

# **NISHAT POWER LIMITED**

**Corporate Briefing Session**

**on Annual Audited Accounts for the Financial Year ended June 2022**

# Contents

- ❑ Company Brief
- ❑ Operational Highlights
- ❑ Financial Highlights
- ❑ Strategic/Operational Developments
- ❑ Agreements
- ❑ Challenges
- ❑ Business outlook
- ❑ Questions and Answers

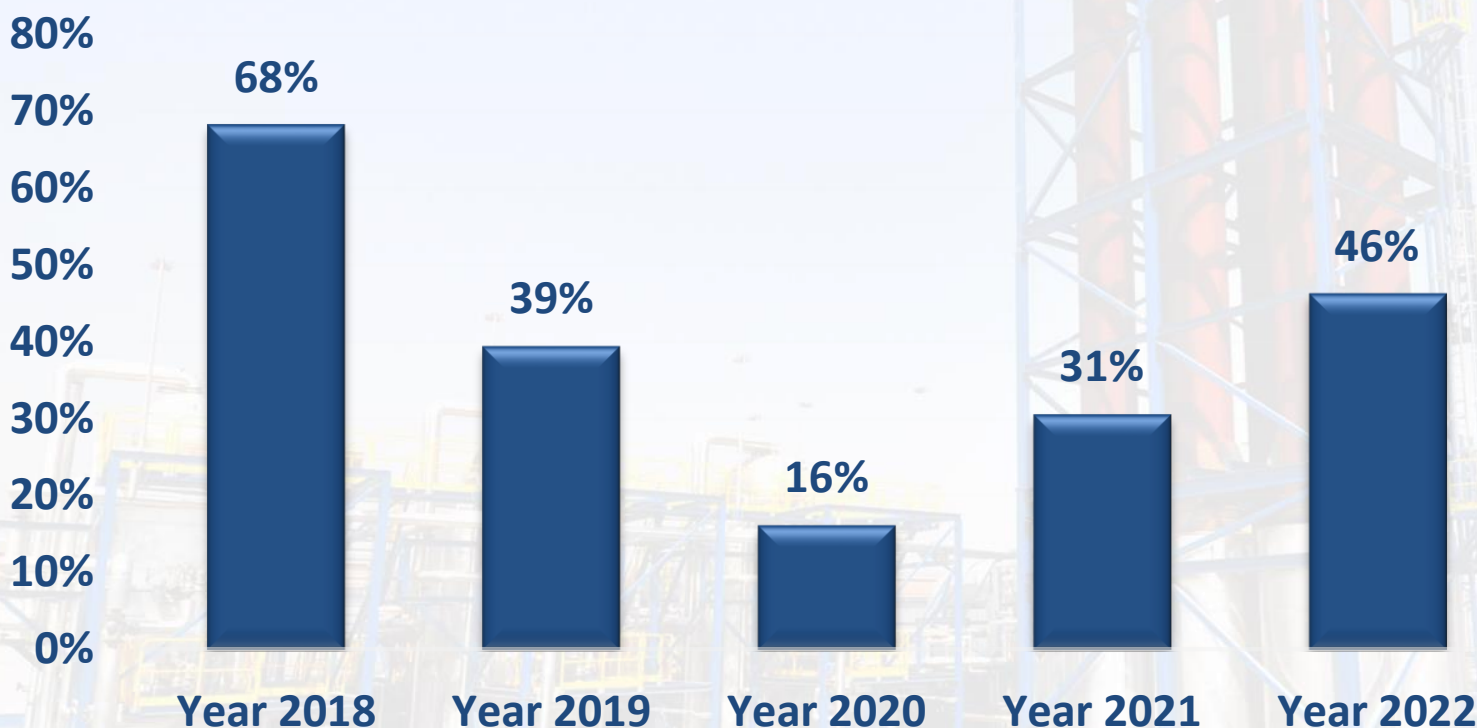
# Company Brief

- ❑ 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
- ❑ Master Agreement and Power Purchase Amendment Agreement in 2021



