

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 shall 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 ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Date Payment Due	Installment Share (Expressed as a % based on 10% annuity)
1 September 2018	0.827816
1 March 2019	0.869207
1 September 2019	0.912667
1 March 2020	0.958301
1 September 2020	1.006216
1 March 2021	1.056526
1 September 2021	1.109353
1 March 2022	1.164820
1 September 2022	1.223061
1 March 2023	1.284214
1 September 2023	1.348425
1 March 2024	1.415846
1 September 2024	1.486639
1 March 2025	1.560971
1 September 2025	1.639019
1 March 2026	1.720970
1 September 2026	1.807019
1 March 2027	1.897369
1 September 2027	1.992238
1 March 2028	2.091850
1 September 2028	2.196442
1 March 2029	2.306264
1 September 2029	2.421578
1 March 2030	2.542657
1 September 2030	2.669789
1 March 2031	2.803279
1 September 2031	2.943443
1 March 2032	3.090615
1 September 2032	3.245146
1 March 2033	3.407403
1 September 2033	3.577773
1 March 2034	3.756662
1 September 2034	3.944495

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Schedule 2

Date Payment Due	Installment Share (Expressed as a % based on 10% annuity)
1 March 2035	4.141720
1 September 2035	4.348806
1 March 2036	4.566246
1 September 2036	4.794558
1 March 2037	5.034286
1 September 2037	5.286000
1 March 2038	5.550311
Total	100.000000

2. If the proceeds of the Loan shall not 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 as follows:

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

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

3. Withdrawals made 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.

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

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule

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shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

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SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table).

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with and by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with and by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

5. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement, subject to a maximum amount equivalent to 20% of the Loan amount.

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TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Himachal Pradesh Clean Energy Transmission Investment Program – Project 2)			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
		Category	
1	Equipment - Transmission Systems	95,813,800	100% of total expenditure claimed
2	Equipment - Information Technology	2,340,000	100% of total expenditure claimed
3	Consulting Services - Project Implementation Support	800,000	100% of total expenditure claimed
4	Institutional Development and Strengthening	250,000	100% of total expenditure claimed
5	Unallocated	10,796,200	
	Total	110,000,000	

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SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

- (a) International Competitive Bidding;
- (b) National Competitive Bidding; and
- (c) Shopping.

4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

National Competitive Bidding

5. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's and State's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of Contract

6. The Borrower shall ensure or cause the State to ensure that HPPTCL shall not award any Works contract for a Subproject which involves environmental impacts until HPPTCL (i) has prepared and submitted to ADB the final IEE and EMP based on the Subproject's detailed design, (ii) obtained ADB's clearance of such IEE and EMP; and (iii) has incorporated the relevant provisions from the EMP into the Works contract.
7. The Borrower shall ensure or cause the State to ensure that HPPTCL shall not award any Works contract involving involuntary resettlement impacts for a Subproject until the Borrower has prepared and submitted to ADB the final RP based on the Subproject's detailed design, and obtained ADB's clearance of such RP.

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Consulting Services

8. Except as ADB may otherwise agree, and except as set forth in the paragraph below, the State and HPPTCL shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

9. The State and HPPTCL shall recruit individual consultants for the specific Consulting Services set out in the Procurement Plan in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

10. (a) The State and HPPTCL shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The State and HPPTCL shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

11. The State and HPPTCL shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

12. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

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SCHEDULE 5

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower shall cause the State and HPPTCL to ensure that the Project is implemented in accordance with the detailed arrangements set forth in the FAM, the PAM and this Loan Agreement. Any subsequent change to the FAM or the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the FAM, the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

2. The State and HPPTCL shall ensure that the PMU employs sufficient staff for the duration of the Project with adequate and relevant expertise in the field of project management, financial management, engineering, construction supervision, procurement, equipment inspection and testing, and environmental and social safeguards implementation. The State and HPPTCL shall keep the PMU equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the Project. The State and HPPTCL shall endeavour to assign the same persons to key positions in the PMU for the entire duration of the Project.

Counterpart Support; Onlending Agreement

3. The State and HPPTCL shall provide all counterpart funds, land and facilities required for timely and effective implementation of the Project, including, without limitation any funds required to meet additional costs arising from design changes, price escalation in construction costs and/or unforeseen circumstances that cannot be met from the contingencies included in the financing plan for the Project.

4. The State and HPPTCL shall ensure that the Onlending Agreement, in form and substance mutually acceptable to the Borrower and ADB, is submitted to ADB within one month from the Effective Date.

Selection Criteria and Approval Process for Subprojects

5. The State and HPPTCL shall ensure that all Subprojects are selected and approved in accordance with the selection criteria and approval process stipulated in Schedule 4 to the FFA.

6. The State and HPPTCL shall ensure that all documents forming the basis for screening, selection and processing of Subprojects are made available to ADB upon request and are kept available for such purposes for a minimum period of five years from the date of the project completion report for the Project.

Environment

7. The Borrower shall ensure or cause the State and HPPTCL to ensure that the preparation, design, construction, implementation, operation and decommissioning of each Subproject comply with (a) all applicable laws and regulations of the Borrower and the State

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Schedule 5

relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

8. The Borrower shall ensure or cause the State and HPPTCL to ensure that all land and all rights-of-way required for each Subproject are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower and the State relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF; and (d) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

9. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RP, the Borrower shall ensure or cause the State and HPPTCL to ensure that no physical or economic displacement takes place in connection with the Subprojects until

- (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP, in the unforeseen event that a loss of livelihoods occurs.

