RATING REPORT

Pakistan Reinsurance Company Limited (PRCL)

REPORT DATE:
December 30, 2022

RATING ANALYSTS:

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RATING DETAILS		
	Latest Rating	**Previous Rating**
Rating Category	**Long-term**	**Long-term**
IFS	AA+	AA+
Rating Date	*Dec 30, '22*	*Mar 31, '22*
Rating Outlook	Maintained	Harmonized

COMPANY INFORMATION	
Incorporated in 2000	**External Auditors:** M/s BDO Ebrahim & Co. Chartered Accountants
Public Limited Company	**Chairman:** Mr. Mumtaz Ali Rajpar **Chief Executive Officer:** Mr. Farman Zarkoon
Key Shareholder(s) (above 5%):	
Secretary Ministry of Commerce – 51.00%	
State Life Insurance Corporation – 24.41%	
Banks, DFIs, NBFCs – 5.16%	

APPLICABLE METHODOLOGY(IES)
Applicable Rating Criteria: General Insurance (March 2022)
https://docs.vis.com.pk/docs/VIS%20General%20Insurance%20-%2020220331%20-%20FinalFinal.pdf

Pakistan Reinsurance Company Limited (PRCL)

OVERVIEW OF THE INSTITUTION

Pakistan Reinsurance Company Limited (PRCL) was incorporated as a public limited entity in March 2000. Majority shareholding of company lies with Government of Pakistan. It operates through its head office in Karachi and North Zonal Office in Lahore.

RATING RATIONALE

Pakistan Reinsurance Company Limited (PRCL) is engaged in the provision of reinsurance and retakaful services in Pakistan. It provides reinsurance protection to the local insurance industry as well as managing insurance schemes assigned by the Federal Government of Pakistan. The ratings draw comfort from strong sponsor profile of PRCL with GoP directly and indirectly owning 75% (controlling) stake. In November 2021, the Board of Privatization Commission approved divestment of 20% stake in PRCL, which has yet not been concluded. Major changes in the company's shareholding could imply a review of the assigned rating.

Insurance Sector Update: Insurance penetration in Pakistan has remained below that of neighboring counterparts, given non-life insurance penetration of ~0.355% vis-à-vis India at 4.2% and Sri-Lanka 1.39%. During CY21, the gross premiums/ takaful contributions underwritten by the industry grew by 11%, picking up from 8% in 2020. In 1HCY22, given the increase in inflation, we have noted a change in trend wherein industry underwriting posted a growth of 26% vis-s-vis SPLY.

The industry's combined ratio posted a dip in CY21, which was driven by a drop in both net claims and expense ratios. Overall, the impact of investment returns on industry profitability remained similar, investment returns stood at 17% of the net premium. Even though operating leverage of Pakistan's insurance industry remains adequately high, which is partly explained by lagged growth, in June'22, we have noted a trend of an uptick in operating leverage to 67.3% (annualized). Apart from the overall growth in underwriting, this is also partly attributable to dividend payouts in Q1 and mark to market losses on fixed income portfolios in Q2.

(Rs. in Billions)	**CY20**	**CY21**	**1H'CY22**
Insurance Premium (Gross)	89.6	97.4	55.8
Takaful Contributions (Gross)	12.6	16.2	10.4
Industry Total (Gross)	102.3	113.6	66.2
Combined Ratio	95.3%	84.4%	89.8%
- Net Claims Ratio	54.8%	49.4%	53.2%
- Underwriting Expense Ratio	40.5%	35.0%	36.7%
Net Operating Ratio	78.6%	67.5%	74.6%
RoAA	4.4%	5.4%	3.8%*
RoAE	10.1%	12.8%	9.6%*
Operating Leverage	52.5%	58.3%	67.3%*

**Annualized*

Investment returns in 1HCY22, have not depicted much deviation, unlike the one noted in life insurance portfolios. This is partly attributable to a different asset management strategy, albeit also implies that the industry was well placed in terms of portfolio duration leading up to 400 bpts steep drop in benchmark rates noted in Q2'2022. Given higher benchmark rates, investment yield is expected to improve in 2023. Meanwhile, in the aftermaths of recent floods and huge fire losses, many insurance industry players have posted underwriting losses during the ongoing year on account of augmentation in claims. The growth outlook for insurance industry also seems somewhat vague due to prevailing uncertainty in economic and political environment.

