

NISHAT POWER LIMITED



NPL-PSE/94

October 23, 2020

The General Manager,
Pakistan Stock Exchange Ltd.
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

PUCARS / TCS

SUB: FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Dear Sir,

We have to inform you that the Board of Directors of **Nishat Power Limited** (the "Company") in their meeting held on October 23, 2020 (Friday), at 11:00 a.m. at 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore, recommended the followings:-

- i) **CASH DIVIDEND**
NIL
- ii) **BONUS SHARES**
NIL
- iii) **RIGHT SHARES**
NIL
- iv) **ANY OTHER ENTITLEMENT**
NIL
- v) **ANY OTHER PRICE-SENSITIVE INFORMATION**

In accordance with the requirements of the PSX Rule Book read with applicable provisions of Securities Act, 2015, we are pleased to provide you the following information:

In continuation to material information disclosed on August 19, 2020 whereby it was informed that Nishat Power Limited ('the Company') and the Committee for Negotiations with Independent Power Producers (constituted by the Federal Government) executed a Memorandum of Understanding (MoU), it is now informed, the Board of Directors of the Company ('BoD') in their meeting dated October 23, 2020 have in-principle approved the terms of the MoU dated August 13, 2020 subject to conditions (i) the satisfactory payment of the receivables of the Company within a definite timeline and (ii) the satisfactory resolution of the matter of retrospective profits (iii) other regulatory approvals, and along with the satisfaction of reservations mentioned in the Company's side letter dated August 13, 2020 which is to be considered as integral part of the MoU.

HEAD OFFICE

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: +92-42-35717239, Email: nishat@nishatpower.com, Website: www.nishatpower.com

REGISTERED OFFICE

: NISHAT HOUSE, 53/A, LAWRENCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414

POWER STATIONS

: 66 Km, Lahore - Multan Road, On BS Link Canal Near Jambar Kalan, Tehsil Pattoki, District Kasur. Tel: 92-42-35260118-9, 049-4388271-80

NISHAT POWER LIMITED



(2)

The salient features of the MoU are as follows;

1. The Company has, in larger national interest, voluntarily agreed to provide concessions considering the facts that the significant period has passed since its commercial operation date.
2. For oil fired projects, 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.
3. For oil fired projects, any future savings in O&M shall be shared 50:50 after accounting for any reserves created, or to be created, for major overhauling, to be reviewed by power purchaser or NEPRA as mutually agreed. If the reserve for major overhaul remains unutilized, it shall be shared in the ratio of 50:50 between the power purchaser and the IPPs. In case the major overhaul expense exceeds the reserves available at the time of major overhaul, the difference shall be carried forward to the future years. Power purchaser shall not share in O&M and major overhaul losses.
4. For gas fired projects, fuel and O&M shall be taken as one consolidated line item and any future net savings shall be shared 60:40 in favor of the power purchaser and IPPs respectively, after accounting for any reserves created, or to be created for major overhaul, to be reviewed by power purchaser or NEPRA as mutually agreed. If the reserve for major overhaul remains unutilized, it shall be shared in the ratio of 60:40 between the power purchaser and the IPPs. In case the major overhaul expense exceeds the reserves available at the time of major overhaul, the difference shall be carried forward to the future years. Power purchaser shall not share in O&M and major overhaul losses.
5. In order to ensure that the actual efficiency is matching the efficiency reported in the financial statements, the power purchaser shall appoint a reputable international independent consultant to perform a one-time detailed heat rate test for all IPPs, for which the power purchaser and IPPs' representatives shall agree on the TORs, standards and corrections required.
6. For all future invoices, Delayed Payment Rate ("DPR") under the PPA shall be reduced to KIBOR + 2% for the first 60 days after the due date, and thereafter at KIBOR + 4.5% as per the PPA. For IPPs where Gas Supply Agreement is signed with an entity with significant ownership of GoP, same DPR rates shall be payable by the IPPs to gas supplier. Further, for all invoices, the power purchaser shall ensure that payments follow the PPA mandated FIFO payment principle.

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(3)

7. In future, for foreign equity investment presently registered with SBP, the Return on Equity ("RoE") including Return on Equity During Construction ("RoEDC") shall be changed to 12% per annum, and for local investors, the RoE including RoEDC shall be changed to 17% per annum in PKR on NEPRA approved equity at CoD calculated at PKR/USD exchange rate of PKR 148/USD, with no future USD indexation. The miscalculation of IRR, on account of periodicity of payments, has been addressed through this reduction in return component.

