
LOAN NUMBER 3867 - IND

LOAN AGREEMENT
(Ordinary Operations)

(Scaling Up Demand-Side Energy Efficiency Sector Project)

between

ASIAN DEVELOPMENT BANK

and

ENERGY EFFICIENCY SERVICES LIMITED

DATED 16 December 2019

IND 52196-001

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 16 December 2019 between ASIAN DEVELOPMENT BANK ("ADB") and ENERGY EFFICIENCY SERVICES LIMITED ("Borrower").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) by an agreement of even date herewith between ADB and the Borrower ("CTF Loan Agreement"), ADB has agreed to lend to the Borrower from the ADB Clean Technology Fund an amount of forty six million Dollars (\$46,000,000) ("CTF Loan", and together with the Ordinary Operations Loan, the "Loans") on the terms and conditions set forth in the CTF Loan Agreement;

(C) the Loans are to be guaranteed by India ("Guarantor") under the terms of the Guarantee Agreement of even date herewith between the Guarantor and 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;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the 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) "Counterparty(ies)" means any Eligible State where the Project activities are to be carried out including as referred in Schedule 1 to this Loan Agreement;

(b) "EA" or the "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means the Borrower or its successor thereto that is responsible for carrying out the Project;

(c) "Eligible State" means a state found eligible for purposes of establishing Project facilities as described in Schedule 1 to this Loan Agreement;

(d) "Environmental Assessment and Review Framework" or "EARF" means the environmental assessment and review framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(e) "EIRR" means economic internal rate of return;

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

(g) "Financial Year" means the period of 12 months commencing on 01 April and ending on 31 March;

(h) "FIRR" means financial internal rate of return;

(i) "Front-Loading" means using of the front-loaded CTF Loan until there is no more undisbursed amount left therein;

(j) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;

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

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

(m) "IPPF" means the indigenous peoples planning framework for the Project, including any update thereto, to be prepared, if required pursuant to the SPS, and submitted by the Borrower and cleared by ADB;

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

(o) "NGO" means a non-government organization;

(p) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;

(q) "PAM" means the Project administration manual for the Project, dated September 2019 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;

(r) "Procurement Policy" means ADB's Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);

(s) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);

(t) "Procurement Plan" means the procurement plan for the Project as agreed between the Borrower and ADB, as included in the PAM, as updated from time to time in accordance with the Procurement Policy, Procurement Regulations, and other arrangements agreed with ADB;

(u) "Resettlement Framework" or "RF" means the resettlement framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(v) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EARF, the RF, or IPPF as applicable, including any corrective and preventative actions;

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

(x) "Subproject" means a subproject that is found eligible for financing under the Project in accordance with the Subproject Selection Criteria and Approval Procedures;

(y) "Subproject Selection Criteria and Approval Procedures" means the selection criteria and approval procedures to be adopted by the Borrower as included in the PAM in greater detail;

(z) "Utility Service Area" means the geographical area covered by the electricity distribution company in an Eligible State for supply of electricity to its customers;

(aa) "Works" means construction of civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services that are provided as a single responsibility or a turnkey contract; and

(bb) "WACC" means weighted average cost of capital.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of two hundred and fifty million Dollar (\$250,000,000),

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 15 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; and

(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.

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 May and 15 November 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.

(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 cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan 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 to be ensured, 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 30 September 2025 or such other date as may from time to time be agreed between the Borrower and ADB.

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, all obligations set forth in this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project including Subprojects; (ii) prepare annual financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (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.

(c) In addition to annual audited financial statements referred to in subsection (a) hereinabove, the Borrower shall (i) provide its annual financial statements prepared in accordance with financing reporting standards 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) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower and its financial affairs where they relate to the Project with the auditors appointed by the Borrower pursuant to subsections (a)(iii) and (c) 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 the Borrower, unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project and Subprojects, the Goods and Works, and any relevant records and documents.

Section 4.04. (a) The Borrower shall, promptly as required, take all action within its powers to maintain its corporate existence, 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 business.

