VIS
Credit Rating Company Limited

RATING REPORT

INDUS WIND ENERGY LIMITED

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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	November 11, 2026		October 14, 2025	

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/Methodologies-2026/Corporate-Rating-2026.pdf

Rating Scale

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

Rating Rationale

The assigned ratings reflect Indus Wind Energy Limited's ('IWEL' or 'the Company') established 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 the long-term Operations and Maintenance (O&M) agreement with GE Vernova International LLC, supporting plant availability. In addition, the sponsor profile adds strength through group-level backing from the Indus Group of Companies.

During FY26, operating performance improved, supported by recovery in wind conditions and higher generation, while plant availability remained strong. The improvement in generation supported recovery in profitability and cash flow generation, with coverage metrics strengthening during the year. The financial profile also benefited from continued debt reduction and improved liquidity. Going forward, the ratings will remain sensitive to the Company's ability to sustain operating performance, maintain adequate liquidity and coverage, and continue its deleveraging trajectory.

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Company Profile

Indus Wind Energy Limited 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), forming part of the broader Indus Group, which has an established operating presence in Pakistan's textile sector. The Group comprises IDMCL, Sunrays Textile Mills Limited, and Indus Home Limited, with operations spanning key segments of the textile value chain. Collectively, the Group maintains a sizeable and diversified operating footprint, including multiple cotton ginning facilities, yarn spinning mills, and one of the country's largest terry towel manufacturing facilities. The Group's integrated operations and established market presence provide scale and diversification across its textile business activities.

Management and Governance

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 FY25 and FY26. There are no independent directors on the BoD.

Audit Opinion

Yousuf Adil, Chartered Accountants categorized as 'Category A' on SBP's Panel of Auditors and with a satisfactory QCR rating from ICAP, has provided an unqualified opinion for the year ended Jun'26.

Industry Profile & Business Risk

The business risk profile for Pakistan's renewable energy sector is assessed as low to medium, reflecting stable regulatory support through long-term contracts, despite a rapidly evolving technological and regulatory landscape. As of March 2026, the country's total installed power generation capacity reached 49,651 MW, indicating an 8.5% year-on-year increase. The energy mix continues to diversify, with thermal power accounting for 49.2% of total capacity, followed by hydel at 23.4%, renewables (including utility-scale solar, wind, and biomass) at 20.3%, and nuclear at 7.1%.

Growth in the sector is increasingly dominated by decentralized renewable energy. During FY26, out of approximately 2,800 MW of new capacity additions nationwide, an estimated 2,633 MW (roughly 94%) was attributed to distributed solar net metering. Between 2023 and 2025, distributed solar generation more than tripled, contributing significantly to an increase in Solar's share of the overall electricity mix from 10% to 28%. This profound shift is primarily driven by improvements in panel efficiency, rapidly decreasing equipment costs, and consumer responses to rising retail grid tariffs.

Regulatory risk remains a prominent factor, highlighted by NEPRA's recent shift from a traditional 1:1 net metering framework to a net billing system under the Prosumer Regulations 2026, which significantly lowers the buyback rate for exported rooftop solar. However, for utility-scale independent power producers (IPPs) like AJPPL, these regulatory risks are effectively mitigated. Tariffs for established IPPs are fixed under long-term Energy Purchase Agreements (EPAs) backed by sovereign guarantees, insulating these projects from retroactive policy shifts that could impact debt servicing capabilities. Furthermore, utility-scale solar projects are not exposed to recurring capital expenditures once commissioned, with maintenance requirements firmly embedded within standardized O&M contracts.

While the aggressive consumer-level adoption of distributed solar poses a potential technology and demand-substitution risk for the broader national grid by impacting overall daytime baseload demand, the competition risk for incumbent renewable IPPs

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remains minimal. Their must-run status, lower comparative generation costs, and long-term 'take or pay' contracts inherently protect them from demand-side fluctuations.

Long Term Energy Purchase Agreement

IWEL has signed a 25-year Energy Purchase Agreement (EPA) with CPPA-G, commencing from the Commercial Operations Date, on a take-or-pay basis. The agreement incorporates contractual protections against force major events through appropriate insurance arrangements and provides for compensation by CPPA-G for Non-Project Missed Volumes (NPMV) arising from Non-Project Events (NPE). The long-term contracted offtake, together with the take-or-pay structure and NPMV compensation mechanism, provides visibility on contractual revenues and mitigates exposure to offtake and demand-related risks.

Experienced O&M contractor

Hydro China 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 agreement with GE Vernova International LLC (GE) became effective, spanning a duration of 11 years.
Under the terms of the 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 Update

	FY23	FY24	FY25	FY26
Availability	98.48%	99.73%	98.89%	99.04%
Capacity Factor (Actual)	34.60%	38.95%	34.13%	37.37%
Output (MWh)	151,561	170,585	149,475	164,105

Plant availability has remained strong since COD, consistently exceeding 97% and averaging above 99% on an annual basis, indicating stable plant operations. In contrast, the actual capacity factor has remained somewhat below the benchmark level of 38% in FY25 and FY26, declining to 34.13% in FY25 before recovering to 37.47% in FY26. The variance from the benchmark primarily reflects seasonal fluctuations in wind patterns, including the impact of El Niño conditions, as well as lower dispatch demand from CPPA-G. The below-benchmark capacity factor, improved wind conditions and higher generation in FY26 supported an increase in energy output to 164.1 million kWh from 149.5 million kWh in FY25.