The implementation of IFRS 17 will commence from January 1' 2025. The SECP has issued instructions of phase-wise implementation of IFRS 17. The deadline to complete phase-II is end-Dec'22. The implementation is expected to translate in sizable provisioning burden for the industry, however the actual impact of the same on industry capitalization is yet to be ascertained.

Business Update - PRCL: During 9MCY22, the underwriting business was ~17% higher than SPLY primarily on account of growth manifested in Engineering and Treaty segments. Given, the company act as the reinsurer of National Insurance Company Ltd. (NICL), the growth in facultative businesses is majorly dependent on securing large public sector accounts. Engineering segment posted a growth of around 20% as there were some renewals of major power project policies along with writing some new accounts. In the backdrop of major losses suffered by insurance industry in 1Q'22 ensuing from fire incidents *(Bulleh Shah Packaging (Pvt.) Ltd.) and Orient Electronics (Pvt.) Ltd.)*, PRCL remained conservative in writing business in Fire segment for the rest of the year, leading to YoY subdued growth in the same. Marine segment also remained stagnant largely due to disruptions caused by conflict between Russia and Ukraine. Gross business in Aviation was reported lower than SPLY, meanwhile, a major account of PIA is written in last quarter. PRCL regained PIA policy in CY21. As per management, due to unusual circumstances, NICL had to issue No Objection Certificate to PIA in 2020 and PIA placed the risk through private insurance company while PRCL received some share in the business for its net account. Given the value of PIA's fleet and its annual reinsurance cost, it is PRCL's largest account in terms of gross written premium. Some growth in Accidents and others business segment was led by higher number of insurance covers written by the company, majorly from NICL. Growth in Treaty business has been led by Fire, Accident & Health covers during 9M'22. The business mix is presented below:

Gross Premium Written	**2019**	**2020**	**2021**	***9MCY21***	**9MCY22**
Fire	10.8%	11.6%	9.8%	*9.9%*	7.5%
Marine Cargo	0.2%	0.2%	0.2%	*0.1%*	0.2%
Marine Hull	2.8%	2.2%	1.3%	*1.8%*	1.2%
Accident & Others	1.5%	1.3%	0.9%	*1.0%*	2.1%
Aviation	19.4%	2.1%	23.8%	*5.4%*	2.7%
Engineering	37.7%	57.3%	39.3%	*52.7%*	53.8%
Treaty	27.6%	25.4%	24.6%	*29.1%*	32.6%
Total (in million Rs.)	**17,655.5**	**16,896.3**	**20,993.6**	***14,747.6***	**17,289.8**

The competitive intensity in securing public sector clients entails that PRCL has to arrange reinsurance coverage on the most economical and competitive rates by following public sector procurement rules and at the same time meeting strict timelines. In addition, by virtue of being the sole re-insurer in Pakistan, all insurance companies must offer at least 35% of their business to PRCL under treaty arrangements, whereby the company enjoys discretion for first right of refusal. In this regard, PRCL's participation is decided by taking into account the treaty structure and treaty limits along with considering its underwriting results in last three to five years. Going forward, the management expects growth in facultative business segments. Whereas, for Treaty business, PRCL intend remain cautious and expects a moderate growth, particularly, for non-proportional treaty, owing to hardening international reinsurance terms. The management expects to close this year at ~Rs. 25b in gross business while net premium is projected at Rs. 8.2b. For CY23, the management foresees growth in GWP primarily driven by increase in premiums due to higher valuation of assets in line with inflationary pressure. Overall, a rather conservative approach would be followed, going forward. The management projects to write around Rs. 26b in GWP and Rs. 8.5b in CY23.

Reinsurance Arrangements: PRCL has a diversified reinsurance panel with mostly 'A' and above rated companies; Hannover Ruck SE, Germany enjoys the lead share in fire and engineering segments while cover for marine and marine cargo is mainly provided by Korean Reinsurance Company and Asia Capital Reinsurance, respectively.

Overall cession increased mainly due to higher business ceded in Treaty segment during 9M'22. As per management, premiums of Fire and Engineering segment witnessed an increase owing to some large market losses reported in these segments during the period of treaty expiring in May' 2022. Further, keeping in view of the higher commodity values, PRCL enhanced the capacity of its Marine Risk Excess of Loss (XOL) treaty, renewed in May, 2022, from Rs. 1.0b to Rs. 1.5b, which also led to increase in reinsurance expense. Retrocession expense in Accidents and others increased in line with growth in public sector business written in this class. The cession in Engineering segment remained high on a timeline basis as sum insured of most of the risks are very huge in this segment. The management also intend to increase the limit of PRCL Fire &

Engineering risk XOL treaty from Rs. 3.0b to Rs.4.0b in 2023.

