



PAKISTAN STOCK EXCHANGE LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi-74000,
Phones: 111-001-122

PSX/N - 1341

NOTICE

October 23, 2019

**LISTING OF THE PRIVATELY PLACED PAKISTAN ENERGY SUKUK – I
OF PKR 200 BILLION OF POWER HOLDING LIMITED (PHL)**

The Pakistan Stock Exchange is pleased to notify the listing of the Privately Placed Pakistan Energy Sukuk - I of PKR 200 Billion of Power Holding Limited (PHL) under its Privately Placed Debt Securities' Listing Regulations.

The said Sukuk Certificates will be listed on the Exchange w.e.f. **Thursday, October 24, 2019** and trading in the Sukuk Certificates will commence one day after the date of their formal listing i.e. from **Friday, October 25, 2019** through Bond Automated Trading System (BATS) and will be settled through National Clearing Settlement System (NCSS) on T+1 settlement basis.

In accordance with the SECP's S.R.O. No. 1300(I)/2018 dated October 25, 2018 "Government Debt Securities which include GoP Ijara Sukuk can also be issued to individual investors" and in accordance with the Pakistan Energy Sukuk Rules 2019, individuals shall be allowed to hold the Sukuk issued by PHL. The Market Lot will be one certificate of face value of PKR 5,000/- each.

The National Clearing Company of Pakistan Limited has assigned the Security Symbol "**PESC1**" to the Sukuk Certificates of the Company.


A market maker has not been appointed by PHL for this issue.

The Registrar of the Sukuk Certificates of the Company is **THK Associates (Private) Limited**, having the following contact details:

**Address: 1st Floor, 40-C,
Block-6, P.E.C.H.S.,
Karachi – 75400**

**UAN No: (92-21) 111-000-322
Tel: (92-21) 34168270
Fax: (92-21) 34168271
Website: www.thk.com.pk**

A brief about the Privately Placed Sukuk Certificates (initial Term Sheet of the Issue) is attached for information.


Asmaa Saleem Malik
Deputy General Manager
Listing Department

Copy to:

Executive Director (SM), SECP E-mail: smd.notices@secp.gov.pk
Head of Operations – Central Depository Company of Pakistan Limited
National Clearing Company of Pakistan Limited
Notice Board / PSX Website
Power Holding Limited
Meezan Bank Limited



POWER HOLDING PRIVATE LIMITED
ISSUANCE OF SUKUK OF UP TO PKR 200 Bn
SUMMARY OF TERMS & CONDITIONS

The terms contained herein are purely indicative in nature which do not give rise to any liability on the part of the MLAs and should be construed in accordance with relevant law and Sharia'h Principles. Please also note that the following is not a comprehensive statement of all applicable terms and conditions and these indicative Terms and Conditions are subject to due diligence, internal credit and Sharia'h approvals, satisfactory documentation, relevant regulatory approval and satisfactory legal opinion.

Issuer	Power Holding Private Limited ("PHPL" or the "Issuer")	
Mandated Lead Arrangers ("MLAs")	Meezan Bank Limited ("MBL"), Faysal Bank Limited ("FBL"), BankIslami Pakistan Limited ("BIPL") Dubai Islamic Bank Pakistan Limited ("DIBPL"), MCB Islamic Bank Limited ("MIB"), and Al Baraka Bank Pakistan Limited ("ABPL") hereinafter referred to as the "Mandated Lead Arrangers" ("MLAs") <i>The MLAs may at their sole discretion share this role or award additional roles to other banks or financial institutions provided it does not result in any additional cost to the Issuer.</i>	
Underwritten Participation Amount of MLAs	The below table reflects the underwritten commitment of MLAs for the subscription of Issue size of PKR 200 Bn.	
	Mandated Lead Arranger(s)	Participation Amount (PKR in Bn)
	Meezan Bank Limited	88.00
	Faysal Bank Limited	35.00
	BankIslami Pakistan Limited	35.00
	Dubai Islamic Bank Pakistan Limited	14.15
	MCB Islamic Bank Limited	10.00
	Al Baraka Bank Pakistan Limited	8.85
	Other(s)	9.00
	Total	200.00
Investors	May include banks, financial institutions, mutual funds, retirement funds including, but not limited to MLAs (collectively, the "Investors").	
Transaction / Issue Summary	Government of Pakistan ("GoP") intends to issue Secured, Privately Placed Sukuk through PHPL in order to raise funds to fulfil its financing requirements including but not limited to settlement of part of prevailing circular debt related to Energy Sector. (herein referred to as "Sukuk" or "Transaction"). The Sukuk, named as "Pakistan Energy Sukuk I", to be issued as redeemable capital instrument under Section 66 of the Companies Act, 2017.	