Indigenous Peoples

10. The Borrower shall ensure or cause the State and HPPTCL to ensure that the Project does not have any impact on indigenous peoples within the meaning of the Safeguard Policy Statement. In the event that the Project does have any such impact, the Borrower shall ensure or cause the State and HPPTCL to ensure that the preparation, design, construction, implementation and operation of the relevant Subproject(s) comply with (a) all applicable laws and regulations of the Borrower and the State relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; (c) the IPPF; and (d) all measures and requirements set forth in the relevant IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

11. The Borrower shall ensure or cause the State and HPPTCL to ensure that all necessary budgetary and human resources to fully implement the EMP, the RP and any IPP as required, are made available.

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Safeguards – Related Provisions in Bidding Documents and Works Contracts

12. The Borrower shall ensure or cause the State and HPPTCL to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures and requirements relevant to the contractor set forth in the IEE, the EMP, the RP and any IPP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide HPPTCL with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP or any IPP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

13. The Borrower shall ensure or cause the State and HPPTCL to ensure the following:

- (a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP or any IPP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any breach of compliance with the measures and requirements set forth in the EMP, the RP or any IPP promptly after becoming aware of the breach.

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Prohibited List of Investments

14. The Borrower shall ensure or cause the State and HPPTCL to ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Labor Standards

15. The Borrower shall ensure or cause the State and HPPTCL to ensure that Works contracts follow all applicable labor laws of the Borrower and the State and that these further include provisions to the effect that contractors (i) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; (ii) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions; and (iii) maximize employment of women and local poor and disadvantaged persons for construction purposes, provided that the requirements for efficiency are adequately met. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

Tariff

16. HPPTCL shall submit to HPERC tariff applications for each Subproject in a timely manner prior to commercial operation of the Subproject. HPPTCL will promptly cause to be delivered all documentation reasonably requested by the competent regulatory State authorities so as to ensure a prompt decision by HPERC on the applicable tariff rates

Implementation of capacity development recommendations

17. HPPTCL shall analyze the recommendations made by consultants under the capacity development component of the Project for adoption of suitable management information systems, and agree with ADB on implementation in accordance with a time-bound action plan that ensures that the relevant outputs are achieved within the Project implementation period.

Organizational Matters

18. In relation to the Project, in addition to existing staff, HPPTCL shall
- (a) at the earliest and no later than 31st December 2013, recruit and engage key personnel for its finance department, including a deputy general manager and three additional staff with adequate qualifications, preferably as chartered accountant, master in business administration specializing in finance, or costs and works accountant; and
 - (b) recruit and engage staff as required, to meet substantially all its other staffing requirements as laid down in its organization chart and staffing plan, as updated from time to time in consultation with ADB.

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[Signature]

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Schedule 5

19. Subject to HPPTCL's recruitment and promotion rules, HPPTCL shall generally recruit all personnel on a competitive and transparent basis through open advertisements in the relevant printed media and on their websites.

Debt service coverage ratio

20. Unless otherwise required by the HPERC, from January 2017 onwards HPPTCL shall maintain a debt-service coverage ratio of 1.2. For the purposes of this provision, the term "debt" means any indebtedness maturing by its terms more than one year after the date on which it is originally incurred.

Sector policies

21. The Borrower and the State shall remain committed to, and monitor and enforce, the implementation of the Electricity Act, 2003, the National Electricity Policy, 2005 and the Himachal Pradesh Hydropower Policy, 2006.

Governance and Anticorruption

22. The Borrower, the State and HPPTCL shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to review and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

23. HPPTCL shall announce the Project and business opportunities associated with the Project on its website. In addition, the website shall at least disclose the following information in relation to Consulting Services, Works and Goods procured for the Project: (i) the list of participating bidders, (ii) the name of the winning bidder, (iii) the amount of the contracts awarded, and (iv) the goods and services procured.

24. HPPTCL, through the PMU and through independent auditors, shall conduct periodic inspections and random spot checks of contractors' activities related to fund withdrawals and settlements.

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LOAN AGREEMENT
(Ordinary Operations)

(Himachal Pradesh Clean Energy Transmission Investment Program - Project 3)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED _____

IND 43464-027

True Copy

DGM (C&M) HPPTCL, Shimla-5

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated _____ between India acting by its President ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

- (A) by a framework financing agreement dated 17 August 2011 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Himachal Pradesh Clean Energy Transmission Investment Program;
- (B) by a periodic financing request dated 24 November 2017, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;
- (C) the Project will be carried out by the State of Himachal Pradesh (the "State") acting through Himachal Pradesh Power Transmission Corporation Limited ("HPPTCL"), and for this purpose the Borrower will make the proceeds of the loan provided for herein available to the State, and the State will make the proceeds of the Loan available to HPPTCL, upon terms and conditions mutually acceptable to ADB and the Borrower; and
- (D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB, the State and HPPTCL;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2017 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

- (a) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

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(b) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;

(c) "EA" or the "Environmental Assessment Agreement" for the purposes of, and within the meaning of, the Loan Regulations means the State acting through HPPTCL;

(c) "Environmental Assessment and Review Framework" or "EARF" means the environmental assessment and review framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB, and incorporated by reference in the FFA;

(d) "Environmental Management Plan" or "EMP" means an environmental management plan for a Subproject, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB incorporated in the related FFA;

(e) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(f) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;

(g) "FFA" means the framework financing agreement dated 17 August 2011 between ADB and the Borrower with respect to the Facility;

(h) "Financing Arrangements" means the arrangements between the Borrower and the State as per current policy of the Borrower, and acceptable to ADB.

