RATING REPORT

Century Paper & Board Mills Limited

REPORT DATE:
January 04, 2023

RATING ANALYST:
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RATING DETAILS				
	Latest Rating		Previous Rating	
Rating Category	**Long-term**	**Short-term**	**Long-term**	**Short-term**
Entity	AA-	A-1	AA-	A-1
Rating Date	*December 30, 2022*		*November 10, 2021*	
Rating Outlook	Stable		Stable	
Rating Action	Reaffirmed		Upgrade	

COMPANY INFORMATION	
Incorporated in 1984	External auditors: **BDO Ebrahim & Co., Chartered Accountants**
Public Listed Company	Chairman of the Board: **Mr. Iqbal Ali Lakhani**
Key Shareholders (with stake 5% or more):	Chief Executive Officer: **Mr. Aftab Ahmad**
Associated Companies – 68.66%	
General Public –13.42%	

APPLICABLE METHODOLOGY(IES)
VIS Entity Rating Criteria ***Industrial Corporates (August 2021)***   https://docs.vis.com.pk/docs/CorporateMethodology202108.pdf

Century Paper & Board Mills Limited

OVERVIEW OF THE INSTITUTION

Century Paper & Board Mills Limited (CPBM) was incorporated in 1984 as part of Lakson Group of Companies. The sponsor has diversified interest in paper & packaging, soap, detergents and toothpaste, fast food and insurance sectors. American franchises/affiliation includes Colgate-Palmolive Company & McDonalds Corporation.

Profile of Chairman

Mr. Iqbal Ali Lakhani has over 44 years of top management experience in group companies in finance, marketing, manufacturing industry and government relations. He also serves as a chairman of the corporate boards of Lakson Group Companies. Mr. Lakhani received his B.A. from the University of California – Berkeley and he is also a Charter Member of The Indus Entrepreneurs and also served as Director of Pakistan Business Council.

RATING RATIONALE

Rating Rationale

The ratings assigned to Century Paper & Board Mills Limited (CPBML) take into its account a strong sponsor profile in line with the majority shareholding vested with Lakson Group having business interests in FMCG, fast food, insurance, media, paper, technology and asset management. The business risk profile is marked by stable and growing demand supported by end consumers belonging to FMCG, cosmetic and pharmaceutical sectors, sizable market share in coated paperboard sub-segment, evolving consumer behavior patterns and health consciousness with increased inclination towards hygienic products post pandemic favoring packaging industry and four-decade operating history. Given the relatively stable demand for coated board and expected growth in the segment, CPBML has achieved higher capacity via modifications in existing plant & machinery along with quality & efficiency enhancement initiatives. Ratings also factor in further BMR activities planned for capacity enhancement of paper and board machines, and power and utilities. On the flip side, the company's financial risk profile exhibits weakening in terms of dip in margins and profitability metrics, reduced liquidity in view of thin cash flows in terms of outstanding obligations and coverages coupled with timeline increase in leverage indicators. The margin compression on a timeline was a combined outcome of forex risk as almost half of the raw material is imported, higher freight and fuel cost coupled with lag in transferring cost escalation to customers. Going forward the financial risk profile and ratings remain sensitive to downturn in country's macroeconomic indicators involving policy rate increase, heightened general inflation and weakening on external front. The cost increases are expected to be passed on eventually but with a lag, so in coming quarters financial profile is expected to improve given volumes have been increasing. The recouping of financial risk profile of the Company in the early period of the ongoing fiscal year as envisaged by the management is important to mitigate the existing pressure on ratings.

Business Risk

According to Pakistan Bureau of Statistics (PBS) large-scale manufacturing (LSM) output has registered a growth of 11.7% during July-June 2021-22 (FY22) as compared to FY21. Moreover, the paper and paperboard sector also recorded growth of 10.6% during the same period. However due to a sharp rise in the value of the dollar, paper import deals have become a losing proposition as the delivery of imported raw material usually takes three months. The cost of doing business is already on the rise on the back of high electricity tariffs, continuous increase in exchange rate and monetary policy tightening with high benchmark rates. In addition to the aforementioned, paper & board industry is also facing challenges due to the high cost of raw material and exorbitant freight charges. Given paper and board sector is a working capital-intensive industry, the all-time high benchmark interest rate of SBP is also hindering the expansion/ efficiency improvements processes. Further, the worsening economic conditions leading to periods of liquidity crunch has resulted in increased working capital requirements with additional financial burden.