Purpose	As per the understanding given to MLAs, the purpose of the funds raised from the issuance of Sukuk would be utilized to settle part of prevailing circular debt.
Transaction / Issue Amount	Up to PKR 200 Billion . The issue amount is subject to availability of Transaction Assets of sufficient value.
Face Value of Sukuk	PKR 100,000.
Drawdown	Drawdown shall be made in bullet.
Availability Period	Up to one (1) Month from the signing of Transaction Documents. The Availability Period would stand expired at the disbursement by the Investors.
Tenor	Up to ten (10) years starting from the expiry of Availability Period.
Issue Redemption	The entire Issue would be redeemed in bullet at the expiry of the Tenor.
Profit/Rental Payment	Semi-annually in arrears. The first Profit Payment will fall due and payable at the end of the 6 th month from the expiry of Availability Period till the expiry of the Tenor. Profit will be calculated on the basis of actual number of days elapsed in a year of 365 days on the outstanding facility amount of Investors.
Profit Benchmark	<p>Base Rate plus 80 bps per annum – In case Profit/Rental Payment is not paid within thirty (30) calendar days of Profit Payment date, the Issuer will pay an Additional Amount calculated at 120 bps per annum (as Charity or under any other Shariah compliant mechanism mutually agreed) to the Investors through Investment Agent.</p> <p>The Additional Amount will be calculated as the product of Face Value of the Sukuk, 120 bps and number of days in the preceding rental period.</p> <p><i>Base Rate is defined as the 6-Month Karachi Interbank Offer Rate ("KIBOR"). KIBOR is defined as Average Ask rate for the relevant tenor, as published on Reuters page KIBR or as published by the Financial Markets Association of Pakistan in case the Reuters page is unavailable. The Base Rate will be set for the first time one business day prior to the Drawdown date and then on the last business day prior to the beginning of each semi-annual period for the profit due within that period. The Base Rate is subject to floor and cap of 2% and 30%, respectively. If at any time during the Tenor of the Sukuk, KIBOR is discontinued or the KIBOR ceases to be a realistic representation of the prevailing cost of funds in the money market in the opinion of the Investors, the same would be replaced with a relevant rate of similar nature or an alternate basis would be agreed upon for determining the Base Rate. In the event of lack of agreement on an alternate basis for determining the Base Rate within thirty (30) days of receipt of a notice ("Notice") by the Issuer from the Investment Agent and / or Investors, the outstanding Sukuk will be redeemed by the Issuer within Sixty (60) days of the receipt of Notice along with such installment and other charges and expenses.</i></p>





