

ATLAS SOLAR LIMITED

Analysts:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A+	A1	A	A2
RATING OUTLOOK/ WATCH	Stable		Positive	
RATING ACTION	Upgrade		Maintained	
RATING DATE	April 21, 2026		January 07, 2025	

Shareholding (5% or More)

Atlas Power Limited - 80%
Shirazi Investments (Private) Limited - 20%

Other Information

Incorporated in 2014
Public Limited Company (Unlisted)
Chief Executive: Mr. Maqsood A. Basraa
External Auditor: M/s BDO Ebrahim & 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

The assigned ratings reflect Atlas Solar Limited's association with the Atlas Group and the presence of a long-term Energy Purchase Agreement with CPPA-G, supported by sovereign guarantee coverage. The ratings incorporate the Company's operational performance, with capacity factors consistently recorded above benchmark levels and high availability of the plant. Financial indicators reflect improvement in capitalization, coverage, and liquidity profiles, supported by scheduled debt amortization and repayment of short-term borrowings. The ratings also factor in the issuance of NEPRA's true-up tariff adjustment in 2024, which revised the Company's reference tariff based on actual project cost and financing parameters at COD.

Company Profile

Atlas Solar Limited (“ASL” or “the Company”) was incorporated in Pakistan in September 2014 with object to construct, operate and own a 100 MW solar power plant for generation and supply of electricity. As at end-FY25, Atlas Power Limited (“APL” or “the Holding Company”) holds 80% shares of the Company. ASL is ultimately associated with the Atlas Group (“the Group”).

In accordance with the Central Power Purchasing Agency (Guarantee) Limited (“CPPA-G”) notification dated April 27, 2022, the Company achieved commercial operations date (“COD”) on April 14, 2022. National Electric Power Regulatory Authority (“NEPRA”) has granted generation license to the Company which is valid until April 13, 2047. The registered office of the Company is in Lahore, Punjab while the facility is situated in District Layyah, Punjab. Operations and maintenance (O&M) activities have been brought in-house by the Company since 2024.

Management and Governance

GROUP PROFILE

The Group, established in 1962 as Shirazi Investments (Pvt.) Limited, operates as a diversified conglomerate in Pakistan. The Group comprises nineteen companies, with four publicly listed on the Pakistan Stock Exchange. The Group conducts business across multiple sectors including engineering, energy generation, financial services, and trading. Its engineering division comprises Atlas Honda Ltd., Atlas Battery Ltd., Atlas Engineering Ltd., Honda Atlas Cars (Pakistan) Ltd, Atlas Autos (Pvt.) Ltd, Atlas Hi-Tech (Pvt.) Ltd and Atlas GCI (Pvt.) Ltd, focusing on the manufacturing of motorcycles, automobiles and batteries. Atlas Solar Ltd and Atlas Energy Ltd are engaged in renewable energy generation. The financial services arm includes Atlas Insurance Ltd. and Atlas Asset Management Ltd., offering insurance and asset management solutions. The trading segment features Shirazi Trading Company (Pvt.) Ltd, Honda Atlas Power Product (Pvt.) Ltd, Atlas Venture Ltd, Atlas Worldwide and Atlas Global, dealing in trading of various products and services.

BOD's & COMMITTEE:

The Board of Directors comprises four members with one committee at the board level, namely the Board Audit Committee.

Business Risk

INDUSTRY

The business risk profile for Pakistan’s renewable energy sector is assessed as medium to low by VIS, reflecting stable regulatory support through long-term contracts and fixed tariffs, however, certain risks emanate from changing regulatory dynamics. As of 2025, the country’s total installed power generation capacity stands at approximately 46,605 MW, with renewable energy sources—comprising wind, solar, and biomass—accounting for nearly 12.2% of the energy mix.

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 Balochistan 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.

Regulatory risk remains a consideration for renewable IPPs in Pakistan. The ECC, in March 2026, approved revised EPAs with 14 wind power producers and the one Solar Power project, generating estimated savings of Rs. 163 billion over project lifetimes, reflecting the government’s active pursuit of tariff renegotiations across the IPP sector. While tariff structures under long-term EPAs have historically insulated projects from major revisions, the ongoing renegotiation exercise indicates that regulatory risk for incumbent IPPs is more pronounced than previously assessed. The sector is not exposed to recurring capital expenditure once projects are commissioned, with any BMR requirements included in O&M contracts and embedded within the tariff. Moreover, IPPs with EPAs executed with CPPA-G are largely protected from circular debt accumulation. While receivable collections may extend beyond agreed credit periods, such delays represent the mechanism through which circular debt arises at the sector level. For IPPs, counterparty risk remains mitigated by sovereign guarantee coverage, which ensures eventual settlement of dues.