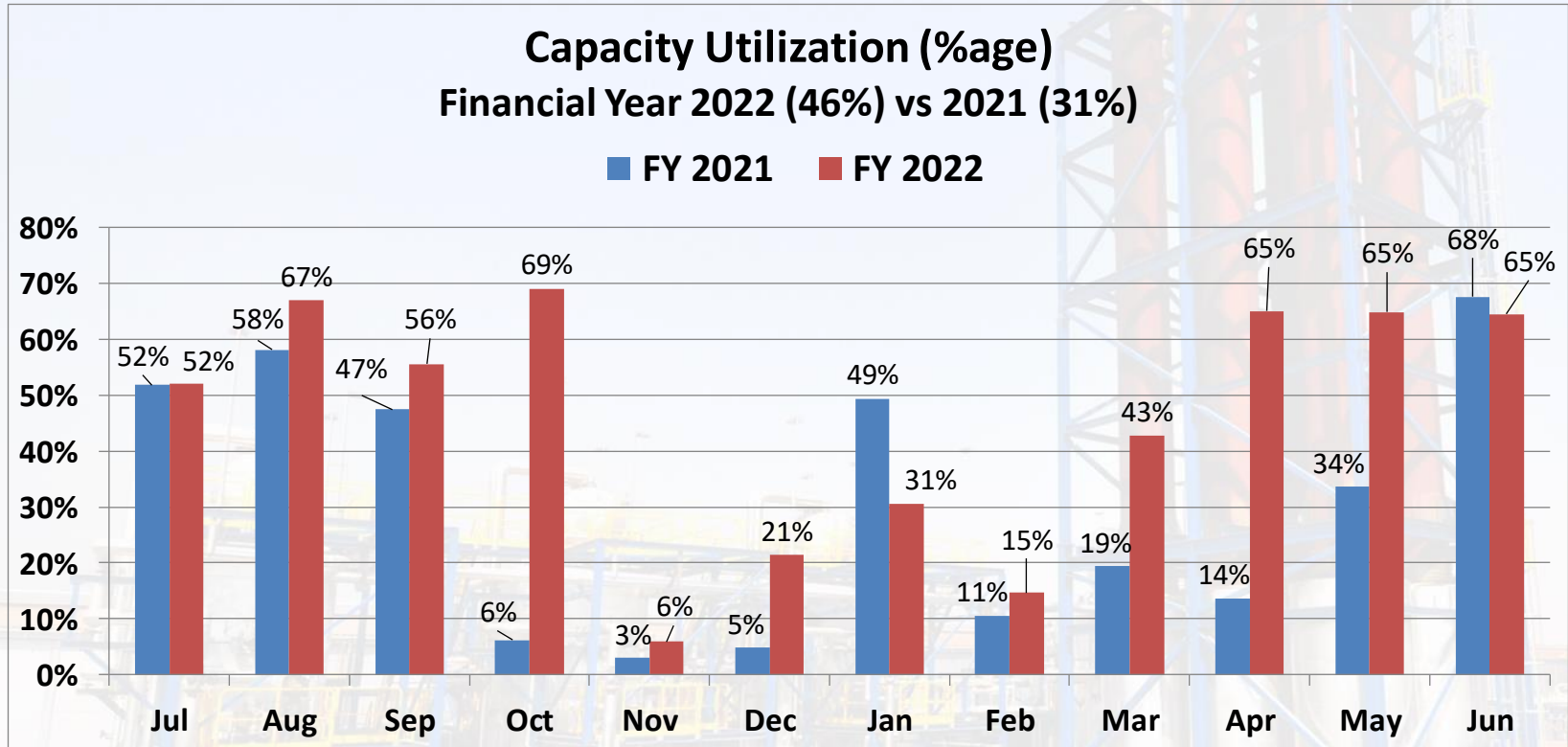
# Operational Highlights

## Capacity Utilization %age



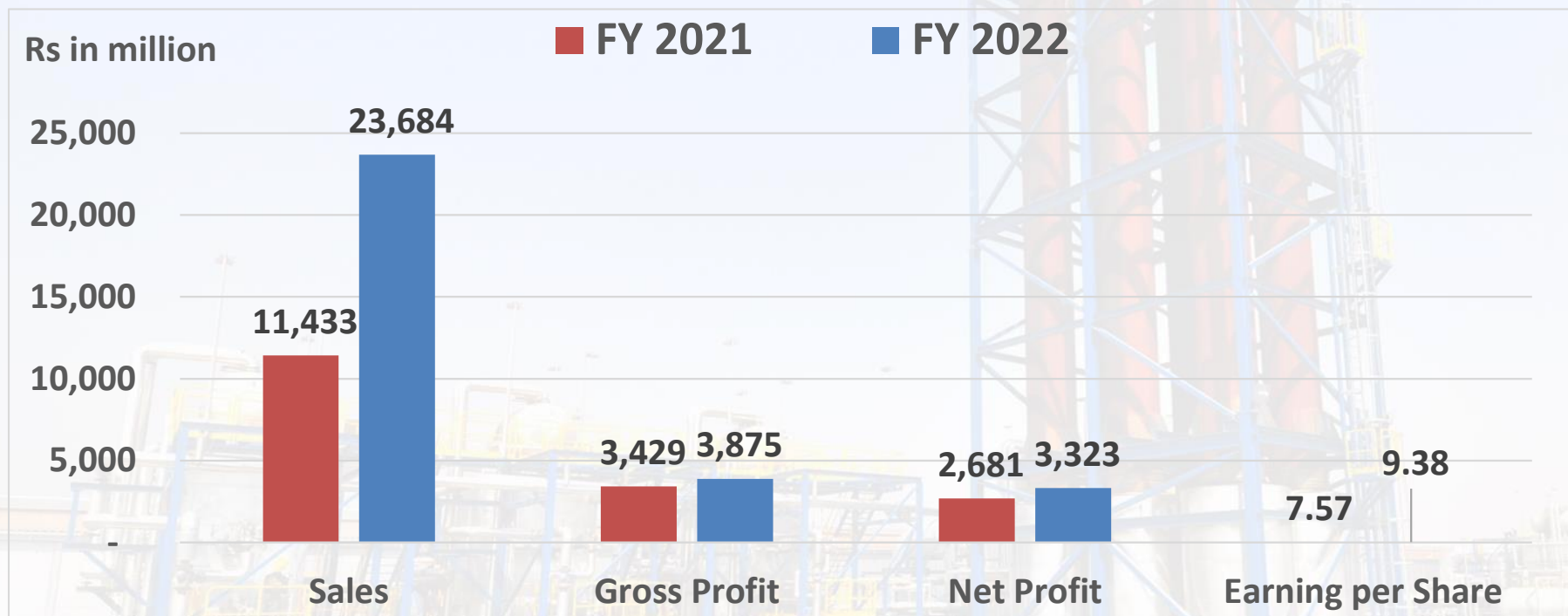
The plant operated at average capacity factor of 794GWh:46.42% (2021: 523GWh :30.59%) during the year. Recovery has been observed due to international issues with RLNG/COAL.

