

QUAID E AZAM SOLAR POWER PRIVATE LIMITED

ANALYST:

Musaddeq Ahmed Khan
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RATING DETAILS

RATINGS CATEGORY	LATEST RATING	
	LONG-TERM	SHORT-TERM
ENTITY	AA+	A1+
RATING OUTLOOK	Stable	
RATING ACTION	Initial	
RATING DATE	October 26, 2026	

SHAREHOLDING 5% OR MORE

The Government of Punjab – 100%

OTHER INFORMATION

Incorporated in 2013

Private Limited Company

External Auditor: Crowe Hussain Chaudhury & Co. Chartered Accountants

Chief Executive Officer: Mr. Badar ul Munir

APPLICABLE RATING CRITERIA

VIS Entity Rating Criteria Methodology – Corporates

<https://docs.vis.com.pk/Methodologies-2026/Corporate-Rating-2026.pdf>

APPLICABLE RATING SCALE

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

RATING RATIONALE

Quaid-e-Azam Solar Power (Private) Limited's ('QASPL' or 'the Company') ratings reflect its strong financial risk profile, supported by complete retirement of long-term debt, a healthy liquidity position, and substantial liquid assets. The Company benefits from full ownership by the Government of Punjab, providing institutional support, and a long-term Energy Purchase Agreement with CPPA-G, supported by sovereign guarantees. Operational performance remains adequate, with stable electricity generation and satisfactory plant efficiency. However, the evolving regulatory environment, tariff restructuring, potential delays in receivable collections, and pressure on profitability remain key considerations.

COMPANY PROFILE

Quaid-e-Azam Solar Power (Private) Limited ('QASPL' or 'the Company') was incorporated as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on September 16, 2013. QASPL is wholly owned by the Government of Punjab through the Energy Department. The Company was established to build, own, operate, and maintain a 100 MW solar photovoltaic power generation facility located at Lal Sohanra, Cholistan, District Bahawalpur, Punjab.

The project was executed at a total cost of PKR 15,130 million, funded through a debt-to-equity ratio of 75:25, with the debt portion secured via a syndicated credit facility led by The Bank of Punjab. The plant achieved its Commercial Operations Date (COD) on July 15, 2015, under a 25-year Energy Purchase Agreement (EPA) with the National Transmission and Despatch Company Limited (NTDC) through the Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). The generation license granted by the National Electric Power Regulatory Authority (NEPRA) remains valid until December 30, 2039.

MANAGEMENT & GOVERNANCE

BOD & COMMITTEES

QASPL is a wholly-owned entity of the Government of Punjab. The Board of Directors (BoD) is structurally composed of twelve members, excluding the Chief Executive Officer. However, the BoD currently stands at ten active members following two casual vacancies among the independent directors, stemming from a resignation and a recent demise of members. The Company is currently awaiting formal notification from the Government of Punjab regarding the appointment of replacements to fill these vacant seats.

The governance framework incorporates a mix of sponsor representation and independent oversight. Five directors represent the Government of Punjab through various administrative ministries, while the remaining five active members serve as independent directors. The BoD is chaired by Mr. Suhail Aftab Qureshi, an independent director. To ensure focused governance and structural oversight, the BoD has constituted an Audit Committee.

CHAIRMAN PROFILE

Mr. Suhail Aftab Qureshi is an educationist, electrical engineering professional, and administrator with over 36 years of teaching and more than 25 years of administrative experience. He holds a PhD in Electrical Engineering from the University of Manchester, UK. He has served in senior academic leadership roles, including Dean and Vice-Chancellor, and has authored several technical books. His contributions have earned national and international recognition.

CEO PROFILE

Mr. Muhammad Badar ul Munir currently serves as the Chief Executive Officer of the Company. He holds experience in corporate management and operational oversight within the public and private sectors. Under his leadership, the Company ensure steady operational dispatch and the implementation of ongoing tariff and contractual restructuring. He works alongside an experienced management team, including a dedicated Chief Financial Officer and Company Secretary, to maintain strict financial controls and regulatory compliance.

