

ENERTECH WATER (PRIVATE) LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	AA	A1	AA	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Initial	
RATING DATE	September 11, 2025		June 06, 2024	

Shareholding (5% or More)

EnerTech Holding Company - 100%

Other Information

Incorporated in 2019

Private Limited Company

Chief Executive: Mr. Yasser Malik (Sitara-elmtiaz)

External Auditor: M/s. KPMG Taseer Hadi & Co.

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/docs/VISRatingScales.pdf>

Rating Rationale

EnerTech Water (Private) Limited's ('EnerTech' or 'the Company') ratings reflect strong sponsor support, underpinned by its ownership structure that traces between the Government of Sindh (GoS) and Government of Kuwait through EnerTech Holding Company. The ratings also captures the project's strategic importance, as the Nabisar-Vajihar water supply system is essential for sustaining operations in Thar Coal Block I and ensuring energy security for the national grid. Risk is further moderated through long-term agreements with the GoS, which guarantees cost recovery via capacity charges covering financing, operations, and other fixed financial obligations. Additionally, the presence of standby credit facilities, insurance arrangements, and performance bonds provide significant comfort to lenders by mitigating payment delays and construction risks. The reliance on established EPC and O&M contractors backed by a major Chinese state-owned enterprise provides further comfort.

Company Profile

EnerTech Water (Private) Limited ('EnerTech' or 'the Company') is a Private Limited Company incorporated in Pakistan in December 2019. The Company's principal activities are to develop, own, operate and maintain a Water Supply System having a total capacity of 45 CUSECS consisting of 60.5 km long water pipeline from Nabisar to Vajihar in Thar, Sindh, Pakistan. The Company is a wholly owned subsidiary of EnerTech Holding Company Kuwait (the 'Holding Company'), which in turn is wholly owned by National Technology Enterprise Company, with ultimate ownership held by Kuwait Investment Authority (the 'Ultimate Holding Company'). The Holding Companies are incorporated and registered in Kuwait. The registered office of the Company is located in Karachi, Pakistan.

Business Risk

The transaction has been structured as a Public-Private Partnership (PPP) under the PPP Act 2016 of Pakistan, in substance it represents an agreement between the Government of Sindh (GoS) and the Government of Kuwait through EnerTech Holding Company. The entity ratings reflect the element of sponsor support, with the ultimate holding resting with the Kuwait Investment Authority, the sovereign wealth fund of the State of Kuwait. Kuwait's sovereign ratings are AA- by Fitch, A+ by S&P, and A1 by Moody's. On Pakistan's national scale, Kuwait's sovereign standing would translate into a rating at or above the sovereign ceiling, capped at AAA. GoS stands at sub-sovereign rating of AA+.

The ratings also take into account the critical importance of the Nabisar-Vajihar water supply project, which underpins the operations of power plants in Thar Coal Block I (TCB-I). The project facilitates access to water for Shanghai Electric's 660 MW coal-fired power plant, while also providing sufficient supply to accommodate additional projects within TCB-I. The significance of this water project is underscored by the scale of investment in TCB-I—amounting to USD 1,912.12 million where secure water supply is a key factor for operational sustainability. Demand risk is therefore mitigated by the country's projected energy requirements, with the operation of TCB-I being critical to the stability of the national power grid.

HydroChina International Engineering Limited (HIEL) is engaged under the Construction and Related Services Contract, while HDEC Middle East Co. DMCC is engaged under the Supply Contract. The Operations and Maintenance (O&M) contract is undertaken by HDEC Engineering Private Limited. Both HDEC Middle East Co. DMCC and HIEL are ultimately owned by Power Construction Corporation of China (POWERCHINA), a prominent state-owned enterprise overseen by the State-owned Assets Supervision and Administration Commission. As of June 2025, project report, the project has achieved near completion of earthworks at Nabisar and Vajihar, with materials delivered and in use. Some delays have been noted in pressure testing and procurement of some equipment, with overall project delay estimated at 15%. Management expects another 2-to-3-month delay in achieving completion which was earlier targeted in Oct-2025.