On the other hand, the thriving e-commerce industry in Pakistan has simultaneously proved to be a blessing for the packaging sector. The growth in the E-commerce sectors is underpinned by increasing young population, urbanization, higher per-capita income, consumer consciousness and e-commerce revolution; the same is the driving force of demand for the packaging sector. It is anticipated that the paper and paperboard sector will grow at a five-year (FY22-FY26) CAGR of 5%, against the previous five-year CAGR of -2%. Experts are foreseeing growth in the sector in the region, particularly due to government's support, availability of low-cost labor and the increasing trend of urbanization, consumerism and e-commerce.

Product Portfolio and Capacity Utilization

Product portfolio of CPBML includes:

- **Coated Paperboard –** CPBM's flagship product category and accounts for around three-fourth of total revenue of the company. Given growth in overall paper & paperboard industry, coated board market size (high- & low-quality segments) grew by 10% in FY22 and stood at around 520k MT (FY21: 473k MT) due to shift in consumer sentiments towards online shopping amidst COVID-19. Of this, around 70% comprises high quality segment wherein CPBM has more than 70% market share while the same stands at 40% in terms of overall coated board market size. Given the higher demand for improved quality printing, the quality coated board segment has grown at a faster pace vis-à-vis overall coated board market. The same is evident from increasing productivity levels and consequently reporting higher capacity utilization during the last two years. This has facilitated CPBM to enhance the customer base in the segment.
- **Paper –** CPBM currently manufactures two sub-categories of paper ~ machine finished (MF) writing and printing paper and machine glazed (MG) paper which is mainly used for food packaging. This segment contributes around 8-9% of total sales. The sales of paper products have started to regain momentum during the period under review after shrinkage of 8-10% of market size due to closure of schools amid pandemic. Certain high margin value added products were added in paper segment during last couple of years. Going forward, sales from the paper segment are expected to improve to best utilize the available capacity, as per management.
- **Corrugated Boxes –** Represent around 14% of total sales, catering to 5% of industry demand. The segment is characterized by fragmented market structure and high competition from unorganized sector which caters to around 75% of local demand. The Company is focusing and serving the quality conscious and organized sector users as per business strategy.
- **Uncoated Board-** Represents around 3% of total sales. As per management, this segment is declining on a timeline basis due to overall demand reduction. However, with recent modifications Company has planned to use this capacity for some value added and growing market segment, which is coated packaging boards segment.

CPBML is currently operating at full capacity; the current capacity utilization for CPBML is given in the table below:

Paper and Board Produced	**2021**	**2022**
Installed Capacity	265,000	265,000
Production	252,038	255,102
Capacity Utilization	**95.1%**	**96.3%**
Paper and Board Conversion	**2021**	**2022**
Installed Capacity	35,000	35,000
Production	35,035	32,800
Capacity Utilization	**100.1%**	**93.7%**

Key Rating Drivers:

Strong Sponsor Profile

The parent entity 'Lakson Group' is a reputable conglomerate with strong financial profile and diversified presence in paper & packaging, soap, detergents, toothpaste, printing & packaging, fast food, telecommunication and insurance sectors.

Overall business risk profile is supported by end clients mostly belonging to FMCG segment. Cheaper imports giving unhealthy competition to the local industry. Regulatory framework needs tightening in order to protect local sector.

After contracting by 6% in FY21, the market size of paper & paperboard industry increased by overall 5% in FY22 on account of gradual recovery of demand. The end clients largely belonging to FMCG segment reduces the demand risk where the demand is relatively stable. However, the unprecedented global inflation on the backdrop of a long spell of commodity super cycle is now pushing the world into economic recession. Consequently, the dumping of cheaper imports in certain varieties of packaging boards witnessed recently in the country is likely to give unhealthy competition to local industry in the scenario of persistently higher input costs. On the flip side, after finalization of discussion with the regulatory authorities, an anti-dumping duty (ADD) of 20% has been imposed again on coated bleached board and coated duplex board for the next five years at end-Dec'22; the same will support the local industry going forward.

