



NISHAT POWER LIMITED

Corporate Briefing Session

on Annual Audited Accounts for the Financial Year ended June 2020



Contents

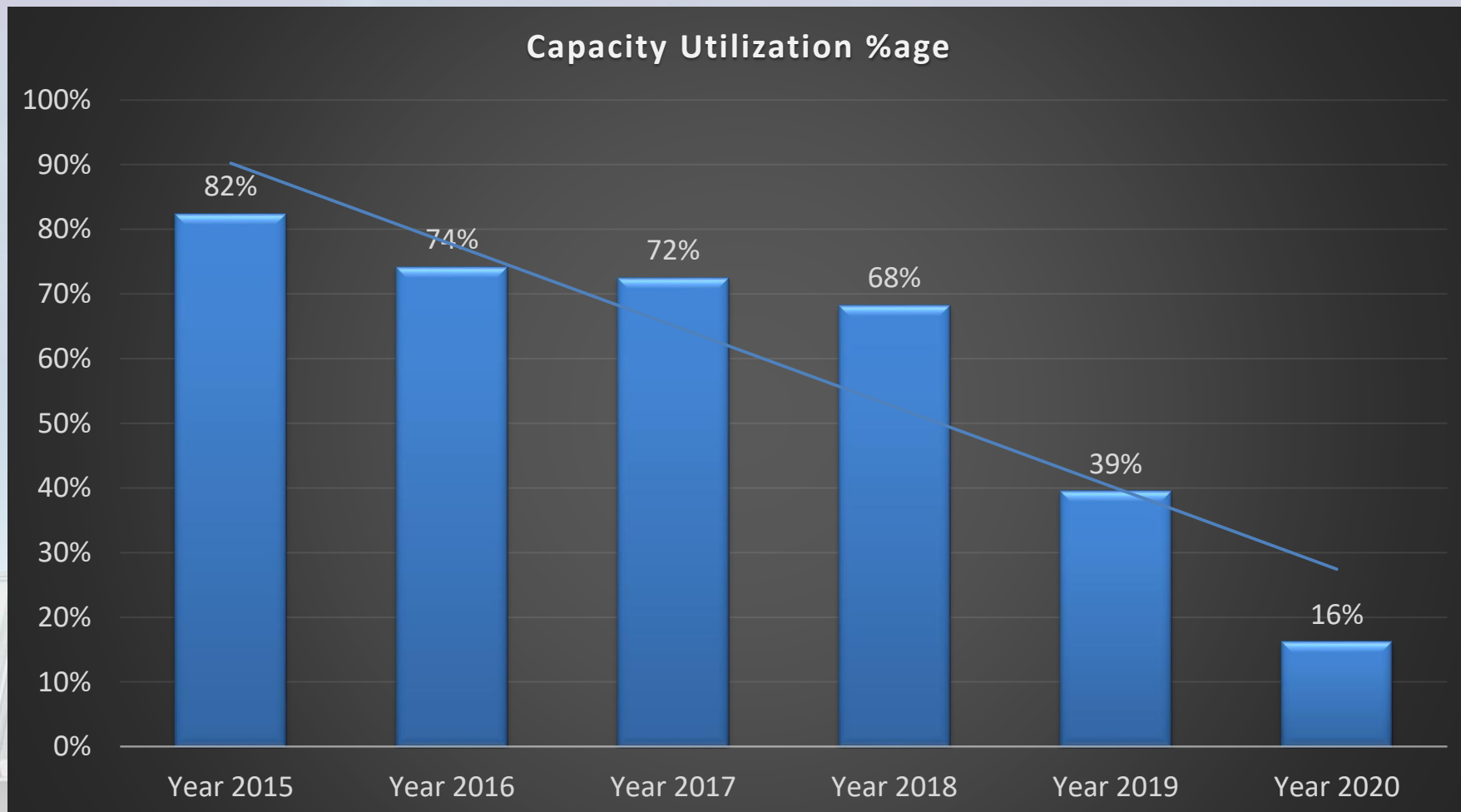
- ❑ Company Brief
- ❑ Operational Highlights
- ❑ Financial Highlights
- ❑ Strategic/Operational Developments
- ❑ Challenges
- ❑ Election of Directors
- ❑ Memorandum of Understanding
- ❑ Business outlook
- ❑ Questions and Answers



