



RATING ACTION

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**PACRA ASSIGNS ENTITY RATINGS TO ATLAS POWER LIMITED
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The Pakistan Credit Rating Agency Limited (PACRA) has assigned long-term and short-term entity ratings of “AA-” (Double A Minus) and “A1+” (A One Plus), respectively, to 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. Meanwhile, the ratings draw comfort from stable future cash flows, 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 centre places it in a relatively better position for timely cashflow from WAPDA.

The ratings are dependent upon the company’s ability to adhere to agreed performance parameters as set by the power purchaser. Furthermore, external factors such as any adverse changes in the regulatory framework and inability to adequately manage working capital requirements may impact the ratings.

The Plant: Atlas Power Limited (APL), a public limited company, is an IPP operating under the Power Policy 2002. APL commenced commercial operations on 17th 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 having a capacity of 18 MW each along with a combined cycle heat recovery system providing an additional output of 24MW through a steam turbine.

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