

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		Reaffirmed	
RATING DATE	September 28, 2026		September 11, 2025	

Shareholding (5% or More)

Enertech Holding Company - 100%

Other Information

Incorporated in 2019

Private Limited Company

Chief Executive: Mr. Yasser Malik (Sitara-e-Imtiaz)

External Auditor: KPMG Taseer Hadi & Co. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology - Corporates Ratings

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

Rating Scale

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

Rating Rationale

The assigned ratings of EnerTech Water (Private) Limited ('EnerTech' or 'the Company') reflect the strategic importance of its Nabisar-Vajihar water supply project, which supports the operations of power plants in Thar Coal Block I, as well as strong sponsor and government linkages. The Company is ultimately owned by the Kuwait Investment Authority through EnerTech Holding Company. The rating also incorporates the Holding Company's undertaking to provide financial support to EnerTech, as and when required.

The project has achieved commercial operations, with construction substantially completed and the Water Treatment Plant commissioned and operating successfully. Key implementation constraints have been resolved, with only contractual close-out activities remaining. The credit profile is further supported by the contracted capacity charge mechanism with the Government of Sindh (GoS), which is designed to cover financing, operating and other project-related costs, with adjustments for key economic variables. 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.

The ratings also benefit from comprehensive insurance arrangements in place. The highly leveraged capital structure remains a key consideration, although leverage is expected to moderate progressively with debt repayment. Overall, the project's strategic importance, contracted cash flow framework and sponsor support provide stability to the Company's credit profile.

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.

Management and Governance

CEO PROFILE

Mr. Yasser Malik serves as the CEO of EnerTech. Yasser Malik is a strategic leader with experience across infrastructure, finance, and venture capital. He currently serves as Head of Emerging Markets at EnerTech Holding Company KSC and has played a key role in developing large-scale energy projects across Pakistan and the Middle East. His previous roles at Bank of America Merrill Lynch, JPMorgan, Eplanet Capital, and PwC focused on investments in high-impact ventures. He holds a BSc in Economics and Statistics from University College London and was awarded the Sitara-i-Imtiaz for his contributions to public-private partnerships.

AUDIT OPINION

KPMG Taseer Hadi & Co. Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors with satisfactory QCR rating from ICAP, has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position for CY25.

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, AA 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, providing implicit support through the capacity-charge mechanism and project funding, 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 1,912.1mn, 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) was engaged under the Construction and Related Services Contract, while HDEC Middle East Co. DMCC was engaged under the Supply Contract. Both entities were engaged by EWPL during the construction phase, with their contractual roles now completed. HIEL and HDEC Middle East Co. DMCC 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. The Operations and Maintenance (O&M) contract is undertaken by HDEC Engineering Private Limited. As of June 2026, the project has achieved 99.96%. All construction works have been completed, while the Water Treatment Plant (WTP) has been fully commissioned and is operating successfully. The Performance Guarantee Test (PGT) has also been successfully completed, confirming that the project meets the specified performance requirements. Furthermore, the project achieved its Commercial Operation Date (COD) on June 30, 2026. All previously identified constraints, including delays in water availability from the Irrigation Department for hydrotesting and commissioning, as well as land acquisition issues, which resulted in a delay of five months from actual COD affecting pipeline installation, have been fully resolved. The project has entered the final contractual close-out stage. The only remaining activity, representing 0.04% of overall project progress, is the issuance of the Provisional Acceptance Date (PAD) certificate, which is linked to EPC site demobilization and restoration. Upon issuance of the PAD certificate, the project is expected to achieve 100% contractual completion in accordance with the contract requirements.

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 was estimated at PKR 69.1bn; however, actual cost incurred was PKR 62.0bn. Of this, approximately 80% (PKR 49.7bn) is 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 20% is funded through equity and related instruments. These include foreign equity of USD 15.0mn from the Holding Company and its sponsor, mezzanine debt of USD 10.0mn, a local long-term subordinated sukuk of PKR 2.0bn issued by a local financial institution, and equity support of PKR 9.6bn from the GoS, of which PKR 4.9bn has been utilised by EWPL. 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.

Capacity Charges Structure:

The Company's revenue stream comprises capacity charges receivable from the GoS, covering its fixed and variable costs. To date, two capacity charge payments have been received from the GoS, generating cash flows that will be utilized to meet scheduled financing obligations, including current maturities. However, due to the timing and accounting treatment under IFRS, the corresponding revenue was not recognized in the financial statements despite the receipt of cash. Accordingly, approximately PKR 16.0bn is expected to be recognized as revenue in the June 2026 financial statements. 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	(PKR Mn)			
	CY22A	CY23A	CY24A	CY25A
Balance Sheet				
Property, plant and equipment	2,373.4	3,074.6	24,579.2	52,449.6
Short-term Investments	8.6	8.6	8.6	8.6
Cash & Bank Balances	34.4	1,926.4	18,524.5	8,976.4
Other Assets	46.1	65.1	1,583.3	5,474.2
Total Assets	2,464.2	5,076.0	44,696.3	66,909.1
Creditors	64.4	57.3	2,082.6	57.0
Long-term Debt (incl. current portion)	0.0	2,797.3	42,220.0	60,618.7
Total Debt	0.0	2,797.3	42,220.0	60,618.7
Other Liabilities	160.1	87.4	573.5	11,741.6
Total Liabilities	224.5	2,942.1	44,876.0	72,417.2
Paid up Capital	2,678.7	2,678.7	2,678.7	2,678.7
Revenue Reserve	-438.9	-544.7	-2,858.4	-8,186.7
Equity (excl. Revaluation Surplus)	2,239.8	2,133.9	-179.7	-5,508.1
Income Statement	CY22A	CY23A	CY24A	CY25A
Operating Profit	-135.0	-208.1	-1,717.1	-2,559.6
Finance Costs	0.3	5.0	596.6	2,768.7
Profit Before Tax	-135.3	-213.1	-2,313.7	-5,328.4
Profit/(Loss) After Tax	-135.3	-211.7	-2,313.7	-5,328.4
Ratio Analysis	CY22A	CY23A	CY24A	CY25A
Funds from Operation (FFO) (PKR Mn)	-138.0	-213.7	-1,771.5	-2,803.8
FFO to Total Debt* (%)	-	-7.6%	-4.2%	-4.6%
FFO to Long Term Debt* (%)	-	-7.6%	-4.2%	-4.6%
Gearing (x)	0.00	1.31	-234.89	-11.01
Leverage (x)	0.10	1.38	-249.67	-13.15
Debt Servicing Coverage Ratio* (x)	-492.96	-2.39	-0.44	-0.42
Current Ratio (x)	0.31	10.57	3.28	0.86
Return on Average Assets* (%)	-10.8%	-5.6%	-9.3%	-9.5%
Return on Average Equity* (%)	-12.3%	-9.7%	-236.8%	187.4%
*Annualized, if required				
A - Actual Accounts				
M - Management Accounts				

REGULATORY DISCLOSURES

Appendix I

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				
	28-Sep-2026	AA	A1	Stable	Reaffirmed
	11-Sep-2025	AA	A1	Stable	Reaffirmed
	06-Jun-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.				
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Due Diligence Meeting Conducted	Name	Designation		Date	
	Mr. Hafeez Ullah	DM Finance		17 th September, 2026	