(b) The Borrower shall at all times conduct its business in accordance with sound technical, financial, business and development practices, and under the supervision of competent and experienced management and personnel.

(c) The Borrower 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 4.05. Except as ADB may otherwise agree, the Borrower 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 the ability of the Borrower to perform satisfactorily any of its obligations under this Loan Agreement.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(m) of the Loan Regulations:

(a) any change shall have been made in the memorandum and articles of association of the Borrower, which may, in the reasonable opinion of ADB, materially and adversely affect the financial condition, operations, or ability of the Borrower to perform any of its obligations under this Loan Agreement;

(b) a subsidiary or any other entity shall have been created, acquired, or taken over by the Borrower, if such creation, acquisition or taking over, in the reasonable opinion of ADB, may materially and adversely affect the conduct of its business or its financial condition or the efficiency of its management and personnel or the carrying out of the Project; and

(c) the CTF Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations: the CTF Loan Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than the condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. 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 VII

Miscellaneous

Section 7.01. The Chief General Manager - Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For Energy Efficiency Services Limited

5th and 6th Floor, CORE-III
SCOPE Complex
Lodhi Road
New Delhi-110003
India

Facsimile Number:

+91-11-45801265

For ADB

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

Facsimile Numbers:

+632 636-2444

+632 636-2338.

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.

ASIAN DEVELOPMENT BANK

By 
Kenichi Yokoyama
Country Director

ENERGY EFFICIENCY SERVICES
LIMITED

By 
Saurabh Kumar
Managing Director

SCHEDULE 1**Description of the Project**

1. The objective of the Project is to increase efficiency of end-use electricity in the Project areas.
2. The Project shall comprise:
 - (a) energy efficient technologies promotion and deployment in Utility Service Areas in Eligible States including Andhra Pradesh, Assam, Bihar, Delhi, Gujarat, Jharkhand, Maharashtra, Manipur, Meghalaya, Odisha, Rajasthan, Sikkim, Telangana, Tamil Nadu, Tripura, and Uttar Pradesh; and
 - (b) increase in efficiency of end-user energy awareness and capacity.
3. The Project is expected to be completed by 31 March 2025.

SCHEDULE 2

Amortization Schedule

(Scaling Up Demand-Side Energy Efficiency Sector Project)

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	15 May 2025	3.333333
2	15 November 2025	3.333333
3	15 May 2026	3.333333
4	15 November 2026	3.333333
5	15 May 2027	3.333333
6	15 November 2027	3.333333
7	15 May 2028	3.333333
8	15 November 2028	3.333333
9	15 May 2029	3.333333
10	15 November 2029	3.333333
11	15 May 2030	3.333333
12	15 November 2030	3.333333
13	15 May 2031	3.333333
14	15 November 2031	3.333333
15	15 May 2032	3.333333
16	15 November 2032	3.333333
17	15 May 2033	3.333333
18	15 November 2033	3.333333
19	15 May 2034	3.333333
20	15 November 2034	3.333333
21	15 May 2035	3.333333
22	15 November 2035	3.333333
23	15 May 2036	3.333333
24	15 November 2036	3.333333
25	15 May 2037	3.333333
26	15 November 2037	3.333333

Schedule 2

Sequence	Date Payment Due	Installment Share (Expressed as a %)
27	15 May 2038	3.333333
28	15 November 2038	3.333333
29	15 May 2039	3.333333
30	15 November 2039	3.333343
	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 2 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 shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

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 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 by 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 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, and detailed arrangements agreed upon 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 eligible items to be retroactively financed, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account*
		Category	
1	Equipment - Non-Distributed Solar	188,800,000	100% of total expenditure claimed*
2	Equipment - Distributed Solar	61,200,000	100% of total expenditure claimed**
	Total	250,000,000	

*Exclusive of taxes and duties in the country of Borrower.