Reinsurance Ceded	**2019**	**2020**	**2021**	***9MCY21***	**9MCY22**
Fire	26.0%	27.2%	13.6%	14.4%	20.7%
Marine Cargo	0.0%	0.0%	0.0%	0.0%	0.0%
Marine Hull	61.7%	57.9%	45.8%	46.3%	39.3%
Accident & Others	2.5%	2.6%	3.4%	4.4%	48.3%
Aviation	82.3%	115.0%	90.0%	51.6%	91.9%
Engineering	88.6%	92.8%	90.7%	92.2%	92.0%
Treaty	15.4%	15.9%	13.9%	15.5%	33.8%
Total	**58.2%**	**64.0%**	**62.5%**	**58.2%**	**66.0%**

Claims Experiences: The claims performance remained under pressure due to higher incidence of claims pertaining to major engineering losses reported in two independent power producers (IPPs) and fire losses during 9M'22. Aviation performance improved considerably given lower incidence of claims and higher reinsurance recoveries. Meanwhile, net claim ratio in Aviation was very higher in 2019 and 2020 due to settlement of major facultative claims. With respect to flood related claims, as per management, the claims reported by cedents have been more frequent but lower in severity. Additionally, as advised by Board, PRCL's exposure in Argi sector has remained limited. The segment-wise net claims ratios are presented in the table below:

Net Claim Ratio	**2019**	**2020**	**2021**	***9MCY21***	**9MCY22**
Fire	43.2%	79.2%	27.0%	*32.5%*	115.1%
Marine Cargo	35.1%	51.1%	-4.4%	*-101.6%*	23.8%
Marine Hull	9.7%	13.7%	77.2%	*40.7%*	-13.4%
Accident & Others	51.9%	18.1%	8.0%	*13.8%*	2.6%
Aviation	139.8%	65.4%	5.9%	*20.9%*	-550.5%
Engineering	44.9%	12.1%	40.9%	*59.5%*	89.4%
Treaty	67.6%	63.9%	70.0%	*85.9%*	83.0%
Net Claim Ratio	**61.7%**	**58.5%**	**52.3%**	***65.9%***	**67.7%**
Net Claims (in million Rs.)	**4,258.9**	**3,924.6**	**3,777.8**	***3,304.2***	**3,836.7**

Underwriting Performance: The underwriting performance of the company improved notably vis-à-vis SPLY owing to reversal in net provisioning to the tune of Rs. 387.7m due to regularization of an account. The reversal was against the net provisioning charge of Rs. 426.6m recorded in CY20. In addition, higher profitability in Aviation segment led by higher reinsurance recoveries more than offset the losses incurred by Fire segment. The management has been striving to minimize the uptick in overheads despite high inflationary environment, the same is reflected by maintenance of its underwriting expense ratio at 24.7% (9M'21: 24.8%; CY21: 23.7%; CY20: 30.4%).

	2019	**2020**	**2021**	***9M'21***	**9M'22**
Underwriting Expense Ratio (%)	31.2%	30.4%	23.7%	*24.8%*	24.7%
Combined Ratio (%)	92.9%	88.9%	76.0%	*90.6%*	92.4%
Underwriting Profit (in m Rs.)	487.5	743.1	1,733.4	*469.6*	820.2

Furthermore, healthy investment income has supported the underwriting operations on a timeline basis and improved slightly in 9M'22 as compared to SPLY while net operating ratio remained largely stable at 76.3% (9M'21: 76.3%). Net operating ratio depicted improvement to 62.4% (CY20: 73.4%) due to better underwriting performance in CY21. Rental income on investment property amounted to Rs. 100.2m (9M'21: Rs. 75.8m; CY21: Rs. 104.4m; CY20: Rs. 83.4m). During CY21, the company also recognized fair value gain amounting Rs. 698.1m (CY21: Nil) on its investment property. Other income was reported higher at Rs. 319.2m (9M'21: Rs. 82.1m; CY21: Rs. 142.2m; CY20: Rs. 74.4m) mainly due to increase in exchange gain emanating from large facultative policies which are written in dollars. Profit from window retakaful operations remained meager at Rs. 12.2m (9M'21: Rs. 12.2m; CY21: Rs. 16.0m; CY20: Rs. 30.5m). According to management, no major loss has been reported in last quarter'22.

