

ADVICE FOR INVESTORS

INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS OFFER FOR SALE DOCUMENT, ESPECIALLY THE **RISK FACTORS GIVEN AT PARA 4.12** BEFORE MAKING ANY INVESTMENT DECISION

SUBMISSION OF FICTITIOUS AND MULTIPLE APPLICATIONS (MORE THAN ONE APPLICATION IN THE NAME OF SAME PERSON) IS PROHIBITED AND SUCH APPLICANT'S MONEY IS LIABLE TO CONFISCATION UNDER SECTION 18A OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969



Nishat Power Limited

ABRIDGED OFFER FOR SALE DOCUMENT

OFFER FOR SALE OF SHARES

THE OFFER CONSISTS OF 22,500,000 ORDINARY SHARES (6.35% OF THE TOTAL PAID UP CAPITAL OF NISHAT POWER LIMITED) AT AN OFFER PRICE OF PKR10 PER SHARE AMOUNTING TO PKR225 MILLION ONLY OUT OF TOTAL PAID UP CAPITAL OF PKR3.541 BILLION DIVIDED INTO 354.089 MILLION ORDINARY SHARES OF PKR10 EACH

THIS IS NOT A PROSPECTUS BY NISHAT POWER LIMITED, BUT AN OFFER FOR SALE BY NISHAT MILLS LIMITED, ONE OF THE MAJOR SPONSORS OF THE COMPANY, OUT OF THEIR SHAREHOLDING IN NISHAT POWER LIMITED

**PUBLIC SUBSCRIPTION ON
August 28, 2009, August 29, 2009 & August 31, 2009
(During Banking Hours)**

FINANCIAL ADVISOR & ARRANGER



AKD SECURITIES LIMITED

**The Date of publication for this Offer for Sale Document is
August 20, 2009**

PART 1

1. APPROVALS AND LISTING ON THE STOCK EXCHANGES

1.1 APPROVAL OF THE SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Approval of the Securities & Exchange Commission of Pakistan (the “SECP” or the “Commission”) has been obtained for issue, circulation and publication of this Offer for Sale Document (“OFSD”) as required under section 62 read with section 57 of the Companies Ordinance, 1984 (“the Ordinance”)

It must be distinctly understood that in giving this approval, the SECP does not take any responsibility for the financial soundness of any scheme stated herein or for the correctness of any of the statements made or opinions expressed with regards to them.

The SECP has not evaluated the quality of the Offer and its approval of the Offer should not be construed as any commitment of the same. The public/investors should conduct their own independent investigation and analysis regarding the quality of the Offer before subscribing.

1.2 CLEARANCE OF THE OFFER FOR SALE DOCUMENT BY THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED & LAHORE STOCK EXCHANGE (GUARANTEE) LIMITED

The OFSD has been cleared by the Karachi Stock Exchange (Guarantee) Limited (“KSE”) and the Lahore Stock Exchange (Guarantee) Limited (“LSE”), (collectively referred to as the “Stock Exchanges”), in accordance with the requirements under their respective Listing Regulations. While clearing this OFSD, the stock exchanges neither guarantee the correctness of the contents of the OFSD nor the viability of Nishat Power Limited (“NPL” or “the Company”).

The Stock Exchanges have not evaluated the quality of the Offer and its clearance of the OFSD should not be construed as any commitment in respect of the same. The public/investors should conduct their own independent investigation and analysis regarding the quality of the offer before subscribing.

PART 2

2. SHARE CAPITAL AND RELATED MATTERS

2.1 SHARE CAPITAL

| SHARE CAPITAL | No. of Shares | Total (PkR) |
|---|--------------------|----------------------|
| Authorized Capital | | |
| Ordinary Shares of PkR10 each | 500,000,000 | 5,000,000,000 |
| Issued, Subscribed and Paid-up Capital | | |
| Issued for Cash | 354,088,500 | 3,540,885,000 |
| Total | 354,088,500 | 3,540,885,000 |

The existing issued, subscribed & paid-up capital of the Company is held as follows:

SPONSORS

| | | |
|---------------------------|--------------------|----------------------|
| Nishat Mills Limited | 223,788,498 | 2,237,884,980 |
| Allied Bank Limited | 30,000,000 | 300,000,000 |
| National Bank of Pakistan | 30,000,000 | 300,000,000 |
| Mr. Mian Hassan Mansha | 01 | 10 |
| Mr. Khalid Qadeer Qureshi | 01 | 10 |
| Sub-Total | 283,788,500 | 2,837,885,000 |

OTHER SHAREHOLDERS AND FINANCIAL INSTITUTIONS

| | | |
|------------------------------|--------------------|----------------------|
| Other Financial Institutions | 67,445,000 | 674,450,000 |
| Other Individuals | 2,855,000 | 28,550,000 |
| Sub-Total | 70,300,000 | 703,000,000 |
| Total | 354,088,500 | 3,540,885,000 |

PRESENT OFFER

Present offer of 22.5 million ordinary shares to the general public by Nishat Mills Limited, one of the sponsors of Nishat Power Limited, at PkR10 per share represents 10.05% of the NML's current shareholding in the Company and 6.35% of total paid up capital of the company.

| | | |
|--------------------|-------------------|--------------------|
| GENERAL PUBLIC | 22,500,000 | 225,000,000 |
| GRAND TOTAL | 22,500,000 | 225,000,000 |

Note:

- (i). The sponsors shall, at all times, retain at least twenty five percent (25%) of the capital of the Company.
- (ii). The shares allotted to sponsors in excess of twenty five percent (25%) shall not be saleable for a period of 6 months from the date of public subscription.
- (iii). The shares allotted to investors other than the sponsors shall not be saleable for a period of 6 months from the date of public subscription.

2.2 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will Insh'Allah open at the commencement of banking hours on August 28, 2009 and will close on August 31, 2009 at the close of banking hours.

2.3 INVESTOR ELIGIBILITY

Eligible investors include Pakistani citizens residing in Pakistan, companies, bodies corporate or other legal entities incorporated or established in Pakistan (to the extent permitted by their constitutive documents and existing regulations as the case may be); provident/pension/gratuity funds/trusts (subject to the terms of their Trust Deed and existing regulations) and branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

2.4 OFFER PRICE, MINIMUM AMOUNT OF APPLICATION AND BASIS OF ALLOTMENT OF SHARES

The basis and conditions of allotment of shares to the general public shall be as follows:

- a) This offer is being made at a price of PkR10 per ordinary share but excluding the share transfer fee, which is to be paid by the applicants at the rate of five (05) paisa per share in the case of physical transfer and one (1) paisa per share in the case of transfer under book-entry system in the Central Depository Company of Pakistan Limited (“CDCPL”).
- b) Applications for shares must be made for 500 shares or in multiples of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.
- c) The minimum amount of application for subscription of 500 ordinary shares in the case of physical transfer is PkR5,025/- and in case of transfer under the book entry system is PkR5,005/-.
- d) Application for shares below the total value of PkR5,025/- in case of physical transfer and PkR5,005/- in case of transfer under the book entry system shall not be entertained.
- e) **Submission of fictitious and multiple applications (more than one applications by same person) is prohibited and such applications' money shall be liable to confiscation under Section 18-A of the Securities and Exchange Ordinance, 1969.**
- f) If the shares to be offered to the general public are sufficient to accommodate all applications, all applications shall be accommodated.
- g) If the offer is oversubscribed in terms of number of applications and amount, the shares will be allotted by conducting computer balloting in the presence of the representative(s) of the stock exchanges in the following manner:
 - (i). If all applications for 500 shares can be accommodated, then all such applications shall be accommodated first. If all applications for 500 shares cannot be accommodated then balloting will be conducted among applications for 500 shares only.
 - (ii). If all applications for 500 shares have been accommodated and shares are still available for allotment, then all applications for 1,000 shares shall be

accommodated. If all applications for 1,000 shares cannot be accommodated then balloting will be conducted among applications for 1,000 shares only.

- (iii). If all applications for 500 shares and 1,000 shares have been accommodated and shares are still available for allotment, then all applications for 1,500 shares shall be accommodated. If all applications for 1,500 shares cannot be accommodated then balloting will be conducted among applications for 1,500 shares only.
- (iv). If all applications for 500 shares, 1,000 shares and 1,500 shares have been accommodated and shares are still available for allotment, then all applications for 2,000 shares shall be accommodated. If all applications for 2,000 shares cannot be accommodated then balloting will be conducted among applications for 2,000 shares only.
- (v). After the allotment in the above mentioned manner, the balance shares, if any, shall be allotted in the following manner:
 - 1. If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and the remaining shares shall be allotted on prorata basis.
 - 2. If the remaining shares are not sufficient to accommodate all the remaining applications for at least 2,000 shares, then balloting shall be conducted for allocation of 2,000 shares to the successful applicants.
- h) If the offer is oversubscribed in terms of amount only, then the allotment of shares shall be made on the following basis:
 - (i). First preference will be given to the applicants who applied for 500 shares;
 - (ii). Next preference will be given to the applicants who applied for 1,000 shares;
 - (iii). Next preference will be given to the applicants who applied for 1,500 shares; and then;
 - (iv). Next preference will be given to the applicants who applied for 2,000 shares;
 - (v). After allotment of the above, the balance shares, if any, shall be allotted on a pro-rata basis to the applicants who applied for more than 2,000 shares.
- i) Allotment of shares will be subject to scrutiny of the applications for subscription.
- j) Applications that do not meet the above requirements or which are incomplete will be rejected.