(i) "Goods" means equipment and materials, to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(j) "HPERC" means the Himachal Pradesh Electricity Regulatory Commission, or any legal successor thereto;

(k) "HPPTCL" means Himachal Pradesh Power Transmission Corporation Limited, established under the Borrower's Companies Act, 1956, or any legal successor thereto;

(l) "Indigenous Peoples Plan" or "IPP" means an indigenous peoples plan for the Project, including any update thereto, prepared and submitted by the Borrower through the EA pursuant to the requirements set forth in the SPS and cleared by ADB;

(m) "Indigenous Peoples Planning Framework" or "IPPF" means the indigenous peoples planning framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB, and incorporated by reference in the FFA;

(n) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

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(o) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower through the EA, pursuant to the requirements set forth in the EARF

(p) "Investment Program" means the Himachal Pradesh Clean Energy Transmission Investment Program;

(q) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(r) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);

(s) "PAM" means the project administration manual for the Project dated September 2018 and agreed between the Borrower, ADB, and the EA, as updated from time to time in accordance with the respective administrative procedures of the Borrower, EA and ADB;

(t) "PFR" means the periodic financing request submitted by the Borrower for the purposes of each loan under the Facility, and for this Loan Agreement means the periodic financing request dated 24 November 2017;

(u) "PMU" means the project management unit established within HPPTCL for the purposes of the Investment Program;

(v) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(w) "Procurement Plan" means the procurement plan for the Project as agreed between the Borrower through the EA, and ADB, and included in the PAM, including as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(x) "Project facilities" means the substations, transmission lines and other facilities constructed under the Project;

(z) "Resettlement Framework" or "RF" means the resettlement framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the EA and cleared by ADB and incorporated by reference in the FFA;

(aa) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by the Borrower through the EA, pursuant to the requirements set forth in the RF and cleared by ADB;

(bb) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower through the EA submitted to ADB that describes progress with implementation of, and compliance with, the EMP, the RP and an IPP (as applicable), including any corrective and preventative actions;

(cc) "SPS" means ADB's Safeguard Policy Statement (2009);

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(dd) "State" means the State of Himachal Pradesh;

financing under the Project in accordance with Schedule 4 of the FFA; and

(ff) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including project related services such as auxiliary services rendered under the contracts to perform works such as survey and investigation, that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred and five million Dollars (\$105,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.120% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time) commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 01 April and 01 October in each year.



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Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (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, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating 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 said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(f) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall make the proceeds of the Loan available to the EA upon terms and conditions mutually satisfactory to ADB and the Borrower, and shall cause the EA to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall ensure, or cause the EA to ensure, that the items of expenditure to be financed out of the proceeds of the Loan are procured in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 29 September 2021 or such other date as may from time to time be agreed between the Borrower and ADB.

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ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed by the EA, all obligations set forth in this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

Section 4.04. In so far as it relates to the Project, the Borrower shall ensure or cause the State to ensure to take all actions which shall be necessary on its part to enable the EA to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) In so far as it relates to the Project, the Borrower shall exercise its rights under the Financing Arrangements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) In so far as it relates to the Project, no rights or obligations under the Financing Arrangements shall be assigned, amended, abrogated or waived without prior notice to ADB.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Secretary, Additional Secretary, Joint Secretary, Director or Deputy Secretary in the Department of the Economic Affairs, Ministry of Finance

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of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

The Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi - 110001
India

Facsimile Number:

(91)11- 23094075

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444

(632) 636-2388

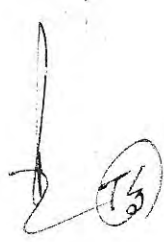
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

INDIA

By _____
[Name and designation]

ASIAN DEVELOPMENT BANK

By _____
[Name and designation]



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Negotiated Draft for Negotiations (06 August 05 September 2018)

Appendix 2

LOAN NUMBER _____ - IND

PROJECT AGREEMENT

(Himachal Pradesh Clean Energy Transmission Investment Program - Project 3)

between

ASIAN DEVELOPMENT BANK

and

STATE OF HIMACHAL PRADESH

HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LIMITED

DATED _____

IND: 43464-027

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DDM (C&M) HPPTCL, Shimla-5

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PROJECT AGREEMENT

PROJECT AGREEMENT dated _____ between ASIAN DEVELOPMENT BANK ("ADB") on the one part and the STATE OF HIMACHAL PRADESH acting by its Governor ("State") and the HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LIMITED ("HPPTCL") on the other part.

WHEREAS

(A) by a Loan Agreement of even date herewith between India ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of one hundred and five million Dollars (\$ 105,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the loan be made available to the State and HPPTCL, and that the State and HPPTCL agree to undertake certain obligations towards ADB set forth herein; and

(B) the State and HPPTCL, in consideration of ADB entering the Loan Agreement with the Borrower, have agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. (a) Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

Particular Covenants

Section 2.01. (a) The State and HPPTCL shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the State and HPPTCL shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to the State and HPPTCL.



