

## **UPPER PILUWA KHOLA- 3 HYDROELECTRIC PROJECT (4.95 MW), SANKHUWASABHA, NEPAL**



### **Progress Report**

Mangsir 2078

Submitted by:

**MABILUNG ENERGY LIMITED**

Lalitpur-3, Nepal

## Table of Contents

1	EXECUTIVE SUMMARY .....	1
2	PROJECT OVERVIEW .....	1
3	PROJECT SALIENT FEATURES .....	3
4	SITE DETAILS.....	7
4.1	MARKING AND CUTTING OF TREES.....	7
4.2	MOBILIZATION OF CIVL AND HM CONTRACTOR.....	8
4.3	HEADWORKS .....	11
4.4	WATERWAY .....	12
4.5	POWERHOUSE .....	13
5	ELECTROMECHANICAL WORKS.....	14

### ANNEXTURE:

- Copy of all Recent Contract Document Cover Page

## 1 EXECUTIVE SUMMARY

The Progress Report is prepared for providing the information about the project development and construction progress of Upper Puluwa Khola-3 Hydroelectric Project, Sankhuwasabha, Nepal (4.95 MW). It contains the information about the project activities and achievement till the month of Kartik, 2078. Major project activities have been highlighted.

## 2 PROJECT OVERVIEW

Upper Puluwa Khola-3 Hydroelectric Project is located along the Puluwa Khola between confluence area with Sikhuwa Khola and confluence area with Lakhuwa Khola. The project area lies in Madi and Chainpur Municipalities of Sankhuwasabha District, Province 1 in eastern Nepal, while waterway and powerhouse lies only on Madi Municipality. Chainpur is nearest market place from the project area. Project area is accessible by about 13 km road from Chainpur with a fair weather road. Present updated geographical boundary of project lies between latitude of 27° 17' 42"N and 27° 18' 04"N and longitude of 87° 24' 22"E and 87° 25' 30"E. The elevation at the proposed intake site is 1162 masl.

The Project, optimized at an installed capacity of 4.95 MW, is a run-of-the-river type project with gross head of 128 m and design discharge of 5.02 m<sup>3</sup>/s. Net annual marketable energy to be generated from the Project is 28.41 GWh, out of which 4.90 GWh is dry season energy (Push to Baiskash).

The Puluwa Khola is a tributary of Arun River. The basin lies in the eastern part of the Sankhuwasabha district. Elevation of the catchment ranges from 1160 m to 3525 m. The main stream flows from East to West direction. Catchment area at the intake site covers 83.70 km<sup>2</sup> out of which 15.18 km<sup>2</sup> is covered by Sikhuwa catchment and catchment at powerhouse is 98.50 km<sup>2</sup>. Design flood at the proposed headworks has been taken 259 m<sup>3</sup>/s (Q100-year). The riparian release for environmental requirement is considered as 0.096 m<sup>3</sup>/s for Puluwa Khola and 0.021 m<sup>3</sup>/s for Sikhuwa Khola which corresponds to 10% of the driest month's flow of the river.

Geologically, the project area lies in Himal Group of Higher Himalayan Crystalline. Present study only covers the rock type and structures found within project area. Bed rocks are partially exposed at steep slopes and cut bank and road cut sections. Most of the surface within project area is covered with soils.

A diversion weir on Sikhuwa diverts discharge of 0.91 m<sup>3</sup>/s from Sikhuwa Khola to approach canal from Piluwa Khola diversion works. A spilling weir at Piluwa Khola with two undersluices and two side intake openings will divert the design discharge of 5.02 m<sup>3</sup>/s to intake structure located at left bank of the river. The diversion structure is design for flood discharge of 259 m<sup>3</sup>/s. Headworks structure including side intake, gravel trap, approach canal and desander with forebay are located on left bank of Piluwa Khola. The Headrace pipe from forebay to surge tank is aligned along left bank of Piluwa Khola. After 1360 m length of headrace pipe surge tank is located at left bank hillslope. After surge tank penstock pipe is proposed to be aligned on left bank of Piluwa Khola and the penstock line is designed to cross Lakhuwa Khola to reach Powerhouse. Powerhouse is located at left bank of Piluwa Khola near the confluence Piluwa Khola with Lakhuwa Khola. Powerhouse is dimensioned to accommodate two Francis turbine of horizontal configuration. The switchyard is located just upstream of powerhouse on left bank of Piluwa Khola. About 14 km long 33 kV transmission line connected to Baneshwar substation evacuated the Power generated from UP3HP.

The construction period of the Project has been taken to be 24 months. The total financial cost of the Project on the basis of rates as of January 2020 is estimated to be 893.37 MNRs. with IDC. The Project shall be financed from debt and equity ratio of 70:30 from financing institutions. Financial analysis has been undertaken with 11.75% interest rate on the long-term loan yielding 15.23% IRR, 18.16% RoE, and B/C ratio of 1.27.

### 3 PROJECT SALIENT FEATURES

#### 1. Project Details

Project Name	:	Upper Piluwa Khola 3 Hydroelectric Project
Location	:	Madi & Chainpur Municipalities, Sankhuwasabha
Geographical Coordinates	:	Latitude: 27° 17' 42"N and 27° 18' 04"N Longitude: 87° 24' 22"E and 87° 25' 30"E
Type of Scheme	:	Run off River
Installed Capacity	:	4.95 MW
Gross Head	:	128 m
Rated Design Head	:	116.7 m

#### 2. Hydrology

Catchment Area	:	83.70 km <sup>2</sup>
Mean Annual Precipitation	:	1500 mm
100 years Design Flood (HW)	:	259 m <sup>3</sup> /s
Design Discharge - Piluwa Khola	:	4.11 m <sup>3</sup> /s
- Sikhuwa Khola	:	0.91 m <sup>3</sup> /s
Mean Annual Discharge- Piluwa Khola	:	6.0 m <sup>3</sup> /s
- Sikhuwa Khola	:	1.34 m <sup>3</sup> /s
Riparian Release - Piluwa Khola	:	96 lps
- Sikhuwa Khola	:	21 lps

#### 3. Headworks

Diversion Structure	:	Concrete overflow weir with undersluice
Length of Weir	:	25.0 m
Weir crest Elevation	:	EL 1162 masl
Height of Weir	:	7.0 m from bed level at weir
Undersluice	:	3 m x 1.75 m – 2 nos
Sill Level	:	1157 masl
Intake Type	:	Side Intake
Size of Opening (B x H)	:	3.0 m x 1.2 m - 2 nos
Sill Level	:	1160.40 masl

#### 4. Gravel Trap

Type	:	Rectangular RCC
Particle Size to be settled	:	5 mm
Size of Gravel Trap	:	8.0 m x 3.3 m (L x B)

#### 5. Approach Canal

Type	:	RCC Rectangular
Size	:	2.2 m x 2.2 m (B x H)

#### 6. Desander

Type	:	Dufour, double bay
Particle Size to be settled	:	0.20 mm
Size of Desander	:	Each bay of 45 m x 6.4 m (L x B)

#### 7. Sikhuwa Diversion Scheme

Type	:	Concrete overflow weir
Intake	:	Side intake of 1.5 m x 0.7 m, 2 nos
Gravel Trap	:	2 m deep, 5.0 m long and 1.5 m wide

Transfer Pipe	:	0.9 m diameter MS Pipe, 170 m long
<b>8. Headrace Pipe</b>		
Total Length	:	1398 m
Type	:	MS-Pipe Buried and exposed section
Diameter of Pipe	:	1.50 m dia with varied thickness 6 mm
<b>9. Surge tank</b>		
Type	:	Restricted orifice
Size	:	4 m diameter 23 m height
<b>10. Penstock Pipe</b>		
Total Length	:	395 m
Type	:	MS-Pipe Buried and exposed section
Diameter of Pipe	:	1.40 m dia with varied thickness 8 mm to 10 mm
<b>11. Powerhouse</b>		
Type	:	Surface
Dimension (l x b x h)	:	23 m x 8.5 m X 11.40 m
PH Floor Level	:	EL. 1033.10 m
Turbine centerline Level	:	EL. 1033.50 m
<b>12. Tailrace</b>		
Type	:	2.0 m wide, 1.6 m high and 25.0 m long, RCC Box canal
Tailrace Water Level	:	EL 1034.0 m
Minimum Tail water level	:	EL 1033.57 m
<b>13. Turbine</b>		
Type	:	2 Nos. Horizontal Francis
Rated Discharge for each Turbine	:	2.51 m <sup>3</sup> /s
Rated Output for each Unit	:	2.574 MW
Rated Efficiency	:	90%
<b>14. Generators</b>		
Type	:	2 Nos. Synchronous brushless, 3Ø AC
Rated Voltage	:	6.6 kV
Power Factor	:	0.85
Layout	:	Horizontal
Synchronous speed	:	1000 rpm
Rated Efficiency	:	96.0 %
Rated Output	:	2912 kVA
Rated Frequency	:	50 Hz
<b>15. Power Transformer</b>		
Type	:	1 No. 3 phase, 50 Hz Step up Transformer
Rated Efficiency	:	99%
Rate Capacity	:	5850 kVA
Voltage Ratio	:	33kV/6.6kV
<b>16. Transmission &amp; Interconnection</b>		
Transmission line	:	Powerhouse Baneshwor substation, 14.0 km
Type of Circuit	:	Single Circuit 33 kV

Line Conductor : ACSR “dog”  
Pole Type : Steel Tubular (11 and 13 m height)

**17. Power and Energy**

Installed Capacity : 4.95 MW  
Contract Energy after Outage & Loss : 28.41 GWh  
Wet Saleable Energy : 23.51 GWh  
Dry Saleable Energy : 4.90 GWh

**18. Construction Period : 2.0 Years**

**19. Financial Indicators**

Total Project Cost : 893.37 MNRs. (With IDC)  
B/C : 1.27  
IRR : 15.23 %  
RoE : 18.16 %

### **Statuary Development Details & Key Dates**

- License No: b.b.b. 071/072 b.uu.sa. 702 (first time issued)
- License Issue Date: 2072/01/15 to 2074/01/14
- License No: b.b.b. 074/075 b.uu.sa. 942 (second time issued)
- Second Time license renew date: 2074/07/26 to 2076/07/25
- Company reg no: 131454/071/072
- PAN no: 602464109
- Udh yog Reg No./ Date: 5824 / 2019-11-03(2076/07/17)
- Wada Reg no: 1659/10 Ta / 2076/11/01
- Connection Agreement Date: March 2017
- Power Purchase Agreement Date: chaitra 2075
- Generation License Apply Date: 2076/07/25
- Generation Licence no: b.b.b. 077/78 b. uu. 306
- Transmission Line Survey no: b.b.b. 077/78, b.pra.sa. 465
- IEE Tor Approval Date: 2073/02/16
- IEE approved Date: 076/08/01
- Proposed RCOD: Falgun 2078

### **Contract Details:**

- Facility Agreement with Laxmi Bank on 2077.11.10
- DPR and Bid Documentation by PNET signed on January 2019
- Financial Agreement with T.P. Adhikari for Financial Advice on 2078.01.10
- Transmission line DPR and Bid Documentation by Slesha Engineering Consultant signed on July 2020
- Geophysical Investigation by Manifold Consult Pvt Ltd signed on 6<sup>th</sup> Dec, 2019
- IEE by Raj Bandhu Services Pvt. Ltd signed on May 2019
- DDA by Clean Energy Consultant signed on 12th Aug 2020

### **Construction Management:**

- The Employer/ Owner: Mabilung Energy Private Limited
- The Civil and Hydro-mechanical Contractor (EPC Contract): Growth/ PES JV contract signed on August, 2021. (EPC contractor Consultant: TAC Hydro Engineers Pvt. Ltd.)
- The Contractor (Electro-Mechanical): BFL Pvt. Ltd. signed on July, 2021.
- Bank Consultant: Jade Consultant signed on 2078.01.03.

---

## 4 SITE DETAILS

### 4.1 MARKING AND CUTTING OF TREES

Marking/Numbering (Taachha) and cutting of the trees in the project area in the presence of GON Forest officers have been completed.



Fig: Numbering (Taachha) of a tree



Fig: Officer of Forest Office and project staff during Numbering of Tree in Project area

## 4.2 MOBILIZATION OF CIVL AND HM CONTRACTOR

EPC contractor has been mobilized to site and is carrying out the excavation works, camp facilities preparation and installation of Crusher Plants.



Fig. Contract signed with EPC contractor for Civil and HM works



Fig: New Equipment Mobilized at Site



Fig: Materials for Construction Power unloading at Site



Fig: Construction of Labour Camp is in Progress



Fig: Fabrication of Crusher plant is in Progress

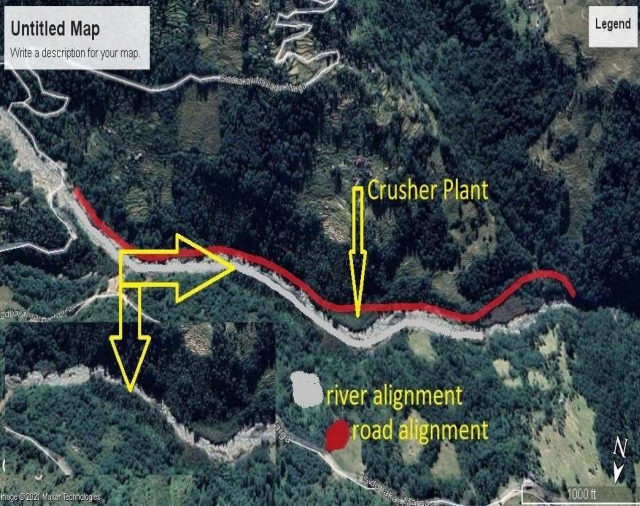


Fig: Proposed Crusher plant installation site in Google Earth



Fig: Track opening on Right Bank

### 4.3 HEADWORKS

Track opening for access road upto Headwork has been completed. The excavation of weir and settling basin is in progress. Crusher plant area has been developed.



Fig: Track opening Up to Headwork



Fig: Excavation of Settling basin is in progress.

#### 4.4 WATERWAY



Fig: Excavation work of Waterway is in Progress.



Fig: Clearing Waterway area is in Progress.

## 4.5 POWERHOUSE

Access to Powerhouse is developed and Excavation work is in progress.



Fig: Excavation work of PH is in Progress.



Fig: Excavation work of Powerhouse is in progress.

## **5 ELECTROMECHANICAL WORKS**

Contract has been signed with EM contractor-BFL Pvt. Ltd. For design, fabrication, instillation, testing and commissioning of EM equipment.



# ANNEXTURES

	2021					2022												2023							
	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	
CONSTRUCTION WORKS																									
DESIGN REVIEW	█	█	█																						
SITE MOBILIZATION		█	█																						
ACCESS ROAD		█																							
CONSTRUCTION ROAD		█	█	█	█	█																			
CIVIL WORKS		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
HEAD WORKS			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
WATER WAY						█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
POWER HOUSE																									
HM WORKS																									
PORCUREMENT																									
GATESAND TRASHRACKS INSTALATION																									
WATER WAY																									
SUREG TANK																									
PENSTOCK																									
EM WORKS																									
TRANSMISSION LINE WORKS																									
HAND OVER AND RECTIFICATION																									

**FACILITIES AGREEMENT**

Between

**MABILUNG ENERGY LTD.**

As Borrower

&

**LAXMI BANK LTD.**

As Lead Bank/ Agent Bank

&

**MACHHAPUCHCHHRE BANK LTD.**

As Participating Banks/ Financial Institutions

Date: February 22, 2021



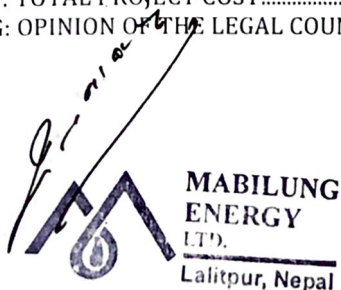
*Handwritten signature and scribbles*

**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal



## Table of Contents

SECTION 1 - GENERAL.....	4
I. DEFINITIONS.....	4
II. BANKS/FINANCIAL INSTITUTIONS.....	11
III. AVAILABILITY.....	13
IV. DRAWDOWN.....	15
V. REPRESENTATION AND WARRANTIES.....	17
VI. STATEMENTS.....	20
VII. UNDERTAKINGS.....	21
VIII. PAYMENTS AND APPLICATION OF PAYMENTS.....	26
IX. FEES, COMMISSION AND EXPENSES.....	28
X. EVENTS OF DEFAULTS.....	29
XI. FORCE MAJEURE.....	33
XII. INSURANCE.....	34
XIII. THE AGENT AND THE BANKS.....	36
XIV. ASSIGNMENT AND SETOFF.....	40
XV. NOTICES.....	41
XVI. EVIDENCE OF DEBT AND TENURE.....	42
XVII. WAIVERS: PARTIAL INVALIDITY.....	43
XVIII. LAW & JURISDICTION.....	44
XIX. COUNTERPARTS.....	45
SECTION 2 - TERM LOAN FACILITY.....	46
I. AMOUNT AND PURPOSE.....	46
II. DRAWDOWN.....	46
III. INTEREST.....	47
IV. REPAYMENT.....	47
V. PREPAYMENT.....	48
VI. BRIDGE GAP LOAN FACILITY.....	49
SECTION 3 - WORKING CAPITAL LOAN FACILITY.....	50
I. AMOUNT AND PURPOSE.....	50
II. DRAWDOWN.....	50
III. INTEREST.....	50
SECTION 4 - LETTER OF CREDIT FACILITY.....	51
I. AMOUNT AND PURPOSE.....	51
II. TERMS AND CONDITIONS.....	51
III. LETTER OF CREDIT COMMISSION AND CASH MARGIN.....	51
IV. REQUIREMENTS FOR LETTER OF CREDIT.....	51
V. OPENING OF A LETTER OF CREDIT.....	51
VI. PAYMENT UNDER LETTER OF CREDIT.....	52
VII. FEES, COMMISSION, EXPENSES, CHARGES OR COSTS.....	52
VIII. CLAIM FOR PAYMENT UNDER THE LETTER OF CREDIT.....	52
IX. BANK GUARANTEE FACILITY.....	52
SECTION 5 - BANK GUARANTEE FACILITY.....	53
I. AMOUNT AND PURPOSE.....	53
II. TERMS AND CONDITIONS.....	53
III. BANK GUARANTEE COMMISSION AND CASH MARGIN.....	53
IV. REQUIREMENTS FOR BANK GUARANTEE.....	53
V. OPENING OF A BANK GUARANTEE.....	53
VI. OTHER TERMS AND CONDITIONS.....	53
SECTION 6. - COMMENCEMENT AND TERMINATION OF THIS AGREEMENT.....	54
APPENDIX A: BANKS.....	56
APPENDIX B: NOTICE OF DRAWING.....	57
APPENDIX C: FORM OF OPINION OF THE BORROWER'S COUNSEL.....	58
APPENDIX D: PROJECTED SCHEDULE OF DRAWING OF TERM LOAN FACILITY.....	61
APPENDIX E: TOTAL LIMIT.....	62
APPENDIX F: TOTAL PROJECT COST.....	63
APPENDIX G: OPINION OF THE LEGAL COUNSEL OF PARTICIPATING BANKS.....	64



THIS FACILITIES AGREEMENT is made on the day February 22, 2021 in Kathmandu, Nepal

**BETWEEN:**

**MABILUNG ENERGY LTD.** as **Borrower**,

and

**THE BANKS/FINANCIAL INSTITUTIONS (FIs)**

- Laxmi Bank Ltd.
- Machhapuchchhre Bank Ltd.

as Lending Banks, referred to as **Banks**,

with

**LAXMI BANK LTD.** also referred to as the **Agent & Lead Bank**



**WHEREAS:**

1. The Borrower is a Limited Company, a company registered with the Company Registrar's Office and under the Company Act 2063 with registration no. 235243/076/77 dated 2076/11/12 B.S. having its registered office at Ward No. 10, Lalitpur.
2. The Borrower has been given approval to develop, own and operate hydropower generation facility known as Upper Piluwa Khola -3 Hydropower Project (4.95 MW) located at Madi and Chainpur Municipalities of Sankhuwasabha District, Province 1.
3. The Borrower has entered into a **Power Purchase Agreement** (hereinafter referred to as **PPA**) with **Nepal Electricity Authority** (hereinafter referred to as **NEA**) for the purpose of purchasing of power to be generated from the Borrower's proposed project dated March 26, 2019 (Chaitra 12, 2075).
4. The Borrower has approached the Banks to extend:
  - a) Term Loan Facility of NPR 655,900,000.00 (Nepalese Rupees Six Hundred Fifty Five Million Nine Hundred Thousand Only) for construction and operation of a 4.95 MW run of the river hydropower project located at Madi and Chainpur Municipalities of Sankhuwasabha District, Province 1.
  - b) Working Capital Loan Facility of NPR 23,500,000.00 (Nepalese Rupees Twenty Three Million Five Hundred Thousand Only) to finance working capital investment of the project.
  - c) Letter of Credit Facility of NPR 300,000,000.00 (Nepalese Rupees Three Hundred Million Only) within Term Loan Facility to import electro mechanical equipments, metal sheets and pipes, hydro-mechanical equipments, transmission line equipments, construction materials, spare parts, etc. for the project.
  - d) Bank Guarantee Facility of NPR 2,970,000.00 (Nepalese Rupees Two Million Nine Hundred Seventy Thousand Only) to issue performance guarantee favouring Nepal Electricity Authority for commencement of the project.