2.5 SHARES ISSUED IN PRECEDING YEARS

An aggregate of 354,088,500 fully paid ordinary shares of the face value of PkR10/- each have been issued during the preceding years. The details are as follows:

| No. of shares | Issue Price (PkR) | Amount (PkR) | Consideration | Date of Issue |
|--------------------|-------------------|----------------------|---------------|---------------|
| 1,000,000 | 10 | 10,000,000 | Cash | 21-02-2007 |
| 24,000,000 | 10 | 240,000,000 | Cash | 13-02-2008 |
| 45,000,000 | 10 | 450,000,000 | Cash | 20-03-2008 |
| 10,000,000 | 10 | 100,000,000 | Cash | 09-05-2008 |
| 4,000,000 | 10 | 40,000,000 | Cash | 06-08-2008 |
| 4,000,000 | 10 | 40,000,000 | Cash | 20-08-2008 |
| 4,000,000 | 10 | 40,000,000 | Cash | 10-10-2008 |
| 2,500,000 | 10 | 25,000,000 | Cash | 24-10-2008 |
| 7,300,000 | 10 | 73,000,000 | Cash | 31-10-2008 |
| 4,000,000 | 10 | 40,000,000 | Cash | 26-11-2008 |
| 2,000,000 | 10 | 20,000,000 | Cash | 13-12-2008 |
| 13,450,000 | 10 | 134,500,000 | Cash | 26-12-2008 |
| 9,300,000 | 10 | 93,000,000 | Cash | 14-01-2009 |
| 15,500,000 | 10 | 155,000,000 | Cash | 22-01-2009 |
| 42,000,000 | 10 | 420,000,000 | Cash | 12-02-2009 |
| 5,200,000 | 10 | 52,000,000 | Cash | 28-02-2009 |
| 78,400,000 | 10 | 784,000,000 | Cash | 28-03-2009 |
| 18,500,000 | 10 | 185,000,000 | Cash | 27-05-2009 |
| 1,100,000 | 10 | 11,000,000 | Cash | 10-06-2009 |
| 3,050,000 | 10 | 30,500,000 | Cash | 13-07-2009 |
| 54,463,000 | 10 | 544,630,000 | Cash | 29-07-2009 |
| 5,325,500 | 10 | 53,255,000 | Cash | 04-08-2009 |
| 354,088,500 | | 3,540,885,000 | | |

There has been no other issue of shares during the preceding years other than those mentioned above.

2.6 PRINCIPAL PURPOSE OF THE OFFER FOR SALE

The purpose of this Offer is to list NPL on the stock exchanges and to broaden its ownership base.

2.7 DIVIDEND POLICY

The rights in respect of capital and dividends attached to each share are and will be the same. The Company in its general meeting may declare dividends but no dividends shall exceed the amount recommended by the Directors. Dividend, if declared in the general meeting, shall be paid according to the terms of the provisions of the Ordinance.

The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividends shall be paid otherwise than out of the profits of the Company for the year or any other undistributed profits.

No unpaid dividends shall bear interest or mark-up against the Company. The dividends shall be paid within the period laid down in the Ordinance.

2.8 ELIGIBILITY FOR DIVIDEND

The Company in this matter will follow the provisions of Section 92 (2) of the Companies Ordinance 1984 and the disinvested shares shall rank pari passu with the existing (un-divested) shares in all matters including the right to such bonus or right issue and dividend as may be declared by the Company subsequent to the date of this OFSD.

2.9 DEDUCTION OF ZAKAT

Income distribution will be subject to deduction of Zakat at source, pursuant to the provisions of Zakat and Ushr Ordinance, 1980. (XVIII of 1980) as may be applicable from time to time.

2.10 EXEMPTION FROM CAPITAL GAINS

Capital gains derived from the sale of listed securities are not liable to income tax pursuant to Clause (110) of Part 1 of the Second Schedule of the Income Tax Ordinance, 2001. This exemption is presently available up to the income year ending June 30, 2010.

2.11 WITHHOLDING TAX ON DIVIDENDS

Dividend distribution to shareholders will be subject to withholding tax at a reduced rate of 7.5% specified in Clause 20 of Part 2 of the Second Schedule to the Income Tax Ordinance, 2001.

2.12 EXEMPTION FROM INCOME TAX

Income of the Company derived from the electric power generation project is exempt from income tax under clause 132 of Part-I of the Second Schedule to the Income Tax Ordinance, 2001.

2.13 GOVERNMENT LEVY AND TAXES

Custom Duty and Sales Tax

As per section 9.3 of the Implementation Agreement signed between NPL and the Government of Pakistan, the Company is entitled to import without restriction and exempt from Sales Tax, but subject to the payment of applicable customs duty, not to exceed five percent on value, determined under the Laws of Pakistan, of imported plant, machinery and equipment not manufactured locally and required for the design, construction, completion, operation and maintenance of the complex by the Import Policy Order S.R.O 775(I)/2006 dated July 31, 2006. Moreover, as per the condition laid down in SRO 549(I)/2008 dated June 11, 2008, the plant and machinery being imported for setting up the power plant are chargeable to sales tax at zero rate.

Turnover Tax

In the announcement of Federal Budget for the fiscal year 2009-2010, turnover tax on companies at the rate of 0.5% has been introduced; however this would not be applicable on the Company according to clause 7.2 (c) of the Policy for Power Generation Projects 2002.

2.14 FEDERAL EXCISE DUTY, CAPITAL VALUE TAX (“CVT”) & WITHHOLDING TAX ON SALE/PURCHASE OF SHARES

- a) Following the announcement of the Federal Budget 2009-2010, the Federal government vide Finance Act 2009 has imposed 16% Federal Excise Duty (FED) on stock brokerage whereby value of excisable services for the purpose of levy of duty shall be the gross commission charged from clients in respect of purchase or sale of the shares in the Stock Exchanges. Moreover, it has also been proposed in the Federal Budget 2009-2010 that 0.02% Capital Value Tax (“CVT”) on transaction of shares of listed companies be abolished.

- b) 0.01% Withholding Tax will be charged on the sale of all shares, Modaraba certificates and instruments of redeemable capital as defined in the Ordinance.

PART 3

3. COMMISSIONS, BROKERAGE AND OTHER EXPENSES

3.1 EXPENSES OF THE OFFER

The expenses of this Offer for Sale are estimated not to exceed PKR8.2175 million of which the listing fees and CDC charges shall be borne by the Company while expenses to the Offer shall be borne by the Offeror.

| Expense | Rate | Amount (PkR) |
|---|-------------|---------------------|
| Commission to Bankers to the Offer | 0.20% | 450,000 |
| Brokerage to Members of the Stock Exchange | 1.00% | 2,250,000 |
| KSE Fees and Listing charges | | 1,585,000 |
| LSE Fees and Listing charges | | 1,065,000 |
| Printing, Publication and notice costs | | 1,200,000 |
| CDC Fees, Deposits | | 67,500 |
| Fresh Issue Fee | | 300,000 |
| SECP Application and Processing Fee | | 100,000 |
| Balloters, Transfer Agent & Share Registrar | | 600,000 |
| Miscellaneous Cost | | 600,000 |
| TOTAL | | 8,217,500 |

PART 4

4. HISTORY AND PROSPECTS

4.1 THE COMPANY

Brief History

Nishat Power Limited (“NPL” or “the Company”) is a public limited company incorporated on February 23, 2007. The certificate for commencement of business was obtained on July 26, 2007.

Object of the Company

The object of the Company is to build and operate a power generation plant for generation, distribution, sale and supply of electricity to National Transmission and Dispatch Company Limited (“NTDCL”) and perform all acts directly or indirectly related or incidental to run the affairs of the Company.

The Project

The Company was established with a vision of setting-up a state of the art brand new power generation project having a gross generation capacity of 200 MW and a net generation capacity of 195.26 MW. The plant is located in the vicinity of District Kasur near Lahore and is a Residual Furnace Oil (RFO) fired Independent Power Plant (“IPP”) on BOO (Build, Own & Operate) basis for power generation and its sale to National Transmission and Dispatch Company. NPL has entered into a 25 years Power Purchase Agreement (“PPA”) with WAPDA through NTDCL, the sole purchaser of power generated by NPL.

The project is a 200 MW RFO fired Reciprocating Engine Technology Combined Cycle power plant. The main components of the plant are eleven (11) proven Engine sets of type 18v46 manufactured by WARTSILA of Finland and eleven (11) generating sets, One (1) Heat Recovery Steam Turbine with generator.

As per the Power Purchase Agreement, the NTDCL has contracted to purchase the total net generation capacity of 195.26 MW produced by NPL for a period of 25 years at US cents 12.1253 per KWh. As the plant will operate on residual furnace oil, a Fuel Supply Agreement (“FSA”) has been signed between the Company and Shell Pakistan Limited for a period of ten years after the commencement of commercial production.

The entire plant, machinery and equipment required for the project has been procured from Wartsila Finland Oy. Whereas, Wartsila Pakistan (Private) limited has been appointed for the construction, erection, installation testing and commissioning of the entire project.

The total cost of the project including interest during the construction period is estimated to be PkR17.704 billion. Letter of Credit for the import of plant and machinery was opened in April, 2008 and so far all the major plant and machinery including preliminary equipment and basic technical items have been imported and transported to the project site. The

shipment of plant including engines, generators, cooling towers and boilers have also been completed. Further details of the project have been given in coming paragraph.

4.2 THE SPONSORS

Nishat Group of Companies is a premier business house of Pakistan. The Group has presence in all major sectors including Textiles, Cement, Banking, Insurance, Paper Products and Aviation. In addition of being one of the most recognized and respected business groups in the country, it has the distinction of being the leader in almost all sectors it has presence in. The Group is considered at par with multinationals operating locally in terms of quality of its products and services & management skills. The Group has added another feather to its hat by venturing into the thermal based power generation sector through establishment of Nishat Power Limited.

Through Nishat Mills Limited, the group currently holds 63.20% of Nishat Power Limited. After this Offer for Sale, the total holding of the group would reduce to 56.84% of the total paid up capital of the Company.

