RATING REPORT

Zoom Marketing Oils (Private) Limited

REPORT DATE:
December 12, 2022

RATING ANALYSTS:

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RATING DETAILS				
	Latest Ratings		Previous Ratings	
Rating Category	Long-term	Short-term	Long-term	Short-term
Entity	BBB-	A-3	BBB-	A-3
Rating Date	*December 12, 2022*		*June 7, 2021*	
Rating Action	Reaffirmed		Initial	
Rating Outlook	Stable		Stable	

COMPANY INFORMATION	
Incorporated in 2015	External Auditors: PKF F.R.A.N.T. S Chartered Accountants
Private Limited Company	Chairman of the Board/CEO: Mr. Sheharyar Arshad
Key Shareholders (More than 5%):	
Ms. Rubina Arshad – 34.24%	
Mr. Sheharyar Arshad – 32.88%	
Mr. Umer Arshad – 32.88%	

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

OVERVIEW OF THE INSTITUTION

Zoom Marketing Oils (Pvt.) Limited was incorporated on June 09, 2015 as Private Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act 2017). The Company is principally engaged in the procurement, storage and marketing of the petroleum related products. The registered office of the company is located at Ground Floor, 6-A/1, off M.M. Alam Road, Gulberg III, Lahore.

Profile of the CEO

Mr. Sheharyar Arshad serves as the Chief Executive Officer. He is currently overseeing the retail network expansion project and transformation of the Company. He holds a graduate degree in Business Management and Economics from University of Miami, Florida, USA.

Financial Snapshot

Total Equity: end-FY22: Rs. 1.1b; end-FY21: Rs. 779m; end-FY20: Rs. 210m

Assets: end-FY22: Rs. 7.0b; end-FY21: Rs. 4.0b; end-FY20: Rs. 2.1b

Profit After Tax: FY22: Rs. 167.6m; FY21: Rs. 146.2m; FY20: Rs. (91.8)m

RATING RATIONALE

Zoom Marketing Oils (Pvt.) Limited (ZMOPL) is an emerging Oil Marketing Company (OMC), primarily involved in sales and marketing of High Speed Diesel (HSD), Premier Motor Gasoline (PMG) and lubricants. The ratings incorporate higher business risk for the industry players, largely emanating from operating on moderate level of fixed commission and significant exposure to foreign exchange movements from sizeable dependence of OMCs on imports. The financial risk of the sector is relatively higher as the companies have to rely heavily on short-term borrowings to meet their working capital requirements.

During FY22, the company reported healthy growth in topline on account of increase in average prices and volumetric sale of its key products. ZMOPL was able to sustain its gross margins as the government provided price differential claim (PDC) to OMCs and refineries in order to subsidize for the cost to keep fuel prices unchanged. Other income increased mainly due to higher rental income from freight infrastructure, hospitality income from new storage capacity, and interest income on loans to related parties. However, the net profitability and margins remained thin mainly owing to hefty forex losses. Overall cash flow position remained under stress. The company has shorter working capital cycle relative to industry's median. Albeit the sponsors have injected additional equity, over the period of last two years, gearing has remained relatively higher due to elevated short-term borrowings. The company has constructed an oil storage depot at Machikay, which has been majorly financed through equity; the storage depot has been operational since Mar'22.

The management expects improvement in its profitability indicators in view of certain government initiatives despite some slowdown in demand ensuing from recent floods and political instability during the ongoing year. Going forward, topline of the company is expected to grow primarily on the back of higher offtake of its products led by expansion in the scale of operations. The implementation of higher OMC margin as approved by Economic Coordination Committee (ECC) is expected to bode well for the entire industry. The ratings will remain dependent on improvement in sector dynamics, capitalization and liquidity profile along with the achievement of projected sales.

Key rating Drivers

Industry and business dynamics: The OMCs market Petroleum, Oil and Lubricants (POL) products through their respective retail outlets. As per latest report by OGRA, OMCs in Pakistan have 9,978 retail outlets spread across the country. OMC-wise, Pakistan State Oil (PSO) has the largest number of retail outlets i.e., 3,158 (31.65%), followed by Askari Oil 905 (9.07%), Total Parco Pakistan Limited (TPPL) 788 (7.90%), Shell 748 (7.50%), GO 730 (7.32%) and Attock Petroleum Limited (APL) 657 (6.58%). ZMOPL has around 1% share in the country's retail network. Region-wise, retail outlets are concentrated in Punjab (64.89%), Sindh (22.19%), Khyber Pakhtunkhwa 10.08% and Baluchistan 1.78%. The top five players, namely PSO, Shell, Total Parco, Attock, Hascol account for about 70% of the petroleum sector.

