

CONSORTIUM LOAN AGREEMENT

Between

ANNAPURNA POWER COMPANY PVT LTD
(As Borrower)

And

CITIZENS BANK INTERNATIONAL LTD
(As the Lead/Participating Bank)

And

GLOBAL IME BANK LTD
(As the Co-Lead/Participating Bank)

And

RASTRIYA BANIJYA BANK LTD
LAXMI SUNRISE BANK LTD
NEPAL SBI BANK LTD
MACHHAPUCHCHHRE BANK LTD
(As the Participating Banks/Financial Institutions)

For

NPR 5,930,000,000 (Nepalese Rupees Five Billion Nine Hundred Thirty Million Only)

To

Development of Upper Madi-0 Khola Hydropower Project-43 MW
(located at Madi Rural Municipality, Kaski, Gandaki Province Nepal)

December 2, 2024

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This CONSORTIUM LOAN AGREEMENT (CLA) is made on the 2 Day of December, 2024, at Kathmandu, Nepal,

BETWEEN:

Annapurna Power Company Pvt. Ltd. (APCPL)
Kathmandu Metropolitan City, Ward no. 14
Kathmandu, Nepal

as the Borrower

And;

Citizens Bank International Ltd. (CBIL)
Narayanhi Path, Durbar Marg
Kathmandu, Nepal

as the Lead Bank/Participating Bank

Global IME Bank Ltd. (GIBL)
Bank
Kamaladi, Kathmandu, Nepal

as the Co-Lead Bank/Participating

Rastriya Banijya Bank Ltd. (RBB)
Singhadurbar, Kathmandu, Nepal

as the Participating Bank

Laxmi Sunrise Bank Ltd. (LSBL)
Hattisar, Kathmandu, Nepal

as the Participating Bank

Nepal SBI Bank Ltd. (NSBI)
Kamaladi, Kathmandu, Nepal

as the Participating Bank

Machhapuchhre Bank Ltd. (MBL)
MBL Tower, Lazimpat
Kathmandu, Nepal

as the Participating Bank

WHEREAS:

The Borrower is a Private Limited Company duly registered with the Government of Nepal, Office of Company Registrar (Registration No.160530/073/074) on 6 Poush 2073 having its registered office at Kathmandu Metropolitan City, Ward No. 14, Kathmandu District.

The Borrower has obtained approval to develop, own and operate **Upper Madi-0 Khola Hydropower Project** (43 MW) located at Madi Rural Municipality (Previously Sikles VDC), Kaski, Nepal. The Borrower has already entered into a Power Purchase Agreement (hereinafter referred to as PPA) on 6 Bhadra 2080 with Nepal Electricity Authority (hereinafter referred to as NEA) for purchase/sale of power to be generated from the proposed project.

The Borrower has approached Citizens Bank International Ltd. (CBIL) as the Lead Bank for arranging a Project Loan to finance a part of the cost of the project, and on account of the bulk financing required for the project, the Lead Bank in consortium with the Participating Banks/FIs have agreed, in the amount and upon the terms and condition hereinafter mentioned, to make available to the Borrower:

- Term Loan Facility of NPR 5,680,000,000.00 (Nepalese Rupees Five Billion Six Hundred Eighty Million Only) for construction and operation of a 43 MW run-of-river

Consortium Loan Agreement; Upper Madi-0 Khola Hydropower Project-43 MW



Annapurna Power Company (P) Ltd.



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hydropower project, i.e. **Upper Madi-0 Khola Hydropower Project** at Madi Rural Municipality (previously Sikles VDC) in Kaski district, Nepal

- b) Working Capital Loan Facility of NPR 250,000,000.00 (Nepalese Rupees Two Hundred Fifty Million Only) to finance working capital investment of the project.
- c) Letter of Credit Facility of NPR 3,000,000,000.00 (Nepalese Rupees Three Billion Only) within Consortium 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 200,000,000.00 (Nepalese Rupees Two Hundred Million Only) within Consortium Term Loan Facility to issue performance guarantees favoring Customs Office, Department of Electricity Development and Nepal Electricity Authority and/or for construction and completion of project related works.
- e) Bridge Gap Loan Facility of NPR 500,000,000.00 (Nepalese Rupees Five Hundred Million Only) within Consortium Term Loan Facility to facilitate the project implementation works of the Project.

NOW IT IS HEREBY AGREED as follows:

ARTICLE 1 Facilities and Securities

Section 1.01

Construction

1. Except to the extent that the context requires otherwise, any reference in this Agreement or any other agreement or a document is a reference to this Agreement or that other agreement or document as amended, supplemented or novated from time to time and includes a reference to any documents which amends, waives, is supplemented to, novates or is entered into, made or given in pursuant to or in accordance with any of the terms of this Agreement or any such other agreement or document.
2. Headings and titles shall be ignored in construing this Agreement. Unless the context otherwise requires, words importing the singular shall include the plural and vice versa.
3. All the Banks/FIs including the Lead Bank are hence forth collectively known as Participating Banks/FIs.
4. All terms and conditions, covenants and/or decisions as agreed from time to time during the meeting of the consortium shall be integral part of this Agreement.



Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project



Section 1.02

Participating Banks/FIs and Financing Pattern

Subject to the provisions of this Agreement, each Participating Banks/FIs, through its lending office, will participate in Drawing(s) under the facility, upon receipt of the notice thereof from the Lead Bank. The amount to be disbursed by each Participating Banks/FIs shall be determined by the Lead Bank and such disbursement will be in proportion to the respective commitment of each Participating Bank.

Subject to the foregoing provisions of this clause, having received the notice of drawdown of the Term Loan facility, the Participating Banks/FIs will arrange to deposit the amount in the Current Account of the Borrower maintained with the Lead Bank on the day of drawdown during banking hours on which the drawing is intended by the Borrower.

The participation of Participating Banks/FIs shall be as follows:

(Figures in NPR Millions)

S.N.	Consortium Banks/FIs	Term Loan (TL)	Percentage	Bridge Gap Loan (Within TL)	Letter of Credit (Within TL)	Bank Guarantee (Within TL)	Working Capital Loan (OD)	Percentage
1	CBIL	1,500.00	26.41%	500.00	3,000.00	200.00	250.00	100.00%
2	GIBL	1,230.00	21.65%			-	-	-
3	RBB	1,000.00	17.61%			-	-	-
4	LSBL	850.00	14.96%			-	-	-
5	NSBI	600.00	10.56%			-	-	-
6	MBL	500.00	8.80%			-	-	-
	Total	5,680.00	100.00%	500.00	3,000.00	200.00	250.00	100.00%

Other Facilities within the Consortium Term Loan shall be as follows:

- **Letters of Credit:** For import electro mechanical equipment's, metal sheets and pipes, hydro-mechanical equipment's, transmission line equipment's, construction materials, spare parts etc. for the project, LC facility of NPR 3 Billion only within overall Consortium Term Loan facility as above shall also be provided.

The facility shall be terminated upon payment of the documents under the LC through the Term Loan facility.

The associated risk and commission under the LC shall be shared amongst the Participating Banks/FIs on proportionate basis of the Term Loan commitment of respective Participating Banks/FIs.

The Lead Bank shall arrange to open the LC.

- **Bridge Gap Loan:** Upon the request of the Borrower to the Lead Bank, a revolving facility of up to NPR 500 Million (within the Consortium Term Loan) may be made available to the Borrower by the Lead Bank and/or member bank to facilitate the project implementation works until the technical/financial consultants appointed by the consortium verify the bills. The Bridge Gap Loan shall be settled by disbursing the Term Loan after verification of the

Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-43 MW



bills. Therefore, Bridge Gap Loan will not be permanent in nature and will have to be settled if there are no bills pending with the consultant.

Interest rate of 1% above the term loan rate shall be applied for bridge gap loan.

The interest accrued in the Bridge Gap Loan shall be settled through equity or by disbursing Term Loan under the budget heading of interest expenses/capitalization at the end of each quarter as per the Nepalese Calendar and/or at the time of final settlement of Bridge Gap Loan.

- **Bank Guarantee:** For issuing performance guarantees favoring Customs Office, Department of Electricity Development and Nepal Electricity Authority and/or for construction and completion of project related works, Bank Guarantee facility of NPR 200 Million only within overall Term Loan facility shall be made available to the Borrower through Lead bank.

The some associated risk and commission under the Bank Guarantee shall be shared amongst the Participating Banks/FIs on proportionate basis of the Term Loan commitment of respective Participating Banks/Fis if required.

Currently, Lead Bank has issued the performance Bank guarantee of amounting NPR 26.10 Mio for PPA Guarantee and EXIM Code Purpose which was provided the lien over approved funded line of Lead Bank only and will be separated independently in case of requirement in near future.

The Lead Bank shall arrange to issue the Bank Guarantee.

Section 1.03

Purpose of Credit Facilities

The Loan shall be utilized for developing and operating **Upper Madi-0 Khola Hydropower Project** (43 MW) located at Madi Rural Municipality (Previously Sikles VDC), Kaski District, Nepal.

a) Term Loan

The Borrower shall utilize the Term Loan towards financing capital expenditure of the proposed **Upper Madi-0 Khola Hydropower Project** (43 MW) located at Madi Rural Municipality (previously Sikles VDC), Kaski District, Nepal. The capital expenditure may include the project cost including purchase of land, infrastructure development, civil construction, cost of hydro mechanical and electro mechanical equipments, cost of installation of transmission lines, purchase of other fixed assets, pre-operating expenses, project management expenses, interest cost during construction period etc.

A separate Interest Capitalized Term Loan (ICTL) within Term Loan Facility of the respective Banks which shall be disbursed to capitalize the accrued Interest During construction period of maximum 4 years from the date of disbursement of Term Loan or till commercial date of operation of the project, whichever is earlier.



**Annapurna Power
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Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-43 MW



b) Working Capital

The Borrower shall utilize the Working Capital Loan (Cash Credit/Overdraft) after the Commercial Operation of the project towards financing receivables and other current assets of the project.

