

# NISHAT MILLS LIMITED



NML/PSX/ 153

February 03, 2021

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

**Subject: Disclosure of Material Information**

Dear Sir,

In accordance with the applicable provisions of the Securities Act, 2015 and Rule Book of Pakistan Stock Exchange Limited, we are pleased to convey the following information:

*Nishat Power Limited ("NPL") a Subsidiary Company of Nishat Mills Limited ("the Company") and the Central Power Purchasing Agency (Guarantee) Limited (the "Power Purchaser") have initialed "Master Agreement" and "PPA Amendment Agreement". The formal signing of these agreements is subject to approvals of the Board of Directors of NPL, other stakeholders and regulatory approvals.*

The Subsidiary Company has disclosed the terms of the agreement and other material information in the enclosed letter to the General Manager, Pakistan Stock Exchange Limited dated 03 February 2020."

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

A disclosure form is attached herewith. You may please inform the members of your Exchange, accordingly.

Yours' sincerely

  
**Khalid Mahmood Chohan**  
Company Secretary

# NISHAT MILLS LIMITED



## NISHAT MILLS LIMITED DISCLOSURE FORM (Securities Act, 2015)

03 February, 2021

Name of the Company	Nishat Mills Limited
Date of Report (Date of earliest event reported if applicable)	N/A
Exact Name of the Company as specified in its Memorandum	Nishat Mills Limited
Registered address of the Company	Nishat House, 53-A, Lawrence Road, Lahore.
Contact Information	<b>Mr. Khalid Mahmood Chohan</b> Company Secretary Tel: +92 42 36301654 Fax: +9242 36367414
Disclosure of inside information by the Company in terms of Securities Act, 2015	<p><i>Nishat Power Limited ("NPL") a Subsidiary Company of Nishat Mills Limited ("the Company") and the Central Power Purchasing Agency (Guarantee) Limited (the "Power Purchaser") have initialed "Master Agreement" and "PPA Amendment Agreement". The formal signing of these agreements is subject to approvals of the Board of Directors of NPL, other stakeholders and regulatory approvals.</i></p> <p>The Subsidiary Company has disclosed the terms of the agreement and other material information in the enclosed letter to the General Manager, Pakistan Stock Exchange Limited dated 03 February 2020."</p>

  
**Khalid Mahmood Chohan**  
Company Secretary

# NISHAT POWER LIMITED



NPL/PSX/

February 03, 2021

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

## Subject: Disclosure of Material Information

Dear Sir,

In accordance with the applicable provisions of the Securities Act, 2015 and Rule Book of Pakistan Stock Exchange Limited, we are pleased to convey the following information:

*"Nishat Power Limited (the "Company") and the Central Power Purchasing Agency (Guarantee) Limited (the "Power Purchaser") have initialed "Master Agreement" and "PPA Amendment Agreement". The formal signing of these agreements is subject to approvals of the Board of Directors of the Company, other stakeholders and regulatory approvals.*

*The terms of the Master Agreement are, inter alia:*

- a) *Starting from financial year 2021-22, any future savings in fuel shall be shared on a sliding scale starting from 70:30 in favor of the power purchaser for the first 0.5% efficiency improvement above currently NEPRA determined benchmark efficiency, followed by 60:40 for next 0.5%, followed by 50:50% for next 0.5%, and finally 40:60 for any efficiency above that. Power purchaser shall not share in any efficiency losses. However, fuel losses in any financial year shall be carried forward for the adjustment in subsequent financial years.*
- b) *Starting from financial year 2021-22, any future savings in O&M shall be shared 50:50 after accounting for reserve/accruals created or accrued, or to be created for overhauling, to be reviewed by power purchaser. The Parties agree that if the reserve/accruals for overhauls remains unutilized at the end of the Term, it shall be shared in half (the ratio of 50:50) between the Power Purchaser and the Company. If the overhauls expense exceeds the reserves available at the time of overhauls, the difference shall be carried over to the future years. The Power Purchaser shall not be liable to share in O&M and overhauls losses.*
- c) *The Power Purchaser shall appoint, at its own cost, a reputable international independent consultant to perform a one-time detailed heat rate test, and the terms of reference, standards and corrections required shall be agreed in the Operating Committee, in order to ensure that the actual efficiency matches the efficiency reported in the most recent annual financial statement.*
- d) *The Company agrees to prospective reduction in tariff component with the Return on Equity ("RoE") and Return on Equity During Construction ("RoEDC"), 17% per annum in PKR on NEPRA approved equity at Commercial Operations Date for RoE and RoEDC calculated at USD/PKR exchange rate of PKR 148/USD, with no future USD indexation for local investors. Notwithstanding anything contained otherwise herein, the existing RoE and RoEDC, together with the applicable indexations, shall continue to be applied until the date the applicable exchange rate*