The ratings further incorporate presence of comprehensive insurance and takaful arrangements, providing protection against potential losses. Coverage includes construction all-risk policy (valid until project completion), full EPC project cost coverage, marine policy for overseas shipments, and delay-in-start policy to mitigate revenue loss in case of project delays. These arrangements provide an additional layer of reassurance. Insurance policies have been placed with Adamjee Insurance Company Limited, Alfalah Insurance Company Limited, UBL Insurers Limited, and Atlas Insurance Limited all of which hold an Insurer Financial Strength (IFS) rating of 'AA+' and above. Reinsurance support is provided by global reinsurers including Swiss Re, Starr International Insurance (Asia) Limited, ADNOC, and Munich Re with IFS rating ranging from A to AA- by S&P, Moody's, and AM Best.

Financial Risk

The total project cost is estimated at PKR 69.1 billion. Of this, approximately 74% (PKR 51.5 billion) will be financed through a senior secured finance facility obtained by the Company, with a tenor of 11.25 years, including availability period of 1.67 years, without changing the repayment timeline. The remaining 26% will be funded through equity and related instruments. These include foreign equity of USD 15 million from the Holding Company and its sponsor, mezzanine debt of USD 10 million, a local long-term subordinated sukuk of PKR 2 billion issued by a local financial institution, and equity support of PKR 9.6 billion from the GoS.

In addition, 50% of the Company's debt profile is backed by GoS through a Standby Letter of Credit (SBLC) issued by the National Bank of Pakistan, covering both the senior secured finance facility and the mezzanine debt. Under the sponsor support agreement, the sponsor is obligated to provide or arrange additional funding in the event of a cost overrun occurring between the trigger date and project completion. Cost overruns will be assessed by the investment agent and are to be covered by GoS. Till date, PKR 58.4bn of project cost has been incurred.

Capacity Charges Structure:

The revenue stream of the Company will encompass capacity charges to be received from the GoS, covering the variable and fixed costs of the Company. The capacity charges include the following components:

- Financing Component: Component that relates to the repayment and servicing of financing dues (i.e. both principal repayment and interest/markup payments).
- O&M Component (Fixed): Component related to the fixed operations and maintenance expenses.
- Insurance Component: Component related to the insurance expenses/premiums
- ROE Component: Component related to the return on the shares and sukuk invested equity based on the base case equity IRR and the repayment sukuk.
- Security Component: Component related to the security expenses/costs.
- Fixed Energy Component: Component related to the fixed fuel expenses.
- Taxation Component: Component related to the taxes/duties, corporate taxes and withholding taxes applicable during the operations period of the project.

These components are subject to adjustments for fluctuations in key economic variables such as inflation, interest rates, and exchange rates, thereby helping to mitigate cost pressures.

Financial Summary

Appendix I

Balance Sheet (PKR Millions)	Dec'23	Dec'24
Property, plant and equipment	85.3	15,580.3
Advance for Capital expenditure	2,989.4	8,998.8
Long term Prepayment	20.0	211.5
Advances, deposits, prepayment and receivables	45.1	1,371.7
Cash and Cash equivalent	1,926.3	18,524.5
Other Asset	9.9	9.4
Total Asset	5,076.0	44,696.4
Long-term loan from holding company	2,797.4	2,847.7
Long-term diminishing musharaka	-	34,707.8
Long-term loan from GoS	-	3,127.3
Long-term from sukuk holders	-	1,537.2
Creditors, accrued and other liabilities	144.7	2,656.0
Total Liabilities	2,942.1	44,876.0
Paid-up Capital	2,678.7	2,678.7
Accumulated Profit/(Loss)	(650.6)	(2,964.3)
Shareholder's Contribution	105.9	105.9
Total Equity	2,133.9	-179.7

Income Statement (PKR Millions)	2023	2024
Operating Profit/(Loss)	(208.1)	(1,717.1)
Finance Costs	5.0	596.6
Profit Before Tax	(213.1)	(2,313.7)
Profit After Tax	(211.7)	(2,313.7)

Ratio Analysis		
Gross Margin (%)	-	-
Operating Margin (%)	-	-
Net Margin (%)	-	-
Funds from Operation (FFO) (PKR Millions)	(163.1)	(1,335.3)
Gearing (x)	1.31	(234.89)
Leverage (x)	1.38	(249.67)
Debt Servicing Coverage Ratio* (x)	-	-
Current Ratio (x)	19.24	3.28
Return on Average Assets* (%)	N/A	-9.3%
Return on Average Equity* (%)	N/A	-236.8

*Annualized, if required

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	EnerTech Water (Private) Limited				
Sector	Infrastructure Development				
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				
	Sept 11, 2025	AA	A1	Stable	Reaffirmed
	June 06, 2024	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	
	Mr. Hafeez Ullah	DM Finance		August 12, 2025	