Other terms and conditions including interest, repayment, covenants and renewal shall be agreed separately between the Lead Bank (Working Capital Lender) and the Borrower.

c) Letters of Credit (within Consortium Term Loan Facility):

- The Letters of Credit facility shall be utilized to import electro mechanical equipment's, metal sheets and pipes, hydro-mechanical equipment's, transmission line equipment's, construction materials, spare parts etc. for the proposed project.
- The Letters of Credit facility shall be utilized for forward contract facility.
- The Issuing Bank for opening the Letter(s) of Credit shall be the Lead Bank.
- Letters of Credit as required will be opened by the Lead Bank after an initial cash margin amount of 5% of the value of the Letter of Credit to be issued. The margin money so held shall only be released simultaneously on a proportionate basis while making payments under the Letters of Credit opened.
- Letters of Credit for the Electro Mechanical Equipment shall be opened only after the copy of the supply contract between the Borrower and the supplier is provided to the Participating Banks/FIs and the Participating Banks/FIs are satisfied with such supply contract.
- Payment by the LC opening Bank of an amount under the Letters of Credit shall cause an event of disbursement of Term Loan facility. This disbursement amount will be the Letters of Credit value less the initial cash margin and the proportionate amount of equity participation that will be debited directly from the Escrow account by the Lead Bank on the settlement date. The Lead Bank shall ask to the Participating Banks/FIs for disbursement of Term Loan upon arrival of documents under the Letters of Credit for the Participating Banks/FIs share for disbursement.
- Consortium shall allow the client to establish LC to import steel plates/hydro mechanical components & electromechanical components prior to injection of 30% or NPR 750 Million whichever is higher as an upfront equity. In case of opening EM/HM letter of credit before completion, 30% LC margin shall be maintained by borrower company and release additional margin (i.e.25%) after fulfilment of upfront equity. However, no disbursement on other budget heading except drawdown for LC retirement maintaining DE ratio of 70:30 shall be allowed.

d) Bridge Gap Loan (within Consortium Term Loan):

The Borrower shall utilize the Bridge Gap Loan for mobilization in the project till the consultant appointed by the consortium verifies the bills. The Bridge Gap Loan facility shall be revolving and shall be provided for a maximum period of 120 days from the date of disbursement. However, the Bridge Gap Loan shall be extended till booking of term loan as per requirement of the Project and request of the Borrower.

e) Bank Guarantee (within Consortium Term Loan Facility):

The Borrower shall utilize the Bank Guarantee facility for issuing performance guarantees favoring Customs Office, Department of Electricity Development and Nepal Electricity Authority and/or for construction and completion of project related works. Some associated risk under the Bank Guarantee shall be shared amongst the Consortium Banks/FIs on proportionate basis of the Term Loan.

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Initial Cash margin of 5% of Guarantee value to be deposited in non-interest bearing margin account. The Lead Bank shall arrange to issue the Bank Guarantee.

Section 1.04

Security

The Credit Facilities shall be secured by the following (collectively called "collateral"):

1. First Charge over the entire present and future fixed assets (land, buildings and other constructions, plant & equipment of hydro-mechanical, electro-mechanical, transmission line & office equipment, etc.) created with or without financing owned by the Borrower in favor of the Participating Banks/FIs.
2. Commitment/undertaking letter from the Company duly supported by a resolution of Board of Directors of the company to provide sole charge over structures built on leased land to the consortium.

Note: The entire land required for the Project besides the transmission line fall under the government land. The Developer has already executed the Agreement with Department of National Parks and Wildlife Conservation for the use of the government land (Bhogaadhikar) dated 2081/06/14 BS. Since the entire project falls under government land with the agreement for the same also being completed with the government recently, we have proposed for obtaining a commitment/undertaking letter from the Company duly supported by a resolution of Board of Directors of the company to provide sole charge over structures built on such leased land to the consortium and also that they would not do any activity, action etc to dilute such charge and to not assign the Bhogaadhikar over government land to any person, entity without first obtaining consent from the consortium banks. A letter should be sent to Department of National Parks and Wildlife Conservation regarding utilization of government land.

3. First legal charge by way of charge over the entire current assets (bills & receivables, spare parts, etc.), present and future, created with or without financing of the Consortium Banks owned by the Borrower including Assignment over the receivables from Nepal Electricity Authority on pari-passu basis in favour of the Participating Banks/FIs.
4. Assignment of Power Purchase Agreement signed between Nepal Electricity Authority (NEA) and the Borrower for supply & delivery of energy (electricity) produced by the Borrower from its **Upper Madi-0 Khola Hydropower Project (43 MW)** and Power Generation License of the Project in favor of Participating Banks/FIs. The Power Purchase Agreement must have a provision that it can be transferred in the name of Participating Banks/FIs at the request of Lead Bank as follows:
 - 4.1 Lead Bank with the consent from the Participating Banks/FIs may request Nepal Electricity Authority to transfer the Power Purchase Agreement in favor of the Participating Banks/FIs upon occurrence of one or all or any of following events:
 - Failure to repay the financing advanced by the Participating Banks/FIs as per the agreed repayment schedule.
 - Breach of terms and conditions, covenants as agreed in the meetings of the Participating Banks/FIs and the Borrower and/or breach of terms & conditions as mentioned in the Consortium Loan Agreement.



- Non-adherence to terms and conditions and/or rules and regulations outlined by Government of Nepal, Ministry of Water Resources and/ or other concerned authorities.
- 4.2 The Participating Banks/FIs, at their discretion and with the consent of DoED and NEA, is authorized to further transfer the Generation License Power Purchase Agreement to any other individual/firms/companies.
 - 4.3 The Borrower shall make an arrangement that Nepal Electricity Authority shall make payments for the energy (electricity) purchased from the Borrower through above mentioned Hydropower Project directly to the Lead Bank on a periodic basis as agreed in the Power Purchase Agreement, which amount shall be deposited in an Escrow account maintained with the Lead Bank.
 - 4.4 Security documents when created shall also be registered with the appropriate authority, if the same is required to be registered under the prevailing law and any costs related to such registration shall be borne by the Borrower.
5. Joint and Several Personal Guarantees of all the Board of Directors (Except representative from M/s. Mega Annapurna Hydro Investment P. Ltd) and shareholders holding more than 5% shares in the company, including following individuals, for NPR 5,930 Million shall be obtained:
 - Mrs. Shila Neupane Koirala
 - Mrs. Sabu Koirala
 - Er. Shriram Neupane
 - Mr. Laxman Pokharel
 - Dr. Swarnim Wagle
 6. Corporate Guarantee of M/s. Mega Annapurna Hydro Investment P. Ltd. The Guarantee amount shall cover total credit facilities as specified under Section 1.02 of this Consortium Loan Agreement.
 7. Assignment of Project Development Guarantees.
 8. Letter of Setoff, Loan Deed, Promissory Note and Letter of Continuity to be signed by the borrower for NPR 5,930 Million
 9. Letters of Credit and Bank Guarantee will be additionally secured by cash margin of 5% for the value of each Letter of Credit and Bank Guarantee in a non-interest bearing margin account to be held in Letters of Credit/Bank Guarantee issuing Bank.
 10. Pledge of entire promoter shares including but not limited to shares owned by the Board of Directors, Corporate investors and personal guarantors of the company in favor of the Participating Banks/FIs. The record of the shares shall be mentioned in the pledge in favor of the consortium. All documents pertaining to DeMAT, Sale Orders & Other as applicable to be obtained.
 11. The current and/or non-current assets of the Borrower shall be registered in the "Secured Transaction Registry Office of Nepal" through Lead Bank in favor of the consortium.
 12. Assignment of Insurance Policies in favor of the Consortium Banks.
 13. Undertaking from the borrower to honor the repayment schedule even if the cash flow of the project is inadequate to make repayment.

Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-43 MW

ARTICLE 2 Terms & Conditions

Section 2.01

Tenor

Fixed Term Loan: Tenor of the Consortium Term Loan shall be maximum upto Sixteen (16) years including a moratorium period of four (4) years from the date of first disbursement of Term Loan or till commercial operation date, whichever occurs first.

A separate Interest Capitalized Term Loan (ICTL) within Term Loan Facility of the respective Banks which shall be disbursed to capitalize the accrued Interest During construction period of maximum 4 years from the date of disbursement of Term Loan or till commercial date of operation of the project, whichever is earlier. Interest capitalization on Term Loan during the construction period is subject to NRB Directive 2/2080, clause number 43 and its regulations and any amendments thereto in future; whereas total amount of interest capitalization shall not exceed the budgeted limit as mentioned Annexure-A. Tenure of Interest Capitalized Term Loan (ICTL) to be booked in line up with Term loan tenure or as per consortium decision.

Bridge Gap Loan: The Bridge Gap loan shall be provided for 120 days from the date of disbursement and shall be further extension upon request of borrower unit along with justifiable reason.

Working Capital Loan (Cash Credit/Overdraft): The WCL shall be provided for one year from the date of disbursement and annually renewal upon satisfactory account performance after commercial operation.

Section 2.02

Interest

Interest shall be paid on quarterly basis, i.e. at the end of the month of Ashwin, Poush, Chaitra and Ashad of Nepalese Calendar. Interest shall be capitalized during the construction period of maximum 4 years from the date of first disbursement of Term Loan or Commercial Operation Date, whichever is earlier.

1. The rate of interest on Term Loan shall be calculated based on Weighted Average Base Rate of participating Banks/FIs plus 2.00% p.a. premium or Minimum Average Base Rate of any individual participating Banks/FIs whichever is higher. Borrower shall pay interest on quarterly basis at the end of Ashad, Aswin, Poush and Chaitra of Nepali calendar. Interest will be calculated on a daily basis on the outstanding debit balances under the facility and charged to the debit of the Borrower's account. Interest on Term Loan shall be capitalized during the construction period of maximum 4 years or till Commercial Operation Date, whichever is earlier to be capitalized by booking Interest Capitalized Term loan (ICTL) within consortium term loan limit on quarterly basis at the end of each quarter (as per the Nepalese calendar) as per the provision of NRB Directives or prevailing NRB Directive.
2. Interest rate shall be changed on first day of Nepali Months (Baishakh to Chaitra) based on change in average base rate of immediate previous three months' of each consortium members and/or as per prevailing NRB circular.

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Annapurna Power
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3. The interest rate on Bridge Gap Loan shall be 1% above the Term Loan interest rate. The interest accrued in the Bridge Gap Loan shall be settled through equity injection or by disbursing Term Loan under the budget heading of interest expenses/capitalization at the end of each quarter as per the Nepalese Calendar, i.e. Ashwin, Poush, Chaitra and Ashad.
4. The rate of interest on Working Capital Loan shall be calculated based on Average Base Rate of Lead Bank plus 2.00% p.a. premium and fluctuating as per monthly average base rate of the bank. Borrower shall pay interest on quarterly basis at the end of Ashad, Aswin, Poush and Chaitra of Nepali calendar.

Note: The Weighted Average Base Rate (WABR) of the Participating Banks/FIs considering the proportion of financing limits shall be calculated and the same interest rate plus premium shall be implemented on the credit facilities.