**The Borrower shall withdraw the CTF Loan before withdrawing the Loan under this Loan Agreement.

SCHEDULE 4

Execution of Project

Implementation Arrangements

1. The Borrower 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 Guarantor and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.
2. The Borrower shall ensure, towards smooth implementation of the Project, that grievances if any from stakeholders, relating to Project implementation or use of funds are addressed effectively and efficiently.
3. The Borrower shall ensure, towards effective and timely implementation of the Project, that its Project Management Unit is always adequately staffed by competent and qualified personnel including for safeguards, social, finance, accounts, technical, and planning.

Counterpart Support; Funds

4. The Borrower shall:
 - (a) make available sufficient counterpart funds from its budget for each fiscal year, in a timely manner, for the efficient implementation of the Project; and
 - (b) make available, or cause to be made available by the Counterparties, adequate funds towards operation and maintenance of Project facilities, through budgetary allocations or other means, during and after the Project completion.

Procurement

5. The Borrower shall ensure that:
 - (a) the procurement of Goods and Works is carried out in accordance with the Procurement Policy and the Procurement Regulations;
 - (b) Goods and Works shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and

Schedule 4

- (c) (i) all Goods and Works procured do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

6. The Borrower shall ensure to announce the Project and business opportunities (i.e., invitation of potential bids) associated with the Project on its website. The website shall disclose the following information in relation to Works and Services procured for the Project: (a) the list of participating bidders; (b) the name of the selected bidder; (c) the amount of the contracts awarded; and (d) the services procured.

Subprojects selection criteria and approval procedures

7. The Borrower shall ensure that all subprojects are appraised, selected and approved in compliance with the requirements of the Subproject Selection Criteria and Approval Procedures, to the satisfaction of ADB.

Financial Management and Performance

8. The Borrower shall, towards effective financial management and performance:

- (a) maintain a debt to equity ratio (long-term debt divided by equity net of accumulated profits/losses) not exceeding 80:20;
- (b) maintain a debt service coverage ratio (net cash flow from operations divided by debt service obligations including all principal payments and tax-shielded interest and lease payments falling due within the year) of at least 1.2;
- (c) maintain a current ratio (current assets divided by current liabilities) of at least 1.0; and
- (d) achieve number of days of average trade receivables to billable revenue for the year (average trade receivables divided by billable revenue for the year (revenue plus GST thereon)) of:
- (i) Less than 250 days by 31 March 2020;
 - (ii) Less than 200 days by 31 March 2021; and
 - (iii) Less than 150 days by 31 March 2022 and thereafter.

SafeguardsEnvironment

9. The Borrower shall ensure that the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (i) all applicable laws and regulations of the Guarantor and the relevant State relating to environment, health, and safety; (ii) the Environmental Safeguards; and (iii) all measures and requirements

Schedule 4

set forth in the EARF, and any corrective or preventive actions set forth in the Safeguard Monitoring Report.

10. (a) The Borrower shall keep a record of the waste disposed according to the requirements of Guarantor and the relevant State regulations including the relevant permits and/or waste destruction certificates.

(b) The Borrower shall submit, as part of Project progress report, a waste management monitoring summary which shall include the amount and methodology of waste collected, stored, transported and disposed of following the requirements of Guarantor and the relevant State regulations and authorities.

Land Acquisition and/ Involuntary Resettlement

11. (a) The Borrower shall ensure that all land and all rights-of-way required for the Subprojects, and all Project facilities are made available to the contractor in accordance with the schedule agreed under the related contract and all land acquisition and resettlement activities if any are implemented in compliance with (i) all applicable laws and regulations of the Guarantor and relevant State relating to land acquisition and involuntary resettlement; (ii) the Involuntary Resettlement Safeguards; and (iii) all measures and requirements set forth in the RF, and any corrective or preventive actions set forth in the Safeguard Monitoring Report.

(b) Without limiting the application of the Involuntary Resettlement Safeguards, the Borrower shall ensure that no physical or economic displacement takes place in connection with a Subproject until:

- (i) compensation and other entitlements have been provided to affected people in accordance with the RF as applicable; and
- (ii) a comprehensive income and livelihood restoration program has been established in accordance with the RF as applicable.