Following are the major Nishat Group Companies:

| Company | Paid up Capital* (Mn) | Market Price* | Face Value* (PkR) | Sector | Market Cap** (PkR Mn) |
|---|-----------------------|---------------|-------------------|---------------------------|-----------------------|
| MCB Bank Limited | 6,911.04 | 155.03 | 10 | Financial Institutions | 107,142 |
| Adamjee Insurance Limited | 1,124.58 | 83.99 | 10 | Insurance | 9,445 |
| Nishat Mills Limited | 2,424.82 | 37.82 | 10 | Textile | 9,171 |
| D.G Khan Cement Co. Limited | 3,042.49 | 29.65 | 10 | Cement | 9,021 |
| Security General Insurance Co. Ltd. | 680.625 | - | 10 | Insurance | Un-listed |
| Nishat Paper Products Co Limited | 465.367 | - | 10 | Paper & Board | Un-listed |
| Pakistan Aviators & Aviation (Pvt.) Limited | 1.000 | - | 100 | Aviation | Un-listed |
| Nishat Hotels and Properties Limited | 0.500 | - | 10 | Real Estate & Hospitality | Un-listed |

* As per June 30, 2009

** Market capitalization as on June 30, 2009.

Experience of the Sponsors in Power Generation

The Group has expertise in thermal power generation through managing various Captive Power Plants (“CPP”) at their various manufacturing plants having cumulative capacity of approximately 200 MW. Going forward the Group has plans to set-up power plants with generation capacity of more than 5,000 MW¹.

¹ “Projects Beyond Finance,” *Euromoney*. October 08, 2008.

4.3 LOCATION OF THE PLANT

The plant is located at Jambar Kalan, District Kasur near Lahore and is spread over a vast area of 34 Acres of freehold land. The location of the project has developed infrastructure with all the supporting facilities for smooth operations of the plant.

4.4 CIVIL WORKS

Presently, civil construction is in progress at the project site. The work started on March 31, 2008. The total cost of the land acquired for the project amounts to PkR117.044 million whereas the civil work cost is estimated to be worth approximately PkR1.522 billion. Technical expertise have been provided by Wartsila Pakistan (Private) Limited who are responsible for the construction of the complex, erection, installation testing and commissioning of the entire plant. The civil work undertaken for the construction of the complex includes construction of main building, engine hall, administration building, store, workshop, piling, soil improvement, boundary walls and storage tanks. The total estimated covered area of the civil work is 583,610 ft² of which Sixty (60%) percent or approximately 350,166 ft² of the civil work has been completed and the expected completion date of the entire civil work including the road within the premises is September 30, 2009.

4.5 REGULATORY APPROVALS

The Government of Pakistan through the Private Power & Infrastructure Board (“**PPIB**”) had issued a Letter of Support (“**LoS**”) on July 06, 2007 for design, engineering, construction, insuring, commissioning, operation and maintenance of the project.

NPL has also been issued a Generation License by National Electric Power Regulatory Authority (“**NEPRA**”). Furthermore, an Implementation Agreement (“**IA**”) has also been signed with the Government of Pakistan (“**GoP**”) on September 15, 2007, which acts as a sovereign guarantee for the debt & equity investors of the project and guarantees the obligations of WAPDA under the PPA, and SBP under the Foreign Exchange Risk Insurance Scheme.

4.6 PLANT AND MACHINERY

The plant & machinery has been manufactured by Wartsila Finland Oy and is being commissioned in collaboration with Wartsila Pakistan (Pvt.) Limited. It is a state of the art brand new 200 MW RFO fired power plant and has been procured at the most competitive rates from Wartsila Finland Oy, which is the sole supplier of plant & machinery. No machinery or equipment has been procured locally. The budgeted cost of the entire plant and machinery is approximately PkR12.483 billion. As of June 30, 2009, 99.73% of the plant and machinery have been imported and transported to the project site, more than 50% of which has already been installed. The machinery imported is sufficient to complete the commissioning of the plant and start of commercial production. **The remaining 0.27% of the machinery amounting to PkR36.273 million approximately comprises of small spare parts for the plant that is yet to be shipped. Commercial production can be commenced without arrival of the said parts.**

Payments for two Shipments are still outstanding which amounts to €0.546 million equivalent to PkR61.698 million approximately.

4.7 PROJECT FINANCING

The proposed power plant has a cost of PkR17.704 billion (seventeen billion and seven hundred and four million Only). The project has a debt to equity ratio of 80:20. As per the debt to equity ratio of the project, the total equity to be injected in the project amounts to PkR3.540 billion whereas the total debt to be injected in the project amounts to PkR14.163 billion. The entire financing requirement for the project has been secured.

The construction of the Project started on March 31, 2008 and the required commercial operation date of the project as per the PPA is December 31, 2009, however the project is expected to start commercial production by September 30, 2009.

4.8 BUDGETED COST OF THE PROJECT AND MEANS OF FINANCING

The total budgeted cost of the project is estimated to be PkR17.704 billion. The debt to equity ratio of the project is 80:20. As at May 30, 2009 the actual cost incurred amounts to PkR14.259 billion. A detailed break up of the budgeted cost and actual cost as at May 30, 2009 is given below along with the means of financing of the project.

| Project Cost Description | Budgeted | | | Actual |
|---|------------------|-------------------|-------------------|--------------------|
| | Local | Foreign | Total | As at May 30, 2009 |
| Plant & Machinery | - | 12,482,896 | 12,482,896 | 11,514,798 |
| Land | 120,157 | - | 120,157 | 117,044 |
| Civil Works | 1,521,827 | - | 1,521,827 | 1,014,948 |
| Inland Clearing | 577,277 | - | 577,277 | 408,151 |
| Insurance | 159,609 | - | 159,609 | 150,793 |
| Mobilization for Operating & Maintenance | 139,131 | - | 139,131 | 71,322 |
| Pre-Operating Expense | 130,376 | - | 130,376 | 85,551 |
| Admin & Utilities | 54,469 | - | 54,469 | 18,970 |
| Interest Expense & Fee | 2,518,684 | - | 2,518,684 | 877,750 |
| Total Project Cost | 5,221,529 | 12,482,896 | 17,704,425 | 14,259,327 |

| Means of Financing | Amount in PkR | |
|---|-----------------------|------------------------------|
| | Budgeted | Actual as at May 30, 2009 |
| Equity | | |
| <i>Sponsors</i> | | |
| Nishat Mills Limited | 2,237,884,980 | 1,921,199,980 |
| National Bank Limited | 300,000,000 | 240,150,000 |
| Allied Bank Limited | 591,737,390 | 531,887,390 |
| Mr. Mian Hassan Mansha | 10 | 10 |
| Mr. Khalid Qadeer Qureshi | 10 | 10 |
| <i>Other Share Holders and Financial Institutions</i> | | |
| Arif Habib Bank Limited | 138,841,740 | 138,841,740 |
| Pak Libya Holding Company (Pvt.) Ltd | 69,420,870 | 69,420,870 |
| Other Financial Institutions | 174,450,000 | - |
| Other Individuals | 28,550,000 | - |
| Total Equity | 3,540,885,000 | 2,901,500,000 |
| Debt | | |
| National Bank of Pakistan | 2,458,113,694 | 2,013,286,000 |
| Habib Bank Limited | 3,277,781,581 | 2,684,624,000 |
| Allied Bank Limited | 3,277,781,581 | 2,684,624,000 |
| United Bank Limited | 3,219,372,643 | 2,636,785,000 |
| Faysal Bank Limited | 1,930,490,501 | 1,581,144,000 |
| Total Debt | 14,163,540,000 | 11,600,463,000 |
| Total | 17,704,425,000 | 14,501,963,000 |

Note: 1. All the debt has been arranged from the above mentioned banks via single “Senior Facility Agreement”. Under the agreement, all the banks have sanctioned a cumulative amount of PkR14.16354 billion for the project of NPL.

2. The Difference in the actual amount of Means of Financing raised and actual project cost incurred as on May 30, 2009 is due to the fact that certain payments were to be made for which the sanctioned facility had been utilized. The Company still holds the difference as cash surplus.

An efficient management team has been hired for commissioning of the plant. So far all the costs are well within the budget and it is expected that the actual costs will not exceed the budgeted cost. However in case the expected cost exceeds the budgeted cost, the excess will be met by the sponsors.

4.9 PROJECT IMPLEMENTATION SCHEDULE

| Project Implementation Schedule | |
|---|------------------------------------|
| Acquisition of land | Already acquired in December, 2007 |
| Commencement date of civil works | Commenced on March 31, 2008 |
| Expected date for completion of civil works | September 30, 2009 |
| Expected date for completion of erection of plant and machinery | September 30, 2009 |
| Commencement of trial commercial production | August 13, 2009 |
| Expected date of commercial production | September 30, 2009 |
| Percentage of plant and machinery shipped | 99.73% |
| Percentage of shipment arrived at site | 99.53% |
| Percentage of machinery installed | 60% |
| Percentage of machinery ordered | 100% |

4.10 SUMMARY OF MATERIAL CONTRACTS

Power Purchase Agreement (“PPA”) with National Transmission and Dispatch Company Limited (“NTDCL”)

The Power Purchase Agreement has been signed between National Transmission and Dispatch Company Limited (“NTDCL” or “**the Power Purchaser**”) and Nishat Power Limited on November 13, 2007, through which NPL has been granted a generation license and the sale and delivery of electric energy produced has been restricted to the power purchaser only. Under the PPA, it is the responsibility of NPL to generate power and supply electricity to NTDC. The supply of electricity should be up to the Net Generation Capacity of NPL.

The PPA shall continue in full force and effect for a period of 25 years commencing from the accomplishment of financial close of the Company.

The contract capacity of the plant is the net generation capacity of the plant which is 195.26 MW as per the PPA. The power purchaser shall take delivery and pay the Company for the dispatched and delivered net electrical output. The Power Purchaser is liable to pay for the capacity payments and energy payments on monthly basis on the premises of monthly available capacity. The Power Purchaser will also reimburse the Company for certain pass through items.