Section 2.03

Commission/Charges

- Commission rate for opening Letters of Credit shall be 0.125% per quarter or a part thereof with minimum NPR 1,500 and all amendments requiring increase in value or extension of validity shall be charged on the same basis or as per NRB directives to this effect if any. The Letter of credit acceptance commission shall be charged similar as Letter of credit issuance.
- Commission rate for Bank Guarantee shall be 0.20% per quarter or a part thereof with minimum of NPR 1,500.00 and all amendments requiring increase in value or extension of validity shall be charged on the same basis or as per NRB directives to this effect if any.
- The commission of opening Letters of Credit and Bank Guarantee shall be distributed proportionately to all Participating Banks/FIs on the basis of participation in Term Loan financing.
- All the other charges/commission for other amendments shall be as per the standard tariff of the Letters of Credit/Bank Guarantee issuing Bank and such flat basis charge shall not be distributed among the Participating Banks/FIs.

Section 2.04

Cash Margin

- Cash Margin of 5% of the value of the Letters of Credit and Bank Guarantee to be maintained in a non-interest bearing margin account.
- The cash margin shall be maintained by the Letters of Credit and Bank Guarantee issuing Bank, i.e. the Lead Bank.

Section 2.05

Repayment

Term Loan/ Interest Capitalized Term Loan: Consortium Term Loan/Interest Capitalized Term Loan Facility shall be repaid over a period of 12 years in 48 quarterly ballooning principal installments after the completion of moratorium period of maximum 4 years or commercial operation date of the project, whichever is earlier as per annexed indicative repayment schedule.

Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-43 MW

The first principal installment shall commence from subsequent quarter after the completion of moratorium period of maximum 4 years or from subsequent quarter after the commercial operation of the project, whichever is earlier.

The actual quarterly repayment schedule shall be designed upon the commercial operation of the project or upon completion of final drawdown of Term Loan vis-à-vis cash flow of the project.

Bridge Gap Loan: Bridge Gap loan shall be repaid at the maturity date by booking Term Loan after submission of bill verification from financial Consultant. It shall be further extended if required.

Working Capital Loan (Cash Credit/Overdraft): Cash Credit/Overdraft shall be provided for 1 year from the date of implementation date and repaid whenever demanded by the bank or Maturity date however it shall be renewed annually based on satisfactory account performance. This facility shall be enabled only after Commercial Operation Date of the project.

Section 2.06

Prepayment/Swap Conditions

1. Prepayment/s of the entire credit facilities shall be allowed subject to a prepayment charge of 2% flat of the amount prepaid or as guided by prevailing NRB Directives at the time of charging fee, if the prepayment is made from the sources other than company's own cash flow generated from its operation. However, prepayment/s made out of the excess/surplus cash flow generated by the project from operations or additional equity raised from public (IPO, FPO etc) shall be allowed without any prepayment charge.
2. In case of swapping/ refinancing of the Loan by other Banks/FIs due to whatsoever reasons, one time swap charge of 2% flat on the prepaid amount of the loan or maximum rate as allowed by prevailing NRB directives at the time of swapping/refinancing shall be charged to the Borrower. Further, in case of swapping, due approval of consortium is required to swap the loan to other Banks/FIs. However, consortium reserves the right not to allow for swapping till five years of commercial operation date even by paying swap fees.
3. The Borrower shall notify the Lead Bank in writing at least 90 days in advance of its intention of prepayment/Swap specifying the amount of prepayment and the date thereof. The Borrower shall on the date of the prepayment/swap arrange to make the funds available to the account maintained with the Lead Bank for the prepayment/Swap of the loan.
4. Prepayment/s made shall also give rise to pro-rata prepayment/s to be made to the Participating Banks and sharing terms shall be applied as per section 2.08.
5. The amount of prepayment/s shall be in multiples of NPR 50 Million.
6. Prepayment/s shall be applied to the scheduled repayment plan in the reverse order.
7. Amounts prepaid shall not be redrawn under any circumstances, whatsoever.
8. The current NRB provision regarding prepayment /swap charge is as follows:



Annapurna Power Company (P) Ltd.



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- a. Any amount prepaid within 2 years, prepayment charge up to 100% of management fee; for prepayment within 2-5 years, charge up to 50% of management fee and beyond 5 years, prepayment up to 20% of management fee shall be levied.
 - b. Similarly, in line with the NRB Circular dated 2081/06/22 Ref, no.: Bai.Bi.Ni.Bi./Niti/Paripatra 05/081/82 an amendment under Unified Directive no. 20/080, Clause no. 8 Kha; Sub clause A (Ga) of Unified Directive-2080, for loan sanctioned with a fixed interest rate and/or loans sanctioned for the project financing with additional moratorium/grace period, if prepayment/swap is made within 2 years of commercial operation, additional prepayment/swap charge of 1% in addition to the existing prepayment charge as mentioned in clause (i) shall be levied.
9. The actual prepayment/swap fee shall be charged as per Directives/Circulars of NRB at the time of prepayment of loan from time to time.

Section 2.07

Penal Interest

Penal interest of 2% p.a. over and above the interest rate shall be levied on any arrears and shall be calculated from the due date to the date of actual payment or in case of occurrence of any event of Default as laid down in Section 5.01 of this Agreement.

Section 2.08

Loan Management Fee

Loan Management Fee at the rate of 0.75% (flat) of the approved Term Loan limit shall be charged of the Consortium Loan Agreement of which 50% will be charged by the Lead Bank and remaining 50% shall be shared amongst the Participating Banks/FIs in proportion to their respective participation in Term Loan financing.

Further, the Lead Bank shall charge Loan Management Fee of 0.75% on Working Capital Loan facility that shall be charged of the Consortium Loan Agreement. Further, Renewal fee shall be charged annually after implementation of working capital facilities as per NRB Directives

Section 2.09

Agency Fee & Documentation Fee

Agency fee of 0.25% on total loan outstanding of the Company or minimum of NPR 2.0 Million shall be charged every year and applied on the first working day of the Fiscal Year until the loans are fully paid, which would be calculated on the loan outstanding as on previous Fiscal Year end. Agency fee shall be shared to Lead Bank and Co-Lead Bank with proportion of 75:25 each year. Likewise, the Lead Bank shall charge one-time Loan Documentation Fee of NPR 2.00 Million for execution of consortium documentation upon the signing of the Consortium Loan Agreement.

Section 2.10

Commitment Fee

Commitment fee of 1% flat or as applicable as per NRB Directive shall be charged on the unused portion of the Participating Banks/FIs commitment under the Term Loan Facility. This (if any) shall be charged on the unused portion of the Participating Banks/FIs commitment under the Term Loan Facility. This (if any) shall be charged on the unused portion of the Participating Banks/FIs commitment under the Term Loan Facility. This (if any) shall be charged on the unused portion of the Participating Banks/FIs commitment under the Term Loan Facility.

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be payable on the last working day of the drawdown period and will be shared among Participating Banks/FIs on pro-rata basis. However, this will not be applicable for Drawdown allowed for payment of retention money pertaining to civil contractor, electro-mechanical /hydro-mechanical supplier as per their agreement.

Section 2.11

Valuation

The fixed assets (land and civil works) may be valued by a valuation consultant deputed by the Lead Bank, as deemed required by the Consortium. The charges of the valuation and revaluation as and when the Participating Banks/FIs consider necessary, shall be borne by the Borrower.

Section 2.12

Insurance

1. The Borrower shall insure entire assets/properties, wherever situated, forming part of the collateral with an insurance company/companies acceptable to the Participating Banks/FIs. The insurance policy/ies shall be endorsed in favor of the Participating Banks/FIs as co-beneficiaries with Banker's Clause as appropriate.
2. The insurance policy/ies should comprehensively cover all the assets forming part of the security against fire, storm, flood, landslide, burglary, riot, terrorism, strike, malicious damage and earthquake, third party, machinery breakdown coverage, consequential loss (loss of revenues and/or loss of profit) for at least six months and other risks as appropriate.
3. The insurance policy/ies shall meet the requirements stated in the Power Purchase Agreement (PPA) executed between Nepal Electricity Authority (NEA) and the Borrower and shall comprehensively cover all assets forming part of the security as under:

During 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, storm, flood, landslides, burglary, riot, terrorism, strike, malicious damages and earthquake, third party, machinery breakdown coverage, consequential loss (loss of revenues and/or loss of profit) for at least six months and other risks as appropriate.
 - (b) Any changes in the Insurance Policy shall be incorporated with prior permission of the Participating Banks/FIs or of the Lead Bank on behalf of the Participating Banks/FIs.
4. The Borrower shall promptly renew the policy/ies before maturity and submit the endorsements and premium paid receipts for such renewals. If the Borrower fails to insure or renew such policy/ies, the Participating Banks/FIs reserve the right to insure or renew and pay the premium by debiting the Borrower's account with the Lead Bank.



5. The original insurance policy (ies)/renewal endorsements along with the premium paid receipt/s shall be lodged with the Lead Bank. Copies of the insurance policy/ies shall be provided by the Lead Bank to other Participating Banks/FIs within 7 days from the receipt of the same.
6. All insurance premiums/charges and other associated costs shall be paid by the Borrower. If however, premiums payable by the Borrower are not paid, the Lead Bank may overdraw the Borrower's account to effect the payment. The primary responsibility to renew the insurance policies rest with the Borrower. However, the Lead Bank, on behalf of the participating bank, shall ensure that the insurance policies are renewed and in effect till the currency of loan/facilities.
7. The Participating Banks/FIs shall be entitled to realize the policy claim money or any advance claim money from the Insurance Company/Companies and the Borrower agrees that Participating Banks/FIs be considered as their irrevocable attorney and the Borrower shall not be entitled to realize the policy claim money or any advance from the Insurance Company/Companies themselves. All claimed/advance money realized under the Insurance Policy shall be directly deposited in the account maintained with Lead Bank.
8. The Participating Banks/FIs shall have the absolute right to adjust, settle, compromise or refer to arbitration with or without reference to or consent of the Borrower, any dispute in connection with or arisen under any policy of insurance and any of the assured and such act of the Participating Banks/FIs shall be valid and binding on the Borrower, but shall not impair the right of the Participating Banks/FIs to recover their dues from the Borrower.
9. The risk coverage for the normal course of business shall be at the rate of 110%.

Section 2.13

Cost Over-Run

The Borrower shall finance all cost over-runs, caused by whatsoever reasons, through promoters'/shareholder's sources by way of additional equity and/or subordinated promoter's loans. The Borrower, unless otherwise approved by the Participating Banks/FIs, shall not obtain additional debts to finance cost over-runs, if any.