The Borrower has approached the Banks for the Facilities (as hereinafter defined) to finance for the aforementioned purposes of the project, and the Banks have agreed to provide the same to the Borrower in the amount and upon the terms and conditions hereinafter mentioned.

NOW IT IS HEREBY AGREED as follows:



  
  
**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal





## SECTION 1 - GENERAL

### **I. DEFINITIONS**

A. In this Agreement and the Appendices, the following expressions shall, except where the context otherwise requires, have the following meanings,

1. "Agreement" Means this Facilities Agreement as executed and as it may from time to time be amended.
2. "Agent/ or the Agent Bank" Means Laxmi Bank Ltd.
3. "Applicable Rate " In relation to a facility means the rate of interest applicable in respect of that Facility.
4. "Available Commitment" Means in relation to each Bank its commitment less Outstanding Amount.
5. "Banks" or "Participating Banks" Means those Banks whose names are set out in Appendix 'A'.
6. "Borrower" or "Borrowing Company" Means Mabilung Energy Ltd., registration no. 235243/076/77 registered on 2076/11/12 B.S. at Company Registrar's Office and having registered office at Ward No. 10, Lalitpur, Nepal or any other address it may advise the Agent from time to time.
7. "Business Day" Means the day on which Banks are open for business in Kathmandu.
8. "Bank Guarantee" Means an Irrevocable Performance Guarantee issued by Agent Bank favouring Nepal Electricity Authority for the commencement of operation. Furthermore, this also includes any other Bank Guarantee to which the Borrower is an applicant or a beneficiary.
9. "Bridge Gap Loan Facility" Means a Loan Facility of NPR 75,000,000.00 (Nepalese Rupees Seventy Five Million Only) within the Term Loan Facility.
10. "Capex Reserve Account" Means the Capex Reserve Account in the name of the Borrower opened in the books of the Agent Bank which will be used to deposit surplus cash flow after fulfilling obligation under Debt Payment Account.
11. "Collateral Account" Means the Deposit Account, Revenue Account, Debt Payment Account and Capex Reserve Account.
12. "Commitment in relation to the Facility" Means the amount set opposite each Bank's name under Section 1 Clause II.
13. "Commitment Period" Means the period commencing on the date of this Agreement expiring on the Commitment Termination Date.



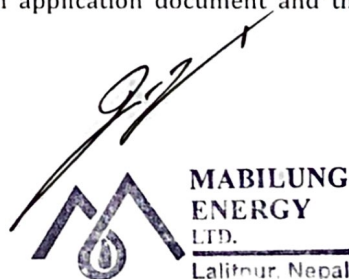
  
**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal



14. "Commitment Termination Date" Means the earliest of
- a) In relation to the Term Loan Facility:
    - i. The Date on which the aggregate principal amount of all outstanding to the Borrower under the Facility equals the Total Commitment of the Banks thereunder; or
    - ii. Upon cancellation of the (full or remaining) Facility at the request of the Borrower, or
    - iii. If Initial Drawing for the Term Loan is not made within February 28, 2022
  - b) In relation to all the Facilities, earlier of the following namely:  
Date on which the Agent gives notice in writing to the Borrower pursuant to Section 1, Clause X (B).
  - c) If a Commitment Termination Date in relation to Facility is not a Business Day, Commitment Termination date in respect thereof shall be the next succeeding Business Day.
15. "Commencement date" Means the commencement date of this Agreement, which is February 22, 2021.
16. "Companies/Institutions controlled by the Borrower" Means the Companies/Institutions in which the Borrower has control in its Board of Directors by virtue of its authority to appoint/nominate more than 50% of its members.
17. "Current Assets" Means all assets of the current nature, which can be realized into cash within a period of one year.
18. "Current Liabilities" Means all liabilities of current nature, which can become due and payable within a period of one year.
19. "Current Ratio" Means the result obtained by dividing current assets by current liabilities (excluding current portion of the term loan).
20. "Consortium" or "Consortium Financing" Means financing the Borrower under this Agreement by the Banks listed in Appendix A.
21. "Deposit Account" Means a special account in the name of the Borrower opened in the books of the Agent Bank which will be used to deposit equity into and also for drawing down equity and disbursed amount during the disbursement period.



22. "Debt Payment Account" Means a special account held by the Borrower with the Agent Bank and which shall be funded through revenue generated from the project and after fulfilling obligations under O & M Account.
23. "Drawing" Means drawing under each Facility made pursuant to this Agreement.
24. "Encumbrance" Means any mortgage, charge (whether fixed or floating), assignment, pledge, lien, hypothecation, security interest, title retention or any other security agreement or arrangement of any kind, securing any obligation of any person.
25. "Event of Default" Means any one of the events specified in Clause X.
26. "Facilities" Means collectively, (i) Term Loan Facility (ii) Bridge Gap Loan Facility (iii) Working Capital Loan Facility (iv) Letter of Credit Facility and (v) Bank Guarantee Facility and the expression "Facility" means any one of them referred to individually.
27. "Force Majeure" Means any one of the events specified in Clause XI.
28. "General Operating Account" Means an unencumbered account held by the Borrower with the Agent Bank which shall be funded through revenue generated from the project after fulfilling all the obligations under O & M Account, Debt Payment Account and Capex Reserve Account.
29. "Interest Payment Date" Means the last day of any Interest Period.
30. "Interest Period" Means a period of 3 months ending at the end of the months of Ashwin, Paush, Chaitra and Ashad of the Bikram Era but so that:
- the first Interest period shall commence on the date on which the initial drawing is made.
  - each subsequent Interest Period shall commence on the expiry of the immediately preceding Interest Period, provided, however, any broken period shall be adjusted with the last payment of interest.
  - if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the succeeding Business Day unless the result of such extension would be to carry such Interest Period over to another calendar month in which event such Interest Period shall end on the immediately preceding Business Day.
  - the final Interest Period shall end upon the final Repayment Date.
31. "Initial Drawing" Means the first drawing under the Term Loan.
32. "Information Memorandum" Means the loan application document and the Financial



Projections and supplements thereto, concerning the Borrower, which was prepared in relation to this Agreement.

33. "Indebtedness" Means any obligation for the payment or repayment of money, whether present or future, actual or contingent, in respect of principal, interest, commission, fee or any amount payable under this Agreement by the Borrower.
34. "Lending Office" Means in relation to a Bank at the specified address under the name of the Bank in Appendix 'A' or as it may designate from time to time.
35. "Leverage" Means the result obtained by dividing total liabilities by tangible net worth.
36. "Letter of Credit" Means Standby/Irrevocable Letter of Credit, Sight as well as Deferred, issued or to be issued by the Issuing Bank pursuant to this Agreement.
37. "Major Shareholders" Means M/s Asian Life Insurance Co. Ltd., M/s Guheswori Merchant Banking and Finance Ltd., Mr. Rajesh Lal Shrestha and Mr. Dabin Shrestha having combined shareholding of more than 51% in the Borrowing Company.
38. "Majority of Banks" Means a minimum of 51% of total outstanding of the Facilities extended under this Agreement.
39. "Notice of Drawing" Means a notice in the form set out in Appendix 'B'.
40. "Outstanding Amount" In relation to the Banks, means the total amount due from the Borrower, which shall include principal, interest, charges, penalties, if any etc. under each Facility.
41. "O & M Account" Means a special account opened and held by the Borrower in the Lead/Agent Bank from where it shall make all expenses in connection with its business operations and which is unencumbered.
42. "Project" Means construction, maintenance and operation of a 4.95 MW run of the river hydropower project at Madi and Chainpur Municipalities of Sankhuwasabha District, Province 1.
43. "Person" Shall be construed as a reference to any natural person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.
44. "Prepayment" Means repayment of a Facility, wholly or in part, before the scheduled Repayment Date, the terms stipulated in Section 2, Clause V.



45. "Rupees, Rs, or NPR" Means the lawful currency of Nepal.
46. "Repayment Terms" Means in relation to the Term Loan Facility, the terms stipulated in Section 2, Clause IV.
47. "Reasonable cost or Cost" Means the cost incurred by the Agent in respect of this Agreement with the prior consultation with the Borrower.
48. "Revenue Account" Means a special account opened and held by the Borrower with the Lead / Agent Bank where all revenue proceeds from its business operations shall come and stay deposited and on which the Participating Banks shall have lien and control.
49. "Securities" Means in relation to all Facilities,
1. First Legal Charge by way of registered mortgage/pledge/hypothecation over the entire present and future fixed assets created with or without financing owned by the Borrower on pari-passu basis in favor of Participating Banks.
  2. First Charge over entire current assets of the project including receivables from Nepal Electricity Authority to the consortium on pari-passu basis.
  3. Authorized charge on the Power Purchase Agreement signed between Nepal Electricity Authority and the Borrower for supply and delivery of energy (electricity) produced by the Borrower from its Upper Puluwa Khola -3 Hydropower Project at Puluwa and Sikhuwa Khola.
  4. Authorized charge on the Generation License issued by Department of Electricity Development in favour of the Participating Banks.
  5. Personal Guarantee of Mr. Deepak Kumar Shrestha, Mr. Rajesh Lal Shrestha, Mr. Dabin Shrestha, Mr. Dinesh Lal Shrestha and Mr. Indra Mandal Rai covering the loan exposure in favour of the Participating Banks. The guarantee amount shall be as specified under Appendix E of this Facilities Agreement.
  6. Pledge of entire shares of the Borrowing Company owned by the promoters of the Borrower in favor of the Participating Banks.
  7. Assignment of Project Guarantees
  8. Promissory Note
  9. Letter of Continuity
  10. Loan Deed



**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal

11. Letter of Set Off
12. Loan Subordination Agreement
13. Commitment Letter from proposed corporate shareholders M/s Guheshwori Merchant Banking & Finance Ltd, M/s Asian Life Insurance Co. Ltd. and M/s Trust Energy Pvt. Ltd. for proposed equity.

50. "Security Documents"

Means the document evidencing

1. First Legal Charge by way of registered mortgage/pledge/hypothecation over the entire present and future fixed assets created with or without financing owned by the Borrower on pari-passu basis in favor of Participating Banks.
2. First Charge over entire current assets of the project including receivables from Nepal Electricity Authority to the consortium on pari-passu basis.
3. Authorized charge on the Power Purchase Agreement signed between Nepal Electricity Authority and the Borrower for supply and delivery of energy (electricity) produced by the Borrower from its Upper Piluwa Khola -3 Hydropower Project at Piluwa and Sikhuwa Khola.
4. Authorized charge on the Generation License issued by Department of Electricity Development in favour of the Participating Banks.
5. Personal Guarantee of Mr. Deepak Kumar Shrestha, Mr. Rajesh Lal Shrestha, Mr. Dabin Shrestha, Mr. Dinesh Lal Shrestha and Mr. Indra Mandal Rai covering the loan exposure in favour of the Participating Banks. The guarantee amount shall be as specified under Appendix E of this Facilities Agreement.
6. Pledge of entire shares of the Borrowing Company owned by the promoters of the Borrower in favor of the Participating Banks.
7. Assignment of Project Guarantees
8. Promissory Note
9. Letter of Continuity
10. Loan Deed
11. Letter of Set Off
12. Loan Subordination Agreement



13. Commitment Letter from proposed corporate shareholders M/s Guheshwori Merchant Banking & Finance Ltd, M/s Asian Life Insurance Co. Ltd. and M/s Trust Energy Pvt. Ltd. for proposed equity.

51. "Term Loan Facility" Means a loan by way of Term Loan in the amount of NPR 655,900,000.00 (Nepalese Rupees Six Hundred Fifty Five Million Nine Hundred Thousand Only) for construction and operation of a 4.95 MW run of the river hydropower project located at Madi and Chainpur Municipalities of Sankhuwasabha District, Province 1, agreed to be provided by the Banks, upon the terms and conditions stipulated in Section 2, Clause I set forth in this Agreement.
52. "Total Commitment" Means in relation to a Facility, the aggregate amount of the Commitments of all the Banks, for that Facility.
53. "Transaction Documents" Means the following documents:  
a. Banks Financing Documents;  
b. Other Financing Documents; and  
c. Other Documents deemed as Transaction Documents by the Bank;
54. "Winding up" or "Dissolution" Means in relation to the Borrower Company, the winding up or dissolution, in accordance with the Companies Act 2063 and Insolvency Act 2063 of Nepal or under prevailing laws in effect.
55. "Working Capital Loan Facility" Means a Loan Facility in the form of Overdraft of NPR 23,500,000.00 (Nepalese Rupees Twenty Three Million Five Hundred Thousand Only) for financing the working capital investment after the project commences the operation.

- B. The main headings to the Clauses in this Agreement are inserted for convenience only and shall not be used for interpretation.
- C. All references to the Section, Sub-Section, Clauses, Sub-Clauses, and Appendices are to the Clauses, Sub-Clauses and Appendices to this Agreement.
- D. Unless the context otherwise requires words in singular number include the plural and vice versa.
- E. References to days, months and years are to days, months and years in Bikram Era, unless otherwise stated.



## II. BANKS/FINANCIAL INSTITUTIONS

Subject to the provisions of this Agreement, each Bank, through its Lending Office, will participate in a Drawing under a Facility, at the time of receipt of the Notice of Drawing under a Facility. The amount to be disbursed by each Bank in each disbursement shall be determined by the Agent and such disbursement will be in proportion to each Bank's respective commitment.

The Participation of each Bank shall be as follows:

### A. Term Loan Facility:

SN	Name of the Bank	Nepalese Rupees	Proportionate Participation in %
1.	Laxmi Bank Ltd.	399,900,000.00	60.97%
2.	Machhapuchchhre Bank Ltd.	256,000,000.00	39.03%
<b>Total</b>		<b>655,900,000.00</b>	<b>100.00%</b>

A Bridge Gap Loan Facility of NPR 75,000,000.00 (Nepalese Rupees Seventy Five Million Only) shall be provided by the Lead Bank within the above Term Loan Facility.

### B. Letter of Credit Facility:

The Term Loan Facility of NPR 655,900,000.00 (Nepalese Rupees Six Hundred Fifty Five Million Nine Hundred Thousand Only) as provided in "A" above also includes the drawdown against Letter of Credit not exceeding NPR 300,000,000.00 (Nepalese Rupees Three Hundred Million Only) at an agreed Drawdown Debt Equity Ratio of 70:30. Such Letter of Credit Facility shall be issued by the Lead Bank while Member Bank will share the exposure/commitment in pro rata of participation in Term Loan as detailed in "A" above.

A Bank Guarantee Facility of NPR 1,000,000.00 (Nepalese Rupees One Million Only) shall also be provided by the Lead Bank within the above Letter of Credit Facility.

### C. Working Capital Loan Facility:

Lead Bank shall provide the Working Capital Loan Facility upto NPR 23,500,000.00 (Nepalese Rupees Twenty Three Million Five Hundred Thousand Only). Utilization of Working Capital Loan Facility shall be allowed against net current assets including stocks, spare parts and trade receivables from Nepal Electricity Authority after the commencement of the commercial operation of the project. Drawdown shall be restricted to 70% of net current assets and maximum three months receivables from NEA.

Name of the Bank	Nepalese Rupees	Proportionate Participation in %
Laxmi Bank Ltd.	23,500,000.00	100.00
<b>Total</b>	<b>23,500,000.00</b>	<b>100.00</b>

### D. Bank Guarantee Facility:

The facility shall be provided upto NPR 2,970,000.00 (Nepalese Rupees Two Million Nine Hundred Seventy Thousand Only) to issue Performance Guarantee favouring Nepal Electricity Authority for the commencement of operation. Such Bank Guarantee Facility shall be issued by the Lead Bank.

Name of the Bank	Nepalese Rupees	Proportionate Participation in %
Laxmi Bank Ltd.	2,970,000.00	100.00
<b>Total</b>	<b>2,970,000.00</b>	<b>100.00</b>



- E. The above Facility shall be secured by the Security Documents as referred to in Section 1 Clause I (A) (50).
- F. Total outstanding comprising of the Funded component for each Bank shall not exceed the total committed by each Bank.
- G. No Bank shall withdraw from its participation in the Facilities other than as provided for under Clauses X, Clause XI and in accordance with the Directives/Circular of Nepal Rastra Bank.
- H. Each of the Banks hereto represents and warrants to the other as follows:
- (i) it has the corporate power and authority to execute, deliver and perform this Agreement and has taken all necessary corporate actions to authorise the execution, delivery and performance by it of this Agreement.
  - (ii) no consent or authorization of, or filing with, any person (including, without limitation, any governmental body, agency or official) is required in connection with the execution, delivery or performance by it, or the validity or enforceability against it, of this Agreement.
  - (iii) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in proceeding in equity or at law).



### III. AVAILABILITY

1. The availability of a Facility under this Agreement is subject to the condition that the Agent on behalf of the Banks shall have received in form and substance satisfactory to it:
  - A. a certified copy of the latest shareholders' register of the Borrower issued by Company Registrar's Office;
  - B. a copy, certified by a Notary Public to be true, complete and up-to-date copy of the Memorandum and Articles of Association of the Borrower;
  - C. a copy of the Resolution of the Board of the Borrower duly certified by the Company Secretary/one of the Directors, to be in full force and effect, for the following:
    - i) approving this Agreement and the availing of the full amount of the Total Commitments hereunder;
    - ii) authorising the person(s) signing and delivering this Agreement on behalf of the Borrower so to sign and deliver the same and accept service of process on behalf of the Borrower, and
    - iii) authorising a person to sign and deliver and accept service of process on behalf of the Borrower, (if such person is one other than the person specified in (ii) above) the Security Documents, Letter of Credit Application Form, Bank Guarantee Application Form, the Notice of Drawing and all other notices or other communications to be given by the Borrower pursuant to or in connection with this Agreement,
  - D. a Special Resolution as per Section 105 of the Companies Act 2063 passed by the General Meeting of the Borrower to avail of Facilities.
  - E. specimen signatures of each of the persons referred to in paragraphs (ii) and (iii) of Sub-Clause (C) of this Clause, authenticated by any of the two Directors of the Borrower,
  - F. a copy of the Information Memorandum attested by any of the two Directors of the Borrower Company, as being the true, complete and up-to-date copy of the same.
  - G. the Security Documents as provided under Section 1 Clause I (A) (50) duly created and executed in favour of the Banks.
  - H. an opinion of the Legal Counsel of the Borrower substantially in the form set out in Appendix C.
  - I. an opinion of the Legal Counsel to the Agent (on behalf of the Banks) confirming the Facilities Agreement is enforceable under the existing law and adequately protects the Bank's interest.
  - J. the Certificate of Incorporation of the Borrower.
  - K. the Income Tax Registration Certificate and Tax Clearance Certificate of the Borrower.
  - L. sanction letters / offer letters / credit facilities letter of the Banks.
  - M. lease agreement between the Borrower and the Government of Nepal pertaining to the lease of the land for the Project. This lease relates to the entire present and future land the Borrower leases from the Government of Nepal in relation to the said Project.



