

**PRIVATISATION OF
NATIONAL POWER CONSTRUCTION CORPORATION
(NPCC)**

Preliminary Information Memorandum

July 2007



**Government of Pakistan
Privatisation Commission**

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1. INTRODUCTION

National Power Construction Corporation (NPCC), having paid up capital of Rs 20 million, was established in 1974 by the Government of Pakistan under the Federal Ministry of Water and Power with a special objective of executing power engineering projects speedily and economically not only at home but also in other friendly countries. The company is registered under the Companies Ordinance to allow flexibility to lay down the rules of service, financial powers and to create working environment on commercial lines. A five member Board of Directors nominated by the Government of Pakistan including the Chairman and the Managing Director drawn from the Federal Ministries of Water & Power and Finance manages the corporate affairs of the company. The Secretary to the Government of Pakistan, Ministry of Water and Power is also the Chairman of the Board of Directors of NPCC.

NPCC has a branch office in Saudi Arabia named NPCC (Pakistan) Ltd established under Foreign Capital Investment Regulations with paid up capital of Saudi Riyals 5 million.

NPCC is currently rated amongst top contractors in its specialty and reputed for skillful and professional management of contracts. The company has all along been a profit making organization besides providing employment to large number of Pakistani engineers, technicians, and skilled/semi-skilled workforce.

2. CHARTER OF SERVICES

NPCC is fully equipped to undertake speedy execution of power projects on turnkey basis including extra high voltage transmission lines, cable networks, low voltage distribution network, substations, power generation plants, industrial electrification, external lighting of housing complexes etc. and has demonstrated proven capability during last three decades in its field of specialty. The services offered by NPCC include survey, design, and procurement of materials, installation, erection, testing and commissioning of the works managed by a highly motivated and experienced team of managers, engineers and skilled technicians. Backed by a large warehouse of construction equipment and strong financial resources, NPCC is fully geared to undertake assignments in its specialty with the highest degree of professionalism.

NPCC's main area of operation during the last three decades had been Middle East with concentration in Saudi Arabia with contracts worth over US\$ 600 million secured and completed.

A rare specialty acquired by NPCC is rehabilitation/reconstruction of damaged power transmission & distribution lines under postwar hazardous conditions and has successfully carried out the work in Kuwait at the end of Kuwait-Iraq war in 1991.