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Section 2.02. The State and HPPTCL shall make available, promptly as needed, and on terms and conditions acceptable to ADB and the Borrower, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 2.03. (a) In the carrying out of the Project, the State and HPPTCL shall engage competent and qualified consultants and contractors, consistent with ADB's Procurement Guidelines and Consulting services Guidelines, to an extent and upon terms and conditions mutually satisfactory to ADB and the Borrower.

(b) Except as ADB may otherwise agree, the State and HPPTCL shall procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. The State and HPPTCL shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods mutually acceptable to ADB and the Borrower. The State and HPPTCL shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. (a) The State and HPPTCL shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance of Project facilities to such extent and against such risks and in such amounts, as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the State and HPPTCL undertake to insure, or cause to be insured, the Goods to be procured including imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.

Section 2.06. The State and HPPTCL shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.07. (a) ADB, the State and HPPTCL shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) The State and HPPTCL shall promptly inform ADB through the Borrower, of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement or the Financing Arrangements, or the accomplishment of the purposes of the Loan.



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(c) ADB, the State and HPPTCL shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, the State, HPPTCL and the Loan.

Section 2.08. (a) In so far as it relates to the Project, the State and HPPTCL shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial status of the State and financial condition HPPTCL; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the State and HPPTCL shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, the State and HPPTCL shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the State and HPPTCL of their obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) The State and HPPTCL shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards prevalent in the country; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.



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Section 2.14. Except as ADB may otherwise agree, the State and HPPTCL shall duly perform all its respective obligations under the Financing Arrangements, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Financing Arrangements.

Section 2.15. The State and HPPTCL shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of the constitutional documents of HPPTCL which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. The State and HPPTCL shall afford ADB an adequate opportunity to comment on such proposal in taking any action thereon.

ARTICLE III

Effective Date; Termination

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify the State and HPPTCL of such date.

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE IV

Miscellaneous

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:



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OGM (C&M) HPPTCL, Shimla-5

(c) In addition to annual audited financial statements referred to in subsection (a) hereinabove, HPPTCL shall (i) provide its annual financial statements prepared in accordance with financing reporting standards prevalent in the country acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iii) as part of each such audit, have the auditors prepare the auditors' opinion(s) on the financial statements and compliance with the financial covenants of the Loan Agreement; and (iv) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements and auditors' opinion(s), all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(d) HPPTCL shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and HPPTCL and its financial affairs where they relate to the Project with the auditors appointed by HPPTCL pursuant to subsections (a)(iii) and (c)(ii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of HPPTCL, unless HPPTCL shall otherwise agree.

Section 2.10. The State and HPPTCL shall enable ADB's representatives to inspect the Project, the Goods and Works and any relevant records and documents.

Section 2.11. (a) The State and HPPTCL shall, promptly as required, take all action within its powers to maintain its constitutional and corporate existence respectively, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its operations.

(b) In relation to the Project, the State and HPPTCL shall at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) In relation to the Project, the State and HPPTCL shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, the State and HPPTCL shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, in relation to the Project, the State and HPPTCL shall apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.

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For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2388

For the State

~~Principal~~ Additional Chief Secretary
MPP & Power Department
HP Secretariat
Shimla - 171002
Himachal Pradesh

Facsimile Number:
(+91) 177- 2621897 2621586

For HPPTCL

Managing Director
HPPTCL
~~Borowalias House~~ Himfed Bhawan
~~Khalini Panjari~~
Tutikandi
Shimla - 1710052
Himachal Pradesh

Facsimile Number:
(+91) 177- 2626284 2832384

Section 4 02 (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of (i) the State may be taken or executed by its ~~Principal~~ Additional Chief Secretary, MPP & Power Department; and (ii) by HPPTCL, may be taken by its Managing Director, or in each case, by such other person or persons as any of them shall so designate in writing notified to ADB.

(b) The State and HPPTCL shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.


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Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By _____
[Name and Designation]

STATE OF HIMACHAL PRADESH

By _____
[Name and Designation]

HIMACHAL PRADESH POWER
TRANSMISSION CORPORATION
LIMITED

By _____
[Name and Designation]

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PROCUREMENT PLAN

Basic Data

Project Name: Himachal Pradesh Clean Energy Transmission Investment Program – Tranche 3	
Project Number: 43464-027	Approval Number: TBD
Country: India	Executing Agency: Himachal Pradesh Power Transmission Corporation Limited (HPPTCL)
Project Procurement Classification: B	Implementing Agency: Himachal Pradesh Power Transmission Corporation Limited (HPPTCL)
Procurement Risk:	
Project Financing Amount: \$136,000,000 ADB Financing: \$105,000,000 Cofinancing (ADB Administered): NA Non-ADB Financing: \$31,000,000	Project Closing Date: 31 March 2021
Date of First Procurement Plan: 15 October 2016	Date of this Procurement Plan: 10 August 2018

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

1. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$10,000,000 and more	
International Competitive Bidding for Goods	\$1,000,000 and more	
National Competitive Bidding (NCB) for Works	Less than \$10,000,000	
National Competitive Bidding for Goods	Less than \$1,000,000	
Shopping for Works	Less than \$100,000	
Shopping for Goods	Less than \$100,000	

Consulting Services	
Method	Comments
Quality- and Cost-Based Selection (QCBS)	
Quality-Based Selection	
Consultants' Qualifications Selection	
Least-Cost Selection	
Fixed Budget Selection	

