RATING REPORT

Oil & Gas Development Company Limited

REPORT DATE:
December 17, 2021

RATING ANALYST
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RATING DETAILS

Rating Category	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	AAA	A-1+	AAA	A-1+
Rating Outlook	*Stable*		*Stable*	
Rating Date	*December 17, '21*		*January 25, '21*	

COMPANY INFORMATION

Incorporated in 1997	**External auditors:** KPMG Taseer Hadi & Co., Chartered Accountants and A.F. Ferguson & Co. Chartered Accountants
Public Limited Company	**Chairman of the Board:** Mr. Zafar Masud
Key Shareholders (with stake 5% or more):	**Chief Executive Officer:** Syed Khalid Siraj Subhani
Government of Pakistan – 67.48% OGDCL – Employee Empowerment Fund – 10.05% Ministry of Privatization and Investment – 7.50%	

APPLICABLE METHODOLOGY(IES)

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

OVERVIEW OF THE INSTITUTION

Oil & Gas Development Company Limited (OGDCL) was incorporated as a Public Limited Company in October 1997. Core business activities of the Company involve exploration, development and production of oil and gas resources, including their sale and related activities.

Profile of Chairman:

Mr. Zafar Masud is a seasoned banker and entrepreneur with around 27 years of diverse experience in banking, entrepreneurship, development finance and corporate governance. In addition to serving as member Independent Monitory Policy Committee, he has served as Director in Boards of major public and private sector entities including State Bank of Pakistan, Oil & Gas Development Company Limited, Port Qasim Authority, Quaid-e-Azam Thermal Power (Private) Limited and Gadoon Textile Mills Limited.

Profile of CEO:

Syed Kahlid Siraj Subhani holds a well-versed executive career spanning over three decades in corporate conglomerates in Pakistan and various overseas engagements in the capacity of vice president and board member. Mr. Subhani is a chemical engineer with Executive Management Program from Haas School of Business from University of California. Some of his prior engagements include working as president and CEO of Engro Corporation Limited, Engro Fertilizers Limited, Engro Polymers and Chemicals Limited, Thal Nova Power and Thar Private Limited. Mr. Subhani is presently a director on the Board of Fauji Fertilizer Bin Qasim Limited and a member of their human resource and technical and investment committees.

RATING RATIONALE

The assigned ratings to Oil & Gas Development Company Limited (OGDCL) incorporate sound sponsor profile as majority shares of the Company are held by the Government of Pakistan. The ratings also reflect systemic importance of the Company to the national economy as the largest upstream Oil and Gas Company in Pakistan. The low business risk of the company emanates from its robust margins, providing considerable cushion against volatility in international oil prices. Higher production of crude oil and LPG coupled with increase in average realized prices of gas and LPG have contributed to higher revenues in the outgoing year. Despite some decrease in net profitability due to exchange loss and lower finance income, the Company generated healthy bottomline in FY21. Moreover, recovery in oil price and rising trend in gas and LPG prices reflected positively on Company's financials in 1QFY22. OGDCL has an assured product off-take amid excess demand of oil & gas vis-à-vis local supply. Ratings also take into account low financial risk profile of the Company as evident from debt-free capital structure and strong liquidity profile. Despite rising trend in industry wide inter-corporate debt, the Company continues to manage its capital expenditure requirements through internal cash flows.

Key Rating Drivers

Strong sponsor profile and sound corporate governance framework: The assigned ratings take into account strong ownership structure of OGDCL, as 67.48% shareholding is held by the Government of Pakistan (GoP) while 7.5% shareholding is held by the Ministry of Privatization and Investment. All the nominations on the Board of Directors (BoD) are made by the GoP. In the Extraordinary General Meeting held on March 17, 2021, eleven (11) directors namely Mr. Zafar Masud, Mian Asad Hayaud Din, Mr. Mather Niaz Rana, Mr. Kamran Ali Afzal, Mr. Mumtaz Ali Shah, Mr. Muhammad Haroon-ur- Rafique, Syed Khalid Siraj Subhani, Mr. Akbar Ayub Khan, Mr. Muhammad Riaz Khan, Mrs. Shamama Tul Amber Arbab and Mr. Jahanzaib Durrani were elected by the shareholders. Subsequently, Dr. Iftikhar Amjad replaced Mr. Kamran Ali Afzal on April 12, 2021 and Dr. Arshad Mahmood replaced Mian Asad Hayaud Din on 25 May 2021. Mr. Zafar Masud is serving as Chairman of the Board since March 31, 2021 following the retirement of Mr. Qamar Javaid Sharif. Syed Khalid Siraj Subhani assumed the acting charge of MD/CEO upon relinquishment of the charge by Mr. Shahid Salim Khan on October 20, 2021. Mr. Subhani holds a well-versed executive career spanning over three decades in corporate conglomerates in Pakistan and various overseas engagements in the capacity of vice president and Board member. Dr. Iftikhar Amjad has resigned from the BoD of the Company effective November 29, 2021. Presently, the Board comprises ten members including Chairman and MD/CEO. In line with best practices, at least one-third of the board comprises independent directors. OGDCL's Board includes four independent directors, five non-executive directors and one executive director. There were some structural changes in the Board committees to ensure effective implementation of sound internal control system and compliance with the Code of Corporate Governance. Presently, OGDCL has four Board committees, namely i) Audit Committee, ii) HR & Nomination Committee, iii) Risk Management Committee and iv) Business Development & Operations Committee. Latest composition of BoD is given as follows:

Category	Names	Date of Appointment
Independent Directors	Mr. Akbar Ayub Khan	17th Mar 2021
	Mr. Muhammad Riaz Khan	17th Mar 2021
	Mrs. Shamama Tul Amber Arbab	17th Mar 2021
	Mr. Jahanzaib Durrani	17th Mar 2021
Executive Director	Syed Khalid Siraj Subhani	20th Oct 2021
Non-Executive Directors	Mr. Zafar Masud	17th Mar 2021
	Dr. Arshad Mahmood	25th May 2021
	Mr. Mathar Niaz Rana	17th Mar 2021
	Mr. Muhammad Haroon-ur-Rafique	17th Mar 2021
	Mr. Mumtaz Ali Shah	17th Mar 2021

OGDCL also has an independent internal audit department, the scope and role of which is approved by the BoD, whilst the head of internal audit reports directly to the Audit Committee. The board has established a system of sound internal control and set in place adequate systems and controls to ensure that an appropriate control environment exists in the Company spanning E&P activities, financial reporting and compliance activities. Consequent upon resignation of Mr. Irteza Ali Qureshi, Mr. Muhammad Anas Farook has been assigned the duties of Chief Financial Officer w.e.f. August 31, 2021.

Exploration led growth strategy remains in place: OGDCL remained the largest E&P Company in Pakistan with exploration coverage of 91,795 sq. km which represents a share of 42% (end-Sep'20: 37%) of Pakistan's total area under exploration at end-Sep'2021. At end-1QFY22, business exploration portfolio comprised 50 owned and operated joint venture exploration licenses (end-Sep'20: 43). In addition, the Company has working capital interest in 9 exploration blocks operated by other E&P companies (end-Sep'20: 7). In line with growth strategy, OGDCL acquired 2,539 Line km of 2D and 600 sq. km of 3D seismic data in FY21 vis-à-vis 3,407 Line km of 2D seismic data in the preceding year. This represents 79% and 69% of the total 2D and 3D seismic data acquisition in Pakistan, respectively. During FY21, OGDCL spud 20 wells (FY20: 25 wells) which included ten exploratory/appraisal wells, eight development wells and two re-entry/side track wells. Moreover, drilling and testing of eleven wells pertaining to FY20 were also completed. In line with its vision to expand business internationally, OGDCL along with consortium members; PPL (operator), MPCL and GHPL participated in the second competitive exploration bid round held by Abu Dhabi National Oil Company (ADNOC) in December 2019 and offshore block-5 in Abu Dhabi was awarded to the consortium on August 31, 2021. The award of concession is the first opportunity for Pakistani E&P companies to explore, appraise and develop oil and gas resources in Abu Dhabi.

The Company's exploratory efforts led to six new oil and gas discoveries (FY20: 5 discoveries) having expected cumulative daily production potential of 26 MMcf of gas and 850 barrels of oil. These include new reserves at Togh Bala-1, Siab-1 (Samanasuk) and Siab-1 (Lumshiwal/Hangu) in district Kohat, KP province, Lakhi Rud X-1 in district Musa Khel and Jandran X-4 in district Barkhan, Balochistan province and Sial-1 in district Hyderabad, Sindh province. Subsequently, three discoveries were made at wali-1 (Kawagarh), wali-1 (Hangu) and Wali-1 (Lockhart) in the district FR Lakki, KPK, in 1QFY22, with a cumulative daily production potential of 37 MMcf of gas and 2,850 barrels of oil. Preliminary reserves estimate attributable to these discoveries are 333 billion cubic feet of gas and 16 million barrels of oil, combined 79 million barrels of oil equivalent.