Transaction Structure	The overview of the draft structure based on Musharakah/ Ijarah (sale & lease back) is given as annexure A of this ITS. The structure will be finalised by the MLAs in compliance with relevant and applicable legal & regulatory framework and guidelines provided by the Sharia'h Advisor of the Transaction.
Underlying Transaction Assets	<p>Identified unencumbered assets comprising of land, building, plant and machinery in usable form (the "Transaction Assets") owned by pre-agreed entities. The Assets will be identified by the Ministry of Energy in consultation with Investment Agent and will be used to develop a Sharia'h compliant Transaction Structure.</p> <p>The details of potential entities for the purposes of Assets are given below:</p> <ol style="list-style-type: none"> 1. Water & Power Development Authority ("WAPDA") 2. GENCO Holding Company Limited ("GHCL") ✓ 3. Peshawar Electric Supply Company ("PESCO") ✓ 4. Islamabad Electric Supply Company ("IESCO") ✓ 5. Gujranwala Electric Power Company ("GEPCO") ✓ 6. Lahore Electric Supply Company ("LESCO") ✓ 7. Faisalabad Electric Supply Company ("FESCO") ✓ 8. Multan Electric Power Company ("MEPCO") <p>(the above listed entities are referred to as "Company(ies)")</p> <p>Note: Valuation of the Assets by the Transaction Valuator would be in place before the issuance of Sukuk, to the satisfaction of Sharia'h Advisor.</p>
Takaful / Insurance	Sharia'h compliant insurance/Takaful shall be obtained as & when required by the Investors. Insurance/Takaful cost shall be paid by the Issuer on behalf of the Investors which will be reimbursable by the Investors and subsequently made part of the next period's Profit/Rental Payment.
Security	<p>The Investor(s) would be secured through:</p> <ul style="list-style-type: none"> • Unconditional, irrevocable and continuing First Demand Guarantee covering Issue size, Profit/ Rental Payment and any other amount due, from the Ministry of Finance, Government of Pakistan. It may be noted that the Drawdown may be made against a Letter of Comfort from Ministry of Finance ("MoF") (herein referred to as "LoC") confirming issuance of GoP Guarantee within a period of thirty (30) days from the date of Drawdown. The text of the Guarantee and LoC to be acceptable to the MLAs and Investor's Legal Counsel; • Creation of security interest/charge over the Underlying Transaction Assets in favor of the Investors, to the satisfaction of the Investors; and • a tri-partite Escrow arrangement between the Issuer, the Investment Agent and Central





	Power Purchasing Authority ("CPPA"), under which an Escrow Account will be opened and maintained with Investment Agent. Under this arrangement, CPPA will issue irrevocable and unconditional standing instructions to all its banks to initiate transfer of daily collection in all CPPA accounts maintained with them, to the Escrow Account. The standing instruction will duly be acknowledged and accepted by the CPPA's banks. Such Transfer will initiate 30 days before each Profit/ Rental Payment date and will continue till the accumulating of funds in Escrow Account equal to the upcoming Profit/ Rental Payment. The fund so accumulated will be used for the payment of upcoming Profit/ Rental Payment and the Escrow Account will reset to zero. The Escrow Account would be under exclusive lien of the Investment Agent on behalf of the Investors (herein referred to as "Escrow Arrangement"). For avoidance of any doubt, the Issuer will be responsible to ensure that CPPA fulfills its obligations under the Escrow Arrangement.
Investment Agent	Meezan Bank Limited ("MBL") (on voluntary basis).
Sharia'h Advisor	Meezan Bank Limited ("MBL") (on voluntary basis).
Investors' Legal Counsel	Mohsin Tayebaly & Co.
Legal Counsel Fees	Legal Counsel's Fee, capped at PKR 1,000,000, will be billed to the Issuer at actual(s). It may be noted that 50% of the Legal Counsel Fees would be paid to legal counsel, upon signing of ITS and the remaining 50% of the Legal Counsel Fee will be paid upon execution of the Transaction Documents
Transaction Valuator	The Transaction Asset valuator would be Sipra & Company (Pvt.) Limited
Valuator Fee	Valuator Fee, capped at PKR 1,200,000, will be borne by the Issuer at actual(s).
Central Depository Company	The Sukuk will be inducted in CDC and all cost pertaining to the induction of Issue in CDC will be borne by the Issuer at actual(s).
Listing on Pakistan Stock Exchange ("PSX")	The Sukuk would be listed in Pakistan Stock Exchange by the Issuer within 90-120 days of Sukuk issuance, either in the form of Over the Counter ("OTC") or Government Debt Securities ("GDS") instrument. The Issuer shall arrange all relevant waivers, approvals, permissions regarding OTC/GDS listing of Sukuk. For abundant clarity, the Issuer shall bear all cost pertaining to listing of Sukuk. In case of listing, the Transfer Agent and consultant would be appointed at the cost of the Issuer.
SLR Eligibility	The Sukuk would be qualified as SLR eligible instrument, from Government of Pakistan ("GoP") and State Bank of Pakistan ("SBP"). Accordingly, Sukuk will be notified in the Gazette of Pakistan by GoP and be declared SLR eligible by SBP for all banks prior to drawdown/disbursement.