Due to positive correlation with GDP growth, the consumption of petroleum products also increased with the overall economic growth during the last two outgoing years. Motor Spirit (MS) and High Speed Diesel (HSD) accounts for more than 80% of OMCs sales. Historically, Residual Fuel Oil (RFO) was the highest consumed product, with a share of ~37% in FY17, however, the same has declined at a CAGR of around 24% from 2017 to 2021 primarily as a result of Govt.'s decision to reduce its usage as a fuel for power plants. The major consumption of the oil and petroleum products has been led by transportation (78%), power (11%), industry (7%), government (2%), households (0.3%) and then agriculture (0.1%). Pakistan's indigenous oil production meets only about one-fifth of the country's current oil needs and the rest is met through high-cost imports. In Pakistan, crude oil processing infrastructure is underdeveloped as there are only 6 refineries in operation. On average around 8.6m MT of crude oil is imported every year. In FY21, local POL production clocked at ~11.3m MT (FY20: ~9.4m MT), of which ~10m MT (FY20: 8.3m MT) were energy related POL products while the rest were non-energy products. The import of POL products during FY21 was recorded at around 14m MT vis-à-vis 11m MT, witnessing a growth of 28.7% YoY. POL import bill amounted to Rs. 822b (FY20: Rs. 745b), representing ~9.1% (FY20: 10.6%) share in total imports.

In Pakistan, OMCs operate under the Ministry of Petroleum & Natural Resources (MP&R) and OGRA. The prices of petroleum products are regulated by the aforementioned authorities so the industry faces high regulatory risk which can reflect sizably on sector margins and profitability; the prices are correlated with the price of oil in the Middle Eastern market. This correlation makes the profitability of the petroleum sector in Pakistan highly dependent on the international factors.

The latest data released by Oil Companies Advisory Council (OCAC) shows that sales across the board for Motor Spirit (MS), High Speed Diesel (HSD) and Fuel Oil (FO) have declined significantly during 1QFY23. For critical fuels, the aggregate decline in sales for the entire industry has been 23% YoY. Sales of MS cumulatively for the whole industry have declined by 21% YoY. Similarly, the sales of HSD and FO have also declined by 30% and 23%, respectively. The decline in sales volume is attributable to multiple factors including, flood impacting the transportation industry, specially in Sindh. Destruction of crops and agricultural infrastructure has mainly affected the sale of HSD. Increased rains have uplifted the demand for hydel power generation, which leads to weaker furnace oil demand as witnessed in the month of September. Going forward, the POL demand in the country is expected to remain weak due to high prices and affordability amidst ongoing political uncertainty, high inflation and economic slowdown.

Licensing requirements and storages: During the outgoing year, OGRA extended the provisional license of ZOMPL upto December 31, 2022. The company has also been granted permission by the OGRA to operate its new oil storage depot at Machikay and initiate marketing/sales in Punjab. The current cumulative storage capacity of the company stands at 30,769 MT.

Storage Capacity	**FY20**	**FY21**	**FY22**
Pattoki Depot Distt. Kasur	3,200	3,200	3,200
Machikay Depot Distt. Sheikhupura	-	-	27,569

The company incurred capex of around Rs. 1b on this additional storage capacity. This majorly included purchase of freehold land, infrastructure, firefighting and other electrical equipment. The company has financed 80% of the required funding through own sources while the rest has been met through bank borrowings. In addition, the company is also in process of expanding its geographic outreach to Sindh at Daulatpur, by adding a storage capacity of 10,000 MT. The land of 4,000 acres has already been acquired while some regulatory approvals are awaited after which the construction would take around three months. This expansion with an estimated cost of Rs. 200m, will be carried out entirely through own sources.

