VIS
Credit Rating Company Limited

LUCKY RENEWABLES (PVT.) 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	January 14, 2026		January 02, 2025	

Shareholding (5% or More)	Other Information
Lucky Textile Mills Limited – 51.0%	Incorporated in 2015
Lucky Energy (Pvt.) Limited – 49.0%	Private Limited Company
	Chief Executive: Mr. Abdul Sattar Jumani
	External Auditor: Yousuf Adil Chartered Accountants

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/do cs/VISRatingScales.pdf

Rating Rationale

The assigned ratings reflect LRPL's stable business profile under a long-term Energy Purchase Agreement with CPPA-G, supported by sovereign guarantees, which provides predictable cash flows and limits exposure to market risk. The ratings also incorporate the Company's association with the Yunus Brother Group, supporting governance standards and financial flexibility. While profitability and coverage metrics weakened in FY25 due to lower tariffs, reduced generation, and excessive curtailments, as well as the one-off true-up tariff adjustments recognized in the preceding year, these pressures were partly offset by declining finance costs and improving leverage through scheduled debt repayments. The recovery in operational performance and liquidity indicators observed in 1QFY26 underpins the assigned ratings.

Company Profile

Lucky Renewables (Private) Limited ('LRPL' or 'the Company'), formerly Tricom Wind Power (Private) Limited, was incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a private limited company, to exclusively develop a 50 MW Wind Power Project ('the Project') in Deh Kohistan, Jhimpir, District Thatta. The Project is supplying electricity to the national grid on a regular basis post-commencing commercial operations in September 2021. The Company is a subsidiary of Lucky Textile Mills Limited ('the Parent Company') which owns 51% shareholding. Y.B. Holdings (Private) Limited is the ultimate parent company. The registered office of the Company is situated at LuckyOne Mall, Main Rashid Minhas Road, Karachi.

The principal activity of the Company is to sell electricity by whatever means, including wind-mill. The Company was issued a Letter of Intent (LOI) for a wind power project and the land was allotted and leased to the Company by Land Utilization Department – Government of Sindh. The Company signed a twenty five-year Energy Purchase Agreement (EPA) with the Central Power Purchasing Agency (Guarantee) Limited (CPPA) on November 11, 2019. Implementation Agreement (IA) has also been signed on November 12, 2019 with the President of the Islamic Republic of Pakistan (on behalf of GOP).

Management and Governance

SPONSOR PROFILE

The Company operates as part of the Yunus Brother Group ("YBG" or "the Group"), a prominent conglomerate with a strong financial profile and a diversified presence across multiple sectors. YBG's business interests span across various sectors including Cement, Textiles, Power Generation, Chemicals, Automobiles, Pharmaceuticals, Healthcare, Real Estate, Entertainment, Food & Commodities, among others.

BOD's & COMMITTEE:

The Board of Directors comprises five members, including an independent director. As at the reporting date, one committee operates under the oversight of the Board, namely, the 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 2024, 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 for renewable IPPs in Pakistan, with tariff revisions potentially emanating risks, however, it is mitigated as tariff structure is fixed under long-term Energy purchase agreements, insulating projects from any major revision that may impact debt servicing capabilities. The sector is also 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.

Operational risk is considered manageable given long-term O&M contract in place with experienced O&M operator:

LRPL has 11 yearlong O&M contracts in place with Siemens Energy and Orient Energy Systems (Private Limited). Siemens Energy is one of the largest renewable energy companies providing offshore and on-shore wind turbines and services. Annual average plant availability committed by the O&M Operator is set at 97% and Capacity factor determined at 38%.

OPERATIONAL UPDATE:

Production and Capacity Utilization	FY24	FY25	1QFY26
Installed Capacity (KWH)	438,000,000	438,000,000	110,400,000
Production Capacity Factor of 38% (KWH)	166,440,000	166,440,000	41,952,000
Actual production	165,736,322	131,453,107	54,444,226
Capacity factor (Actual)	37.84%	30.02%	49.31%
Availability	98.75%	99.51%	99.34%

The Company reported capacity factor of 30.02% in FY25 (FY24: 37.84%), which remained below the 38% benchmark as transmission constraints continued to result in load curtailment by the power purchaser. Energy delivered reduced by 21% to 131.453 GWh (FY24: 165.736 GWh), reflecting the combined impact of lower wind speeds during the year and an increase in curtailment compared to the preceding period. However, the capacity factor improved in 1QFQ26 supported by favorable seasonal wind patterns during the July–September period, and lower load curtailments by the power purchaser.

PROFITABILITY:

The Company's revenue declined by approximately 46% in FY25, reflecting a combination of lower tariffs and reduced generation in FY25, as well as the one-off true-up tariff adjustments recognized in the preceding year. Revenue in FY24 was materially supported by a true-up tariff adjustment of PKR 1.214 billion, which accounted for approximately 32% of net sales during the year and elevated the revenue base against which FY25 performance is compared.

The observed decline in tariff was attributable to currency appreciation during the period, a reduction in the TERM SOFR rate, and a downward adjustment in ROEDC. These factors collectively outweighed upward revisions in O&M, resulting in a lower overall tariff compared to FY24. In addition, the Company remained exposed to load curtailments by the power purchaser, which led to lower energy dispatches relative to available capacity. While compensation for curtailed energy is provided through Non-Project Missed Volume (NPMV) formula, it does not fully account for potential generation during periods of higher wind speeds.

Gross margin declined to 52.45% in FY25 (FY24: 72.45%), due to the one-time tariff adjustment in the previous year, reductions in tariff components linked to interest rate and exchange-rate adjustments, as well as lower electricity sales resulting from load curtailment. Net margin declined to 13.50% (FY24: 42.67%), in line with the moderation in overall profitability. In 1QFY26, the gross margin improved to 70.31%, reflecting higher generation relative to the benchmark capacity factor, supported by seasonal wind patterns during the July–September period. Net margin increased to 47.42% in 1QFY26, primarily due to lower finance costs, along with an improvement in overall profitability.