Section 2.14

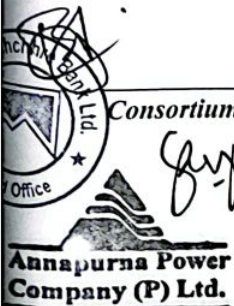
Share Transfer

The Borrower and any of its Institutional Shareholders shall not alter the amount or structure of its share capital and none of the shareholders of the Borrower and its institutional shareholders shall transfer or sell their shares, partly or wholly, without first obtaining written approval from the Participating Banks/FIs.

Likewise, the Borrower shall not include any additional shareholder, preferential as well as ordinary, through dilution of shares by the existing shareholders, without first obtaining written approval from the Participating Banks/FIs.

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Section 2.15

Conditions Precedent to Drawdown of the Term Loan

The Term Loan shall be disbursed subject to the Borrower complying with the following:

1. Submission of a copy, certified by the chairman and one of the Directors or the Company Secretary of the Borrower to be true, complete and up-to-date copy of the Memorandum and Articles of Association of the Borrower, certificate of incorporation of the Borrower and the income tax registration certificate of the Borrower.
2. Copy of the special resolution of the Borrower's Annual General Meeting/ Extra Ordinary General Meeting duly certified by the Chairman and one of the Directors or Company Secretary of the Borrower, to be in full force and effect, for the following:
 - for approving financing agreement (to be entered into separately between the Borrower and the Participating Banks/FIs) and the availing of the full amount of the Facilities;
 - authorizing the person(s) signing and delivering financing agreement on behalf of the Borrower to sign and deliver the same and accept service of process on behalf of the Borrower;
3. Submission of the copy of list of the shareholders as per the Share Lagat of the Company to be duly certified by the Office of Company Registrar.
4. Satisfactory technical and financial feasibility of the Project proven by Due Diligence Review (DDR) to be conducted by the consultant appointed by the Lead Bank acceptable (to Participating Banks/FIs). All cost related to Due Diligence Review to be borne by the Developer. Consortium of Banks reserves right to review the amount of loan facilities and terms & conditions of the entire credit facilities on the basis of Due Diligence Report and reports submitted by technical and financial consultants appointed by the consortium from time to time.
5. The Borrower shall fulfill all the government's formalities and obtain necessary approvals/licenses from concerned governmental authorities and non-governmental agencies (as well as for any major changes the Borrower has made on initially/presently approved project layout/structure/design in Generation License and EIA/IEE).
6. Submission of undertaking supported by Board resolution from the borrower,
 - That their shareholding will not be changed without prior consent from the consortium.
 - That they shall arrange the required fund on time as committed equity in the project by themselves upon failure to collect the fund from Initial Public Offering (IPO), if any.
7. Submission of Credit Rating of the Company.
8. Submission of Letter of Undertaking from the Borrower duly supported by board resolution that in the event of deduction of penalty on revenue due to delay in commercial operation and its affect in debt servicing shall be managed through equity and that any cost overrun over the project cost of Rs 8,123.64 Million shall be financed through equity.



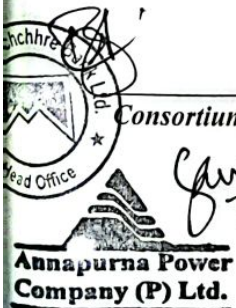
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[Signature]

9. Infusion of minimum of 30% or NPR 750 Million whichever is higher of the total equity commitment of the project in the form of cash and/or capital expenditure duly certified by a Class "A" Auditor and/or verified against the valuation report valued by an independent consultant appointed by the consortium. However, considering the strict timeline of the work schedule of the project, LC for Hydro mechanical/Electromechanical equipment's/items could be issued prior to infusion of minimum upfront equity as stated above. The bank financing for each disbursement will be 77.03:22.97 of the further certified running bills/LC documents/invoices after infusion of upfront equity.
10. Extension of RCOD (Required Commercial Operation Date) up to the period acceptable to the consortium.
11. Submission of a Letter issued by NEA undertaking to make the payments of the energy directly to the Lead Bank after the commercial operation of the Project.
12. Submission of contract agreement related to the project components, i.e. civil, hydro-mechanical, electro-mechanical, transmission line and others such as shareholder's agreement, finance bylaws etc, as applicable.
13. Submission of lease agreement between the Borrower and the Government of Nepal pertaining to the lease of the land for the Project, if any. This lease relates to the entire present and future land the Borrower leases from the Government of Nepal in relation to the said Project.
14. The Developer Company is required to deposit its entire equity already collected through individual/institutional shareholders, IPO/Right Share issue by promoter/developer company at the account maintained with the lead Bank. Similarly, the Developer Company is to route entire remaining equity at the account maintained with the lead Bank as and when collected.
15. Submission of required insurance policies along with premium paid receipts, if any.
16. Completion/execution of Consortium Loan Agreement including all security documents in favor of the Participating Banks/FIs.
17. Payment of fees/charges mentioned in this Consortium Loan Agreement.
18. Approval from Nepal Rastra Bank in line with the Directive/Circular issued by them for interest capitalization (if require).
19. Satisfactory progress of the project as on the drawdown request date.
20. Acquisition of private land required for the Project that falls in project core component and alignment prior to the first drawdown except for the land required for the construction of the Transmission Line.
21. Satisfactory observation of the site visit of the Project by the Participating Banks/FIs prior to the first drawdown of the Term Loan facility.
22. Execution of all security documents mentioned in Section 1.04 of this agreement.



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23. Construction of Transmission Line or Transmission Line Sharing Arrangement modality to be made clear and agreement (if required) is to be signed among all the stakeholders prior to the first drawdown of the Term Loan.

Section 2.16

Procedure for Drawdown of Term Loan

1. Drawdown shall be made available through the Lead Bank.
2. Debt-equity ratio shall be maintained at 70:30 or better at all times.
3. The first drawdown shall be made only after the injection of minimum of 30% or NPR 750 Mio whichever is higher of the total equity commitment of the project (i.e. NPR 2,443.64 Million) in the form of cash and/or capital expenditure duly certified by a Class "A" Auditor and/or verified against the valuation report valued by an independent valuation consultant appointed by consortium Banks/FIs.
4. Each disbursement will be based on further injection of equity from the Borrower besides prior equity injection. The bank financing for each disbursement will be 77.03:22.97 of the further certified running bills/L/C documents/invoices duly verified by authorized Class "A" auditor and valuator/consultant to be appointed by the consortium.
5. Payment shall be made directly to the suppliers/contractors as far as practicable.

Procedure for Drawdown of Working Capital Loan (Cash Credit/Overdraft)

1. The Working Capital Facility shall be revolving and the Drawdown shall be made available only after the commercial operation of the project.
2. Drawdown under Working Capital Loan Facility shall be restricted maximum 80% of average receivables from NEA (Calculated on the basis of energy table as per PPA) or the limit whichever is lower. For this purpose, the Borrower shall provide its networking asset position as on the end of the preceding month within 15 days of the following month based on which the Lead Bank shall allow drawdown of the working capital limit.

Section 2.17

Inspection/Site Visit

The Participating Banks/FIs through the Lead Bank reserve the right to inspect/visit the project site individually and/or jointly with prior information to the Borrower during the construction period and/or while the project is in operation until the Term Loan is fully repaid. The expenses incurred on such visits/inspections shall be borne by the Borrower on actual cost basis.

The scope of such inspection/site visit shall also include inspection of the books of the accounts and minutes of the meetings of the Board of Directors of the Borrower. Any error found during the inspection shall be rectified by the Borrower within a realistic and reasonable time frame given by the consortium.

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Section 2.18

Statements

1. The Borrower shall furnish to the Lead Bank with sufficient copies for onward dissemination to each Participating Banks/FIs.
 - i) as the same become available but in any event within one hundred twenty 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 Class "A" Auditor) for such financial year,
 - iii) as the same become available, but in any event within thirty days after the end of each quarter of its financial years, its statement of profit and loss and balance sheet reports for such quarter:
 - iv) (a) a quarterly progress report of the project during its implementation until the date of commissioning of the project, which shall be deemed as the project completion date. Such report shall contain, but not be limited to, such matters as the details and value of the work completed, value of the work remaining to be executed, total payments, etc.
(b) from time to time, at the request of the Lead Bank, furnish them with such information about its business and financial conditions as the Lead Bank may reasonably require.
 - v) Monthly revenue, receivables and payable report of the company.
2. The Borrower shall ensure that:
 - i) Each set of statements delivered by it pursuant to Section 2.18.1 of this Clause are:
 - (a) Prepared in accordance with accounting principles generally followed in Nepal and acceptable to the participating Bank and consistently applied and
 - (b) Certified by the authorized persons of the Borrower as giving *True & fair* 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.

Section 2.19

Project Monitoring

1. The Participating Banks/FIs, through the Lead Bank, 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 tenure of the loan).
2. The Lead Bank with consent of Participating Banks/FIs shall appoint independent expert/consultant to carry out technical and financial verifications/monitoring of the project during construction period. All expenses relating to these shall be born by the borrower.
3. The monitoring of the project by the expert appointed under section 2.19 sub clause 2 primarily includes the quality of the work, timely completion of work as per the project implementation schedule, completion of work in line with the design/drawing, the procurement schedule, status

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of budgetary disbursement and compliance with environmental, social mitigation plan by the contractors, review of applicable contracts and insurance policies.