### HEAD OFFICE

1-9, AX2 AVENUE, CANTONMENT, MULHERO Y, LAHORE. TEL: +92-42-3571700-04, 3571704-04, FAX: +92-42-35717208, Email: [nishat@nishatpower.com](mailto:nishat@nishatpower.com), Website: [www.nishatpower.com](http://www.nishatpower.com)

### REGISTERED OFFICE

185/MT HONDA, 66/A, LAHORE ROAD, LAHORE. TEL: 111-110-385 FAX: +92-42-35367414

### POWER STATIONS

100 Km, Lahore - Multan Road, On M4 Link Street Near Jambhar Kalan, Tehsil Faisal, District Kocher. Tel: 92-42-36330118-4, 343-4332271-80

# NISHAT POWER LIMITED



*under the present Tariff reaches PKR 168/USD1 (i.e., the date of the signing of the MoU), whereupon the revised RoE and RoEDC shall apply for the remainder of the Term of the PPA.*

- e) Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational, as per the terms stipulated in the Generation License. The Power Purchaser, in the interim, shall work towards providing access to the bilateral market at the earliest and the Government of Pakistan shall actively support the creation of competitive power market.*
- f) The resolution of the dispute as to alleged savings in tariff components as, inter alia, alleged in the report dated 16th March 2020, titled "Government's Committee for Power Sector Audit, Circular Debt Resolution and Future Roadmap" notified by the Government of Pakistan vide IPP-01(12)/2017 dated 7th August 2019, allegedly in violation of applicable GoP Policies, tariff determined by NEPRA and the relevant Project Agreements, will be done through arbitration in terms of the Arbitration Submission Agreement.*

*The terms of the PPA Amendment Agreement are, inter alia:*

- a) The payment of receivables to this Agreement remains an integral part of this Agreement.*
- b) The Parties have decided to amicably settle the Dispute relating to withheld Capacity Payments and in doing so the existing Term of the PPA will be extended by days equivalent to Disputed Period*
- c) Definition of "delayed payment rate" has been amended to (a) for the first sixty (60) Days, KIBOR plus two percent per annum, compounded semi-annually; (b) for any period thereafter, KIBOR plus four-point five percent per annum, each compounded semi-annually.*

*To bring into effect the aforesaid, the following arrangement emanated in the Master Agreement, inter alia*

- i) Tariff Adjustment Application to be submitted to NEPRA as a necessary condition to bring into effect changes in tariff components.*
- ii) After notification of the revised tariff determination in line with the Tariff Adjustment Application and payment of first instalment under the Master Agreement, and till Revised Tariff Effective Date, the Parties agree that the Company shall, subject to resolution of the outstanding LCIA Award, commence giving discount in future invoices consistent with the notified tariff and this Agreement. From and after the Revised Tariff Effective Date, billing and invoicing shall be as per the revised tariff. Power Purchaser shall ensure that the revised Tariff determined by NEPRA is in accordance with the Tariff Adjustment Application.*
- iii) The Power Purchaser shall ensure that all invoices shall follow the PPA mandated FIFO payment principle. As long as the Power Purchaser follows the PPA mandated FIFO payment principle in relation to past and future payments, the Company in consideration of the same, hereby agrees to forego and waive all of its claims of late payment interest on late payment interest invoices (DPR on DPR) and withdraws all such invoices.*
- iv) The payment of receivables is an integral part of the Agreement and that the total outstanding amount on 30th November 2020 will be paid in two instalments, with 40% of the overdue receivables upon notification of Tariff Determination by NEPRA (comprising 1/3rd cash and 2/3rd*

## HEAD OFFICE

1-A, GIZ TOWER, CANAL BANK, SHEHR- E- LAHORE. TEL: +92-42-3577260-03, 3577195-03, FAX: +92-42-3577126, Email: [info@nishatpower.com](mailto:info@nishatpower.com), Website: [www.nishatpower.com](http://www.nishatpower.com)