Stamp Duty	Stamp duty related to the Facility will be borne by the Issuer at actual(s).
Out-of-Pocket Expenses	The Issuer will pay or reimburse MLAs for reasonable out-of-pocket fees and expenses, capped at PKR 1,000,000 (which cap may be revised with mutual agreement with the Issuer) excluding the fees and expenses of MLAs business consultants and advisors which may be appointed with prior consent of Issuer which will be paid at actual(s) by the Issuer. Out-of-Pocket Expenses over and above PKR 1,000,000 would require prior approval of the Issuer.
Other Cost	All other costs relating to consultants, including but not limited to accountants, tax and marketing consultants (if any) will be paid by the Issuer at actual(s). For abundant clarity, all fees, already not captured in this Offer, with respect to issuance and listing of Sukuk would be paid by the Issuer at actual(s).
Information	The Issuer will supply all reasonable information to the Investors.
Conditions Precedent	<p>Conditions Precedent to issuance of Sukuk to be mutually agreed upon in the finance and security documents to be executed in respect of the Issue (the "Transaction Documents") and shall include, but not limited to, the following:</p> <ul style="list-style-type: none"> a) Internal credit and Sharia'h approvals of the Investors; b) Execution and delivery of all documentation required for a facility of this nature in form and substance satisfactory to both Investors and the Issuer; c) Creation and perfection of structure and security to the satisfaction of the Investors and Investors' Legal Counsel; d) Compliance with the Prudential Regulations as applicable on banks and other covenants agreed or to be mutually agreed between the Investors and the Issuer and contemplated in the ITS and the Transaction Documents. Any and all waivers required from State Bank of Pakistan or any other regulatory body including but not limited to approval for disbursement on the basis of Letter of Comfort and allocation of Public Sector Ceiling from State Bank of Pakistan ("SBP") / GoP (if required) for the Issue Amount in favor of the Investors; e) Declaration of the Issue as SLR eligible instrument, from Government of Pakistan ("GoP") and State Bank of Pakistan ("SBP"). Accordingly, the Issue will be notified in the Gazette of Pakistan by GoP and be declared SLR eligible by SBP for all banks prior to drawdown/disbursement; f) Comprehensive insurance/Takaful of assets (preferably by a Takaful company (if possible)) up to the amount of the Issue with relevant margin duly endorsed in favor of the Investment Agent; g) The Issuer will ensure that all consents, approvals, registrations and authorizations, Government and / or corporate, that are required for the procurement of the Issue, are in place and in full force;





- h) Due-diligence of the regulatory approvals, corporate approvals, by Investors and Investors' Legal Counsel up to their entire satisfaction;
- i) Submission of the documents, including but not limited to the following, to the Investors:
- Company Secretary certified Memorandum & Articles of Association (or equivalent identification documents) of the Issuer containing SECP stamp;
 - Board Resolution of Issuer authorizing the Issuer to issue the Sukuk;
 - SECP certified:
 - Certificate of Incorporation / Commencement of Business;
 - Form 29 and
 - Form A.
 - List of authorized signatories with specimen signatures, duly certified by the company secretary on letterhead;
 - List of directors with signatures, duly certified by the company secretary;
 - CNIC copies of all directors, duly attested by the company secretary;
 - Duly filled, signed and stamped Borrower's Basic Fact Sheet;
 - Duly filled signed and stamped Financing Application Form ("FAF");
 - Undertaking for Appropriate Utilization of Funds signed by authorized secretary.
- j) List of authorized signatories of Ministry of Finance and Companies, duly certified by the relevant authorities;
- k) Receipt of a satisfactory legal opinion from the Investors' Legal Counsel, confirming inter alia the validity, enforceability and binding effect of the obligations of the Issuer under the Transaction Documents, in a form and substance acceptable to the Investors;
- l) Payment of all due fees, costs and expenses (including but not limited to Investors' Legal Counsel's fees and Valuator's fee etc in accordance with the terms and conditions contained in this ITS and Transaction Documents);
- m) Valuation of Transaction Assets by Pakistan Banking Association ("PBA") approved valuator, acceptable to Investors;
- n) an Escrow Arrangement to the satisfaction of the Investors to be in place (as defined in the Security section);
- o) NOC/consent/permission (from each Company), as advised by Investors' Legal Counsel, in favour of Issuer to sell undivided share in the Assets to the Investors and creation of required security interest/charge over the Assets with SECP;
- p) Board Resolution from all the Companies, confirming clean and unencumbered status of the title documents of Assets and permission to enter into Sukuk transaction;