Continuous BMR

In line with utilization of TERF facility offered by the government, the Company undertook various BMR projects. The projects included the BMR of board machines, increase in the sheeting capacity, addition in the box making capacity, upgradation of the QCS/DCS & drives of machines, modification of the recycling plants, increase in the steam generation, and upsizing of the grid station. The management expects 10% increase in installed capacity when all the projects are completed. As at end-FY22, CPBML incurred Rs. 3.25b for the above BMR projects against an estimated outlay of Rs. 4.15b; given no incremental long-term borrowing was procured the capex was met through own sources. Pertaining to digitization, intensive tuning of operation control automation in line with suggestion of Foreign Consultant has been completed as a first step; the same has positively impacted the consistency in quality and operation stability. Digitization of all manual process data is also in process and expected to be completed by end-FY23.

Profitability

CPBML's revenue exhibited positive momentum and was recorded higher at Rs. 39.0b (FY21: Rs. 28.7b) in line with increase in volumetric sales to 242,293 metric tons (FY: 232,051 metric tons) coupled with increase in average retail prices of products during FY22; the growth was driven by higher local sales turnover. Going forward the revenue is projected to increase to Rs. 50b in FY23 primarily on account of increase in average selling prices as the manufacturing units currently are almost operating at full capacity and the ongoing capacity expansion plan underway is not expected to be completed untill end-FY23. On the flip side, gross margins dipped to 12.8% (FY21: 19.9%) during FY22 owing to significant increase in fuel price to Rs. 7.6b (FY21: 3.9b) as a result of which all cost impacts could not be passed on to the customer in order to maintain market share and staying competitive. As the demand for Afghan coal in the local market exceeded its supply, the price shot up to Rs. 50-55/kg in FYY as opposed to Rs. 20/kg in FY19. Further, the increase in raw material consumed cost to Rs. 22.5b (FY21: Rs. 15.4b) during the outgoing year on account of 70% and 14% increase in the price per kilogram of the imported and local raw material respectively also resulted in shrinkage of margins of the company. As per the raw material mix, around 62% (FY21: 58%) of the raw material consumed, in terms of value, was imported while the remaining was locally procured.

General and administrative expenses increased to Rs. 706.6m (FY21: Rs. 596.7m) mainly on account of increase in employee related expenses, depreciation and security service charges; the increase in administration expense is in line with the inflationary trend in the economy along with higher operating scale of the business. Moreover, higher selling and distribution expenses were recorded at Rs. 240.3m (FY21: Rs. 210.4m) mainly on account of increase in outward freight for delivery of finished goods to customers due to rise in fuel prices during the period under review. On the other hand, the decline in other operating expenses to Rs. 280.5m (FY21: Rs. 418.4m) was attributed to decreased contribution towards the workers profit participation fund in line with lower profit posted during FY22. Moreover, other income booked to the tune of Rs. 187.4m (FY21: Rs. 182.4m) was an outcome of income from sale of scrap. In addition, CPBML's finance cost increased to Rs. 676.3m (FY21: Rs. 405.9m) as a combined impact of increase in short-term borrowings as CPBML's working capital requirement inflated during the year in the backdrop of higher safety stocks and build-up of trade receivables on account of higher sales value coupled with increase in benchmark rates. Subsequently, stemming from dip in margins and increase in operating and financial expenses recorded, the Company reported reduced bottom line of Rs. 2.2b during FY22 as compared to Rs.

3.0b in the preceding year. The contractionary policies implemented by the government are expected to slow down the economy and industrial output; however, the management is optimistic that the paper and paperboard market size will remain intact and the Company will try to maintain its market share with the best possible product mix.

