



RATING ACTION

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PACRA ASSIGNS ENTITY RATINGS TO SAIF POWER LIMITED

The Pakistan Credit Rating Agency Limited (PACRA) has assigned long-term and short-term entity ratings of “AA-” (Double A Minus) and “A1+” (A One Plus), respectively, to Saif Power Limited (SPL). These ratings denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings of SPL reflect low financial risk owing to stable future cash flows, also guaranteed by the Government of Pakistan (GoP) under the Power Purchase Agreement (PPA) subject to adherence to performance parameters. The ratings incorporate low operational risk emanating from established operating track record of the O&M operator - General Electric. Although weak financial discipline of the sole customer, Water and Power development Authority (WAPDA), would remain a key concern, natural-gas-based plant's relatively low-tariff structure is expected to place SPL in a better position to get priority payments from WAPDA.

The ratings are dependent upon the company's ability to adhere to agreed performance parameters as set by the power purchaser. Furthermore, external factors such as any adverse changes in the regulatory framework may impact the ratings.

The Plant: SPL, a public limited company, established in 2004, is an Independent Power Producer (IPP) operating under the Power Policy 2002. SPL commenced operations on 30th April 2010. SPL is operating a Combined Cycle thermal power plant with gross capacity of 225 MW. The plant, located in Qadarabad, District Sahiwal, is primarily fueled by natural gas supplied by Sui Northern Gas pipelines (SNGPL), while the secondary fuel (HSD) is supplied by Shell Pakistan Limited.

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