RATING REPORT

EMCO Industries Limited (EMCO)

REPORT DATE:
November 14, 2022

RATING ANALYSTS:

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RATING DETAILS				
	Latest Ratings		Previous Ratings	
Rating Category	Long-term	Short-term	Long-term	Short-term
Entity	A-	A-2	A-	A-2
Rating Date	*14th November'22*		*7th December'21*	
Rating Action	Reaffirmed		Reaffirmed	
Rating Outlook	Stable		Stable	

COMPANY INFORMATION	
Incorporated in 1954	External Auditors: M/s Crowe Hussain Chaudhury & Co. Chartered Accountants
	Chairman: Mr. Javaid Shafiq Siddiqi
Public Limited Company	Managing Director/Chief Executive Officer: Mr. Tariq Rehman
Key Shareholders (with stake 5% or more):	
ICC. (Pvt) Limited – 8.4%	
Mr. Pervaiz Shafiq Siddiqi – 6.9%	
Mr. Javaid Shafiq Siddiqi – 6.9%	
Mrs. Amina Wadalawala – 6.8%	
Mr. Ahsan Suhail Mannan – 6.4%	
Mr. Suhail Mannan – 6.2%	
Associated Engineers (Pvt.) Limited – 5.7%	
Mr. Muhammad Zulqarnain Mahmood Khan – 5.4%	
Mrs. Ayesha Noorani – 5.3%	
Mr. Usman Haq – 5.2%	

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

OVERVIEW OF THE INSTITUTION

EMCO Industries was established in 1954 and is involved in production and sale of porcelain-based insulators, and substation products used in power sector

Profile of the CEO

Mr. Tariq Rehman holds a Bachelor's degree in Electrical Engineering and Master's degree in Ceramic Engineering. He has over 5 decades of experience in the relevant industry

Financial Snapshot

Tier-1 Equity: end-FY22: Rs. 970.8m; end-FY21: Rs. 768.7m; end-FY20: Rs. 547.4m

Assets: end-FY22: Rs. 4.2b; end-FY21: Rs. 3.5b; end-FY20: Rs. 2.7b

Profit After Tax: FY22: Rs. 217.0m; FY21: Rs. 201.9m; FY20: Rs. 117.9m

RATING RATIONALE

The ratings assigned to EMCO Industries Limited (EMCO) take into account the company's strategic market position due to provision of highly specialized products; high voltage porcelain insulators and substation products used during transmission, at grid stations, and for distribution of electricity. The ratings derive strength from reliance of the power sector on the company's products used at the source of generation, at grid stations and for the onwards distribution of electricity. The comfort is also drawn from steady demand of products emanating from government and semi-government contracts, and premium private sector electricity generation companies in Pakistan, and also some large-scale energy sector contractors and transformer manufacturers.

The company registered growth in topline on account of volumetric increase coupled with higher average prices. The gross margins decreased slightly mainly due to increase in both local and imported raw material prices amidst inflationary trend and sharp devaluation of local currency during the outgoing year. The liquidity has remained adequate in terms of cash flow coverages. The company is in process of enhancing production capacity, also removing bottlenecks and plans to introduce a new product line to meet growing demand; funded through a mix of long-term debt and own sources. Leverage indicators are projected to increase on account of mobilization of additional long-term borrowing for capex and higher short-term borrowings in line with working capital requirements. Meanwhile, the ratings factor in positive demand prospects of insulators in view of increasing per capita consumption of electricity and continued capex in power generation capacity of the country. Moreover, rehabilitation of damaged infrastructure due to the recent flooding is expected to further uplift demand of the products. The ratings would remain sensitive to the timely completion of the ongoing enhancement while achieving projected growth in revenue and profitability. At the same time, maintaining liquidity and capitalization profiles at adequate levels will remain imperative for the assigned ratings.

Market dominance, strong growing demand in insulators and capex to enhance production capacity: EMCO maintains a market share of 75% in its respective industry, facing nominal competition from imports owing to significant price differentials and smaller companies which focus on serving the needs of private clients. Currently, EMCO has an installed production capacity of about 5,000 tons/annum with a high utilization rate of 105.8% (FY21: 95.9%) due to strong local demand for insulators owing to the government's focus on expanding the country's power grid and optimizing its efficiency as well as aim to indigenize energy sector products. Additionally, the recent floods have caused widespread damage to the power infrastructure in the country, which the management expects will result in an increase in demand as rehabilitation takes place.

