

Ref: **PSX - 4006**

January 25, 2021

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

**Subject: Disclosure of Material Information**

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 Central Power Purchasing Agency (Guarantee) Limited (Power Purchaser) have initialed an agreement ("Agreement") in furtherance of the Memorandum of Understanding dated 12<sup>th</sup> August 2020.

Under the Agreement, at the request of the Government of Pakistan, in the larger national interest and sectoral sustainability, the future O&M savings and heat rate efficiency, shall be shared by the Parties.

The payment of overdue receivables is an integral part of the Agreement and the payment mechanism of the Company's overdue receivables is in the process of being finalized with instalments comprising cash and other financial instruments. On payment of the said receivables, Late Payment Surcharge (LPS) on future invoices 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 ROE/ROEDC rate shall be changed from the current rate of 15% in US\$ to 17% in PKR, with no future US\$ indexation and the US\$ equity shall be converted to PKR using exchange rate PKR/US\$ of 148. However, the current indexation shall continue to be applied until the date the applicable exchange rate under the present Tariff reaches PKR/US\$ of 168. Further, on full implementation of the Competitive Trading Arrangement, subject to mutual agreement between the Parties, the plant will move to Take & pay basis. Reconciliation and terms of assessment of past payments will also form part of this Agreement. Settlement of withheld Capacity Payments dispute settled by LCIA pending enforcement before the Lahore High Court is also part of the Agreement.

The terms of the Agreement are subject to approval of the Board of Directors of Narowal Energy Limited, Hubco, NEPRA, the Federal Cabinet and execution of a final binding agreement. 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,



Sohail Kassamali  
Company Secretary

