RATING REPORT

Kamal Textile Mill (Pvt.) Limited

REPORT DATE:
April 25, 2022

RATING ANALYSTS:

Tayyaba Ijaz, CFA
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RATING DETAILS		
Rating Category	**Initial Rating**	
	Long-term	**Short-term**
Entity	A-	A-2
Rating Outlook	*Stable*	
Rating Action	Initial	
Rating Date	*April 25, 2022*	

COMPANY INFORMATION	
Incorporated in 2011	**External auditors:** RSM Avais Hyder Liaquat Nauman Chartered Accountants.
Private Limited Company	**CEO:** Mr. Abid Kamal
Key Shareholders (with stake 5% or more):	
Mr. Abid Kamal – 92%	
Ms. Mehreen Abid – 8%	

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

Kamal Textile Mills (Pvt.) Limited

OVERVIEW OF THE INSTITUTION

Kamal Textile Mills (Pvt.) Limited was incorporated as private limited company on January 12, 2011 under the (repealed) Companies Ordinance 1984(now Companies Act, 2017). The company is principally engaged in manufacturing and export of all kind of fabrics, garments and textile made ups. Registered office and mills of the company are situated at 3.5 Km Jaranwala Road, Khurianwala, Faisalabad, Punjab.

Profile of CEO

Mr. Abid Kamal has experience of around 13 years in the textile industry. He has done Masters in Business Administration from University of the Punjab. He is also a trustee and member of Faisalabad Development Trust and Young Entrepreneurs Organization.

Financial Snapshot

Tier-1 Equity: *end-FY21: Rs. 4.3b; end-FY20: Rs. 3.6b; end-FY19: Rs. 2.9b.*

Assets: *end-FY21: Rs. 10.2b; end-FY20: Rs. 5.8b; end-FY19: Rs. 4.3b.*

Profit After Tax: *FY21: Rs. 721.4m; FY20: Rs. 662.5m; FY19: Rs. 531.1m.*

RATING RATIONALE

Kamal Textile Mills (Pvt.) Limited (KTML) is an export-oriented textile unit primarily involved in production and sale of madeups, garments and processed fabrics. Ratings derive strength from robust growth in topline in the outgoing year largely emanating from higher volumetric sales while gross margins decreased due to largely stagnant average selling prices amidst highly competitive export market, and increase in cost of sales. Liquidity is considered adequate in terms of cash flow coverages. Net operating cycle has remained manageable over time relative to industry median. Leverage indicators increased notably due to uptick in borrowings, though remained at somewhat comfortable level. Equity base has been strengthened on a timeline basis on the back of profit retention and interest free loan from sponsors, that is payable at discretion of the company.

The company is in process of implementing an expansion plan entailing vertical integration of its apparel division. The company started its garments stitching unit in the last quarter of FY20 and has subsequently added knitting and dyeing operations in the ongoing year. The in-house integrated garments facility will give the company a competitive advantage of complete control over the quality and production process. The management has also embarked upon capex related to fabric processing for its apparel division which is expected to be come online by end-FY23. Going forward, garments sale is expected to be a major revenue driver. Positive outlook of the textile sector on the back of higher demand in export markets, coupled with additional support to the industry on the regulatory front bodes well for KTML. Further, the overall business risk profile of the textile industry is supported by stable and growing demand as US-China Trade disruption enhance sales given major buyers continue to diversify procurement. Meanwhile, ratings would remain sensitive to maintenance of liquidity and capitalization indicators at comfortable levels while achieving projected growth in sales and profitability. In addition, maintaining profit margins amidst rising cost of sales and operating costs would be considered imperative.

Key Rating Drivers

Shareholding entirely vested with the sponsoring family with adequate experience in textile sector: Mr. Abid Kamal holds majority of the shareholding of the company (92%) while the rest is held by his wife Ms. Mehreen Abid. Mr. Abid Kamal is also a managing partner and majority shareholder (80%) of AAA Developers and (80%) of B Fit Fitness Studio, an association of persons (AOPS), under which umbrella there is a shopping mall in Faisalabad namely Boulevard Shopping Mall. Ms. Mehreen Abid is a director at KTML and also manages AAA developers and B-Fit Fitness studio in Faisalabad. B Fit Fitness Studio is a state of the art gym facility and also operates various restaurants including oriental and national cuisine. KTML is a part of 'Kamal Group' which has a history of more than six decades in textile industry of Pakistan. The group started operations from a spinning unit, Kamal Spinning Mills (KSM), founded by Mr. Kamal Yousaf in 1954 and it was developed into a vertical textile unit by late 1990s. Over the years, KSML was split into Kamal Limited (KML), KTML, Kamal Hosiery Mills (Pvt.) Limited (KHML), and Kamal Fabrics (Pvt.) Limited (KFL).