The company has been in process of executing capital expenditure on two projects entailing Balancing, Modernization and Replacement (BMR) in its insulator segment and addition of a new product line 'Instrument Transformers'. The BMR is expected to result in increase in installed capacity to 6000 tons/annum and optimize manufacturing efficiency by resolving bottlenecks. The cost is estimated at Rs. 617m out of which around Rs. 270m have already been deployed during the 2HFY22. The same has geared up back process and led to efficiency enhancement as evident from incremental production in the outgoing year. The aforementioned BMR is expected to be completed by Jan'23. The other project, related to Instrument Transformers line under substation product category, is expected to cost Rs. 275m. Around 70% of the local machinery has been received and is being installed while the imported machinery is expected to arrive in three lots during 2QFY23; commercial operations are expected to start by Mar'23. These projects are planned to be financed through around 68% debt and 32%. equity. Additionally, the company had previously invested in a 982 KWp solar power plant in FY21 with a capital cost of PKR 90m. However, net metering facilities are expected to begin in September 2022 which will result in savings of 10% in net LESCO billings from October 2022 onwards.

Property, Plant and Equipment (PPE) stood higher at PKR 2.4b (FY21: Rs. 1.9b) primarily due to total revaluation adjustment of PKR 361.7m along with additions of PKR 98.1m pertaining to plant and machinery (Rs. 75.6m) and buildings on freehold land (Rs. 11.4m). Additionally, capital work-in-progress of PKR 152.4m (FY21: nil) is related to the underway capex. The company has a total sanctioned power load of 3.2MW with LESCO and a utilization of about 1.0MW. A standby generator capacity of 1,176 KVA is also installed to ensure uninterrupted provision of electricity. This, in addition with the increased solar energy capacity of 982 MW will help allow unhindered power availability as the production capacity increases. Also, a 2.4mmcfd sanctioned gas load is available with a standby Synthetic Natural Gas (SNG) plant which uses Liquified Petroleum Gas (LPG).

Continued growth in topline and largely stable margins: Net revenue showed a YoY growth of 25.2% amounting to PKR 2.6b in the outgoing year (FY21: PKR 2.1b), with average price/ton rising to PKR 487,230 (FY21: Rs. 416,786) and volume to 5,336 tons (FY21: 4,982 tons). In terms of product mix, insulators contributed 89.5% (FY21: 93%) to the sales, amounting Rs. 2.3b (FY21: PKR 1.9b) and substation products contributed 10.5% (FY21: 6.9%) amounting to PKR 273.8m (FY21: PKR 144.0m). Substation products, in particular showed a significant jump in local sales from PKR 138.6m to PKR 272.4m due to rise in demand of High Voltage Disconnect Switches, according to management. However, exports have continued to show minimal contribution to the topline and were recorded at PKR 30.9m (FY21: PK 34.4m) on account of growing local demand.

Owing to highly specialized nature of products offered, the company has limited customer base due to which client concentration has remained very high on timeline basis. A list of top ten clients constituting 85.7% of total net sales is given as follows:

Customer Name	PKR
Peshawar Electric Supply Company	471,306,266
Lahore Electric Supply Company	321,325,640
Multan Electric Supply Company	285,101,200
Hyderabad Electric Supply Company	237,553,400
Islamabad Electric Supply Company	205,792,482
Gujranwala Electric Supply Company	193,759,000
K-Electric Ltd.	143,078,665
Faisalabad Electric Supply Company	137,092,025
Tribal Electric Supply Company	120,332,230
Quetta Electric Supply Company	112,046,988

Gross profit for the outgoing year rose to PKR 611.2m (FY21: PKR 527.4m) while gross margins decreased to 23.6% (FY21: 25.4%) as a result of relative increase in cost of sales. Cost of sales was recorded higher at PKR 2.0b (FY21: PKR 1.6b) primarily on account of increase in cost of raw and packing materials consumed and power and gas. However, raw material consumed as proportion to cost of goods manufactured remained at 47.5% (FY21: 48.2%). The average cost of raw material procured increased by ~36% vis-à-vis last year. Breakdown of raw material mix is tabulated below:

