# RATING REPORT

# The Organic Meat Company Limited (TOMCL)

**REPORT DATE:**
December 15, 2022

**RATING ANALYSTS:**
Maham Qasim
*maham.qasim@vis.com.pk*

| RATING DETAILS | | | | |
|---|---|---|---|---|
| | Latest Rating | | Previous Rating | |
| Rating Category | Long-term | Short-term | Long-term | Short-term |
| **Entity** | A- | A-2 | A- | A-2 |
| ***Rating Date*** | *December 15, 2022* | | *December 07, 2021* | |
| **Rating Outlook** | Positive | | Stable | |
| ***Rating Action*** | Maintained | | Initial | |

| COMPANY INFORMATION | |
|---|---|
| **Incorporated in 2010** | **External Auditors:** Grant Thornton Anjum Rahman Chartered Accountants |
| **Public Limited Company (Listed on PSX)** | **Chairman:** Mr. Nihal Cassim |
| **Key Shareholders (with stake 5% or more):** | **Chief Executive Officer:** Mr. Faisal Hussain |
| Mr. Faisal Hussain – 45.54%<br>Mr. Ali Hussain – 9.50% | |

| APPLICABLE METHODOLOGY(IES) |
|---|
| **VIS Entity Rating Criteria: Corporate Rating Methodology (August 2021)**<br>https://docs.vis.com.pk/docs/CorporateMethodology202108.pdf |

# The Organic Meat Company Limited

## RATING RATIONALE

The ratings assigned to The Organic Meat Company Limited (TOMCL) take into account its market positioning as the major player in the meat export market, having the largest capacity from slaughtering to packaging, highest halal meat exports receipts, only offal processor in the formal meat sector, largest fattening farm integrated operations and access to 16 export jurisdictions. The business risk profile of the company incorporates the price variations prevalent in the food and allied segment due to seasonal impacts in the local market coupled with high geographical concentration with UAE constituting around three-fourths of the revenue receipts. The ratings take comfort from company's business model being leaner than peers leading to rationalization of operating expenses and majority of exports carried out through sea route to gulf countries, which provides an added advantage in terms of freight charges compared to peers who use air cargo facility. The positive outlook is assigned on account of ongoing equity injection proposal of 30% from a prominent Saudi organization expected to materialize during the ongoing year followed by several initiatives undertaken by the company to improve market penetration, new product line development with introduction of pet food and product line extension with aim to export cooked meat products to the Chinese market.

Assessment of financial risk profile encapsulates revenue growth in the outgoing year and onwards with subsequent translation of the same into profitability metrics. In line with higher scale of operations, liquidity position improved and is considered strong on account of sufficient cash flow generation in terms of outstanding liabilities. Further, the ratings factor in conservative capital structure with limited reliance on borrowings. The subsequent increase in borrowings to fund capital expenditure and increasing working capital requirements during the review period was offset by sizable growth in equity base in the ongoing year, remaining on a lower side in comparison to industry averages. In addition, as TOMCL primarily caters to exports, sizable portion of funding is obtained under SBP's concessionary schemes involving lower markup than commercial debt; the same translates into an improved bottom line of the company. The company plans to increase utilization of short-term financing going forward mainly for increased working capital requirements, albeit remaining conservative. Ratings also take into account the Corporate Governance framework of the entity, which is reflective of Company's operational status as a listed company on the Pakistan Stock Exchange (PSX). The ratings remain dependent on maintenance of margins, realization of projected targets, incremental cash flow generation from recent capital expenditure and maintenance of leverage indicators.

TOMCL was founded in 2010 as a private limited company in Karachi. The Company is Pakistan's leading processor and exporter of Red Meat and Edible Offal. The major integrated facility of TOMCL is located at Gadap Town, Karachi and an additional pet food facility has been established in Korangi Industrial Area, Karachi. The Company was listed on Pakistan Stock Exchange (PSX) in August 2020.

## OVERVIEW OF THE INSTITUTION

The Organic Meat Company Limited (TOMCL) began as a private limited company in 2010. The registered office of the company is situated at Plot No. 257, Sector 24, Korangi Industrial Area, Karachi.

**Profile of Chairman**

Mr. Nihal is an MBA from McGill University. He is currently a director on the Boards of International Steels Limited, The Organic Meat Company Limited, Uniquity Trading Limited, National Institutional Facilitation Technologies (Pvt) Limited (NIFT) and its subsidiary ISM (Pvt) Limited. He has served on the Board of Pakistan Oilfields Limited, Ferozsons Laboratories Limited and Mutual Funds Association of Pakistan (MUFAP).

