

25TH NOVEMBER 2014

**GOVERNMENT OF NEPAL, REPRESENTED BY THE INVESTMENT BOARD OF THE
GOVERNMENT OF NEPAL**

And

SJVN ARUN-3 POWER DEVELOPMENT COMPANY PRIVATE LIMITED

**PROJECT DEVELOPMENT AGREEMENT
ARUN-3 HYDROPOWER PROJECT**



having a validity period equal to at least one (1) year from the date of its issue, within three (3) months from the date of application made by the Company.

- 10.5.2 Once the Company has obtained the Government Approvals contemplated by Section 10.5.1 (*Explosives*), the GON may, with prior written notice of at least thirty (30) days to the Company, temporarily rescind such Government Approvals if the GON or the relevant GON Instrumentality determines (acting reasonably) that the explosives have been used in violation of the relevant Government Approvals, provided that the GON shall not take any steps towards rescinding such Government Approvals, if the Company has within the aforementioned thirty (30) day period, rectified its default such that the Company is in compliance with the terms of the relevant Government Approvals.
- 10.5.3 Immediately upon any temporary rescission of the Government Approvals contemplated by Section 10.5.2 (*Explosives*) above, GON may seize, or cause the relevant GON Instrumentality to seize, and the Company must surrender, any explosives in the possession of the Company or any of its Representatives.
- 10.5.4 Any temporary rescission of the Government Approvals contemplated by Section 10.5.2 (*Explosives*) above may not extend beyond thirty (30) days following the date of such rescission of the Government Approvals, during which time GON shall investigate, or cause the relevant GON Instrumentality to investigate, whether the explosives were in fact used for any purpose other than in connection with construction work for the Project.
- 10.5.5 If GON or the relevant GON Instrumentality determines that the explosives were used in accordance with the relevant Government Approvals, GON shall immediately reinstate, or cause the relevant GON Instrumentality to reinstate, the Company's permission to import, transport, store and use the explosives and shall return to the Company any explosives seized pursuant to Section 10.5.3 (*Explosives*).
- 10.5.6 If GON or the relevant GON Instrumentality (acting reasonably) determines that the explosives were not used in compliance with the relevant Government Approvals, GON may impose such penalties on the Company for such default as are prescribed under the Laws of Nepal or relevant Government Approval.

10.6 Fuel

- 10.6.1 GON shall procure that the Nepal Oil Corporation (or any other relevant GON Instrumentality) shall, at all times after the Agreement Date, provide the Company with sufficient fuel required for the Project including for maintaining an inventory of fuel sufficient to carry its reasonably anticipated operations and activities for a period of two (2) months.
- 10.6.2 Where GON is unable to procure the provision of fuel to the Company in accordance with Section 10.6.1 (*Fuel*), subject to Company's compliance with Section 10.2.2 (*Grant of Government Approvals*), GON shall procure the issuance to the Company of the relevant Government Approvals to enable the Company to import fuel for the Project.
- 10.6.3 GON shall procure that any Government Approvals granted to the Company for import of fuel is valid until Final COD, or is periodically renewed until Final COD in a timely manner, in accordance with Section 10.2 (*Grant of Government Approvals*).
- 10.6.4 The Company shall not be required to pay any Tax for the import of fuel that is not payable by the Nepal Oil Corporation, or pay any applicable Tax at a higher rate than that payable by the Nepal Oil Corporation. Notwithstanding the aforesaid, GON shall not be required to provide the Company with any subsidy in relation to the import of fuel.

10.7 Port of entry and transport arrangements