4. The Monitoring shall be done to assess the project development during Construction and Operation phases as follows:
- a. **Contract documents:** Check for clear and accurate price schedules; Review the Construction and Supply contracts to ensure that the contract doesn't include any terms and clauses which might result in cost over-run; Review the procurement & construction procedures, organization structure and staffing for adequacy to perform job; review local issues;
 - b. **Construction Plan and Schedule:** Monitor the baseline plan with specific key dates; Review activities & staffing schedule to check programs for design, manufacture, testing, delivery and installation, matching the Project Implementation Schedule; Clarify & confirm adherence to the project implementation dates; Identify priority issues in the project implementation.
 - c. **Technical Aspects:** Check key tests of materials & workmanship to ensure that they comply with the specifications, design & quality and recommend actions to be taken for any correction; Ensure that the works are executed on schedule and meet the established standards of performance, quality and safety; Ensure that contractors and Consultant are executing the assigned works in professional manner; Monitor costs, budget performance, & rates of progress; Check supervisory resources are adequate for site activities, Convene project meetings with the Developer; Check/monitor the Contractors' site establishment works, temporary works and facilities; Evaluate the Contractors' quality assurance/control program; Check compliance with environmental and social mitigation plan,
 - d. **Site Visit:** Quarterly site visits or as and when deemed required (during construction period) by the consortium to verify adequacy of the information of the documents/ reports and physical inspection of the works being carried-out and its adherence to the construction schedule; it is also intended to suggest rectification of activities, if construction activities are found not following the implementation schedule;
 - e. **Plant Equipment's:** Ensure that the Mechanical and Electrical components, including instrumentation, provided by the Contractor/Supplier are of a quality that meets the requirements of the Technical Specifications and delivered to the site to meet the installation dates of the construction schedule; Carry out factory inspections during the procurement and testing to see the progress and control of the quality maintained by the contractor;
 - f. **Commissioning of the Works:** Review commissioning report and procedures prepared by the Contractor to ensure that design requirements are complied with the proposed methods and are adequate to maintain control of the operation;
 - g. **Financial Aspects:** Monitor Contract Costs relative to the Contract Budget in view of the progress of the work; Advise the Developer sufficiently in advance about any allocated budget exceedance in respective items; Insist the Developer in acquiring Taking-Over Certificate, as built drawings and project completion report;
 - h. **Operation & Maintenance-Post Construction:** Review station performance technical data and its impact on loan repayment; Review of O & M provisions, operation status and cash flow patterns; Review of O & M service contracts to ensure adequacy of services; Environmental Compliance records;

- i. **Others:** Safety & Environment Issues; Labor relations; Defect Liability; Monthly progress tracking, Event-driven meeting/visits;
5. The Consortium Banks/FIs, through the Lead Bank may appoint any consultant (local or foreign) as deemed required at any stage of the project development or after the operation of the project. The cost of such consultant shall be borne by the Borrower.
 6. The monitoring during construction period shall be done on a quarterly basis or as and when required by the consortium.
 7. All contracts relating to civil construction, Electro Mechanical and Hydro Mechanical works shall require prior approval of the Consortium Banks.
 8. All expenses relating to the Project Monitoring/site visits shall be borne by the Borrower.
 9. The consortium reserves the right to review any clause under this Consortium Loan Agreement based on the suggestion/feedback received from the consultants appointed by the consortium during the course of monitoring and supervision of the project.

Section 2.20

Dividend

The Borrower shall not be allowed to distribute any dividend without obtaining prior written approval of the Participating Banks/FIs.

Section 2.21

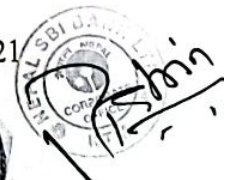
Credit & Banking Facilities

1. All cash balances of the Borrower shall be maintained only in the Control Account and Operating Account maintained with the Lead Bank. The Borrower, however, may open Checking Accounts required for the purpose of loan administration with the Participating Banks/FIs. The Borrower shall close all accounts currently maintained with any other Banks/FIs other than the Participating Banks/FIs. The Borrower, however, may maintain a non-operative account with a Bank/FI located in and around the Project Site provided that none of the Participating Banks/FIs have their presence in and around the Project Site.
2. The Borrower shall not obtain any additional credit or banking facilities without prior consent of the Participating Banks/FIs.

Section 2.22

Subordination

Any additional funds injected by the shareholders for whatsoever reasons shall be automatically subordinated to the debts of the Participating Banks/FIs. Such subordinated debt cannot be repaid without prior consent of the Participating Banks/FIs.



Section 2.23

Business and Projects

The Borrower shall not undertake new businesses or embark on expansion projects other than the proposed Hydropower Project without informing the Participating Banks/FIs.

Section 2.24

Endorsements

The Borrower and the Guarantor shall submit certified extract of the resolution of its Board of Directors, which shall include:

1. Agreement to all the terms and conditions of the Consortium Loan Agreement.
2. Agreement to provide entire present and future fixed and current assets of the Borrower as security in favor of the Participating Banks/FIs.
3. Authorization to execute security documents on behalf of the Borrower and the Guarantor.

Section 2.25

Board of Directors

Any change in the present Board of Directors of the Borrower shall require prior approval of the Participating Banks.

Section 2.26

Financial Covenants

1. The debt equity ratio shall be maintained at 70:30 or better at all times. Debt equity ratio is the ratio of Total Liabilities to Total Effective Capital/Net Worth. Total Liabilities is all liabilities of the Borrower excluding Shareholder's Fund and Subordinated Debt from the promoters. Total Effective Capital/Net Worth is the paid up capital plus reserves, undistributed profits, subordinated promoter's loans less intangibles, accumulated losses and revaluation reserves (net of depreciation thereupon).
2. The Debt Service Coverage Ratio shall be maintained at 1:1 or better. Debt Service Coverage Ratio is the ratio of Net Cash Flow to Interest Expenses and Current Maturity of Long Term Debt.
3. The Current Ratio shall be maintained 1:1 or better. Current ratio is the ratio of current assets to current liabilities. Current assets are assets that can be converted into cash within a period of 12 months. Current liabilities are obligations, which are due for repayment within a period of 12 months.
4. The Interest Coverage Ratio shall be maintained at 1.3:1 or better. Interest Coverage Ratio is defined as Net Profit before Interest and Tax divided by interest.
5. The borrower shall build a reserve with annual fund of 2% of the revenue which will be continued till a fund of NPR 100 Million is built. Such fund once utilized partially or in whole as per the consortium decision shall again be replenished in forthcoming years.

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6. The Borrower shall maintain a Reserve Account with the Lead Bank with a minimum of 2% of the monthly revenue after commercial operation of the project, which will be continued till a fund of NPR 150.00 Million, is built. The amount available in the Reserve Account may be used for maintenance, supervision, insurance premium payment and/or other contingency requirement upon approval of the Lead Bank in consultation with other Participating Banks/FIs. Such fund once utilized partially or in whole shall again be replenished in forthcoming year.
7. Revenue arising out of the project shall be applied in following preferential order :
 - a. towards payment of fees, commission and penalty
 - b. towards payment of accrued interest to the banks
 - c. towards the payment of installment due to the bank
 - d. towards the payment of Government Royalty
 - e. towards the payment of other expenses through operating account
 - f. towards building up of a reserve as per the clause no 5 of section 2.26.
8. Any additional financing requirement (above overall project costs of NPR 8,123.64 Million) arising from whatsoever reasons should be met by way of additional equity and/or subordinated debt through promoter's/shareholder's sources. The breakup of project cost is as per Annexure A.

Section 2.27

Other Covenants

1. The undertakings in this Clause shall remain in force from and after the date hereof and so long as any amount payable hereunder is or may be outstanding or any of the Commitments are in force.
2. It shall be understood that notwithstanding any terms mentioned herein all advances are repayable on first demand.
3. The Borrower shall not avail any additional borrowings without the prior consent of the Participating Banks/FIs.
4. The Borrower shall not hypothecate, pledge or mortgage any of the assets mortgaged or pledged or charged or provided to the Participating Banks/FIs to any Bank, financial institution or lender without the prior consent of the Participating Banks/FIs.
5. The Borrower shall maintain and keep in good condition the assets mortgaged or charged or pledged or provided to Participating Banks/FIs.
6. The Borrower shall not sell, transfer, dismantle except for repairs/maintenance or dispose of the whole or any part of its assets without prior consent of the Participating Banks/FIs. However, it may dispose off worn out tools, machinery and equipment subject to the same being replaced.
7. The Borrower shall maintain proper record of all assets including shares, dividends, cash, bank balance, account receivables and its machinery, equipment's, spare parts, etc. and submit statements of such records to the Lead Bank as and when requested by the Lead Bank.
8. The Borrower shall take all precautions to preserve/defend the Borrower's/ Participating Banks'/FIs' rights in case of any dispute arisen on the property mortgaged or charged or provided to Participating Banks/FIs.

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9. The Borrower shall pay in the name and on behalf of Participating Banks/FIs all registration charges, fees and taxes and all other outgoing payable in respect of the assets mortgaged or pledged or charged or provided to Participating Banks/FIs as and when they become due and shall indemnify Participating Banks/FIs against all such payments. The Borrower shall produce to the Lead Bank on demand the last receipts for all such payments. If the Borrower defaults in the payment, the Lead Bank in consultation with other Participating Banks/FIs shall make all such payments and debit the Borrower's account maintained with the Lead Bank with or without prior information to the Borrower.
10. The Borrower shall not utilize the facilities hereby agreed to be granted or any portion thereof for any purpose other than for the purpose as mentioned herein.
11. The Borrower shall not make any loan, grant any credit, issue any Guarantee/Indemnity or accept any liability for the benefit of a third party.
12. The Borrower shall not enter into new investments, acquisitions, and disposals or have any other business except as contemplated herein.
13. The Borrower shall not enter into any form of reconstruction, merger or amalgamation, without prior consent of the Participating Banks/FIs.
14. The Borrower shall not delete, vary or amend its memorandum and articles of association or other constitutive documents in any material aspects (except as may be required by applicable laws).
15. The Borrower shall file or furnish all statements as required by law, at the concerned department or authority, and shall promptly pay and discharge all taxes, fees, levy etc. and all labor claims except those that may be contested in good faith.
16. The Borrower shall bear all increase in the value of L/Cs opened owing to foreign exchange fluctuations.
17. The Borrower shall submit to the Lead Bank the copies of tax returns submitted to the Inland Revenue Office and the assessment orders issued by Inland Revenue Office for onward dissemination to the Participating Banks/FIs.
18. The Borrower shall not make any material change in business or diversify its activities without prior approval of Participating Banks/FIs.
19. The Borrower shall maintain its legal personality/existence and not partake in activities which shall forfeit or endanger its rights to enterprise as a legal personality.
20. The Borrower shall immediately inform the Lead Bank in writing of the happening of the strikes, lockout, layoff or any other event affecting the operations or the business of the Borrower in any manner.
21. The Borrower shall immediately inform the Lead Bank in writing of any case affecting its corporate status or business or financial position, filed against it.
22. The Borrower shall furnish to the Lead Bank the copies of the minutes of the proceedings of its general meetings, resolutions, orders and notices issued to any class of shareholders within 21 days of such meetings or issuance for onward dissemination to the Participating Banks/FIs.