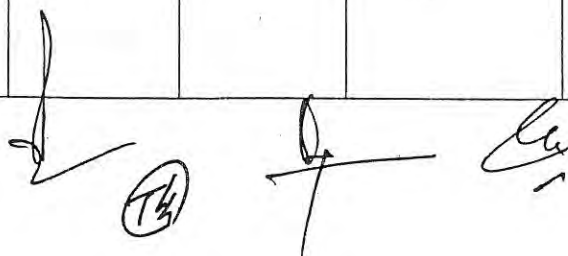
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2. Goods and Works Contracts Estimated to Cost \$1 Million or More

2. The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value (\$million)	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
1	220 kV Transmission line from Mazra to Karian	5.4	ICB (Plant)	prior	1S2E	Q1/2017	ADB-Financed
2	400 kV Transmission line from Lahal to Chamera	21.4	ICB (Plant)	prior	1S2E	Q1/2017	ADB-Financed
3	220 kV Transmission line from Bajoli Holi HEP to Lahal	10.2	ICB (Plant)	prior	1S2E	Q4/2016	ADB-Financed
4	132 kV Transmission line from Barsaini to Charor	8.2	ICB (Plant)	prior	1S2E	Q4/2016	ADB-Financed
5	66kV Transmission line from Nirmand to Kotla	6.4	ICB (Plant)	prior	1S2E	Q1/2017	ADB-Financed
6	132/220 kV GIS pooling station at Mazra	13.7	ICB (Plant)	prior	1S2E	Q1/2017	ADB Financed
7	33/132 kV GIS pooling station at Barsaini	11	ICB (Plant)	prior	1S2E	Q1/2017	ADB-Financed
8	220 kV GIS switching station at Hatkoti	8.4	ICB (Plant)	prior	1S2E	Q4/2016	ADB-Financed
9	66/22 kV GIS substation at Nirmand	8.6	ICB (Plant)	prior	1S2E	Q1/2017	ADB-Financed
10	Computerized Enterprise Resource Planning solution-phase II	2.5	ICB (Plant)	prior	1S2E	Q1/2017	ADB-Financed



3. Consulting Services Contracts Estimated to Cost \$100,000 or More

3. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
None							

4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

4. The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number	General Description	Estimated Value (\$ million)	Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/year)	Comments
1	Auxiliary facilities and buildings	3	7 (Various)	NCB	Prior	1S2E	Q2/2017	ADB Financed
2	Additional computer hardware and software support	8	(Various)	NCB/ Shopping	Prior	1S2E	Q2/2017	ADB Financed

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
None								

B. Indicative List of Packages Required Under the Project

5. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

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Goods and Works

Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review [Prior/ Post/Post (Sampling)]	Bidding Procedure	Comments
None							

Consulting Services

Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior / Post)	Type of Proposal	Comments
None							

C. List of Awarded and On-going, and Completed Contracts

6. The following tables list the awarded and ongoing contracts, and completed contracts

1. Awarded and Ongoing Contracts

Goods and Works

Package Number	General Description	Estimated Value (\$million)	Awarded Contract Value (\$million)	Procurement Method	Advertisement Date (quarter/ year)	Date of ADB Approval of Contract Award	Comments
S/ADB/HP TCL	220/66 kV pooling substation at Bhoktoo	9.58	6.03	ICB	13 Apr 2011	31 Oct 2011	Tranche 1 (PCSS No. 0002: Supply Contract) (PCSS No. 0003: Services Contract)
S/ADB/HP TCL	400/220 kV pooling substation at Gumma (Kotkhali)	25.54	22.09	ICB	5 Sep 2011	23 Sep 2013	Tranche 1 (PCSS No. 0012: Supply Contract) (PCSS No. 0013: Services Contract)
L/ADB/HP TCL	220 kV D/C Hatkoti-Gumma (Kothai) Transmission Line	12.99	9.58	ICB	21 Sep 2011	06 Aug 2012	Tranche 1 (PCSS No. 0007: Supply Contract) (PCSS No. 0008: Services Contract)
S/ADB/HP TCL	400/220/66 kV GIS Pooling Station at Wangtoo (Sherpa Colony)	54.77	47.68	ICB	5 Mar 2012	30 May 2013	Tranche 1 (PCSS No. 0010: Supply Contract) (PCSS No. 0011: Services Contract)
S/ADB/HP TCL	132 kV Pandoh SS with LILO Bajaura-Kangoo	6.45	5.74	ICB	21 Jul 2014	23 Jun 2015	Tranche 1 (PCSS No. 0016: Supply Contract) (PCSS No. 0017: Services Contract)
S/ADB/HP TCL	33/132 kV substation at Chambi (Shahpur)	7.6	6.99	ICB	15 July 2014	07 Jul 2015	Tranche 1 (PCSS No. 0018: Supply Contract) (PCSS No. 0019: Services Contract)
S/ADB/HP TCL	66 kV Switching station at Urni	2.78	4.33	ICB	2 Apr 2013	14 May 2014	Tranche 2 (PCSS No. 0001: Supply Contract) (PCSS No. 0002: Services Contract)