## REGISTERED OFFICE

WORKS HOUSE, 80/A, LAHORE ROAD, LAHORE. TEL: 111-116-060 FAX: +92-42-3587614

## POWER STATIONS

86 5th, Lahore - Station Road, Co 20 1st Road Near Jinnah Station, Model Town, District Lahore. Tel: 042-35-050116-3, 042-350271-3

# NISHAT POWER LIMITED



*financial instruments of PIBs and Sukuks) and the remaining 60% payable 6 months thereafter through the same method as that of the first instalment. The Parties agree that above mechanism will be followed without affecting the right of the Company to receive late payment interest under the PPA as amended pursuant to this Agreement and that the Company in consideration of the above agrees to replenish the fuel stock at the Complex as per the PPA.*

*In the event of any default by the Power Purchaser under this Agreement, the Company shall suspend giving Tariff Discounts from the date of default; provided however, if such default is not cured within a period of seventy (70) Days, the Company shall have the right to terminate this Agreement by seven (7) Days' Notice, with no rights and obligations of either party arising out of the termination of this Agreement. Termination of this Agreement shall not affect the accrued rights of the Parties. However, determination of revised tariff under Tariff Adjustment Application, resolution of LCIA Award and remedies available in Master Agreement as to Dispute Resolution shall continue in force after termination and shall continue in effect and be binding upon the Parties and Article XVIII (resolution of Disputes) of the PPA shall apply mutatis mutandis.*

*Further to above, as Power Purchase Agreement was entered into between NTDC and the Company; the Parties along with NTDC, have agreed to enter into a novation agreement.*

*By agreeing to the above terms and conditions, the Power Purchaser agrees to assist and support the Company in Tax issues with Federal Board of Revenue for early and positive resolution of all ongoing cases including apportionment of input tax on capacity purchase price invoice, minimum tax on capacity purchase price invoice, and taxability of late payment charges etc."*

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

A disclosure form is attached herewith. You may please inform the members of your Exchange, accordingly.

Yours' sincerely

  
Khalid Mahmood Chohan  
Company Secretary

## HEAD OFFICE

: 1-B, AZEE MANSION, CANAL BANK, GULSHAN E, LAHORE. TEL: +92-42-5871700-05, 5871700-03, FAX: +92-42-5871700, Email: [info@nishatpower.com](mailto:info@nishatpower.com), Website: [www.nishatpower.com](http://www.nishatpower.com)

## REGISTERED OFFICE

: NIGHT HOUSE, 23/A, LAHORE ROAD, LAHORE. TEL: 111-113-633 FAX: +92-42-36367414

## POWER STATIONS

: 88 Km, Lahore - Multan Road, On 88 Link Road Near Jambor Station, Takhal Pothoh, District Faisalabad. Tel: 92-42-9830911-3, 940-493871-03

# NISHAT POWER LIMITED



## NISHAT POWER LIMITED DISCLOSURE FORM (Securities Act, 2015)

03 February, 2021

Name of the Company	Nishat Power Limited
Date of Report (Date of earliest event reported if applicable)	13 August, 2020
Exact Name of the Company as specified in its Memorandum	Nishat Power Limited
Registered address of the Company	Nishat House, 53-A, Lawrence Road, Lahore.
Contact Information	Mr. Khalid Mahmood Chohan Company Secretary Tel: +92 42 36301654 Fax: +9242 36367414
Disclosure of inside information by the Company in terms of Securities Act, 2015	<p><i>"Nishat Power Limited (the "Company") and the Central Power Purchasing Agency (Guarantee) Limited (the "Power Purchaser") have initialed "Master Agreement" and "PPA Amendment Agreement". The formal signing of these agreements is subject to approvals of the Board of Directors of the Company, other stakeholders and regulatory approvals.</i></p> <p><i>The terms of the Master Agreement are, inter alia:</i></p> <p>a) <i>Starting from financial year 2021-22, any future savings in fuel shall be shared on a sliding scale starting from 70:30 in favor of the power purchaser for the first 0.5% efficiency improvement above currently NEPRA determined benchmark efficiency, followed by 60:40 for next 0.5%, followed by 50:50% for next 0.5%, and finally 40:60 for any efficiency above that. Power purchaser shall not share in any efficiency losses. However, fuel losses in any financial year shall be carried forward for the adjustment in subsequent financial years.</i></p> <p>b) <i>Starting from financial year 2021-22, any future savings in O&amp;M shall be shared 50:50 after accounting for reserve/accruals created or accrued, or to be created for overhauling, to be reviewed by power purchaser. The Parties agree that if the reserve/accruals for overhauls remains unutilized at the end of the Term, it shall be shared in half (the ratio of 50:50) between the Power Purchaser and the Company. If the overhauls expense exceeds the reserves available at the time of overhauls, the difference shall be carried over to the future years. The Power Purchaser shall not be liable to share in O&amp;M and overhauls losses.</i></p>