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23. The Borrower will obtain and promptly renew from time to time, and will promptly furnish certified copies to the Participating Banks/FIs of all such authorizations, approvals, consents, licenses and exemptions as may be required under any applicable law or regulation to enable it to perform its obligations under this Agreement or required for the validity or enforceability of this Agreement and the Borrower shall comply with the terms of the same.
24. The Borrower shall not make or consent to any material alteration (including without limitation any alteration that would or might increase or extend the scope or nature of the Borrower's obligations there under) of any of the project Documents without the prior written consent of the Participating Banks/FIs.
25. The Borrower or one house family members of the shareholders of the Borrower shall not hold any promoter's share of the Participating Banks/FIs.
26. The Borrower or one house family members of the owners of the Borrower are prohibited from solely or jointly holding any of the Participating Bank's/FI's shares in excess of 1%.
27. The Participating Banks/FIs reserves the right to include the name of the Borrower, Shareholders, Directors, Promoters, Guarantors in the Black List of the Credit Information Center Limited and can publish their names, photographs and other details in newspapers in case of default by the Borrower under the provision of Directives on Blacklisting issued and amended from Nepal Rastra Bank from time to time.
28. The Borrower shall provide consent to the Participating Banks/FIs to act in line with and as may be required by Nepal Rastra Bank directives on Consortium Financing.
29. The Participating Banks/FIs through the Lead Bank may debit or credit the Borrower's account to keep the credit facility account in order.
30. The Borrower shall bear all incidental expenses owing to availing of the facility mentioned herein.
31. Any shortfall in revenue generation resulting in inability to service and repay debt shall be funded through infusion of additional loan by the promoters/capital and shall be subordinated to dues to the Participating Banks/FIs.
32. The Participating Banks/FIs reserve the right to cancel or amend the facility and to call on first written demand, at its discretion, all amounts outstanding dues along with accrued interest thereon upon 30 days prior notice.
33. The Borrower shall comply with all prevalent laws, maintain its records as per Nepal Accounting Standard and agrees that the Facilities shall be governed and constructed in accordance with Nepal law.
34. The borrower shall timely recover its revenues.
35. None of the Participating Banks/FIs shall withdraw from its participation in the facilities other than under the circumstances as provided for under Section 5.01 and 6.12 under this agreement.
36. Promoter shareholders shall inject the required equity to ensure the continuation of project construction even in the event of delay in injection of equity through Initial Public Offering

Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-43 MW

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(IPO), if the borrower decides to go for IPO with due intimation to the consortium. In the case of Initial Public Offering (IPO) Issuance, first right shall be given to Subsidiary entity of Citizens Bank International Ltd. (Lead Bank) i.e. Citizens Capital Ltd.

37. Promoter shareholders shall maintain the share Depository Participant account to the Subsidiary entity of Citizens Bank International Ltd. (Lead Bank) i.e. Citizens Capital Ltd. for pledge the promoter share of the company after registration of shares in Nepal Stock Exchange.
38. The Consortium shall have the right to withhold any drawdown in case of following Material Adverse Change (MAC):
- The Borrower and the Shareholders receiving all requisite government, regulatory and corporate approvals required for availing the Facilities;
 - Execution of documentation mutually acceptable to the Borrower, and the Lenders; and
 - No event or circumstance occurs or arises which, in the reasonable opinion of the Lead Bank, constitutes a material adverse change in Nepal or international, financial, economic or political conditions or in the business or financial condition of the Borrower and which, in each case, is in the reasonable opinion of the Lead Bank likely, materially and adversely to affect:
 - The business, operations or financial condition of the Borrower; or
 - The ability of the Borrower to meet its payment obligations.

Section 2.28

Control of Assets

The Borrower shall indemnify the Participating Banks/FIs from and against any and all losses, expenses including legal expenses and liabilities whatsoever which the Participating Banks/FIs 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 losses, expenses incurred by the Lead Bank or the Participating Banks/FIs in course of taking control of the assets as stipulated herein. For this purpose the certificate of the Lead Bank as to the amount of the losses, expenses and liabilities incurred by such Bank(s) shall, save for manifest error, be conclusive and binding.

Section 2.29

Further Sell Down of Loans

Any of the Participating Banks/FIs reserves the right to sell down their respective amount / portion of the loans to other Banks/FIs and share the security on a pari passu basis with the new member(s) taking over the exposure with prior consent of the Consortium Members and the Borrower subject to provisions of the prevailing Nepal Rastra Bank Directives.



Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-43 MW

Suzanne
Annapurna Power
Company (P) Ltd.



ARTICLE 3
Escrow Account Mechanism

Section 3.01

Accounts

Subject to the provisions of this Article 3, all cash balance of the Borrower shall be maintained only in the Control Account and Operating Accounts, which shall be operated only as provided in this Article. The Borrower will forthwith from time to time deliver to the Lead Bank, upon request such resolutions, mandates, authorities, documents, specimen signatures and other matters as the Lead Bank may require and which are for the time being in effect to enable the Accounts to be opened, maintained and operated in accordance with this Article.

Section 3.02

Control Accounts

1. The Borrower shall open and maintain a rupee current account with the Lead Bank which shall be known as the "Control Account".
2. All amounts of any kind received by the Borrower and including the following amounts shall be deposited into the Control Account :
 - (i) all amounts received from NEA as revenue.
 - (ii) all amounts held by the Borrower at the date of opening of Control Accounts;
 - (iii) all amounts borrowed or raised by the Borrower;
 - (iv) the proceeds of all insurance claims/advance against claims;
 - (v) the proceeds of subscription/call on share capital of the Borrower and any other contributions to the capital including subordinated debt from the promoters or investments in the Borrower company; and
 - (vi) all other revenues and other amounts received or receivable by the Borrower from whatever source except otherwise provided in this Article.
3. The Borrower may only transfer funds, and the Lead Bank shall only permit such transfers, from the Control Account as following:
 - (i) to make transfers to the Operation Accounts for operating expenditures
 - (ii) and to Pay:
 - a) Taxes/Royalty due and payable by the Borrower;
 - b) Capital expenditure incurred in construction of the Project, including amounts payable to other accounts of the Borrower in connection with the payment of such capital expenditures, and approved by the Board of Directors of the Borrower; and
 - c) All payments required to be made under this Consortium Loan Agreement.

The Control Account under no circumstances shall be overdrawn.



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Section 3.03

Operating Accounts

1. The Borrower shall open and maintain one or more Nepali Rupees Current Accounts with the Lead Bank in the Borrower's name which shall be collectively known as the "Operating Accounts".
2. The Borrower shall be allowed to transfer required funds from Control Account to Operating Accounts according to the amounts required by the Borrower to pay operating expenses as provided in the Plan.
3. The Borrower may make payments out of the Operating Accounts to discharge those operating expenses provided for in the Plan.
4. The Operating Account under no circumstances shall be overdrawn.

Section 3.04

Permitted Investments

1. The Borrower with the written consent of the Lead Bank may invest any surplus funds in the Control Accounts in fixed deposits or government bonds (where appropriate) subject to the Borrower not being in default under this Agreement.
2. All such investments shall be charged in favor of the Lead Bank on behalf of the Participating Banks.
3. All proceeds from the realization of and all returns earned from the investments shall be paid directly into the account out of which the investment was made.

ARTICLE 4 Inter-Creditors Mechanism

This clause has been included for the Participating Banks/FIs to provide for the orderly administration of the credit facilities, and to co-ordinate the enforcement of their respective rights in the collateral securities.

Section 4.01

Appointment of Custodian

The Participating Banks/FIs hereby appoint Citizens Bank International Ltd. (CBIL) as the Lead Bank, and Participating Banks/FIs hereby accept such appointment, to hold the collateral in custody on behalf of all Participating Banks/FIs in the capacity of the Lead Bank. (the "Custodian"). The Lead Bank shall serve as Custodian hereunder until the earliest of:

Its resignation with at least 30 Banking Days' prior written notice to Participating Banks/FIs, provided, however, that such resignation shall take effect only after the appointment of a successor(s);

2. The termination of this Agreement in accordance with its terms.

Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-43 MW

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Manapurna Power
Company (P) Ltd.



Section 4.02

Role of Custodian

- a. The Custodian shall hold the collateral and collateral related security documents in its custody on behalf of the Participating Banks/FIs, and shall be liable to account each of them for proper custody and disposition of any of the collateral. The Custodian shall avail copies of all collateral related security documents to all Participating Banks/FIs.
- b. If the Custodian shall have been notified of the occurrence and continuance of a default by the Borrower under this Consortium Loan Agreement, and if the Participating Banks/FIs decide to declare the same as Events of Default, the Custodian, shall promptly assume the Borrower's signing authority over all bank accounts and investments of the Borrower. After such notification, the Custodian shall not permit the Borrower to withdraw from or otherwise control any of the bank accounts and investments of the Borrower. The Custodian shall exercise the Borrower's signing authority generally in accordance with prudent banking practices to maximize the net amount realized from the collateral. In particular, the Custodian shall approve and direct funds of the Borrower to the following categories of expenditures and in the following order of priority :

- | | |
|---------------|---|
| First | Payment of all fees and expenses of the Custodian and each Participating Banks, and of their respective agents and counsel, incurred in connection with the administration and disposition of Collateral and generally arising out of the Borrower's default. |
| Second | Payment of fees and interest owed to the Participating Banks/FIs under this Agreement. |
| Third | Payment of Principal owed to the Participating Banks/FIs under this Agreement and |
| Fourth | Payment under the provision made under Escrow accounts mechanism of this agreement. |
| Fifth | Payment of any surplus funds to the Borrower or to whosoever shall be lawfully entitled to receive the same. |

- c. If there are insufficient funds to pay all Participating Banks/FIs, the aggregate amount claimed for any category of payments under section 4.02 (b), the Custodian shall pay each Participating Banks/FIs in proportion to its outstanding as at the date of payment.

- d. The Custodian shall not

- (i) take or permit one or more Participating Bank/FI (s) to take any Enforcement Action unless approved by Participating Banks/FIs, or
- (ii) release any document or other material relating to or evidencing the Collateral to one or more Participating Banks/FIs, in each case unless the Participating Banks/FIs have determined otherwise pursuant to Section 4.05 hereof.

Notwithstanding anything contained in this Agreement, the relationship among, and rights and duties of Custodian and other Participating Banks/FIs shall be guided and governed by the prevailing Nepal Rastra Bank Directives on Consortium Financing, and other applicable laws, if any.

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- f. The Custodian shall act as an Agent of Participating Banks/FIs and other duties, functions and rights shall be in accordance with the Nepal Rastra Bank's Directive on Consortium Financing.

Section 4.03

Sharing

The Participating Banks

1. acknowledge that they have a common undivided interest in the collateral, and
2. agree to share the collateral with each other on a pro-rata and paripassu basis. Each Participating Bank/FI also agrees that only the Custodian may undertake any Enforcement Action with respect to any of the Collateral under consensus with all Participating Banks/FIs.

Section 4.04

Communications, Meeting of the Participating Banks/FIs

Section 4.04.01

Sharing of Information

Each Participating Banks/FIs undertake to make available promptly to each other any material information they possesses on the Borrower provided, however, that no Participating Banks/FIs shall have any liability for any inaccuracy or incompleteness of any information made available by it in good faith.