**Profile of CEO**

Mr. Faisal Hussain is an MBA from IBA and also holds a Master of Finance Degree from Cardiff Business School, UK. He has over 21 years working experience in sheep casings (meat offal processing) industry and 11 years of experience in the meat processing industry.

**Sector Brief:**

Global Overview

World meat production increased by 5% in 2021 to an estimated 339 million MT, led by a large 34% increase in pig meat production in China following two years of precipitous decline induced by an outbreak of African Swine Fever. Supplies of poultry, bovine and sheep meat rose only marginally as high feed prices reduced profitability. Beef production was recorded at 76.5 million MT in 2021 and is expected to remain at 76 million MT by 2023 as consumers continue to shift preferences to poultry meat. Bovine meat output in some countries was restrained by a variety of factors such as COVID–19 related disruptions, labour shortages, the on-going shrinkage of the dairy herd in the European Union, and the implementation of an export tax in Argentina. On the other hand, beef output increased by 12% in India as slaughter numbers increased following the gradual reopening from the COVID-19 pandemic lockdown and in response to improving demand from overseas markets in the Middle East and Southeast Asia. World meat imports in 2021 are estimated to have reached 40 million MT, led by poultry imports. Leading meat exporters – including Brazil, the European Union and the United States – supplied much of this higher import demand. On the other hand, top importers include Japan, USA and China.

The global per capita meat consumption is recorded at 34.1Kg/ annum during 2021, which is expected to slightly increase to 34.8 Kg/ annum by end-FY31; however, with the increase in global population, consumption of meat will rise steadily. Out of the per capital consumption, 19% constitutes of beef, 44% of poultry, 33 % of pork and remaining 5% of sheep. International meat prices trended upwards in 2021, reflecting higher demand from economic recovery and higher marketing and transport costs. However, meat to feed price ratios fell significantly, putting pressure on sectoral profitability in intensive feed-grain livestock operations; the same can result in markets to tighten further inducing higher prices.

Pakistan's Industry

Pakistan produced roughly around 4.8 million MT's of meat in 2021, having an approximate market share of around 1.6 % in the global meat production. Out of it, only 95,991 tons or around 2% of the total production could be exported, mainly to Gulf Cooperation Council states and some Far East countries. The sector is growing at an annual healthy pace of 4% against a 2.7% increase in population, leaving a substantial margin for export. The local meat production is set to reach 5.5 MT by 2026, growing at a CAGR of 2.4%. Further, exports of Pakistan's meat and edible offal increased to USD $340.0m in 2021 as opposed to USD $310m in FY20.

## Key Rating Drivers

### Increasing Profitability Profile Supported by Product Price and Devaluation of Local Currency:

The net revenue was recorded higher by 19% at Rs. 4.7b (FY21: Rs. 3.9b) during FY22 largely contributed by average 13% increase in product price in PKR terms coupled with devaluation benefit of 11% as volumetric sales contributed to a decline of 5%. TOMCL exported 6,266 MT of fresh chilled meat, frozen meat and frozen offal during FY22 as opposed to (FY21: 5, 943 MT) the preceding year. Volumetric exports of fresh chilled meat increased meat grew by 55% while those of frozen meat reduced by 78% with total meat exports exhibiting slight increase of 2%; the contrasting growth trends were primarily on account of cannibalization of one product line by the other. The sales of frozen offals declined by 37% given the far eastern markets were affected by extended covid related closures. Moreover, export of meat products and offals constituted 88% and 8% of the total sales revenue respectively for the outgoing year. Local sales were on account of animal hides' sales and qurbani services extended to the domestic market. The cost of sales increased to Rs. 646/kg (FY21: Rs. 498/kg) in line with higher procurement costs along with increased depreciation charges given capitalization of fixed assets. Subsequently, with around 91% of the cost linked to procurement of meat and offals coupled with sizable reduction in offals sales, entailing highest gross margin, GP margin of the company dipped to 13.1% (FY21: 16.5%) during FY22.

