

TOWER POWER (PVT) LIMITED

Analyst:

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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	April 30, 2026		April 24, 2025	

Shareholding (5% or More)

Associated Technologies (Pvt) Limited – 100.0%

Other Information

Incorporated in 2019

Private Limited Company

Chief Executive: Mr. Mobashir A. Malik

External Auditor: Grant Thornton Anjum Rehman 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/docs/VISRatingScales.pdf>

Rating Rationale

The assigned ratings incorporate the medium to low business risk profile of the TowerCo sector, characterized by its capital-intensive nature, long-term contract lock-in periods with low termination risk, and built-in escalation mechanisms in Infrastructure Provisioning Fees (IPF). The sector remains moderately concentrated with a limited number of key players, while growth prospects are expected to remain strong, driven by rising data consumption and the gradual rollout of 5G technology.

Tower Power (Pvt) Limited reflects improving financial performance, supported by increasing revenue and profitability driven by expansion in its tower portfolio, higher tenancy ratios, and periodic escalation in IPF. The Company's capitalization profile remains balanced, alongside a healthy liquidity position, reflected in a strong current ratio and growing funds from operations (FFO), which in turn supports robust coverage metrics, including a strong debt service coverage ratio (DSCR). Going forward, further improvement in net margins and the maintenance of a balanced capital structure will remain key considerations.

Company Profile

Tower Power (Pvt) Limited ('TPL' or 'the Company') is a wholly owned subsidiary of Associated Technologies (Pvt) Limited, operating within the TowerCo. Sector. In FY23, Associated Technologies (Pvt) Ltd transferred the operational segment focused on telecom passive infrastructure services to its subsidiary TPL. As a result, TPL's main business activity is to own, maintain, and lease telecom towers to Mobile Network Operators (MNOs) under the Telecommunication Tower Provider (TTP) License granted by Pakistan Telecommunication Authority (PTA).

The registered office of the Company is situated at House No. 9, Street No. 49, F-6/4, Islamabad.

Management and Governance

CEO PROFILE

Mr. Mobashir A. Malik is the Chief Executive Officer (CEO) of TPL as well as the parent company, Associated Technologies (Pvt) Ltd. He joined Associated Technologies as a Director Technical in 1996 and moved up the ladder to become the CEO in 2003. Under his leadership, the corporation has executed various network expansion projects for telecom service providers. Mr. Mobashir has over 35 years of experience working on infrastructure, power and telecom projects and holds masters in Mechanical Engineering from USA.

BOARD & SENIOR MANAGEMENT

The Company previously lacked a formal board structure and was primarily overseen by family members, including Mr. Mobashir A. Malik and his daughter Ms. Sadia Malik. However, during the year, three executive directors including the COO/CFO, Mr. Imran Ashraf, CCRO, Mr. Sajid Mehmood and Company Secretary, Mr. Ghulam Abbas have been appointed. The Board now comprises five members i.e., two shareholder directors and three executive directors. These changes have been made as the Company intends to attract institutional investors.

The senior management includes seasoned professionals with relevant academic background in engineering, business and finance and decades of experience in their respective fields, thereby ensuring smooth functioning of the Company's operations.

The financial accounts of the Company have been audited by Grant Thornton Anjum Rahman Chartered Accountants, who have issued an unqualified opinion for FY25.

Business Risk

INDUSTRY UPDATE

The TowerCo sector primarily involves construction, maintenance, and leasing of telecom towers to Mobile Network Operators (MNOs) under a build-to-suit model, whereby towers are developed and leased based on the requirements of telecom companies. Consequently, the sector's growth remains closely linked to the demand for data services. In recent years, the strategic shift of MNOs towards infrastructure sharing, following the implementation of the Passive Telecom Infrastructure Policy, has contributed to significant growth for both the MNOs and the TowerCo sector.

Pakistan's telecom tower base is estimated at approximately 50,000 sites, of which around 26,000 are owned by MNOs. This includes the acquisition of approximately 10,700 towers from Jazz by Engro Enfrashare for a consideration of ~USD 563 million. As a result, nearly half of the tower portfolio is now owned by independent TowerCos. The market is concentrated among four key players namely Engro Enfrashare, Edotco, Tower Power (Pvt) Ltd, and TAWAL Telecom. Engro Enfrashare holds a dominant position with over 70% market share, followed by Edotco with approximately 14%.

