



KOT ADDU POWER COMPANY LIMITED

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Post-ID: 160400

February 1, 2021, 09:30:24

The General Manager

Pakistan Stock Exchange Limited

Stock Exchange Building

Stock Exchange Road

Karachi

Subject: **Material Information**

Dear Sir,

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

Please find attached herewith information on the captioned matter.

Yours Sincerely,

Ref: KAPCO/2021/K-3/L-001
February 1, 2021

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The General Manager
Pakistan Stock Exchange
Stock Exchange Building
Karachi

SUBJECT: DISCLOSURE OF MATERIAL INFORMATION

Dear Sir,

Pursuant to Section 96 of the Securities Act, 2015 (“**Act**”) and Regulation 5.6.1(a) of Pakistan Stock Exchange Regulations (“**Regulations**”), we hereby inform you that Kot Addu Power Company Limited (“**Company**”) and the Central Power Purchasing Agency (Guarantee) Limited (“**CPPA-G**”) on behalf of Pakistan Water and Power Development Authority (“**WAPDA**”) (“**Power Purchaser**”) have initialed a Master Agreement and an amendment to Power Purchase Agreement between the Company and WAPDA (“**Agreements**”) in furtherance of the Memorandum of Understanding (MoU) executed on August 19, 2020 between the Company and the Government Committee for Negotiation with IPPs.

These Agreements have been initialed by the Company, on the request of Government of Pakistan (“**GOP**”), in the larger national interest and in order to maintain the sustainability of the power sector.

The initialed terms of these Agreements are, inter alia, that the existing capacity payments and variable O&M shall be reduced by 11%; USD exchange rate and US CPI indexations shall be discontinued on 50% of the reduced capacity payment (which shall be locked at National Bank of Pakistan’s TT/OD selling PKR/USD exchange rate of Rs. 168.60/USD without any local or international currency indexation or inflation adjustment for the future and the US CPI of August 2020) (the “**Tariff Discount**”); USD exchange rate and US CPI indexations on reduced variable O&M and 50% of the reduced capacity payment shall continue as per existing arrangement; without prejudice to the terms of its generation license the Company will have the option to participate in the Competitive Trading Arrangement when it is implemented and becomes fully operational.

Subject to agreement on the terms and conditions and completion of legal and corporate formalities, the Power Purchaser shall consent to the extension of the PPA for an additional term following the expiry of the Term of the PPA.

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The payment of outstanding receivables of the Company will be made in 2 (two) tranches of 40% and 60% respectively through cash and financial instruments; if the Power Purchaser makes default in payment (with a cure period), the discounts given in capacity payments and variable O&M shall be suspended.

It is also contemplated that in future the Company, WAPDA and CPPA-G may enter into a novation agreement to novate the rights and obligations of WAPDA under the Power Purchase Agreement to CPPA-G.


The Power Purchaser and the Company have agreed to jointly approach the ICC Tribunal to settle all the claims and counter claims currently in Arbitration. Through this settlement, the parties agree to treat the outage period (2009 to 2016) due to fuel shortage as Force Majeure Event under the Power Purchase Agreement and existing Term of PPA will be extended by 16 (sixteen) months. During these 16 (sixteen) months, the Company will receive Energy Payments for energy delivered but will offset Capacity Payments for availability against previous Capacity Payments already received during the outage period.

The final terms (in present or amended form) of these Agreements and their execution are subject to receipt of requisite approvals including *inter alia* the approval of the Federal Cabinet, the Company's Board of Directors, its Shareholders and also possible regulatory approvals.

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

Yours faithfully,
for Kot Addu Power Company Limited



 A. Anthony Rath
(Company Secretary)

Copy to:

Director/HOD
Surveillance, Supervision and Enforcement Department
Securities and Exchange Commission of Pakistan
NIC Building, 63-Jinnah Avenue
Blue Area, Islamabad