Major provisions of the PPA are as follows:

- a. The Company has proposed to the Power Purchaser that the Company will design, engineer, construct, insure, commission, operate and maintain an approximately 200 MW (gross) RFO fired electric power generation facility to be located on the site.
- b. The total contract capacity with NPL is 195.26 MW which is equivalent to the net generation of the plant. However the contract capacity can be revised upward to the initial tested capacity.

- c. As per the Power Purchase Agreement (“PPA”), the NTDCCL has contracted to purchase a total net generation capacity of 195.26MW produced by NPL for a period of 25 years at US cents 12.1253 per KWh.
- d. At any time after the financial close but prior to the occurrence of commercial operations date, the company may elect to reduce the contract capacity by an amount not to exceed ten percent (10%) in aggregate of the contract capacity.
- e. The GOP through the PPIB on July 6, 2007 issued a letter of support (“LoS”) to the Company for design, engineering, construction, insuring, commissioning, operation and maintenance of the plant. With the issuance of LoS, the Company has delivered or has caused to be delivered to the PPIB the Performance Guarantee.
- f. The Date on which notice from the PPIB of the occurrence of financial closing is received by the Power Purchaser, the PPA shall become effective in its entirety. The financial closing of the project was achieved on January 3, 2008. The Company has intimated the government of the financial closing and the same has been accepted by the government.
- g. The Company shall deliver the letter of credit to the Power Purchaser before notice of financial closing is received by the Power Purchaser from PPIB. If the Company’s letter of credit is not received by the Power Purchaser in a form which is reasonably acceptable to the Power Purchaser, by the date required for financial closing in the LoS, as such date may be extended by the GOP as per the LoS, the Power Purchaser may deliver written notice to the Company terminating the PPA.
- h. The PPA shall continue in full force and effect for a period of twenty five (25) years.
- i. An operating committee shall be formed comprising of six (6) members and each party shall designate three (3) members for the said committee. The committee shall develop procedures for holding of meetings, keeping minutes of meetings and appointment and operation of sub-committees. The chairmanship of the committee shall rotate each six (6) months between the parties.
- j. The Company shall sell the agreed net contract capacity to the Power Purchaser at the interconnection point and provide ancillary services to the Power Purchaser.
- k. The Company shall commence and proceed with the EPC works as soon as reasonably practicable following the financial closing. The Company shall ensure that the design of EPC works shall be carried out with all proper skill and care and in all material respects in accordance with the PPA, including the technical specifications, the laws of Pakistan, prudent utility practices and prudent electrical practices, so that the complex is reasonably expected to provide useful life of not less than twenty five (25) years.
- l. From and after the completion and commissioning of the Power Purchaser Interconnection Facilities, the Power Purchaser shall to the extent necessary to carry out any testing of the complex, including commissioning tests, transport to the complex electrical energy for start-ups.
- m. The Company may undertake scheduled outages only according to the schedule which has been proposed by the Company.
- n. On or before the financial closing, the Company shall provide reasonable evidence to the Power Purchaser that the Company has procured from a reliable supplier and transporter through one or more commercially reasonable fuel supply agreements, supplies of fuel and the capacity to process, transport, store and handle fuel for use at the complex.
- o. The company shall on the site maintain an inventory RFO of thirty (30) days at full load.
- p. The Power Purchaser shall be responsible for the design, construction, financing, completion and commissioning of the Power Purchaser Interconnection facilities whereas the Company shall carry out the Company’s interconnection works with proper skill and care in all material respects.
- q. The Company shall at its own expense install the metering system and back up metering system for determining Net Electrical Output for the Complex.

- r. Prior to synchronization of the complex with the grid system, the independent engineer (M/s KEMA Nethderland B.V.) shall deliver to the Company and the Power Purchaser the certificate of readiness for synchronization.
- s. From and after the commercial operations date, the Power Purchaser shall pay the Company the capacity payments for the available capacity for each month and energy payments for dispatched and delivered net electrical output for the relevant month.
- t. If the Company is in breach of its obligations to achieve the commercial operations date by the required time, then for each month thereafter until the commercial operations date is actually achieved, the Company shall pay the Power Purchaser as liquidated damages an amount equal to two and a half (\$2.50) dollars per kW of the contract capacity per month until achievement of commercial operations date.

Equipment Supply Contract (“ESC”) with Wartsila Finland Oy

The Equipment Supply Contract had been signed between Nishat Power Limited and Wartsila Finland Oy (“Supplier”) dated December 6, 2007. Under the agreement, the Company intends to procure equipment for an RFO fired engine combined cycle generating power plant, including generator sets, a steam turbine, transformers, switchyard and related fuel storage facilities for construction of 200 MW power plant and the supplier has accepted to honor the same and supply all the equipments in order to facilitate timely completion of the plant.

Major provisions of the ESC are as follows:

- a. The Supplier shall be responsible for the delivery of the equipment to the port of import no later than the scheduled delivery dates and should notify the Company of the arrival dates of the equipment at the port.
- b. The contract price shall be Euro One Hundred Seventeen Million Four Hundred Fifty Eight Thousand Only (€117,458,000/- or Pkr12.482 billion approximately) and should be paid in accordance with the payment terms. The contract price does not include any taxes, duties or other charges and liabilities. Payment shall be made in accordance with the milestones achieved under the milestone payment schedule.
- c. Amounts not paid by either party to the other when due hereunder shall bear interest from the due date until the payment date at a rate per annum equal to 4.25% units over the rate of three (3) months EURIBOR published at the respective due date by the European Central Bank.
- d. All payments to the Supplier under this Agreement shall be made in Euros.
- e. In consideration of the preliminary work and the supplier’s commitment for completion of the facility, the Company has already provided to the Supplier, a non-refundable commitment fee in the form of a commitment guarantee for an amount of Euro three million (€3,000,000/-) and further agrees to pay Euro ten million (€10,000,000) upon execution of ESC. These amounts have already been paid to the Supplier by the Company.
- f. The Company, its agents and representatives and the banks and financial institutions extending finance in respect of the project shall have the right, at its/their own cost and risk, to inspect the work and any item of equipment, design and engineering.
- g. The Supplier shall arrange customized training at the place of manufacturing of the generator sets, for such number of persons nominated by the owner and such training shall entirely be at the Supplier’s cost.
- h. The Owner shall review and accept or reject the Supplier’s proposed completion certificates, it being understood and agreed that a proposed completion certificate shall not be final until the same is countersigned in acceptance by the Company.
- i. If the facility does not achieve the minimum performance test standards during the performance test, the Supplier shall, after consultation with the Company and the

- Contractor, suggest corrective measures for the re-performance of the performance test until achievement of the minimum performance test standards.
- j. Final completion of facility shall occur when the facility has achieved commercial operations date, minimum performance test standards during performance tests and no component of the work shall remain to be delivered by the Supplier which is necessary for the facility to operate.

Construction Services Contract (“CSC”) with Wartsila Pakistan (Pvt.) Limited

The Construction Services Contract had been signed between Wartsila Pakistan (Pvt.) Limited and Nishat Power Limited dated December 6, 2007. As per the CSC, the Contractor, being provider of field engineering, construction, erection, start-up, testing and commissioning services for RFO fired engine power plant project, has been assigned to complete the facility.

The Contractor had the obligation to commence the work upon completion of certain conditions that have already been met by the Company and henceforth the construction work has started.

The Company will review and accept the Contractor’s proposed completion certificates and the completion of work will be deemed final when the certificates are countersigned in acceptance by the Company.

Major provisions of the CSC are as follows:

- a. The Company shall comply and shall cause all of its employees and agents to comply with all the applicable governmental rules.
- b. The Contractor undertakes carrying out and arranging for customs clearance for all the equipment, the transportation of equipment from the port of import to the site, construction, installation, start-up, testing and commissioning of the facility in accordance with the design and engineering supplied by equipment vendor.
- c. The Contractor shall be responsible for the performance and completion of the work on or before the Guaranteed Completion Date.
- d. The Contractor shall provide the technical, professional and construction personnel and supervision and the services required and shall be responsible for completing the work in accordance with the terms of CSC.
- e. Considering the nature of work, certain surplus material will be purchased by the Contractor and/or delivered by equipment vendor.
- f. The contract price shall be US\$ 19,220,400 (or PkR1.514 billion approximately) in an amount equivalent to Pak Rupees calculated at the conversion rate prevailing on the date of invoice for a milestone payment at the average of TT buying and selling rate issued by the National Bank of Pakistan (“NBP”).
- g. The contract price is inclusive of income tax @ 6%.
- h. Amounts not paid by either party to the other when due shall bear interest from the due date at a rate per annum equal to 4.25% units over the rate of three (3) months EURIBOR published at the respective due date by the European Central bank.
- i. Contractor shall commence the work after meeting certain conditions, all of which have been met.
- j. Contractor shall promptly correct any part of the work that is defective or not in accordance with the CSC.
- k. The owner shall review and accept or reject the Contractor’s proposed completion certificates, it being understood and agreed that a proposed completion certificate shall not be final until the same is countersigned in acceptance by the Company.

Implementation Agreement (“IA”) with the GOP

The Implementation Agreement had been signed between the Islamic Republic of Pakistan (“GOP”) and Nishat Power Limited on September 15, 2007. The GOP, through the Private Power and Infrastructure Board, issued to NPL a Letter of Support dated July 6, 2007 to design, insure, finance, acquire, construct, install, complete and Commission the complex and shall own, operate and maintain the complex in accordance with all the applicable laws and terms of IA.

The company may contract with EPC contractor for designing, construction and commissioning of the complex and O&M contractor for operation and maintenance of the complex. However, this in no way relieves the Company of any of its obligations or potential liability.

