

Date

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Analyst

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Applicable Criteria

- Methodology | Correlation Between Long-term & Short-term Rating Scales | Apr-25
- Methodology | Rating Modifiers | Apr-25
- Methodology | Independent Power Producer Rating | Jul-25

Related Research

- Sector Study | Power | Feb-25

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PACRA Maintains the Entity Ratings of Nishat Power Limited

Rating Type	Entity	
	Current (19-Sep-25)	Previous (20-Sep-24)
Action	Maintain	Maintain
Long Term	AA-	AA-
Short Term	A1	A1
Outlook	Stable	Stable
Rating Watch	-	-

The ratings reflect the strong business profile of Nishat Power Limited (“Nishat Power” or “the Company”), supported by a long-term Power Purchase Agreement (PPA) with Central Power Purchasing Agency (CPPA-G) valid until 2035. The PPA provides demand risk coverage, while in-house Operations and Maintenance (O&M) gives the Company the advantage of a well-experienced team. Fuel supply risk is considered low, as the Company procures from multiple suppliers on favorable credit terms. During 9MFY25, Nishat Power generated only 51 GWh of electricity, a sharp decline of ~85% from 342 GWh in the same period last year. Consequently, revenue contracted by ~69% to PKR 5,216mln (9MFY24: PKR 17,090mln). The decline was primarily driven by lower generation volumes due to reduced economic activity, further compounded the impact, as end consumers increasingly shifted to captive power plants or off-grid solutions, while the power purchaser relied more on cheaper renewable sources, in line with the broader push toward a cost-efficient energy mix.

Despite lower generation and revenue, the Company maintained a healthy gross profit margin of 43.7%. It earned an operating profit of PKR 2,873mln during Mar’25 (Mar’24: PKR 4,015mln); however, due to the adjustment of outstanding receivables under the Amendment Agreement, Nishat Power reported a net loss after tax of PKR 2,113mln. The equity base of the Company remains strong. Further, following the settlement of project debt, the Company’s only remaining obligations were short-term borrowings, which were fully retired by Mar’25 (Dec’24: PKR 1,650mln; Jun’24: PKR 2,960mln). Consequently, the leverage ratio fell to 0% at Mar’25 (Dec’24: 5.7%), reflecting a debt-free capital structure.

Nishat Power’s strong financial position and ample liquidity continue to support the ratings. Its investment in Next Gen Auto, a related entity in the Electric Vehicle (EV) segment, signals diversification into an evolving sector, though its performance is yet to be seen.

Sustained financial discipline and maintaining operational performance in line with agreed benchmarks remain important. At the same time, the impact of the revised tariff on the Company’s financial profile, along with the evolving dynamics of the power sector, will remain key rating considerations.

About the Entity

Nishat Power was founded in 2007 as an independent power producer (IPP) with the aim of generating electricity. It commenced commercial operations in June 2010. Nishat Power, a subsidiary of Nishat Mills Limited, is listed on the Pakistan Stock Exchange. Nishat Mills Limited holds a 51% stake in the Company. The Nishat Group, a prominent conglomerate, has diversified interests in textiles, cement, energy, and finance. The Board of Directors (BoD) consists of seven members, with five representing the Nishat Group, including the CEO, and two independent directors, which enhances the governance structure. All board members are seasoned professionals with broad industry experience. The management team is composed of qualified experts with substantial experience in the power sector.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA’s comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security’s market price or suitability for a particular investor.