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APPLICABLE METHODOLOGY(IES):
VIS Entity Rating Criteria Methodology – Industrial Corporates
(https://docs.vis.com.pk/docs/CorporateMethodology.pdf)

Rating Scale:
(https://docs.vis.com.pk/docs/VISRatingScales.pdf)

Rs. Million	FY23A	FY24A	1HFY25M
Net Sales	4,084.27	5,412.71	1,775.92
PBT	2,057.45	3,212.87	841.64
PAT	2,031.41	3,172.26	813.70
Paid up Capital	3,057.63	3,057.63	3,057.63
Equity (ex. Reval)	8,996.57	11,265.98	10,550.89
Total Debt	4,384.32	2,486.89	1,930.72
Leverage (x)	0.57	0.28	0.26
Gearing (x)	0.49	0.22	0.18
FFO	2,430.43	3,652.56	971.42
FFO/Total Debt (x)	55.43%	146.87%	100.63%
Net Margin (%)	49.74%	58.61%	45.82%

**Annualized, if required*
A - Actual Accounts
M - Management Accounts

YUNUS ENERGY LIMITED

Chief Executive: Mr. Abdul Sattar Jumani.

RATING DETAILS

RATINGS CATEGORY	LATEST RATING		PREVIOUS RATING	
	Long-term	**Short-term**	**Long-term**	**Short-term**
ENTITY	A+	A1	A+	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	May 19, 2025		July 03, 2024	

RATING RATIONALE

The assigned ratings of A+/A1 with a Stable Outlook have been reaffirmed, reflecting the Company's continued operational performance and financial risk profile within the medium-risk renewable energy sector. Ratings draw support from the long-term energy purchase agreement with CPPA-G, backed by a sovereign guarantee, which ensures revenue visibility. The sponsor profile remains a key credit strength, comprising experienced local shareholders and Operational risks are mitigated through a long-term O&M contract with an experienced syndicate. Profitability has been sustained through indexed tariff adjustments, while internal equity generation and scheduled debt repayments have supported a conservative capital structure. Liquidity remains adequate, with coverage metrics aligned with operational output. Tariff negotiations within the renewable power producer industry are underway however the management of YEL expects its debt servicing component to remain unaffected, subject to usual wind-related variability.

CORPORATE PROFILE

Incorporated in 2011, Yunus Energy Limited (“YEL” or “the Company”) operates a 50MW wind power plant comprising 20 Wind Turbine Generators (WTGs) of 2.5MW generation capacity each, located in the Jhimpir-Hyderabad corridor, Sindh. The project was developed at a total cost of USD 110.2 million and was financed through a debt-to-equity ratio of 80:20. The Commercial Operations Date (CoD) was achieved in September 2016. YEL has a 20-year Energy Purchase Agreement (EPA) with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), dated March 26, 2014.

The Engineering, Procurement and Construction (EPC) was carried out on a turnkey basis. Operations and Maintenance (O&M) services are being provided by a consortium comprising NORDEX Pakistan (Private) Limited and Descon Engineering Limited. The O&M arrangement is expected to continue until the full repayment of project debt.

GOVERNANCE

The Company's shareholding is equally distributed among five entities within the Yunus Brothers Group (YBG), with a minor portion held by individuals. YEL's board of directors comprises representatives from its shareholder companies with Chief Executive Mr. Abdul Sattar Jumani. The governance structure reflects significant YBG group involvement, with the Tabba family holding key roles.

INDUSTRY PROFILE & BUSINESS RISK

The business risk profile for Pakistan’s renewable energy sector is assessed as medium, underpinned by growing demand, favorable policy support, and substantial resource potential, balanced against structural and operational challenges. The sector has exhibited notable growth, supported by the government's long-term strategy to diversify the energy mix and reduce reliance on imported fossil fuels. As of 2024, the country’s total installed power generation capacity stands at approximately 42,000 MW, with renewable energy sources—comprising wind, solar, and biomass—accounting for nearly 6-9% of the energy mix. Ambitious national targets aim to increase this share to 30% by 2030.

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 Baluchistan 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.

Despite these advantages, sector risks remain. Regulatory risk persists, as changes in tariff structures, licensing procedures, or grid access policies may affect the financial viability of projects. Technological risk is also considerable; rapid innovation in renewable technologies can render existing assets obsolete, necessitating ongoing capital expenditure. The capital-intensive nature of the sector amplifies exposure to financing constraints and cost overruns. Furthermore, while renewable energy adoption benefits from growing industrial demand, it continues to compete with conventional energy sources, which remain influential due to pricing volatility and supply dynamics. Substitution risks and variable effectiveness of market entry barriers pose additional concerns.