The salient features of the IA are as follows:

- a. If the financial closing does not occur in accordance with the requirements of the LoS, then upon termination of the LoS, the IA shall also terminate in its entirety.
- b. The Company shall design, insure, finance, acquire, construct, complete and commission the Complex and shall own, operate and maintain the complex in accordance with all applicable laws of Pakistan, the Company consents, the IA and the PPA.
- c. NPL has identified and purchased the site. The Company shall obtain adequate water supplies for the complex, make arrangements for the delivery to and receipt at port facilities in Pakistan of equipment and materials necessary for the construction of the complex and shall make arrangements for transport to the site of all such equipments and materials from the port.
- d. Upon request of the Company, GOP shall support and use all reasonable efforts to expedite consideration of Company’s applications for the Company consents or re-issuances thereof filed.
- e. The Company shall obtain and maintain insurance from financially strong and internationally reputable insurance companies.
- f. During the term the Company shall not be subject to taxation in Pakistan on its profits and gains derived from the electric power generation under the PPA.
- g. Any change in Clause 132 of Part I of the second schedule of the income tax ordinance, 2001 shall not give rise to a breach or default of the GOP so long as such change results in a change in the tariff.
- h. Local investors will be taxed according to the applicable laws of Pakistan while foreign investors will be governed by the Bilateral Tax Treaties, if any. Where no such treaty exists with the respective countries, foreign investor shall be taxed in accordance with the applicable laws of Pakistan.
- i. The GOP encourages NPL to incorporate as much locally produced material, equipment and supplies as possible for the design, construction, completion, operation and maintenance of the complex.
- j. NPL shall be entitled to import prior to the commercial operations date without restriction and is exempt from sales tax but subject to payment of applicable customs duty not to exceed five (5%) percent on value.
- k. All plant and machinery imported for the complex will be cleared for release from customs and available for removal by NPL or its agents within fifteen (15) business days following delivery by NPL of written notice to the PPIB of a delay in the release by the customs of such plant and machinery.
- l. The Company shall be entitled to export any items of plant and machinery for the purpose of repair outside Pakistan and to re-import the same upon payment of applicable custom duties.

- m. The exchange and transfer abroad of all foreign currency related to the project shall be governed by the Laws of Pakistan.
- n. Neither the GOP nor any public sector entity shall take any discriminatory action which materially and adversely affects the project or performance of the Company's obligations.
- o. The GOP undertakes to the Company that neither it nor the Power Purchaser or any Public Sector Entity will expropriate, compulsorily acquire, nationalize, or otherwise compulsorily procure any Ordinary share capital or material assets of the Company.
- p. Within five (5) business days of receiving the notice in writing that the financing documents have been executed and all conditions precedent for initial availability of funds under financing documents have been satisfied and the delivery of company letter of credit in accordance with the terms of PPA has been made, the GOP shall execute and deliver to the Company the Guarantee.

Fuel Supply Agreement (“FSA”) with Shell Pakistan Limited

The Fuel Supply Agreement has been signed between Nishat Power Limited and Shell Pakistan Limited (“Fuel Supplier”) on January 10, 2008. The locked in FSA guarantees provision of fuel and diesel oil to the Company at the site under this agreement. The Company is bound to fulfill all the fuel requirements only through the fuel supplier.

As per the FSA, the fuel supplier shall be obliged to deliver to the Company at the site the entire quantity of fuel underlying such firm order, plus or minus ten (10) percent, and subject to a maximum of 1,100 tonnes of fuel per day and subject to available storage space at the Company's fuel storage facilities within fifteen (15) days after receiving such payment from the company, with any payment or adjustment to be accounted for in subsequent firm orders.

The Fuel Supplier shall have the flexibility to manage its supplies of Fuel to the Company in a manner that at any point in time the aggregate quantity of fuel supplied to the Company shall not exceed the Company's maximum fuel storage capacity at the site. The Company will provide at least sixty (60) days notice to fuel supplier of the initial delivery date.

The Fuel Supplier is also liable to maintain minimum of fifteen (15) days stock at full load of the contract capacity of the complex.

The price of fuel shall be set out in HSFO Price Notification applicable on the date of fuel supplier's relevant invoice as per guidelines approved by NEPRA, whereas price of diesel oil shall be determined by OGRA from time to time pursuant to the Petroleum Products (Development Surcharge) Ordinance, 1961.

The salient features of the FSA are as follows:

- a. The agreement shall commence and be in force immediately upon the date of financial closing and remain valid till ten years after the commercial operations date.
- b. NPL shall purchase all its requirements of Fuel and Diesel Oil for the Complex from the Fuel Supplier
- c. Upon placement of firm order by the Company, the fuel supplier shall be obliged to deliver at the site the entire quantity of fuel subject to maximum of 1,100 tons of fuel per day.
- d. Fuel and diesel oil delivered to the Company shall meet the relevant specification as defined in the FSA. Upon acceptance of delivery of fuel or diesel oil by NPL not meeting the relevant standards, the delivered fuel shall be considered as meeting the relevant specifications.

- e. Fuel storage tanks have a capacity equal to at least thirty (30) days of operation of the complex at one hundred (100%) percent of the contract capacity.
- f. The fuel supplier shall at its own cost design, construct, install and maintain to have in place all such facilities, equipments or arrangements as the fuel supplier deems necessary in order to be able to effect deliveries of Fuel and Diesel Oil at the delivery point.
- g. The Company may amend its firm order up to ten (10%) percent of the quantities of the applicable month forty five (45) days before the applicable month.
- h. The Fuel Supplier shall at all times from and after the commercial operations date maintain at its storage facilities in Karachi an inventory of fuel equivalent to a minimum of fifteen (15) days stock at full load of the contract capacity of the complex.
- i. The price payable by NPL for fuel delivery by the fuel supplier to the complex shall be that set out in the HSFO price notification applicable on the date of fuel supplier's relevant invoice as per the formula approved or revised by NEPRA.
- j. The price for diesel oil shall be as determined by OGRA from time to time pursuant to the Petroleum Products Ordinance.
- k. The fuel supplier may increase the gross margin on the basis of a directive from the GOP or OGRA and subject to NEPRA's approval.
- l. In case of failure by the fuel supplier prior or following the commercial operations date, the fuel supplier shall indemnify the company for any costs, damages, losses or penalties.

Operation and Maintenance Agreement (“OMA”) with Wartsila Pakistan (Pvt.) Limited

The Operation and Maintenance Agreement has been signed between Nishat Power Limited and Wartsila Pakistan (Pvt.) Limited (“Operator”) on July 24, 2009. Under this agreement, the NPL will construct and own the project and would be primarily responsible for the maintenance and operation of the project, however the Operator has been appointed in order to achieve smooth operations based on the first hand experience of the Operator and to facilitate NPL in achieving the desired milestones.

According to the agreement, the Operator will be responsible for breakdowns directly and solely due to operator's negligence, however all the other expenses will be borne by the Company. The agreement will remain in effect for a period of five (5) years.

The salient features of the OMA are as follows:

- a. The owner shall pay to the operator a mobilization fee amounting to PkR twenty six million five hundred thousand only (PkR 26,500,000/-) of which forty (40%) percent would be paid upon the effective date and the remaining by September 30, 2009.
- b. The OMA fee consists of fixed fee and variable fee which depends on the Net Energy Output generated in such month.
- c. The Company shall be responsible for all cost and expenses incurred as a result of breakdown and the Operator will be responsible for breakdowns directly and solely due to the Operator's negligence in performance of the work.
- d. In the event of operator breakdown, the Operator shall provide additional labor up to an aggregate amount not to exceed PkR four million only (PkR4,000,000/-).
- e. In order to secure the Company's payment obligations, NPL prior to the COD, open and maintain an irrevocable confirmed standby letter of credit amounting to PkR forty five million only (PkR45,000,000/-).
- f. In order to secure the operators performance, the operator shall provide a performance guarantee amounting to PkR eighteen million only (PkR18,000,000/-).
- g. All spare parts of the facility shall be exclusively purchased by the owner.

- h. The term of agreement is five years from the commissioning date or last day of month in which the running hours of the first generating set reaches thirty five thousand (35,000) hours, whichever occurs first.
- i. The Operator guarantees an annual availability for the facility of ninety two (92%) percent. In case the facility fails to achieve annual availability, the operator shall be liable to issue a credit note to the company amounting to PkR three million five hundred thousand (PkR3,500,000/-) per year for each one percent under the guaranteed annual availability.
- j. The Operator guarantees a heat rate value of 7780 kJ/kWh with clean fuel. In the event heat rate as measured during the heat rate performance tests is higher than HRG Operator shall issue to the owner a credit note amounting to PkR six hundred forty thousand (PkR640,000/-) for each one tenth (0.1%) percent that the heat rate is higher than the HRG. However, in the event the heat rate as measured during heat rate performance test is lower than 7740 kJ/kWh with clean fuel, the company shall pay to operator the amount of PkR three hundred and twenty thousand only (PkR320,000/-) for each one tenth (0.1%) percent that the heat rate is lower than 7740/kj/kwh.
- k. The Operator guarantees a capacity value of 195,260 kW or the value achieved during the performance test under the construction services contract. In the event of not meeting the guaranteed capacity, the Operator will be liable to issue a credit note to the Company in an amount equal to PkR fifteen thousand (PkR15,000/-) for each one (1 KW) kilowatt.
- l. The Operator guarantees to the Company that it will operate and maintain the facility in such manner that the average lube oil consumption in a year shall not exceed 11.84 kg/running hour/generating set, including lube oil change. In the event the operator doesn't meet the guarantee, operator shall issue a credit note to the Company amounting to PkR six hundred and eighty only (PkR680/-). However in case the lube oil consumption is below 10.15 kg/running hour/generating set, the Operator shall be entitled to Lube oil bonus from owner in an amount equal to PkR three hundred and forty only (PkR340/-).
- m. During a given operating year, the performance liquidated damages shall be limited to and shall not exceed ten (10%) percent of the annual turnover.
- n. The Company's liability to pay performance bonuses shall be limited to and shall not exceed ten (10%) percent of the total annual turnover.
- o. The Company shall be responsible for all costs and expenses associated with the cleanup, removal and/or remediation of any and all hazardous substances.

