

RATING REPORT

Rousch (Pakistan) Power Limited

REPORT DATE:

October 25, 2024

RATING ANALYSTS:Saeb Muhammad Jafri
saeb.jafri@vis.com.pk

RATING DETAILS	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	AA	A-1	AA	A-1
Rating Outlook/Watch	RW-Developing		Stable	
Rating Action	Maintained		Upgrade	
Rating Date	October 25, 2024		May 22, 2024	

COMPANY INFORMATION

Incorporated in 1994

External auditors: A.F. Ferguson & Co.
Chartered Accountants

Public Limited (Unlisted) Company

Chairman: Mr. Faisal Dawood
CEO: Mr. Waqar Ahmed Khan**Key Shareholders (with stake 5% or more):**Power Management Company (Private) Ltd. – 59.98%
Siemens Project Ventures of Germany- 26%
Electricity Supply Board of Ireland (ESBI)- 7.33%

APPLICABLE RATING SCALE(S)

VIS Issue/Issuer Rating Scale:<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

APPLICABLE METHODOLOGY

VIS Entity Rating Criteria: Corporates<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

Rousch (Pakistan) Power Limited

OVERVIEW OF
THE
INSTITUTION

Rousch (Pakistan) Power Limited is a public unlisted company, incorporated in Pakistan. The Company is a subsidiary of Power Management Company (Private) Limited which is a wholly owned subsidiary of Altern Energy Limited. Further, the ultimate parent company is Descon Processing (Private) Limited.

RATING RATIONALE

Rousch (Pakistan) Power Limited ('RPPL' or 'the Company') was incorporated on August 4, 1994 as a public unlisted company. The Company commenced commercial operations on December 11, 1999. The principal activity of the Company is to generate and supply electricity to Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) through its combined cycle thermal power plant, having a gross capacity of 450 MW situated near Sidhnai Barrage, Abdul Hakim Town, Khanewal District, Punjab. Power Management Company (Private) Limited (PMCL) possesses majority shareholding of 59.98%, followed by Siemens Project Ventures of Germany (26%), and Electricity Supply Board of Ireland (ESBI) (7.33%). The Board of Directors comprises 7 members with 2 members representing Siemens, 2 members from Descon group and remaining are representatives of other holding companies.

Project Details

The Company initially set up a 412 MW oil-based combined cycle power plant. However, in 2003, the project was converted into a gas-based plant under GoP policy encouraging conversion of fuel oil plants to natural gas. Consequently, post conversion, the Dependable Capacity was achieved at 403.83 MW enhancing gross (ISO) capacity of the plant from 412 MW to 450 MW. The plant is configured with 2 gas turbines, 1 steam turbine, 2 on-load hot gas bypass dampers, and 2 heat recovery steam generators and associated equipment. Installed equipment at the complex was imported from Siemens. Project cost was USD 560m funded through a debt to equity ratio of 67:33. For debt financing, RPPL obtained foreign currency loan from a consortium of international financial institutions. Last installment of debt financing was paid in Dec'19. The plant, constructed under the Build Own Operate and Transfer (BOOT) model, is to be transferred in April 2031 at a nominal cost of one US dollar, converted to Pakistani rupees at the exchange rate in effect at that time.

Rationale for Rating-Watch Developing

Ratings have been placed on Rating Watch-Developing due to ongoing negotiations with the Government regarding the signing of the Negotiated Settlement Agreement (NSA), in lieu of the termination of Power Purchase Agreements (PPAs) and Implementation Agreements (IAs), as part of the government's efforts to restructure the power sector. As per Management, the Board has approved the terms outlined in the draft NSA. However, the final agreement is subject to shareholder approval to be obtained at the Extraordinary General Meeting (EOGM), scheduled for November 11, 2024. VIS will review the ratings on the finalization of the agreement.

REGULATORY DISCLOSURES		Appendix I			
Name of Rated Entity	Rousch (Pakistan) Power Limited				
Sector	Power				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Medium to				
	Rating Date	Long Term	Short Term	Rating Outlook/Watch	Rating Action
	<u>RATING TYPE: ENTITY</u>				
	10/25/2024	AA	A-1	RW- Dev	Maintained
	05/22/2024	AA	A-1	Stable	Upgrade
	05/15/2023	AA-	A-1	Stable	Downgrade
	05/20/2022	AA	A-1	Stable	Reaffirmed
	06/24/2021	AA	A-1	Stable	Reaffirmed
	07/08/2020	AA	A-1	Stable	Upgrade
	06/28/2019	AA-	A-1	Stable	Initial
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meetings Conducted	Name	Designation	Date		
	Mr. Muhammad Junaid Asghar	CFO & Company Secretary	October 22, 2024		