13/64

- N. approved Initial Environment Examination (IEE) Study Report of the Upper Piluwa Khola -3 Hydropower Project.
  - O. a Power Purchase Agreement signed between Nepal Electricity Authority and the Borrower.
  - P. a Connection Agreement signed between Nepal Electricity Authority and the Borrower.
  - Q. a Generation License issued by Department of Electricity Development for generation of 4.95 MW of energy.
  - R. a Due Diligence Report of the project carried out by an independent technical expert/consultant appointed by the Lead Bank and/or Consortium.
  - S. an Approval for land ceiling waiver.
2. The Term Loan, Working Capital Loan, Letter of Credit and Bank Guarantee Facilities shall be made available to the Borrower upon the terms and subject to the compliance of the further conditions stipulated in Section 2, 3, 4 and 5 respectively especially applicable in respect of that Facility.



#### IV. DRAWDOWN

##### A. Subject to:

- i) the Agent having received and the Agent and the Banks having found the documents and other matters referred to in Clause III to be satisfactory and the Borrower having executed the Security Documents; and
- ii) the Agent having verified the representation and warranties of the Borrower, stipulated in Clause V and having found them all to be true and accurate at the time of drawdown(s) and the same being verified and supported by the Counsel of the Borrower.
- iii) no Event of Default or Event of Force Majeure or other Event which, with the giving of notice and/or lapse of time and/or upon the Agent or the Banks making the relevant determination, might constitute an Event of Default or Event of Force Majeure having occurred, and
- iv) the Agent, along with each Drawdown Notice, having received detail project accounts and funds flow statement.
- v) the Agent having received from the Borrower not later than the seventh Business Day prior to the date upon which Drawing under the Term Loan Facility/ Letter of Credit Facility/ Bank Guarantee Facility is intended to be made, the Notice of Drawing duly completed and signed, on behalf of the Borrower, by the person authorised as referred to in Clause III Sub Clause 1 (C) (iii) of this section, the Borrower may (subject to the provisions of this Agreement and after the fulfillment of Section 1 Clause IV Sub Clause A (vi) make a Drawing under a Facility.
- vi) the Agent having received a report from consultants appointed by the member Banks, duly certifying the detail project account and funds flow statement submitted by the Borrower.

Provided that-

- a) the Initial Drawing may only be made on a Business Day not later than the Commitment Termination date;
  - b) the amount of Drawing shall not cause the total Outstanding Amount to exceed the Total Commitment, in respect of the Term Loan Facility; and
  - c) A Notice of Drawing once given shall be irrevocable. However, in the case of Force Majeure or by an order of any court of law or by the order of the competent authority (including NEA), if the project is stopped or suspended for any period, the Notice of Drawing may be revoked.
- B. subject to the foregoing provisions of this Clause, upon receipt of a Notice of Drawing, for the Term Loan Facility the Agent shall forthwith provide detail project accounts and funds flow statement submitted by the Borrower in accordance with sub-clause A (iv) of Clause IV, and notify each Bank of the date on which a Drawing is to be made and each Bank shall, subject to the provisions of Clause VIII, on the date of the Drawing make available to the Agent each Bank's participation in the Drawing in accordance with Section 1, Clause II (A). Such notices to the Banks by the Agent shall be hand delivered and not later than Three Business Days prior to the drawdown date. All the Parties to this Agreement agree to the fact that the disbursement by the Agent Bank over such request for drawdown shall be made within 3 working days after the fulfillment of Section 1 Clause IV Sub Clause A (vi) above.

If, however, such participation of a Bank, in the Drawing, is not forthcoming by 11:00 am on the date upon which a drawing under a Facility is intended to be made, the Agent may, at its



  
**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal

sole discretion but without any obligation to do so, make good the shortfall. The Bank not making available its participation within time as aforementioned shall be liable to pay the Agent an interest on such amount at the rate of interest of 2% per annum over the applicable Interest Rate.

Should the funds not be at the effective disposal of the Agent as aforesaid, the Agent may, with the consent of the Majority of the Banks, invoke sub-clause 29 of Clause XIII of Section 1.

- C. If the Drawing is not availed of on the date specified by the Borrower in the Notice of Drawing because it fails on any account to proceed with such Drawing, the Borrower shall pay the Agent for itself as Agent and for the account of each of the Banks upon demand an amount certified by the Agent to be representing any costs by way of interest or otherwise (such as communication expenses, administrative expenses etc.) suffered by the Agent and/or the Banks as the result of the Borrower not proceeding with such Drawing. The certificate of the Agent as to the amount of such costs shall, in the absence of manifest error, be conclusive and binding.
- D. If the Initial Drawing is not affected by the close of business in Kathmandu on the Commitment Termination date, the commitment of each Bank shall be reduced to Zero and the Term Loan Facility shall not, thereafter be available to the Borrower except under the provision Sub-Clause A (vi) (c) of this clause with a confirmation from all the Banks.
- E. Drawings under Term Loan Facility for the Project shall be for construction and operation of a 4.95 MW run of the river hydropower project at Madi and Chainpur Municipalities of Sankhuwasabha District, Province 1.
- F. Drawings under Working Capital Loan Facility for the Project shall be to finance its working capital investment upon the operation of the project.
- G. The independent technical experts/ consultants appointed by the consortium shall carry out periodic verification and monitoring of the project.



A handwritten signature in blue ink, consisting of a stylized, cursive script.

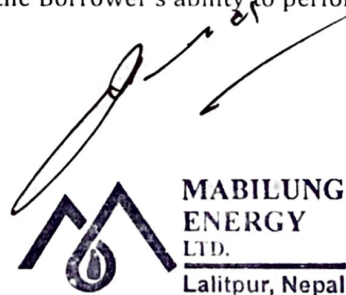
A handwritten signature in blue ink, consisting of a stylized, cursive script.



## V. REPRESENTATION AND WARRANTIES

At the time of signing of this Agreement and Security Documents, the Borrower makes the following representations, warranties and agreements as of the date hereof and as of the date of first drawdown on the Term Loan facility and the date of each subsequent disbursement hereunder, which representation, warranties and agreements shall survive the execution of this agreement as the making and repayment of loans hereof.

- A. The Borrower is a Limited Company duly registered under the appropriate laws prevailing at the time of its registration and valid by existing Company Act for transacting the business as per its Memorandum of Association as of the date hereof for commencement of its services as per its Memorandum of Association. The Borrower has full power and authority to own property and assets in its own name, to commence and carry on its business in Nepal and can sue and can be sued.
- B. The Borrower has full power and authority to borrow the full amount of the Total Commitments under this Agreement and to execute, deliver and perform and observe the terms of provisions of this Agreement and the Security Documents when created and has taken all necessary actions to authorise such borrowing, execution, delivery, performance and observance.
- C. i) this Agreement constitutes, and the Security Documents when created and executed and delivered will constitute, legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms and the Borrower's indebtedness under this Agreement and Security Documents constitutes the direct, unconditional and general indebtedness of the Borrower and ranks in priority to any and to all other present and future obligations and liabilities of the Borrower towards any third parties (including contingent obligations) created or assumed now, or in the future, or for which the Borrower is now, or may at any time, otherwise be or become responsible to such third parties, except, such obligations, as mandatorily preferred by law.
- ii) the obligations of the Borrower under this Agreement and the Security Documents constitute direct, general and unconditional obligations as regards the other parties to this Agreement and Security Documents and such obligations shall rank pari passu amongst such parties inter se.
- D. The creation, execution and delivery of this Agreement and the Security Documents, the performance by the Borrower of its obligations hereunder and thereunder and the compliance by the Borrower with the terms and conditions hereof and thereof:
- i) do not at any time violate or exceed any provision of its Memorandum and Articles of Association, including those imposed by law, decree, regulation, agreement (but not limited to Power Purchase Agreement defined herein) or otherwise howsoever.
- ii) do not contravene any provision of any law, statute, decree, rule, regulation or treaty or similar enactment by which the Borrower or any of its assets is bound or encumbered of any order, judgment, injunction, decree, resolution, determination or award of any court of any administrative or governmental authority or Organisation as notified by Official Gazetted Notification from time to time applicable to the Borrower; or
- iii) do not conflict or be inconsistent with, or is in any breach of or constitute a default or result in the creation or imposition of any encumbrance(s) upon any of the properties or assets of the Borrower pursuant to any agreement, arrangement, covenant, indenture, deed of trust or other instrument or obligation to which it is a party or is subject or by which it or any of its assets may be bound, breach of or default which might have a material adverse effect on the business, assets, conditions, financial or otherwise, of the Borrower or which might have an adverse effect on the Borrower's ability to perform and



17/64

observe its obligations under this Agreement and Security Documents and Power Purchase Agreement defined herein.

- E. All authorisations, consents, approvals, licenses, filings or registrations by or with the governmental authority or administrative body of or in Nepal and all notarisations or other formalities, required to be obtained or accomplished in connection with the borrowing of the full amount of the Total Commitments hereunder, or in connection with the execution, delivery or performance by the Borrower, or for the validity of enforceability, of this Agreement and the Security Documents have been obtained or accomplished.
- F. No litigation, administrative, arbitration or other proceedings before or of any court, tribunal, arbitrator or governmental or municipal authority is presently in process, pending against the Borrower or any of its assets and revenues and there is not in existence of any dispute with any governmental or municipal authority or Nepal Electricity Authority or any labour or other dispute of any kind which might have a material adverse effect on the business, assets or condition, financial or otherwise, of the Borrower or which might have a material and adverse effect on the Borrower's ability duly to perform and observe its obligation under this Agreement and the Security Documents.
- G. No Event of Default or Event of Force Majeure or other event which, with the giving of notice and/or lapse of time and/or upon the Agent or the Banks making the relevant determination, might constitute an Event of Default or Event of Force Majeure has occurred.
- H. Neither any information, exhibit or report or representation furnished in any manner whatsoever by the Borrower to the Agent or to any of the Banks or included in the Information Memorandum in connection with the negotiation of this Agreement contained any misrepresentation / mis-statement / concealment of material fact as at the date of such information, exhibit or report or omitted to state a material fact as at such date. The Borrower is not aware of any fact which might have a materially adverse effect on any such information, exhibit, report or which might necessitate a materially adverse revision to such forecast and opinion.
- I. All corporate or other action required to authorise the execution of this Agreement and the Security Documents and the performance of the obligations expressed to be assumed by it hereunder and thereunder has been duly taken.
- J. It has not been taken any corporate action nor have other steps been taken or legal proceedings been started against it for its winding up, dissolution, liquidation, amalgamation or reorganisation or for the appointment of a receiver, trustee or similar officer of its or any or all of its assets or revenues.
- K. There has been no material adverse change in its business or financial condition since the date of Information Memorandum.
- L. That the properties pledged/mortgaged and those provided as securities (by means other than by pledge/mortgage) are solely under the possession/ownership of the Borrower and that such properties have no encumbrances, servitude or rights/interest of any other kind and the same has not/will not be conferred to any other party, other than the Banks under this Agreement.
- M. The obligations of the Borrower under this Agreement and the Security Documents constitute direct, general and unconditional obligations of the Borrower and any residual obligations of the Borrower not satisfied out of the proceeds of the security created and executed under or pursuant to this Agreement rank and will rank in priority with any and all other present and future unsecured obligations (including contingent obligations) of the Borrower towards any third parties.



18/64

**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal

- N. Neither the company nor its Directors / Major Shareholders are Blacklisted in accordance with the Credit Information Bureau guidelines.
- O. The Borrower and Major Shareholders hereby further consents for being included in the Blacklist of Credit Information Bureau under the existing directives of Nepal Rastra Bank and / or any amendment made therein.



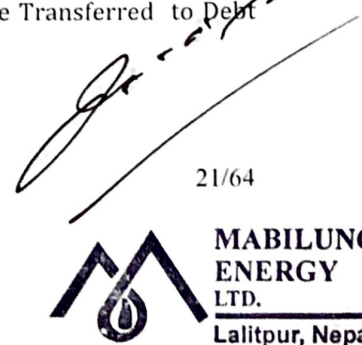
## VI. STATEMENTS

- A. The Borrower shall furnish to the Agent, with sufficient copies to each Bank-
- i) as the same become available but in any event within ninety days after the end of each of its financial years, its provisional financial statements for such financial year;
  - ii) as the same become available but in any event within one hundred eighty days after the end of each of its financial years, its audited financial statements (Audited by a A class Auditor) for such financial year,
  - iii) as the same become available, but in any event within forty five days after the end of each quarter of its financial years, its provisional statement of profit and loss and balance sheet reports for such quarter.
  - iv) as the same become available copy of the:
    - Report or order or directive issued pursuant to Electricity Act in force or Rules made there under by the Government Inspector, and
    - Copy of the minutes of the coordination committee constituted pursuant to PPA defined herein.
  - v) a copy of annual management letter prepared by the Borrower's auditors/consultants, for the relevant financial year which letter shall (A) assess the Borrower Company's (1) compliance with prevailing laws, rules and regulations of Nepal (2) adherence to the Borrower Company's internal procedures and (3) compliance with the terms and conditions of any agreement to which the Borrower Company is a party, including without limitation to this Agreement and (B) comment on the Borrower Company's accounting and management information systems, internal control mechanisms, adequacy of insurance coverage, usage of Facilities under this and any other agreement and any other relevant matters.
  - vi) from time to time at the request of the Agent, furnish them with such information about its business and financial conditions or document, understanding or agreement that may have been created, reached or endorsed by and between the borrower and any of its vendor, supplier consultant or contractors for civil or electromechanical works as the Agent may reasonably require.
  - vii) Monthly Sales, Receivable and Payable Report and Quarterly Performance Report of Mabilung Energy Ltd.
- B. The Borrower shall ensure that:
- i) each set of statements delivered by it pursuant to sub-clause (A) of this Clause are: (a) prepared in accordance with accounting principles generally followed in Nepal and acceptable to the Agent and consistently applied and (b) certified by the persons specified in Clause III Sub Clause 1 (C) as giving true and correct view of the financial condition of the Borrower as at the end of the period to which those financial statements relate and of the results of its operation during such period.



## VII. UNDERTAKINGS

1. So long as any amount available to the Borrower under this Agreement is undrawn or the Loan or any part thereof remains outstanding or any other sum is payable pursuant to this Agreement or the Security Documents, the Borrower shall:
  - A. immediately after the commencement thereof, give to the Agent notice in writing of all litigation or administrative or arbitration proceedings before or of any court, tribunal, arbitrator or relevant authority affecting the Borrower or any of its assets or any dispute with any authority or any other dispute of any kind of the type described in Section 1 Clause V (F)
  - B. comply with the requirement of all applicable laws, rules, regulations, orders, judgments, injunctions and decrees of any administrative, governmental or judicial authority or Organisation or body unless sub judice, non-compliance with which might adversely effect the credit of the Borrower or its ability duly to perform and observe any of its obligations under this Agreement and the Security Documents.
  - C. unless otherwise challenged before competent authorities, obtain and maintain in full force and effect all authorisations, consents, approvals, licenses and exemptions from, and accomplish all filings and registrations with and other requirements of, any court and any judicial, administrative or governmental authority or Organisation which may become necessary or advisable for the Borrower to obtain in order to enable the Borrower duly to perform and observe all of its obligations under this Agreement and the Security Documents and/or for the validity and enforceability of this Agreement and the Security Documents, and will comply with the terms of the same.
  - D. ensure that there shall not be (i) any sale, transfer, loan or disposal otherwise than in the ordinary course of business of the whole or any part of its assets, (ii) any material change in the scope or nature of the business or the manner in which it is conducted by the Borrower or the company/institutions controlled by the Borrower.
  - E. protect, safeguard and maintain its assets, properties including, wherever applicable, the properties mortgaged to the Banks and shall not act in a manner which adversely affects the value of quality of such assets, properties, etc. except for normal wear and tear. The place where such properties and/or equipment are kept/stored shall be maintained in a proper condition.
  - F. shall keep proper records of all assets including, shares, bonus shares, dividends, cash and bank balances, accounts receivables and stocks in store for the duration of this Agreement and shall submit statements of such in accordance with of Section 1 Clause VI.
  - G. during the continuance of this Agreement the Borrower shall maintain its legal personality/existence and not partake in activities which shall forfeit or endanger its rights to enterprise as legal personality.
  - H. promptly deposit all the revenues into its Revenue Account with the Agent as stipulated under Section 1 Clause I (A) (48). The process of further utilization of the proceeds in the Revenue Account shall be as follows:
    - i. The Borrower shall provide to the Agent annual O & M budget at the beginning of each fiscal year and the Agent only after approving this budget shall transfer the required funds for one month O & M requirement from the Revenue Account to O & M Account.
    - ii. After fulfilling the obligation and requirement as stated under Clause VII (1)(H)(i) above and after having adequate balance equal to at least for the next two months O&M Budget, any excess funds in the Revenue Account, shall be Transferred to Debt Payment Account.



21/64

**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal

- iii. After fulfilling the obligation and requirement as stated under Clause VII (1)(H)(i) and (ii) above the fund in the Debt Payment Account shall be utilised as following in the duly enumerated preferential order:
1. Towards the settlement of fees/ commission/ penalty
  2. Towards the settlement of interest accrued
  3. Towards the settlement of installment due
- iv. After fulfilling the obligation and requirement under Clause VII (1)(H)(i), (ii) and (iii) above and adequately funding the next installment to the Debt Payment Account, 30% of the balance amount from Debt Payment Account shall be transferred to Capex Reserve Account for the first three years of operation, which will be reduced to 20% in the next four years of operation and 10% in the last four years of operation till the time the credit balance in the Capex Reserve Account reaches NPR 12,000,000.00 (Nepalese Rupees Twelve Million Only). This reserve shall be used for any capital expenditure required for the project or for other expenditure related to the project. However, this reserve shall not be used for payment of dividend.
- v. After fulfilling the obligation and requirement under Clause VII (1)(H)(i), (ii), (iii) and (iv) above the balance amount shall be transferred into the General Operating Account.
- I. shall at their own cost, take all necessary action to protect the legal interest of the Banks, wherever applicable, in the mortgaged/pledged assets/properties and/or machinery and equipment and/or the place where such properties and/or machinery and equipment are kept/stored against any and all disputes and/or proceedings legal or otherwise.
- J. utilise the facilities hereby agreed to be granted or any portion thereof for specific purpose as outlined against individual facilities mentioned herein and apply the proceeds of the facility solely for the purpose as defined in Clause I of Section 2, 3, 4 and 5.
- K. promptly inform the Agent of the occurrence of any event which is or may become (with the passage of time or the giving of notice or both) one of those Events mentioned in Clause X, at the same time informing the Agent of any action taken or proposed to be taken by the Borrower in connection with the rectification of such event(s) and confirm to the Agent that save as previously notified to the Agent, no such event has occurred.
- L. permit an observer, to sit on the Board of the Borrower Company, if such nomination is required by the majority of Banks.
- M. permit and/or cause to permit representatives of the Agent on behalf of the Banks and/or independent consulting engineers and/or auditors and/or Legal Counsel appointed by the Agent from time to time make inspection of the property, plant, equipment, inventory and other assets and the records of the Borrower and/or of the companies/institution under its control as the Agent and the Banks may reasonably require. The cost of each such inspection shall be borne by the Borrower. Such costs shall be certified by the Agent and the same shall be final and conclusive, save for any manifest error therein.
- N. the Borrower shall not without the prior written consent of the Agent and the Banks:
- i. invest in the shares of any other Company.
  - ii. create or permit to subsist any encumbrances over all or any of its present or future revenues and assets.