	FY21			FY22		
Raw Material	**QTY (tons)**	**Value (Rs.)**	**Avg. Cost**	**QTY (tons)**	**Value (Rs.)**	**Avg. Cost**
Imported-Porcelain	2,382	146,741,901	61,604	1,251	120,041,238	95,956
Imported- Metal	871	357,033,653	409,912	889	553,731,361	622,870
Local Porcelain	6,129	79,574,873	12,983	6,645	105,374,880	15,858
Local - Metal	3,050	99,401,438	32,591	4,032	180,484,363	44,763
Total	**12,432**	**682,751,865**	**54,919**	**12,817**	**959,631,842**	74,872

Metal-based sub components procured amounted to Rs. 734.2m (FY21: Rs. 456.4m), which contributed 82% (FY21: 71%) to the total imports. The rest included other raw materials, primarily porcelain, which comprised 18% (FY21: 29%) of the imports. Overall, around 70% (FY21: 74%) of the raw material mix was imported, which exposes the company to significant foreign exchange rate risk. The same is largely mitigated by transferring the impact of higher cost to new tenders as the imported insulators also costs more in tandem with local currency devaluation. Additionally, as an operational strategy, the company procures raw material for around three to five months in advance. Power and gas also increased to PKR 353.1m (FY21: PKR 195m) owing to significant increases in fuel costs. Other cost components have increased largely in line with inflationary pressure and scale of operations. Administrative expenses amounting Rs. 102.7m (FY21: Rs. 87.4m) were largely rationalized. Selling and distribution expense increased to PKR 52.2m (FY21: PKR 32.3m) primarily because of higher handling, freight and transportation charges. Finance cost rose to PKR 103.3m (FY21: PKR 87.5m) owing to higher average policy rates and borrowings. Other operating expenses increased to PKR 105.5m (FY21: PKR 73.8m) on the account of higher late delivery/liquidity damages of PKR 81.9m (FY21: PKR 41.9m) which resulted due to production delays owing to growing demand in the outgoing year. Other income amounted to PKR 30.4m (FY21: PKR 33.4m) during FY22. Accounting for taxation, net profit was reported at PKR 216.9m (FY21: PKR 201.9m) with some decrease in net margin to 8.4% (FY21: 9.7%) due to higher finance cost and other expenses.

Currently, the company has orders-in-hand of about PKR 1.2b. The management expects demand to increase by a further 15-20% going forward, given that recent flooding has necessitated the replacement of power infrastructure, particularly in Sindh and Baluchistan. The company has already received some orders from Hyderabad Electric Supply Company (HESCO) and Quetta Electric Supply Company (QESCO). Moving forward, owing to increase in demand and average sales price as well as capacity enhancements coming fully online, net sales are projected to increase by about 61% in FY23. Additionally, it is expected that gross margins will remain relatively stable while net margins are projected to decrease slightly mainly owing to higher finance cost as a result of increased borrowings.

Adequate liquidity in terms of cash flow coverages and working capital management: In the outgoing year, the company generated PKR 357m (FY21: PKR 354m) in Funds from Operations (FFO). Albeit, FFO to total debt and FFO to long-term debt decreased slightly to 0.34x (FY21: 0.41x) and 1.02x (FY21: 1.66x), respectively, due to overall increase in borrowings, have remained adequate. Additionally, debt-service coverage ratio has also remained sizeable (FY22: 2.31x; FY21: 2.39x) on a timeline basis.

Trade receivables amounted to PKR 624.1m (FY21: PKR 593.1m) at end-FY22, with a satisfactory aging schedule. About 87% of receivables were due within 6 months, 8.3% fall within 6-12 months while 4.8% were due for more than 12 months. Both local sales to the National Transmission and Dispatch Company (NTDC) and DISCOs as well as exports have defined payment term on sight while private clients, which constitute less than 10% of sales, normally pay in advance or are given 30 to 60 days credit period in exceptional cases. Advances, prepayments and other receivables increased to PKR 127m (FY21: PKR 71m) mainly on account of advances to suppliers amounting to PKR 85.9m (FY21: PKR 37.4m). Also, stock-in-trade stood higher at PKR 760m (FY21: PKR 594.2m) primarily due to increase in raw material inventory in line with higher average cost. Similarly, stores and spares increased due to higher average cost and ongoing capex. Cash and bank balances amounted to PKR 15.7m (FY21: PKR 40.6m) at end-FY22. Furthermore, both current ratio and short-term borrowing coverage ratio increased to 1.52x and 2.0x (FY21: 1.36x, 1.82x) in the outgoing fiscal year. Net operating cycle has also improved on the back of higher inventory turnover and is manageable relative to industry. Going forward, overall liquidity position is projected to remain largely adequate despite increase in debt levels on account of higher cash flows underpinned by profit generation.

