

Pak Elektron (PAEL)

World Bank Debars The Company for 33 Months

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Stock hits lower limit....

- Pak Elektron (PAEL), its affiliates PEL Marketing (Private) Limited, Kohinoor Power Company (KOHP), and its former general manager have been debarred for a 33-month period due to collusive practices during bidding on contracts under the World Bank-financed Electricity Distribution and Transmission Improvement Project in Pakistan, as revealed by World Bank in its press release today.
- As a result of the above, PAEL and its affiliates have become ineligible to participate in World Bank-financed projects. This might have been a blow to the company had PAEL engaged in a world bank financed energy projects as the company generates about 40% revenues from its power division. However, as per our channel checks, PAEL over the last 4-5 years have participated in US\$40-50k worth of energy projects with the World Bank.
- We mention here that the company is engaged with Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) for funding some of its current and future energy projects.
- We await further clarity on the above before revising our estimates. As we write this report, PAEL has hit its lower limit.

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