

Ref: PSX - 3969

August 17, 2020

The General Manager,  
Pakistan Stock Exchange Limited  
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 Narowal Energy Limited (a wholly owned subsidiary of The Hub Power Company Limited (Hubco) under the 2002 Power Policy) and the Committee for Negotiations with Independent Power Producers (constituted by the Federal Government), have executed a Memorandum of Understanding (MoU).

Pursuant to terms of the MoU, future O&M savings, as well as heat rate efficiency, shall be shared with the Power Purchaser. The ROE/ROEDC rate shall be changed from current 15% in US\$ to 17% in PKR with no future US\$ indexation. The US\$ equity shall be converted to PKR using exchange rate PKR/US\$ of 148. Late Payment Surcharge (LPS) will be lowered to KIBOR + 2.0% for the first sixty (60) days and then shall revert to KIBOR + 4.5% as per the PPA, while ensuring that payments follow the PPA mandated FIFO payment principles for this rate to be effective. The Parties have agreed that as and when the Competitive Trading Arrangement is implemented and becomes fully operational, the power plant shall move to Take and Pay as per the terms defined in the Generation License.

The Parties agreed payment of the receivables of the IPPs are an integral part of the MoU. The Power Purchaser and the Federal Government 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 agreement to be signed.

The terms of the MoU are subject to approval of the Board of Directors of Narowal Energy Limited and Hubco, as well as NEPRA and the Federal Cabinet and execution of a final agreement between the parties.

It is pertinent to mention that the MoUs being finalized and pertaining to the Power Plants operating under the 1994 Power Policy do not apply to Hubco as the Company was incorporated prior to 1994 Policy and is a stand-alone negotiated deal. While negotiations are underway between the Committee and the Company in relation to the Hub Power Plant, any understanding will be disclosed as and when an agreement has been reached.

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

Yours sincerely,



Shaharyar Nashat  
Company Secretary



Cc: Director/HOD Surveillance, Supervision and Enforcement Department SECP, Islamabad