# Operational Highlights



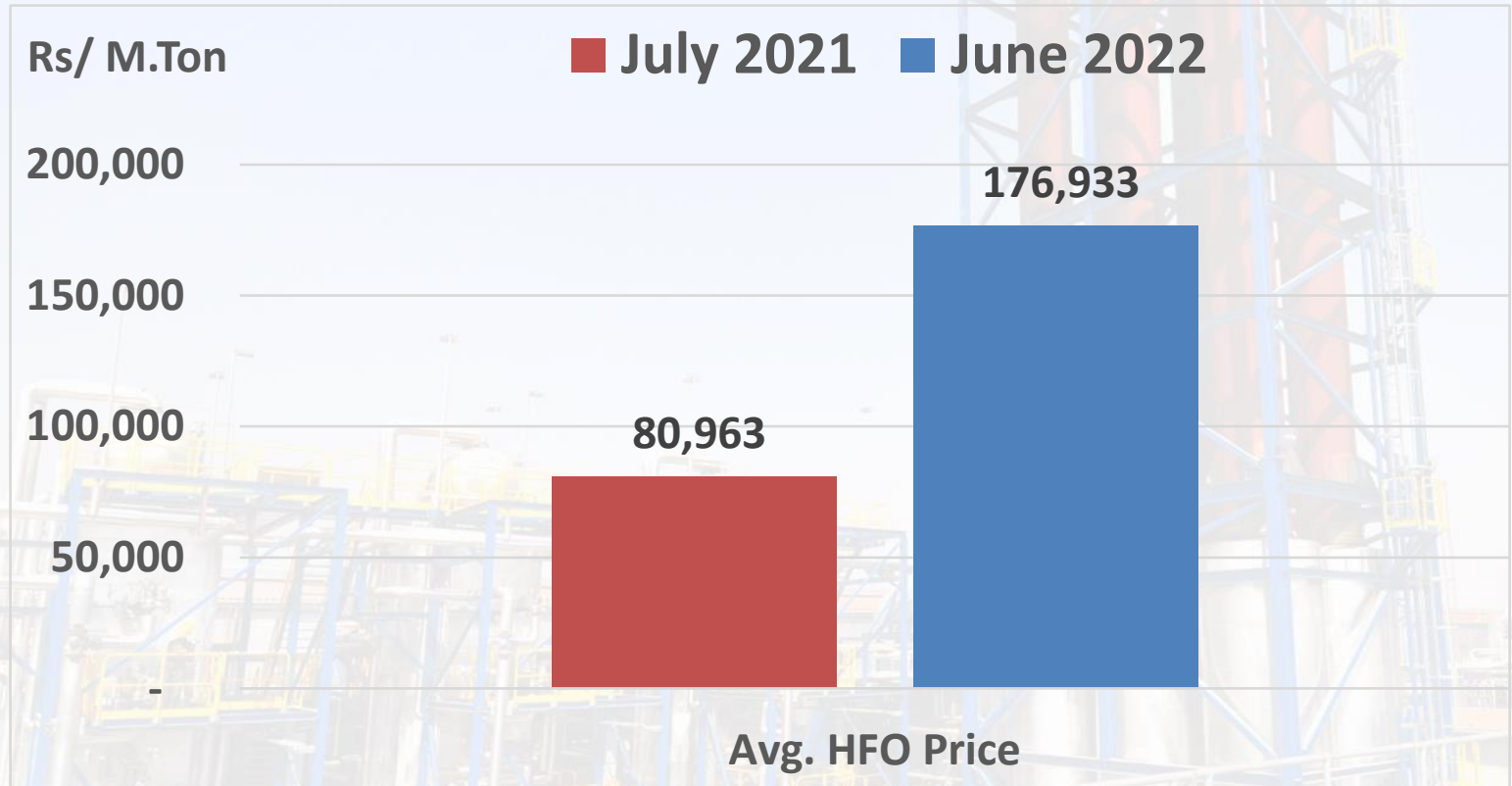
Significantly higher capacity utilization in Oct, March, Apr and May, compared to same period last year

# Financial Highlights



Profits have increased mainly due to higher generation, increase in tariff due to indexation and reduction in short term mark up costs due to higher receipts from power purchaser during the year

# Financial Highlights



Source: NEPRA state of industry report

**Avg Furnace oil prices have increased ~ 2 times over the course of FY 2022**



# Agreements

## Timeline of Significant Events

Date	Description
12-Feb-21	Master Agreement, PPA Amendment Agreement and other agreements. FIFO payment method being followed by the Power Purchaser.
June 09, 2021 to August 15, 2021	Capacity dispute related Other Force Majeure Event 68 days Period completed for settlement of Capacity dispute and the disputed amounts have been received by the Company.
06-Jan-22	1 <sup>st</sup> installment (40%) amounting to Rs.5.7bln was received. Discount on RoE and RoEDC was commenced.
15-Jun-22	Arbitration Submission Agreement signed with the Government of Pakistan for resolution of dispute
30-Jun-22	2 <sup>nd</sup> installment (60%) amounting to Rs.8.6bln was received. Terms of the Agreements, including revised tariff, has become applicable for remainder of the term of the PPA