A key operating metric for TowerCos is the tenancy ratio, which reflects the average number of tenants per tower. Higher tenancy levels enhance operating leverage, supporting stronger margins and improved returns. In Pakistan, the industry-wide tenancy ratio is approximately 1.27x (with an average tower age of ~7 years), remaining below the global average of ~2.2x. This gap highlights significant potential for further colocation and efficiency gains, however, it should also be noted that growth in tenancy growth is linked to tower age, accordingly, the current gap between Pakistan's tenancy levels and global averages largely reflects the nascent stage of country's TowerCo sector.

Growth in Pakistan's tower industry is primarily driven by demand from two major mobile network operators, Jazz and Zong, which together account for approximately 63% of the market. Moreover, the anticipated rollout of 5G services across the country is expected to serve as a key catalyst for the growth of TowerCo sector. As of March 2026, initial 5G pilot launches have commenced in major urban centers.

Telecom Tower Providers (TTPs) in Pakistan face considerable challenges, particularly with respect to energy and fuel costs. In rural and off-grid areas, a large proportion of telecom towers rely on diesel-based power generation due to limited access to the electricity grid, resulting

in high operating expenses. However, the increasing adoption of renewable energy solutions, especially solarization of tower sites, has helped mitigate some of these cost pressures.

Overall, the TowerCo sector is characterized with a medium-to-low business risk profile. This is supported by its capital-intensive nature, long-term contractual lock-ins, low termination risk, and a stable demand outlook. Growth in the sector is underpinned by a rising population, increasing mobile penetration, and the need for expanded and more reliable broadband coverage. The outlook remains positive, driven by sustained demand for 4G services and the adoption of 5G technology.

Operational Performance

During FY25, the Company added 212 new towers to its portfolio incurring a capex of PKR 3.4 billion and a further 165 towers by HYFY26 bringing the total portfolio to 1,350 towers.

	FY23	FY24	FY25	HYFY26
No. of Towers	827	973	1,185	1,350

PROFITABILITY

During FY25, the Company delivered strong growth in sales, reporting a topline of PKR 6.8 billion, reflecting a 25.7% YoY increase. This growth was primarily driven by the expansion of its tower portfolio, with the addition of 212 new towers during the year.

Moreover, profitability improved notably, with gross margins rising to 47.9% (FY24: 39.3%). This increase was supported by an effective ~7.0% average escalation in the infrastructure provisioning fee (IPF), along with an improvement in the tenancy ratio to 1.19x (FY24: 1.17x). As a result, average revenue per tower rose by 17% YoY to PKR 5.6 million. These margin levels are broadly in line with industry peers.

The Company's revenue stream remains highly secure, underpinned by its long-term relationship with its largest client, Jazz, which accounts for nearly 75% of leased towers and ~70% concentration in sales. Average lock-in period with most clients is 12 years which establishes strong visibility and stability of future cash flows.

At the operating level, margins strengthened to 44.4% (FY24: 37.1%), and net margins improved to 16.4% (FY24: 6.3%), supported by both operational efficiencies from solarization and a significantly lower effective tax rate (FY25: 43%) compared to prior years (FY24: 63%, FY23: 79%). Currently ~97% of TPL's towers are solarized. Moreover, all power and fuel related charges are passed on to customers, thereby shielding the Company from impact of elevated fuel costs.

This positive momentum has continued into HYFY26, with revenue reaching PKR 4.1 billion and gross margins further expanding to 50.7%. The improvement was driven by the addition of 165 new towers and a further increase in the tenancy ratio to 1.2x.

Financial Risk

CAPITAL STRUCTURE

The Company maintains a balanced capitalization profile with gearing and leverage standing at 0.52x and 0.90x, respectively, as of end FY25 (FY24: 0.54x and 0.91x). Total debt levels increased by 14%, primarily due to a rise in long-term borrowings for capital expansion, including amounts transferred from the Parent Company (Associated Technologies Pvt Ltd) during the year against the telecommunication passive infrastructure business, upon completion of requisite formalities.

During the period, the Company issued 58 million additional shares to its parent, raising PKR 580.5 million in equity. It also availed a long-term facility of PKR 2.7 billion to finance a 330 towers project, completed in Mar 2026. Going forward, a new 350 towers project is planned, to be partially debt-funded, with sponsor support in place to cover any cost overruns.

Additionally, the Company obtained short-term borrowings of PKR 70 million (previously nil) to manage working capital mismatches arising from differing customer billing cycles. Short term debt temporarily increased to PKR 1 billion by end-HYFY26 due to bank's line utilization requirements. Overall, total debt increased by 22% during the period, while capitalization metrics remained broadly stable.