Handwritten signature  
22/64

- iii. borrow funds (including debentures), encumbered or unencumbered, except as provided by this Agreement and without establishing the repayment capacity of such loan as well as Facilities under this Agreement. However, the Borrower may borrow funds in the normal course of operations during any financial year and in continuation of this Agreement, provided that no such borrowing is availed of from any Banks, Financial Institutions or any of the Corporate Bodies and such borrowing shall not exceed 0.5% of the total assets of the Borrowing Company.
- iv. otherwise in the ordinary course of its business (i.e. to staff, employees or reasonable credit to the customers), make any loan, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person, otherwise than in the ordinary course of business.
- v. a) take any action which dilutes or divests or has the effect of diluting or divesting the control of the Major Shareholders in the business of the Borrowing Company by way of reducing the said Major Shareholders' strength of representation on the Borrowing Company's Board of Directors, or
  - b) take any action which causes or leads to the transfer, assignment, sale, pledge/hypothecate or in any manner dispose of any of the Major Shareholder' shares/stocks in the Borrowing Company which results or has the result of reducing the said Major Shareholders' percentage of shares in the Borrowing Company as stipulated in Section 1 Clause I Definition 37.

(The Agent, on behalf of the Banks, reserves the right to recall the Facilities should the Major Shareholders cease to be the majority shareholder.)

- c) take any legal action which causes / involves any changes to the shareholding structure of company/ companies controlled by the Borrower.
- vi. wherever applicable, dismantle, otherwise than for purpose of overhauling and repairs, dislocate and remove the equipment or any other assets, mortgaged, assigned, pledged or hypothecated to the Banks.
- vii. open any Account, or enter into any banking transaction with any other Bank, other than the Agent/ Participating Banks.
- viii. acquire any shareholdings or controlling interest in any other firm or company of unrelated nature of business or acquire any other business undertaking as wholly owned subsidiary.
- ix. agree to any merger, amalgamation, transfer or consolidation scheme.
- x. make any material change in the nature of the business or undertake any diversification of activities, as carried on the date hereof.
- xi. allow repayment of shareholders' /directors' loans.
- xii. avail any additional finance from any other source except for the sources mentioned under this Agreement.
- 0. shall not declare or pay any dividends, unless all amounts currently due and payable to the Banks satisfying obligations under Section 1 Clause VII Sub Clause H above have been duly paid.
- P. promptly inform the Agent in writing of the happening of any event likely to have a substantial effect on the Borrower's and or the Companies controlled by the borrower profits or business such as strikes, lock outs, lay-off, or any other event likely to affect the operations of the various



23/64

**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal

projects, partly or wholly owned by the Borrower as well by the companies/institutions under its control, the sales and profits are materially different from the estimate in the Information Memorandum, the Borrower shall promptly inform the Agent of such events with an explanation of reasons thereof together with corrective measures being taken, if any.

- Q. promptly inform the Agent of the happening of any event likely to have material and adverse effect, on the Borrower's profits or business and that of the companies/institutions under its control.
- R. pay all the rents, rates, taxes, duties assessments and other such dues, present as well as in future, in respect of its assets and operation during the continuance of this Agreement and the Security Documents.
- S. maintain a debt equity ratio not exceeding 70:30. The debt equity ratio is the ratio of total bank borrowing to total capital.
- T. shall fund all cost escalations for whatsoever reason through equity and / or loans from the major promoters / directors / shareholders. All such loans from the major promoters / directors / shareholders shall be subordinated to the Banks.
- U. shall and cause to maintain and safeguard the legal existence of the business and shall not be involved in any action which may deprive its power of doing business.
- V. maintain and keep in good condition the property(ies) / assets mortgaged / hypothecated / pledged to the Banks.
- W. shall promptly pay and discharge all taxes, fees, levy, royalties, license fees etc. and all labour claims except those that may be contested in good faith and cause the companies / institutions under its control to do the same.
- X. shall pay all expenditures which are incident to the availing of the Facility.
- Y. shall allow the Agent with mutual consultation with the Banks to appoint an independent consultant of the Agent's choice, if required, to assess any issues which may have material adverse effect in the Borrower's business, assets or financial position or that of the companies / institutions under the Borrower's control or the Borrower's ability to perform its obligations. The Borrower shall cooperate with the consultant and the Banks and allow access to its business including information technology systems, as required from time to time. If consultant is appointed, all related costs shall be borne by the Borrower. The Consortium Banks, through the Agent, shall monitor the progress of the construction of the project (during the construction phase) as well as the operation of the project (post construction phase) during the drawdown phase of the term loan. Post construction, consultants shall be appointed on need basis.
- Z. Allow the Agent with mutual consultation with the Banks to value / revalue the assets pledged to the Banks by the Banks' approved valuers at it's sole discretion as and when deemed necessary. The cost incurred for such valuation / revaluation shall be fully borne by the Borrower.
- AA. ensure that the Security is duly registered with the secured registry to be established under the Secured Transaction Act, 2063 (2006), immediately upon, and in any case within seven (7) days, of the notification of establishment of the secured registry by the Government of Nepal.
- AB. shall fully comply with volt level and technical specification prescribed by the Nepal Government during the course of generating, transmitting and distribution of electricity by the Borrower.



24/64

- AC. shall arrange for necessary safety / security measures as prescribed by Electricity Act in force and Rules made there under during the course of erection / construction, commissioning or generating, transmitting or distribution of the electricity by the project.
- AD. shall protect or cause to protect the environment as envisaged by Electricity Act in force and Rules made thereunder.
- AE. at all the times during the currency of this agreement, shall comply with the quality standard of the electricity prescribed by the Government.
- AF. shall ensure that all the equipments, tools or parts, materials being used in the project shall be quality standard prescribed by the law in force, if any.
- AG. shall obtain prior approval/ratification of the lead bank and/or consortium prior to finalizing the contract with Civil Contractor, Electro-mechanical Equipment and Hydro-mechanical Equipment Suppliers.
- AH. shall inject additional equity if internal cash flow from business operation becomes deficit for timely debt servicing.
- AI. shall inform the consortium of any important changes in the design of the project.
- AL. shall ensure verification of the testing and commission of the turbines/generators/ transformers as per the Connection Agreement and Power Purchase Agreement made with NEA and in compliance with NEA's regulations regarding the same.
- AK. committed equity of 30% of project cost shall be injected by the promoters despite any delay due to any reason whatsoever in injection of equity through public share issue.
2. The Borrower shall allow the Banks to have a lien/charge over the receivable amount of any Bank Guarantee under which the Borrower is the Beneficiary and/or allows the Banks to recover the same at the Banks' discretion, from the claimed amount by the Borrower under such Guarantee. In such an event, the Banks retain the said amount under such Guarantee and such amount shall be adjusted under the outstanding of the Borrower.



## VIII. PAYMENTS AND APPLICATION OF PAYMENTS

- A. For the purpose of the payment of the credit facility pursuant to this Agreement, collateral accounts shall be opened with the Agent Bank. All payments to be made by the Borrower pursuant to this Agreement or the Security Documents or Transaction Documents shall be drawn from the Debt Payment Account as per the re-payment schedule. Such payments shall be deemed to be effected as at close of Business on the date of realisation.
- B. Subject to the foregoing provisions of this Agreement, if any sum becomes due for payment hereunder on a day which is not a Business Day, such payment shall be made on the preceding Business Day.
- C. The Borrower shall indemnify the Agent and/or the Banks from and against any and all costs, expenses including legal expenses and liabilities whatsoever which the Agent or the Banks may sustain or incur as a consequence of any default by the Borrower in due and prompt performance of any of its obligations under this Agreement or the Security Documents or costs, expenses incurred by the Agent or the Banks in course of taking control of the assets as stipulated in Clause X (sub-clauses C - I and C - II). For this purpose the declaration of the Agent as to the amount of losses, expenses and liabilities incurred by such Bank(s) shall, save for manifest error, be conclusive and binding.
- D. Where a sum is to be paid hereunder to the Agent for account of the Banks by the Borrower or for account of the Borrower by the Banks, the Agent shall not be obliged to make the same available to the Banks or the Borrower as the case may be until it has been able to establish that it has actually received the required amount. Provided that if it does so and subsequently it proved to be the case that it had not actually received the sum it paid out to the Banks or the Borrower, as the case may be, to whom such sum should have been made available to, the Banks or the Borrower shall on demand pay to the Agent an amount certified by the Agent as sufficient to indemnify the Agent against any reasonable cost it may have suffered or incurred by reason of its having paid out the sum in question.
- E. Any sum received by the Agent or any of the Banks at any time whether before or after the Facilities have been declared immediately due and payable and whether received from the Borrower, insurer or as realisation from secured assets or compensation paid by the Government pursuant to Electricity Act or otherwise which the Agent or the Banks are obliged to apply in or towards satisfaction of sums due from the Borrower hereunder shall be applied by the Agent or the Banks in the following order:
- i) firstly, in or towards pro rata payment of sum then due and payable hereunder to the Agent for any reimbursement of costs and expenses (excluding principal amount) incurred in realization of the dues and penalties (if any).
  - ii) secondly, in or towards pro rata payment of any interest then due and payable hereunder to the Banks providing Term Loan Facility, Bridge Gap Loan Facility and Working Capital Loan Facility; and
  - iii) thirdly, in or towards pro-rata repayment of any principal sum then outstanding hereunder for account of the Banks providing Term Loan Facility, Bridge Gap Loan Facility and Working Capital Loan Facility; and
  - iv) any other dues payable by the borrower.
- F. If (other than as contemplated by this Agreement) any Bank at any time receives payment, whether through the exercise of set-off or similar rights or otherwise, of any part of the principal or interest or commission due to it in respect of the Facility in a greater proportion, in relation to its proportionate outstanding in that Facility at the date of such receipt, than any other Bank



receives in relation to its proportionate outstanding, the amount received by such Bank in excess to its proportionate outstanding shall be held by the Agent, who shall either:

- i) treat such excess amount as part of the payment to be made by the Borrower to the Banks under this Agreement, or
- ii) return the same to the Borrower where a payment has been made in error, or due to fluctuation in rates of exchange, or
- iii) make such adjustments as between the Banks, as may be necessary so as to ensure that at all times each Bank received that proportion of sums paid by the Borrower hereunder as such bank's proportionate outstanding in a Facility at the date of such receipt bears to the total amount thereof.



  
**MABILUNG  
ENERGY  
LTD.**  
**Lalitpur, Nepal**



## IX. FEES, COMMISSION AND EXPENSES

- A. During the continuation of this agreement, the borrower shall pay, within fifteen (15) days of the termination date to the Agent, for account of the Banks, a commitment fee of 1% or as directed by NRB on the unused portion of the facilities committed for drawdown as per the Section 2 Clause II (a) calculated on amount undrawn from the date of scheduled drawdown. This (if any) shall be payable on the last working day of the final drawdown period.
- B. The Borrower will pay all legal and registration, expenses, insurance premium and other duties and taxes and other related charges to which this Agreement or the Security Documents or the Transactional Documents may be subject or give rise.
- C. Within fifteen (15) days of the presentation of a certificate by the Agent, evidencing the expenses incurred by the Agent and/or the Banks, the Borrower shall reimburse to the Agent on account of itself and the Banks all expenses for the preparation, negotiation and execution of and/or any subsequent amendments to this Agreement or the Security Documents. The certificate so presented shall, in the absence of manifest error, be final and conclusive proof of the expense incurred.
- D. In the event the Borrower fails to pay any of the aforementioned fees, when due, a Deposit Account with the Agent shall be overdrawn, attracting a penal interest rate of 2% per annum. The amount, so realized, through overdrawing of the Deposit Account shall be distributed by the Agent to the Banks, to whom it is rightfully due.
- E. The Borrower shall indemnify the Agent and the Banks against any and all liabilities with respect to or resulting from any delay or omission on the part of the Borrower in paying and of the duties, taxes, or expenses mentioned as per sub Clause D of this Clause.
- F. The Borrower shall pay fees to the Agent as follows:

**i) Loan Processing Fee:**

A Loan Processing Fee of 0.75% of the approved Term Loan and Working Capital Loan Facilities shall be charged upfront, of which 30% will be the share of Lead Bank. The sharing pattern of the balance 70% of this Loan Processing Fee among the Banks (including the Lead Bank) shall be on pro rata basis of the individual participation of the respective Banks on the Term Loan and Working Capital Loan Facilities. The fee shall be payable on the date of signing of the Facilities Agreement.

**ii) Agency Fee:**

An Agency Fee of 0.25% of the total Term Loan and Working Capital Loan outstanding amount or NPR 200,000.00 (Nepalese Rupees Two Hundred Thousand Only), whichever is higher, shall be charged at the end of each financial year and applied on the last day of financial year end during the tenure of the loan.



## X. EVENTS OF DEFAULTS

A. The existence and/or continuance of any one of the following events shall be an Event of Default, an occurrence of any one of which shall be promptly informed to the Agent:

- 1) the Borrower fails to pay when due any principal, interest, commission, fees or any other amount payable pursuant to this Agreement or the Security Documents, or
- 2) the Borrower defaults in the due performance or observance of any other of its obligations or undertakings contained in this Agreement and/or the Security Documents, and such default continues unremedied for a period of thirty (30) days after a notice in respect thereof shall have been received by the Borrower from the Agent.
- 3) any representation or warranty made or deemed to be made by the Borrower in pursuant to this Agreement, or in any certificate or statement delivered hereunder is or proves to be substantially untrue, incorrect or misleading in any material respect when so made or deemed to be made, or any event or circumstance occurs within a period of a year as of the date of the representations and/or warranties being made, as a result of which, if the Representation and Warranties contained in Clause V of this Agreement were repeated immediately thereafter with reference to the fact existing at the time of such repetition (but in the case of the representation contained in Clause VI of this Agreement with reference to the most recently published audited balance sheet and profit and loss account of the Borrower), such representations and/or warranties would not be substantially true and accurate in any material respects" or
- 4) the Borrower declares a general moratorium on the payment of indebtedness or any class thereof or becomes unable to pay any of its indebtedness under this Agreement or its indebtedness under any other agreement.
- 5) any governmental or regulatory authority takes or institutes action which results in the condemnation, seizure or appropriation of any substantial part of the property/assets of the Borrower and/or of the companies/institutions under its control and condemnation, seizure or appropriation materially and adversely affects or may affect the Borrower's ability to perform and/or observe its obligations under this Agreement or the Security Documents, or
- 6) there occurs at any time an adverse change in the business or condition, financial or otherwise, of the Borrower and/or of the companies/institutions under its control which in the opinion of the Agent and/or the Banks could materially and adversely affect the ability of the Borrower to perform its obligations hereunder and the remedial programme/ scheme proposed by the borrower is not acceptable to the Banks; or
- 7) the Borrower without the knowledge or consent of the Agent negotiates with any one or more of the Banks with a view to general re-adjustment or rescheduling of its indebtedness under this Agreement or the Security Documents;
- 8) the Borrower and/or the companies/institutions under its control voluntarily or any other person, commences any corporate action or legal proceedings for its insolvency, bankruptcy, winding up, dissolution, liquidation, amalgamation or reorganisation or for the appointment of a receiver, liquidator, trustee or a similar officer for any or all of its revenues and/or assets; or
- 9) whereas the Government takes steps to nationalise the assets/properties and business of the Borrower due to reasons attributable to the Borrower and is not a Force Majeure event.



  
**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal



- 10) any actions proceedings are commenced for any reason whatsoever by a Governmental, Municipal, Local or Administrative Authority or a Civil Suit is instituted by any person against the Borrower and such legal action or litigation results in:
- a) all remedies and/or appeals by the Borrower having been exhausted and/or denied by the appropriate judicial or appellate authorities; or
  - b) a judgment of the court is of such nature that the execution of the judgment upon the Borrower has an effect which materially and adversely effects the Borrower from performing its obligations under this Agreement and/or Security Documents.
  - c) the Borrower making an out of court settlement which materially and adversely effects the Borrower from performing its obligation under this Agreement and/or Security Documents.
- 11) (a) **Revocation, Etc. of Security Documents:** Any Security Documents or any of its provisions:
- (i) is revoked, terminated or ceases to be in full force and effect or ceases to provide the security intended, without, in each case, the prior consent of Banks;
  - (ii) becomes unlawful or is declared void; or
  - (iii) is repudiated or its validity or enforceability is challenged by any Person and any such repudiation or challenge continues for a period of thirty (30) days during which period such repudiation or challenge has no effect;
- (b) **Revocation, Etc. of Transaction Documents:** Any Transaction Documents (other than a Security Documents) or any of its provisions:
- (i) is revoked, terminated or ceases to be in full force and effect without, in each case, the prior consent of Banks; or
  - (ii) becomes unlawful or is declared void; or
  - (iii) is repudiated or the validity or enforceability of any of its provisions at any time is challenged by any Person; provided that no such notice shall be required or, as the case may be, the notice period shall terminate if and when such repudiation or challenge becomes effective;
- 12) the Borrower fail to fulfill its obligation as per Section 2 Clause (IV) Sub Clause (A) and in conjunction with Section 1, Clause I, Sub Clause A (22) and/or any other obligation and or undertakings under this Facilities Agreement.
- 13) termination of Operating License provided by Nepal Government, Ministry of Energy, Land Lease with Nepal Government for the project and Power Purchase Agreement and Connection Agreement with Nepal Electricity Authority.
- B. At any time after the occurrence of an Event of Default the Agent may, and upon the request of any of the Banks shall, by notice to the Borrower, declare that all outstanding amount of any/all Facility and all interest and fees, commission and all other amounts payable hereunder have become immediately due and payable without demand or other notice of any kind, all of which are hereby expressly waived by the Borrower, and the Term Loan Facility and shall automatically cease to be available to the Borrower.
- C.
- I. Upon declaration of default and recall of all outstandings the Agent, at its discretion, shall:



**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal



- a. take control of all of the Borrower's bank accounts and short term investment thereof and
  - b. permit the payment of all normal operating expenses as a matter of course. However, unusual operating expenses or capital expenditures shall have to be approved by the Banks.
  - c. use any excess funds after payment of items under 'b' above and creation of a reserve fund (not exceeding three months of operating expenses) to pay (i) expenses incurred in connection with the bank's effort to deal with the Borrower's default followed by (ii) fees, interest and principal owed to each Bank, and in that order of priority.
  - d. ensure and each Bank agrees (i) to hold all payments and benefits received on account of its loan to the Borrower (through set-off, preferential payment guarantees, sale of collateral or otherwise) in trust of all other Banks (ii) to inform the Agent and other Banks of the nature and amount of such payment or benefit as set forth under Sub-Clause C (I - c).
- II. The Agent shall then seize and/or take into possession of all properties mortgaged/hypothecated/pledged and/or provided as Security in accordance with the Banks & Financial Institutions Act, The Debt Recovery Acts, (with amendments), Nepal Rastra Bank's Directives and Circulars and other prevailing laws of Nepal. Thereafter, the Agent by consensus amongst the Banks shall proceed to realise all dues of the Banks by/through the sale or disposal of such Securities etc. In case the Banks within 30 days of seizure of properties of the Borrower, cannot reach a consensus amongst the Banks as to the procedure to be followed for realisation of dues the same shall be decided by a Majority of Banks within 30 days thereafter. In case the Banks within 60 days of seizure of assets of the Borrower cannot reach to a decision by way of consensus or by way of Majority of Banks, the Bank lending highest percentage of Term Loan and other credit facilities shall decide the course of action to which all the parties to this Agreement shall abide. The amount so realised from the sale shall be applied in a manner as stated in Section 1 Clause VIII Sub Clause E of this Agreement.
- D. During the period commencing from the date of occurrence of an Event of Default till such time the default is remedied, or Sub Clause B of this Clause is invoked, the right of the Borrower to drawdown against any of the Facilities shall be suspended.
  - E. The Borrower shall not be relieved of any of its obligations (including repayment of principal, interest and penalties, if any) on the ground that the Banks have taken control of the financial operations of the Borrowing Company and/or foreclosed the securities in accordance with the Banks & Financial Institutions Act (with amendments) and/or other prevailing laws of Nepal.
  - F. The Borrower, during the period of seizure and/or control of its financial operations by the Banks, shall continue to be liable for the payments of all rents, rates, taxes, duties, assessment, insurance premiums/fees and other such dues in respect of its assets, revenue and operations.
  - G. The balance of any income derived from the operations, after the control of the same by the Banks, shall after deduction of expenses involved thereto, and recovery of the due amount of principal, interest and penalties (if any), shall be refunded to the Borrower. Where such income is insufficient to cover the amounts owed by the Borrower to the Banks, the deficiency shall be charged to the Borrower's account.
  - H. The Borrower shall indemnify each bank and the agent against all costs and expenses which such bank or the agent may sustain or incur as a consequence of the occurrence of any event of default or the declaration of the facility/facilities to be immediately due and payable. Additional interest at the rate of 2% per annum over and above the applicable rates shall also be payable for a



*[Handwritten signature]*

*[Handwritten signature]*  
**MABILUNG ENERGY LTD.**  
 Lalitpur, Nepal



period beginning from the date of the occurrence of an Event of Default up to the date such default is remedied, upto a maximum of one year. If such period exceeds one year, the unpaid interest, as of the second year thereafter, accrued as of the date of default at the penal rate will be added to the principal amount and the principal shall increase by that amount provided that, the rate at which additional interest is charged shall be subject to the regulations of Nepal Rastra Bank or the Banks from time to time.