Previously the company had to keep its stock under hospitality arrangement with Fauji Oil Terminal (FTTL), Hascol Terminal Limited (HTL) Karachi and Be Energy Limited against which ZMOPL had to pay hospitality charges. Given the company has expanded its storage capacity, it has received hospitality charges of Rs. 70.4m (FY21: Nil) during FY22. However, the company still have to use third party storage facilities for HSD in pipelines for which the company paid charges of Rs. 59.3m (FY21: Rs. 38.5m); hospitality charges were paid at rate of Rs. 0.5/liter (FY21: Rs. 0.37/Liter). Additionally, as per the management, the company is committed to construct a storage terminal in the province of Khyber-Pakhtunkhwa (KPK). As present, ZMOPL has 83 (FY21: 55) retail outlets (which includes 12 company operated stations) and plans to expand its network to improve its market penetration, by adding 67 more outlets (including 10 company operated) by end-FY23. The company receives dealership charges from its own operated pumps. ZMOPL also has the sole marketing and distribution rights of Lotus International, a Polish brand dealing in sale of lubricants. In addition, amidst higher fuel prices, the company has developed its own product in drums, under the label of 'Zoom Oil' to cater for lower-end segment of the market, which has remained largely untapped. The product is available on the company's retail outlets.

Robust growth in revenues with sustained gross margins while net margins squeezed primarily due to the impact of forex losses: During FY22, ZMOPL posted a growth of ~2.3 times in topline to Rs. 18.4b (FY21: Rs. 7.9b) on the back of volumetric increase and average selling prices of Motor Gasoline (MOGAS) and High Speed Diesel (HSD). MOGAS constituted 76.1% (FY21: 77.9%) of the sales mix while proportion of HSD stood at 23.8% (FY21: 21.0%). Proportion of other products including High Octane Blending Component (HOBC) and Lubricant remained nominal.

Average sales tax as a proportion of gross sales was reported lower at 4% (FY21: 15%) as the Govt. has to omit the tax levy for some period due to higher fuel prices.

	FY21			FY22		
Products	**QTY (Ltr.)**	**Avg. Rate**	**Value**	**QTY (Ltr.)**	**Avg. Rate**	**Value**
MOGAS	72,250,000	85.36	6,166,899,380	107,282,000	130.65	14,016,489,580
High Speed Diesel	18,547,000	89.70	1,663,591,470	36,311,000	120.55	4,377,408,480
HOBC	698,000	102.69	71,674,560	99,000	159.21	15,761,969
Lubricant			12,465,326			19,824,821
Total Sales	**91,495,000**		**7,914,630,736**	**143,692,000**		**18,429,484,850**

The Govt. subsidized the OMCs in the form of price differential claim (PDC) to OMCs and refineries to pay for the cost of keeping the fuel prices unchanged during five days in Nov'21 and for certain intervals of days from Mar-Jun'22. ZMOPL received Rs. 868.1m in lieu of PDC, which stood at 4.7% of the net sales. The claim has been deducted from cost of sales. Therefore, the company was able to just sustain its gross margins at 4.8% (FY21: 4.7%) while gross profits were recorded higher at Rs. 875.6m (FY21: Rs. 375.5m) during FY22. Cost of goods to be sold increased in line with higher fuel cost while direct expenses increased to Rs. 100m (FY21: Rs. 68.8m) mainly due to higher hospitality charges.

The selling and distribution expenses remained largely stable during the outgoing year while operating expenses increased to Rs. 143.5m (FY21: Rs. 119.7m) mainly due to higher salaries, wages and other benefits in line with higher headcount and inflationary adjustments. Other income increased considerably to Rs. 356.3m (FY21: Rs. 60.3m) largely as a result of recording rental income of Rs. 144.0m (FY21: Nil) from letting out tanks, lorries and other freight business infrastructure, hospitality income, interest income on short-term loans to associated companies amounting Rs. 40.6m (FY21: Nil) and scrap sales of Rs. 30m (FY21: Nil). On the other hand, other expenses surged to Rs. 738.3m from Rs. 22.3m in the preceding year, as the company booked sizeable loss on foreign currency transaction and translation. During FY22, the company was able to meet only 18% of its material requirement from local refineries (FY21: 29%) while the rest was imported from Vitol Bahrain and Noir Energy Dubai, UAE. OMCs have to suffer huge forex losses due to sharp devaluation in local currency and increasing Pak Rupee and USD parity during the outgoing year. Further to this, increase in LC confirmation charges, and delay in berthing of vessels due to port congestion has resulting in demurrages, have also been burdening OMCs profitability. Finance cost increased slightly to Rs. 63.9m (FY21: Rs. 57.6m) due to higher average markup rates. During FY22, the effective tax rate also increased to 34.9% (FY21: 29.5%) given the OMCs were subjected to minimum turnover tax at rate of 0.75%. Accordingly, the company reported a meager increase in net profits to Rs. 167.6m (FY21: 146.2m) while net margins also remained very thin at 0.9% (FY21: 1.8%).