Financial Risk

CAPITAL STRUCTURE

The Company's capitalization metrics showed improvement in FY25, with gearing and leverage declining to 2.61x and 2.74x, respectively (FY24: 2.89x and 3.08x). This improvement was primarily driven by scheduled amortization of long-term borrowings. Equity levels declined during the period due to dividend distributions. The capital structure primarily consists of equity and long-term borrowings, while short-term borrowings have been maintained to manage mismatch between cash inflows and debt service obligations. The equity base has increased over the past three years, driven mainly by internal capital generation. In 1QFY26, gearing and leverage declined further to 2.21x and 2.32x, respectively.

DEBT COVERAGE & LIQUIDITY:

The Company's coverage profile weakened in FY25, with the Debt Service Coverage Ratio (DSCR) declining to 0.91x (FY24: 1.62x), reflecting lower Funds from Operations (FFO) following reduced profitability due to lower wind speeds. Debt-servicing risk is partly mitigated by the availability of short-term working-capital facilities amounting to Rs. 1,200 million, which may be utilized, as required. In 1QFY26, the DSCR improved to the adequate level of 1.68x, driven by higher FFO on account of improved profitability driven by higher production and lower curtailments.

The Company's liquidity profile weakened in FY25, as reflected in a decline in the current ratio to 0.52x (FY24: 0.93x). The reduction in current assets was primarily attributable to lower trade receivables, reflecting improved recoveries from the power purchaser, with such recoveries utilized toward the repayment of short-term borrowings and associate loan, along with a decrease in cash and bank balances, which were also utilized for the settlement of these obligation. Meanwhile, current liabilities declined mainly due to lower short-term borrowings and payables; however, the liability profile continued to be influenced by the current portion of long-term debt related to scheduled repayments. Liquidity management is supported by the availability of short-term working-capital facilities, which provide flexibility in meeting near-term obligations amid variability in operating cash inflows. Moreover, some improvement was noted in 1QFY26, as the current ratio improved marginally to 0.62x, owing to reduction in current liabilities, particularly short-term borrowings and trade payables, while current assets remained broadly stable.

Financial Summary

Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	3MFY26M
Property, plant and equipment	12,897.26	12,249.20	11,901.17	11,742.50
Right-of-use Assets	5.46	5.20	4.99	4.93
Trade debts	428.14	2,492.74	823.31	779.79
Short-term Investments	0.00	0.00	0.00	0.00
Cash & Bank Balances	1,772.95	98.15	10.31	39.66
Other Assets	21.64	103.83	112.42	121.70
Total Assets	15,125.45	14,949.12	12,852.20	12,688.58
Creditors	1,806.76	228.48	288.89	245.93
Long-term Debt (incl. current portion)	10,247.33	9,229.39	8,490.85	8,224.41
Short-Term Borrowings	936.75	1,359.22	502.82	227.82
Total Debt	11,184.08	10,588.61	8,993.67	8,452.23
Other Liabilities	77.77	470.08	128.75	163.56
Total Liabilities	13,068.61	11,287.17	9,411.31	8,861.72
Paid up Capital	2,213.37	2,213.37	2,213.37	2,213.37
Revenue Reserve	-156.54	1,448.61	1,227.53	1,613.52
Equity (excl. Revaluation Surplus)	2,056.83	3,661.98	3,440.90	3,826.89

Income Statement (PKR Millions)	FY23A	FY24A	FY25A	3MFY26M
Net Sales	1,141.96	3,761.95	2,038.21	813.93
Gross Profit	472.79	2,725.70	1,069.06	572.30
Operating Profit	458.80	2,686.81	1,052.63	566.11
Finance Costs	813.26	1,079.53	761.13	179.01
Profit Before Tax	-368.59	1,605.75	291.50	387.10
Profit After Tax	-368.81	1,605.14	275.24	386.00

Ratio Analysis	FY23A	FY24A	FY25A	3MFY26M
Gross Margin (%)	41.40%	72.45%	52.45%	70.31%
Operating Margin (%)	40.18%	71.42%	51.64%	69.55%
Net Margin (%)	-32.30%	42.67%	13.50%	47.42%
Funds from Operation (FFO) (PKR Millions)	39.11	2,165.34	569.67	502.13
FFO to Total Debt* (%)	0.35%	20.45%	6.33%	23.76%
FFO to Long Term Debt* (%)	0.38%	23.46%	6.71%	24.42%
Gearing (x)	5.44	2.89	2.61	2.21
Leverage (x)	6.35	3.08	2.74	2.32
Debt Servicing Coverage Ratio* (x)	0.49	1.62	0.91	1.68
Current Ratio (x)	0.61	0.93	0.52	0.62
(Stock in trade + trade debts) / STD (x)	0.46	1.83	1.64	3.42
Return on Average Assets* (%)	-2.59%	10.67%	1.98%	12.09%
Return on Average Equity* (%)	-16.51%	56.14%	7.75%	42.49%
Cash Conversion Cycle (days)	-748.07	-216.74	199.49	-11.12

**Annualized, if required*

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Lucky Renewables (Pvt.) 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				
14/01/2026	A	A2	Stable	Reaffirmed
02/01/2025	A	A2	Stable	Reaffirmed
20/12/2023	A	A2	Stable	Reaffirmed
29/12/2022	A	A2	Stable	Reaffirmed
08/11/2021	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.
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Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Bilal Muhammad Iqbal	Senior Manager Reporting	12th Dec 2025