Company Brief

- ❑ 200 MW RFO Fired – Combined Cycle Thermal Power Plant
- ❑ Term of Power Purchase Agreement – 25 years
- ❑ Located at 66KM on Multan Road, Tehsil Pattoki
- ❑ Subsidiary of Nishat Mills Limited with 51% equity ownership
- ❑ Established under the “Power Policy 2002”
- ❑ Incorporated in year 2007
- ❑ Shares listed in year 2009
- ❑ Commercial operations started in year 2010

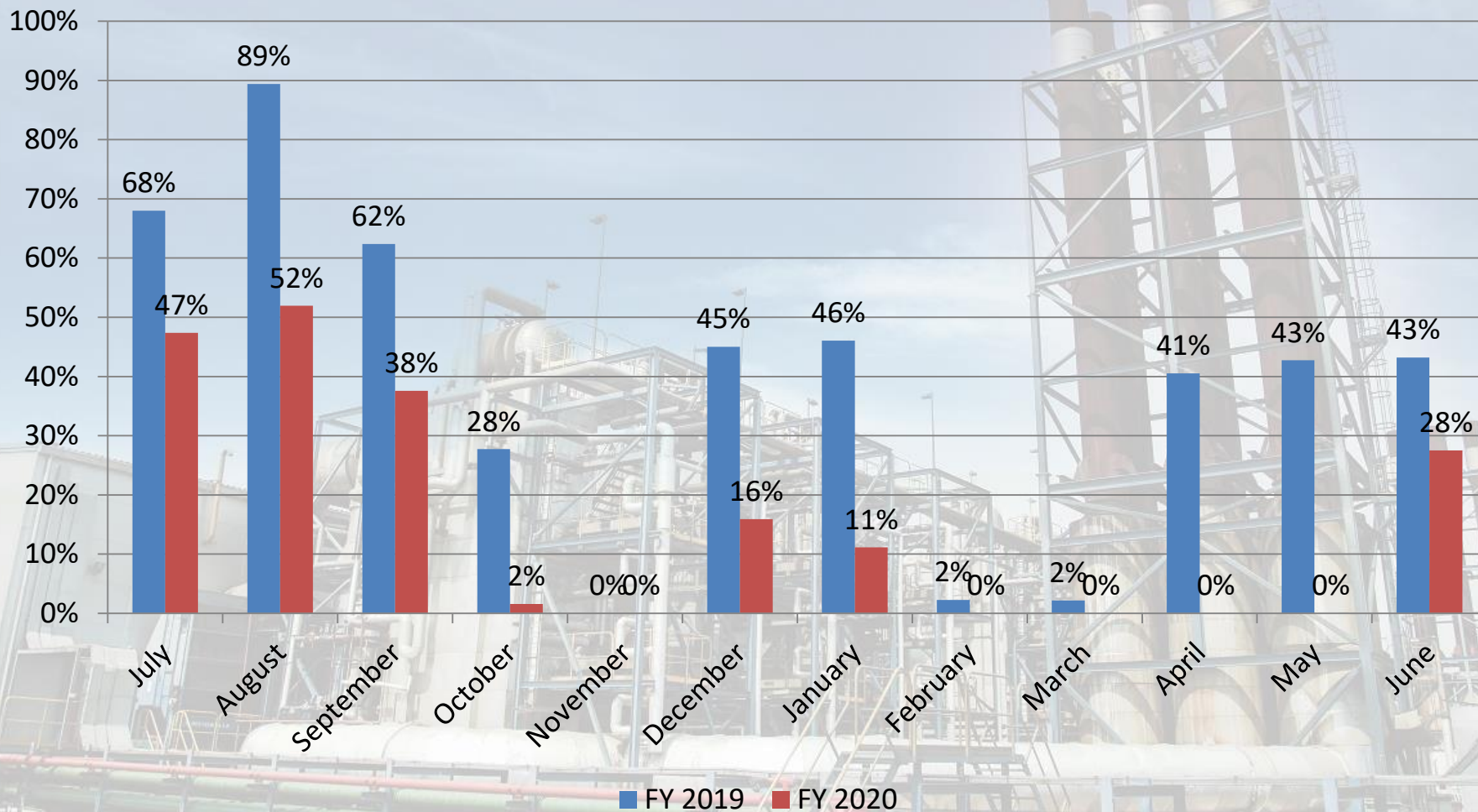
Operational Highlights



Reducing trend due to induction of energy through RLNG/COAL and reduction in economic activities.