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Package Number	General Description	Estimated Value (\$million)	Awarded Contract Value (\$million)	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
10-TL/ADB/HP PTCL	66 kV D/C Line from 66 kV Switching station at Urni to Wangtoo Substation	1.38	2.13	ICB	18 Dec 2013	8 Dec 2014	Tranche 2 (PCSS No. 0007: Supply Contract) (PCSS No. 0008: Services Contract)
11-TL/ADB/HP PTCL	220 kV Transmission Line from Lahal SS to Budhil HEP	1.85	0.74	ICB	24 Jan 2014	13 Feb 2015	Tranche 2 (PCSS No. 0009: Supply Contract) (PCSS No. 0010: Services Contract)
15-TL/ADB/HP PTCL	220 kV D/C Transmission Line from Sunda to Hatkoti	11.83	8.68	ICB	17 Feb 2014	19 Dec 2014	Tranche 2 (PCSS No. 0011: Supply Contract) (PCSS No. 0012: Services Contract)
23-SS/ADB/HP PTCL	132/220 kV Pooling Station at Sunda	17.84	Not awarded	ICB	20 May 2016		Tranche 2 (PCSS No. 00xx)
20-TL/ADB/HP PTCL	LILLO of 132 kV Kangra-Dehra Transmission Line at Chambi substation	3.62	2.84	ICB	18 May 2015	16 Dec 2015	Tranche 2 (PCSS No. 0017: Supply Contract) (PCSS No. 0018: Services Contract)
12-TL/ADB/HP PTCL	220 kV D/C Transmission Line from Charor to 400/220 kV Banala substation	6.92	7.29	ICB	24 Jan 2014	8 Dec 2014	Tranche 2 (PCSS No. 0005: Supply Contract) (PCSS No. 0006: Services Contract)
17-SS/ADB/HP PTCL	132/220 kV substation at Charor	10.92	Not awarded	ICB	7 Nov 14		Tranche 2 (PCSS No. 00xx: Supply Contract) (PCSS No. 00xx: Services Contract)
09-SS/ADB/HP PTCL	33/220 kV, 220/400 kV Lahal Substation	43.24	35.87	ICB	8 Nov 2013	04 Sep 2014	Tranche 2 (PCSS No. 0003: Supply Contract) (PCSS No. 0004: Services Contract)

Consulting Services

Package Number	General Description	Estimated Value ₹ million	Awarded Contract Value ₹million	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
22-ERP	Computerized Enterprise Resources Planning (ERP) Solution, International Competitive Bidding (ICB)	175	80	ICB	08 Jun 2014	13 Apr 2016	Tranche 1 PCSS No. 0015
1	ERP System Specialist (Individual Consultant)	3.3	7	SSS Request		27 Mar 2012	Tranche 1 PCSS No. 0001
2	Project Planning Engineer (Individual Consultant)	2.5	4.5	QCBS	19 July 2012	30 May 2014	Tranche 1 PCSS No. 0014

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Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By _____
[Name and Designation]

STATE OF HIMACHAL PRADESH

By _____
[Name and Designation]

HIMACHAL PRADESH POWER
TRANSMISSION CORPORATION
LIMITED

By _____
[Name and Designation]

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SCHEDULE 2

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 shall 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 ADB by multiplying (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Sequence	Date Payment Due	Installment Share (Expressed as a %)
1	1 April 2024	2.500000
2	1 October 2024	2.500000
3	1 April 2025	2.500000
4	1 October 2025	2.500000
5	1 April 2026	2.500000
6	1 October 2026	2.500000
7	1 April 2027	2.500000
8	1 October 2027	2.500000
9	1 April 2028	2.500000
10	1 October 2028	2.500000
11	1 April 2029	2.500000
12	1 October 2029	2.500000
13	1 April 2030	2.500000
14	1 October 2030	2.500000
15	1 April 2031	2.500000
16	1 October 2031	2.500000
17	1 April 2032	2.500000
18	1 October 2032	2.500000
19	1 April 2033	2.500000
20	1 October 2033	2.500000
21	1 April 2034	2.500000
22	1 October 2034	2.500000
23	1 April 2035	2.500000
24	1 October 2035	2.500000
25	1 April 2036	2.500000
26	1 October 2036	2.500000
27	1 April 2037	2.500000
28	1 October 2037	2.500000
29	1 April 2038	2.500000
30	1 October 2038	2.500000
31	1 April 2039	2.500000
32	1 October 2039	2.500000

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DOM (GSM) HPPTCL, Shimla-5

SCHEDULE 1

Description of the Project

1. The objective of the Project is to improve the capacity of HPPTCL to transmit electricity from hydropower generation sources within and outside of the State and manage its operations.
2. The Project shall comprise the following outputs as detailed in the PFR:
 - (a) new transmission system assets made operational, including 5 transmission lines and 4 substations within the State; and
 - (b) an enterprise resource planning ("ERP") system fully operational,all as more fully described in the PFR.
3. The Project is expected to be completed by 31. March 2021.

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Schedule 2

	Due	(Expressed as a %)
33	1 April 2040	2.500000
34	1 October 2040	2.500000
35	1 April 2041	2.500000
36	1 October 2041	2.500000
37	1 April 2042	2.500000
38	1 October 2042	2.500000
39	1 April 2043	2.500000
40	1 October 2043	2.500000
	Total	100.000000

[TO BE PROVIDED AT LOAN NEGOTIATIONS].

Payment Due

Installment Share
[(Expressed as a %)]

2. If the proceeds of the Loan shall not 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 as follows:

- (a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and
- (b) Any withdrawal made 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 ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies

3. Withdrawals made 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.

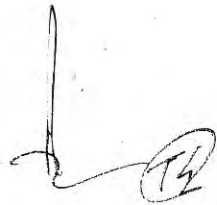
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Schedule 2

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

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be 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.