Business model: KTML's operations are divided into two business divisions, textile madeups division and garments/apparel division. The textile madeups facility has installed processing capacity of 72.5m meters (FY20 & 19: 72.5m meters). These processing facilities comprises bleaching, dyeing & printing, and engraving & design studio. Stitching division for made ups has an installed capacity of 37.7m meters (FY20 & FY19: 37.7m meters). During FY21, capacity utilization of both processing and stitching units of madeups increased to 62% (FY20: 51%; FY19: 50%) and 56% (FY20: 37%; FY19: Nil), respectively. Product mix of made ups division comprises home textile products including, dyed and printed fabric, bedsheets, duvet covers, pillows, curtains and kitchen textile. The company started garments stitching operations in FY20 while fabric dyeing for garments came online recently. Stitching unit for garments/apparel division has an installed production capacity of 5.19m meters (FY20: 5.19m meters; FY19: Nil) and the capacity utilization was 12% (FY20 &FY19: Nil) in FY21. Product mix of garments/apparel division entails jackets, sweat shirts, polo shirts, tee shirts, trousers and shorts.

In an effort to expand and integrate operations, the company is executing capex plan for garments division. In the first phase of the said plan, the company installed five dyeing machines for capital expenditure of Rs. 516m during FY21, that has started commercial operations in August, 2021. The said dyeing unit has a production capacity of 3.02m Kgs per annum. In the second phase, the management added a garments knitting unit comprising seven lines of 35 knitting machines, out of which 18 machines were installed by Sep'21 and started operations by end-Dec'21. Meanwhile, installation of 17 knitting machines is in progress; total expenditure on the knitting unit is Rs. 105m. Around 90% of the expenditure on these projects has been funded through bank borrowings while installation and local cost has been met through own sources. In the third phase, the management intends to add fabric spreading machine, stenter, knitted fabric plant, bleaching plant, Reggiani rotary machines, garments printing machines and an onsite generator for power backup of apparel division; this is expected to be completed and come online by end-FY23. Estimated capex for the above mentioned is Rs. 750m for which funding facilities of LTFF at markup rate of 4% have been mobilized while costs related to installation and other local components of about Rs. 75m will be met through own sources. The company intends to establish a weaving unit of 120 air jet looms after consolidating the ongoing capex. For the purpose, the company has applied for allotment of land in the special economic zone of Faisalabad.

The company is self-sufficient for its in-house power requirements for which KTML has installed 6 gas fired power generators having a capacity 6.75 MW along with 4.2 MW approved load from Faisalabad Electricity Supply Company (FESCO). In addition, the company has an industrial gas connection of 1.68 MMCFD for processing of printed fabric and dying of knitted garments and captive power connection of 0.84 MMCFD.

Property, plant and equipment stood higher at Rs. 1.4b (FY20: Rs. 677.0m; FY19: Rs. 571.3m) by end-FY21 due to additions of Rs. 594.5m largely related to dyeing machines and expenditure of Rs. 179.6m related to building on freehold land. PP&E increased to Rs. 1.6b by end-1HFY22 and the increase was manifested in machinery of Rs. 137.9m mainly related to knitting machines while Rs. 117.2m related to civil work on building.

Robust growth in topline in FY21 and in the ongoing year: KTML sales have grown at a CAGR of 25% over the last three years. Net sales increased to Rs. 10.6b (FY20: Rs. 6.8b; FY19: Rs. 5.5b) in FY21 mainly on the back of higher volumes while average selling price remained largely unchanged. Exports comprised around 95% of the topline over the years. Madeups contributed 61% (FY20: 63%; FY19: 61%) to the net sales, followed by fabric sales comprising 26% (FY20: 28%; FY19: 33%) and garments sales comprising 8% (FY20: 2%; FY19: Nil). Proportion of local sales of left-over, cloths and processing receipts remained at 5% (FY20: 7%; FY19: 6%) in FY21.

KTML's sales are majorly concentrated in Europe (FY21: 80%; FY20: 78%; FY19: 72%) while the company is making efforts to expand its outreach in other regions as well. In particular, the management intends to grow sales in USA, with an aim of around 80% of the company's apparel sale to this region. For the same purpose, a designated marketing team has been appointed in FY21. Sales concentration, in terms of revenue from top ten clients accounted for around 29% (FY20: 33%; FY19: 40%) in FY21. Export sales are made through wholesalers and retailers.