Investments: The investment mix remained largely the same with proportion of equity exposure comprising 24% (CY21: 26%; CY20: 30%) in 9M'22. Some decrease in value of equity portfolio was on account of reduction in fair value of listed securities amid lackluster stock market performance. Around 40% of the equity portfolio comprised mutual fund investments while the rest largely pertained to diverse set of investments in blue chip companies involved in oil and gas business, paper and board, commercial banks, chemicals, insurance and power generation and distribution companies. Share of unlisted equities remained nominal over the years. Investment in PIBs stood higher at Rs. 3.2b (CY21: Rs. 2.5b; CY20: Rs. 3.2b) with weighted average duration of 1.2. The weighted average duration, time to maturity and exposure limits remained within prescribed range approved by investment committee of the Board. Given adequate duration and equity holdings, exposure to market risk remained manageable.

	2019	**2020**	**2021**	**9MCY22**
Listed Shares	2,403.60	2,154.49	1,872.96	1757.1
Unlisted Shares	0.6	0.6	0.6	0.6
Mutual Funds	1,461.50	1,433.44	1,368.19	1,137.81
Total Equity Investments	**3,865.70**	**3,588.53**	**3,241.74**	**2,895.55**
PIBs	2,531.20	3,198.57	2,498.06	3,247.4
T-bills	4,445.60	4,973.01	6,576.13	5,601.3
TFC	100	99.9	99.9	99.9
Total Debt Investments	**7,076.70**	**8,271.49**	**9,174.09**	**8,948.56**
Total Investment Portfolio	**10,942.40**	**11,860.01**	**12,415.83**	**11,844.11**

Liquidity and capitalization: Overall liquidity of the company is considered strong as reflected by sizeable liquid assets maintained in relation to technical reserves. Insurance debt as percentage of gross premium comprised 66% (CY21: 65%) of the gross premium in 9M'22; meanwhile, in comparison to CY20, the ratio has increased, reflecting some increase in exposure to credit risk. According to management, the company is in negotiations with SECP and Insurance Association of Pakistan (IAP) to pass some regulations for timely recoveries from insurance companies.

	CY19	**CY20**	**CY21**	**9M'22**
Total liquid assets	11,090.0	11,636.0	12,253.6	11,538.8
Total liquid assets/ net technical reserves + borrowings	147.3%	153.5%	146.1%	94.3%
Insurance debt to gross premium	55.4%	48.2%	65.2%	66.1%*
Net operating cash flows	1,569.9	2,518.1	1,331.1	1,558.8

**Annualized*

Paid-up capital enhanced to Rs. 9b (CY21 & CY20: Rs. 3b) owing to issuance of bonus shares in the ongoing year. Adjusted equity increased to Rs. 11.9b (CY21: Rs. 11.5b; CY20: Rs. 10.2b) on account of internal capital generation. The company paid final dividend of Rs. 600m (2020: Rs. 750m; 2019: Rs. 600m) for the year 2021. Operating leverage remained range-bound despite some growth in topline. Financial leverage has remained on a higher side on account of increase in underwriting liabilities by end-9M'22. In line with Q4 trends, the same is expected to recede by year-end.

Corporate Governance: At present, the Board of Directors at PRCL includes seven members. Two new directors were nominated by Ministry of Commerce during 2022, out of which one member's appointment is awaiting approval from SECP. There has been improvement noted in governance framework with one female representation on the Board as independent member and no vacancy as of now. The chairman of the Board, Mr. Mumtaz Ali Rajpar's tenure is to be expired on Dec 31, 2022 while the elections of directors is scheduled on the same date and the vacant position would be duly filled subsequently.

There are four committees at the Board level, including, Audit Committee, Investemnt Committee, Ethics, Human Resource & Remuneration/Nomination Committee and Procurement Committee. Three management committees are present, namely, Underwriting/reinsurance Committee, Claims Settlement Committee, and, Risk Management, Compliance and Legal Committee.

There have been some structural changes with respect to inclusion of new positions, including, Head of Compliance and Head of Admin, which previously came under the ambit of company secretary and Head of Human Resource, respectively. In addition, Head of Reporting position has also been introduced during the review period. Senior management changes during 2022 included Chief Financial Officer, Head of Compliance, Head of Information Technology, Head of Risk Management and Head of Reporting. Furthermore, Head of Compliance also holds an additional charge of Head of Risk Management. The senior management tenure is usually two to three years as per decision of the Board while subsequent new hiring is done in accordance with the protocols set by Government. Stability in senior management is considered from a rating purview.