Technology-related risks persist in the form of rising consumer-level adoption of distributed solar, driven by improvements in panel efficiency, which is gradually impacting demand growth for grid-based supply. However, competition risk for established renewable IPPs remains limited. Long-term contracts, must-run status, lower generation costs relative to conventional sources, and high entry barriers insulate incumbent projects from substitution or demand-side risks. Given their must-run status and current contribution of around 6% to total generation, any potential fall in grid demand is unlikely to materially impact offtake.

True up tariff adjustment:

The National Electric Power Regulatory Authority (NEPRA) issued its decision dated May 03, 2024 regarding tariff adjustments at the Commercial Operations Date (COD) of Atlas Solar Limited, which was subsequently notified through S.R.O. 897(I)/2024 dated June 20, 2024. The decision constituted the true-up of the Company's reference tariff following achievement of COD on April 14, 2022. The adjustment primarily incorporated verification and alignment of project cost components and financing parameters at COD, including EPC cost, interest during construction, duties and taxes, and debt-related components. The true-up resulted in a revised tariff structure reflecting updated cost parameters, which now forms the basis for subsequent tariff indexations and adjustments.

Renegotiation of EPA:

The Company's EPA is under renegotiation with the government, consistent with the ECC's broader review of power purchase agreements across the IPP sector. In previous rounds of renegotiations within the renewable energy segment, changes have typically included adjustments to tariff structures, return on equity, and payment terms to align with broader fiscal and sectoral objectives. However, as per the management, there will be no changes to the existing hybrid take-or-pay structure, debt service obligations will remain fully covered under the tariff, and the provision for non-project missed volumes (NPMV) will continue to be part of the agreement. The outcome of the renegotiation will be factored into the rating assessment accordingly.

OPERATIONAL UPDATE:

	FY23	FY24	FY25	1HFY26
Installed Capacity – MW	100	100	100	100
Annual Benchmark Capacity – MWh	188,428	187,485	186,548	86,303*
Benchmark Capacity Factor (%)	21.51%	21.51%	21.51%	19.70%*
Actual Energy Delivered – MWh	197,768	192,401	189,850	87,993
Actual Capacity Factor (%)	22.58%	21.96%	21.67%	20.09%
Availability Factor (%)	99.95%	99.96%	99.47%	99.56%

*Annual Benchmark Capacity and Actual Benchmark is taken for the period from July 25 to Dec 25.

The Company reported a capacity factor of 21.67% in FY25 (FY24: 21.96%), remaining above the benchmark of 21.51%. Energy delivered declined by 1.32% to 189,850 MWh (FY24: 192,401 MWh), reflecting slightly lower irradiation levels during the year, which management attributed to climate-related variations in solar exposure. In 1HFY26, the capacity factor was recorded at 20.09%, exceeding the benchmark of 19.70%, with electricity generation of 87,993 MWh.

PROFITABILITY:

The Company's revenue declined by approximately 16% in FY25, primarily due to lower average tariffs, reduced generation during the period, and the absence of one-off true-up tariff adjustments recognized in the preceding year. The decrease in tariff was attributable to downward indexation adjustments, mainly reflecting a reduction in the KIBOR-linked local interest component following a decline in benchmark rates, along with moderation in the foreign interest component amid lower benchmark rates. Although inflationary adjustments in O&M provided partial offset, the cumulative effect of lower interest rate benchmarks resulted in a reduction in the total notified tariff.

Gross margin decreased to 70.62% in FY25 (FY24: 72.16%). While tariff-linked cost components adjusted downward in line with lower benchmark interest rates, a portion of operating costs remained fixed in nature, limiting the extent of cost reduction. As a result, margins compressed on a year-on-year basis, reflecting lower notified tariffs and reduced dispatch levels during the period. Net margin increased to 19.30% in FY25 (FY24: 14.45%), primarily attributable to the decline in benchmark interest rates and higher other income. In the 1HFY26, the gross margins were recorded at 67.75%, and the net margins remained stable at 19.17%.

Financial Risk

CAPITAL STRUCTURE

Capitalization metrics improved in FY25, with gearing and leverage declining to 2.81x and 2.86x, respectively (FY24: 3.75x and 3.83x). The change was driven by scheduled amortization of long-term borrowings and an increase in the equity base primarily supported by internal capital generation. In 1HFY26, gearing and leverage declined further to 2.68x and 2.71x, respectively.