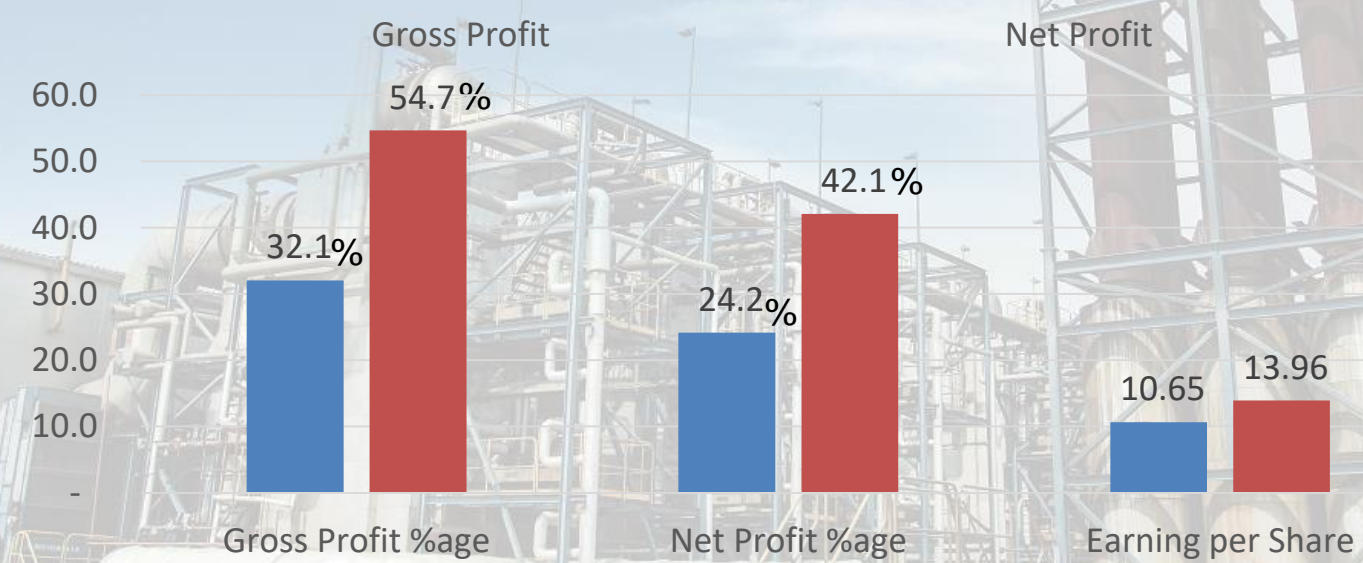
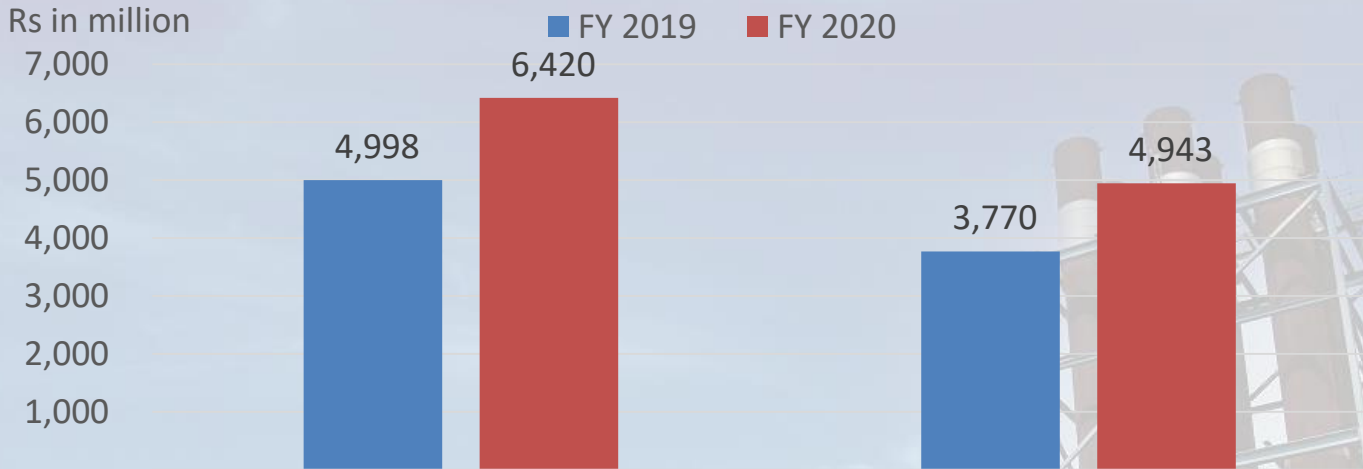
Operational Highlights