Completion of ongoing development projects remains a focus of the management in order to optimize oil, gas and LPG production. In this regard, for Qadirpur Compression project, compressors have been delivered at the project site while commissioning work is underway. For Maru-Reti Compression project, compressors have been delivered at the project site while hiring of principal contractors (PC) is in progress; this project is expected to complete in Aug'22. Dakhni Compression project, in which OGDCL has 100% working interest, is expected to complete by Mar'23. Conceptual study and front end engineering design work have been completed while preparation of tender documents for hiring of engineering, procurement, construction and commissioning (EPCC) contractor are underway. Other two projects, KPD-TAY and Uch compression, are expected to complete in Jul and Oct'23, respectively. Presently, basic/front end engineering design work and preparation of tender documents are in progress for hiring EPCC contractors for both projects. Whereas, conceptual study for KPD-TAY has been completed while the same is being revised for Uch Compression project.

Increase in crude oil and LPG production while maintaining highest market share: OGDCL is market leader in E&P sector of Pakistan. Despite natural decline of reserves at various mature producing fields, OGDCL's production of LPG increased primarily on account of start-up of production from Mela and Saand fields along with higher production from Nashpa, KPD-TAY and non-operated JV fields. The average daily net production of LPG increased to 803 tons per day (FY20: 739 tons per day) in FY21 which further increased to 805 tons per day in 1QFY22. Similarly, average daily net crude oil production increased to 36,892 barrels per day (36,073 barrels per day) barrels showing an increase of 2% mainly due to commencement of production from Togh, Mangrio and Saand fields combined with increase in production from Pasahki, Rajian, Chanda, Dhok Hussain, Nashpa and non-operated JV fields. The same trend continued in 1QFY22 with an increase in crude oil production to 37,347 barrels per day (1QFY21: 36,221 barrels per day). The Company's production contributed around 47%, 29% and 36% (FY21: 48%, 29% and 37%; FY20: 46%, 29% and 34%) towards Country's total oil, natural gas and LPG production, respectively, in 1QFY22.

OGDCL's average daily net saleable gas production was lower at 870 MMcf per day (FY20: 893 MMcf per day) in the outgoing year which was mainly due to natural decline at KPD-TAY, Dakhni, Sinjhoro, Qadirpur, Maru-Reti and Loti fields. Similarly, decline in production share from NJV fields combined with less gas intake from Qadirpur field by M/s Engro Powergen and M/s Liberty Power Limited and from Uch field by M/s UPL-I & II resulted in lower gas output. In 1QFY22, average daily net saleable gas production was recorded lower at 845 MMcf per day (1QFY21: 904 MMcf per day) mainly due to natural decline at KPD and Qadirpur fields. In addition, some decrease in production was the result of annual turnaround at production fields of Qadirpur, Mela and Nashpa during the month of August. Furthermore, decline in production share from NJV fields combined with less gas intake from Uch fields by M/s UPL owing to less power demand by WAPDA contributed towards lower gas output. Average daily net saleable crude oil, gas and LPG production including share in both operated and non-operated JV fields is tabulated as follows:

Products	Units of Measurement	FY20	FY21	1QFY22
Crude Oil	Barrels per day	36,073	36,892	37,347
Gas	MMcf per day	893	870	845
LPG	Tons per day	739	803	805

In order to address natural decline and sustain production from mature fields, OGDCL carried out a total of 72 and 22 work-over jobs in FY21 and 1QFY22, respectively. Remaining recoverable reserves of oil and gas on 3P basis were 184 million barrels (FY20: 194 million barrels) and 10,973 billion cubic feet (FY19: 11,196 billion cubic feet), respectively at end-FY21. The reserve life for oil and gas fields on 2P (Proven and Probable) basis was 9 years and 20 years respectively, at end-FY21.

Increase in average realized prices of gas and LPG supported topline along with the positive impact of higher production of crude oil: Net revenue was recorded higher at Rs. 239.1b (FY20: Rs. 232.9b) during the outgoing year. While average realized price of crude oil remained largely stagnant at USD 46.7/ barrel (FY20: USD 46.8/barrel) during the outgoing year, higher production contributed positively to the topline. In addition, lower quantity of gas sold was more than offset by increase in average realized prices of gas and LPG to Rs 383.9/Mcf (FY20: Rs 356.8/Mcf) and Rs 66,345/Ton (FY20: Rs 63,997/Ton), respectively. Gas remained the largest revenue contributor, however, its proportion decreased to 51% (FY20: 54%) in net revenue while share of crude oil and LPG increased to 40.7% (FY20: 39.0%) and 8.1% (FY20: 7.1%) respectively; others remained at 0.2% (FY20: 0.2%). Gross margins, though decreased slightly, remained robust at 58.4% (FY20: 59.4%). Increase in operating expenses on account of uptick in salaries, wages and benefits, workover charges, and repair maintenance have primarily impacted gross margins. Other income decreased on account of exchange loss and decline in interest income. Meanwhile, exploration and prospecting expenditure and general and administrative expenses decreased during FY21. Finance cost was also recorded lower along with decrease in expense related to worker's profit participation fund. Accounting for taxation, the Company generated net profit of Rs. 91.5b (FY20: Rs. 100.9b) in the outgoing year.