Indigenous Peoples

12. The Borrower shall ensure that the Project does not have any indigenous peoples impact, all within the meaning of SPS. In the unforeseen event of any indigenous peoples impact in the Project, the Borrower shall ensure to take all steps required to ensure compliance with all applicable laws and regulations of the Guarantor and relevant State and the SPS and IPPF.

Human and Financial Resources to Implement Safeguards Requirements

13. The Borrower shall ensure that all necessary budgetary and human resources to fully implement the EARF, RF, and IPPF, as required, are made available on a timely basis.

Safeguards – Related Provisions in Bidding Documents

14. The Borrower shall ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor as set forth in the EARF, RF, or IPPF as applicable (to the extent they concern impacts on affected people during construction) and any corrective or preventive actions set out in the Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the Borrower 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 EARF, RF or IPPF as applicable;
- (d) adequately record the condition of roads, agricultural land, if any, and other infrastructure prior to starting to transport materials and installation; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land, if any, to at least their pre-Project condition upon the completion of installation.

Safeguards Monitoring and Reporting

15. The Borrower shall ensure the following:

- (a) submit Safeguards Monitoring Reports to ADB on a semi-annual basis, 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 EARF, RF and the IPPF as applicable, 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 EARF, RF and IPPF as applicable, promptly after becoming aware of the breach with detailed description of the event and proposed corrective action plan.

Prohibited List of Investments

16. The Borrower shall ensure that no proceeds of the loan under the Project are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of ADB's SPS.

Labor Standards: Health and Safety

17. The Borrower shall ensure that Works contracts under the Project follow all applicable labor laws of the Guarantor and relevant State and that these further include provisions to the effect that contractors; (a) 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; and (b) 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. Such contracts shall also include clauses for termination in case of any breach of the stated provisions by the contractors.

Communication and Participation

18. The Borrower shall ensure that the Project is undertaken in conformity with the Stakeholder Communication Strategy as agreed between ADB and the Borrower, and referred in the PAM.

Gender and Development

19. The Borrower shall ensure that (a) the Gender Action Plan (GAP) is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.

Operation and Maintenance (O&M)

20. The Borrower shall ensure and cause each Subproject Counterparty to ensure that the (i) Project facilities are adequately maintained and that proper technical supervision and adequate funds for this purpose are provided; (ii) funds required for the O&M are allocated annually and released on a timely basis; (iii) Counterparty such as distribution companies for smart metering and distributed solar plants, and government agencies availing of electric vehicle services shall prepare and maintain an asset management plan and O&M management system throughout Project implementation and beyond; and (iv) all equipment and spare parts financed under the Project will remain exclusively to be used for the O&M of the Project.

Accounts and Audited Financial Statements

21. The Borrower shall maintain Project and Subproject accounts and have these audited by independent auditors acceptable to ADB and submits these to ADB on a timely basis as further detailed in the PAM.

Governance: Anticorruption

22. The Guarantor and the Borrower shall comply with ADB's Anticorruption Policy (1998, as amended to date) and (i) shall ensure that the anticorruption provisions acceptable to ADB,

Schedule 4

the Guarantor, and the Borrower 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 Borrower and all contractors, suppliers, consultants, and other service providers as they relate to the Project, and as included in the PAM, (ii) 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; (iii) 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 (iv) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.

23. In addition to procurement related information as stipulated above, the Borrower shall publicly disclose Project and Subprojects' information on use of ADB Loan proceeds and procedures on Subprojects' implementation. The information will include inter alia, financial statements, track procurement awards, and status of rehabilitation and reconstruction, funding commitment from other donors and status update on the Project implementation.

Project Performance Monitoring System (PPMS)

24. Without limiting the requirements of setting up the PPMS as detailed in the PAM, the Borrower shall ensure that benefit monitoring, progress and achievements of the Project objectives are undertaken with due participation and feedback of the key stakeholders and in accordance with the GAP.

Use of Loan proceeds

25. Notwithstanding the generality of Section 3.01 of this Loan Agreement, repayments of the Loan proceeds to the Borrower from Counterparties under shorter Subproject payback periods if any, shall be further used by the Borrower to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.