## XI. FORCE MAJEURE

- A. The Facilities shall go into default, subject to sub clause B and C of this Clause, on the occurrence of any one of the following events which are beyond the control of the Borrower and such event or events result in a grave threat or a major prejudice upon and/or disables the Borrower and/or its business from observing its obligations under this Agreement or Security Documents:
- i) natural calamities such as and by way of example flood, fire, earthquake, landslide etc. or political events such as and by way of example civil disturbance, riot, terrorist attack, insurrection, civil war etc.; or
  - ii) that this Agreement or any provision of this Agreement or the Security Documents at any time for any reason proves to be impossible for the Borrower, duly and promptly to perform or observe any of its obligations or undertakings hereunder or thereunder; or
  - iii) any other event occurs as a result of which, if any of the opinions referred to Clause III were given immediately after such occurrence, such opinion would not be true and accurate in all respects.

iv) Cancellation of Power Purchase Agreement or Electricity Generation License.

- B. Upon the occurrence of any one of the Events aforementioned the Borrower shall promptly inform the Agent of the same and at the same time report to the Agent of the consequences of the Event(s) along with any remedial action(s) taken or proposed to be taken by the Borrower in connection therewith.

Further, the Agent on the receipt of the aforementioned information shall promptly inform the other Banks of the same and invite the Banks for consultation and commence joint consultation in order to devise a course of action to combat the exigency.

- C. i) The default under this Clause shall be deemed to have occurred at a time 60 days after the occurrence of any one of the Event(s) aforementioned within time if no agreement between the parties as to the course of action to combat the exigency is reached.
- ii) If the parties in their joint consultation have agreed to a course of action within 60 days the Agent and the Banks may extend the time period as may be required jointly agreed upon.
- D. During the period commencing from the notice of Force Majeure (under Sub Clause B of this Clause) till such time Sub Clause E of this Clause is invoked the right of the Borrower to drawdown against any of the Facilities shall be suspended.

- E. If no agreement is reached within 60 days, the Agent, may and upon the request of any of the Banks shall, by notice to the Borrower, declare that all outstanding amount of any Facility and all interest and fees, commission and all other amounts payable hereunder have become immediately due and payable, whereupon (1) the same shall become immediately due and payable and (2) the Term Loan, shall automatically cease to be available to the Borrower.

Upon such decision being taken actions and obligations as stipulated under Sub Clauses D, E, F, G, and H of Clause X shall come into effect.

- F. Notwithstanding the invocation and the effects of Sub Clause D and E of this clause, all other provisions of this Agreement shall continue in full force and effect (except the right of the Borrower Company to make further drawdowns).



33/64

## XII. INSURANCE

A. It shall be the obligations of the Borrower to insure all the assets of the Borrowing Company. It is also the responsibility of the Borrower to ensure that all the assets are insured covering all major risks.

- i) the Borrower shall keep its business and assets insured with a reputable insurance company approved by the Agent on behalf of the Banks and cause the same to be done by the companies/institutions under its control. The Borrower shall provide to the Agent Bank a list of at least three of the insurance companies for approval.
- ii) the risks to be covered, apart from those usual for companies carrying on a business such as that carried by the Borrower and the companies/institutions under its control, shall include as appropriate:

Fire (including caused by electrical malfunction, lightning etc.)	Strike and Riot
Earthquake, Fire Shock	Terrorism
Storm Tempest, Typhoon	Landslide
Hurricane, Flood & Inundation	Explosion
Malicious Damage	

- iii) The insurance policy/ies shall meet the requirements stated in the Power Purchase Agreement executed between Nepal Electricity Authority and the Borrower and shall comprehensively cover all assets forming part of the security as under:

### Under Pre Construction Phase

- (a) all its hydro mechanical, electro mechanical equipments and other equipments under Marine cum Erection Policy including the risks of any other description as appropriate.
- (b) all its civil construction under Contractor's All Risk Policy including the risks of any other description as appropriate.

### Under Post Construction Phase

- a) all assets forming part of the security against fire, all natural perils, burglary, machinery break down and consequential loss (loss of profit) for at least six months including the risks of any other description as appropriate.
- b) Any change in the Insurance Policy shall be incorporated with prior permission of the Consortium Banks or of the Lead Bank on behalf of the Consortium Banks.

If due to the adverse market conditions and beyond control of the borrower, particular insurance coverage policy is not available, the Agent in consultation with the Banks may give waiver for the same at the request of the borrower.

B. The Borrower shall take insurance to cover general third party liability.

C.

- i) All insurance policies shall contain a "Bankers Clause" in favour of joint names of the Banks.
- ii) The original policies of all insurance be lodged with the Agent and kept duly renewed by the Borrower. The Borrower shall also provide the copies of the Insurance Policies along



34/64

**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal

with the Insurance Premium Payment Receipt seven days prior to the expiry of the ongoing policy.

- iii) The premiums for such insurance shall be paid by the Borrower. If however, premiums payable by the Borrower are not paid, the Agent shall overdraw the Borrower's Account to effect the payment.



### XIII. THE AGENT AND THE BANKS

1. Each Bank hereby appoints the Agent to act as its agent in connection herewith and authorises the Agent to administer the Facilities on its behalf and authorises Agent to hold Security in custody on behalf of the Banks. All the discretion, authorities, powers and duties as is expressly conferred on the Agent as agent by this Agreement together with such rights, powers and discretion as are reasonably incidental thereto shall be exercised by the Agent.
2. The Agent will promptly and in any case not later than 3 (three) Business Days of receipt thereof shall pay each Bank for such Bank's due proportion of all sums received by the Agent from the Borrower for such Bank's Account, whether by way of repayment of principal or payment of interest, fees or otherwise. In case the Agent defaults in accounting to any of the Banks within 3 (three) Business Days as aforesaid and to remit the amount due to such Bank(s) within the aforesaid period, the Agent shall be liable to pay interest on such amount(s) at the rate of 2% per annum over the Applicable Interest Rate.
3. Payments made to the Banks by the Agent of monies (principal, interests, expenses, penalties, if any) paid by the Borrower to the Agent for account of the Banks, shall be free of any and all deductions including tax other than tax payable on account of corporate income tax by the Banks if and when the same is required by law to be deducted at source subject to and to the extent of it being eligible for set-off against corporate income tax payable by the Banks. Should the Borrower by operation of law be compelled to make such deductions the Borrower shall pay such additional amounts as may be necessary in order that the net amounts received by the Banks shall equal the amount due to the Banks, as if no such deductions had been made.

The Agent shall not be held liable for the non-payment of tax, dues etc. by any Bank.

4. Subject to the application of monies received from the Borrower as stipulated under sub clause 'E' of Clause VIII, the proceeds realised in normal course of repayments, shall first go towards realisation of expenses. Penalties (if any), interest and principal.
5. Subject to the application of monies received from the Borrower as stipulated under sub clause 'E' of Clause VIII if the amount realised through legal proceeding or otherwise is less than the amount to be recovered by the Banks no Bank shall claim the shortfall from the other Bank(s).
6. The Agent may retain for their own use and benefit (and shall not be liable to account to the Banks for all or part) of any sums received by it by way of reimbursement of expenses incurred by it, unless the expenses are incurred jointly in which case such reimbursement of expenses shall be for the account of the Agent and the Banks.
7. The Agent shall not be obliged to take any steps to ascertain whether any Event of Default (other than default in repayment of principal or in payment of interest, or any other sum pursuant to this Agreement and/or the Security Documents) has happened, but at their own discretion, shall take reasonable steps to so ascertain. However, until the Agent shall have actual knowledge or shall have received express notice thereof, the Agent shall be entitled to assume that no such event(s) has happened and that the Borrower is performing all its obligations under this Agreement. Upon becoming aware of the happening of any Event of Default the Agent will forthwith inform the Banks and may (and shall, if so requested by any of the Banks) exercise its right to declare the Loan and all interest and all other sums payable pursuant to this Agreement immediately due and payable, as provided in Clause X (B).
8. In the Event of Default, the Agent may take any action (other than initiate legal proceedings) so as to prevent and/or minimise any loss to the Project or depreciation of the net assets or disposal of assets by the Borrower.
9. Where joint proceedings legal or otherwise are instituted by the Banks, the expenditure incurred by the various Banks and the monies recovered from the Borrower shall be



distributed in respect to their proportionate outstandings (at the time of realisation). The same shall also apply where legal proceedings are instituted by the Agent themselves on behalf of the Banks, when so directed by the Banks.

10. The Agent, after taking reasonable care and precaution shall, be entitled to rely on any communication or document believed by them to be genuine and correct and to have been communicated or signed by the person by whom it purports to be communicated or signed and shall not be liable to any of the parties to this Agreement for any of the consequences of such reliance.
11. Neither the Agent nor any of its directors, officers, employees or agents shall be liable for any action taken or omitted by it or them under this Agreement, or in connection herewith, unless caused by its or their negligence or willful misconduct. The Agent shall be responsible for any statements, representations or warranties made by any other party in this Agreement or for or in respect of any information supplied or provided or hereafter to be supplied or provided by the Agent in good faith to the Banks or any of them which is in any way connected with the Borrower, this Agreement, or any matter or thing referred to in or contemplated by this Agreement, or the Security Documents.
12. Each Bank acknowledges that it has, independently and without reliance on the Agent and based on such documents and information as it deemed appropriate, made its own investigation of the financial condition and affairs of the Borrower and its own appraisal of the creditworthiness of the Borrower.

The Agent and the Banks shall be entitled to rely on the advice of any professional advisers selected by them and given in connection with this Agreement.


13. The Agent may engage any auditor, lawyer, accountant, surveyor or other experts whose advice or services the Agent deems necessary/appropriate, expedient or desirable and may rely upon any advice so obtained. The Agent shall obtain reimbursement from the Borrower on behalf of itself and the Banks for the advice and services of such lawyers, accountants, surveyors or experts.
14. The Agent shall hold the Securities in custody on behalf of all the Banks, and shall be liable to account to each of the Banks for proper custody and disposition of any of the Securities.
15. In performing its function and duties under this Agreement the Agent shall act solely as the agent of the Banks and shall not assume or be deemed to have assumed, any obligation as agent or trustee for, or relationship of agency or trust with or for, the Borrower.
16. With respect to their own participation in the Facilities the Agent shall have the same rights and powers under and in respect of this Agreement and/or the Security Documents as though it were not also acting as the Agent. The Agent may, without liability to account, accept deposits from, lend money to and generally engage in any kind of banking or trust business with or for the Borrower as if it were not the Agent. The Banks may similarly engage in such banking or trust business with the Borrower without liability to account.
17. The Banks agree to indemnify the Agent (to the extent not reimbursed by the respective participation in the Loan) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in their capacities as Agent or in any way relating to or arising out of this Agreement or the Security Documents or any action taken by the Agent in enforcing or preserving the rights of the Banks under this Agreement or the Security Documents, provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the negligence or willful misconduct of the



Agent. Further, if such loss, damage, liability etc. is not due to the fault of any one of the Banks, the indemnification shall be prorated in respect to each Bank's proportionate participation.

18. The Agent shall promptly notify each of the Banks upon receipt of any notices and documents from the Borrower given for the purposes of, or pursuant to, this Agreement and will immediately send copies of all such notices and documents to each of the Banks.
19. The Agent may, if it deems expedient, refrain from exercising a right or power conferred upon it by the Banks under this Agreement, but shall be bound to exercise the same if called upon to do so by the Majority of the Banks.
20.
  - a) The Agent and the Banks shall not disclose any information of the Borrower, to any other person not party to this Agreement or the Security Documents hereunder, apart from persons to whom such disclosure is required by the operation of law or persons stipulated under Clause XIV Sub Clause E, any information relating to the Borrower.
  - b) If any Bank, on its own violation, discloses any information relating to the Borrower to any other person, not party to this Agreement or the Security Documents and such disclosure leads to proceedings legal or otherwise, against the Bank disclosing such information, the said Bank shall bear the cost and consequences of such proceedings by itself.
21. The Agent may with the prior written consent of the Banks grant waiver, consents, vary terms of this Agreement and/or omit to do all such acts and things in connection herewith as may be authorised in writing by the Banks. With respect to the variation of the terms of this Agreement, the consent of the Borrower shall also be obtained. Any such waiver, consent, variation, act or omission so authorised and effected by the Agent shall be binding on all of the Banks and the Agent shall be under no liability whatsoever in respect of any such waiver, variation, consent, act or omission.
22. The Agent or the Banks may, at their discretion, undertake inspection of the Project and the assets of the companies controlled by the Borrower as and when they deem it necessary. The cost of such inspection shall be borne by the Borrower and paid to the Agent and the Banks on demand against the Agent or the Banks' certificate specifying the cost incurred by itself and the Banks. Such certificate shall be final and conclusive proof of the amount stated therein save for any manifest error.
23. The Agent shall periodically make available to all Banks a status report on the project and/or the Borrower.
24. Each Bank shall act through its Lending Office. If the Lending Office of a Bank is changed such Bank shall promptly notify the Agent of such change and of the address of the new Lending Office. Until such notification is received, the Agent shall assume that such Bank is acting through its original Lending Office or, if a change has already occurred, the Lending Office must have had notified to the Agent.
25. Any information acquired by the Banks regarding the execution, supervision, valuation etc. about the Borrower and the statement of condition or any tangible facts regarding the Borrower known by the Banks shall be provided to the Agent and other Banks if demanded by the Agent.
26. Any advice or proposal relating to the financial state, and the market conditions of the Borrower may be suggested or proposed by any Bank and such issue(s) shall be resolved by mutual consultation/actions.
- 27.



  
**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal

- (i) The interpretation of terms, technical or otherwise used in this Agreement shall have the same meaning as in Section 1 Clause I (Definitions).
- (ii) If there arises a conflict in the interpretation between the terms of this Agreement and those contained in the Sanction / Offer Letters given by the individual Banks, evidencing their respective participation in the Facilities mentioned in this Agreement, the interpretation of this document shall prevail.
- (iii) Any dispute, between the Banks which after consultation are not amicably resolved upon majority decision of the Banks shall be referred to Nepal Rastra Bank for arbitration.
28. Any Bank may request that a meeting of the Banks be convened at any time. The Bank requesting such meeting shall give a written notice thereof to the Agent and the general nature of the business which is proposed to be considered. The Agent thereafter shall, within fifteen (15) Banking Days' upon receipt of such notice, call a meeting specifying the date, time, place and the nature of the business proposed to be considered. Resolution on any of the issues in the meeting shall be considered approved provided it has been supported by Majority of the Banks.
29. Notwithstanding Sub Clause G of Clause II of Section 1, should a Bank default in its participation in the financing of the Borrower, the remaining Banks, shall upon the decision of Majority of the Banks, have the option to call for restructuring of the Term Loan Facility or invite another Bank to assume the participation of the Bank withdrawing from the Consortium. Further, the defaulting Bank shall also be liable for a penalty as decided by the Consortium.
30. Each Bank undertakes to make available promptly to each other Bank and the Agent any material information it possess on:
- (i) the financial condition of the Borrower-,
- (ii) the Borrower's ability to pay any of the Facilities when due-,
- (iii) the security interests granted by or pursuant to this Agreement and Security Documents;
- (iv) any other matter regarding the Borrower which such lender considers to be of common interest to the Banks;

provided, however, that no Bank shall have any liability for any inaccuracy or incompleteness of any information made available by it in good faith, other than liability from its own willful misconduct or gross negligence.

31. The Agent (Lead Bank) may resign at any time by giving notice thereof to the Banks and the Borrower as provided hereunder. Upon such resignation, the Banks shall appoint a successor Agent within ninety days, and thereafter, the retiring Agent shall be relieved of its obligation hereunder. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, the retiring Agent shall promptly transfer the Security Documents and Statement of Account of the Facilities to the successor. If the Banks fail to appoint a successor Agent within ninety days, the Agent shall be relieved of its obligations hereunder and hold Security Documents and statement of accounts of the Facilities at the disposal of the Banks.
32. The Agent and the Banks will have First Right of Refusal to finance any upcoming hydropower projects promoted by the Borrower.



#### XIV. ASSIGNMENT AND SETOFF

- A. This Agreement shall be binding upon, and shall ensure to the Benefit of the Banks, the Agent, the Borrower and their respective successors and assigns.
- B. None of the parties shall, without prior written consent of all the parties hereto, assign or mortgage any of its rights, benefits and/or obligations under this Agreement and the Security Documents.
- C. Any of the Banks (hereinafter in this Clause called the "Assignor Bank") may after obtaining prior written consent of the Banks and the Borrower at any time or from time to time assign to any one or more Banks or financial institutions (each of which is hereinafter in this Clause called as "Assignee Bank") all or any of the Assignor Bank's rights and benefits hereunder in consideration of the assent of the Assignee Bank to perform such part of the Assignor Bank's obligations as corresponds to the rights and benefits so assigned to such Assignee Bank. The Agent shall notify the Borrower of any such assignment made by the Bank. Such assignment shall be effective subject to Sub Clause D of this Clause.
- D. If any Bank transfers its rights and benefits as provided in Sub Clause C of this Clause and such Assignee Bank delivers to the Borrower and the Agent an undertaking in such form as Agent and the Borrower may approve agreeing to be bound by the terms of this Agreement and Security Documents as if it had been an original party hereto, then all references in this Agreement to such (Assignor) Bank shall thereafter be construed as reference to the Assignee Bank (to the exclusion of the Assignor Bank) in respect of that proportion of the Assignee Bank's participation herein.
- E. Notwithstanding Sub Clause 20 of Clause XIII (Assignor) Bank may disclose to a potential Assignee Bank such information about the Borrower and its financial condition as shall have been made available to the Banks generally.



