VIS
Credit Rating Company Limited

RATING REPORT

INDUS WIND ENERGY LIMITED

Analysts:
Musaddeq Ahmed Khan
(musaddeq@vis.com.pk)

RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A2	A	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	October 14, 2025		September 10, 2024	

Shareholding (5% or More)	Other Information
Indus Dyeing & Manufacturing Company Limited (the Parent Company) - 99.99%	Incorporated in 2015
	Public Limited Company (Unlisted)
	Chief Executive: Mr. Mian Shahzad Ahmed
	External Auditor: Yousuf Adil, Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/docs/CorporateMethodology.pdf

Rating Scale

https://docs.vis.com.pk/do cs/VISRatingScales.pdf

Rating Rationale

The assigned ratings reflect Indus Wind Energy Limited's ('IWEL' or The Company) operational performance track record and financial profile within the renewable energy sector. Ratings are underpinned by the long-term Power Purchase Agreement (PPA) with Central Power Purchasing Agency (CPPA-G), backed by sovereign guarantee, which ensures predictability of revenues and debt-servicing capacity. Operational risks are mitigated through an 11-year Operations and Maintenance (O&M) agreement with GE Vernova International LLC (GE), which guarantees minimum plant availability. In addition, the sponsor profile adds strength through group-level backing from the Indus Group of Companies.

While plant availability has remained above the required threshold, profitability and coverage metrics came under pressure during 9MFY25, owing to sub-benchmark wind conditions and the timing of Non-Project Missed Volumes (NPMV) receipts in the last quarter. Profitability and coverage normalized with seasonally stronger fourth-quarter winds and NPMV settlements, while liquidity remains manageable under the tariff-linked structure. Going forward, the ratings will remain sensitive to the Company's ability to sustain profitability, manage liquidity, and maintain coverage indicators in line with obligations.

Company Profile

Indus Wind Energy Limited ('IWEL' or the 'Company') was incorporated on February 4, 2015, as a public unlisted company. The Company is engaged in the generation and sale of electricity through a 50MW wind power plant located in Deh Kohistan, district Thatta, Sindh. The Company's corporate office is situated in Civil Lines Quarters, Karachi. The Company achieved Commercial Operations Date (COD) on March 25, 2022, which was also notified by the Central Power Purchasing Agency (CPPA-G) dated April 6, 2022.

Sponsor Profile

IWEL is a wholly owned subsidiary of Indus Dyeing & Manufacturing Company Limited (IDMCL). The Indus group of companies has established operations in the textile sector. The group comprises IDMCL, Sunrays Textile Mills Limited, and Indus Home Limited. Collectively, the group operates multiple cotton ginning units, yarn spinning mills, and one of the country's largest terry towel production facilities.

Governance

The Board of Directors (BoD) comprise sponsor family members, last appointed on July 30, 2025. Mian Shahzad Ahmed serves as the Chief Executive Officer. No changes in board composition were reported during FY24. There are no independent directors on the BoD.

Business Risk

INDUSTRY

The business risk profile for Pakistan's renewable energy sector is assessed as low to medium by VIS reflecting stable regulatory support through long-term contracts and fixed tariffs, however, certain risks emanate from changing regulatory dynamics. As of 2024, the country's total installed power generation capacity stands at approximately 42,000 mega-watt (MW), with renewable energy sources—comprising wind, solar, and biomass—accounting for nearly 6-9% of the energy mix.

Growth momentum has been aided by the Alternative and Renewable Energy Policy 2019 and the Indicative Generation Capacity Expansion Plan (IGCEP 2047), which prioritize renewables through competitive bidding and grid modernization. Pakistan's geographic and climatic conditions further support sector expansion, with wind potential of 50,000 MW in Sindh and Balochistan and an average solar irradiance of 5.3 kWh/m² per day. These fundamentals have attracted international investments and encouraged the development of large-scale wind corridors and solar parks.

Regulatory risk remains for renewable Independent Power Producer (IPPs) in Pakistan, with tariff revisions potentially emanating risks, however, it is mitigated as tariffs are fixed under long-term PPA, insulating projects from any major revision that may impact debt servicing capabilities. The sector is also not exposed to recurring capital expenditure once projects are commissioned, with any BMR requirements included in Operations and Maintenance (O&M) contracts and embedded within the tariff. Moreover, IPPs with PPAs executed with CPPA-G are largely protected from circular debt accumulation. While receivable collections may extend beyond agreed credit periods, such delays represent the mechanism through which circular debt arises at the sector level. For IPPs, counterparty risk remains mitigated by sovereign guarantee coverage, which ensures eventual settlement of dues.

Competition risk for established renewable IPPs remains limited. Long-term contracts, must-run status, lower generation costs relative to conventional sources, and high entry barriers insulate incumbent projects from substitution or demand-side risks. Given their must-run status and current contribution of around 6% to total generation, any potential fall in grid demand is unlikely to materially impact offtake.

Long Term Energy Purchase Agreement

IWEL signed a 25-year Energy Purchase Agreement (EPA) with CPPA-G on November 9, 2019, on a 'take or pay' basis. The agreement includes adequate insurance for force majeure events and ensures compensation from CPPA-G for Non-Project Missed Volumes (NPMV) due to Non-Project Events (NPE). This long-term EPA, coupled with NPMV coverage, provides comfort in terms of offtake risk and revenue stability.