During 1QFY22, net revenue increased to Rs. 71.5b (1QFY21: Rs. 56.3) mainly as a result of overall increase in average prices of product mix leading to notable improvement in gross margin to 64.7% vis-à-vis 57.7% in the corresponding period last year. Average basket price of crude oil rose to USD 71.43/barrel (1QFY21: USD 42.95/barrel) leading to average realized price of USD 62.23/barrel (1QFY21: USD 38.74/barrel). Average realized prices of gas and LPG also increased to Rs. 391.49/Mcf (1QFY21: Rs. 372.99/Mcf) and Rs 97,039/ton (1QFY21: Rs. 58,951/ton), respectively. In addition, increase in other income mainly due exchange gain has positively impacted the profitability along with decrease in exploration and prospecting expenses. The Company recorded profit after tax of Rs. 33.6b (1QFY21: 23.3b) with higher net margin of 47.0% (1QFY21: 41.4%).

Increase in asset base largely manifested in trade debts and investment portfolio: Total assets stood higher at Rs. 990.6b (FY21: Rs. 956b; FY20: Rs. 889b) at end-1QFY22. The increase was mainly manifested in higher trade debts amounting Rs. 383.3b (FY21: Rs. 358.8b; FY20: Rs. 307.6b) owing to prevailing inter-corporate circular debt receivable from gas companies and oil refineries. Trade debts include overdue amount of Rs. 322.4m (FY21: Rs. 303.8b; FY20: Rs. 262.5b) at end-1QFY22, out of which, Rs. 143.9b (FY21: Rs. 141.5b; FY20: Rs. 130.5b) and Rs. 122.8b (FY21: Rs. 114.9b; FY20: Rs. 106.6b) stand overdue against Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited, respectively. Nevertheless, receivables of the Company are guaranteed by the Government of Pakistan, thereby implying low credit risk. In order to expedite recovery of trade receivables, regular follow-up activities continued with gas distribution companies and refineries along with reporting position of receivables to Ministry of Finance and Ministry of Energy on a daily basis. Moreover, GoP is also pursuing for satisfactory settlement of inter-corporate circular debt.

Fixed asset base primarily comprises property, plant and equipment (1QFY22: Rs. 95.2b; FY21: Rs. 95.7b; FY20: Rs. 100.7b) and development and production assets (1QFY22: Rs. 104.9b; FY22: Rs. 100.4b; FY20: Rs. 101.4b). Long-term investments, inclusive of current portion, augmented to Rs. 176.1b (FY21: Rs. 168.0b; FY20: Rs. 156.3b) by end-1QFY22. Investment portfolio comprised investment in Mari Petroleum Company Limited (MPCL) of Rs. 24.9b (FY21: Rs. 23.1b; FY20: Rs. 18.6b), TDRs of Rs. 12.5b (FY21: Rs. 12.1b; FY20: Rs. 12.7b) and TFCs of Rs. 134.5b (FY21: Rs. 132.7b; FY20: 125.0b). The TFCs represent investment in Privately Placed TFCs amounting to Rs. 82b issued by Power Holding (Pvt.) Limited (PHPL), a government owned entity, for partial resolution of inter-corporate debt. Markup due on TFCs as of Sep 30, 2021, amounted to Rs. 52.5b (FY21: Rs. 50.7b; FY20: Rs. 43.0b) out of which Rs. 52.1b (FY21: Rs. 48.5m; FY20: Rs. 39.6m) was past due. Although the said instrument continues to remain non-performing, comfort is drawn on the back of sovereign guarantee provided by GoP on the related principal and mark-up. Lease receivables, inclusive of current portion, amounted to Rs. 59.6b (FY21: Rs. 59.5b; FY20: Rs. 61.2b) at end-1QFY22. Current portion of net investment in lease includes amounts billed to customers of Rs 16.8b (FY21: Rs 16.8b; FY20: Rs. 11.4b) out of which Rs 15.4b (FY21: Rs 15.3b; FY20: Rs. 9.9b) is overdue on account of inter-corporate debt. The Company has contractual right and is entitled to charge interest if lease payments are delayed beyond agreed payment terms, however, the same is recognized when received by the Company.

