



Rating Action

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PACRA MAINTAINS THE ENTITY RATINGS OF NISHAT POWER LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Nishat Power Limited (NPL) at ‘AA-’ (Double A minus) and ‘A1+’ (A One Plus), respectively. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Furthermore, upon successful achievement of Commercial Operations Date (COD) the ratings of the company have been removed from *Rating Watch*.

The ratings of NPL reflect the relatively low performance risk emanating from the established track record of its Operations and Maintenance (O&M) contractor, Wartsila Pakistan. However, the operational performance on NPL remains to be seen. The completion risk of the project has been eliminated owing to successful achievement of COD on June 09, 2010, though slightly delayed. Meanwhile, association of the company with Nishat Group is a key rating factor.

The ratings are dependent upon the company’s ability to adhere to agreed upon performance parameters as set by the power purchaser. Further, external factors such as any adverse changes in the regulatory framework and/or inability to adequately manage working capital requirements may impact the ratings.

The company: Nishat Power Limited (NPL) is formed under the Power Policy 2002 as an Independent Power Producer (IPP). The project, a 200 MW thermal power plant, was established on Build Operate and Own (BOO) model. The combined cycle power plant is built at Jambar Kalan, in Kasur District. The plant consists of eleven Residual Fuel Oil (RFO) fired diesel engines, along with eleven heat recovery steam engines to provide steam for the sole steam turbine.

Nishat Mills Limited (NML), the major sponsor, currently holds around 57% stake in the company, which is listed on the Karachi and Lahore Stock Exchange. Meanwhile Allied Bank Limited (ABL) and National Bank Limited (NBP) maintain a 16% and 8% stake respectively.

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