

August 17, 2020

**By PUCARS**

The General Manager  
Pakistan Stock Exchange  
Stock Exchange Building  
Stock Exchange Road  
Karachi

**SUBJECT: DISCLOSURE OF MATERIAL INFORMATION**

Dear Sir,

In accordance with Section 96 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, we hereby inform you that the Committee for negotiations with Independent Private Power Producers ("IPPs"), notified by Government of Pakistan (the "**Committee**") and the IPPs representing the 2002 Power Policy projects, (collectively referred to as the "**Parties**") had several rounds of discussions in which the Committee had requested the IPPs to provide concession to the Government of Pakistan ("**GoP**") which concession shall be passed on in the form of relief to the citizens of Pakistan. The IPPs have reached an understanding with Committee to alter their existing contractual arrangements in the larger national interest, to the extent of, and strictly with respect to, the matters listed under the Memorandum of Understanding ("**MoU**") signed between the Parties on August 13, 2020. The terms of the MoU are subject to the approval of National Electric Power Regulatory Authority ("**NEPRA**"), Federal Cabinet, IPPs' Board of Directors, other necessary corporate approvals and execution of the final agreement between the relevant parties.

The Board of Directors of the Company in their meeting dated August 17, 2020 have in-principle approved the terms of the MoU.

The Parties have, inter alia, reached an understanding that; Return on Equity including Return on Equity During Construction shall be changed to 17% per annum in PKR on NEPRA approved equity at Commercial Operation Date of the Company calculated at USD/PKR exchange rate of PKR 148/USD, with no future USD indexation; fuel and O&M shall be taken as one consolidated line item and any future net savings shall be shared 60:40 in favour of the power purchaser and Company respectively, after accounting for any reserves created, or to be created for major overhaul if the reserve for major overhaul remains unutilized, it shall be shared in the ratio of 60:40 between the power purchaser and the IPP, respectively; Delayed Payment Rate ("**DPR**") under the Power Purchase Agreement shall be reduced to KIBOR + 2% for the first 60 days after the due date, and thereafter at KIBOR + 4.5% as per the Power Purchase Agreement. Delayed Payment rate of fuel supplier will also be adjusted accordingly. In order to assess if a company has made any excess profits, the reconciled numbers between the Committee and Company, shall be submitted to NEPRA who shall hear and decide this matter in accordance with the 2002 Power policy, tariff determination and Power Purchase Agreement. Moreover, the Government of Pakistan shall actively support the creation of competitive power markets. All projects shall convert their contracts to Take and Pay basis, without exclusivity, when Competitive Trading Arrangement is eventually implemented and becomes fully operational.

The Parties have agreed that payment of the receivables of the Company are an integral part of the MoU. The Power Purchaser and the Government of Pakistan will devise a mechanism for repayment

of the outstanding receivables with agreement on payment of receivables within an agreed time period, which will be reflected in the final/definitive agreement to be signed, post shareholder approval. Any understanding in relation to the definitive agreement will be disclosed as and when an agreement has been reached between the relevant parties.

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

Sincerely,

For and on behalf of  
Engro Powergen Qadirpur Limited

A handwritten signature in black ink, appearing to be 'S. A.', written in a cursive style.

Company Secretary