Senior Financing Facility with the Financial Institutions

Financing facility agreement was signed on December 19, 2007 between NPL and Financial institutions/lender; namely National Bank of Pakistan, Habib Bank Limited, Allied Bank Limited, United Bank Limited and Faysal Bank Limited. Habib Bank Limited was nominated as the *Agent* and *Monitoring* bank, whereas Faysal Bank Limited as the *Security Trustee*. Salient feature of the facilities are as below:

- a. The financing facility carries a mark-up rate of three (3) month KIBOR, ask side, plus 3% per annum with no floor or cap.
- b. NPL shall pay the financial institutions a commitment fee, on a quarterly basis, calculated at the rate of 0.10% per annum of the undrawn portion of sale price, commencing 3 months after the facility effective date.
- c. The Debt to Equity ratio at all times after disbursement shall be less than or equal to 80:20.
- d. No prepayment shall be permissible prior to second anniversary of the final completion.
- e. Prepayment shall not be less than and shall be in multiples of PkR250 million and should be made only on repayment date with at least (30) days prior notice.

- f. A prepayment penalty of 0.15% shall be levied on all amounts prepaid, and any amount prepaid can not be redrawn.
- g. At anytime before or after the facility effective date, the lender can sell-down (at its own cost and expense) in whole or in part any of its rights, benefits or obligations to any other financial institution(s) by notice in writing to NPL, at least thirty (30) business days prior to the proposed date to effect transfer/sell-down.
- h. The Company shall be entitled to a prompt payment bonus in accordance with a pre-determined mechanism.
- i. The Company shall make quarterly principal and interest payments.
- j. There is no restriction on dividend declaration under the agreement.

(Pkr)

| Debt | | |
|---------------------------|-----------------------|-----------------------|
| Bank | Sanctioned | Utilized |
| National Bank of Pakistan | 2,458,113,694 | 2,013,286,000 |
| Habib Bank Limited | 3,277,781,581 | 2,684,624,000 |
| Allied Bank Limited | 3,277,781,581 | 2,684,624,000 |
| United Bank Limited | 3,219,372,643 | 2,636,785,000 |
| Faysal Bank Limited | 1,930,490,501 | 1,581,144,000 |
| Total Debt | 14,163,540,000 | 11,600,463,000 |

Note: the Loans granted by all the financial institutions are secured against the entire plant and machinery of NPL.

The Company had entered into financing agreements with lenders upto Pkr12,259,509,600 sanctioned under senior facility agreement to finance the project. Subsequently, the project cost has been revised and the debt commitment enhanced to Pkr14,163,540,000 through the term finance facility agreement dated July 24, 2009. On the basis of the revised plan, the company maintains the debt to equity ratio at 80:20.

4.11 SECTOR REVIEW

The Power Sector in Pakistan is regulated by National Electric Power Regulatory Authority (NEPRA), Private Power and Infrastructure Board (PPIB) and in a sense a monopoly of two power utility giants, the Water and Power development Authority (WAPDA) and the Karachi Electric Supply Corporation (KESC).

WAPDA, which has been restructured into nine distribution, four generation and a transmission company, is responsible for powering the entire country except for the metropolitan city of Karachi, which is powered by the KESC. Pakistan Electric Power Company (Pvt.) Limited (PEPCO) is a distinct entity within WAPDA which is working as a holding company of WAPDA's newly formed fourteen companies. The aggregate installed generating capacity of Pakistan is 19,585 MW².

In 1994, the door to private sector investors was opened by formation of Private Power and Infrastructure Board (PPIB). PPIB had been established with a view to facilitate private sector investors. So far PPIB has been able to successfully commission 17 power plants responsible for generating 5,952 MW of power³.

National Electric Power Regulatory Authority in its role of a regulator is responsible for a number of duties including licensing for generation, transmission and distribution of

² Pakistan Energy Yearbook - 2008

³ PPIB

electric power, tariff determination and laying down rules and standards to regulate the conduct of power sector business. The power generating capacity of Pakistan has increased to 19,585 MW in 2008. The current power generation mix is thermal (66.7%), hydroelectric (29.90%) and nuclear power plants (3.4%)⁴. This drastic increase in power generation capacity is backed by the steep rise in the overall power consumption due to surge in demand from both rural and urban areas.

An essential role for the private sector has evolved over the years due to persistent shortage of power across the country. Currently, the private sector accounts for almost 40% of the total installed capacity.

4.12 RISK FACTORS

In making the investment decision, the investor may take into consideration the following risk factors:

- **Plant installation Risk - (Level: low)**

There might be hindrances in plant installation which can affect the timely installation of plant, thus hampering the plant to come online within the stipulate time frame.

⇒ **Mitigant**

Plant & machinery is in erection and installation phase as per schedule. The Company has a well-experienced project team in place for the erection and commissioning of the plant. Technical expertise has been provided by Wartsila which is the supplier of plant & machinery and also responsible for its installation. Wartsila has vast experience of setting up and operating power plants in Pakistan. **The 0.27% of the total plant & machinery, which is yet to be shipped, comprises of small spare parts. Commercial production can be commenced without arrival of the said parts. Thus, the project is expected to be commissioned in line with the implementation schedule. Until now, NPL has been able to meet all milestones within the stipulated time.**

- **Fuel Price risk - (Level: low)**

Variation in the fuel price might affect the profitability of the Company.

⇒ **Mitigant**

Under the terms of Power Purchase Agreement (PPA) with WAPDA, any variation in the fuel price is to be passed on to WAPDA so variation in fuel price does not pose any risk to the project profitability.

- **Off Take risk - (Level: low)**

Uncertainty of selling the power generated.

⇒ **Mitigant**

⁴ PPIB

NPL has entered into a 25 years Power Purchase Agreement (PPA) with WAPDA, which guarantees purchase of power generated by NPL.

▪ **Financial Projection Risk - (Level: low)**

The Company has used various assumptions for financial projections which are subject to change depending on the industry, economic and political dynamics. This can seriously impact the actual future results of the Company.

⇒ **Mitigant**

NPL has used conservative assumptions. Since the power sector is a well regulated sector with standard parameters, the room for volatility relating to assumptions is remote.

▪ **Foreign Exchange Risk - (Level: Medium)**

Foreign exchange exposure may impact cost of plant & machinery and might also affect operational profitability.

⇒ **Mitigant**

NPL has already procured plant & machinery for the project. Operational cost involving foreign currency exposure is mitigated by indexing it to PkR/USD.

▪ **Performance and Operational risk - (Level: Medium)**

Under performance by NPL may subject it to penalty i.e. not ensuring minimum load factor under Power Purchase Agreement (PPA) Section No 2.9 entered with WAPDA.

⇒ **Mitigant**

The Company has procured state of the art plant & machinery from Wartsila and since it is also the O&M contractor, it is unlikely that NPL will not be able to deliver the minimum load factor capacity. NPL also has insurance coverage in place to cover against unforeseen circumstances i.e. business interruptions, machinery breakdown etc. Furthermore, Wartsila has a proven track record in Pakistan which further mitigates this risk.

▪ **Force Majeure/ Political risk - (Level: Medium)**

Force Majeure includes events that are beyond reasonable control of NPL.

⇒ **Mitigant**

Some of the events under Force Majeure are covered by insurance contract that provides cover against unforeseen circumstances i.e. business interruptions, machinery breakdown etc. Other events under Force Majeure are hedged through GOP and WAPDA guarantees.

- **Economic Slowdown Risk - (Level: Medium)**

Economic slowdown may affect profitability of the Company.

⇒ **Mitigant**

Keeping in view the disparity between demand and supply, it can be inferred that demand for power is relatively inelastic so even in the event of an economic slowdown, profitability of the Company is unlikely to be affected.

- **Regulatory Risk - (Level: Low)**

Regulatory Authorities may place stringent rules in order to control the sector.

⇒ **Mitigant**

The regulators are keenly approving the projects on a fast-track basis in order to minimize the electricity supply-demand gap prevailing in the sector. Therefore, it is unlikely that any stringent regulations will be applied on the sector.

Note: It is stated that all material risk factors have been disclosed & nothing has been concealed in this respect.

PART 5

1. FINANCIAL INFORMATION

5.1 Auditors report under section 53(1) read with clause 28 of section 2 part I of the Second Schedule to the Companies Ordinance, 1984, for the purpose of inclusion in the Offer for Sale Document of Nishat Power Limited

June 05, 2009

1842

The Board of Directors
Nishat Power Limited
Lahore

Gentlemen

CERTIFICATE UNDER SECTION 53(1) READ WITH CLAUSE 28(1) OF SECTION 2 OF PART I OF SECOND SCHEDULE TO THE COMPANIES ORDINANCE, 1984

We have audited the financial statements of Nishat Power Limited for the nine months ended March 31, 2009. However, the financial statements of Nishat Power Limited for the period February 23, 2007 to June 30, 2008 have been audited by another firm of chartered accountants.

