

Ref: KAPCO/2022/K-3/L-004
July 26, 2022

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The General Manager
Pakistan Stock Exchange Limited
Karachi

DISCLOSURE OF MATERIAL INFORMATION

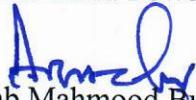
Dear Sir,

The National Electric Power Regulatory Authority (NEPRA) has issued a show cause notice (received on July 25, 2022) to the Company under section 27B of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (NEPRA Act) read with relevant rules and regulations alleging prima facie violation of Regulation 6 (2) of NEPRA Interim Power Procurement (Procedures and Standards) Regulations, 2005 in respect of the extension of the Company's Power Purchase Agreement (PPA) for a period of 485 days pursuant to the terms agreed between the Company and the Power Purchaser for settlement of the liquidated damages dispute between the Company and the Power Purchaser by invoking the terms of the PPA under Other Force Majeure Events (OFME).

Through the show cause notice, NEPRA has sought reply of the Company, to be submitted not later than fifteen days of receipt of the show cause notice, as to why appropriate legal action may not be taken against the Company under relevant rules and regulations of the NEPRA Act, inter alia, including imposition of fine as prescribed. It is Company's position that the extension of the PPA for 485 days is within the terms of the PPA and Company's application for extension of generation license was filed with NEPRA within the period stipulated in the applicable regulations. Hence, there is no breach by the Company of any applicable regulations. The Company will contest the show cause notice as per law by, inter alia, submitting a detailed reply within the stipulated period and will vehemently present its case before NEPRA and all relevant forums that there is no breach by the Company of any rules and regulations under the NEPRA Act.

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

Yours faithfully,
for Kot Addu Power Company Limited


Aftab Mahmood Butt
Chief Executive

Copy to:
Executive Director/HOD, Offsite – II Department, Supervision Division, SECP,
Islamabad.



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