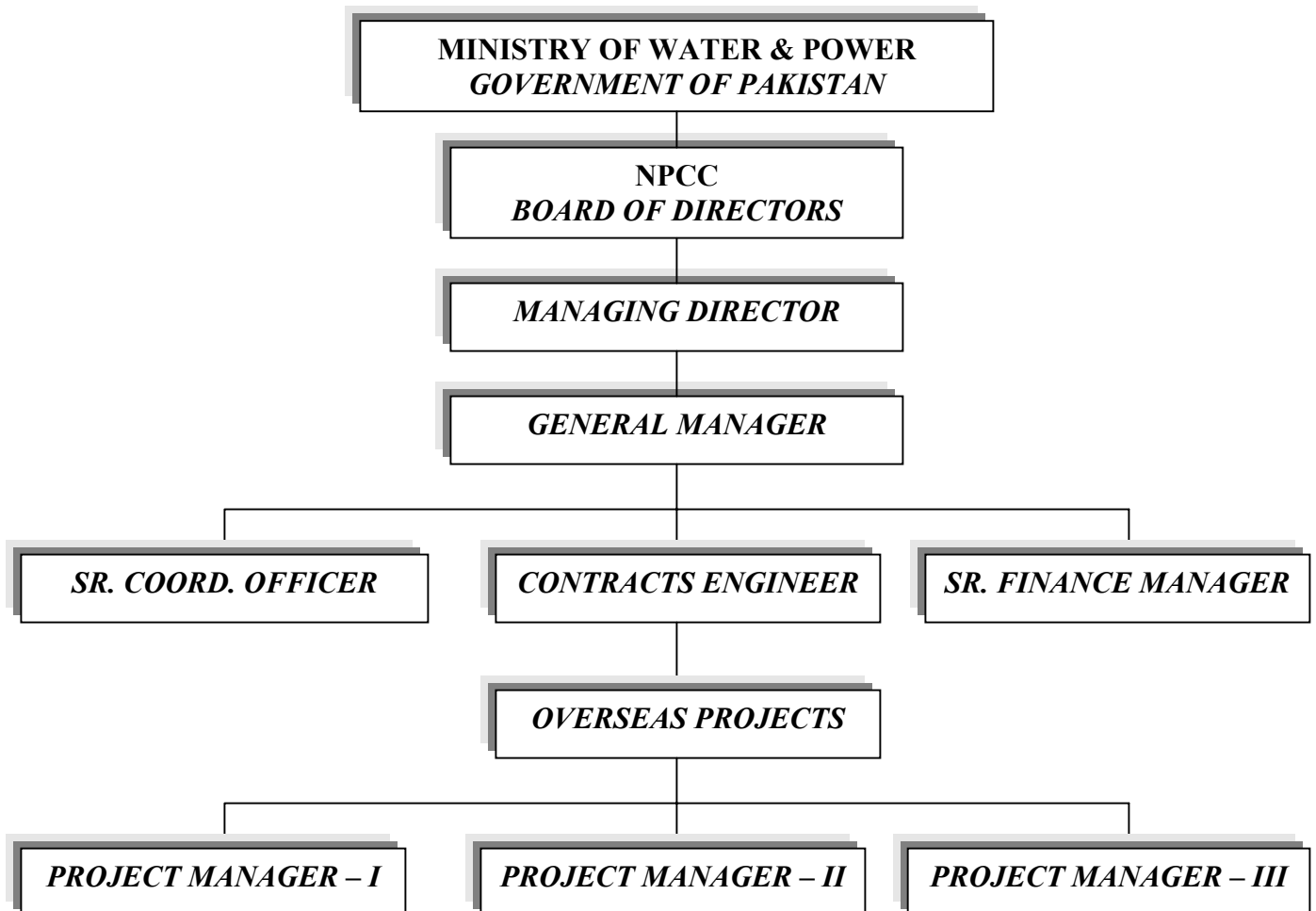
3. ISO 9001: 2000 CERTIFICATION

NPCC is amongst the select construction companies which possess ISO 9001:2001 certification, a pre-requisite these days to participate in projects for most power utilities.

4. PACRA RATING: LONG TERM & SHORT TERM

Pakistan Credit Rating Agency Limited (PACRA) has assigned NPCC the long term rating of **A** (Single A) and the short term rating of **A1** (A one) denoting a low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments

5. ORGANIZATION CHART



6. SUMMARY OF FINANCIAL INFORMATION

6.1 BALANCE SHEET

NPCC audited balance sheets as at 30th June 2004, 2005 and 2006 respectively: -

	(Rupees)		
	2004	2005	2006
Share Capital and Reserves:			
Issued, subscribed and paid up share capital	20,000,000	20,000,000	20,000,000
Revenue Reserves	<u>499,551,772</u>	<u>516,385,855</u>	<u>525,385,696</u>
	519,551,772	536,385,855	545,385,696
Current Liabilities:			
Advance against contracts in Saudi Arabia	31,120,000	-	539,015,000
Creditors, accrued and other liabilities	565,513,712	192,797,584	71,425,543
Provision for taxation	5,967,722	3,649,850	2,909,808
Gratuity payable	451,223	451,937	1,396,786
Proposed dividend	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
	606,052,657	199,899,371	617,747,137
Total Equity and Liabilities	1,125,604,429	736,285,226	1,163,132,833
Assets:			
Non-Current Assets			
Tangible fixed assets and long term security deposits	17,472,637	12,609,595	27,534,487
Current Assets			
Work-in-progress	7,546,600	22,677,400	127,111,000
Contract bills receivable	524,616,220	171,190,718	2,900,802
Cash and bank balances	505,383,347	508,530,218	968,535,606
Other current assets	70,585,625	21,277,295	37,050,938
Total Assets:	1,125,604,429	736,285,226	1,163,132,833