Section 4.04.02

Meeting of Participating Banks/FIs

The meeting of the Consortium shall be held in accordance with NRB Directives on Consortium Lending or as and when required. The Lead Bank shall arrange for the meeting. The Lead Bank shall convene the detail of the meeting at least three (3) Banking Days in advance.

Section 4.05

Enforcement Strategy

1. Upon the occurrence and continuance of a default by the Borrower under the Consortium Loan Agreement, each Participating Banks/FIs agrees to enforce the creditor's rights and remedies against the Borrower or the Collateral (an "Enforcement Action") on a mutual understanding basis.
2. The Participating Banks/FIs shall develop a strategy to maximize the net amount realized from the Collateral (an "Enforcement Strategy") that is acceptable to them, which Enforcement Strategy shall encompass the identification, selection, prioritization and conduct of various Enforcement Actions, as well as the distribution of proceeds there from. Such Enforcement Strategy may include, without limitation, standstill arrangements, management of the Borrower, rescheduling of principal and interest and liquidation of the Collateral.



3. All amounts realized from any Enforcement Strategy shall be distributed by the Custodian to each Participating Banks/FIs in proportion to the outstanding at the date of payment.

Section 4.06

Voting by Participating Banks/FIs

In the event the Participating Banks/FIs fail to agree on an Enforcement Strategy as provided under Section 4.05 hereof, an Enforcement Strategy shall be determined under this Section by the majority decision of the Participating Banks/FIs in accordance with the NRB Directives on Consortium Lending.

In all other issues also, in the event of the Participating Banks/FIs failing to agree unanimously, the decision shall be made under this Section by majority decision of the Participating Banks/FIs in accordance with the NRB Directives on Consortium Lending.

ARTICLE 5 Events of Default

Section 5.01

Events of Default

Each of the events set out below is an Event of Default (whether or not caused by any reason whatsoever outside the control of the Borrower or of any other person):-

1. Any statement, representation or warranty made in this agreement or any correspondence or application for loan or any financial statements, projections or data furnished by the Borrower in connection with its application for the loan, proving to be untrue, false or misleading.
2. Any material facts or information pertaining to the Borrower's corporate status, legal existence or entity or to the Borrower's financial condition not being made known or suppressed from the knowledge of the Participating Banks/FIs.
3. If the Borrower defaults in payment of any installments of principal or of interest as and when the same shall become due and payable or in providing a sufficient credit balance in the Borrower's account maintained with the Lead Bank to meet the debit for such installments of principal and/or interest.
4. If the Borrower fails to pay any of the Borrower's debts.
5. If the Borrower defaults in the observance and performance of any covenants and/or terms and conditions on the Borrower's part to be observed or performed as contained in this Agreement, or in any documents creating charges to secure repayment of the loan amount and interest, costs, charges and expenses thereon or relating thereto.
6. If the Borrower defaults in the observance and performance of any covenants and/or terms and conditions as agreed in the meetings of the consortium of Participating Banks/FIs and the Borrower.

7. If any order is made or resolution passed or other action taken for the suspension of payments or dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Borrower or the Guarantor.
8. If a liquidator, trustee, administrator, receiver, manager or similar officer is appointed in respect of the Borrower or the Guarantor or in respect of all or any part of their respective assets/properties.
9. If an extra-ordinary situation arises which in the opinion of the Participating Banks/FIs, makes it improbable that the Borrower will be able to perform its obligations under this agreement and in this respect the opinion of the Participating Banks/FIs shall be conclusive, final and binding on the Borrower.
10. If distress or execution is levied by an order of any legal authority against any part of the Borrower's asset(s)/property (ies).
11. The Borrower without the knowledge or consent of the Lead Bank negotiates with any one or more of the Banks/FIs with a view to general re-adjustment or rescheduling of its indebtedness under this Agreement or the Security Documents;
12. If the government take steps to nationalize the Borrower's assets/properties and business.
13. If the Borrower ceases or threatens to cease, to carry on all or substantial part of the business or makes significant changes in the nature of operation of the business.
14. If the Borrower fails to adhere to the terms and conditions and/or rules and regulations outlined by Government of Nepal, Ministry of Water Resources and Nepal Electricity Authority or of any other government entities.
15. If all or any substantial part of the Borrower's assets or business shall be condemned seized or appropriated or legal action be taken by any Government or other legal authority or other party or any persons, establishment or institutions for the Borrower's winding up or for the suspension of the Borrower's operations.
16. If any circumstances arise which give reasonable grounds in the opinion of the Participating Banks/FIs for belief that the Borrower may not (or may be unable to) perform its obligations relating to the payment of money hereunder or that the Guarantor may not (or may be unable to) perform any of the obligations imposed on the Guarantor in the Guarantee.
17. If any other event or series of events whether related or not (including, without limitation, any material adverse change in the business, assets or financial condition of the Borrower) occurs which in the opinion of the Participating Banks/FIs may affect the ability or willingness of the Borrower to comply with all or any of its obligations hereunder.

In the case of any such event as is mentioned in Clause 5.01 above and at any time thereafter if any such event shall then be continuing, the Participating Banks/FIs shall have the following rights:

1. to declare that the obligations of the Lead Bank and the Banks/FIs hereunder and the commitments shall be cancelled forthwith whereupon the same shall be so cancelled forthwith.
2. to declare all outstanding loans due and payable whereupon the same shall become immediately due and payable together with all interest accrued thereon and all other amounts payable hereunder.

Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-43 MW



3. to charge Penal Interest at the rate provided by the relevant clause as mentioned in this Agreement;
4. to take actions as per Article 4 of this Agreement.
5. to terminate some or all of its obligations under the agreement;
6. to change some of the conditions on which one or more of the facilities are made available;
7. to require cash cover for contingent liabilities under any of the facilities (contingent liabilities are financial obligations on account of Letters of Credit and Guarantees / Indemnities that could come due in the normal course of business.
8. to waive some or all of it's rights arising from an Event of Default.
9. to take control of all of the Borrower's Bank accounts and short-term investment
10. to blacklist the Borrower, Promoters, Guarantors and Shareholders with Credit Information Center Ltd in case of default by the Borrower under the provision of Directives on Blacklisting issued and amended by Nepal Rastra Bank from time to time.
11. The Borrower shall indemnify each Participating Banks/FIs against any loss or expenses which such Bank/FI may sustain or incur as a consequence of
 - (a) the occurrence of any event of Default hereunder (or event which with the lapse of time, notice, determination of materiality or other condition may constitute an event of Default), and
 - (b) the operation of above clauses of Section 5.01

Including but not limited to any loss or expenses on account of funds borrowed, contracted for or utilized to fund any amount payable hereunder, a certificate of Lead Bank or Participating Banks/FIs (as the case may be) of the amount of any such loss or expense shall be conclusive.

ARTICLE 6 Miscellaneous

Section 6.01

Representations and Warranties

At the time of signing of this Agreement and the Security Documents the Borrower represents to the Lead Bank and each of the Participating Banks/FIs as follows:

1. The Borrower is a Company duly registered under the Company Act as a Private Limited Company and has complied with all requirements under prevailing laws with amendments made thereon for commencement of its business.
2. The Borrower is a company duly organized and validly existing under the laws of Nepal, possessing autonomous and corporate body with perpetual succession and capacity to sue and be sued in its own name; the Borrower has power to acquire, hold, sell, dispose of, or otherwise deal with, any movable or immovable property and enter into a contract and exercise the rights and perform the obligations as referred to is such contract.

Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-4

Suryana
Suryana Power
Company (P) Ltd.



3. The Borrower has full power and authority to borrow the full amounts of the Total Commitments under this Agreement and to execute, deliver and perform, observe the terms and conditions of this Agreement and the Security Documents and has taken all necessary action to authorize such borrowing, execution, delivery, performance and observance.
4. This Agreement constitutes, and the Security Documents when created and executed and delivered will constitute, legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with their respective terms and the Borrower's indebtedness under this Agreement and the Security Documents constitute the direct, unconditional and general indebtedness of the Borrower and ranks in first and foremost priority to any and to all other present 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.
5. All necessary authorization, consents, approvals, permits, licenses filings or registrations by or with any governmental authority or administrative body of or in Nepal, 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 or enforceability, of this Agreement and the Security Documents have been obtained or accomplished
6. No litigation, administrative, arbitration or other proceedings before or of any court, tribunal, arbitrator or governmental or municipal or any other adjudicating authority is presently in process, pending against the Borrower or any of its assets or revenues and there is not in existence any dispute with any governmental or municipal authority or any labor 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 obligations under this Agreement and the Security Documents.
7. The information contained in the Feasibility Study Report and other supporting documents are true in all material respects as at its date and did not at that date omit anything material; no adverse change has occurred since such date which renders such information materially misleading.
8. All the facts and figures furnished by the Borrower to the Participating Banks/FIs in connection with obtaining the facility under these presents are true and correct. The Borrower also undertakes to show the relevant books of account and other statutory books to the Participating Banks/FIs if they desire the same for verification.
9. Till the date written first above, no action has been taken for its winding up, dissolution or amalgamation or merger with any other company and no adverse change in its business has taken place.
10. The obligations of the Borrower under this agreement shall be direct, general and unconditional.
11. All revenues, taxes, rents, interests etc. currently payable to government or municipality or any other person or authority have been paid.

12. The representations and warranties set out in above sub clauses shall survive the execution of this Agreement and the making of each advance hereunder and shall be deemed to be repeated at the time of the request for an advance and on each date so long as any loan or other amount payable hereunder is or may be outstanding hereunder, with reference to the facts and circumstances when subsisting, as if made at each such time.
13. The Participating Banks/FIs hereby represents and warrants that they have corporate power and authority to execute, deliver and perform this Agreement and have taken all necessary corporate actions to authorize the execution, delivery and performance of this Agreement;
14. Neither the company nor its Directors/Shareholders are blacklisted in accordance with the Credit Information Center Ltd's guidelines or Nepal Rastra Bank's directives.
15. The Borrower and Shareholders/Guarantors hereby further consents for being included in the Blacklist of Credit Information Center Ltd under the conditions laid in the prevailing directives of Nepal Rastra Bank and/or any amendment made therein.
16. Neither the Borrower nor one house family members of the shareholders of the Borrower solely or jointly holds any of the Participating Banks/FIs shares in excess of 1%.
17. The Borrower shall implement and abide by all the provisions and conditions mentioned in the 'Guideline on Environmental and Social Risk Management 2022' issued by Nepal Rastra Bank for Banks and Financial Institutions.