# Strategic/Operational Developments

## **Maintenance Reserve**

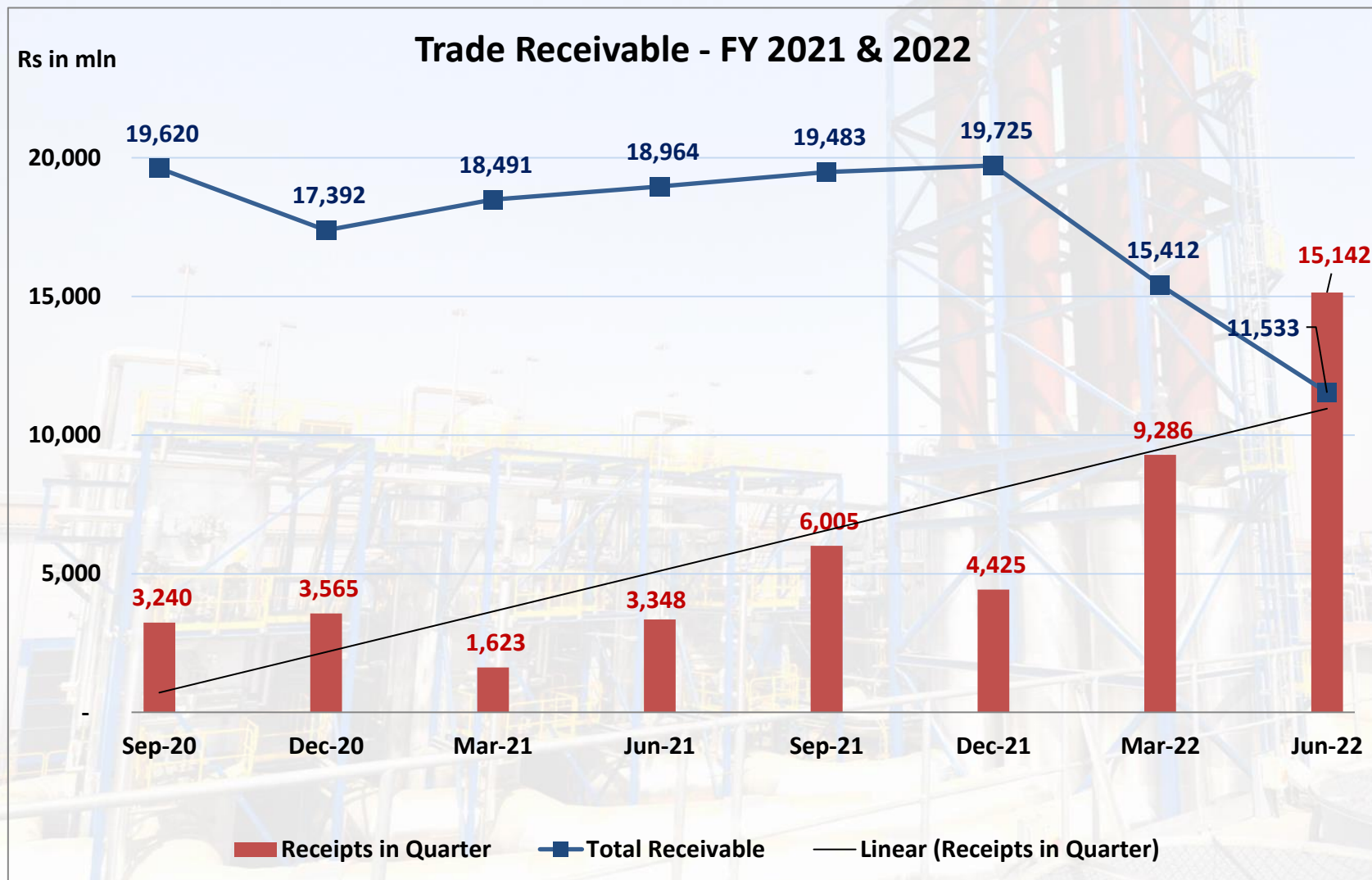
The maintenance of Power Plant involves cyclical activities and costs. To cater for major maintenance costs in coming years, the management had created a capital reserve amounting to Rs.3bln, which is considered sufficient to account for upcoming maintenance related costs.

