



**Section 66D of the Constitution of the Republic of Trinidad and Tobago**

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**National Enterprises Limited**

**18 month Administrative Report as at**

**September 30, 2022**

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**18-monthAdministrative Report**  
**As at September 30, 2022**

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# 1. BACKGROUND INFORMATION

## Incorporation and Principal Activities

1.1 The Company is incorporated in Trinidad and Tobago with the majority shareholder (51%) being the Corporation Sole (Minister of Finance). It was formed by the Government of the Republic of Trinidad and Tobago (GORTT) as part of a re-organization exercise to hold its shareholdings in selected state enterprises and, the company facilitated a public offering on the Trinidad and Tobago Stock Exchange. Its initial portfolio of investments were:

- 51 percent shareholding in National Flour Mills Limited (NFM),
- 51 percent shareholding in Telecommunication Services of Trinidad and Tobago Limited (TSTT) and
- 51 percent shareholding in Trinidad Nitrogen Limited (TRINGEN).

The initial shareholdings were transferred at their last audited net asset value by the Corporation Sole on behalf of the Government in exchange for 500,000,000 ordinary shares of no par value in the Company. All formation expenses were borne by the Ministry of Finance.

1.2 Subsequently, on December 14 2001 the Company acquired a 20 percent shareholding in NGC NGL Company Limited (NGC NGL) financed by the issue of an additional 50,511,540 shares. On December 8, 2003 the Company further acquired a 37.84 percent shareholding in NGC Trinidad and Tobago LNG Limited (NGC LNG) financed by the issue of an additional 49,489,101 shares. The Company has 600,000,641 issued and fully paid ordinary shares of no par value as of March 31, 2015.

1.3 In December 2013, the Company acquired a 10% stake in the Power Generation Company of Trinidad and Tobago Limited (PowerGen) from a subsidiary company of British Petroleum LLC (BP) known as Amoco Trinidad Power Resources (ATPRC). The assets of ATPRC were transferred to NEL Power Holdings Limited (NPHL), a newly-formed subsidiary of NEL, which was incorporated in the State of Texas, United States of America.

1.4 In December 2014, the Company entered into a joint venture with the Trinidad and Tobago Unit Trust Corporation (UTC), and the National Insurance Board of Trinidad and Tobago (NIBTT) and acquired 33.33% of Pan West Engineers and Constructors, LLC. (Pan West) Pan West holds 10% of the shareholding of Phoenix Park Gas Processors Company Limited.

1.5 NEL's principal business activity is therefore that of an Investment Holding Company and it has no business operations of its own.

## Regulatory Framework

1.6 As a company incorporated in Trinidad and Tobago and with a listing agreement with the Trinidad and Tobago Stock Exchange (TTSE), NEL has a number of statutory commitments under the provisions of the Companies Act, 1995 and the Securities Act 2012 (as amended). NEL is required to meet international standards and practices with respect to disclosure and financial reporting to ensure that investors and shareholders are supplied with prompt and reliable information on which to make their own investment decisions.

1.7 The company's financial year end was changed from March 31 to September 30<sup>th</sup> effective September 30, 2022. This change was effected to ensure timely and consistent filing of financial

reports while improving the company's risk management and forecasting ability. For this, the financial reporting period of this report is the 18-month period ended September 30<sup>th</sup>, 2022.

1.7 A copy of NEL's Annual Report for the eighteen month period ended September 30, 2022 is attached at Appendix 1.

## 2. THE MISSION AND VISION OF THE COMPANY

2.1 The mission of NEL is:

to provide investors with income and capital growth through a diversified and sustainable portfolio, and to broaden national participation in capital markets.

2.2 The vision of NEL is:

to contribute to the sustainable development of the economy of Trinidad and Tobago through a balanced, focused and proactive investment approach geared towards the preservation and enhancement of shareholder value.

## 3. ORGANIZATION STRUCTURE

Board of Directors

3.1 The Board of Directors of NEL has nine (9) members, five (5) of whom are nominated by GORTT, one (1) by one of the largest institutions in the initial public offering – Republic Bank Limited, one (1) by the National Trade Union Centre (NATUC), one (1) by the National Insurance Board of Trinidad and Tobago (NIBTT) and one (1) by the National Gas Company of Trinidad and Tobago Limited (NGC).