In accordance with section 53(1) read with clause 28(1) of section 2 of Part I of Second Schedule to the Companies Ordinance, 1984, we have summarized:

- (a) The assets and liabilities of Nishat Power Limited as at March 31, 2009; and
- (b) Profit and loss accounts of Nishat Power Limited for the nine months ended March 31, 2009 and for the period February 23, 2007 to June 30, 2008 as follows:



SUMMARY OF ASSETS AND LIABILITIES OF NISHAT POWER LIMITED AS AT MARCH 31, 2009

| | Rupees |
|---|-----------------------|
| ASSETS AND LIABILITIES | |
| Non current assets | |
| Property, plant and equipment | 13,621,914,321 |
| Current assets | |
| Advances, deposits, prepayments and other receivables | 2,602,017 |
| Cash and bank balances | 3,907,709,800 |
| | <u>3,910,311,817</u> |
| Less: Current liabilities | |
| Current portion of long term financing - secured | 115,288,130 |
| Trade and other payables | 3,658,806,814 |
| Accrued markup on long term financing | 293,003,303 |
| Provision for taxation | 1,597,521 |
| | <u>4,068,695,768</u> |
| | <u>(158,383,951)</u> |
| | <u>13,463,530,370</u> |
| Represented by | |
| Share capital and reserves | 2,716,500,000 |
| - Issued, subscribed and paid up capital | 54,386,142 |
| - Accumulated profit | <u>2,770,886,142</u> |
| Long term financing - secured | <u>10,692,644,228</u> |
| | <u>13,463,530,370</u> |

**PROFIT AND LOSS ACCOUNT OF NISHAT POWER LIMITED
FOR THE NINE MONTHS ENDED MARCH 31, 2009**

| | Nine months to March 31, 2009 | February 23, 2007 to June 30, 2008 Restated |
|---|-------------------------------------|--|
| | Rupees | Rupees |
| Other operating income | 73,385,094 | 1,430,965 |
| Administrative expenses | <u>(4,068,292)</u> | <u>(10,128,152)</u> |
| Profit/(loss) before taxation | 69,316,802 | (8,697,187) |
| Taxation | (2,217,898) | - |
| Profit/(loss) for the period | <u>67,098,904</u> | <u>(8,697,187)</u> |
| Earnings/(loss) per share - basic and diluted | <u>0.57</u> | <u>(0.48)</u> |

Am

We further state that:

(a) No dividend has been paid by Nishat Power Limited since its date of incorporation i.e. February 23, 2007.

(b) Contingencies and commitments of the company as at March 31, 2009 were as follows:

(i) **Contingencies**

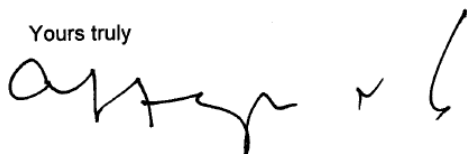
The company has issued an irrevocable letter of credit in favour of National Transmission and Despatch Company Limited for US\$ 5,369,650 (June 30, 2008: US\$ 5,369,650) equivalent to Rs 431,719,860 (June 30, 2008: Rs 366,210,130) as required under section 2.7 and 9.4(d) of the Power Purchase Agreement.

| | March 31, 2009 Rupees | June 30, 2008 Rupees |
|---|--------------------------------------|-------------------------------------|
| (ii) Commitments in respect of | | |
| Equipment supply contract with Wartsila Finland Oy for Euro 14,361,561 (June 30, 2008: Euro 88,012,295) | 1,532,234,943 | 9,471,883,187 |
| Construction services contract with Wartsila Pakistan (Private) Limited for US\$ 6,657,947 (June 30, 2008: US\$ 14,607,504) | 535,298,903 | 995,939,623 |
| Other contractors | 24,988,625 | 57,791,080 |

(c) The company was incorporated on February 23, 2007, therefore, the company's financial statements have been prepared for the period February 23, 2007 to June 30, 2008 and for the nine months ended March 31, 2009.

(d) No financial statements have been reviewed or audited by us subsequent to the audit of the financial statements for the nine months ended March 31, 2009.

Yours truly



A.F.Ferguson & Co.
Chartered Accountants

5.2 Share Break-up Value Certificate

June 05, 2009

1839

The Board of Directors
Nishat Power Limited
Lahore

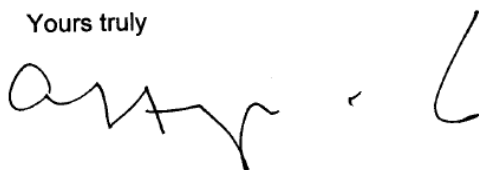
Gentlemen

CERTIFICATE ON BREAK-UP VALUE OF SHARES NISHAT POWER LIMITED

Based on the audited financial statements for the nine months ended March 31, 2009, the break-up value of an ordinary share of Rs 10 each of Nishat Power Limited is Rs 10.2 as computed below:

| | |
|--|------------------------------------|
| Issued, subscribed and paid-up capital | 2,716,500,000 |
| Accumulated profit | 54,386,142 |
| Total shareholders' equity | Rupees <u>2,770,886,142</u> |
| Number of ordinary shares | <u>271,650,000</u> |
| Break-up value per share | Rupees <u>10.2</u> |

Yours truly



A.F.Ferguson & Co.
Chartered Accountants

5.3 Auditors Certificate on Issued, Subscribed, and Paid-up-capital of the Company

A. F. FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS**August 04, 2009****170**

The Board of Directors
Nishat Power Limited
Lahore

A. F. Ferguson & Co.
Chartered Accountants
505-509, 5th Floor, Alfalah Building
P.O.Box 39, Shahrah-e-Quaid-e-Azam
Lahore, Pakistan
Telephone: (042) 6285078-85
Fax: (042) 6285068
E-mail: ferguson@brain.net.pk

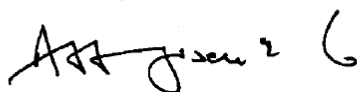
Gentlemen

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

We have examined the books of account and other records of Nishat Power Limited (the company) and report that an amount of Rs 3,540,885,000 has been received by the company on account of issued, subscribed and paid up capital upto August 04, 2009. We further report that at least eighty percent of the said amount has been incurred on the project. The break up of this amount is as follows:

| | Number of shares | Rupees |
|---------------------------|---------------------|----------------------|
| Sponsors | | |
| Nishat Mills Limited | 223,788,498 | 2,237,884,980 |
| Mr Mian Hassan Mansha | 1 | 10 |
| Mr Khalid Qadeer Qureshi | 1 | 10 |
| National Bank of Pakistan | 30,000,000 | 300,000,000 |
| Allied Bank Limited | 30,000,000 | 300,000,000 |
| | 283,788,500 | 2,837,885,000 |
| Others | | |
| Other institutions | 67,445,000 | 674,450,000 |
| Other individuals | 2,855,000 | 28,550,000 |
| | 70,300,000 | 703,000,000 |
| Total | 354,088,500 | 3,540,885,000 |

Yours truly



5.4 Management Note

The break up value of shares of NPL based on the audited accounts for nine months ended March 31, 2009 is PkR10.2.

However, the break up value of Nishat Power limited on the basis of the total paid up capital of PkR3.540 billion is given as follows:

| | | |
|---|---------------|----------------------|
| Total Issued subscribed and paid up capital | | 3,540,885,000 |
| Accumulated profit as on March 31, 2009 | | 54,386,142 |
| Total Shareholder's Equity | Rupees | <u>3,595,271,142</u> |
| Number of Ordinary Shares | | <u>354,088,500</u> |
| Break-up value per share | Rupees | <u><u>10.153</u></u> |

PART 6

6 MANAGEMENT

6.1 BOARD OF DIRECTORS OF THE COMPANY

| Names of Directors | Designation | Nomination as director on other companies |
|---|---|--|
| Mian Hassan Mansha Address: 28-Main Gulberg, Lahore. | Director / Chief Executive Officer | Nishat Mills Ltd. Adamjee Insurance Company Limited Security General Insurance Company Ltd. Nishat Hotels and Properties Ltd. Pakistan Aviators and Aviation (Pvt.) Ltd. |
| Mian Raza Mansha Address: 28-Main Gulberg, Lahore | Director | D.G.Khan Cement Company Ltd. Sui Northern Gas Pipeline Ltd. MCB Bank Ltd. Nishat Paper Products Company Ltd. Nishat Hotels and Properties Ltd. |
| Mr. Khalid Qadeer Qureshi Address: 7-Main Gulberg, Lahore. | Director | Nishat Mills Ltd. D.G.Khan Cement Company Ltd. Adamjee Insurance Company Ltd. Nishat Paper Products Company Ltd. |
| Mr. Aftab Ahmad Khan Address: 53 - A, Lawrence Road, Lahore. | Director | MCB Bank Ltd. Nishat (Chunian) Ltd. Nishat Hotels & Properties Ltd. Nishat Paper Products Company Ltd. Nishat Chunian Power Ltd. National Investment Trust |
| Mr. Shahzad Ahmad Malik Address: H. No. 231-A, New Muslim Town, Lahore. | Director | Security General Insurance Company Ltd. |
| Mr. Shahzad Sadiq Nominee – Allied Bank Limited Address: 456-FF, Phase IV, DHA Lahore. | Director | Nil |
| Mr. Masood Karim Shaikh Nominee – National Bank of Pakistan Address: 94/II, Street No.6, Off Khayaban-e-Rahat, Phase VI, DHA, Karachi. | Director | Nil |
| Mr. Rizwan Hameed (In absence of Mr. Masood Karim Shaikh – Nominee NBP) Address: 26-R, Model Town Extension, Lahore. | Alternate Director | Nil |

6.2 OVER DUE LOANS

There are no overdue loans (local or foreign currency) on the Company or its Directors.