## **Lalpir Solar Power (Private) Limited – LSPPL (10MWp)**

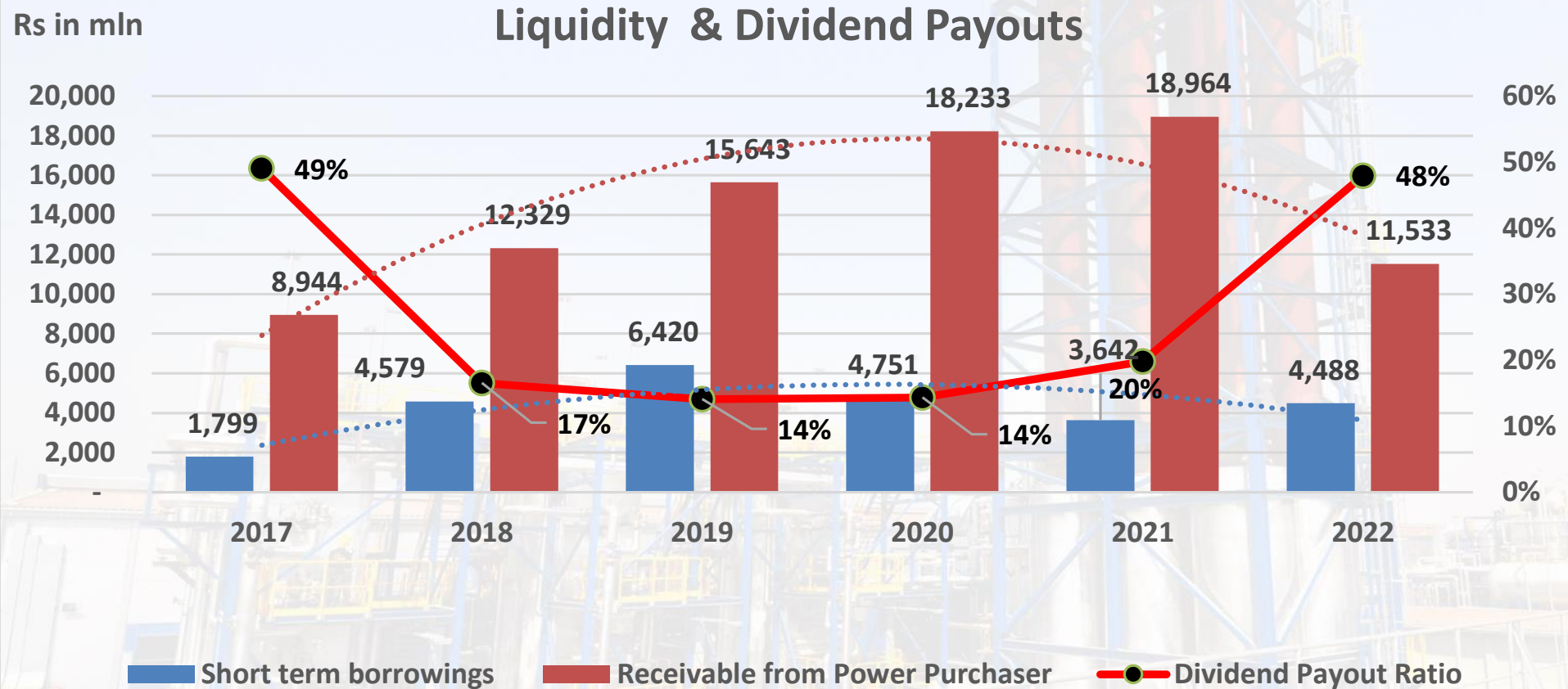
The Shareholders and Board of Directors of the Company had decided for voluntary winding up of the Subsidiary LSPPL, due to the fact that Power Acquisition Request and Consent to Procure Power was not granted by the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) due to certain reasons despite best efforts of LSPPL. During the year, LSPPL initiated the process of members' voluntary winding up. On June 30, 2022, LSPPL has concluded the winding up process.

# Challenges

## Receivables and Circular Debt.



# Challenges





# Business Outlook

## **Circular Debt**

- We foresee circular debt to remain a challenge particularly due to increase in fuel prices.

## **Capacity Utilization**

- The plant kept on being utilized during the summer months, due to the unique technological advantage of Company's plant which can produce power during peak hours round the year, at a very short notice period
- There is increase in generation utilization in recent two years compared with 2018-20, due to recovery of economic activity and international issues with availability of RLNG and Coal.
- The prevailing PPA mechanism and contractual terms (i.e. under Take or Pay) will continue. Even under the competitive trading arrangement, which is yet to be implemented, the Company falls under the category of legacy contracts (Take or Pay).

# Questions and Answers

# Thank You