Section 6.02

Notices

Any notice shall be given by mail or fax at the following addresses:

Lead/Participating Bank:

Citizens Bank International Ltd.
Narayanhiti Path, Durbar Marg, Kathmandu,
Nepal
P. O. Box no. 19681
Kathmandu, Nepal
Tel - 01-4427842
Fax - 01-4427044
Email: info@ctznbank.com

Co-Lead/Participating Bank:

Global IME Bank Ltd.
Kamaladi 28, Kathmandu, Nepal
Tel - +977-01-5326247 /5328671 (Corporate
Office)
SWIFT Code - GLBBNPKA
Email: info@gibl.com.np



Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project



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Participating Bank:

Rastriya Banijya Bank Ltd.
Singhadurbar Plaza, Kathmandu, Nepal
Phone:+977-1-5721220,
Fax:+977-1-425-2931
Email:rbb.info@rbb.com.np
Post-BoxNo.:8368,
SWIFTCode:RBBANPKA

Participating Bank:

Laxmi Sunrise Bank Ltd.
Laxmi Complex, Hattisar
Kathmandu, Nepal
P. O. Box no. 19593
Tel - 01-4544684/685
Fax - 01 4544640/743
Email: info@laxmisunrise.com

Participating Bank:

Machhapuchchhre Bank Ltd.
MBL Tower, Lazimpat
P. O. Box no. 11021
Kathmandu, Nepal
Tel - 01-4428556
Fax - 01-4425356
Email: info@mbl.com.np

Participating Bank:

Nepal SBI Bank Ltd.
Kamaladi, Kathmandu, Nepal
Tel: 00977-1-5970333
Website: nsbl.statebank
E-mail:corporate@nsbl.com.np
SWIFT: NSBINPKA

Borrower:

Annapurna Power Company Pvt. Ltd.
Kathmandu Metropolitan City, Ward No. 14
Kathmandu, Nepal
annapurnapowercompany98@gmail.com
Cell No: 9851163167 (Shriram Neupane)

Any notice or request required or permitted be given or made by any party to this Agreement shall be in writing. Such notice or request shall deemed to have been duly given or made when it shall be delivered by hand, airmail, cable or facsimile to the party to whom it is required or permitted to be given or made at such party's address specified in the Consortium Loan Agreement, or such party shall have designated by notice to the party giving such notice or making such request.

Any notice or other communication to be given to any Bank hereunder shall be addressed to such Bank/FI 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.

A party may change its address for notice hereunder by giving the other party notice of such change pursuant to this clause.

Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project - 3 MW

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Shriram Neupane
Annapurna Power
Company (P) Ltd.



Section 6.03

Severability

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws by any court of competent jurisdiction, such illegality, invalidity or unenforceability shall not affect the legality, enforceability or validity of any other provisions or of the same provision as applied to any other fact or circumstance and such illegal, unenforceable or invalid provision shall be modified to the minimum extent necessary to make such provision legal, valid or enforceable, as the case may be.

Section 6.04

Benefits of Agreement

All of the agreements, representation and warranties herein are for the benefit of the parties hereto and their successors and permitted assigns. Nothing in this agreement, express or implied, shall give to any other person or entry any benefit or legal or equitable right or remedy.

Section 6.05

Termination

This Agreement shall

1. remain in full force and effect and can be enforceable against each party hereto in accordance with its term, and
2. terminate upon the payment in full of all of the Loans and other amounts due under this Agreement.
3. The consortium banks right to reject the entire credit facilities/agreement and/or any obligation by the banks, if credit facilities is not drawn within two years of signing this consortium Loan agreement due to what so ever reasons.

Section 6.06

Accounts as Evidence

Each Bank/FI will maintain accounts specifying payments made by such Bank/FI for the account of the Borrower and by the Borrower for the account of such Bank/FI pursuant hereto and interest and other charges accrued thereon from time to time. Such accounts shall be constituting prima facie evidence of the matters so specified.

Section 6.07

Amendments and Modification

No amendment, modification or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by all parties hereto, and then such amendment, modification or waiver shall be effective only in the specific instance and for the specific purpose for which it is

Consortium Loan Agreement: Upper Madi-0 Khola Hydropower Project-43 MW


Surya Power
Company (P) Ltd.


CITIZENS BANK INTERNATIONAL LTD.
Corporate Office
सिटीजन्स बैंक इन्टरनेशनल लि.


Laxmi Bank Limited
Corporate Office


राजस्थान सहकार्य बैंक लि.
केन्द्रीय कार्यालय


Laxmi Sunrise Bank Limited
केन्द्रीय कार्यालय



given. Subsequent addendums can be made with mutual agreements and will be considered as part of this Agreement.

Section 6.08

Counterparts

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

Section 6.09

Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that no Participating Banks/FIs may assign its Loan or obligations hereunder unless such assignee explicitly undertakes to abide by the terms of this Agreement.

The Borrower may not be assign or transfer all or any part of its rights or obligations hereunder without the prior written consent of all the Participating Banks/FIs.

Section 6.10

Headings

The section headings contained in this Agreement are for ease of reference only and shall be without substantive meaning or content whatsoever and, for the purpose of interpretation, do not form and are not part of this Agreement.

Section 6.11

Waiver

The rights of Participating Banks/FIs under this agreement cannot be waived except by written notice/approval waiving the particular right.

In particular:

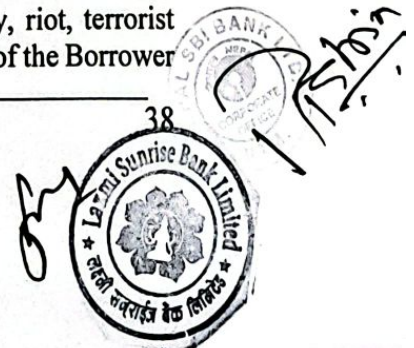
1. Participating Banks/FIs does not waive any right in connection with this agreement merely because the Participating Banks/FIs do not exercise it or do not exercise it as soon as possible and,
2. If Participating Banks/FIs exercises a right once or partly, it does not mean that the Participating Banks/FIs cannot exercise that right or other rights again.

Section 6.12

Force Majeure

1. The facilities shall go into default at a time 90 (ninety) days after the occurrence of event(s) such as flood, landslide, earthquake, fire, major breakdown of machinery, riot, terrorist activities, civil disturbance, insurrection, civil war rendering the operations of the Borrower

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to a halt for a period of more than 30 (thirty) days. The occurrence of such event(s) shall be notified by the Borrower to the Lead Bank for onward dissemination to Participating Banks/FIs promptly but not later than 7 (seven) working days and shall be certified by expert appointed by the Lead Bank in consultation with Participating Banks/FIs.

- The default under this clause shall be deemed to have occurred at a time 90 (ninety) days after the occurrence of the event(s) aforementioned if no agreement between the Participating Banks/FIs and the Borrower as to the course of action to combat the exigency is reached. If no agreement is reached within 90 days, the Participating Banks/FIs may, by notice to the Borrower, declare that all outstanding amounts of any facility and all interest and fees, commission etc. have become immediately due and payable.

Section 6.13

Governing Law

This Agreement and its performance shall be governed and construed in all respects in accordance with the Laws of Nepal and any dispute between consortium banks and the borrower shall also be governed through the provision of the NRB Directive and prevailing Law of Nepal.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

[Signature]



Witness

[Signature]
Name: *Rajendra Kumar*
Address:

Roshan Malla
Chief-Infrastructure/Consortium and Corporate Banking Officer
For & on behalf of
Citizens Bank International Limited
As the Lead Bank/Participating Bank/FI



Ashim Karmacharya
Segment Manager- Infrastructure and Project Financing(IPF)/
Green and Sustainable Banking Unit (GSBU)
For & on behalf of
M/s. Global IME Bank Limited
As the Co-Lead/Participating Bank/FI

[Signature]
Name: *Dipesh Raj Shakya*
Address: *SRM-IPF
Global IME Bank Ltd.*



[Signature]

Damodar Jnawali
Department Chief- Department of Infrastructure Banking
For & on behalf of
M/s. Rastriya Banijya Bank Limited
As the Participating Bank/FI



[Signature]

Name: **Sushma Weigle**
Address: **Deputy Manager,**
K-1313

[Signature]

Prashant Bhusal
Senior Relationship Manager- Infrastructure Finance
For & on behalf of
M/s. Laxmi Sunrise Bank Limited
As the Participating Bank/FI



[Signature]

Name: **Himal Thapa**
Address: **ARM-IF**
Laxmi Sunrise Bank Ltd

[Signature]

Prabin Bhattarai
Head-Corporate Credit
For & on behalf of
M/s. Nepal SBI Bank Limited
As the Participating Bank/FI



[Signature]

Name: **Bibek Dahal**
Address: **Officer**
Nepal SBI Bank Ltd.

[Signature]

Bineet Chandra Jha
Head-Infrastructure & Corporate lending Department
For & on behalf of
M/s. Machhapuchchhre Bank Limited
As the Participating Bank/FI



[Signature]

Name: **Reshma Shrestha**
Address: **RM-ILCL**

[Signature]

Shriram Neupane
Chief Executive Officer
For & on behalf of
M/s. Annapurna Power Company P. Ltd
As the Borrower



[Signature]

Name:
Address:



[Signature]



Annexure A

Break-up of the Project Cost

S.N	Description	Amount in NPR	Weightage (%)
1	Pre-Operating Costs	314,422,500.00	4.35%
2	Project Development	147,455,335.50	2.35%
3	Land Acquisition	53,620,122.00	1.11%
4	Environmental & Social Cost	80,430,183.00	1.48%
5	Civil Construction Work	3,469,467,186.72	43.97%
6	Hydro-Mechanical Equipment's	517,504,635.38	6.31%
7	Electro-Mechanical Equipment's	1,415,926,575.00	18.97%
8	Transmission Line & Interconnection Facilities	571,757,025.00	6.21%
9	Engineering Design & Supervision	121,181,475.72	1.99%
10	Administrative & Management Cost	107,240,244.00	1.76%
11	Insurance Cost	121,181,475.72	1.14%
	Total Base Cost (without IDC)	6,920,186,758.04	89.62%
12	Financing Cost including IDC	1,203,455,328.85	10.38%
	Total Project Cost with IDC	8,123,642,086.88	100.00%

Annexure B

tentative Repayment Schedule (Annual)

Amount in NPR'000'

Particulars	Repayment Amount	%
1 st Year	170,400	3%
2 nd Year	284,000	5%
3 rd Year	340,800	6%
4 th Year	397,600	7%
5 th Year	454,400	8%
5 th Year	511,200	9%
7 th Year	511,200	9%
8 th Year	568,000	10%
9 th Year	568,000	10%
10 th Year	624,800	11%
11 th Year	624,800	11%
12 th Year	624,800	11%
Total	5,680,000	100%

Yame



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