Profitability

During FY26, the Company's operating and financial performance improved, with revenue increasing by 27.2% YoY to PKR 2,765 Mn from PKR 2,174 Mn in FY25, supported by higher energy generation of 164.1 million kWh compared with 149.5 million kWh. The improvement followed the weaker performance in FY25, when the capacity factor declined to 34.13% from 39.46% in FY24, resulting in lower billed energy and gross profit of PKR 1,198 Mn at a margin of 55.1%. In FY26, the capacity factor recovered to 37.37%, approaching the 38% benchmark, while plant availability remained at 99.04%. Higher generation and operating leverage supported an increase in gross profit to PKR 1,718 Mn, with gross margin improving to 62.1%. Finance costs

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also moderated during the year, reflecting continued debt repayments. Consequently, net profit increased to PKR 917mn from PKR 308 Mn, with net margin improving to 33.2 from 14.2%.

Despite the recovery in FY26, the capacity factor remained marginally below the 38% benchmark. The Company recorded 30,266 MWh of actual energy loss during the fourth operational year, for which compensation is expected under the NPMV mechanism. Going forward, management expects generation performance to remain supportive, with August recording the strongest generation to date. Sustained generation at these levels would support the capacity factor and profitability.

Financial Risk

Capital Structure

The Company's capitalization profile strengthened during FY26, supported by profitability and continued debt amortization. Equity increased to PKR 4.1bn at end-FY26 from PKR 3.2bn in FY25, driven by profit retention, with no dividend payout during the year. Concurrently, total borrowings declined to PKR 8.0bn from PKR 9.0bn in FY25, primarily due to scheduled debt repayments. Resultantly, gearing improved to 1.95x in FY26 from 2.82x in FY25, while leverage declined to 2.02x from 2.90x over the same period.

The debt portfolio remains predominantly long-term project financing, comprising SBP-backed local currency financing and foreign currency borrowings from a development finance institution; though the Company also had PKR 200mn of short-term financing at end-FY26. As at end-FY26, long-term financing stood at PKR 7.9bn, including PKR 2.5bn of local currency debt and PKR 5.4bn of foreign currency debt, compared with PKR 2.9bn and PKR 6.2bn, respectively, in FY25. The local PKR facility is scheduled to mature in 2032, while the foreign currency facility is scheduled to mature in 2035.

Debt Coverage & Liquidity

The Company's coverage metrics strengthened significantly during FY26, supported by higher profitability, stronger cash flow generation, and continued debt amortization. Funds from Operations (FFO) increased to PKR 1,544mn from PKR 903mn in FY25, while FFO-to-Total Debt improved to 0.19x from 0.10x. DSCR also improved to 1.46x from 1.00x, reflecting enhanced debt-servicing capacity amid improved operating performance and a declining financing burden.

The Company's liquidity profile also improved during FY26. The current ratio increased to 1.10x from 0.79x in FY25, while year-end cash and bank balances increased to PKR 338mn from PKR 17mn. The working capital cycle remains supported by the relatively short collection period from the power purchaser, with billed amounts generally collected within two months, providing greater visibility over cash realization. The liquidity position also benefits from the predictability of operating cash flows under the regulated tariff framework.

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FINANCIAL SUMMARY				(Rs. in millions)	
BALANCE SHEET	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Property, plant and equipment	11,154	12,739	11,995	11,585	10,929
Stock-in-Trade	-	-	-	-	-
Trade Debts	726	1,142	766	800	1,043
Cash & Bank Balances	662	53	268	17	338
Total Assets	12,856	13,989	13,093	12,470	12,443
Trade Payables	634	104	125	96	128
Long Term Debt (including current maturity)	9,404	10,751	9,738	9,021	7,813
Short Term Debt	-	130	-	-	200
Total Debt	9,404	10,881	9,738	9,021	8,013
Total Liabilities	10,349	11,157	9,979	9,273	8,329
Paid Up Capital	2,260	2,260	2,260	2,260	2,260
Total Equity	2,507	2,832	3,114	3,196	4,113
INCOME STATEMENT	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Net Sales	851	2,070	2,206	2,174	2,779
Gross Profit	630	1,266	1,233	1,198	1,731
Operating Profit	558	1,142	1,085	1,032	1,554
Profit Before Tax	418	333	307	323	925
Profit After Tax	417	325	282	308	917
RATIO ANALYSIS	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Gross Margin (%)	74.0%	61.2%	55.9%	55.1%	62.3%
Operating Margin (%)	65.6%	55.2%	49.2%	47.5%	55.9%
Net Margin (%)	49.0%	15.7%	12.8%	14.2%	33.0%
Funds from Operation (FFO)	314	833	816	887	1,552
FFO to Total Debt*	0.03	0.08	0.08	0.10	0.19
FFO to Long Term Debt*	0.03	0.08	0.08	0.10	0.20
Gearing (x)	3.75	3.84	3.13	2.82	1.95
Leverage (x)	4.13	3.94	3.20	2.90	2.02
Debt Servicing Coverage Ratio* (x)	0.64	0.98	1.00	0.99	1.44
Current Ratio (x)	0.90	1.01	1.01	0.79	1.08
Return on Average Assets* (%)	3.9%	2.4%	2.1%	2.4%	7.4%
Return on Average Equity* (%)	18.1%	12.2%	9.5%	9.8%	25.1%
Cash Conversion Cycle (days)	-416	-3	115	90	82

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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

RATING TYPE: ENTITY				
Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
11/11/2026	A	A2	Stable	Reaffirmed
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	Upgrade
03/19/2021	A-	A2	Stable	Initial

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 Meeting Conducted

S.No.	Name	Designation	Date
1	Hassaan Ahmad Chishti	Manager Finance & Accounts	30th Sep, 2026

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