The administrative expenses stood higher at Rs. 86.0m (FY21: Rs. 59.1m) mainly as a result of general inflation and hiring of key resources relating to animal fattening farm and the Korangi pet food facility. Moreover, the selling expenses also increased to Rs. 292.8m (FY21: Rs. 161.6m) majorly due to rising freight rates on account of global container shortages and rupee devaluation. The other income increased significantly to Rs. 344.8m (FY21: Rs. 13.6m) in line with sizable foreign exchange gain recorded amounting to Rs. 347.5m (FY21: Rs. 28.2m) during FY22. In line with increased quantum of total borrowings at end-FY22 along with higher market interest rates, the financial charges on borrowings increased to Rs. 69.0m (FY21: Rs. 49.1m) during FY22, however, overall, the financial expenses decreased to 88.4m (FY21: Rs. 89.4m) owing to lower provisioning on export rebate receivable as per IFRS. As a result of positive trajectory of revenues and curtailment of financial expense, TOMCL reported higher profit of Rs. 411.4m (FY21: Rs. 303.4m) during FY22.

TOMCL's sales were recorded higher by 6.6% to Rs. 1.1b (1QFY22: Rs. 1.07b) pertaining to sale of 1,302 MT of chilled meat, frozen meat and frozen offal during 1QFY23. The net reductions in volume are due to reduced chilled product sales in the current financial period. The company however managed to grow volumes in the frozen meat category by around 55%. During the ongoing year, TOMCL has started exports of private labeled frozen meat products to the Saudi Arabian market; the market is expected to maintain its sustainability going forward. The UAE market remained the largest market with about 72.6% of volumetric sales. Going forward, the management projects to close FY23 with a gross revenue of Rs. 6.6b with increased contribution from offal segment in line with re-opening of Chinese market, new aforementioned product line extension and higher retail prices of the entire product mix. As per the management, the export-oriented meat sector is relatively seasonal in nature with sales picking up from November onwards therefore the first quarter results are not the true reflection of full year results. The margins improved slightly to 14.5% owing to increased offal sales. Operating expenses increased to Rs. 96.1m (1QFY22: Rs. 75.7m) during 1QFY23 in line with rising freight rates on account of global container shortages and rupee devaluation against dollar which also lead to higher freight cost. Moreover, the increase is also attributable towards change in shipment terms with some of the customers, wherein TOMCL has started to bear the freight expense as part of the increased market penetration strategy. The significant change in other income amounting to Rs. 90.3m during 1QFY23 as opposed to nominal Rs. 3.9m in the corresponding period last year was attributable to exchange gains (both realized and unrealized) on realizations of export proceeds. Subsequently, the company reported higher bottom line of Rs. 111.7m (1QFY22: Rs. 83.8m) during 1QFY23.

**Improvement in the Liquidity Profile Witnessed**

TOMCL's liquidity profile has improved in line with the enhanced profitability metrics; the company generated higher adjusted funds from operations (FFO) in FY22 and onwards to the tune of Rs. 135.7m (FY22: Rs. 490.3m; FY21: Rs. 436.8m) during 1QFY23. Resultantly, the annualized FFO-to-total debt increased on a timeline to 0.61x (FY22: 0.64x; FY21: 0.59x) by end-1QFY23. Prior to FY22, the company had limited reliance on long-term funding, therefore in line with procurement of long-term debt to fund the ongoing capacity enhancements, FFO to long-term debt and debt service coverage was reported lower on a timeline basis at 4.84x (FY22: 4.28x; FY21: 11.5x) and 4.01x (FY22: 5.97x; FY21: 5.17x) at end-1QFY23; despite the decline both the indicators are significantly sound exhibiting that the company is comfortably placed in meeting the liquidity obligations falling due in the short-term. Maintenance of liquidity indicators going forward is considered important from a ratings perspective. Despite increase in scale of operations the inventory levels have remained range bound and easily manageable. On the other hand, trade debts have increased in line with business expansion to Rs. 1.6b (FY22: Rs. 1.6b; FY21: Rs. 912.0m) by end-1QFY23. In comparison to aging of receivables at end-FY21, TOMCL had no receivable falling due in over a year; however, around 2.4% (FY21: 3.1%) of the export receivables were categorized under the over four months and beyond bracket at end-FY22. Moreover, stemming from increase in receivables the cash conversion cycle was also recorded higher at 135 days (FY22: 112 days; FY21: 96 days) at end-1QFY23; however, this is the maximum it can be as the company is into a cash extensive business. Furthermore, with no significant increase in payables or short-term borrowings evidenced during the review period, current ratio and short-term borrowing coverage via inventory and receivables both improved on a timeline.