8. The Government of Pakistan shall actively support the creation of competitive power markets. All projects shall convert their contracts to Take and Pay basis, without exclusivity, when Competitive Trading Arrangement is implemented and becomes fully operational, as per the terms defined in the license of IPPs. In the interim period, CPPA (G) shall work towards providing access to the bilateral market at the earliest.

9. In order to assess if IPPs have made any excess profits, the reconciled numbers between the Committee and the IPPs shall be submitted to NEPRA. As a legal body vested with the authority for tariffs, NEPRA shall hear and decide this matter in accordance with the 2002 Power policy, tariff determinations and PPAs and provide for a mechanism for recoveries, where applicable.

10. The Parties recognize that payment of the receivables of the IPPs is an integral part of this MoU. The Power Purchaser and GOP shall devise a mechanism for repayment of the outstanding receivables with agreement on payment of receivables within an agreed time period which shall be reflected in the final agreement to be signed. The power purchaser shall ensure adherence to its contractual obligations, and GoP and power purchaser shall work towards resolution of the LCIA awards for the relevant IPPs.

11. 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 IPP. Except for the matters provided in this MoU nothing shall prejudice any other rights and remedies available to the Parties under the relevant agreements.

12. This MoU or any of the terms of this MoU shall not be construed as an alteration or amendment to the Power Purchase Agreement or Implementation Agreement. Once NEPRA, Federal Cabinet and Board of Directors of the IPP 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.

13. This MoU is valid for six months from the date hereof and shall stand terminated on signing of the detailed agreement referred to in clauses 10 and 12 above.

Any further progress on the above matter shall be disseminated in terms of the applicable legal framework.

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(4)

THE FINANCIAL RESULTS OF THE COMPANY: -

The un-consolidated profit and loss account of the Company for the quarter ended September 30, 2020 is as follows: -

	Quarter ended	
	September 30, 2020	September 30, 2019
	(Rupees in thousand)	
Sales	4,117,102	4,952,515
Cost of sales	(3,024,929)	(3,200,175)
Gross profit	1,092,173	1,752,340
Administrative expenses	(67,206)	(75,536)
Other income	725	233
Finance cost	(104,988)	(339,039)
Profit before taxation	920,704	1,337,998
Taxation	-	-
Profit for the period	920,704	1,337,998
Earnings per share - basic and diluted (in Rupees)	2.600	3.779

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(6)

Disclosure form in terms of Section 96 of the Securities Act 2015, is attached for information and circulation amongst the TRE certificate holders of the Exchange.

The accounts for the period ended September 30, 2020 of the Company will be transmitted through PUCARS.

Thanking you,

Yours truly,


KHALID MAHMOOD CHOHAN
(COMPANY SECRETARY)

Copy to: -

The Director / HOD,
Surveillance, Supervision and Enforcement Department,
Securities & Exchange Commission of Pakistan,
NIC Building, 63 Jinnah Avenue, Blue Area,
ISLAMABAD.

Fax No. (051) 9100440/TCS

NISHAT POWER LIMITED



DISCLOSURE FORM

IN TERMS OF SECTION 96 OF THE SECURITIES ACT, 2015

Name of the Company	:	Nishat Power Limited
Date of Report (Date of earliest event reported if applicable)	:	October 23, 2020
Address of Registered Office	:	Nishat House, 53-A, Lawrence Road, Lahore
Contact Information	:	Company Secretary, Nishat House, 53-A, Lawrence Road, Lahore

Disclosure of inside information by listed company in terms of Section 96 of the Securities Act, 2015.

The Board of Directors of **Nishat Power Limited** in their meeting held on Wednesday, the 23rd of October 2020, at 11:00 a.m. at 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore, approved the followings: -

ANY OTHER PRICE-SENSITIVE INFORMATION

In accordance with the requirements of the PSX Rule Book read with applicable provisions of Securities Act, 2015, we are pleased to provide you the following information: -

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(6)

Signatures

In case of company, pursuant to the requirements of the Section 96 of the Securities Act, 2015, the Company has duly caused this form/statement to be signed on its behalf by the undersigned hereunto duly authorized.

October 23, 2020


Khalid Mahmood Chohan
Company Secretary