Qualified opinion by external auditors and management's remarks: The financial statements of PRCL for 2021 have a qualified opinion from the external auditor, with following reservations:

- Loans and other receivables include receivable from Sindh Revenue Board (SRB) amounting to Rs. 2,573.89 (2020: Rs. 2,573.89) million which was recovered by SRB against the sales tax liability on reinsurance services. The company has recorded this amount as an asset; however, the company could not substantiate any control over the underlying asset and the flow of economic benefits is improbable due to ongoing Court case. Had the company not recorded this asset, total assets, accumulated profit, shareholders' equity and solvency would have been reduced by the same amount accordingly. As per management, based on the legal opinion, the company is expecting a favorable decision from Honorable Sindh High Court and the amount recovered by SRB shall be refunded to the company. Accordingly, the company has recorded the amount recovered by SRB as receivable.
- Certain account balances and class of transactions have been recorded against treaty proportional business. We were unable to obtain sufficient and appropriate audit evidence in respect of such account balances and class of transactions because the company does not obtain necessary documents from ceding companies for record keeping and verification, but solely relies on the amounts mentioned in statutory quarterly returns for the purpose of recording transactions. Consequently, we were unable to determine whether any adjustment to these amounts were necessary. According to management, as prescribed under section 43 of Insurance ordinance 2000, the company record the transaction relating to premium, claims and commission on accounts of treaty business on the basis of returns received from ceding insurance companies and requires supporting documents from them whenever deemed necessary. However, as pointed out by the auditor, further supporting documents are being obtained from ceding companies.
- Amount due from other insurer companies includes gross and net amount of Rs. 8.89b and Rs. 7.767b, respectively and due to other insurance company includes an amount of Rs. 75m. These balances remained unreconciled. The company is in process to reconcile these balances. Due to pending confirmations/reconciliation relating to above balances, resultant adjustments and consequential impact thereon, (if any) on the financial statements remained unascertained. According to management, the difference between PRCL and ceding companies is due to unilateral adjustment of facultative claims by the ceding companies. PRCL has already taken the matters with SECP and SECP has directed all audit firms through letter No. SD/offsite-I/INS/2022/42 dated 31st March 2022 to qualify accounts of all ceding companies whose accounts are not reconciled.

Pakistan Reinsurance Company Limited (PRCL) Annexure I

BALANCE SHEET	CY19	CY20	CY21	9MCY22
Cash and Bank Deposits	815.7	1,570.5	1,140.8	2,145.2
Investments	10,942.4	12,034.8	12,562.9	11,844.1
Investment Properties	26.8	25.5	722.3	722.3
Insurance Debt	9,775.5	8,141.1	13,686.2	15,206.1
Total Assets	35,836.0	35,765.0	46,805.6	54,182.2
Paid Up Capital	3,000.0	3,000.0	3,000.0	3,000
Net Worth	9,828.8	10,241.5	13,072.2	13,437.2
Adjusted Equity	9,828.8	10,241.5	11,526.9	11,891.9
Underwriting Liabilities	16,915.3	17,327.9	20,716.0	28,962.2
INCOME STATEMENT	**CY19**	**CY20**	**CY21**	**9MCY22**
Net Premium Revenue	6,905.2	6,708.8	7,225.6	5,669.8
Net Claims	4,258.9	3,924.6	3,777.8	3,836.7
Expenses	2,141.2	2,018.5	1,706.2	1,395.3
General & Admin Exp	14.4	22.6	8.2	5.3
Underwriting Profit/(Loss)	490.7	743.4	1,733.4	432.5
Investment Income	868.4	1,043.4	808.3	910.5
Rental Income	69.9	83.4	104.4	100.2
Other Income	752.4	74.4	142.2	319.2
Profit Before Tax	2,189.2	1,972.0	3,614.4	2,162.3
Profit After Tax	1,484.3	1,391.4	2,589.6	1,332.9
RATIO ANALYSIS	**CY19**	**CY20**	**CY21**	**9MCY22**
Retrocession Ratio	58.2%	64.0%	62.5%	66.0%
Gross Claims Ratio	69.6%	60.5%	26.5%	69.0%
Net Claims Ratio	61.7%	58.5%	52.3%	67.7%
Underwriting Expense Ratio	31.3%	30.4%	23.7%	24.7%
Combined Ratio	92.9%	88.9%	76.0%	92.4%
Net Operating Ratio	78.3%	73.4%	62.4%	76.3%
Insurance Debt to Gross Premium	55.4%	48.2%	65.2%	66.1%*
Operating Leverage	70.3%	65.5%	62.7%	63.4%*
Financial Leverage	76.6%	74.0%	72.7%	102.9%
Adjusted Liquid Assets to Technical Reserves	147.3%	153.5%	146.1%	94.3%