6.2 ROFIT AND LOSS ACCOUNT

	(Rupees)		
	2004	2005	2006
Contract and other income	1,600,932,639	310,286,357	202,948,709
Contract and other expenses	1,571,259,730	290,882,470	172,938,399
Financial and other charges	<u>6,632,345</u>	<u>7,043,557</u>	<u>13,215,248</u>
Total expenses	1,577,892,075	297,926,027	186,153,647
Profit before taxation	23,040,564	12,360,330	16,795,062
Provision for taxation	7,955,255	5,734,230	8,585,621
Profit after taxation	15,085,339	6,626,100	8,209,441
Un-appropriated profit brought forward	166,951	252,290	378,390
Profit available for appropriations	15,252,290	6,878,390	8,587,831
Appropriations:			
▪ Proposed dividend @ Rs 1.5 per share	3,000,000	3,000,000	3,000,000
▪ Transfer to general reserve	12,000,000	3,500,000	5,500,000
Un-appropriated profit	252,290	378,390	87,831
Earning per share - Basic	7.54	3.31	4.10

7. LIST OF PROJECTS EXECUTED AND UNDER EXECUTION

28-10-2006			
PROJECTS		COST	
A) <u>Projects Executed in Pakistan</u>			
1.	132kV Transmission Lines for KESC (1980 – 1981)	Rs.	8.6 million
2.	132/110kV Grid Station, Kamra (1978 – 1982)	Rs.	16.1 million
3.	132kV, 66kV & 110kV Network at Kamra, Chattar and Taxila for Ministry of Defence, HFF & UET – Taxila (1974 – 1979)	Rs.	25.1 million

PROJECTS		COST	
4.	Electrification of 1332 Nos. SCARP Tubewells in Sindh, NWEF & Punjab for WAPDA (1975 – 1982)	Rs.	96.4 million
5.	Kotri Gas Turbine Power Station, Extension for WAPDA (1977 – 1978)	Rs.	7.0 million
TOTAL PAK RUPEES (A)			153.2 million
B) <u>Projects Executed in Saudi Arabia / Kuwait</u>			
1.	Al-Kharj Electrification Project (Main) Kingdom of Saudi Arabia. (1977 – 1980)	SR	300,144,683.00
2.	Al-Kharj Electrification Project (Extension) Kingdom of Saudi Arabia. (1981 – 1984)	SR	73,043,227.00
3.	Qaseem Rural Electrification Kingdom of Saudi Arabia. (1982 – 1985)	SR	223,300,014.00
4.	Yanbu 132kV Transmission Lines, Kingdom of Saudi Arabia. (1986 – 1989)	SR	39,947,199.00
5.	Tabouk Electrification and 132kV Substations Duba, Bida and Haql, Kingdom of Saudi Arabia. (1986 – 1989)	SR	65,299,409.00
6.	Wadi Dawasir 132kV T/L & Substations Kingdom of Saudi Arabia. (1985 – 1989)	SR	65,309,150.00
7.	380kV T/L Rabigh-Madinah Al-Munawarah Kingdom of Saudi Arabia. (1989 – 1993)	SR	501,347,933.00
8.	110kV Power & Pilot Cables, Lot-4 Jeddah, Saudi Arabia (1993 – 1996)	SR	81,281,413.00
9.	Supply and Erection of double circuit 110kV cables Nahdah – Faisalliyah Circuits, Jeddah, Saudi Arabia (1996 – 1997)	SR	27,500,000.00
10.	Rehabilitation of 380kV Yanbu-Musayjid T/L and 110kV Musayjid-Badr T/L, Jeddah, Saudi Arabi (1997)	SR	2,000,000.00
11.	Protection for Foundations of 110kV Badr-Musayjid Transmission Line, Saudi Arabia (1997 – 1998)	SR	1,434,332.00