**Capacity Utilization (%age)
Financial Year 2020 vs 2019**



Financial Highlights

Rs in million



GP increased by Rs 1,422 million while NP by Rs 1,173 million. Attributable to increase in tariff indexation (e.g. KIBOR, Dollar Rates, CPI etc), and increase in Delayed Payment markup revenue by approx. Rs. 900 million

Strategic/Operational Developments

Maintenance Reserve

- ❑ The maintenance of Power Plant involves cyclical activities and costs. To cater for major maintenance costs in coming years, the management has created a capital reserve amounting to Rs. 3 billion out of retained earnings – this amount will not be available for distribution to shareholders.

Long Term Financing

- ❑ The long term financing was fully repaid by June 2020.

Strategic/Operational Developments

Lalpir Solar Power (Private) Limited - LSPPL

In the financial year 2016, the Company incorporated a wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), since then the Company has taken up 100,000 shares of the LSPPL.

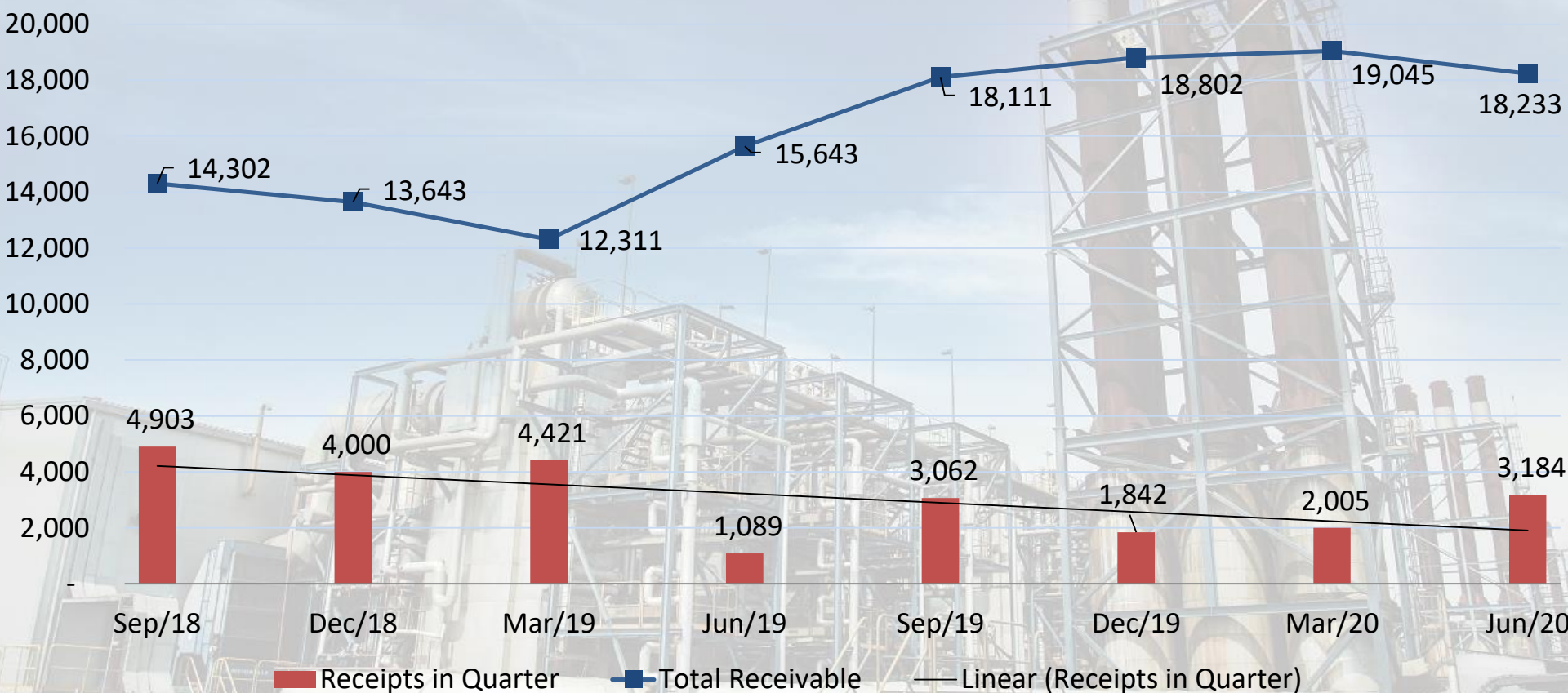
The LSPPL's Power Acquisition Request (PAR) to Central Power Purchasing Agency (CPPA) was delayed due to the expiry of Renewable Energy Policy and tariff mechanism. Keeping in view the decision taken by the Cabinet Committee on Energy (CCoE), CPPA has informed that LSPPL has not been given consent.