Strong capitalization indicators and liquidity position: Liquidity position of the Company is supported by healthy cash flow generation and sizeable investment portfolio. Despite some decrease in profitability in FY21, OGDCL generated Rs. 95.3b (FY20: Rs. 86.8b) in funds from operations (FFO) mainly due to decrease in royalty paid. FFO improved further in 1QFY22 in line with higher profitability. Current ratio remained sizeable at 6.9x (FY21: 6.4x; F20: 6.2x). OGDCL continues to maintain debt-free balance sheet while equity base augmented to Rs. 803.3b (FY21: Rs. 769.6b; FY20: Rs. 710.6b) by end-1QFY22 on the back of profit retention. During the outgoing year, the Company paid final dividend of Rs. 10.7b for FY20 and interim dividends of Rs. 23.2b for FY21. Debt leverage continued to remain on the lower side as the asset base is primarily funded through equity (1QFY22: 0.23x; FY21: 0.24x; FY20: 0.25x).

FINANCIAL SUMMARY (*amounts in PKR billions*)

BALANCE SHEET	FY19 (Restated)	FY20 (Restated)	FY21	1QFY22
Property, Plant and Equipment	100.9	100.7	95.7	95.2
Development and Production Assets	92.0	101.4	100.4	104.9
Long-term Investments (incl. current portion)	136.7	156.3	168.0	176.1
Lease Receivables (including current portion)	56.1	61.2	59.5	59.6
Other Non-Current Assets	24.2	25.7	26.4	24.8
Short-Term Investments	74.7	47.7	56.4	63.1
Trade Debts	231.9	307.6	358.8	383.3
Income Tax – Advance	20.0	37.1	45.8	40.8
Cash & Bank Balances	20.6	16.8	7.4	5.8
Other Current Assets	38.0	34.4	37.6	37.0
Total Assets	**795.1**	**889.0**	**956.0**	**990.6**
Trade and Other Payables	46.7	63.6	72.4	71.5
Non-current Liabilities	78.9	89.1	84.7	87.0
Short Term Borrowings	-	-	-	-
Long Term Financing *(Inc. current maturity)*	-	-	-	-
Other Liabilities	23.2	25.8	29.3	28.8
Total Liabilities	**148.8**	**178.4**	**186.3**	**187.3**
Total Equity	**646.2**	**710.6**	**769.6**	**803.3**
Paid-Up Capital	43.0	43.0	43.0	43.0
INCOME STATEMENT	**FY19**	**FY20**	**FY21**	**1QFY22**
Net Sales	261.5	232.9	239.1	71.5
Gross Profit	167.1	138.4	139.7	46.3
Profit Before Tax	176.6	144.4	129.0	52.3
Profit After Tax	118.4	100.9	91.5	33.6
FFO	139.7	86.8	95.3	32.9
RATIO ANALYSIS	**FY19**	**FY20**	**FY21**	**1QFY22**
Gross Margin (%)	63.9%	59.4%	58.4%	64.7%
Net Margin (%)	45.3%	43.3%	38.3%	47.0%
FFO to Long-Term Debt	-	-	-	-
FFO to Total Debt	-	-	-	-
Debt Servicing Coverage Ratio (x)	-	-	-	-
ROAA (%)	16.2%	12.0%	9.9%	13.8%*
ROAE (%)	19.8%	14.9%	12.4%	17.1%*
Debt Leverage (x)	0.23	0.25	0.24	0.23
Current Ratio (x)	7.3	6.2	6.4	6.9
Dividend Payout Ratio (%)	40.0%	28.8%	32.4%	22.4%

* *Annualized*

ISSUE/ISSUER RATING SCALE & DEFINITIONS — Annexure 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					Annexure III
Name of Rated Entity	Oil & Gas Development Company Limited				
Sector	Oil & Gas				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	**Rating Date**	**Medium to Long Term**	**Short Term**	**Rating Outlook**	**Rating Action**
	RATING TYPE: ENTITY				
	17/12/2021	AAA	A-1+	Stable	Reaffirmed
	25/01/2021	AAA	A-1+	Stable	Reaffirmed
	20/01/2020	AAA	A-1+	Stable	Reaffirmed
	01/02/2019	AAA	A-1+	Stable	Reaffirmed
	22/02/2018	AAA	A-1+	Stable	Reaffirmed
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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