6.2.1 CASH DIVIDEND PAID BY GROUP COMPANIES

| Companies | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------------------------|-------|-------|-------|--------|--------|
| Adamjee Insurance Co. Limited | 0.0% | 30.0% | 28.0% | 30.0% | 25.0% |
| D.G.Khan Cement Limited | 15.0% | 15.0% | 15.0% | 15.0% | 0.0% |
| Nishat Mills Limited | 20.0% | 25.0% | 15.0% | 25.0% | 25.0% |
| MCB Bank Limited | 25.0% | 42.5% | 72.5% | 125.0% | 115.0% |

6.2.2 BONUS SHARES ISSUED BY GROUP COMPANIES

| Companies | 2004 | 2005 | 2006 | 2007 | 2008 |
|-------------------------------|-------|-------|-------|------|-------|
| Adamjee Insurance Co. Limited | 0.0% | 0.0% | 12.5% | 0.0% | 00.0% |
| D.G.Khan Cement Limited | 10.0% | 0.0% | 10.0% | 0.0% | 0.0% |
| Nishat Mills Limited | 0.0% | 0.0% | 10.0% | 0.0% | 0.0% |
| MCB Bank Limited | 10.0% | 20.0% | 15.0% | 0.0% | 10.0% |

6.3 MANAGEMENT PROFILE

| Names | Designation | Professional Experience (in years) | Qualification |
|--------------------|-------------------------|------------------------------------|--|
| Mr. Hassan Mansha | Chief Executive Officer | 10 Years | A-Levels |
| Mr. Tanvir Khalid | Chief Financial Officer | 8 Years | B. Com, Chartered Accountant (ACA) |
| Mr. Muhammad Nawaz | General Manager | 32 Years | BSc Electrical Engineering from UET Lahore |
| Mr. Khalid Chohan | Company Secretary | 25 Years | Graduation in Commerce |

6.3.1 Mr. Hassan Mansha, Chief Executive Officer

Hassan Mansha is presently a Director on the following companies: Nishat Mills Limited, Adamjee Insurance Co. Ltd., Security General Insurance Ltd., Nishat Hotels and Properties Limited.

6.3.2 Mr. Tanvir Khalid, Chief Financial Officer

Tanvir Khalid has over 8 years of professional experience in Financial Management, Taxation, Corporate Laws and Accounts functions and is an associate member of the Institute of Chartered Accountants of Pakistan. In Mr. Khalid's prior work experience he worked with Gulistan Group of Companies and was in-charge of financial and corporate matters. Gulistan is establishing an identical 200MW power plant based on Wartsila engines, and Mr. Khalid was responsible for working on the tariff, financial feasibility,

budgetary financial statements, negotiations with EPC and O&M contractors and dealing with government agencies.

6.3.3 Mr. Muhammad Nawaz, General Manager

Mohammad Nawaz has 32 years of professional experience in operation, maintenance, design construction and commission of electrical and mechanical equipment in power stations and industries. Mr. Nawaz is heading the technical team of the project. His latest professional undertaking was at D.G.Khan Cement as Deputy General Manager of the Power Unit consisting of 4 x 5.96 MW diesel engines and 3 x 8.5 MW gas engines. His prior work experience includes the supervision of the Erection, Testing & commissioning of the WAPDA Muzaffargarh Thermal Power Station Project Phase – II, (2 x 210 MW + 1 x 320 MW with 220 KV Switchyard). Mr. Nawaz has also worked extensively with Shuwaikh Power & Water Production Station, Ministry of Electricity and Water Kuwait and at various power stations in Pakistan.

6.3.4 Mr. Khalid Chohan, Company Secretary

Mr. Khalid Mahmood Chohan has 25 years of experience in Accounts, Taxation and particularly shares and corporate. He joined Nishat Group in 1982 and is presently working as Company Secretary of Nishat Mills Limited, D. G. Khan Cement Company Limited and other non-listed Group Companies.

6.4 PROFILE OF DIRECTORS

6.4.1 Mr. Raza Mansha, Director

Mr. Raza Mansha is presently the Chief Executive of D.G.Khan Cement Company Limited and Nishat Paper Products Co. Limited. He is also serving as a Director for MCB Bank Limited, Nishat Hotel and Properties Limited and Sui Northern Gas Pipe Lines Limited. Mr. Raza Mansha received his Bachelor of Arts degree from the University of Pennsylvania and has over 14 years of professional experience.

6.4.2 Mr. Aftab Ahmed Khan, Director

Aftab Ahmed Khan is a director in MCB Bank Limited, Nishat (Chunian) Limited, Nishat Hotel and Properties Limited, Nishat Paper Products Co. Limited, Nishat Chunian Power Limited and National Investment Trust Limited.

He has been associated with the Nishat Group since 1993 and is currently serving as the Group Director for Finance and Accounts. Mr. Khan is a fellow member of the Institute of Chartered Accountants of Pakistan and has over 45 years of professional experience.

6.4.3 Mr. Khalid Qadeer Qureshi, Director

Mr. Qureshi is serving as a director of D.G.Khan Cement, Nishat Mills Limited and Pakistan Aviators & Aviation (Pvt.) Limited. Mr. Qureshi is also a fellow member of the Institute of Chartered Accountants of Pakistan and has over 40 years of professional experience.

6.4.4 Mr. Shahzad Ahmad Malik

Mr. Shahzad Ahmad Malik has been associated with Nishat Group since 1998. Before joining the Group, Mr. Malik served as a Deputy Director in the Pakistan Audit and Accounts Service (1987-1995), Government of Pakistan. He has a degree in Civil Engineering and later on did his MBA from the Lahore University of Management Sciences (LUMS) in 1997. He is also a Director in Security General Insurance Co. Limited.

PART 7

7 MISCELLANEOUS INFORMATION

7.1 REGISTERED OFFICE

53-A, Lawrance Road,
Lahore, Pakistan
UAN: 042-111-11-33-33

7.2 HEAD OFFICE

7 – Main Gulberg.
Lahore, Pakistan
UAN: 042-111-33-22-00
Phone: 042-571-6351
Fax: 042-571-6349

7.3 BANKERS TO THE OFFER

- Arif Habib Bank Limited
- Askari Bank Limited
- Bank AL Habib Limited
- Bank Alfalah Limited
- Faysal Bank Limited
- Habib Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- Soneri Bank Limited
- United Bank Limited

7.4 BANKERS OF THE COMPANY

- Habib Bank Ltd
- United Bank Ltd
- Allied Bank Ltd
- National Bank of Pakistan
- Faysal Bank Ltd

7.5 AUDITOR OF THE COMPANY

A.F. Ferguson & Co.
Chartered Accountants

7.6 LEGAL ADVISOR OF THE COMPANY

Cornelius, Lane & Mufti
Advocates & Solicitors

7.7 LEGAL ADVISOR TO THE OFFER

Cornelius, Lane & Mufti
Advocates & Solicitors

7.8 ADVISOR & ARRANGER TO THE OFFER

AKD Securities Limited

6th Floor, Continental Trade Centre,
Block 8, Clifton, Karachi.
Phone: (021) - 111-253-253
Fax: (021) - 5867992
www.akdsecurities.net

7.9 COMPUTER BALLOTTER AND SHARES REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd

Financial & Management Consultants
H.M.House, 7-Bank Square
Lahore, Pakistan
Phone: 042-7235081-2
Fax: 042-7358817

7.10 MATERIAL CONTRACTS / DOCUMENTS

| Particulars | Parties | Date |
|-----------------------------------|--|--------------------|
| Letter of Support | GOP through PPIB | July 6, 2007 |
| Power Purchase Agreement | National Transmission & Dispatch Company | November 13, 2007 |
| Equipment Supply Contract | Wartsila Finland Oy | December 6, 2007 |
| Construction Services Contract | Wartsila Pakistan (Pvt.) Ltd | December 6, 2007 |
| Implementation Agreement | GOP through PPIB | September 15, 2007 |
| Common Term Agreement | HBL (Agent Bank) | December 19, 2007 |
| | HBL (Monitoring Bank) | |
| | FBL (Security Trustee) | |
| Senior Facility Agreement | HBL | December 19, 2007 |
| | FBL | |
| | NBP | |
| | ABL | |
| | UBL | |
| Term Finance Facility Agreement | Senior Lenders | July 24, 2009 |
| Project Fund Agreement | NML | December 19, 2007 |
| | ABL | |
| | NBP | |
| | HBL (Agent Bank) | |
| | HBL (Monitoring Bank) | |
| | FBL (Security Trustee) | |
| Murabaha Financing Agreement | HBL (Agent Bank) | December 19, 2007 |
| | HBL (Monitoring Bank) | |
| | FBL (Security Trustee) | |
| | FBL (Senior Lenders) | |
| Fuel Supply Agreement | SHELL Pakistan Limited | January 10, 2008 |
| Operation & Maintenance Agreement | Wartsila Pak. (Pvt.) Ltd | July 24, 2009 |

7.11 INSPECTION OF DOCUMENTS AND CONTRACTS

Copies of the Memorandum and Articles of Association, the audited financial statements, the Auditor's Certificates, Information Memorandum, and copies of agreements referred to in this OFSD can be inspected during usual business hours on any working day at the registered office of the Company from the date of publication of this OFSD until the closing of the subscription list.

7.12 LEGAL PROCEEDINGS

There are no legal proceeding pending against the Company involving financial implications and the Company has not initiated any legal proceedings against any party or person.

7.13 VENDORS

The Company has no vendors in terms of Clause 12 of Part I of the Second Schedule to the Companies Ordinance, 1984.

7.14 MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alias, sets forth the objects for which the Company was incorporated and the business, which the Company is authorized to undertake. A copy of the Memorandum of Association is annexed to this OFSD and has been published with all issues thereof except those released as newspaper advertisement.

7.15 REVALUATION OF ASSETS

The Company has not carried out any revaluation of assets in terms of Clause 22(2) of Section 1 of Part I of the Second Schedule to the Ordinance.

7.16 FINANCIAL YEAR OF THE COMPANY

The financial year of the Company commences from 1st day of July and ends on the 30th day of June each year.

PART 8

8 SIGNATORIES TO THE OFFER FOR SALE DOCUMENT

1. - Sd -
Mian Hassan Mansha
Designation: Director
NIC No.: 35202-1479111-5
Nishat Mills Limited

2. - Sd -
Mr. Khalid Qadeer Qureshi
Designation: Director
NIC No.: 35202-8191856-7
Nishat Mills Limited

3. - Sd -
Mr. Khalid Mahmood Chohan
Designation: Company Secretary
NIC No.: 33100-0985638-5
Nishat Mills Limited

Signed by the above in presence of witnesses:

 -Sd-
Syed Faraz Abdul Ghaffar

 -Sd-
Umair A. Shaikh, ACCA

Place: Lahore
Date: May 15, 2009