### HEAD OFFICE

: 1-5, ANZ AVENUE, CORAL SPAE, SHEMEER U, LAHORE. TEL: +92-42-3571100-02, 3571100-05, FAX: +92-42-3571100, Email: [info@nishatpower.com](mailto:info@nishatpower.com), Website: [www.nishatpower.com](http://www.nishatpower.com)

### REGISTERED OFFICE

: NISHAT HOUSE, 53-A, LAWRENCE ROAD, LAHORE. TEL: 111-115-000 FAX: +92-42-36367414

### POWER STATIONS

: 03 Km, Lahore - Shalimar Road, On RR Link Road Near Jinnah Park, White Palace, District Faisalabad. Tel: 99-02-32300115-0, 040-4365711-03

# NISHAT POWER LIMITED



- c) *The Power Purchaser shall appoint, at its own cost, a reputable international independent consultant to perform a one-time detailed heat rate test, and the terms of reference, standards and corrections required shall be agreed in the Operating Committee, in order to ensure that the actual efficiency matches the efficiency reported in the most recent annual financial statement.*
- d) *The Company agrees to prospective reduction in tariff component with the Return on Equity ("RoE") and Return on Equity During Construction ("RoEDC"), 17% per annum in PKR on NEPRA approved equity at Commercial Operations Date for RoE and RoEDC calculated at USD/PKR exchange rate of PKR 148/USD, with no future USD indexation for local investors. Notwithstanding anything contained otherwise herein, the existing RoE and RoEDC, together with the applicable indexations, shall continue to be applied until the date the applicable exchange rate under the present Tariff reaches PKR 168/USD1 (i.e., the date of the signing of the MoU), whereupon the revised RoE and RoEDC shall apply for the remainder of the Term of the PPA.*
- e) *Company shall convert its PPA to take and pay basis, without exclusivity, when competitive trading arrangement is implemented and becomes fully operational, as per the terms stipulated in the Generation License. The Power Purchaser, in the interim, shall work towards providing access to the bilateral market at the earliest and the Government of Pakistan shall actively support the creation of competitive power market.*
- f) *The resolution of the dispute as to alleged savings in tariff components as, inter alia, alleged in the report dated 16th March 2020, titled "Government's Committee for Power Sector Audit, Circular Debt Resolution and Future Roadmap" notified by the Government of Pakistan vide IPP-01(12)/2017 dated 7th August 2019, allegedly in violation of applicable GoP Policies, tariff determined by NEPRA and the relevant Project Agreements, will be done through arbitration in terms of the Arbitration Submission Agreement.*

*The terms of the PPA Amendment Agreement are, inter alia:*

- a) *The payment of receivables to this Agreement remains an integral part of this Agreement.*

## HEAD OFFICE

: 4-B, AZIZ AVENUE, CASAL BANK, BULWARK V, LAHORE. TEL: +92-42-977189-03, 977178-01, FAX: +92-42-977178-04, Email: [info@nishatpower.com](mailto:info@nishatpower.com), Website: [www.nishatpower.com](http://www.nishatpower.com)

## REGISTERED OFFICE

: 18/187 HOUSE, USA, LAHORE. TEL: 111-113-499 FAX: +92-42-9997414

## POWER STATIONS

: 06 Km, Lahore - Multan Road, On US Link Road Near Jinnah Park, Tehsil Pattoki, District Rawat. Tel: 99-42-36296110-0, 99-4363271-00

# NISHAT POWER LIMITED



b) *The Parties have decided to amicably settle the Dispute relating to withheld Capacity Payments and in doing so the existing Term of the PPA will be extended by days equivalent to Disputed Period*

c) *Definition of "delayed payment rate" has been amended to (a) for the first sixty (60) Days, KIBOR plus two percent per annum, compounded semi-annually; (b) for any period thereafter, KIBOR plus four-point five percent per annum, each compounded semi-annually.*