CPBML produced 61,041 metric tons of products during 1QFY23 as compared to 67,502 metric tons for the corresponding quarter of last year. Meanwhile, the company's turnover increased to Rs. 12.3b (1QFY22: Rs. 8.5b) in line with increase in average retail prices as the quantity sold decreased to 59,001 metric tons during 1QFY23 as opposed to 60,550 metric tons in the corresponding quarter of last year. On the other hand, the gross profit margin dipped to 8.7% (1QFY22: 15.3%) during the ongoing year as cost escalations could only be partially recovered through selling price adjustments in line with prevailing market conditions. Moreover, the finance cost for the quarter under review increased to Rs. 443.9m as compared to Rs. 114.5m for the corresponding quarter of last year on account of a combined impact of higher effective interest costs and working capital needs. Accordingly, the net profit for 1QFY23 was recorded lower at Rs. 238.6m in comparison to Rs. 630.4m for the corresponding quarter of last year.

Liquidity Position deteriorated during the rating review period: Liquidity profile of the Company weakened during the outgoing year on account of reduction in cash flows in relation to outstanding obligations. With decline in gross margins, Funds from Operations (FFO) were recorded significantly lower at Rs. 2.9b (FY21: Rs. 4.7b) during the outgoing year; the same resulted in decline of FFO to total debt and FFO to long term debt to 0.29x (FY21: 0.86x) and 1.17x (FY21: 1.41x) respectively at end-FY22. Similarly, debt service coverage, albeit marked by downward trajectory was still adequate at 1.46x (FY21: 3.57x) at end-FY22; the same indicates that the Company is comfortably placed in meeting the obligations falling due. However, the FFO generated during 1QFY23 was reported thin at Rs. 51.2m in line with slashed margins as a result of which the debt coverages present a stressed position. Going forward, the liquidity profile of the Company will remain a function of profitability indicators.

At end-1QFY23 the stock-in-trade stood higher at Rs. 13.3b (FY22: Rs. 8.4b; FY21: Rs. 5.2b); largely comprising of raw material at hand and in-transit and finished goods. The increase in raw material is mainly attributed to the company's precautionary measure of keeping more stock in hand in case of any delay due to logistical issues. Trade debts also exhibited an increase and reported higher at Rs. 5.5b (FY22: Rs. 4.6b; FY21: Rs. 3.3b) which was in-sync with the increased scale of operations. The aging of trade debts is considered sound as only 9% of the receivables at end-FY22 were overdue for more than a month. To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are also obtained from certain parties.

Trade and other payables also increased on a timeline to Rs. 5.5b (FY22: Rs. 4.9b; FY21: Rs. 4.0b) by end-1QFY23 primarily including trade creditors foreign bills payable and accrued liabilities; the increase was in sync with increase in sales revenue. Subsequently given considerable increase in short -term borrowings to fund higher working capital requirements, current ratio of the Company declined on a timeline to 1.50x (FY22: 1.33x; FY21: 1.60x) at end-1QFY23. Moreover, coverage of short-term borrowings via stock in trade and trade debts also decreased from FY21's level to 1.97x (FY22: 1.73x; FY21: 3.88x) during the ongoing year. Nevertheless, both the ratios remain comfortable and aligned with the assigned rating benchmarks.

Capitalization

CPBML's core/total equity augmented to Rs. 12.5b (FY22: 12.2b; FY21: Rs. 10.3b) by end-1QFY23 as a result of internal capital generation. On the flip side, given CPBML's working capital requirement inflated on the backdrop of higher safety stocks and built-up of trade receivables in the wake of higher sales value, the short-term borrowings increased sizably on a timeline to Rs. 9.5b (FY22: 7.5b; FY21: Rs. 2.2b) by end-1QFY23. The short-term funding mainly comprised of the available aggregate short-term running finance facilities amounting to Rs. 12.8b (FY21: Rs. 8.2b); this indicates that the unutilized limit at end-FY22 stood at Rs. 5.2b (FY21: Rs. 6.0b). Markup rates for the aforementioned facility are linked to KIBOR from one to three months plus spreads ranging from 0.05% to 1.50% per annum (FY21: 0.05% to 1.50% per annum). The Company has available aggregate sub-limits for FE loans under facilities for running finances and letters of credit amounting to Rs. 8.9b (FY21: Rs. 7.1b); no utilization of FE loan has been made during the year. The short-term funding arrangements are secured by the way of pari passu hypothecation charges created on stock-in-trade, stores & spares and trade debts of the company. Aggregate facilities for opening of letter of credit and guarantees amounting to Rs. 11.3b (FY21: Rs. 10.2b) were also available to the Company at end-FY22.