**Proposed International Investment and Other Capex Initiatives:**

*International equity investment:*
An international joint stock company has conveyed an interest in acquiring up to 30% shareholding of TOMCL. The interested party has appointed Pricewaterhouse Coopers to conduct a fast-track due diligence of the company. The proposed investment is currently in the discussion phase and no binding agreements have been agreed. TOMCL is expected to be handed over the final term sheet and letter of intent by mid-Dec'22. The proposed investment will be subject to agreement on the commercial terms and conditions and obtaining all applicable internal and external approvals. Furthermore, the capital raised from the aforementioned equity injection is partially projected to be used for capacity enhancement of the fattening farm. In addition, the remaining proceeds will be used in lowering the gearing levels.

*Chilling unit expansion:*
Further, apart from the fattening farm expansion, the company also plans on increasing the existing capacity of chilling unit by around 50%, the capex planned to be incurred solely from internal sources is projected around Rs. 700-800m. The expansion of chilling unit is deemed critical for improving the capital utilization of slaughtering line as the same presently is the limiting factor.

*Korangi project for enhancing offal processing capacity:*
Out of Rs. 800.0m capital injection made in FY21, TOMCL incurred Rs. 178m on Korangi Project which include the developmental expenditure and procurement of machinery and equipment for pet food processing. The legal aspects are still being pursued to finalize the deal of a built-in project in KEPZA; the project is expected to be concluded by end-June'23. The major chunk of IPO funds amounting to Rs. 455m were invested in working capital including for the export of fresh chilled meat, frozen meat and fresh & frozen white and red offal. Moreover, excess proceeds were utilized on IPO expenses and developmental work on fattening farm.

*Value-addition line, cooked meat project:*
TOMCL has signed an agency in China for marketing and sale of some of its cooked products; the line would include of packaged and branded products the samples of which have already been sent. The project has faced some delays on account of frequent travel restrictions imposed amid covid-19 pandemic. The capex amounting to around Rs. 20.0m was carried out from own sources. The installation of machinery is projected to be completed by end-Dec'22 with the business line extension expected to come online by 3QFY23. In addition, as per the management the GP margin in offals and processed food is much higher than export of frozen and chilled meat.

**Conservative Capital Structure Maintained**

The equity base of TOMCL augmented to Rs. 2.9b (FY22: Rs.2.8b; FY21: Rs. 2.3b) by end-1QFY23 on account of continuous internal capital generation. Moreover, the paid-up capital was recorded higher at 1.2b (FY22: 1.2b; FY21: 1.1b) during the review period in line with issuance of bonus at 10% amounting to Rs. 111.8m during FY22. The company's capital structure is largely tilted towards equity, standing at 24:76 (Debt: Equity) as of end-1QFY23. The loan from related part has been taken as debt, as it's classified in current liabilities and is repayable on lender's demand. However, it is pertinent to mention that this borrowing is interest-free and has remained vested in the company for more than 3 years. Subsequently, if the same is incorporated as equity, the capital structure further improves to 23:77. On the flip side, the long-term borrowings in absolute terms have increased on a timeline during the review period to fund the ongoing expansion projects. Around 37% of the long-term funding is procured under SBP concessionary TERF scheme locked in at SBP prescribed base rate of 1% plus spread of 4%; the same has a positive impact on the financial expense borne by the company. The commercial short-term funding has only increased nominally to Rs. 645.0m (FY22: 644.8m; FY21: Rs.564.0m) by end-1QFY23. Although, the quantum of borrowings has increased during the review period; gearing and leverage indicators improved on a timeline to 0.31x (FY22: 0.33x; FY21: 0.33x) and 0.37x (FY22: 0.41x; FY21: 0.40x) by end-1QFY23 on account of equity expansion. Going forward, management has no plans of obtaining incremental debt in the medium term; moreover, with international equity injection in the pipeline and profit retention strategy adopted for the short-term, the leverage indicators are expected to improve sizably in the ongoing year.

**Corporate Governance Framework is reflective of Company's operational status as a Listed Entity**

The company has an experienced and qualified management team with the function wise organizational hierarchy in place. Board members consist of two executive and five independent directors including female representation. The roles of chairman and chief executive are different with each being clearly defined. In addition, the audit, IT and HR committees are chaired by independent directors. All directors have obtained certification under directors' certification training program.