3.2 The current Board of Directors is as follows:

• Ms. Ingrid Lashley	-	Chairman	-	GORTT
• Mr. Ross Alexander	-	Director	-	NATUC
• Mr. Howard Dottin	-	Director	-	NGC
• Ms. Nicole De Freitas	-	Director	-	GORTT
• Dr. Ferri Hosein	-	Director	-	GORTT
• Ms. Annalean Inniss	-	Director	-	GORTT
• Mrs. Janet Parks	-	Director	-	GORTT
• Mr. Navin Rajkumar	-	Director	-	NIBTT
• Mr. David Robinson	-	Director	-	RBL

## Corporate Governance

### 3.3 The Board of Directors is responsible for:

- a) discharging the company's mandate as stated by the shareholders;
- b) overseeing the development of the company's business strategy and monitoring its implementation;
- c) assuring the company's financial and legal integrity; and
- d) ensuring management accountability.

3.4 To fulfil these responsibilities, the Board establishes good governance policies and practices and uses both standing and ad hoc committees to provide expertise, independent judgment and knowledge of shareholder interests in the specific disciplines in which it oversees. That notwithstanding, the Board maintains overall responsibility for the work of any committee and for the success of the Company.

## Audit Committee

3.5 The Company has an Audit Committee which ensures that, during the year, appropriate governance systems are in place and that proper financial and other controls are effectively implemented to guide its operations. The Audit committee functions to:

- a) review annual and interim financial statements intended for circulation among shareholders;
- b) provide advice on matters and questions relating to its financial positions;
- c) assist in the risk management function and its affiliates; and
- d) treat with all matters pertaining to its investment portfolio.

3.6 The Audit Committee is comprised of four (4) directors as follows:

Mr. Navin Rajkumar	-	Chairman, (Executive Manager, Investments, NIBTT)
Mrs. Janet Parks	-	Member, (Chief Executive Officer, Parks International)
Dr. Ferri Hosein	-	Member, (Medical Doctor/Deputy Mayor – San Fernando)
Mr. Howard Dottin	-	Member, (Accountant/Director, NGC)

## General Manager

3.7 Mr. Charles Maynard, the General Manager, was appointed joined the Company in October 2020.

The General Manager is responsible for overseeing the Management of NEL, its investment portfolio (current investee companies and other assets) and all general business affairs. He is also responsible for achieving strategic objectives as set out by the Board of Directors. The General Manager also performs the role of assisting the Board of Directors with regard to meeting NEL's overall investment objectives, in accordance with investment policies and plans.

## Corporate Secretary

3.8 In 2013 the Board contracted Aegis Business Solutions Limited as Corporate Secretary for the Company. The Corporate Secretary is charged with performance of all functions applicable to the role under the Companies Act and other relevant legislation.

## 4. PERFORMANCE ACCOMPLISHMENTS

### Financial Results and Dividends

4.1 On the basis of dividends received from investee companies' net of expenses, profits attributable to shareholders for the period 2018 to 2022 are shown in Table 1:

**Table 1**  
**Financial Results and Dividends**

Indicators	March 31 2018	March 31 2019	March 31 2020	March 31 2021	September 30 2022
<b>Profit/ (Loss) attributable to equity holders (\$000)</b>	\$187,082	\$12,499	\$(327,540)	\$(270,431)	\$1,979,760
<b>Earnings per share</b>	\$0.31	\$0.02	\$(0.55)	\$(0.45)	\$3.30
<b>Dividends paid (\$000)</b>	\$186,000	\$132,000	\$96,000	\$0	\$168,000
<b>Dividends per share</b>	2017 Final \$0.20 2018 Int. \$0.11	2018 Final \$0.10 2019 Int. \$0.11	2019 Final \$0.11 2020 Int. \$0.05	None	2022 1 <sup>st</sup> interim: \$0.03 2 <sup>nd</sup> interim: \$0.25 Final dividend (pd in Jan-23): \$0.18
<b>Record of Share Price</b>	\$9.79	\$7.60	\$5.00	\$2.99	\$3.30