Sponsor's Strength

YBG is a leading conglomerate with strong financial profile and has diverse presence across multiple sectors including power generation, building materials, real estate, textile, chemicals, pharmaceuticals, food, and automotive sectors. Ratings assigned to YEL draw support from strong financial profile and diversified presence of sponsor.

Wind Risk Exposure

In line with the Upfront Tariff Regime, the wind resource risk is borne by the power producer. Energy generation and associated cash flows remain exposed to seasonal variations and fluctuations in wind speed. Nonetheless, risk is partly mitigated by the findings of the Wind Resource Assessment and Energy Yield Evaluation Study carried out by Lahmeyer International Germany, which indicates the availability of adequate wind resources at the Jhimpir, Thatta site.

Non-Availability Risk:

The plant remains exposed to non-availability risk, which may impact revenue generation. However, this risk is mitigated through contractual arrangements with the O&M contractor, who has committed to maintaining a minimum plant availability of 95%. If availability falls below the threshold, the Company is contractually entitled to liquidated damages, capped at 40% of the annual O&M contract value.

Evacuation and Force Majeure Risk:

Revenue protection is in place under the Non-Project Missed Volume (NPMV) clause, ensuring compensation for energy not evacuated due to Non-Project Events (NPEs) attributable to the power purchaser, such as grid capacity limitations. The Company has also secured adequate insurance coverage for political risks. Nonetheless, as per the recent news articles the sectors' revenue is expected to be impacted by ongoing tariff negotiations with the government. However, the management expects the debt servicing component will remain protected.

Operational Profile

Since the commencement of commercial operations, plant availability has consistently remained above 95%, with annual availability exceeding 99%. The capacity factor improved to 29.08% in FY24 (FY23: 23.9%), primarily supported by enhanced dispatch conditions. However, during 1HFY25, the capacity factor declined to 20.13%, primarily due to seasonal wind pattern variations associated with the El Niño phenomenon as well as due to curtailments from the power purchaser. Consequently, energy output during the period stood at 44.4 million kWh. The output of the company has mainly remained affected by the load curtailments by the power purchaser.

	FY22	FY23	FY24	1HFY25
Availability	99.28%	99.33%	99.03%	99.24%
Capacity Factor (Actual)	31.50%	23.88%	29.08%	20.13%
Output (MWh)	137,962	104,580	127,384	44,455

FINANCIAL RISK

Assigned ratings also consider the Company's financial risk profile, with profitability supported by higher offtakes and tariff adjustments in FY24. However, curtailment issues and seasonal variations in wind patterns continued to affect generation levels in FY24 and ongoing FY25, profitability metrics remained sound due to operational efficiency and favorable tariff adjustments. Capitalization improved through profit retention and timely long-term debt repayments, despite dividend disbursements during the ongoing year. A conservative capital structure is maintained, supported by the absence of short-term financing needs and reliance on internal cash flows. Liquidity remained adequate, though moderated somewhat due to dividend outflows, with growth in short-term investments expected to reinforce the liquidity profile going forward. Debt servicing capacity exhibited improvement, although normalized in the ongoing period in line with reduced generation levels.

Profitability Profile

The Company's revenue increased by 32% in FY24, supported by higher offtakes, resulting in a gross margin of 79.04%. However, the benchmark capacity factor of 31% was not achieved due to curtailments by the power purchaser.

In 1HFY25, the capacity factor declined to 20%, reflecting seasonal wind variations and curtailments by CPPA-G, which contributed to a lower gross margin of 66.8%, primarily impacting the ROE component. Nonetheless, profitability metrics remained sound in the ongoing year.

Capital Structure

The Capitalization profile of the Company displayed a downward trend, with leverage and gearing ratio recorded at 0.28x and 0.22x in FY24 (FY23: 0.57x; 0.49x), due to continued equity enhancement through profit retention. In 1HFY25, the capitalization metrics further declined to 0.26x & 0.18x due to continued timely servicing of its long-term debt despite decreased profit retention due to dividend disbursement during the ongoing year. The Company's capitalization profile mainly contains LT syndicated TFF from HBL with no ST financing in place as working capital needs are met through internal cashflows.