Long-term borrowings on the other hand have exhibited a declining trend during the outgoing year and were reported lower at 2.9b (FY21: Rs. 3.3b) at end-FY22 in line with regular periodic repayments made. The main long-term facility amounting to Rs. 1.3b represents Syndicated Term Financing Arrangement under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine, cogeneration plants and auxiliaries relating thereto. The tenor of the facility is seven years including two years grace period. The aforementioned finance facility, with rate of markup fixed at 2.20% per annum, is repayable in twenty equal quarterly installments commencing from January 2023 and is secured by way of mortgage of immovable properties and first pari passu hypothecation charge over the fixed assets of the Company along with 25% margin. On the other hand, the long-term borrowings as matter of classification increased to Rs. 7.1b by end-1QFY23 as the Company procured diminishing Musharaka facility to the tune of Rs. 4.0b to rationalize use of short-term working capital limits. The facility carrying markup charge of 3M-Kibor plus 0.15% has a tenor of five years and is repayable in 16 quarterly installments.

With increase in equity completely offset by increase in utilization of short-term credit during the outgoing year along with procurement of long-term borrowings to rationalize short-term funding during 1QFY23, gearing and leverage indicators increased on a timeline to 1.29x (FY22: 0.85; FY21:0.53x) and 1.87x (FY22: 1.36x; FY21: 1.07x) respectively by end-1QFY23. Management has no plans for any major capex until the economic conditions stabilize although regular BMR will be carried out to clear bottlenecks and for completion of digitization of all manual process data. Therefore, given there are no major capex plans in the pipeline no incremental long-term funding is expected to be procured; hence, the leverage indicators are projected to improve during the rating horizon on account of equity augmentation if the business risk profile of the Company stays intact.

Century Paper & Board Mills Limited **Appendix I**

Century Paper & Board Mills Limited (Financial Summary) (Rs. in millions)				
BALANCE SHEET	**FY20**	**FY21**	**FY22**	**1QFY23**
Fixed Assets	9,290.2	9,946.3	11,203.8	11,496.3
Stock-in-Trade	3,727.8	5,188.5	8,400.2	13,253.0
Trade Debts	2,907.9	3,259.0	4,560.9	5,453.6
Cash & Bank Balances	237.2	492.5	759.7	861.3
Total Assets	18,597.0	21,407.6	28,796.0	35,755.2
Trade and Other Payables	2,893.3	4,022.7	4,912.8	5,481.8
Long Term Debt	2,924.8	3,329.7	2,940.5	7,055.6
Short Term Debt	3,616.8	2,178.2	7,512.9	9,487.1
Total Debt	6,541.5	5,507.9	10,453.4	16,542.7
Total Liabilities	11,014.7	11,085.6	16,569.5	23,290.2
Total Equity	7,582.3	10,321.9	12,226.5	12,465.0
Paid Up Capital	1,470.2	1,764.2	2,028.9	2,231.7
INCOME STATEMENT	**FY20**	**FY21**	**FY22**	**1QFY23**
Net Sales	24,345.0	28,659.9	39,000.2	12,286.7
Gross Profit	3,936.4	5,695.4	4,973.0	1,066.4
Operating Profit	3,142.8	4,652.3	3,933.1	799.9
Profit Before Tax	2,155.7	4,246.3	3,256.7	356.1
Profit After Tax	1,521.8	2,959.7	2,211.9	238.6
FFO	2,705.9	4,698.2	2,922.4	51.2
RATIO ANALYSIS	**FY20**	**FY21**	**FY22**	**1QFY23**
Gross Margin	16.2%	19.9%	12.8%	8.7%
Net Margin	6.3%	10.3%	5.7%	1.9%
Net Working Capital	1,939.2	4,290.9	4,352.9	8,098.5
Trade debts/Sales	11.9%	11.4%	11.7%	11.1%
FFO to Total Debt (x)	0.41	0.85	0.29	0.01
FFO to Long Term Debt (x)	0.93	1.41	1.17	0.03
Current Ratio (x)	1.26	1.60	1.33	1.50
Debt Servicing Coverage Ratio (x)	2.20	3.57	1.46	0.89
Gearing (x)	0.86	0.53	0.85	1.29
Leverage (x)	1.45	1.07	1.36	1.87
(Stock in Trade+ Trade Debts)/STD	1.83	3.88	1.73	1.97
ROAA (%)	8.2%	14.8%	8.8%	3.0%
ROAE (%)	22.1%	33.1%	19.6%	7.7%
Cash Conversion Cycle (days)	61	58	66	96