	<p>q) Provision of waiver/clarification from SECP with respect to non-applicability of Sukuk Regulation 2017 on the Issue.</p> <p>Any other conditions that the MLAs / Investors and the Investors' Legal Counsel may incorporate in the Transaction Documents.</p>
Transaction Covenants	<p>All covenants including financial covenants will be customary and mutually agreed upon in the Transaction Documents which shall include, but not limited to, the following:</p> <ul style="list-style-type: none"> a) Without the prior consent of the Investors, the Issuer or the Company(ies) shall not dispose of, sell, lease or otherwise create, incur, assume or suffer to exist any encumbrance whatsoever over the Transaction Assets; b) Compliance with Prudential Regulation of State Bank of Pakistan, at all times; c) Maintenance of applicable Security margin at all times; d) Maintain acceptable and adequate accounting, management and cost accounting systems and books and records of account in accordance with International Accounting Standards; e) The Issuer shall ensure that all approvals or consents necessary for carrying out the business and operations shall remain valid and in force during the entire Issue Tenor; f) All required insurances/Takaful are in full force and effect at all times during the Issue Tenor; g) Submission of audited half-year accounts within 60 days of half-year end and annual audited accounts within 120 days of the financial year-end by the Issuer. h) Sharia'h audit of the Sukuk will be done on annual basis (if required by SECP). The cost of Sharia'h audit will be borne by the Issuer. <p>Any other covenant which the MLAs, Investors and the Investors' Legal Counsel may deem necessary shall be incorporated in the Transaction Documents.</p>
Events of Default & Termination	<p>The Events of Default will be usual and customary for a transaction of this type and will be including, but not limited to, the following:</p> <ul style="list-style-type: none"> a) failure to make payments under Transaction Documents; b) breach of any term and/or covenant contained in the Transaction Documents; c) breach of any representation or warranty, contemplated in the Transaction Documents; d) Termination, suspension, repudiation or revocation of Transaction Documents; e) Illegality, invalidity or unenforceability of any of the Transaction Documents; or if Transaction Documents ceases to be in full force or effect; f) Invalidity of security or material diminution in the value of any security or secured property; g) Abandonment or destruction of the whole or a material part of the Security unless






	<p>fully insured and the insurance/takaful proceeds are available to be applied in reinstatement;</p> <p>h) Default of Issuer in any other financial arrangement with any other party ("Cross Default");</p> <p>i) Failure to comply with State Bank of Pakistan Prudential Regulations;</p> <p>j) Occurrence of any event (or series of events) which, in the reasonable opinion of the Agent, has or is likely to have or result in a Material Adverse Effect.</p> <p>Any other event which the MLAs, Investors and Investors' Legal Counsel may deem necessary shall be incorporated in the Transaction Documents.</p>
Indemnification	<p>The Issuer hereby indemnifies and agrees to hold harmless the MLAs, Investment Agent, Sharia'h Advisor and each of their affiliates and each of its respective officers, directors, employees, agents, advisors and representatives (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities, costs and expenses (hereinafter collectively referred as "Claim"), joint or several, that may be incurred by or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to the Offer or the Issue except to the extent such Claim has resulted from such Indemnified Party's gross negligence or wilful misconduct.</p>
Governing Laws	<p>The Transaction Documents will be governed by and construed in accordance with the laws of the Islamic Republic of Pakistan and Islamic banking regulations issued by SBP.</p>
Sharia'h Compliance	<p>The overall Issue will be structured and executed in Sharia'h Compliant manner in accordance to the guideline provided by the Sharia'h Advisor of the transaction and all parties involved in the transaction will commit to ensure the Sharia'h Compliance of this Issue at all times.</p>
Validity	<p>The above-mentioned terms and conditions of this Offer are valid if:</p> <ol style="list-style-type: none"> 1) If this term sheet is accepted by January 31, 2019 and; 2) The Transaction Documents have been signed within 2 months from the acceptance of this term sheet.

END OF TERMS AND CONDITIONS

We accept the above terms and conditions for and on behalf of the Issuer.


Authorized Signatory


Authorized Signatory

Please affix Company stamp alongside signatures and return it to the Investment Agent