Considering the above facts, the management of LSPPL has intended to initiate process of winding up of LSPPL for which legal consultants have been approached. Therefore, financial accounts of LSPPL for year 2020 have been prepared on non-going concern basis.

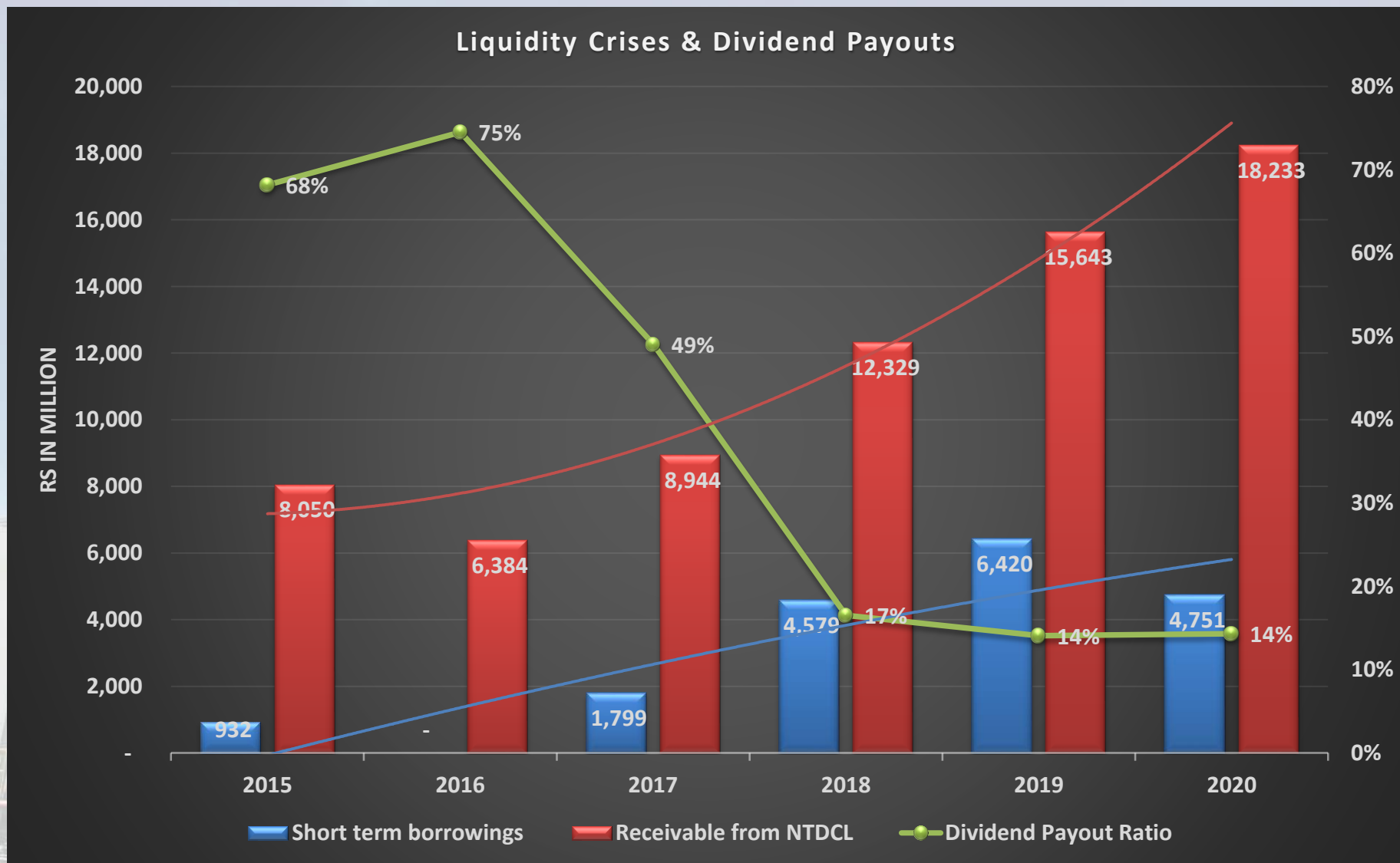
Challenges

Receivables and Circular Debt.