ISSUE/ISSUER RATING SCALE & DEFINITION Appendix II

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: ISSUES / ISSUERS

Medium to Long-Term

AAA
Highest credit quality; the risk factors are negligible, being only slightly more than for risk-free Government of Pakistan's debt.

AA+, AA, AA-
High credit quality; Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A+, A, A-
Good credit quality; Protection factors are adequate. Risk factors may vary with possible changes in the economy.

BBB+, BBB, BBB-
Adequate credit quality; Protection factors are reasonable and sufficient. Risk factors are considered variable if changes occur in the economy.

BB+, BB, BB-
Obligations deemed likely to be met. Protection factors are capable of weakening if changes occur in the economy. Overall quality may move up or down frequently within this category.

B+, B, B-
Obligations deemed less likely to be met. Protection factors are capable of fluctuating widely if changes occur in the economy. Overall quality may move up or down frequently within this category or into higher or lower rating grade.

CCC
Considerable uncertainty exists towards meeting the obligations. Protection factors are scarce and risk may be substantial.

CC
A high default risk

C
A very high default risk

D
Defaulted obligations

Short-Term

A-1+
Highest certainty of timely payment; Short-term liquidity, including internal operating factors and /or access to alternative sources of funds, is outstanding and safety is just below risk free Government of Pakistan's short-term obligations.

A-1
High certainty of timely payment; Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

A-2
Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small.

A-3
Satisfactory liquidity and other protection factors qualify entities / issues as to investment grade. Risk factors are larger and subject to more variation. Nevertheless, timely payment is expected.

B
Speculative investment characteristics; Liquidity may not be sufficient to ensure timely payment of obligations.

C
Capacity for timely payment of obligations is doubtful.

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. www.vis.com.pk/images/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.www.vis.com.pk/images/criteria_outlook.pdf

(SO) Rating: A suffix (SO) is added to the ratings of 'structured' securities where the servicing of debt and related obligations is backed by some sort of financial assets and/or credit support from a third party to the transaction. The suffix (SO), abbreviated for 'structured obligation', denotes that the rating has been achieved on grounds of the structure backing the transaction that enhanced the credit quality of the securities and not on the basis of the credit quality of the issuing entity alone.

(blr) Rating: A suffix (blr) is added to the ratings of a particular banking facility obtained by the borrower from a financial institution. The suffix (blr), abbreviated for 'bank loan rating' denotes that the rating is based on the credit quality of the entity and security structure of the facility.

'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. www.vis.com.pk/images/policy_ratings.pdf

'SD' Rating: An 'SD' rating is assigned when VIS believes that the ratee has selectively defaulted on a specific issue or obligation but it will continue to meet its payment obligations on other issues or obligations in a timely manner.

REGULATORY DISCLOSURES	Appendix III
Name of Rated Entity	Century Paper & Board Limited
Sector	Paper & Board
Type of Relationship	Solicited
Purpose of Rating	Entity Rating
Rating History	

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
		RATING TYPE: ENTITY		
30-Dec-22	AA-	A-1	Stable	Reaffirmed
10-Nov-21	AA-	A-1	Stable	Upgrade
1-Dec-20	A+	A-1	Positive	Maintained
21-Nov-19	A+	A-1	Stable	Reaffirmed
23-Nov-18	A+	A-1	Stable	Reaffirmed
11-Dec-17	A+	A-1	Stable	Reaffirmed
23-May-16	A+	A-1	Stable	Reaffirmed
15-Dec-14	A+	A-1	Stable	Reaffirmed
20-Nov-13	A+	A-1	Stable	Upgrade

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	

Name	Designation	Date
Mr. Rashid Dastagir	CFO	18- Nov-2022
Mr. Tanveer Ahmed	General and Marketing Manager	18- Nov-2022