## XV. NOTICES

- A. Any notice or other communication to be given to the Agent hereunder shall be addressed to the Agent and delivered to Laxmi Bank Ltd., Hattisar, P.O. Box 19593, Kathmandu, Telephone 4444684; Swift LXBLNPKA; Facsimile 4444640 and marked for such attention as may be notified by the Agent to the other parties hereto for this purpose from time to time.
- B. Any notice, demand or other communication to be given to the Borrower hereunder shall be addressed to the Borrower marked for the attention of Chairman, Mabilung Energy Ltd., Ward No. 10, Lalitpur; Telephone 015429176 or such other address, telephone, or fax numbers and marked for such other attention as may be notified by the Borrower to the Agent for this purpose from time to time.
- C. Any notice or other communication to be given to any Bank hereunder shall be addressed to such Bank and delivered to it at the address of its Lending Office or such other address as may be notified by the relevant Bank to the other parties hereto for this purpose from time to time.
- D.
- i) any notice or demand to be given or made hereunder may be made by telephone, email provided that it is confirmed within 24 hours by any of the following methods- first class prepaid recorded delivery mail, messenger/courier service, SWIFT, or telefax and unless the contrary shall be proved and save where actual receipt thereof is required pursuant to the provisions of this Agreement shall be deemed to have been given or made, if by telephone, email (provided that it is confirmed as aforesaid), when the call or courier service, 5 days after posting, if by SWIFT or telefax is dispatched, 24 hours after dispatch.
- ii) in respect of drawdown notice sent by the Agent to the Banks, the means of communication shall be in accordance with Sub Clause B of Clause IV of Section 1.



## XVI. EVIDENCE OF DEBT AND TENURE

- A. The Agent shall maintain in accordance with its usual practice, accounts evidencing (i) the amount of Drawing made under each facility or arising thereunder, (ii) the amount of any principal, interest or any other sums due or to become due from the Borrower to the Banks and each Bank's share therein, (iii) the amount of any sum received or recovered by the Agent hereunder and each Bank's share therein.
- B. In any legal action or proceedings arising out of or in connection with this Agreement or the Security Documents and/or Transactional Documents the entries made in the accounts maintained pursuant to Sub Clause A of this Clause shall, in the absence of manifest error, be prima facie evidence of the existence and extent of the obligations of the Borrower therein recorded.
- C. The terms and conditions of this Agreement shall continue to be valid and enforceable against all parties (including their assignee) who have subscribed to this Agreement, till such time the Outstanding Amount is reduced to nil, provided that in the case of the Term Loan and Working Capital Loan the Outstanding Amount is brought to nil within a maximum period of twelve years from the date of start of repayment of each tranche of the Term Loan.



## XVII. WAIVERS: PARTIAL INVALIDITY

- A. No failure or delay by the Agent or the Banks or any of them in exercising any right, power, privilege or benefit hereunder shall operate as waiver thereof nor shall any single or partial exercise of any right, power, privilege or benefit nor shall the Facilities provided to the Borrower be converted or deemed to convert into unsecured loans (**kapali**). The rights and remedies herein provided are cumulative and not exclusive of any rights and remedies provided by law.
- B. If at any time any provision or part of such provisions hereof is or becomes illegal, invalid or unenforceable in any respect, the remaining provisions hereof shall in no way be affected, impaired or vitiated thereby, so long as such severance is permissible and possible under the laws of Nepal.
- C. Any right conferred on the Agent, Issuing Bank, the Banks or any of them by this Agreement or by any Security Document and or Transactional Documents shall be in addition to and not in substitution for any or derogation of any other right which the Agent, Issuing Bank, the Banks or any of them may at any time have, against the Borrower.
- D. Neither the Agent, or the Banks nor any of them shall be obliged before taking steps to enforce any rights conferred on them by this Agreement or by any Security Document and or Transactional Documents or exercising any of the rights, powers and remedies conferred upon them by this Agreement or by any Security Document and or Transactional Documents or by law, (i) to take action or obtain judgment in any court against the Borrower from whom any of them may seek reimbursement in respect of sums paid out by any of them as herein contemplated (ii) to make or file any claim in a bankruptcy, winding up, liquidation or re-organisation of the Borrower, or (iii) to enforce or seek to enforce any other rights, any of them may have against the Borrower.



**XVIII. LAW & JURISDICTION**

- A. This Agreement and the Security Documents shall be governed by and construed in accordance with the laws of Nepal.
- B. All parties to this Agreement and the Security Documents and the Transactional Documents shall submit to the laws and the jurisdiction of the courts of Nepal.



## XIX. COUNTERPARTS

This Agreement may be executed in two counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

The rights of the Banks and the obligations of the Borrower, contained in any other document stipulated in the Counterparts herein below are in addition and independent to the rights of the Banks and the obligations of the Borrower, contained under this Agreement and the Security Documents.

Counterparts:

1. Approval of Nepal Government, Office of the Company Registrars', for registration of Mabilung Energy Ltd. as a Limited Company.
2. Approval of the relevant department of the Nepal Government for the operation of Upper Piluwa Khola 3 Hydropower Project.
3. Resolution & authorised signatories (as per Clause III of Section 1).
4. Credit Facilities Offer Letter dated ..... of Laxmi Bank Ltd. issued on behalf of the entire consortium of Banks.
5. Copy of the Certificate of Incorporation of Mabilung Energy Ltd. and Lease Agreement between Mabilung Energy Ltd. and Government of Nepal.
6. Sanction / Offer Letters of Banks.
7. Share Pledge Agreement.
8. Minutes of the Consortium Meeting.



## **SECTION 2 - TERM LOAN FACILITY**

### **I. AMOUNT AND PURPOSE**

The Banks shall make available to the Borrower upto an amount of NPR 655,900,000.00 (Nepalese Rupees Six Hundred Fifty Five Million Nine Hundred Thousand Only) for construction and operation of a 4.95 MW run of the river hydropower project at Madi and Chainpur Municipalities of Sankhuwasabha District, Province 1.

- ❖ The participation of each Bank financing the Term Loan will be as per Clause II (A) of Section 1.
- ❖ The disbursements of which shall be made in accordance with Sub-Clause II of this Section.

### **II. DRAWDOWN**

- a) Term Loan of NPR 655,900,000.00 (Nepalese Rupees Six Hundred Fifty Five Million Nine Hundred Thousand Only) shall be drawn within 2 years from the date of first drawdown or commercial operation date whichever is later.
- b) Drawdown shall be made available through the Lead and / or Agent Bank.
- c) Each disbursement shall be based on the bills / invoices certified by Technical and Financial Consultants appointed by Agent Bank on behalf of the consortium. Further, the technical experts/ consultants shall also carry out periodic monitoring of the project progress with an aim to minimize the cost overrun and time overrun.
- d) The Debt to Equity Ratio of the each drawdown shall be maintained within 70:30.
- e) The amount of the disbursement at one time to be a minimum of NPR 10,000,000.00 (Nepalese Rupees Ten Million Only). 60% of promoters' total equity (i.e. 42% of total equity and 12.6% of total Project Cost, excluding the equity to be raised from IPO to general public and locals of project affected areas) to be raised and minimum 60% of the total promoter equity to be expensed out in the project prior to disbursement of Term Loan, which need to be duly verified by the appointed Chartered Accountant/Financial Consultant/Technical Consultant. This makes total upfront equity injection of NPR 118,062,000.00 (Nepalese Rupees One Hundred Eighteen Million Sixty Two Thousand Only), which will be 60% of the promoters' committed equity. Entire equity injected by the Borrower to be certified by the financial consultant appointed by the consortium.
- f) After the injection of Upfront equity injection (12.6% of total project cost), the remaining equity (17.4% of total project cost) shall be required to be injected on pro-rata Debt: Equity - 80:20 of each drawdown request until D:E ratio becomes 70:30 and disbursements thereafter will be on agreed Debt: Equity ratio of 70:30.
- g) Payment shall be made directly to the suppliers / contractors as far as practicable.
- h) Any shortfall in the drawdown obligation from one of the Participating Banks shall be arranged by the consortium.
- i) Submission of a letter from / to NEA to make payments for the energy (electricity) purchased from this hydropower project directly to the Lead and/or Agent Bank shall be submitted to the Agent Bank.
- j) Any drawings under this Facility shall be made pursuant to Clause IV of Section 1 and subject to the maintenance of the ratio as per Sub Clause S of Clause VII of Section 1 of this Agreement.



46/64

**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal

### III. INTEREST

- A. Interest rate shall be calculated based on the weighted average base rate of all consortium member Banks on the basis of proportionate loan participation plus 1.5% premium. This interest computation mechanism shall be effective from the date of signing of Facilities Agreement based on the base rate of previous quarter end. Interest rate shall be reviewed semi annually on Kartik 1<sup>st</sup> and Baisakh 1<sup>st</sup> of each year based on the base rate of Ashwin and Chaitra quarter ends respectively. However, interest rate shall not be more than 13.0% p.a. and less than 8.0% p.a. at any point of time and this upper and lower ceiling in interest rate shall be reviewed/ revised once in every two years by the consortium. The premium applicable above weighted average base rate shall be reviewed periodically and based on the consensus among the financing banks of the consortium. In case the consensus cannot be arrived on the issue within a reasonable time then majority decision shall prevail. The new interest rate shall be communicated by the Agent to the Borrower.
- B. Interest during construction shall be capitalized on quarterly basis (a period of 3 months ending at the end of the months of Ashwin, Paush, Chaitra and Ashad of the Bikram Era. This shall be subject to approval from Nepal Rastra Bank.
- C. Accrued interest shall be paid by the Borrower on the Facility or the relevant part thereof in arrears on each Interest Payment date or the relevant part thereof, subject to the Sub Clause A of this Clause.
- D. Interest on the aggregate outstanding amount under the Facility shall be calculated on actual days in a year basis and shall accrue from day to day.

### IV. REPAYMENT

The borrower shall repay the Term Loan as per the tentative schedule defined in Sub Clause A below. The final repayment schedule shall be designed by the consortium based on the actual loan outstanding of Banks after commercial operation of the project and/or by the end of drawdown period, or after connection to designated transmission line as per PPA under the provisions of NRB Directive 2077, 3 (2 (c)). In the event of the failure to honour Sub Clause A, a penalty of 2% p.a. shall be levied in addition to the applicable rate of interest on the facility.

#### A. Term Loan

The Term Loan Facility will be subject to quarterly repayment of principal to be payable every three months. First installment to commence from subsequent quarter after completion of drawdown period or commercial operation date of the project, whichever is later.

NPR 000

Year	Quarter	Principal Payable	Loan Outstanding (655,900)	Yearly Repayment	Balance Loan
Year 1	1	7,018	648,882		
	2	7,018	641,864		
	3	7,018	634,846		
	4	7,018	627,827	28,073	627,827
Year 2	1	7,822	620,006		
	2	7,822	612,184		
	3	7,822	604,363		
	4	7,822	596,541	31,286	596,541
Year 3	1	8,723	587,818		
	2	8,723	579,094		
	3	8,723	570,371		



47/64

	4	8,723	561,647	34,894	561,647
Year 4	1	9,724	551,923		
	2	9,724	542,200		
	3	9,724	532,476		
	4	9,724	522,752	38,895	522,752
Year 5	1	10,839	511,914		
	2	10,839	501,075		
	3	10,839	490,236		
	4	10,839	479,397	43,355	479,397
Year 6	1	12,085	467,312		
	2	12,085	455,227		
	3	12,085	443,142		
	4	12,085	431,057	48,340	431,057
Year 7	1	13,462	417,595		
	2	13,462	404,133		
	3	13,462	390,670		
	4	13,462	377,208	53,849	377,208
Year 8	1	15,004	362,204		
	2	15,004	347,201		
	3	15,004	332,197		
	4	15,004	317,193	60,015	317,193
Year 9	1	16,725	300,468		
	2	16,725	283,742		
	3	16,725	267,017		
	4	16,725	250,291	66,902	250,291
Year 10	1	18,644	231,647		
	2	18,644	213,004		
	3	18,644	194,360		
	4	18,644	175,716	74,576	175,716
Year 11	1	20,776	154,940		
	2	20,776	134,164		
	3	20,776	113,389		
	4	20,776	92,613	83,103	92,613
Year 12	1	23,153	69,460		
	2	23,153	46,307		
	3	23,153	23,153		
	4	23,153	(0)	92,613	(0)
<b>Total</b>		<b>655,900</b>		<b>655,900</b>	

## V. PREPAYMENT

- A. The Borrower may prepay the Facility in whole or in part on the last day of any Interest Period, provided that -
- the Borrower shall give to the Agent not less than sixty days prior written notice of its intention to make such prepayments, specifying the amount thereof and the date on which it is to be made, and
  - the amount of any prepayment shall not be less than one installment of the repayment schedule as stipulated in Clause IV of this Section, and
  - the Borrower shall on the date of prepayment, pay to the Agent for the account of the Banks all interest on the amount prepaid accrued up to the prepayment.



- B. Any notice of prepayment given by the Borrower shall be irrevocable and the Borrower shall be bound to make a prepayment in accordance therewith. In the event, and after the notice of prepayment has been made, the prepayment is not forthcoming, the Borrower shall pay a penal interest of 2% over and above the Applicable Interest rate for the amount stipulated (for prepayment) in the notice of prepayment.
- C. In case of prepayment from sources other than the Borrower's own business cash flow generated from its operation and/or equity raised by the Borrower, shall attract a penalty of 2% flat or as directed by NRB on the prepaid amount.
- D. No amount prepaid may be redrawn.
- E. Any prepayment made pursuant to this Clause shall be applied in reducing the repayment installments in reverse order of maturity.
- F. The Borrower shall not be entitled to prepay the loan, otherwise than in accordance with the express terms of this Agreement.

**VI. BRIDGE GAP LOAN FACILITY**

- A. After submission of a Drawdown request for Term Loan Facility by the Borrower, the Lead Bank at its discretion may provide a Bridge Gap Loan not exceeding NPR 75,000,000.00 (Nepalese Rupees Seventy Five Million Only) prior to the actual disbursement of Term Loan Facility. The tenor of each Bridge Gap Loan Facility shall be for a maximum period of 180 days. The principal amount and interest accrued thereon shall be settled with the subsequent disbursement of Term Loan Facility as per Clause (I) of Section 2. Laxmi Bank shall provide the Bridge Gap Loan Facility of NPR 75,000,000.00 (Nepalese Rupees Seventy Five Million Only). The rate of interest shall be 0.50% higher than the Term Loan Facility and shall be reviewed as and when interest rate on Term Loan Facility is reviewed.



**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal

### **SECTION 3 - WORKING CAPITAL LOAN FACILITY**

#### **I. AMOUNT AND PURPOSE**

The Banks shall make available to the Borrower upto an amount of NPR 23,500,000.00 (Nepalese Rupees Twenty Three Million Five Hundred Thousand Only) to finance the Working Capital Investment.

- ❖ The participation in financing the Working Capital Loan will be as per Clause II (C) of Section 1.
- ❖ The disbursements of which shall be made in accordance with Sub-Clause II of this Section.

#### **II. DRAWDOWN**

- a. Drawdown under Working Capital Loan Facility shall be restricted to maximum 70% of the net current assets including spare parts and three months receivable from Nepal Electricity Authority or the limit whichever is lower. For this purpose, the borrower shall provide its net working investment position as on the end of the preceding month within 5 days of the following month based on which the lead bank shall sanction the working capital limit.
- b. Any drawings under this Facility shall be made pursuant to Clause IV of Section 1 and subject to the maintenance of the ratio as per Sub Clause S of Clause VII of Section 1 of this Agreement.

#### **III. INTEREST**

- A. The indicative interest rate on Working Capital Loan Facility shall be calculated based on weighted average base rate of all consortium member Banks on the basis of proportionate loan participation plus 1.5% premium. Notwithstanding whatsoever stated under this agreement, the applicable rate of interest shall be advised at the time of actual disbursement and subsequent review shall be conducted as and when interest rate on Term Loan Facility is reviewed.
- B. Accrued interest shall be paid by the Borrower on the Facility or the relevant part thereof in arrears on each Interest Payment date or the relevant part thereof, subject to the Sub Clause A of this Clause.
- C. Interest on the aggregate outstanding amount under the Facility shall be calculated on actual days in a year basis and shall accrue from day to day.



## **SECTION 4 - LETTER OF CREDIT FACILITY**

### **I. AMOUNT AND PURPOSE**

The Letter of Credit Facility of NPR 300,000,000.00 (Nepalese Rupees Three Hundred Million Only) shall be provided within the Term Loan Facility and at the time of settlement of Letter of Credit, Term Loan shall be drawn at an agreed Debt Equity Ratio of 70:30.

The facility shall be utilized for the import of electro mechanical equipments, metal sheets and pipes, hydro mechanical equipments, transmission line equipments, construction materials, spare parts etc. for the project. Such Letters of Credit Facility shall be issued by the Lead Bank while member Bank will share the exposure/commitment and provide foreign currency in pro rata of participation in Term Loan as detailed in Clause II (A) of Section 1 to the Agent Bank.

### **II. TERMS AND CONDITIONS**

1. The Lead Bank agrees that upon the terms and subject to the conditions hereof, it will issue in favour of the beneficiary a Irrevocable Letter of Credit of total value upto NPR 300,000,000.00 (Nepalese Rupees Three Hundred Million Only) in respect of the Borrower's obligations for the payment of the import of electro mechanical equipment, metal sheets and pipes, hydro mechanical equipments, transmission line equipments, construction materials, spare parts etc.
2. The Letter of Credit Facilities under sub-clause 'II' (1) above, will be established to the Borrower in accordance with the terms and subject to the conditions outlined in this section and in conjunction with the terms and conditions of this section.

### **III. LETTER OF CREDIT COMMISSION AND CASH MARGIN**

The commission and cash margin for the issuance of Letter of Credit shall be charged to the Borrower on the value of the Letter of Credit issued at the following rates:

- 0.12% per quarter of the Letter of Credit amount. Letter of Credit commission shall be shared amongst the participating Banks including the Lead Bank on proportionate basis.
- Cash Margin shall be 5%.

### **IV. REQUIREMENTS FOR LETTER OF CREDIT**

Each Letter of Credit shall be:

- i) in such form as the Issuing Bank/Agent may require,
- ii) The Letter of Credit will be denominated in the currencies acceptable to the issuing Bank
- iii) valid for not more than 48 (fourty eight) months after its date of issue (or such longer period the issuing Bank, at the request of the borrower, may agree in any particular case)

### **V. OPENING OF A LETTER OF CREDIT**

A Letter of Credit will be opened by the issuing Bank after:

- I. a Letter of Credit application, duly signed by an authorized person, as stipulated under Clause III (1C)(iii) of Section 1 has been submitted to the Issuing Bank within the time stipulated under Clause IV (A) (v) of Section 1.



- II. the date on which it is proposed that such Letter of Credit be opened is a business day which is and precedes the Commitment Termination Date.

