



**NISHAT
CHUNIAN
POWER LTD.**

February 03, 2021
NCPL/PSX-CS-7534

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

SUBJECT: DISCLOSURE OF MATERIAL INFORMATION

Dear Sir,

In accordance with the applicable provisions of the Securities Act, 2015 and Rule Book of Pakistan Stock Exchange Limited, we are pleased to convey the following information:

"Nishat Chunian Power Limited (the "Company") and the Central Power Purchasing Agency (Guarantee) Limited (the "Power Purchaser") have initialed "Master Agreement" and "PPA Amendment Agreement". The agreement would be effective upon the formal signing of these agreements that is subject to approvals of the Board of Directors of the Company, Federal Cabinet, other stakeholders and regulatory approvals.

The terms of the Master Agreement are, inter alia:

- a) Starting from financial year 2021-22, any future savings in fuel shall be shared on a sliding scale starting from 70:30 in favor of the power purchaser for the first 0.5% efficiency improvement above currently NEPRA determined benchmark efficiency, followed by 60:40 for next 0.5%, followed by 50:50% for next 0.5%, and finally 40:60 for any efficiency above that.*
- b) Starting from financial year 2021-22, any future savings in O&M shall be shared 50:50.*
- c) The Power Purchaser shall appoint, at its own cost, a reputable international independent consultant to perform a one-time detailed heat rate test to ensure that the actual efficiency matches the efficiency reported in the most recent annual financial statement.*
- d) The Company agrees to charge Return on Equity ("RoE") and Return on Equity During Construction ("RoEDC") components at 17% per annum calculated at an exchange rate of PKR 148/USD, with no future USD indexation for local investors. However, the current indexation shall continue to be applied until the date the applicable exchange rate under the present Tariff reaches PKR/USD of 168.*
- e) Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational, as per the terms stipulated in the Generation License.*
- f) The resolution of the dispute as to alleged savings in tariff components as, inter alia, alleged in the report dated 16th March 2020, will be done through arbitration whereby a tribunal of 3 Arbitrator shall be constituted. One retired judge of the Supreme Court of Pakistan to be appointed by each Party as Arbitrator, and the third member shall be selected by the two Arbitrators.*





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- g) *The outstanding LCIA Award for capacity payments have been resolved amicably and in good faith.*
- h) *Delayed Payment Rate for future invoices has been reduced to KIBOR + 2% for the first sixty days only and thereafter shall revert to KIBOR+4.5% as per the PPA.*
- i) *The Power Purchaser shall ensure that all invoices shall follow the PPA mandated FIFO payment principle and the Company in consideration of the same, hereby agrees to forego its claims of late payment interest on late payment interest invoices.*
- j) *The payment of receivables is an integral part of the Agreement and that the total outstanding amount on 30th November 2020 will be paid in two instalments, with 40% upon notification of Tariff Determination by NEPRA (comprising 1/3rd cash and 2/3rd financial instruments of PIBs and Sukuks) and the remaining 60% payable 6 months thereafter through the same method as that of the first instalment*

In the event of any default by the Power Purchaser the Company shall suspend giving Tariff Discounts from the date of default; provided however, if such default is not cured within a period of seventy (70) Days, the Company shall have the right to terminate the Agreement by seven (7) Days' Notice.

Further to above, as Power Purchase Agreement was entered into between NTDC and the Company; the Parties along with NTDC, have agreed to enter into a novation agreement.

You are requested to disseminate the information to the Members of the Exchange, accordingly.

Yours' sincerely

For Nishat Chunian Power Limited


Syed Tasawar Hussain
Company Secretary



Copy to:

Director/HOD
Surveillance, Supervision and Enforcement Department
Security and exchange commission of Pakistan
NIC Building, 63 Jinnah Avenue,
Blue Area, Islamabad