Leverage indictors to increase due to higher borrowings amid capital expenditure and higher working capital requirements, going forward: Tier-1 equity rose to PKR 970.8m from PKR 768.7m on the back of internal capital generation. This also includes sponsors' interest-free loan of PKR 115.7m (FY21: Rs. 115.7m) which is payable at the discretion of the company. During FY22, the company has also paid dividend amounting Rs. 35m 9FY21: Nil) for the year ended June 30, 2021. Total liabilities increased to PKR 1.7b (FY21: PKR 1.4b) mainly due to increase in overall borrowings, and deferred tax liabilities. Trade and other payables amounted to PKR 341.7m (FY21: 326.6m) at end-FY22. Payment terms with suppliers for raw materials were Letters of Credit at sight for imports and 60 to 70 days credit for local purchases.

Total borrowings stood higher at PKR 1b (FY21: 864.6m) mainly due to increase in long-term loans comprising around 28% (FY21: 15%) of the debt mix. The short-term debt amounted to PKR 690.4m (PKR 650.6m) out of which PKR 62.3m (FY21: Rs. 54.3m) is related to interest-free loans from related parties. Short-term running finance and local bill discounting facilities from various commercial banks stood at Rs. 359.5m (FY21: Rs. 301m); export and import financing limit stood at RS. 278.1m (FY21: Rs. 188.8m) while the main facilities for opening LCs and guarantees aggregated to Rs. 712.6m (FY21: Rs. 826.0m) at end-FY22. Long-term debt including current portion stood higher at Rs. 349.5m (FY21: Rs. 210.8m). The company restructured a couple of short-term loans into long-term loans in the past which have been fully repaid during the outgoing year. During FY22, the company mobilized long-term loans to the tune of Rs. 256.3m to finance the ongoing capex. Total long-term loan is projected to increase to Rs. 800m following the drawdown of financing facilities by the end-FY23. The facilities are priced at 3 to 6M KIBOR plus 1.5-2.75%. In addition, the company has term finance facility with an outstanding amount of PKR 13.6m (FY21: PKR 40.7m) under the refinance scheme of the State Bank of Pakistan for wages and salaries with a markup of 3% per annum.

Gearing and leverage indicators have shown a decreasing trend on a timeline basis mainly on the account of profit retention. After adjusting for interest free related parties' loans for working capital requirements, gearing stands at 1.03x (FY21: 1.05). However, the incurrence of long-term borrowings for capex and expected increase in short-term borrowings due to growing working capital requirements will put some pressure on leverage and gearing levels moving forward. Nonetheless, profit retention and scheduled debt repayments are expected to keep these indicators within manageable levels.