#### VI. PAYMENT UNDER LETTER OF CREDIT

- i) Payment by the Issuing Bank of an amount under a Letter of Credit shall cause an event of disbursement of Term Loan Facility. This disbursement amount will be the Letter of Credit value and the proportionate amount of equity participation that will be debited directly from the Deposit Account by the Agent/Issuing Bank on the settlement date. However, such disbursement amount shall not be higher than the balance of approved Term Loan Facility.
- ii) As soon as practicable, following payment by the Issuing Bank, the Issuing Bank shall advise the Borrower of the amount thereof, which in the absence of manifest error shall be accepted by the Borrower as final and conclusive proof of the date and amount of drawing.
- iii) The Borrower agrees that the interest accruing on the amount granted as advances under sub-clause (i) above, until the time of their transfer to the Term Loan Facility in accordance with sub-clause (iv) below, shall be added to the accrual of interest on the Term Loan facility and shall be paid by the Borrower in accordance with the Interest period. The rate of interest for such advances shall be the same as the prevailing rate for the Term Loan.
- iv) The Borrower acknowledges and accepts that such drawing as specified in sub-clause (ii) of this Clause: (1) will pro tanto, discharge the Borrower's corresponding obligations towards the Issuing Bank under sub-clause (i) above and, (2) shall of itself cause there to arise a loan under the Term Loan facility.

#### VII. FEES, COMMISSION, EXPENSES, CHARGES OR COSTS

The Borrower shall from time to time, on demand, reimburse the Issuing Bank, for all fees, commission, expenses, charges or costs incurred by the Issuing Bank in respect of each Letter of Credit.

#### VIII. CLAIM FOR PAYMENT UNDER THE LETTER OF CREDIT

On the date of the claim for payment under the Letter of Credit by the beneficiary, the Borrower must ensure that the proportionate amount of equity participation in the Letter of Credit has been adequately deposited in the Deposit Account opened with the Lead Bank.

#### IX. BANK GUARANTEE FACILITY

The Bank Guarantee Facility of NPR 1,000,000.00 (Nepalese Rupees One Million Only) within the Letter of Credit Facility shall be provided to issue Performance Guarantee. Such Bank Guarantee Facility shall be issued by the Lead Bank. The commission for the issuance of Bank Guarantee shall be charged to the Borrower on the value of the Bank Guarantee issued at the following rates:

- 0.325% per quarter of the Bank Guarantee amount. The commission shall be the share of Lead Bank.
- Cash Margin shall be 5%.



## **SECTION 5 - BANK GUARANTEE FACILITY**

### **I. AMOUNT AND PURPOSE**

The Bank Guarantee Facility of NPR 2,970,000.00 (Nepalese Rupees Two Million Nine Hundred Seventy Thousand Only) shall be provided to issue Performance Guarantee favouring Nepal Electricity Authority for the required for commencement of operation. Such Bank Guarantee Facility shall be issued by the Lead Bank.

### **II. TERMS AND CONDITIONS**

1. The Lead Bank agrees that upon the terms and subject to the conditions hereof, it will issue in favour of the beneficiary a Performance Guarantee favouring Nepal Electricity Authority of total value upto NPR 2,970,000.00 (Nepalese Rupees Two Million Nine Hundred Seventy Thousand Only) in respect of commencement of the project.
2. The Bank Guarantee Facility under sub-clause 'II' (1) above will be established to the Borrower in accordance with the terms and subject to the conditions outlined in this section and in conjunction with the terms and conditions of this section.

### **III. BANK GUARANTEE COMMISSION AND CASH MARGIN**

The commission for the issuance of Bank Guarantee shall be charged to the Borrower on the value of the Bank Guarantee issued at the following rates:

- 0.325% per quarter of the Bank Guarantee amount. The commission shall be the share of Lead Bank.
- Cash Margin shall be 5%.

### **IV. REQUIREMENTS FOR BANK GUARANTEE**

Each Bank Guarantee shall be:

- i) in such form as the Issuing Bank/Agent may require,
- ii) the Bank Guarantee will be denominated in Nepalese Rupees,
- iii) valid as required by the Borrower not exceeding as mentioned in the Power Purchase Agreement

### **V. OPENING OF A BANK GUARANTEE**

A Bank Guarantee will be opened by the issuing Bank after:

- I. a Bank Guarantee application, duly signed by an authorized person, as stipulated under Clause III (1C)(iii) of Section 1 has been submitted to the Issuing Bank within the time stipulated under Clause IV (A) (v) of Section 1.
- II. the date on which it is proposed that such Bank Guarantee be opened is a business day which is and precedes the Commitment Termination Date.

### **VI. OTHER TERMS AND CONDITIONS**

All other terms and conditions of Bank Guarantee shall be agreed between the Agent Banks and the Borrower.




**SECTION 6. - COMMENCEMENT AND TERMINATION OF THIS AGREEMENT**

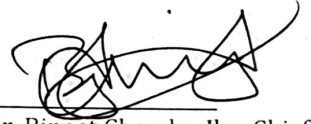
- A. This Agreement shall commence on the Commencement Date.
- B. This Agreement shall be terminated on the repayment of the Term Loan and other dues and fulfillment of all the indebtedness/ obligations/ undertakings by the Borrower under this Agreement.
- C. All the Security Documents executed pursuant to this Agreement shall be released after termination of this Agreement by virtue of fulfillment of all the indebtedness/obligation/ undertakings pursuant to Clause B above.



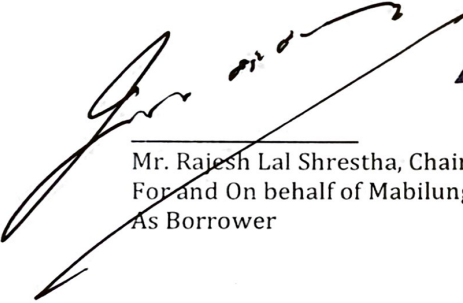
**In witness whereof the party caused this Agreement and duly executed the day and year first above written**

  
Mr. Amit Singh Karki, Head- Infrastructure & Projects  
For and On behalf of Laxmi Bank Ltd.  
As Lead & Participating Bank



  
Mr. Bineet Chandra Jha, Chief- Infrastructure Lending  
For and On behalf of Machhapuchchhre Bank Ltd.  
As Participating Bank



  
Mr. Rajesh Lal Shrestha, Chairperson  
For and On behalf of Mabilung Energy Ltd.  
As Borrower



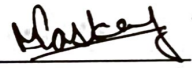
Witness:



Name: Kriti Shrestha  
RM - I & P



Name: Smiti Singh Shrestha  
RM - IL



Name: Sajal Maskey

**APPENDIX A: BANKS**

Laxmi Bank Ltd.  
Hattisar  
P. O. Box 19593  
Kathmandu  
Nepal

Machhapuchchhre Bank Ltd.  
Lazimpat  
P. O. Box 12427  
Kathmandu  
Nepal



**APPENDIX B: NOTICE OF DRAWING**

**Laxmi Bank Limited  
Hattisar  
Kathmandu  
P.O. Box 19593  
Kathmandu  
Nepal**

**DRAWING NUMBER -----  
Under Facilities Agreement  
dated -----**

We refer to the above Agreement and hereby :

- (1) give you notice that we wish to make a Drawing of Rs ----- (Rupees ----- ) under the Facility on ----- ; and
- (2) confirm that the borrowing be effected by such Drawing will be within our powers, has been validly authorised by all necessary action and will not cause any limit on our borrowing or other powers or on the exercise of such powers by our Board of Directors (whether imposed by law, regulation, agreement, statute, articles and memorandum or otherwise) to be exceeded, that no Event of default has occurred which would constitute an Event of default, pursuant to Clause X of the Agreement, that the representations and warranties contained in Clause V of the Agreement, if repeated at the date hereof, would be true and accurate in all respects and that the Undertakings contained in Clauses VII of the Agreement have at all times been complied with.

Expressions defined in the Agreement shall have the same meanings in this Notice.

-----  
For and on behalf of  
Mabilung Energy Ltd.

Date:



## APPENDIX C: FORM OF OPINION OF THE BORROWER'S COUNSEL

Date:

**Laxmi Bank Limited**  
**Hattisar**  
**Kathmandu**  
**P.O. Box 19593**  
**Kathmandu**  
**Nepal**

as Agent for the Banks (as defined in the Facilities Agreement), and to the said Banks.

Gentlemen,

1. We refer to the Facilities under the Facilities Agreement which yourselves and the Banks have agreed to make available Mabilung Energy Ltd. as Borrower.
2. Expressions defined in the Facilities Agreement shall have the same meanings in this opinion unless the context indicates otherwise.
3. We express no opinion as to any law other than the law of Nepal as presently existing.
4. We have examined the following documents:
  - A) a copy, certified by any of the two Directors of the Borrower to be a true, complete and up-to-date copy, of the Articles and Memorandum of Association of the Borrower; and
  - B) the Agreement (the "Facilities Agreement"), a copy of which is annexed hereto, dated February 22, 2021 and made between:
    - (i) Mabilung Energy Ltd.
    - (ii) the Banks named in Appendix 'A'.
    - (iii) Laxmi Bank Ltd. as Agent.

in which the Banks agreed upon the terms and conditions therein contained to make the facilities available to the Borrower; and

- C) a copy of Resolution, certified by any of the two Directors of the Borrower, to be true and complete copy in full force and effect, of the Borrower, also evidence of proof duly certified by any of the two Directors of the Borrower, to be in full force and effect for the following:
  - i) approving the Facilities Agreement and the borrowing of the full amount of the Total Commitment thereunder;
  - ii) authorising the person(s) signing and delivering the Facilities Agreement on behalf of the Borrower so to sign and deliver the same and accept service of process on behalf of the Borrower; and
  - iii) authorising the person(s) to sign and deliver the Security Documents and the Notice of Drawing and all other notices or other communications to be given by the Borrower pursuant to or in connection with the Facilities Agreement and accept



  
**MABILUNG**  
**ENERGY**  
**LTD.**  
Lalitpur, Nepal



58/64

service of process on behalf of the Borrower if such person is one other than the person specified in C (ii) above.

- D) copies, certified by any of the two Directors of the Borrower as being true copies and the Security Documents and the borrowing of the full amount of the Total Commitments.
- E) such other documents including Security Document other than the Mortgage Deed as we have deemed necessary or appropriate for the purpose of giving this opinion and have obtained from directors, officers and representatives of the Borrower such certificates and assurances as to factual matters as we have considered necessary.
- F) the execution and delivery of the Facilities Agreement and the Security Documents, the performance by the Borrower with the terms and conditions thereof, do not:
- i) contravene any provision of any law, statute, decree, rule, regulation, judicial precedent or similar enactment or legal norms by which the Borrower or any of its assets is bound or of any order, judgment, injunction, decree, resolution, determination or award of any court or any judicial, administrative or governmental authority or organisation or of any governmental or administrative guideline or policy statement applicable to the Borrower; or
  - ii) conflict or be inconsistent with, or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any encumbrance upon any of the property or assets of the Borrower pursuant to the terms of, any law, indenture, mortgage, deed of trust, bond, agreement or other instrument, arrangement of obligation to which the Borrower is a party or is subject or by which it or its assets may be bound; or
  - iii) cause any limit on any of the borrowing or other powers of the Borrower (whether imposed by law, decree, regulation, agreement or otherwise howsoever) or on the right or ability of its officers to exercise such powers, or any other limit affecting the Borrower, to be exceeded; or
  - iv) violate any provision of the Memorandum and Articles of Association of the Borrower.
- G). no authorisation, consents, approvals, licences, filings or registrations by or with any governmental authority or administrative body of or in Nepal, and no notarisation or other formality, are required to be obtained or accomplished in connection with the borrowing of the full amount of the Total Commitments under the Facilities Agreement, or in connection with the borrowing of the full amount of the Total Commitments under the Facilities Agreement, or in connection with the execution, delivery or performance by the Borrower, or for the validity or enforceability of the Facilities Agreement.
5. Based on the foregoing, we are pleased to advise that in our opinion:
- A) the Borrower is a Company duly incorporated under the laws of Nepal and has full power and authority to own its property and assets and to carry on its business as it is now being conducted;
  - B) the Borrower has full power and authority to borrow the full amount of the Total Commitments under the Facilities Agreement and the Security Documents and has taken all necessary action to authorise such borrowing, execution, delivery, performance and observance;
  - C)
    - i) the Facilities Agreement constitutes, and the Security Documents when executed and delivered will constitute, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, and the Borrower's indebtedness there under constitutes the direct, unconditional and general indebtedness of the Borrower and will rank in priority in all respects with any and all other present and



future obligations and liabilities (including contingent obligations and liabilities but excluding statutory liabilities such as provident fund, land taxes etc., and such other taxes which are of public nature) of the Borrower towards any other third parties issued, created or assumed now or in the future or for which the Borrower is now or may at any time otherwise be or become responsible to such third parties.

- ii) the obligations of the Borrower under this Agreement and under the Security Documents constitute direct, general and unconditional obligations as regards the other parties to this Agreement and Security Documents and such obligations shall rank pari passu amongst such parties inter se.
- D) the person(s) executing and delivering the Facilities Agreement and the Security Documents constitute direct, and all notices, certificates and other documents required under or in relation to the Facilities Agreement are fully authorised to execute and deliver the same for and on behalf of the Borrower.
- E) to the best of my knowledge the Borrower is not in breach of any of the terms, covenants, conditions or provisions of or in default under, and has not done or omitted to do anything which with the giving of notice and/or lapse of time might constitute a default under any law, statute, decree, rule or regulation or any indenture, deed or trust, agreement or other instrument, arrangement or obligation to which it is a party or is subject or by which it or any of its assets may be bound, breach of or default under which might have a material adverse effect on the business, assets or condition, financial or otherwise, of the Borrower or which might have an adverse effect on the Borrower's ability duly to perform and observe its obligations under the Facilities Agreement and the Security Documents.
- F) no Event of default or other event which, with the giving of notice and/or lapse of time and/or upon the Agent or the Banks making the relevant determination, might constitute an Event of Default nor will any Event of default or other event as aforesaid result from the borrowing of the Total Commitment under the Facilities Agreement.
- G) the Borrower has done all things necessary to ensure the legality, validity, enforceability or admissibility in evidence under the Laws and in the Courts of Nepal, of the Facilities Agreement and the Security Documents including the filing, recording or enrolment with the appropriate authority(ies) in Nepal,

This opinion is given only to the Agent on behalf of the Banks in connection with the facilities. Accordingly, it may not be relied upon by any other person or for any other purpose. No part of the contents of this opinion or the existence thereof should be disclosed to any other person without our prior consent.

Yours faithfully


  
  
**MABILUNG  
ENERGY  
LTD.**  
Lalitpur, Nepal


**APPENDIX D: PROJECTED SCHEDULE OF DRAWING OF TERM LOAN FACILITY**

<u>Year</u>	<u>Months</u>	<u>Amount (NPR 000)</u>
2021	February-June	163,975
2021	July-December	327,950
2022	January-February	163,975
<b>Total</b>		<b>655,900</b>



**APPENDIX E: TOTAL LIMIT**

Participating Banks	Term Loan Facility	% Share	Letters of Credit Facility (within Term Loan Facility)	Bank Guarantee Facility (within Letter of Credit Facility)	Bank Guarantee Facility	Bridge Gap Loan Facility (within Term Loan Facility)	Working Capital Loan Facility/ Overdraft Facility	Total
Laxmi Bank Ltd.	399,900,000	60.97%	182,910,000	1,000,000	2,970,000	75,000,000.00	23,500,000	426,370,000
Machhapuchchhre Bank Ltd.	256,000,000	39.03%	117,090,000					256,000,000
<b>Total</b>	<b>655,900,000</b>	<b>100.00%</b>	<b>300,000,000</b>	<b>1,000,000</b>	<b>2,970,000</b>	<b>75,000,000.00</b>	<b>23,500,000</b>	<b>682,370,000</b>



**APPENDIX F: TOTAL PROJECT COST**

NPR 000

SN	Particulars	Amount
1	Pre-Operating Expenses	28,040
2	Civil Works	411,349
3	Hydro Mechanical Works	139,344
4	Electro- Mechanical Works	143,196
5	Transmission Line and Switchyard	41,286
6	Infrastructure	24,323
7	Camp Facilities	7,529
8	Vehicles	5,900
9	Land Acquisition	20,600
10	Environmental Mitigation	15,343
11	Project Management & Construction Supervision	23,605
12	Project Insurance During Construction	6,744
13	Interest During Construction	69,741
	<b>Total Project including IDC</b>	<b>937,000</b>

The total project cost for the capital expenditure including IDC and Pre-operating Expenses is NPR 937,000,000.00 (Nepalese Rupees Nine Hundred Thirty Seven Million Only) based on Due Diligence Study Report dated November 2020.



**APPENDIX G: OPINION OF THE LEGAL COUNSEL OF PARTICIPATING BANKS**

**Sameer Sharma**

**Legal Consultant**

---

---

**Date:**

**Laxmi Bank Limited  
Hattisar  
P.O. Box 19593  
Kathmandu  
Nepal**

I refer to the Facilities under the Facilities Agreement which yourselves and the Banks in the consortium have agreed to make available to Mabilung Energy Ltd. as Borrower. I have checked the aforementioned Facilities Agreement. None of the provisions of the agreement are against the law. The agreement is legally valid and enforceable under the existing law and adequately protects the Banks' interest.

\_\_\_\_\_  
Sameer Sharma  
Legal Consultant



## Agreement for Technical Consultancy Services

The Agreement for Technical Consultancy Services (hereinafter referred to as Agreement) is signed and entered upon on this April 16, 2021

BETWEEN

Mabilung Energy Ltd., a company incorporated under the laws of Nepal, having its registered office at Ward No. 10, Lalitpur and duly represented by its Director, Mr. Dabin Shrestha (hereinafter referred to as 'MEL')

AND

Jade Consult Pvt. Ltd., a company incorporated under the laws of Nepal, having its registered office at Thapathali, Kathmandu and duly represented by its General Manager, Mr. Binod Ghimire, (hereinafter referred to as 'JCPL')

AND

Laxmi Bank Ltd., a Commercial Bank incorporated under the laws of Nepal, having its registered address at Hattisar, Kathmandu and duly represented by its Head- Infrastructure & Projects Mr. Amit Singh Karki (hereinafter referred to as 'LxBL')

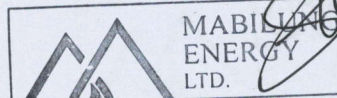
The participants to this Agreement are henceforth jointly referred to as 'Parties'.

### Whereas:

- a. MEL is promoting 4.95 MW Upper Puluwa Khola 3 Hydropower Project (hereinafter referred to as 'Project') - a run-of-river project located at Sankhuwasabha, district.
- b. JCPL is an ISO certified private consulting company specialized in the field of hydropower, transmission lines and other infrastructure development projects. JCPL provides services related to Project Preparation and Pre-investment Studies, Feasibility Studies and Detailed Engineering Design, Project Management and Construction Supervision, Technical Consultant for Bill Verification Work & Progress Monitoring.
- a. LxBL is leading a consortium of banks to raise required debt financing for the Project.

NOW IN CONSIDERATION OF THE PREMISES, the Parties hereby agree as follows:

1. LxBL on behalf of the consortium of Banks, has agreed to appoint JCPL as a technical consultant to conduct technical consultancy services of Upper Puluwa Khola 3 Hydropower Project based on the "Proposal" dated March 2021 attached herewith submitted by JCPL. JCPL is required to conduct all the task as mentioned in its proposal and timely submit the reports to LxBL. LxBL shall advise separately to JCPL the estimated cost under each heading of the total project cost.
2. Effectiveness, Extension and Termination of AGREEMENT:
  - i. The 'AGREEMENT' shall come into effect from the date of 'AGREEMENT' as signed by the Parties.
  - ii. Unless otherwise agreed by the parties, this 'AGREEMENT' will be valid for 2 years from the date of signing of the AGREEMENT as per attached "Proposal", which may be extended for the period as mutually agreed by the parties hereto.



