

## Pakistan Kuwait Investment Company (Private) Limited

Corporate Governance Ratings	Latest CGR – 9 <i>December 26, 2014</i>	Previous CGR – 9 <i>August 16, 2013</i>
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Date: January 23, 2015

Analysts: *Waqas Munir, FRM*  
*Muniba Khan*

### Factors

1. Regulatory Compliance
2. Board Oversight
3. Management Profile
4. Financial Transparency
5. Self-Regulation
6. Stakeholders' Relations

*CGR-9 denotes 'very high level of corporate governance'*

### Company Information

- Incorporated in 1979
- Private Limited Company
- Sector: Development Finance Institution (DFI)
- External Auditors (2013): M/s Ernst & Young Ford Rhodes  
Sidat Hyder, Chartered Accountants
- External Auditors (2014): M/s KPMG Taseer Hadi & Co Chartered  
Accountants
- Major Shareholders
  - o Kuwait Investment Authority (KIA) representing Government of  
Kuwait – 50%
  - o State Bank of Pakistan (SBP) representing Government of Pakistan –  
50%
- Chairman: Mr. Abdullah A. Al-Ramadhan
- Managing Director: Mr. Mansur Khan
- Representative Offices: 1
- Staff Strength: 64 at end-Sep'14

## **JCR-VIS Credit Rating Company Limited**

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Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

### **Rating Rationale**

Pakistan Kuwait Investment Company Ltd (PKIC), incorporated in March 1979, is established under a Joint Venture Agreement (JVA) between the Government of Pakistan (GoP) and Government of Kuwait (GoK). A well established corporate governance framework is implemented at PKIC supplemented by effectively functioning board and management level committees. Management team of the institution comprises seasoned professionals; greater stability at the CEO position is considered important to carry forward PKIC's strategic plan. The institution maintains healthy stakeholder relations. Overall control environment of the institution is considered satisfactory.

In line with the JVA, each sponsor nominates three directors on the Board. Given equal representation of the sponsoring governments and legal structure some of the practices that are considered favorable from a governance perspective may not be implemented. Board members carry diversified experience in investments, banking and oil and gas sector. The Board is overseeing matters of both strategic nature and also monitoring the performance of the company. Moreover, credit approval authority rests primarily with a Board committee, in view of which the responsibility for credit exposures rests both with the management and the Board.

Clear reporting lines are defined in the organogram. Barring Head of Internal Audit and Head of Risk Management, all departmental heads report to the Managing Director (MD). Head of Internal Audit and Head of Risk Management functionally report to their respective Board level committees. Mr. Mansur Khan was appointed as the company's new MD in February, 2014. Mr. Khan carries more than 25 years of experience in the development sector. Fresh hiring has also been undertaken in the corporate finance department to revitalize marketing activities, with portfolio planned to be increased in the coming months. The company has a defined succession plan in place, which was approved by the Board in November 2013.

All information related to the company is disseminated in electronic form through official website. Disclosures available in the public domain could be enhanced further. These may include brief profile of directors and management team, the CEO's review of company's performance and ToRs of Board committees, among others.

The company has implemented an Oracle ERP solution to support its core operations. Various modules of the Oracle ERP solution including Oracle Treasury, Oracle Siebel, Oracle Financials and Oracle Reveleus are implemented at PKIC. This system ran in parallel with the old system for around two years; complete implementation was achieved in June 2014. The disaster recovery site is outsourced with data transferred at each day end.

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### Rating History

Table 1: Rating History

Rating Type	Rating Date	Long Term Rating	Rating Action
CGR	12/26/2014	CGR 9	Reaffirmed
CGR	8/16/2013	CGR-9	Reaffirmed
CGR	10/18/2012	CGR-9	Reaffirmed
CGR	3/8/2011	CGR-9	Upgrade
CGR	9/15/2010	CGR-8	Harmonized