EMCO INDUSTRIES Limited (EMCO) Appendix I

FINANCIAL SUMMARY *(amounts in PKR millions)*				
BALANCE SHEET	**30-Jun-19**	**30-Jun-20**	**30-Jun-21**	**30-Jun-22**
Non-Current Assets	1,233	1,416	2,009	2,521
Stock-in-Trade	450	610	594	760
Stores & Spares	80	81	84	126
Trade Debts	534	366	593	624
Advances, Prepayments and other Receivables	78	83	71	127
Cash & Bank Balances	5	44	41	16
Other Assets	77	91	84	70
Total Assets	**2,457**	**2,691**	**3,476**	**4,244**
Trade and Other Payables	272	272	327	342
Short Term Borrowings	614	547	651	690
Long-Term Borrowings *(Inc. current maturity)*	304	284	213	349
Paid Up Capital	350	350	350	350
Tier-1 Equity	408	547	769	971
Total Equity	1,166	1,474	2,071	2,506
INCOME STATEMENT	**30-Jun-19**	**30-Jun-20**	**30-Jun-21**	**30-Jun-22**
Net Sales	1,386	1,598	2,077	2,586
Gross Profit	348	380	527	611
Operating Profit	250	270	408	456
Profit Before Tax	139	163	280	278
Profit After Tax	145	118	202	217
FFO	243	229	354	357
RATIO ANALYSIS	**30-Jun-19**	**30-Jun-20**	**30-Jun-21**	**30-Jun-22**
Gross Margin (%)	25.1	23.8	25.4	23.6
Net Margin (%)	10.4	7.4	9.7	8.4
Net Working Capital	228	364	387	593.31
Current Ratio (x)	1.23	1.4	1.36	1.52
FFO to Long-Term Debt(x)	0.8	0.81	1.66	1.02
FFO to Total Debt (x)	0.26	0.28	0.41	0.34
FFO to Total Debt (x)*	0.34	0.31	0.44	0.36
Debt Servicing Coverage Ratio (x)	1.9	1.93	2.39	2.31
ROAA (%)	6	4.6	6.5	5.60
ROAE (%)	54.2	24.7	30.7	24.90
Gearing (x)	2.25	1.52	1.12	1.07
Gearing (x)*	1.75	1.35	1.05	1.03
Debt Leverage (x)	3.12	2.22	1.83	1.79
(Stock in Trade+ Trade Debts) to Short-term Borrowings (x)	1.6	1.78	1.82	2.00
Cash Conversion Cycle (Days)	165	180	156	149

**Adjusted for Short-term sponsor loan*

EMCO INDUSTRIES Limited (EMCO) Appendix II

FINANCIAL PROJECTIONS *(amounts in PKR millions)*			
BALANCE SHEET	**30-Jun-23**	**30-Jun-24**	**30-Jun-25**
Non-Current Assets	3,065	2,980	2,917
Stock-in-Trade	1,329	1,654	1,745
Stores & Spares	177	172	168
Trade Debts	1,368	1,861	1,965
Advances, Prepayments and other Receivables	71	71	71
Cash & Bank Balances	10	10	10
Other Assets	84	84	84
Total Assets	**6,103**	**6,831**	**6,959**
Trade and Other Payables	443	591	623
Short Term Borrowings	1,282	1,433	1,220
Long-Term Borrowings *(Inc. current maturity)*	800	772	673
Paid Up Capital	350	350	350
Tier-1 Equity	1,296	1,635	2,020
Total Equity	3,010	3,333	3,703
INCOME STATEMENT	**30-Jun-23**	**30-Jun-24**	**30-Jun-25**
Net Sales	4,161	5,662	5,975
Gross Profit	928	1,350	1,425
Operating Profit	661	943	1,025
Profit Before Tax	398	564	653
Profit After Tax	283	400	464
FFO	482	579	605
RATIO ANALYSIS	**30-Jun-23**	**30-Jun-24**	**30-Jun-25**
Gross Margin (%)	22.3	23.9	23.8
Net Margin (%)	6.8	7.1	7.8
Net Working Capital	945.44	1,276.56	1,580.23
Current Ratio (x)	1.45	1.50	1.64
FFO to Long-Term Debt(x)	0.60	0.75	0.90
FFO to Total Debt (x)	0.23	0.26	0.32
FFO to Total Debt (x)*	0.23	0.26	0.32
Debt Servicing Coverage Ratio (x)	2.51	2.44	2.08
ROAA (%)	5.5	6.2	6.7
ROAE (%)	24.9	27.3	25.4
Gearing (x)	1.61	1.35	0.94
Gearing (x)*	1.59	1.34	0.93
Debt Leverage (x)	2.38	2.13	1.60
(Stock in Trade+ Trade Debts) to Short-term Borrowings (x)	2.10	2.45	3.04
Cash Conversion Cycle (Days)	161	187	204

**Adjusted for Short-term sponsor loan*

ISSUE/ISSUER RATING SCALE & DEFINITIONS Appendix III

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 IV
Name of Rated Entity	EMCO Industries Limited
Sector	Electrical Equipment
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				
November 14, 2022	A-	A-2	Stable	Reaffirmed
December 7, 2021	A-	A-2	Stable	Reaffirmed
October 27, 2020	A-	A-2	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.
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Due Diligence Meetings Conducted

	Name	Designation	Date
1	Mr. Salem Rehman	Executive Director	13-Oct-2022
2	Mr. Riaz Ahmad	CFO	13-Oct-2022