## The Organic Meat Company Limited — Appendix I

| Financial Statement (*Amount in Million)* | | | | | |
|---|---|---|---|---|---|
| **BALANCE SHEET** | **FY19** | **FY20** | **FY21** | **FY22** | **1QFY23** |
| **Property, Plant & Equipment** | 1,245 | 1,420 | 1,827 | 1,859 | 1,826 |
| **Stock in Trade** | 201 | 239 | 188 | 117 | 179 |
| **Trade Debts** | 824 | 702 | 912 | 1,598 | 1,613 |
| **Cash & Bank Balances** | 5 | 7 | 125 | 142 | 123 |
| **Total Assets** | **2,569** | **2,731** | **3,643** | **4,268** | **4,316** |
| **Trade and Other Payables** | 139 | 76 | 89 | 150 | 119 |
| **Short Term Borrowings** | 719 | 513 | 568 | 645 | 645 |
| **Short Term Borrowings from Related Parties** | 0 | 146 | 134 | 134 | 134 |
| **Long-Term Borrowings *(Inc. current matur)*** | 52 | 12 | 38 | 115 | 112 |
| **Total Borrowings** | 770 | 672 | 740 | 893 | 891 |
| **Total Liabilities** | **947** | **843** | **900** | **1,113** | **1,049** |
| **Issued, Subs, and Paid-Up Capital** | 718 | 718 | 1,118 | 1,230 | 1,230 |
| **Equity (Exc. Reval. Surplus on PPE)** | **1,028** | **1,349** | **2,270** | **2,745** | **2,873** |
| | | | | | |
| **INCOME STATEMENT** | **FY19** | **FY20** | **FY21** | **FY22** | **1QFY23** |
| **Net Sales** | 2,578 | 3,384 | 3,928 | 4,658 | 1,140 |
| **Gross Profit** | 408 | 622 | 650 | 610 | 165 |
| **Operating Profit** | 336 | 374 | 430 | 544 | 159 |
| **Profit Before Tax** | 265 | 283 | 340 | 455 | 124 |
| **Profit After Tax** | 218 | 266 | 303 | 411 | 112 |
| | | | | | |
| **RATIO ANALYSIS** | **FY19** | **FY20** | **FY21** | **FY22** | **1QFY23** |
| **Gross Margin (%)** | 15.8% | 18.4% | 16.5% | 13.1% | 14.5% |
| **Net Margin (%)** | 8.5% | 7.9% | 7.7% | 8.8% | 9.8% |
| **FFO** | 455 | 431 | 437 | 490 | 136 |
| **FFO to Long-Term Debt*** | 8.84 | 34.75 | 11.46 | 4.28 | 4.84 |
| **FFO to Total Debt*** | 0.59 | 0.64 | 0.59 | 0.64 | 0.61 |
| **Debt Servicing Coverage Ratio (x)** | 4.08 | 3.79 | 5.17 | 5.97 | 4.01 |
| **ROAA (%)*** | 8.9% | 10.1% | 9.5% | 10.4% | 10.4% |
| **ROAE (%)*** | 24.2% | 22.4% | 16.8% | 16.4% | 15.9% |
| **Gearing (x)** | 0.75 | 0.50 | 0.33 | 0.33 | 0.31 |
| **Debt Leverage (x)** | 0.92 | 0.63 | 0.40 | 0.41 | 0.37 |
| **Current Ratio** | 1.42 | 1.55 | 2.09 | 2.34 | 2.58 |
| **Inventory + Receivables/Short-term Borrowings** | 1.43 | 1.43 | 1.57 | 2.20 | 2.30 |
| **Cash Conversion Cycle (days)** | 127 | 97 | 96 | 112 | 135 |

**Annualized*

# ISSUE/ISSUER RATING SCALE & DEFINITIONS 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** | The Organic Meat Company Limited |
| **Sector** | Food |
| **Type of Relationship** | Solicited |
| **Purpose of Rating** | Entity Rating |
| **Rating History** | see table below |
| **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. Copyright 2022 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS. |
| **Due Diligence Meetings Conducted** | see table below |

**Rating History**

| Rating Date | Medium to Long Term | Short Term | Rating Outlook | Rating Action |
|---|---|---|---|---|
| RATING TYPE: ENTITY | | | | |
| 15-12-2022 | A- | A-2 | Positive | Maintained |
| 12-07-2021 | A- | A-2 | Stable | Initial |

**Due Diligence Meetings Conducted**

| Name | Designation | Date |
|---|---|---|
| Mr. Faisal Hussain | CEO | November 16, 2022 |