

Press Release

VIS Reaffirms Ratings of Quaid-e-Azam Solar Power (Private) Limited

Karachi, June 24, 2021: VIS Credit Rating Company Limited (VIS) has reaffirmed the entity ratings of Quaid-e-Azam Solar Power (Private) Limited (QASPL) at 'AA/A-1+' (Double A/A-One Plus). The medium to long-term rating of 'AA' denotes high credit quality coupled with strong protection factors. Moreover, risk factors may vary slightly with possible changes in the economy. The short-term rating of 'A-1+' denotes highest certainty of timely payment, liquidity factors are outstanding and safety is just below risk free short-term obligations of Government of Pakistan. Outlook on the assigned ratings is 'Stable'. The previous rating action was announced on March 13, 2020.

QASPL is the owner of a 100 MW solar power generation facility, which has been operating commercially since July, 2015. Its power generation license is valid till 2039 and commensurate with the expected useful life of Photo Voltaic (PV) panels. The assigned ratings take into account the ownership profile as QASPL is a wholly owned company of a sub-sovereign – the Government of Punjab. The ratings draw comfort from sovereign guarantees on power purchaser's payment obligation. The ratings also factor in notable growth in revenue and profits on account of higher electricity deliveries during FY20, sound liquidity profile underpinned by healthy cash flows generation, continuous improvement in leverage indicators, and maintenance of current ratio and debt service coverage ratio above the minimum required thresholds. Assigned ratings also take into account impact of ROE reduction on overall profitability, going forward. Capitalization indicators have improved on a timeline basis owing to low working capital requirements, long term debt re-payments and higher growth in equity base led by profit retention.

For further information on this rating announcement, please contact Asfia Aziz or the undersigned at 021-35311861-70 (Ext. 201) or email at info@vis.com.pk



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VIS Entity Rating Criteria: *Corporates (May 2019)*
<https://www.vis.com.pk/kc-meth.aspx>

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