AUDIT OPINION

Crowe Hussain Chaudhury & Co. Chartered Accountants, categorized as 'Category A' on SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified opinion of the financials as of Jun'26.

BUSINESS RISK**INDUSTRY**

The business risk profile for Pakistan's renewable energy sector is assessed as medium to low by VIS. This assessment reflects the regulatory framework characterized by long-term contracts and fixed tariffs, balanced against evolving regulatory dynamics. As of the close of FY26, the country's total installed power generation capacity expanded to approximately 49,651 MW. The capacity addition during the period was largely driven by the continued adoption of distributed solar net-metering, which reached over 7,300 MW.

The sector's trajectory remains guided by the Alternative and Renewable Energy Policy 2019 and the Indicative Generation Capacity Expansion Plan (IGCEP), which emphasize competitive bidding and integration of renewables. Pakistan's geographic parameters provide a supportive environment for this expansion, given the established wind corridors in Sindh and Balochistan and average solar irradiance levels.

Regulatory risk is an active consideration for renewable IPPs. The Economic Coordination Committee's approval in March 2026 to revise EPAs for multiple wind and solar power projects reflects the government's ongoing initiative to renegotiate tariffs across the IPP sector. Additionally, the regulatory landscape has incorporated the transition of foreign debt servicing benchmarks from LIBOR to the Secured Overnight Financing Rate (SOFR), resulting in corresponding quarterly tariff indexation adjustments by NEPRA. While the cost-plus tariff structures under long-term EPAs have historically provided insulation, these renegotiation exercises indicate that regulatory exposure for incumbent IPPs is more pronounced than previously assessed.

Capital expenditure requirements post-commissioning remain contained, as regular operations and maintenance (O&M) costs are embedded within the tariff structures. For projects with EPAs executed with CPPA-G, counterparty risk is mitigated by sovereign guarantee coverage, ensuring eventual settlement of dues despite broader circular debt challenges in the power sector. Delays in receivable collections represent the primary transmission mechanism of circular debt to the IPP level.

Technology and substitution risks are present, primarily stemming from the consumer-level deployment of distributed solar installations. Improvements in panel efficiency and rising grid electricity tariffs have catalyzed this shift, leading to a moderation in demand growth for grid-based supply. For established renewable IPPs, however, competition risk remains contained. The combination of long-term offtake agreements, must-run dispatch status, and high entry barriers insulates incumbent projects from immediate demand-side pressures. Given the must-run classification, fluctuations in overall grid demand are unlikely to alter the dispatch of electricity generated by these operational renewable facilities.

ENERGY PURCHASE AGREEMENT

Electricity generated by QASPL is sold to CPPA-G under a 25-year EPA executed in July 2015. The baseline tariff structure allows for the pass-through of operational expenses and includes indexation mechanisms, while compensating the Company for Non-Project Missed Volume (NPMV) if the power purchaser cannot accept delivered energy. Revenue is invoiced monthly with a 30-day settlement requirement.

Following negotiations with the NTF in August 2025, the Company's Board authorized a Memorandum of Understanding (MOU) to restructure this tariff, which was approved by the Federal Cabinet in October 2025. Under the proposed MOU terms, the Return on Equity (RoE) is revised to a fixed 13% pegged at PKR 168/USD without future exchange rate indexation. The late payment markup is reduced from KIBOR + 2% to KIBOR + 1% (effective July 17, 2025), and accrued late payment markup up to July 16, 2025, is waived. Pending formal NEPRA notification, management has prudently recognized provisions for the markup and tariff differentials on already invoiced amounts.

OPERATIONS & MAINTENANCE (O&M)

The O&M of the plant is outsourced to TBEA Xinjiang Sunoasis Company Limited for the 25-year life of the project. Routine activities include periodic module cleaning and scheduled inspections to support consistent generation. The contractor is required to maintain plant availability above 75%, a benchmark the Company has successfully met. During FY26, the Performance Ratio was 75.75% against a target of 71.81%.