DEBT COVERAGE & LIQUIDITY

TPL maintains a healthy liquidity profile with a current ratio of 1.6x (FY24: 1.4x) as of FY25 and a negative cash conversion cycle of 38 days (FY24: -51 days). The company extends a credit period of 30-45 days to MNOs from the day of billing which is typically made on a monthly or in some cases quarterly basis. However, the company's balance sheet also includes significant amount of contract assets which pertains to

value of services provided to the MNOs but not yet billed. When adjusted for these contract assets the cash conversion cycle stands at 22 days as of FY25.

Funds from Operations (FFO) recorded at PKR 3.1 billion increasing by 63% YoY due to improved profitability, consequently improving coverages. FFO to total debt stood at 0.60x (FY24: 0.42x) while Debt Service Coverage (DSCR) reported at 2.31x (FY24: 1.72x) as of end-FY25.

Liquidity and coverages remained broadly stable as of HYFY26. DSCR reported further improvement to 2.9x in line with higher profitability, and lower interest rates.

FINANCIAL SUMMARY *(amounts in PKR millions)* *Appendix I*

BALANCE SHEET	FY23 A	FY24 A	FY25 A	HY26 M
Property and Equipment	10,808	12,150	14,486	15,660
Right of Use Assets	1,518	1,594	1,953	2,278
Trade debts	776	645	604	290
Contract Assets	316	751	1,136	1,347
Cash and bank balance	255	424	627	1,520
Total Assets	13,838	16,340	19,452	21,605
Long term debt (inc. lease & current portion)	3,201	4,647	5,241	5,496
Short term debt	-	-	70	1,000
Total debt	3,201	4,647	5,311	6,496
Trade and other payables	646	853	688	150
Total Liabilities	5,630	7,790	9,206	10,606
Paid up capital	8,170	8,170	8,750	8,750
Unappropriated Profit	38	380	1,495	2,248
Total Equity	8,208	8,550	10,246	10,999
INCOME STATEMENT	FY23 A	FY24 A	FY25 A	HY26 M
Net Sales	2,837	5,439	6,838	4,120
Gross Profit	990	2,138	3,275	2,089
Operating Profit	929	2,018	3,036	1,999
Finance Costs	(624)	(1,113)	(1,143)	(569)
Profit Before Tax	310	927	1,949	1,465
Profit After Tax	66	340	1,119	753
RATIO ANALYSIS	FY23 A	FY24 A	FY25 A	HY26 M
Gross Margin (%)	34.9%	39.3%	47.9%	50.7%
Operating Margin (%)	32.8%	37.1%	44.4%	48.5%
Net Margin (%)	2.3%	6.3%	16.4%	18.3%
Funds from Operation (FFO) (PKR Mn)	1,213	1,941	3,162	2,043
FFO to Total Debt (x)*	0.38	0.42	0.60	0.63
FFO to Long Term Debt (x)*	0.38	0.42	0.60	0.74
Gearing (x)	0.39	0.54	0.52	0.59
Leverage (x)	0.69	0.91	0.90	0.96
Debt Servicing Coverage Ratio (x)*	2.80	1.72	2.31	2.97
Current Ratio (x)	1.44	1.42	1.67	1.68
(Stock in trade + trade debts) / STD (x)			8.64	0.29
Return on Average Assets (%) *	1.0%	2.3%	6.3%	7.3%
Return on Average Equity (%) *	1.6%	4.1%	11.9%	14.2%
Cash Conversion Cycle (including contract assets) *	13	(1)	22	59
Cash Conversion Cycle (days)*	(28)	(51)	(38)	(1)

*Annualized, if required

A - Actual Accounts

M - Management Accounts

REGULATORY DISCLOSURES						Appendix II
Name of Rated Entity	Tower Power (Pvt) Limited					
Sector	Telecommunication					
Type of Relationship	Solicited					
Purpose of Rating	Entity Ratings					
Rating History	Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action	
	RATING TYPE: ENTITY					
	30/04/2026	A-	A2	Stable	Reaffirmed	
	24/04/2025	A-	A2	Stable	Reaffirmed	
	21/02/2024	A-	A2	Stable	Reaffirmed	
	05/10/2022	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 Meetings Conducted	S.No.	Name	Designation	Date		
	1.	Mr. Imran Ashraf	Chief Financial Officer	07-April-26		
	2.	Mr. Rehmat Ali	Manager Finance			