### Investment Portfolio

4.2 As at the eighteen month period ended September 30, 2022 the portfolio of investments consisted of the following:

- a) 61,301,998 shares in National Flour Mills Limited (NFM) representing a 51 percent shareholding;
- b) 144,238,384 shares in Telecommunications Services of Trinidad and Tobago Limited (TSTT) representing a 51 percent shareholding;
- c) 306,000 shares in Trinidad Nitrogen Company Limited (TRINGEN) representing a 51 percent shareholding;
- d) 9,406,950 shares in NGC NGL Company Limited (NGC NGL) representing a 20 percent shareholding;
- e) 9,226 shares in NGC Trinidad and Tobago Limited (NGC LNG) representing a 37.84 percent shareholding;

- f) 48,300,000 shares in NEL Power Holdings Limited, representing 100 percent shareholding; and
- g) 3,007,000 shares in Pan West Engineers and Constructors, LLC representing a 33.33 percent shareholding.

#### Performance of NEL's Share Price Relative to the Market

4.3 NEL was listed on the Trinidad and Tobago Stock Exchange in February 2001 at an issue price of \$4.00 per share, and a year and a half later in September 2002, a second public offering was made at a price of \$4.75 per share. Since that time the price of the shares has fluctuated reaching a high of \$18.27 per share as at March 31, 2014 but since then has declined to \$3.30 per share as at September 30, 2022.

This decline in the share price may be attributed to the change in accounting policy effective April 1, 2018, which resulted in an annual fair value assessment being performed over the investee portfolio. This change in policy resulted in a \$107m loss being incurred in the first year of adoption.

## 5. FINANCIAL OPERATIONS

### Operating Budget

- 5.1 NEL earns income from the payment of dividends from its investee companies and interest earned on its accumulated investment resources.
- 5.2 NEL incurs minimal administrative expenses for the operations of the company.

### Investment Policy

- 5.3 NEL is subject to legislative regulation under the Companies Act, 1995 and the Security Act 2012 (as amended). There are however no legislative restraints on its investment policy which is based on the Company's By-Laws and in-house development of investment criteria.
- 5.4 The main objective of the investment policy is to provide a framework for the:
  - a) management of surplus funds;
  - b) safety of principal investments, where all investments would be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio;
  - c) optimization of return, where the portfolio would be managed in such a manner as to obtain at least the average rate of return in the short-term and medium-term investment market during the year;
  - d) management of risk, where the portfolio would be managed in such a way as to provide sufficient diversification so as to limit and regulate any concentration with any particular institution or investment; and
  - e) maintenance of liquidity, where the portfolio would be managed in such a manner that assures that funds are available as needed to meet the immediate and/or future operating expenses and investment opportunities of the Company as well as dividend payments.

## Dividend Policy

5.5 The dividend policy mandates the payment of an annual dividend of not less than 90 per cent of each year's dividends received net of administrative expenses.

NEL considers interim payments on the basis of its quarterly financial statements. In fiscal 2021, this payment was stymied by a shortfall in dividends anticipated from investee companies. A final dividend payment is usually proposed for the approval of shareholders at the Annual Meeting. For the year ended March 31 2021 dividend pay-out could not be accommodated.

During the 18-month period ended September 30, 2022, interim dividends of \$0.03 per share and \$0.25 share were paid in December 2021 and September 2022 respectively. A third interim dividend was approved by the Board of Directors for payment in January 2023 of \$0.18 per share. This third interim dividend was proposed as the final dividend for the financial period 2022 and was approved at the Annual Meeting of the Shareholders on March 9, 2023.

## Annual Audit

5.6 For statutory purposes, each year an independent examination of the financial statements prepared by the organization and an audit of the operations of the Company is conducted. At the Annual Meeting of the Shareholders of NEL, held on **October 7, 2021**, the shareholders appointed BDO as the Auditors.

The audited financial statements for NEL for the 18-month period ended September 30, 2022 was approved by the Board of Directors on December 28, 2022.