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SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category and Subcategory ("Table"). (Reference to "Category" or "Subcategory" in this Schedule is to a Category or Subcategory of the Table).

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with and notice to the Borrower and the EA, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with and notice to the Borrower and the EA, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook and detailed agreements agreed between ADB and the Borrower.

Retroactive Financing

5. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with items to be retroactively financed, subject to a maximum amount equivalent to 20% of the Loan amount.

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TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
		Category	
1	Turnkey Contracts for Transmission Line	42,340,000	100% of total expenditure claimed
2	Turnkey Contracts for Substations	33,600,000	100% of total expenditure claimed
3	ERP and Related Hardware	10,700,000	100% of total expenditure claimed
4	Tools and Equipment	1,360,000	100% of total expenditure claimed
5	Auxiliary and Civil Works	3,240,000	100% of total expenditure claimed
6	Unallocated	13,760,000	
	TOTAL	105,000,000	

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-145-

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. Except as ADB may otherwise agree, Goods and Works shall be procured, and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower through the EA may only modify the procurement methods and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

4. Goods and Works shall be procured on the basis of the procurement methods of procurement set forth below:
 - (a) International Competitive Bidding;
 - (b) National Competitive Bidding; and
 - (c) Shopping.

Domestic Preference

5. The Borrower may allow the EA to grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods.

National Competitive Bidding

6. The EA's standard bidding documents and procurement procedures, used for national competitive bidding for works and goods under ongoing ADB Loan No. 3001-IND as in use by the EA were reviewed by ADB. These were found consistent with ADB's requirements, and shall apply to the Project. Modifications if any to such bidding documents shall be subject to mutual agreement between the Borrower, the EA and ADB.

Conditions for Award of Contract

7. The Borrower shall ensure or cause the EA to ensure that it shall not award any Works contract for a Subproject that involves involuntary resettlement impacts for a Subproject until it has prepared and submitted to ADB the final RP based on the Subproject's detailed design, and obtained ADB's clearance of such RP.

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8. The Borrower shall ensure or cause the EA to ensure that it shall not award any Works contract for a Subproject that involves environmental impacts until it has (i) has prepared and submitted to ADB the final IEE and EMP based on the Subproject's detailed design; (ii) obtained ADB's clearance of such IEE and EMP; and (iii) has incorporated the relevant provisions from the EMP into the Works contract.

9. The Borrower shall ensure or cause the EA to ensure that it shall not award any Works contract for a Subproject that involves indigenous peoples impact for a Subproject until it has prepared and submitted to ADB the final IPP based on the Subproject's detailed design, and obtained ADB's clearance of such IPP.

Consulting Services

10. Except as ADB may otherwise agree and as set forth in the Procurement Plan, the Borrower shall ensure or cause the EA to ensure to apply Quality- and Cost-Based Selection for Consulting Services.

Industrial or Intellectual Property Rights

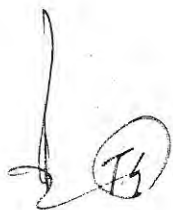
11. (a) The Borrower shall ensure or cause the EA to ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure or cause the EA to ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

12. The Borrower shall ensure or cause the EA to ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

13. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower, EA, and ADB and set forth in the Procurement Plan.



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SCHEDULE 5

Execution of Project

Implementation Arrangements

1. The Borrower ~~shall ensure and cause~~ the State, and HPPTCL ~~to shall~~ ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower, the EA and ADB. In the event of any discrepancy between the PAM, this Loan Agreement, and the Project Agreement, the provisions of this Loan Agreement shall prevail.
2. The Borrower shall ensure or cause the EA to ensure towards smooth implementation of the Project, that grievances if any from stakeholders, relating to Project implementation or use of funds under the Project are addressed effectively and efficiently.
3. The Borrower shall ensure that the EA shall (i) ensure that the RMU employs sufficient staff for the duration of the Project with adequate and relevant expertise in the field of project management, financial management, engineering, construction supervision, procurement, equipment inspection and testing, and environmental and social safeguards implementation; (ii) keep the PMU equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the Project; and (iii) endeavor to assign the same persons to key positions in the PMU for the entire duration of the Project.
4. The Borrower shall ensure or cause the EA to ensure compliance with all the requirements and obligations in its part as included in this Loan Agreement and Project Agreement to meet the objectives of the Project in a timely and efficient manner.

Counterpart Support; Funds

5. The Borrower shall cause the State to make available the Loan proceeds to the EA under appropriate arrangements acceptable to ADB and ensure:
 - (a) sufficient counterpart funds from its budget for each fiscal year, in a timely manner, for the efficient implementation of the Project; and
 - (b) adequate funds towards operations and maintenance of Project facilities, through budgetary allocations or other means, to be provided to the EA during and after Project completion.
5. ~~(a) The Borrower shall ensure or cause the EA to ensure to provide, as necessary, respective counterpart staff, land facilities, and counterpart funding for the Project in accordance with the financing plan, cost of making land available and assistance, and~~
~~land facilities and assistance in respective EMUs, RWs and WPs (including unforeseen expenses beyond the estimates), utility shifting, operations and maintenance of Project facilities and general Project management expenses in a timely manner through approved annual budget allocations.~~

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~~(b) In addition to the foregoing, the Borrower shall ensure or cause the EA to ensure that it has sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Services contract.~~

Selection Criteria and Approval Process for Subprojects

6. The Borrower shall ensure or cause the EA to ensure that all Subprojects are selected and approved in accordance with the selection criteria and approval process stipulated in Schedule 4 to the FFA.
7. The Borrower shall ensure or cause the EA to ensure that all documents forming the basis for screening, selection and processing of Subprojects are made available to ADB upon request and are kept available for such purposes for a minimum period of five years from the date of the project completion report for the Project.

