



FINANCIAL AGREEMENT

BETWEEN

THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), and
THE GOVERNMENT OF INDIA (hereinafter referred to as "India").

WHEREAS India desires to purchase sixteen Caribou I aircraft and associated spare parts and equipment; and

WHEREAS the purchase is to be made by India under a contract to be entered into with the Canadian Commercial Corporation; and

WHEREAS Canada has agreed to make a loan to India to enable India to make the purchase and to provide grants to India to defray part of the interest payable in respect of the loan.

CANADA AND INDIA agree as follows:

1. Canada will, subject to the appropriation of funds by the Canadian Parliament therefor, pay to the Canadian Commercial Corporation, by way of loan to India and on India's behalf, at such time or times as may be specified in a contract to be negotiated between India and the Canadian Commercial Corporation, such amounts, not exceeding in the aggregate Twelve Million Five Hundred Thousand Canadian Dollars (Can. \$12,500,000), as are required for the purchase by the Canadian Commercial Corporation from de Havilland Aircraft of Canada Limited, for the account of India, of sixteen Caribou I aircraft and associated spare parts and equipment; the aircraft to be delivered F.A.F. Downsview, Ontario.
2. In repayment of the principal amount of the loan referred to in clause 1, India will pay to the Receiver-General of Canada in Canadian dollars and in ten (10) equal semi-annual instalments, an amount equal to the total amount paid by Canada under clause 1; the first such instalment to be paid by India six months after the date of delivery of the first aircraft, and subsequent instalments to be paid semi-annually at six-month intervals calculated from the date the first instalment is paid.
3. India, may, at its option and without notice or bonus, pay before their due date any or all of the instalments required to be paid on account of principal under clause 2.
4. India will pay semi-annually to the Receiver-General of Canada, in Canadian dollars, concurrently with the instalments of principal, interest on the balance of the loan outstanding from time to time at the rate of five and one-half per cent (5½%) per annum calculated from the date of execution of the contract between India and the Canadian Commercial Corporation referred to in clause 1.