Liquidity and Coverage

The Debt Service Coverage Ratio (DSCR) is primarily impacted by changes in the capacity factor, which influence profitability. As per the tariff structure, debt servicing is a part of the tariff, thereby limiting the risk of shortfall in meeting debt obligations. Fluctuations in the capacity factor predominantly affect the return on equity (ROE) component rather than the debt repayment capacity. Given the must-run status of renewable energy projects and the tariff design, variability in wind patterns is not expected to significantly affect the Company's ability to service its debt.

Liquidity remains adequate reflected by current ratio at 3.68x (FY23: 3.70x) in FY24 before declining to 2.68x during the ongoing year. This decline in liquidity is attributed to dividend disbursements as the Company received its dues from the power purchaser. Going forward, liquidity profile is expected to improve based on consistent growth of short-term investments in the absence of consistent dividend disbursement policy.

Financial Summary

Balance Sheet (PKR Millions)	FY22A	FY23A	FY24A	1HFY25M
Property, plant and equipment	8,690.16	8,395.45	8,040.63	7,817.23
Right-of-use Assets	0.00	10.72	9.93	9.53
Intangible Assets	11.52	0.00	0.00	0.00
Long-term Investments	0.00	0.00	50.00	50.00
Trade debts	4,488.14	3,806.48	4,103.93	2,745.46
Short-term Investments	0.00	0.00	1,302.50	1,676.66
Cash & Bank Balances	396.65	1,297.57	342.10	210.90
Other Assets	452.19	574.41	601.04	744.46
Total Assets	14,038.66	14,084.63	14,450.13	13,254.24
Creditors	511.00	0.00	0.00	0.00
Long-term Debt (incl. current portion)	5,167.01	4,384.32	2,486.89	1,930.72
Total Debt	5,167.01	4,384.32	2,486.89	1,930.72
Other Liabilities	117.61	703.77	697.26	772.63
Total Liabilities	5,795.62	5,088.09	3,184.15	2,703.35
Paid up Capital	3,057.63	3,057.63	3,057.63	3,057.63
Revenue Reserve	5,185.43	5,938.94	8,208.35	7,493.26
Equity (excl. Revaluation Surplus)	8,243.06	8,996.57	11,265.98	10,550.89

Income Statement (PKR Millions)	FY22A	FY23A	FY24A	1HFY25A
Net Sales	3,976.75	4,084.27	5,412.71	1,775.92
Gross Profit	3,130.17	3,056.88	4,278.47	1,187.66
Operating Profit	3,038.59	3,094.53	4,083.53	1,116.12
Finance Costs	734.84	1,037.08	870.66	274.50
Profit Before Tax	2,303.75	2,057.45	3,212.87	841.62
Profit After Tax	2,295.82	2,031.41	3,172.26	813.70

Ratio Analysis	FY22A	FY23A	FY24A	1HFY25A
Gross Margin (%)	78.71%	74.85%	79.04%	66.88%
Operating Margin (%)	76.41%	75.77%	75.44%	62.85%
Net Margin (%)	57.73%	49.74%	58.61%	45.82%
Funds from Operation (FFO) (PKR Millions)	2,734.75	2,430.43	3,652.56	971.42
FFO to Total Debt (%)	52.93%	55.43%	146.87%	100.63%*
FFO to Long Term Debt (%)	52.93%	55.43%	146.87%	100.63%*
Gearing (x)	0.63	0.49	0.22	0.18
Leverage (x)	0.70	0.57	0.28	0.26
Debt Servicing Coverage Ratio (x)	2.17	1.74	2.22	1.30*
Current Ratio (x)	3.71	3.70	3.68	2.68
Return on Average Assets (%)	16.80%	14.45%	22.23%	11.75%*
Return on Average Equity (%)	30.58%	23.57%	31.31%	14.92%*
Cash Conversion Cycle (days)	234.86	279.86	266.71	351.93

**Annualized, if required*

M - Management Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Yunus Energy Limited
Sector	Power
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook/Watch	Rating Action
Rating Type: Entity				
5/19/2025	**A+**	**A1**	**Stable**	**Reaffirmed**
7/03/2024	A+	A1	Stable	Reaffirmed
4/04/2023	A+	A1	Stable	Reaffirmed
4/1/2022	A+	A1	Stable	Reaffirmed
3/1/2021	A+	A1	Stable	Reaffirmed
3/18/2020	A+	A1	Stable	Reaffirmed
4/11/2019	A+	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
Siraj Lakhani	Senior Manager Treasury	9th May, 2025
Bilal Muhammad Iqbal	Senior Manager Finance	