DEBT COVERAGE & LIQUIDITY:

The Company's coverage profile improved in FY25, with the Debt Service Coverage Ratio (DSCR) increasing to 1.18x (FY24: 1.13x), reflecting higher Funds from Operations (FFO) and lower finance cost incurred mainly due to the reduction in the policy rate. In 1HFY26, the DSCR improved further to 1.42x, mainly supported by higher FFO.

Liquidity indicators strengthened in FY25, with the current ratio recorded at 1.18x (FY24: 0.93x). The improvement was driven primarily by reduction in current liabilities, attributable to adjustment of short-term borrowings during the year. Current assets declined concurrently, on account of recoveries from CPPA-G against outstanding trade debts and contract assets; however, the contraction in current liabilities was of a greater magnitude, resulting in a net improvement in the ratio. Liquidity coverage remains dependent on the pace of receivable recovery from CPPA-G, which constitutes majority of current assets.

Financial Summary

<u>Balance Sheet (PKR Millions)</u>	FY23A	FY24A	FY25A	6MFY26M
Property, plant and equipment	12,680.72	11,971.50	11,624.35	11,432.37
Intangible Assets	2.28	0.89	0.00	0.00
Trade debts	377.54	853.30	607.57	614.88
Short-term Investments	0.00	0.00	0.00	138.00
Cash & Bank Balances	30.74	2.48	1.47	1.70
Other Assets	1,553.45	678.45	499.04	124.37
Total Assets	14,644.73	13,506.62	12,732.43	12,311.32
Creditors	108.45	192.18	169.01	90.01
Long-term Debt (incl. current portion)	10,689.06	9,786.54	9,188.69	8,898.07
Short-Term Borrowings	1,392.73	685.00	78.00	0.00
Total Debt	12,081.79	10,471.54	9,266.69	8,898.07
Other Liabilities	104.29	48.02	0.23	0.95
Total Liabilities	12,294.53	10,711.74	9,435.93	8,989.03
Paid up Capital	1,950.00	1,950.00	1,950.00	1,950.00
Revenue Reserve	400.20	844.88	1,346.51	1,372.29
Equity (excl. Revaluation Surplus)	2,350.20	2,794.88	3,296.51	3,322.29

<u>Income Statement (PKR Millions)</u>	FY23A	FY24A	FY25A	6MFY26M
Net Sales	2,402.56	3,076.87	2,598.61	1,151.58
Gross Profit	1,668.46	2,220.22	1,835.20	780.24
Operating Profit	1,588.63	2,098.75	1,639.31	680.86
Finance Costs	1,342.74	1,656.90	1,134.45	457.77
Profit Before Tax	245.89	441.85	504.86	223.12
Profit After Tax	242.29	444.68	501.63	220.78

<u>Ratio Analysis</u>	FY23A	FY24A	FY25A	6MFY26M
Gross Margin (%)	69.45%	72.16%	70.62%	67.75%
Operating Margin (%)	66.12%	68.21%	63.08%	58.87%
Net Margin (%)	10.08%	14.45%	19.30%	19.17%
Funds from Operation (FFO) (PKR Millions)	694.57	910.22	947.06	685.53
FFO to Total Debt* (%)	5.75%	8.69%	10.22%	15.41%
FFO to Long Term Debt* (%)	6.50%	9.30%	10.31%	15.41%
Gearing (x)	5.14	3.75	2.81	2.68
Leverage (x)	5.23	3.83	2.86	2.71
Debt Servicing Coverage Ratio* (x)	1.01	1.13	1.18	1.42
Current Ratio (x)	0.80	0.93	1.18	1.11
(Stock in trade + trade debts) / STD (x)	0.27	1.25	7.82	N/A
Return on Average Assets* (%)	1.80%	3.16%	3.82%	3.53%
Return on Average Equity* (%)	10.87%	17.29%	16.47%	13.34%
Cash Conversion Cycle (days)	-106.58	49.90	62.19	33.73

*Annualized, if required

A - Actual Accounts

M - Management Accounts

REGULATORY DISCLOSURES						Appendix II
Name of Rated Entity	Atlas Solar Limited					
Sector	Power					
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					
	4/21/2026	A+	A1	Stable	Upgrade	
	07-01-2025	A	A2	Positive	Maintained	
	26-12-2023	A	A2	Stable	Reaffirmed	
	27-12-2022	A	A2	Stable	Upgrade	
	03-12-2021	A-	A2	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. Khalid Mahmood		CFO		5 th March 2026	