Despite some slowdown in demand witnessed in the ongoing year, the management expects some improvements in profitability indicators in view of certain government initiatives and economic factors. The ECC has approved the increase in OMCs margin by ~63% to Rs. 6/liter from Rs. 3.68/Liter on both retail fuels, i.e., MS and HSD. International oil prices are on bearish trend due to demand slowdown and FED's aggressive tightening. This has brought ex-refinery prices of MS and HSD down by 15% and 8%, respectively in Sep-22 from their peak in Jul-22. The implementation date of the revised margins has not been announced yet, however, it is expected that further reduction in crude oil prices will provide the Govt. a cushion to execute this. The Govt. has also decided to increase the dealer margin to Rs. 7/liter on both MS and HSD during July. Meanwhile, in line with commitment to the International Monetary Fund (IMF) the Govt. has recently raised the petroleum levy on petrol and HOBC to Rs50 per liter in an effort to boost revenue receipts. However, the general sales tax on the petroleum products has been kept at zero. Any further reduction in crude oil prices will provide the cushion to implement this revised OMC margins by the Govt. The turnover tax rate has also been reduced to 0.5% from previous rate of 0.75%, in the current year budget. The management is also making efforts to purchase fuel from local refineries to decrease its currency risk exposure. The expansion in retail network will also have positive impact on the company's profitability.

Cash flow position remained stressed while favorable net operating cycle reflected sales

efficiency of the company: During FY22, funds from operations (FFO) decreased to Rs. 196.5m (FY21: Rs. 277.3m) due to increase in tax payments despite slightly higher profitability. This, along with significant increase in short-term borrowings, has led to decrease in FFO to total debt to 0.09x (FY21: 0.29x). However, debt service coverage ratio has remained sizable (FY22: 2.58x; FY21: 7.98x) owing to limited financial charges paid and long-term repayments.

Stock in trade stood higher at Rs. 1.2b (FY21: Rs. 528.7m), 76% of which comprised of HSD (FY21: 28%), 21% petrol (motor spirit) (FY21: 65%) and 3% lubricants (FY21: 6%). Around 67% of the inventory, which entirely constituted HSD was held by Pak Arab Refinery Limited- pipeline. OMCs have to maintain an inventory of 20 days as per OGRA requirement, however, given hike in cost associated with holding inventories and forex losses, the requirement for small and emerging companies has been slightly relaxed. Trade debts stood lower at Rs. 442.4m (FY21: Rs. 967.7m; FY20: Rs. 359m), out of which Rs. 127.5m (FY21: Rs. 379.65m; FY20: Rs. 96.4m) were due from related parties, Mehar Gas Station and Mehar Petroleum. Aging profile is satisfactory as 96% of receivables (Rs. 437m) were due for less than 2 months, around 3.6% (Rs. 16m) were past due one year. The receivables are usually cleared after 35 days on average from both, related, and outside parties. Advances, deposits, prepayment and other receivables increased notably to Rs. 2.0b (FY21: Rs. 470.8m) on account of bank margin against letter of credit amounting Rs. 1.6b (FY21: Rs. 290.2m). Other receivables of Rs. 39.4m (FY21: Nil) pertained to outstanding amount of reimbursement of PDC received by the company. Amount due from related party stood higher at Rs. 1.3b (FY21: Rs. 514.3m; FY20: Rs. 100.8m); more than 90% of which were due from Zoom Petroleum (Pvt.) Ltd.

Trade and payables stood higher at Rs. 3.5b (FY21: Rs. 2.2b) due to import bills payables amounting Rs. 2.3b (FY21: Rs. 1.7b) and trade creditors amounting Rs. 821.5m (FY21: 321.9m). The current ratio and short-term borrowing coverage via stock in trade and trade debts, were reported slightly lower than 1. Net operating cycle, on the other hand, has remained very low and even negative owing to higher days of trade payables outstanding and manageable inventory and receivable turnover.

Leverage indicators remained high despite augmentation in equity due to fresh capital injection during the last two years and profit retention: The core equity enhanced to Rs. 1.1b (FY21: 779.0m) on the back of new share capital issued amounting Rs. 123.2m (FY21: Rs. 422.8m) and internal capital generation. However, gearing and debt leverage increased to 1.98x (FY21: 1.21x) and 5.52x (FY21: 4.17x), respectively, majorly as a result of higher trade and other payables and short-term borrowings.

