



RATING ACTION

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PACRA REVISES ENTITY RATINGS OF NISHAT CHUNIAN POWER LIMITED

The Pakistan Credit Rating Agency (PACRA) has adjusted the long-term entity rating of Nishat Chunian Power Limited (NCPL) to “AA-” (Double A Minus) (Previous: AA), while maintaining the short-term rating at “A1+” (A one plus). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect NCPL’s relatively high completion risk, arising mainly from the commissioning and testing stages - an outcome of the green field nature of the project. However, the appointment of Wartsila, a firm of good international repute with substantial experience in Pakistan, as the Engineering, Procurement and Construction (EPC) and also the Operations and Maintenance (O&M) contractor, reduces the completion and operational risks to a certain extent. Furthermore, the company has low financial risk, emanating from a robust cashflow stream, as guaranteed by the GoP under the Power Purchase Agreement (PPA), subject to adherence to agreed performance parameters. Moreover, the diversified experience and business acumen of principal sponsor is also taken into consideration.

NCPL is targeting to commence its commercial operation by end-March 2010. However, the company is currently experiencing technical obstacles, thus, the commercial operation date (COD) is likely to be extended.

About the Company: Nishat Chunian Power Limited (NCPL) is a special purpose company established to set up an Independent Power Producer (IPP). It is setting up a 200 MW power plant in Jambar Kalan, in District Kasur, near Lahore on Build-Own-Operate (BOO) basis. The plant is designed to run on Residual Fuel Oil (RFO). The electricity generated will be sold to NTDC under the PPA.

The capital structure of NCPL comprises 80% debt, arranged from a consortium of local banks, and 20% equity. The principal share holder is Nishat Chunian Limited – holding 58% of the equity. Meanwhile, Allied Bank Limited and National Bank of Pakistan hold 15% and 8%, respectively. The remaining (19%) of the shareholding belongs to the general public.

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