Experienced O&M contractor

HydroChina International Engineering Company Limited (HIECL) served as the Operations and Maintenance (O&M) contractor during the initial two-year warranty period following the COD. Upon the conclusion of the warranty period in March 2024, a long-term O&M (LT-O&M) agreement with GE Vernova International LLC (GE) became effective, spanning over a duration of 11 years.

Under the terms of the LT-O&M contract, GE is obligated to ensure a minimum annual plant availability of 97%. Non-compliance with this benchmark will result in the imposition of liquidated damages, capped at 50% of the annual contract value. To mitigate operational and external risks, the Company has obtained insurance coverage encompassing cargo, operations, erection, third-party liability, and terrorism.

Operational Performance

Plant availability has consistently remained above the 97% threshold since COD, with reported levels exceeding 99% on an annual basis. However, actual capacity factor is impacted vis-à-vis the benchmark capacity factor of 34.13% primarily due to seasonal wind pattern variations attributed to the El Niño effect as well as due to lower dispatch demand from CPPA-G. As a result, total energy output decreased to 149.5 million kWh (FY24: 172.8 million kWh) in FY25.

	FY23	FY24	FY25
Availability	99.33%	99.50%	99.03%
Capacity Factor (Actual)	34.65%	39.46%	34.13%
Output (MWh)	151,763	172,829	149,476

Dispatch was lower in FY25, however, revenue impact of the same was partially mitigated due to compensation of NPMV, as per management.

Profitability

In FY24, IWEL recorded topline growth of 6.56% to PKR 2,205 Mn, driven by higher energy offtake. Although the plant operated above the benchmark capacity factor of 39.46%, gross margin declined to 55.80% at PKR 1,232 Mn (FY23: PKR 1,266 at 61.0%). The elevated margin in FY23 was attributable to a one-time reference tariff adjustment approved by NEPRA. During FY24, operational costs were higher due to plant inspection and repair charges of approx. PKR 23 mn. Depreciation charges has also increased by PKR 36 mn due to capitalization of foreign exchange differences. Finance cost declined during the year to PKR 777 Mn (FY23: PKR 809 Mn) with debt repayments. The Net Profit further declined to PKR 282 Mn with margin of 12.79%.

During FY25, the Company reported a further decline in gross profit to PKR 1,198 Mn at 55.12%, lower than FY24, primarily due to the capacity factor falling below to 34.13% (FY24: 39.46%). This decline was attributed to the fact that the billed energy has been at lower side and their ROE has been minimized to an extent at which when they receive payment equivalent to their billed capacity either through NPMV or EPP. However, the Company's capacity factor receives significant output support through improved wind conditions in the last quarter of the fiscal year allowing them to perform beyond their benchmark capacity & achieve higher profitability.

Financial Risk

CAPITAL STRUCTURE

The Company's overall leverage remains high, though it has been declining due to scheduled debt repayments and profit retention. In FY24, gearing and leverage ratios stood at 3.13x (FY23: 3.84x) and 3.20x (FY23: 3.94x), respectively. Total equity amounted to PKR 3.1bn as of June 2024.

Following a net profit of PKR 308.3mn in FY25 and a dividend payout of PKR 226mn during the year, total equity slightly increased to PKR 3.2bn. Consequently, gearing and leverage ratios decreased to 2.86x and 2.90x, respectively.

The Company's debt profile comprises long-term energy financing from the SBP as well as from a foreign DFI. As of FY25, outstanding debt included PKR 2.9bn of local financing and PKR 6.2bn of foreign currency financing. The local facility carries an interest rate of SBP rate + 1.75%, while the foreign loan is priced at 3M Term-SOFR + CAS of 0.26% + 4.25%. The remaining tenors are approximately 7 years and 9.75 years for local and foreign debts respectively. There is a short-term financing arrangement in place of PKR 1bn, however unutilized, as working capital requirements are being met through internal cash flows.

DEBT COVERAGE & LIQUIDITY

The Company's debt service coverage ratio (DSCR) has remained marginal over the past two years. Nevertheless, debt servicing is supported through the tariff structure, and the Company has continued to meet its obligations as per schedule. The DSCR stood at 0.98x (FY24: 0.95x; FY23: 0.98x) in FY25.

The Company's liquidity profile remained adequate in FY24, with a current ratio of 1.01x (FY23: 1.01x); however, it declined to 0.78x in FY25, primarily due to dividend distributions from unutilized cash reserves, consistent with the renewable energy sector's limited capital expenditure and working capital requirements.

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Indus Wind Energy Limited
Sector	Renewable Energy
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	see below
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.
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Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
10/14/2025	A	A2	Stable	Reaffirmed
09/10/2024	A	A2	Stable	Reaffirmed
08/07/2023	A	A2	Stable	Reaffirmed
05/16/2022	A	A2	Stable	Upgraded
03/19/2021	A-	A2	Stable	Initial

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Hassaan Ahmad Chishti	Manager Finance & Accounts	August 1, 2025
Mr. Saleem Bandukda	COO	August 1, 2025