Safeguards

Environment

8. The Borrower shall ensure or cause the EA to ensure that the preparation, design, construction, implementation, operation and decommissioning of each Subproject comply with (i) all applicable laws and regulations of the Borrower and the State relating to environment, health, and safety; (ii) the Environmental Safeguards; (iii) the EARF; and (iv) all measures and requirements set forth in the IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

9. The Borrower shall ensure or cause the EA to ensure that all land and all rights-of-way required for each Subproject are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (i) all applicable laws and regulations of the Borrower and the State relating to land acquisition and involuntary resettlement; (ii) the Involuntary Resettlement Safeguards; (iii) the RF; and (iv) all measures and requirements set forth in the RP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.
10. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or the RP, the Borrower shall ensure or cause the EA to ensure that no physical or economic displacement takes place in connection with the Subprojects until:
 - (a) compensation and other entitlements have been provided to affected people in accordance with the RP; and
 - (b) a comprehensive income and livelihood restoration program has been established in accordance with the RP.

Indigenous Peoples

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11. The Borrower shall ensure or cause the EA to ensure that the Project does not have an impact on indigenous peoples within the meaning of the SPS. In the event that the Project preparation, design, construction, implementation and operation of the relevant Subproject(s) comply with (i) all applicable laws and regulations of the Borrower and the State relating to indigenous peoples; (ii) the Indigenous Peoples Safeguards; (iii) the IPPF; and (iv) all measures and requirements set forth in the relevant IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

12. The Borrower shall ensure or cause the EA to ensure that all necessary budgetary and human resources to fully implement the EMP, the RP and any IPP as required are made available on a timely basis.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

13. The Borrower shall ensure or cause the EA to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures and requirements relevant to the contractor set forth in the IEE, the EMP, the RP and any IPP (as applicable) ~~(to the extent they concern impacts on affected people during construction)~~, and any corrective or preventative actions set out in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the EA with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP or any IPP;
- (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction.

Safeguards Monitoring and Reporting

14. The Borrower shall ensure or cause the EA to ensure the following:

- (a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP or any IPP (as applicable), promptly

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11. The Borrower shall ensure or cause the EA to ensure that the Project does not have a significant adverse impact on the environment within the meaning of the SPS. In the event that the Project preparation, design, construction, implementation and operation of the relevant Subproject(s) comply with (i) all applicable laws and regulations of the Borrower and the State relating to indigenous peoples; (ii) the Indigenous Peoples Safeguards; (iii) the IPPF; and (iv) all measures and requirements set forth in the relevant IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

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competitive bidding contracts shall also include the bid prices as read out at bid opening, the duration of the contract, and the duration of the warranty period.

Facilities Maintenance

1920. The Borrower shall ensure or cause the State to ensure timely and adequate funds to the EA for maintenance of the Project facilities.

Communications and Participation

204. The Borrower shall ensure or cause the EA to ensure that the Project is undertaken in conformity with the stakeholder communication strategy as agreed between ADB, the Borrower, and the EA and referred in the PAM.

Governance and Anticorruption

212. The Borrower shall ensure ~~and~~ cause the EA to ensure that it shall a) ~~comply~~ compliance with ADB's Anticorruption Policy (1998, as amended to date) and (b) shall ensure that the anticorruption provisions acceptable to ADB, the Borrower, and the EA are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the EA and all contractors, suppliers, consultants, and other service providers as they relate to the Subprojects and the Project, and as included in the PAM; (c) shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (d) acknowledge that ADB reserves the right to investigate directly or through its agents any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (e) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.

Financial and institutional matters

223. The Borrower shall ensure or cause the EA to ensure that HPPTCL undertakes the following activities on a timely basis.

- (a) Tariff: Submits to HPERC tariff applications for each Subproject in a timely manner prior to commercial operation of the Subproject; and that HPPTCL shall promptly cause to be delivered all documentation reasonably requested by the competent regulatory State authorities to ensure a prompt decision by HPERC on the applicable tariff rates.
- (b) Implementation of capacity development recommendations: Analyzes the recommendations made by consultants under the capacity development component of the Project for adoption of suitable management information systems, and agree with ADB on implementation in accordance with a time-bound action plan that ensures that the relevant outputs are achieved within the Project implementation period.
- (c) Organizational Matters: Recruits additional key personnel in the areas of procurement, finance and other staff required to meet substantially all its other staffing requirements for effective execution of the projects under the MFF.

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234. The Borrower shall ensure or cause the EA to ensure, that subject to HPPTCL's recruitment and promotion rules HPPTCL shall generally recruit all personnel on a competitive and transparent basis through open advertisements in the relevant printed media and on their websites.

Debt service coverage ratio

245. The Borrower shall ensure or cause the EA to ensure that except as otherwise required by the HPERC, from January 2021 onwards HPPTCL shall maintain a debt-service coverage ratio of 1.2. For the purposes of this provision, the term "debt" means any indebtedness maturing by its terms more than one year after the date on which it is originally incurred.

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