August 31, 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 JDW Sugar Mills Limited (“Company”) and the Committee for Negotiations with Independent Private Power Producers (notified by Government of Pakistan as per notification number F.No.IPPs-1(12)/2019-20 dated June 03, 2020) (“Committee”) have executed a Memorandum of Understanding (“MoU”) connected to outstanding energy payments of the Company’s two bagasse based Co-gen power projects of 26 MW each from Central Power Purchasing Agency (“CPPA-G”) and revision in tariff components. Copy of MoU is annexed.

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

Thanking you.

Yours sincerely,

For and on behalf of
JDW Sugar Mills Limited

[Signature]

Company Secretary / Legal Head
Maqsood Ahmad Malhi

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

The Committee for Negotiations with Independent Private Power Producers notified by Government of Pakistan per notification number F.No.IPPs-1(12)/2019-20 dated 3.6.2020 (the "Committee") and JDW Sugar Mills Ltd. (Unit-III) (the "Co-Gen IPP"), which has set up a bagasse-based Co-gen Power Project pursuant to the Framework for Power Co-Generation 2013 (Bagasse/ Biomass) (the "Framework"), (collectively referred to as the "Parties") had several rounds of discussions and the Parties have agreed to alter their existing contractual arrangements to the extent of, and strictly with respect to, the matters listed under this Memorandum of Understanding ("MoU"). The terms of this MoU are subject to the approval of the Federal Cabinet, NEPRA, CPPA-G and Co-Gen IPP’s board of directors, lenders, shareholders and other necessary approvals.

JDW Sugar Mills Ltd. (Unit-III) has, in the larger national interest, voluntarily agreed to provide certain concessions as follows:

1. The operation and maintenance cost shall be reduced by 10%.

2. The Co-Gen IPP shall reduce their insurance during operations from existing arrangement to 0.7% of EPC cost approved under the respective tariff.

3. Return on Equity and Return on Equity during Construction shall be reduced from 17% USD based per annum to 12% USD based per annum for the next 5 years, after which it shall be changed to 17% PKR based per annum on NEPRA approved equity at CoD calculated at PKR/USD exchange rate of PKR 168/USD, with no future USD indexation.

4. If the Co-Gen IPP operates above the annual 45% plant factor (the "Average PF") in a year, the power purchaser shall pay 100% of the Variable Energy Payment and 30% of the Fixed Energy Payment for energy dispatched above 45% plant factor.

If the Co-Gen operates below the Average PF in any year ("Actual PF"), the difference between the Average PF and Actual PF shall be carried forward to the next year. In case the Co-Gen IPP operates above the Average PF in subsequent years, the power purchaser shall pay 100% of the Variable Energy Payment and 100% of the Debt Component out of the Fixed Energy Payment for the energy purchased above the Average PF to the extent of the shortfall energy occurring in previous years, after which 100% of the Variable Energy Payment and 30% of the Fixed Energy Payment shall be paid.

Both the above arrangements shall remain effective for every 5 years period starting from the Commercial Operation Date, after which fresh reset shall be done to re-start the new 5 years period. Subject to approval of CPPA-G, all pending court cases between CPPA-G and the Co-Gen IPP shall be withdrawn by both Parties.

5. The Co-Gen IPP shall coordinate with their lenders to extend the debt-tenor by five years and reduce the spread over KIBOR by 100-125 basis points. Entire benefit from these changes shall be passed on to the purchaser. The Committee shall recommend to the GoP to support the Co-Gen IPP in replacing its current KIBOR based long-term debt with State Bank of Pakistan’s refinancing facility for renewable projects, entire benefit of which shall be passed on to the purchaser.
6. The existing working capital component shall be delinked from coal price and shall be reworked on the basis of the bagasse price rationalization by NEPRA.

7. The Committee shall recommend to the GOP to support the Co-Gen IPP in resolving (a) rationalization of bagasse price by NEPRA on merit; and (b) income tax exemptions and concessions as per the Framework, irrespective of how the project has been legally structured, i.e., either through a separate vehicle or as a segment of the existing entity.

8. For all future invoices, Delayed Payment Rate ("DPR") under the EPA shall be reduced to KIBOR + 2% for the first 60 days after the due date, and thereafter at KIBOR + 4.5% as per the EPA. Further, for all invoices, the power purchaser shall ensure that payments follow the EPA mandated FIFO payment principle.

9. The Parties acknowledge that payment of the receivables of the Co-Gen IPPs is an integral consideration of this MoU. The mechanism for outstanding receivables shall be devised by the power purchaser and GoP, which shall be reflected in the final agreement(s).

10. The Parties agree that nothing contained in this MoU shall be deemed or be construed as an admission of liability, wrong-doing or improper action on the part of the Co-Gen IPP. This MoU or any of the terms of this MoU shall not be construed as an alteration or amendment to the EPA or the IA.

11. Once Federal Cabinet, NEPRA, CPPA-G and Co-Gen IPP’s Board of Directors and relevant stakeholders approve the terms of this MoU, the parties shall agree and document details and procedures of these understandings preferably within 30 days, after which the same shall be submitted to NEPRA and CPPA-G, to be followed by legal documentation to reflect the amendments needed in the tariff and relevant agreements.

12. This MoU is valid for six months from the date hereof and shall stand terminated on signing of the detailed agreements referred to in clauses 9 and 11 above.

For and on behalf of
Committee for Negotiation with IPPs

[Signature]
Name: Babar Yaqoob Fateh Muhammad
Designation: Chairman
Dated: August 28, 2020

For and on behalf of
JDW Sugar Mills Ltd.
(Unit-III)

[Signature]
Name: Rana Nasim Ahmed
Designation: Chief Operating Officer