



**RATING ACTION**

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**PACRA UPGRADES ENTITY RATINGS OF ATLAS POWER LIMITED**

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded long-term entity rating to “AA” (Double A) [Previous: AA-] while maintaining short-term entity rating at “A1+” (A One plus) of Atlas Power Limited (APL). These ratings denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect low operational risk emanating from established operating track record of the O&M operator – Man Diesel SE, which also has sizable equity stake in the company. Project cash flows are guaranteed by the Government of Pakistan (GoP) under the Power Purchase Agreement (PPA) subject to adherence to performance parameters. Nonetheless, weak financial discipline of the sole customer, Water and Power development Authority (WAPDA), would remain a key concern. Although Atlas Power's tariff structure, being based on Furnace Oil, is relatively higher, the plant's location near a major consumption center places it in a relatively better position for timely cashflow from WAPDA.

**The Company:** Atlas Power Limited (APL) an IPP operating under the Power Policy 2002, APL commenced commercial operations on 17<sup>th</sup> December 2009. APL is operating a thermal power plant with a gross capacity of 222 MW. The plant, located at Lahore-Sheikhupura road, consists of eleven Residual Fuel Oil fired generators along with a combined cycle heat recovery system.

The major sponsor of the company is Shirazi Investments (Pvt.) Ltd. (51%), followed by MAN Diesel SE (34%), Allied Bank Limited (ABL) (7.5%), and National Bank of Pakistan Limited (NBP) (7.5%).

APL maintains strong governance framework with representation of all shareholders. The Board comprises nine members out of which five represents Shirazi Investments, while two are from MAN Diesel. ABL and NBP have one member each on the Board.

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