In February 2025, the Provincial Cabinet directed the Company to permanently assume O&M responsibilities for the broader Quaid-e-Azam Solar Park (QASP) infrastructure. This expanded mandate is funded through the Company's regular operating budget. Furthermore, under the revised MoU tariff framework, local fixed O&M indexation is now capped at the lower of 5% per annum or the actual average NCPI, while foreign fixed O&M indexation is subject to a 70% cap on PKR/USD depreciation.

OPERATIONS

During FY26, the plant generated 158.4 GWh of electricity (FY25: 157.8 GWh; FY24: 155.3 GWh). Adjusting for approved downtime, net production stood at 157.7 GWh. Operational efficiency remained adequate with the actual Performance Ratio at 75.75%, driving excess production of 5.1 GWh against targeted metrics. Core generation activities remain supported by a SCADA system and unencumbered by fuel supply constraints. Integrating the newly assigned maintenance responsibilities for the broader QASP infrastructure elevated related operating overheads to PKR 130.4m (FY25: PKR 53.0m) for the year.

	FY24	FY25	FY26
Installed Capacity (kWh)	876,000,000	876,000,000	876,000,000
Annual Benchmark Capacity (kWh)	153,300,000	153,300,000	153,300,000
Benchmark Capacity Factor (%)	17.50%	17.50%	17.50%
Actual Energy Delivered (kWh)	155,315,000	157,764,000	158,440,746
Actual Capacity Factor (%)	17.73%	18.01%	18.09%
Performance Ratio (%)	76.11%	75.35%	75.75%

PROFITABILITY

The Company's topline during FY26 was recorded lower at PKR 2.93bn (FY25: PKR 4.84bn; FY24: PKR 5.24bn). This contraction reflects the elimination of the debt servicing tariff component. With cost of sales marginally increasing to PKR 1.14bn, gross profit reduced to PKR 1.79bn, compressing the gross margin to 61.1% (FY25: 77.0%).

The bottom line contracted to PKR 815.2m (FY25: PKR 3.79bn) driven primarily by one-off accounting adjustments stemming from the MoU settlement. Management recognized a PKR 500.4m provision for estimated tariff/mark-up differentials and completely wrote off PKR 384.0m in accrued late payment mark-ups. Administrative overheads were also elevated by the integration of QASP maintenance costs (PKR 130.4m) and increased CSR expenses of PKR 163.9m. Conversely, the legacy debt payoff eliminated major finance costs, reducing these to PKR 3.6m, while investment income provided PKR 820.3m. Going forward, adjusting for MoU-related provisions, the normalized net profit after tax is projected to stand at approximately PKR 1.0bn in FY27.

FINANCIAL RISK

CAPITAL STRUCTURE

The capitalization profile is supported by a paid-up capital of PKR 3.81bn, fully injected by the Government of Punjab. Total equity stood at PKR 18.54bn at end-FY26 (FY25: PKR 19.73bn), contracting due to a PKR 2.0bn cash dividend payout funded through accumulated retained earnings. The financial risk profile benefits significantly from a completely deleveraged balance sheet; the project's legacy long-term debt was fully retired on July 16, 2025. Consequently, the Company operates with zero long-term borrowing, resulting in total leverage of 0.06x and zero gearing at end-FY26.

DEBT COVERAGE & LIQUIDITY

Liquidity is sound, with the current ratio expanding to 11.3x at end-FY26 (FY25: 7.5x). Liquid assets, comprising cash and bank balances of PKR 2.76bn and short-term investments of PKR 7.50bn, fully cover the PKR 1.0bn in total current liabilities. Benefiting from the absence of principal and markup obligations, finance costs contracted to PKR 3.7m, with increased flexibility to the cash flow profile.

REGULATORY DISCLOSURES			Appendix II		
Name of Rated Entity	Quaid e Azam Solar Power (Private) Limited				
Sector	Power Renewable Energy				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	26/Oct/2026	AA+	A1+	Stable	Initial
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meetings Conducted	Name	Designation		Date	
	Ms. Aasima Khursheed	DM Finance		09 October 2026	
	Mr. Umer Nafees	Assistant Manager Finance			