

## **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).