Trade Receivable - FY 2019 & 2020



Challenges



Challenges

Arbitration Disputes

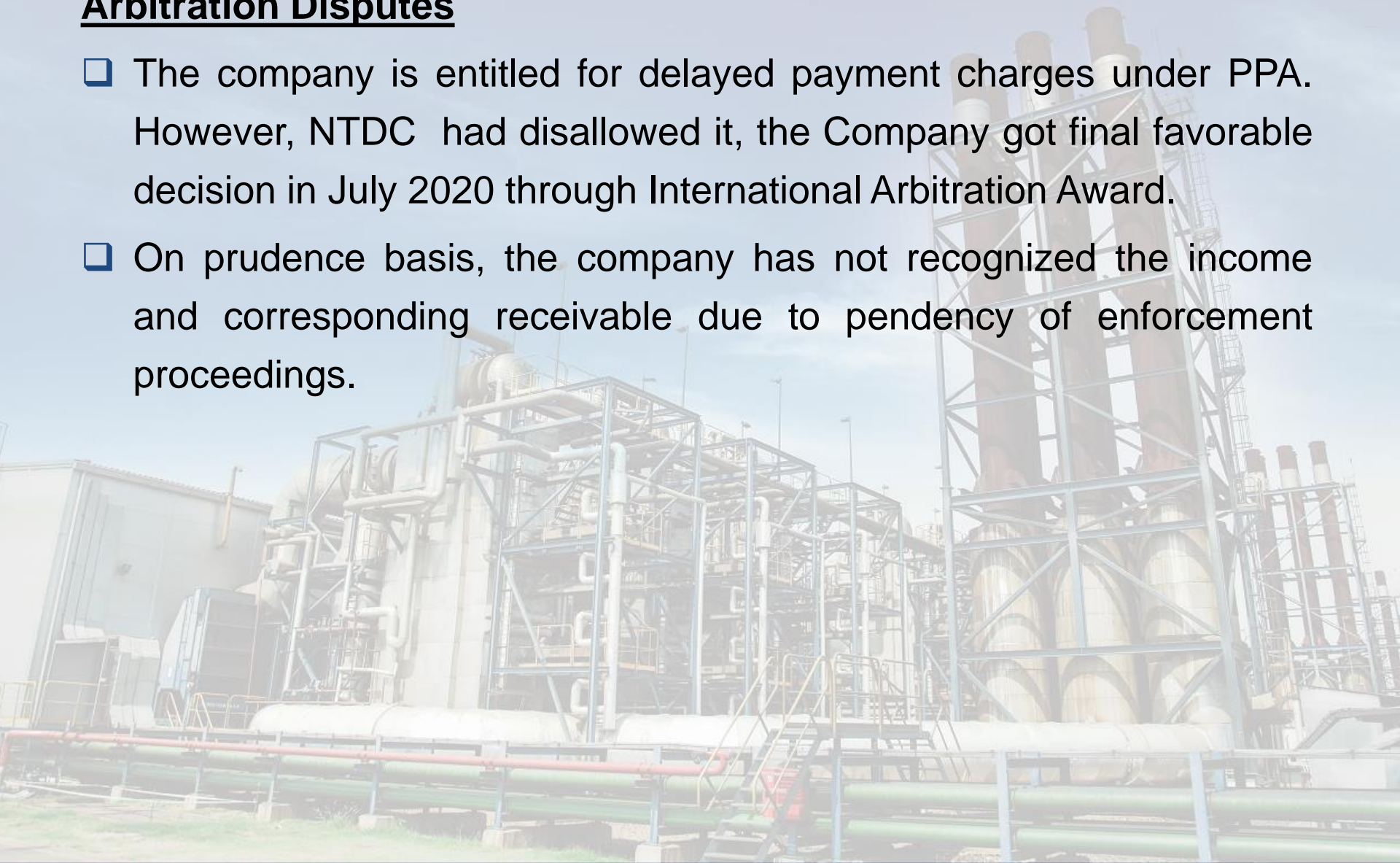
❑ Capacity Revenue receivable Rs. 816 million withheld by NTDCL – the management believes that the disputed amount is likely to be recovered due to favourable decisions from the Expert and in International Arbitration Award. Ancillary recoverables under the award are as follows:

- | | |
|--------------------------------------|-----------------|
| ❑ Pre-award interest | Rs. 189 million |
| ❑ Breach of arbitration proceedings | Rs. 9 million |
| ❑ Cost of proceedings | Rs. 70 million |
| ❑ Post award interest till June 2020 | Rs. 347 million |

Challenges

Arbitration Disputes

- ❑ The company is entitled for delayed payment charges under PPA. However, NTDC had disallowed it, the Company got final favorable decision in July 2020 through International Arbitration Award.
- ❑ On prudence basis, the company has not recognized the income and corresponding receivable due to pendency of enforcement proceedings.



Election of Directors

Carried on August 22, 2020

1. Mian Hassan Mansha (Chairman)
2. Mr. Ahmad Aqeel
3. Ms. Maleeha Humayun Bangash
4. Mr. Mahmood Akhtar
5. Mr. Ghazanfar Hussain Mirza (Chief Executive)
6. Mr. Shahzad Ahmad Malik
7. Mr. Norez Abdullah



Memorandum of Understanding (MoU)

MoU signed with Committee for Negotiations with IPPs on Aug 13, 2020

The terms of the MoU are subject to approval of

- ❖ Board of Directors of the Company
- ❖ NEPRA
- ❖ Federal Cabinet
- ❖ Any other corporate approvals that may be required

Followed by legal documentation to reflect the amendments needed in the relevant agreements.

Business Outlook

- We foresee circular debt to remain a challenge for the government and the energy sector particularly in the near future unless concrete policy measures are taken to address the underlying causes.
- Due to increased power generation capacity of the country, the Company's capacity utilization factor has seen some falling trend. However, the plant kept on being utilized during the peak load summer months, due to the unique technological advantage of RFO based eleven ("11") Reciprocating Engines and one ("01") Steam Turbine, which can produce power during peak hours round the year, at a very short notice period. However utilization declined in winter months. The same trend is expected to continue further.

Questions and Answers





Thank You