PROJECTS		COST	
12.	300kV & 132/33kV T/L Rehabilitation, Kuwait (1991 – 1993)	SR	12,548,012.00
13.	Construction of Wadi Jaleel S/S in Makkah Lot-5 Overhead Lines, Saudi Arabia (1997 – 2000)	SR	137,866,792.00
14.	Construction of 132kV OHL & OPGW, Saudi Arabia (1997 – 2001)	SR	182,136,421.00
15.	Re-location of towers in Qaseem area (2001 – 2002)	SR	1,700,000.00
16.	Survey / Profile works, M/s. AETCON (2001 – 2002)	SR	556,000.00
17.	Supply of Services to M/s. Al-Afandi Est. Saudi Arabia (2001)	SR	49,900.00
18.	Re-location of existing tower # 25 of 132 KV OHL 8053-8081 (2002)	SR	198,000.00
19.	Supply of Services to M/s. Gulf Potential Ltd. (2002)	SR	91,685.00
20.	Supply of Services for execution of emergency maintenance of 132kV T/Lines at Hail (2002 – 2003)	SR	402,037.00
21.	Construction of 380kV T/L – Al-Khulais (2002 – 2003)	SR	3,847,805.00
22.	Construction of 380/110kV Gantries – Saudi Arabia for a Saudi Client (2004)	SR	630,000.00
23.	Re-location of 380kV & 110kV Overhead Lines at Madinah – Yanbu Express Way Crossing for SEC-WRB / BIN-LAD (2005)	SR	11,350,000.00
24.	SEC-WRB Contract No. 17/1/23 – Saudi Arabia Reinforcement of Arafat Substation for a Saudi Client (2005)	SR	165,000.00

PROJECTS		COST	
25.	SEC-WRB Contract No. 5/1/23 – Saudi Arabia Supply of manpower to AETCON (2005)	SR	93,508.00
26.	SEC-WRB Contract No. 115/1/22 – Saudi Arabia Construction of 380kV Overhead T/Line between Makkah – Taif (2002 – 2005)	SR	96,718,449.00
27.	SEC-WOA Contract No 20431003/00 – Saudi Arabia Stringing of Overhead Line conductors & OPGW for SEC-WRB / MEEDCO (2005)	SR	4,416,000.00
TOTAL (B)		SR	18,833,273,018.00
C) <u>Projects under execution in Saudi Arabia</u>			
28.	SEC-WOA Contract No 2053191/00 – Saudi Arabia Construction of Double Circuit 380kV OHTL from Shoaibah to Jeddah North S/S (2006 – 2008)	SR	254,332,542.00
29.	SEC-WOA Contract No 2053192/00 – Saudi Arabia Construction of Double Circuit 380kV OHTL from Shoaibah IWPP to SEC Network (2006 – 2008)	SR	64,367,458.00
TOTAL (C)		SR	318,700,000.00
TOTAL SAUDI RIYALS		SR	2,151,973,018.00
Equivalent Pak Rupees		Rs.	34,108,772,335.30
TOTAL VALUE OF PROJECTS EXECUTED AND UNDER EXECUTION TODATE		Rs.	34,261,972,335.30

8. PRIVATISATION OF NPCC

The Privatisation Commission (PC) on behalf of the Government of Pakistan intends to offer 51% interest in NPCC or enter into a joint venture with financially sound local and foreign investors with management capability, contracting experience as well as experience of electrical wire installation. Expressions of Interests from local and

foreign parties meeting the foregoing criteria and interested in the transaction is expected to be invited in the fourth week of July 2007 through advertisements in the national and international newspapers.

9. IMPORTANT ADDRESSES

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