*To bring into effect the aforesaid, the following arrangement enumerated in the Master Agreement, inter alia*

i) *Tariff Adjustment Application to be submitted to NEPRA as a necessary condition to bring into effect changes in tariff components.*

ii) *After notification of the revised tariff determination in line with the Tariff Adjustment Application and payment of first instalment under the Master Agreement, and till Revised Tariff Effective Date, the Parties agree that the Company shall, subject to resolution of the outstanding LCIA Award, commence giving discount in future invoices consistent with the notified tariff and this Agreement. From and after the Revised Tariff Effective Date, billing and invoicing shall be as per the revised tariff. Power Purchaser shall ensure that the revised Tariff determined by NEPRA is in accordance with the Tariff Adjustment Application.*

iii) *The Power Purchaser shall ensure that all invoices shall follow the PPA mandated FIFO payment principle. As long as the Power Purchaser follows the PPA mandated FIFO payment principle in relation to past and future payments, the Company in consideration of the same, hereby agrees to forego and waive all of its claims of late payment interest on late payment interest invoices (DPR on DPR) and withdraws all such invoices.*

iv) *The payment of receivables is an integral part of the Agreement and that the total outstanding amount on 30th November 2020 will be paid in two instalments, with 40% of the overdue receivables upon notification of Tariff Determination by NEPRA (comprising 1/3rd cash and 2/3rd financial instruments of PIBs and Sukuk) and the remaining 60% payable 6 months thereafter through the same method as that of the first instalment. The Parties agree that above mechanism will be followed without affecting the right of the Company to receive late payment interest under the PPA as amended pursuant to this Agreement and that the Company in consideration of the*

## HEAD OFFICE

: 1-B, AZIZ AVENUE, CANAL BANK, BULWERI V, LAHORE. TEL: +92-42-9871769-98, 9871769-99, FAX: +92-42-9871728, Email: [info@nishatpower.com](mailto:info@nishatpower.com), Website: [www.nishatpower.com](http://www.nishatpower.com)

## REGISTERED OFFICE

: NISHAT HOUSE, 82/A, LAHOREN ROAD, LAHORE. TEL: 111-118-555 FAX: +92-42-98397614

## POWER STATIONS

: 88 Km, Lahore - Multan Road, On the Link Road Near Jambor Kales, Tahsil Faisal, District Khanewar. Tel: 92-42-98269114-5, 048-4384371-88



# NISHAT POWER LIMITED



above agrees to replenish the fuel stock at the Complex as per the PPA.

*In the event of any default by the Power Purchaser under this Agreement, the Company shall suspend giving Tariff Discounts from the date of default; provided however, if such default is not cured within a period of seventy (70) Days, the Company shall have the right to terminate this Agreement by seven (7) Days' Notice, with no rights and obligations of either party arising out of the termination of this Agreement. Termination of this Agreement shall not affect the accrued rights of the Parties. However, determination of revised tariff under Tariff Adjustment Application, resolution of LCIA Award and remedies available in Master Agreement as to Dispute Resolution shall continue in force after termination and shall continue in effect and be binding upon the Parties and Article XVIII (resolution of Disputes) of the PPA shall apply mutatis mutandis.*

*Further to above, as Power Purchase Agreement was entered into between NTDC and the Company; the Parties along with NTDC, have agreed to enter into a novation agreement.*

*By agreeing to the above terms and conditions, the Power Purchaser agrees to assist and support the Company in Tax issues with Federal Board of Revenue for early and positive resolution of all ongoing cases including apportionment of input tax on capacity purchase price invoice, minimum tax on capacity purchase price invoice, and taxability of late payment charges etc."*

  
Khalid Mahmood Chohan  
Company Secretary

## HEAD OFFICE

: 1-3, AZIZ KHAN, DUAL BANK, GULBERG II, LAHORE. TEL: +92-42-9871700-01, 9871700-02, FAX: +92-42-9871720, Email: nishat@nishatpower.com, Website: www.nishatpower.com

## REGISTERED OFFICE

: KIBRAH HOUSE, 83/A, LAHORE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-9887414

## POWER STATIONS

: 64 Km, Lahore - Multan Road, On NH Link Canal Near Jambhar Estate, Tahsil Faisal, District Faisal. Tel: 92-99-9822110-0, 948-438221-20