**Annualized*

ISSUE/ISSUER RATING SCALE & DEFINITIONS Annexure II

RATING SCALE & DEFINITIONS: INSURER FINANCIAL STRENGTH

AAA(IFS)
Exceptionally Strong. Exceptionally strong capacity to meet policy holders and contract obligations. Risk factors are minimal, and the impact of any adverse business and economic factors is expected to be extremely small.

AA++(IFS), AA+(IFS), AA(IFS)
Very Strong. Very strong capacity to meet policy holders and contract obligations. Risk factors are very low, and the impact of any adverse business and economic factors is expected to be very small.

A++(IFS), A+(IFS), A(IFS)
Strong. Strong capacity to meet policy holders and contract obligations. Risk factors are low, and the impact of any adverse business and economic factors is expected to be small.

BBB++(IFS), BBB+(IFS), BBB(IFS)
Good. Good capacity to meet policyholder and contract obligations. Risk factors are moderate, and the impact of any adverse business and economic factors is expected to be manageable.

BB++(IFS), BB+(IFS), BB(IFS)
Marginal. Marginal capacity to meet policyholders and contract obligations. Though positive factors are present, risk factors are relatively high, and the impact of any adverse business and economic factors is expected to be significant.

B++(IFS), B+(IFS), B(IFS)
Weak. Weak capacity to meet policyholder and contract obligations. Risk factors are high, and the impact of any adverse business and economic factors is expected to be very significant.

CCC(IFS) , CC(IFS), C(IFS)
Very Weak. Very weak capacity to meet policyholder and contract obligations. Risk factors are very high, and the impact of any adverse business and economic factors may lead to insolvency or liquidity impairment.

D(IFS)
Distressed. Extremely weak capacity with limited liquid assets to meet policyholders and contractual obligations, or subjected to some form of regulatory intervention or declared insolvent by the regulator.

Rating Watch: VIS places entities and issues on 'Rating Watch' when it deems that there are conditions present that necessitate re-evaluation of the assigned rating(s). Refer to our 'Criteria for Rating Watch' for details. https://docs.vis.com.pk/docs/criteria_watch.pdf

Rating Outlooks: The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details. https://docs.vis.com.pk/docs/criteria_outlook.pdf

'p' Rating: A 'p' rating is assigned to entities, where the management has not requested a rating, however, agrees to provide informational support. A 'p' rating is shown with a 'p' subscript and is publicly disclosed. It is not modified by a plus (+) or a minus (-) sign which indicates relative standing within a rating category. Outlook is not assigned to these ratings. Refer to our 'Policy for Private Ratings' for details. https://docs.vis.com.pk/docs/private_ratings.pdf

REGULATORY DISCLOSURES	Annexure III
Name of Rated Entity	Pakistan Reinsurance Company Limited (PRCL)
Sector	Insurance
Type of Relationship	Solicited
Purpose of Rating	Insurer Financial Strength (IFS) Rating
Rating History	

Rating Date	Medium to Long Term	Rating Outlook	Rating Action
RATING TYPE: IFS			
30/12/2022	AA+	Stable	Maintained
03/31/2022	AA+	Positive	Harmonized
12/28/2021	AA	Positive	Maintained
04/02/2021	AA	Positive	Maintained
12/19/2019	AA	Stable	Reaffirmed
10/12/2018	AA	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.
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.
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2022 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Due Diligence Meetings Conducted

Name	Designation	Date
1. Mr. Muhammad Junaid Moti	Executive Director	Dec 23 and Dec 27, 2022
2. Mr. Sumeet Kumar	Company Secretary	Dec 23 and Dec 27, 2022
3. Syed Amir	CFO	Dec 23 and Dec 27, 2022
4. Mr. Bashir Ahmed	Head of Compliance/Risk Management	Dec 23 and Dec 27, 2022
5. Mr. Hans Hussain Soomro	Head of Accounts	Dec 23 and Dec 27, 2022