The borrowing needs of the OMCs arises from working capital financing, for which the sector relies heavily on short-term borrowings. Short-term borrowings of ZMOPL were reported notably higher at Rs. 1.8b (FY21: Rs. 509.8m) at end-FY22. Out of the aggregate facilities of Rs. 4.4b (FY21: Rs. 2.7b) available to the company, an amount of Rs. 1.1b (FY21: Rs. 221.4m) remained unutilized at the year-end. These financing facilities carried markup at the effective rates ranging from 9.45% to 17.02% (FY21: 8.89% to 10.14%). During FY22, the company availed foreign currency import finance to meet its foreign currency payment requirements for LCs. This facility for imports can be allowed only from the date of actual execution of import payments in foreign currency by creating a foreign currency loan against the importer. The import finance arrangement carried markup at the effective rates ranging from 2.00% to 4.5% per annum during the year. The outstanding amount of this facility at year end stood at Rs. 1.06b at end-FY22. Long-term financing including current portion stood at Rs. 367.5m (FY21: Rs. 431.6m). These comprised long term financing facility of Rs. 180m (FY21: Rs. 200m) obtained for expansion of oil storage depot. The loan is repayable in ten equal half-yearly installments starting after grace period of six months and priced at 6M KIBOR plus 2% per annum. The rest included long-term lease liabilities that have been obtained for purchase of vehicles and other freight infrastructure. Going forward, the company does not intend to mobilize any additional long-term borrowing in the medium term, as per management. The sponsors may inject additional equity as well, when needed. Therefore, capitalization indicators are expected to improve in line with positive changes in the industry dynamics and growth in equity base.

Zoom Marketing Oils (Pvt.) Limited (in million Rs.)			Annexure I
BALANCE SHEET	**FY20**	**FY21**	**FY22**
Property, Plant and Equipment	974	1,334	1,698
Stock-in-Trade	248	529	1,244
Trade Debts	359	968	442
Advances, payments and other receivables	213	471	2,044
Due from Related Party	101	514	1,303
Cash & Bank Balances	7	16	6
Other Assets	207	192	242
Total Assets	**2,109**	**4,024**	**6,978**
Trade and Other Payables	366	2,180	3,547
Due to Related Parties, Directors & their Associate	695	50	65
Short Term Borrowings	573	510	1,754
Long Term Borrowings (Inc. current maturity)	215	432	367
Total Debt	788	941	2,121
Total Liabilities	**1,899**	**3,245**	**5,908**
Paid-Up Capital	**454**	**877**	**1,000**
Tier 1/Total Equity	**210**	**779**	**1,070**
INCOME STATEMENT	**FY20**	**FY21**	**FY22**
Net Sales	5,241	7,914	18,412
Gross Profit	52	376	876
Operating Profit	(68)	227	704
Other Expenses	13	22	738
Other Income	26	60	356
Finance Cost	73	58	64
Profit/(Loss) Before Tax	(128)	207	258
Profit/(Loss) After Tax	(92)	146	168
FFO	(54)	277	197
RATIO ANALYSIS	**FY20**	**FY21**	**FY22**
Gross Margin (%)	1.0	4.7	4.8
Net Margin (%)	-	1.8	0.9
Current Ratio (x)	0.55	0.87	0.90
FFO to Long-Term Debt (x)	-	0.64	0.53
FFO to Total Debt (x)	-	0.29	0.09
Debt Service Coverage Ratio (x)	-	7.98	2.58
ROAA (%)	-	4.8	3.0
ROAE (%)	-	29.6	18.1
Gearing (x)	3.75	1.21	1.98
Debt Leverage (x)	9.04	4.17	5.52
Stock+ Trade debts/ Short-term Borrowings (x)	1.06	2.94	0.96
Net Operating Cycle (Days)	1	(7)	(1)

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	Appendix III
Name of Rated Entity	Zoom Marketing Oils (Pvt.) Limited (ZMOPL)
Sector	OMC
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		
12-12-2022	BBB-	A-3	Stable	Reaffirmed
03-06-2021	BBB-	A-3	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. Sheharyar Arshad	CEO	14-Nov-2022
2.	Mr. Irfan Hussain	COO	14-Nov-2022
3.	Mr. Numan Sattar	GM Finance	14-Nov-2022