

Borrowing of moneys

General

Funding requirement generally has two major outlooks:

a) Long term Funding Requirement

Long Term funding requirement usually arises when there is an expansion project taken up by the Company.

b) Short Term Running Finance Facility

Main purpose of these facilities is to bridge the gap between delayed payments received from Power Purchaser and payments required to be made to the O&M operator under the O&M agreement, project insurance, plant maintenance overheads and general and administrative overheads of the Company.

Objectives

- Optimal utilization of borrowed funds so to make the business viable and going concern.
- Borrowing at the lowest possible and competitive rates and terms.
- Ensuring that Company's interest is protected at all points in time.

Achievement of Objectives

These objectives will be achieved by the following:

- Follow guidelines provided by Board to meet funding requirements.
- Obtain regulatory and lender's approval, wherever necessary before raising funds.
- Meeting regulatory requirements as defined under SBP's prudential regulation in order to meet the borrowing criteria defined by the banks / financial institutions.
- Utilization of working capital lines with lowest markup in ascending order.
- Negotiating better spread with different banks to minimize our financing cost via Money Market facilities offered by banks.
- Funding the Operating Accounts and Debt Payment Accounts in order to facilitate timely payment to suppliers and Lenders (over funding is avoided).