

JDW SUGAR Mills Ltd.

February 16, 2021

JDWS/02/21

1-The General Manager

Pakistan Stock Exchange Ltd.
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

2- The Director Enforcement

Supervision and Enforcement Division
Securities & Exchange Commission of Pakistan,
NIC Building, 63 Jinnah Avenue, Blue Area
ISLAMABAD.

Dear Sirs,

MATERIAL INFORMATION

In accordance with Section 96 of the Securities Act, 2015 read with Clause 5.6.1(a) of PSX Regulations, we hereby convey the following information:

In terms of negotiation between **Committee for Negotiations with IPPs** and **JDW Sugar Mills Limited** (the "**JDW/Company**"), the JDW and Central Power Purchasing Agency (Guarantee) Limited (the "**CPPA-G**") have executed "Master Agreements", "EPA Amendment Agreements" and ancillary "Novation Agreements" on February 12, 2021 (the "**Agreements**") for its Co-generation Power Projects located at JDW Sugar Mills Limited – Unit-II and JDW Sugar Mills Limited – Unit-III. By virtue of above Agreements and negotiations, following terms have been agreed between Company and Government of Pakistan/CPPA-G:

- Operation and maintenance costs has reduced by ten percent (10%);
- Insurance costs has also reduced during operations to seven-tenths of one percent (0.7%) of the EPC cost approved under the Company's tariff;
- If Company operates Co-Gen plants above 45% Plant factor (the "**Average PF**") in a year, the CPPA-G shall pay 100% of Variable Energy Payment and 30% of Fixed Energy Payment for energy produced above 45% plant factor;

If the Company operates below the Average PF in any year (the "**Actual PF**"), the difference between the Average PF and Actual PF shall be carried forward to the next year. In case the Company operates above the Average PF in subsequent years, the CPPA-G shall pay 100% of the Variable Energy Purchase Price and 100% of the Debt Service Component as per the Tariff out of the Fixed Energy Purchase Price 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 Purchase Price and 30% of the Fixed Energy Purchase Price shall be paid;

- Return on Equity is reduced to 12% on USD basis for next 05 years and thereafter it will be automatically changed to 17% on PKR basis per annum on NEPRA approved equity at CoD calculated at PKR/USD exchange rate of PKR 168/USD with no future USD indexation;

- The outstanding amount due by CPPA-G as on 30th November 2020 aggregating to **Rs. 2,041 Million** (approx.) will be paid in two installments (40% in Feb 2021 and 60% in Aug 2021) 33% in cash and 67% in Sukuks Bonds and PIBs;
- On account of Plant Factor over 45% there has been a sharing of 70:30 of fixed energy purchase price, 70% of such amount of i.e. approx. **Rs. 3,323 Million** will go in favour of energy purchaser which has been accounted for in the books of accounts of the company accordingly;
- Amendments pertaining to tariff may require approval of NEPRA which CPPA-G is obligated to obtain as per agreed tariff adjustment petition; and
- CPPA-G shall support and assist the Company in obtaining the exemptions and concessions in respect of income tax as per the Framework for Power Cogeneration 2013 (Bagasse/Biomass), irrespective of how the project has legally been structured, i.e. either through a separate vehicle or as a segment of the existing entity as soon as possible, preferably by 31st July 2021.

You are requested to disseminate the Members of Exchange accordingly.

Yours sincerely,

For & on behalf of:

JDW Sugar Mills Limited



(Maqsood Ahmad)

Company Secretary