- iii. LxBL shall have the right to alter the service of JCPL with the consent of MEL. Each party will have the ability to terminate this "AGREEMENT" by providing with two months' notice to the next party in writing of such termination on the reasonable ground.

**3. Confidentiality and Proprietary Data:**

The Parties hereto agree:

- i. Not to use any of the confidential information in any way other than for the specific purpose.
- ii. To maintain in confidence and not to disclose any of the confidential information, except to the extent permitted by the other party in writing. This will not limit the right of LxBL to share information amongst the consortium members financing the said project and other concerned authorities.
- iii. Copy only such portions of the confidential information as may be reasonably required to carry out its obligations under this AGREEMENT; not to use any of the confidential information, either directly or indirectly, for its own benefits (other than with respect to its obligations under this AGREEMENT) or for the benefit of any third party, or to design, modify or fabricate any product.

**4. Fees of the Consultant**

MEL will pay fees directly or through LxBL as detailed in attached "Proposal" dated March 2021.

**5. Submission of required information**

MEL shall supply all the required data/information, at the soonest possible, for technical consultancy services of the Project through LxBL/ JCPL.

**6. Submission of Reports**

MEL shall directly submit all the reports to LxBL, which in turn will disclose it to the consortium members. LxBL may share the findings of reports with MEL; to the extent deemed necessary by LxBL / Consortium. JCPL shall not directly supply any report to MEL.

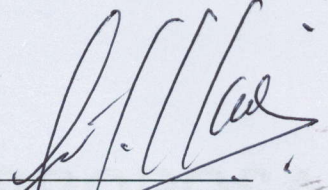
**7. Entire AGREEMENT is**

Subject to the laws of the Government of Nepal, the provisions of this AGREEMENT constitute the entire AGREEMENT between the parties hereto, related to the matters covered by this AGREEMENT. Any modifications to this AGREEMENT can be done with mutual consent amongst the parties, if situation so demands in future. Such modifications shall be complementary to this AGREEMENT. In witness the parties hereto have executed this AGREEMENT as of the day and year, first above written. This AGREEMENT is null and void if any of the pages is not signed and stamped by both parties. By placing the stamp/seal of the parties to this AGREEMENT, the parties officially acknowledge that the signatory signing this AGREEMENT on each of their party's behalf are authorized signatories of each party - and that joint and several liability of each party is hereby attached to the signature of each signatory to this AGREEMENT.

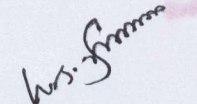
8. "Proposal" dated March 1, 2021 which includes the scope of work issued by JCPL shall be an integral part of this AGREEMENT.

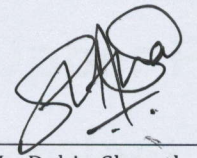


IN WITNESS whereof, the duly authorized representatives of the Parties have signed on this Agreement on the day and date first hereinbefore written, with all the Parties retaining a copy each of this Agreement forming the original.

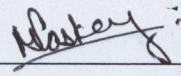
  
Mr. Amit Singh Karki,  
Head Infrastructure & Projects  
for & on behalf of  
Laxmi Bank Ltd.

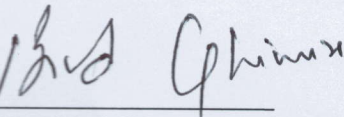


  
Witness  
Kirti Shrestha  
PM - I & P

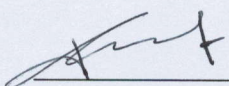
  
Mr. Dabin Shrestha, Director  
for & on behalf of  
Mabilung Energy Ltd.



  
Witness  
Sajal Maskey.

  
Mr. Binod Ghimire, General Manager  
for & on behalf of  
Jade Consult Pvt. Ltd.



  
Witness  
Romy Nhechher Pradhan,  
Sr. Civil Engineer

Date: April 16, 2021

## Agreement for Financial Consultancy Services

The Agreement for Financial Consultancy Services (hereinafter referred to as Agreement) is signed and entered upon on this April 16, 2021

BETWEEN

Mabilung Energy Ltd., a company incorporated under the laws of Nepal, having its registered office at Ward No. 10, Lalitpur and duly represented by its Director, Mr. Dabin Shrestha (hereinafter referred to as '**MEL**')

AND

TP Adhikari & Associates, a firm incorporated under the laws of Nepal, having its registered office at Ward No. 32, Anamnagar, Kathmandu and duly represented by its Managing Director, Mr. Thakur Prasad Adhikari (hereinafter referred to as '**TPAA**')

AND

Laxmi Bank Ltd., a Commercial Bank incorporated under the laws of Nepal, having its registered address at Hattisar, Kathmandu and duly represented by its Head- Infrastructure & Projects Mr. Amit Singh Karki (hereinafter referred to as '**LxBL**')

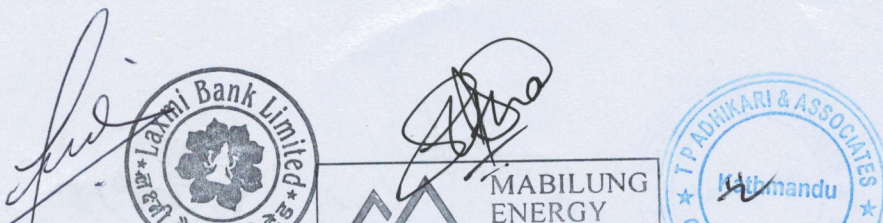
The participants to this Agreement are henceforth jointly referred to as '**Parties**'.

### **Whereas:**

- a. MEL is promoting 4.95 MW Upper Piluwa Khola 3 Hydropower Project (hereinafter referred to as '**Project**') - a run-of-river project located at Sankhuwasabha, district.
- b. TP Adhikari & Associates is a professional consultancy firm. TPAA, Chartered Accountants, is registered with the Institute of Chartered Accountants of Nepal. TPAA provides wide range of services such as Consulting, Risk Management & Advisory, Accounting, Auditing & Assurance, Statutory Audit, Financial accounting, Special purpose audit and other special engagement, Financial due diligence, services related to taxation, etc.
- c. LxBL is leading a consortium of banks to raise required debt financing for the Project.

NOW IN CONSIDERATION OF THE PREMISES, the Parties hereby agree as follows:

1. LxBL on behalf of the consortium of Banks, has agreed to appoint TP Adhikari & Associates as a financial consultant to conduct financial consultancy services of Upper Piluwa Khola 3 Hydropower Project based on the "Proposal" dated March 3, 2021 attached herewith submitted by TPAA. TPAA is required to conduct all the tasks as mentioned in its proposal and timely submit the reports to LxBL. LxBL shall advise separately to TPAA the estimated cost under each heading of the total project cost.
2. Effectiveness, Extension and Termination of AGREEMENT:
  - i. The 'AGREEMENT' shall come into effect from the date of 'AGREEMENT' as signed by the Parties.
  - ii. Unless otherwise agreed by the parties, this 'AGREEMENT' will be valid for 2 years from the date of signing of the AGREEMENT as per attached "Proposal", which may be extended for the period as mutually agreed by the parties hereto.

  
MABILUNG ENERGY  
TP ADHIKARI & ASSOCIATES  
Kathmandu

- iii. LxBL shall have the right to alter the service of TPAA with the consent of MEL. Each party will have the ability to terminate this "AGREEMENT" by providing with two months' notice to the next party in writing of such termination on the reasonable ground.

### 3. Confidentiality and Proprietary Data:

The Parties hereto agree:

- i. Not to use any of the confidential information in any way other than for the specific purpose.
- ii. To maintain in confidence and not to disclose any of the confidential information, except to the extent permitted by the other party in writing. This will not limit the right of LxBL to share information amongst the consortium members financing the said project and other concerned authorities.
- iii. Copy only such portions of the confidential information as may be reasonably required to carry out its obligations under this AGREEMENT; not to use any of the confidential information, either directly or indirectly, for its own benefits (other than with respect to its obligations under this AGREEMENT) or for the benefit of any third party, or to design, modify or fabricate any product.

### 4. Fees of the Consultant

MEL will pay fees directly or through LxBL as detailed in attached "Proposal" dated March 3, 2021.

### 5. Submission of required information

MEL shall supply all the required data/information, at the soonest possible, for financial consultancy services of the Project through LxBL/ TPAA.

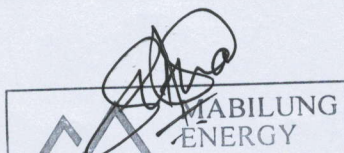
### 6. Submission of Reports

TPAA shall directly submit all the reports to LxBL, which in turn will disclose it to the consortium members. LxBL may share the findings of reports with MEL; to the extent deemed necessary by LxBL / Consortium. TPAA shall not directly supply any report to MEL.

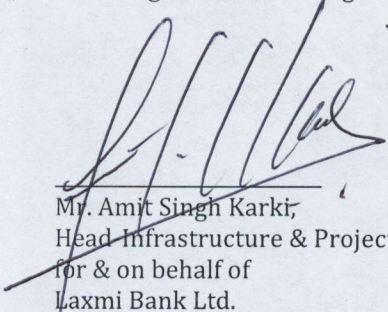
### 7. Entire AGREEMENT is

Subject to the laws of the Government of Nepal, the provisions of this AGREEMENT constitute the entire AGREEMENT between the parties hereto, related to the matters covered by this AGREEMENT. Any modifications to this AGREEMENT can be done with mutual consent amongst the parties, if situation so demands in future. Such modifications shall be complementary to this AGREEMENT. In witness the parties hereto have executed this AGREEMENT as of the day and year, first above written. This AGREEMENT is null and void if any of the pages is not signed and stamped by both parties. By placing the stamp/seal of the parties to this AGREEMENT, the parties officially acknowledge that the signatory signing this AGREEMENT on each of their party's behalf are authorized signatories of each party - and that joint and several liability of each party is hereby attached to the signature of each signatory to this AGREEMENT.

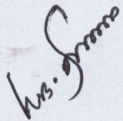
8. "Proposal" dated March 3, 2021 which includes the scope of work issued by TPAA shall be an integral part of this AGREEMENT.

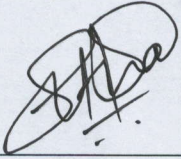


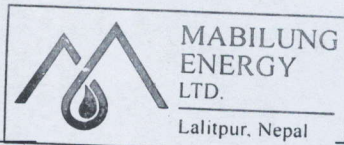
IN WITNESS whereof, the duly authorized representatives of the Parties have signed on this Agreement on the day and date first hereinbefore written, with all the Parties retaining a copy each of this Agreement forming the original.

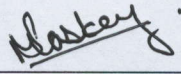
  
Mr. Amit Singh Karki,  
Head Infrastructure & Projects  
for & on behalf of  
Laxmi Bank Ltd.

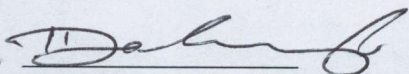


  
Witness  
Kish Shrestha  
EM - IEP

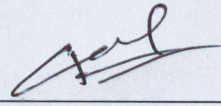
  
Mr. Dabin Shrestha, Director  
for & on behalf of  
Mabilung Energy Ltd.



  
Witness  
Sajal Maskey

  
Mr. Thakur Prasad Adhikari, Managing Director  
for & on behalf of  
TP Adhikari & Associates



  
Witness

Rupesh Neupane

Date: April 16, 2021

## Agreement for Due Diligence

The Agreement for Due Diligence (hereinafter referred to as Agreement) is signed and entered upon on this 12<sup>th</sup> day of August, 2020

BETWEEN

Mabilung Energy Ltd., a company incorporated under the laws of Nepal, having its registered office at Baneshwor, Kathmandu and duly represented by its Director Mr. Dabin Shrestha (hereinafter referred to as 'MEL')

AND

Clean Energy Consultants Pvt. Ltd., a company incorporated under the laws of Nepal, having its main office at New Baneshwor, Kathmandu and duly represented by its Chief Executive Engineer Mr. Mani Raj Dahal (hereinafter referred to as 'CEC')

AND

Laxmi Bank Ltd., a Commercial Bank incorporated under the laws of Nepal, having its registered address at Hattisar, Kathmandu and duly represented by its Head- Infrastructure & Projects Mr. Amit Singh Karki (hereinafter referred to as 'LxBL')

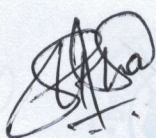
The participants to this Agreement are henceforth jointly referred to as '**Parties**'.

### **Whereas:**

- a. MEL is promoting 4.95 MW Upper Piluwa Khola 3 Hydroelectric Project (hereinafter referred to as '**Project**') - a run-of-river project located at Sankhuwasabha, district.
- b. CEC is a local national consultant specialized on consulting Hydroelectric Project development with more than 14 years of service. CEC provides a complete range of consulting services for local developers and banks ranging from planning to implementation.
- c. LxBL has in-principally agreed to finance the Project under consortium arrangement. LxBL is leading a consortium of banks to raise required debt financing for the Project.

NOW IN CONSIDERATION OF THE PREMISES, the Parties hereby agree as follows:

1. LxBL has agreed to appoint CEC as a technical consultant to conduct due diligence of Upper Piluwa Khola 3 Hydroelectric Project. In line with this, CEC shall conduct the appraisal of Upper Piluwa Khola 3 Hydroelectric Project in order to assess the financial and technical viability and share the Due Diligence Report such that the same can be used by the Lead Bank and the consortium for financing of the Project.
2. Effectiveness, Extension and Termination of AGREEMENT:
  - i. The 'AGREEMENT' shall come into effect from the date of 'AGREEMENT' as signed by the Parties.
  - ii. Unless otherwise agreed and amended by the parties, this 'AGREEMENT' will be valid until the Due Diligence Report of Upper Piluwa Khola 3 Hydroelectric Project is submitted to LxBL. The time requirement for the project appraisal will not exceed 2.5 months from the date of signing of this agreement.

  
MABILUNG  
ENERGY  
PVT. LTD.



**3. Confidentiality and Proprietary Data:**

The Parties hereto agree:

- i. Not to use any of the confidential information in any way other than for the specific purpose.
- ii. To maintain in confidence and not to disclose any of the confidential information, except to the extent permitted by the other party in writing. This will not limit the right of LxBL to share information amongst the consortium members financing the said project and other concerned authorities.
- iii. Copy only such portions of the confidential information as may be reasonably required to carry out its obligations under this AGREEMENT; not to use any of the confidential information, either directly or indirectly, for its own benefits (other than with respect to its obligations under this AGREEMENT) or for the benefit of any third party, or to design, modify or fabricate any product.

**4. Duration of the Contract:**

This AGREEMENT will be in effect for an initial period of 3 months from the initial signing date. This AGREEMENT will be amended as per the requirements of the parties in writing.

**5. Fees of the Consultant**

MEL will pay fees directly and LxBL to insure payment of the fees as detailed in attached "Proposal".

**6. Submission of required information**

MEL shall supply all the required data/information, at the soonest possible, for due diligence of the Project through LxBL.

**7. Submission of Reports of Due Diligence**

CEC shall directly submit all the report to LxBL, which in turn will disclose it to the consortium members. LxBL may share the findings of due diligence with MEL; to the extent deemed necessary by LxBL / Consortium. CEC shall not directly supply any report to MEL.

**8. Entire AGREEMENT is**

Subject to the laws of the Government of Nepal, the provisions of this AGREEMENT constitute the entire AGREEMENT between the parties hereto, related to the matters covered by this AGREEMENT. Any modifications to this AGREEMENT can be done with mutual consent amongst LxBL and CEC with due information to MEL, if situation so demands in future. Such modifications shall be complementary to this AGREEMENT. In witness the parties hereto have executed this AGREEMENT as of the day and year, first above written. This AGREEMENT is null and void if any of the pages is not signed and stamped by both parties. By placing the stamp/seal of the parties to this AGREEMENT, the parties officially acknowledge that the signatory signing this AGREEMENT on each of their party's behalf are authorized signatories of each party - and that joint and several liability of each party is hereby attached to the signature of each signatory to this AGREEMENT.



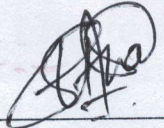
MABILUNG  
ENERGY



IN WITNESS whereof, the duly authorized representatives of the Parties have signed on this Agreement on the day and date first hereinbefore written, with all the Parties retaining a copy each of this Agreement forming the original.

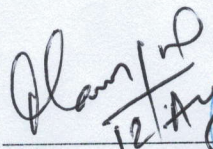
  
Mr. Amit Singh Karki  
Head Infrastructure & Projects  
for & on behalf of  
Laxmi Bank Ltd.




  
Mr. Dabin Shrestha  
.....  
for & on behalf of  
Mabilung Energy Ltd.

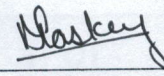


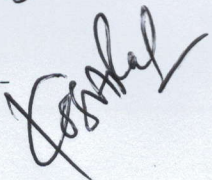
MABILUNG  
ENERGY  
LTD.  
Kathmandu, Nepal

  
Mr. Mani Raj Dahal  
Chief Executive Engineer  
for & on behalf of  
Clean Energy Consultants Pvt. Ltd.



  
Witness  
RM-Laxmi Bank  
Prashant Sharma

  
Witness  
Sajal Maskey  
Mabilung Energy

Witness  


Date: August 11, 2020

# **Contract Agreement**

For

## **Geophysical Investigations**

Of

### **Upper Piluwa Khola 3 Hydroelectric Project (4.95 MW), Sankhuwasabha**

Between

**Mabilung Energy Private Limited (MEPL)  
(The Client)**

And

**Manifold Consult Pvt. Ltd.  
(The Consultant)**

6<sup>th</sup> December, 2019

# CONTRACT AGREEMENT

for

## DETAIL PROJECT REPORT AND BID DOCUMENTATION

of

**Upper Piluwa – 3 Hydropower Project (4.95MW)**  
**Sankhuwasabha, Nepal**

between

**Mabilung Energy Private Limited**  
**Kathmandu, Nepal**

and

**Professional Network for Engineering Services Pvt. Ltd**  
**Lalitpur, Nepal**

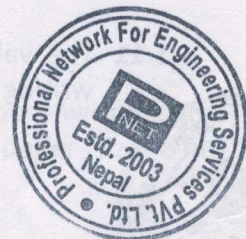
*Handwritten signature*

**MABILUNG  
ENERGY  
PVT. LTD.**  
Kathmandu, Nepal

January, 2019

**MABILUNG  
ENERGY  
PVT. LTD.**  
Kathmandu, Nepal

*Handwritten signature*



# CONTRACT AGREEMENT

for

## INITIAL ENVIRONMENTAL EXAMINATION STUDY

of

**Upper Piluwa - 3 Hydropower Project (4.95MW)**  
Sankhuwasabha, Nepal

between

**Mabilung Energy Private Limited**  
Lalitpur, Nepal

and

**Raj Bandhu Services Pvt. Ltd**  
Baluwatar-4, Kathmandu, Nepal

May, 2019

# CONTRACT AGREEMENT

for

## DETAIL FEASIBILITY STUDY, DETAIL DESIGN AND INITIAL ENVIRONMENTAL EXAMINATION STUDY (IEE)

of

**33 kV Transmission Line Up to NEA Baneshwar Sub-station  
for Upper Piluwa Khola 3 Hydroelectric Project (4.95 MW)  
Sankhuwasabha, Nepal**

between

**Mabilung Energy Limited**  
Lalitpur, Nepal

and

**Slesha Engineering Consultancy Pvt. Ltd. (SECon)**  
Lalitpur-10, Nepal

JULY, 2020



MABILUNG  
ENERGY  
PVT. LTD.  
Kathmandu, Nepal