Gross profit was recorded higher at Rs. 1.6b (FY20: Rs. 1.2b; FY19: Rs. 883.2m) in FY21 while the gross margins decreased to 15.6% (FY20: 17.5%; FY19: 16.2%) on account of largely stagnant average selling prices amidst highly competitive export market, and relative increase in cost of sales. Cost of sales increased to Rs. 8.9b (FY20: Rs. 5.6b; FY19: Rs. 4.6b) in FY21 largely owing to increase in raw material consumed of Rs. 5.8b (FY20: Rs. 3.3b; FY19: Rs. 3.1b). Raw material consumed also increased as a percentage of cost of goods manufactured to 65% (FY20: 59%; FY19: 67%), primarily due to increase in average selling prices of yarn (FY21: Rs. 19,077/bag; FY20: Rs. 15,656/bag; FY19: Rs. 15,862/bag) which constituted 42% (FY20: 34%; FY19: 41%) of the raw material mix. Greige fabric and ready for dyeing (RFD) fabric comprised 36% (FY20: 44%; FY19: 45%) and 22% (FY20: 21%; FY19: 13%), respectively, of the raw material. Salaries, wages and benefits increased to Rs. 937.0m (FY20: Rs. 580.6m; FY19: Rs. 420.8m) in FY21 owing to inflationary adjustments and increase in average headcount. All other main cost components including dyes and chemicals, packing material and stores and spares also increased in line with scale of operations and inflationary pressure. Whereas fuel cost increased slightly due to subsidized power tariff for export-oriented industries. Distribution cost was recorded higher at Rs. 495.4m (FY20: Rs. 310.6m; FY19: Rs. 228.2m) mainly due to higher freight charges. Administrative expenses amounted to Rs. 111.4m (FY20: Rs. 95.6m; FY19: Rs. 80.4m). Finance cost increased to Rs. 83.9m (FY20: Rs. 28.9m; FY19: Rs. 16.3m) in line with higher average borrowings. Accounting for taxation, the company reported higher net profit of Rs. 721.4m (FY20: Rs. 662.5m; FY19: Rs. 531.1m) in FY21. However, net margins decreased to 6.8% (FY20: 9.7%; FY19: 9.7%) mainly on account of lower gross margins and higher effective tax rate of 21% (FY20: 9%; FY18: 4%) due to prior year tax adjustments and increase in finance charges.

During 1HFY22, the company generated net sales of Rs. 6.7b with gross margins of 16.8%. Distribution cost was recorded at Rs. 495.4m; as a percentage of net sales it increased to 6.7% (FY21: 4.7%; FY20: 4.6%; FY19: 4.2%) due to increase in freight charges. The company is pursuing Freight on Board (FOB) terms and make agreements with foreign clients to share freight cost in case it exceeds certain limit. The management projects net sales of Rs. 14.2b in the ongoing year. The growth in revenue is expected to be mainly driven by garments sales while its contribution in the sales mix is expected to increase to 25% from 8% in FY21. Topline is projected to grow at a CAGR of 23% over the next three years on the back of enhanced operations and marketing efforts.

Adequate liquidity in terms of cash flow coverages: Funds from operations (FFO) increased to Rs. 914.3m (FY20: Rs. 781.9m; FY19: Rs. 556.8m) in FY21 in line with higher profitability. However, FFO to total debt and FFO to long-term debt decreased to 0.22x (FY20: 0.84x; FY19: 0.81x) and 1.64x (FY20: 10.5x; FY19: 6.6x) due to uptick in borrowings amidst higher working capital requirements due to increase in the exports sales, and in progress capex. Debt service coverage remained sizeable at 8.36x (FY20: 22.0x; FY19: 35.3x).

Stock in trade increased significantly to Rs. 4.6b (FY20: Rs. 2.5b; FY19: Rs. 2.1b) by end-FY21 mainly due to higher raw material inventory of Rs. 4.0b (FY20: Rs. 1.9b; FY19: Rs. 1.5b). As the new processing capacity was initially expected to come online in April, 2021, the management purchased higher quantity of yarn in advance. Stock in trade increased further to Rs. 5.2b by end-Dec'21 due to procurement of yarn. Given the company has to go through conversion process of yarn, average days of inventory have remained at 141 days over the last three years and net operating cycle averaged out at 126 days. As per management, generally half of the yarn conversion is carried out through outside parties, one fourth through Kamal Fabrics while the remaining fabric is purchased directly from the market. Knitting requirements for apparel division are now entirely met in house. Stores and spares increased to Rs. 524.4m (FY20: Rs. 220.3m; FY19: Rs. 200.2m). The increase was due to both higher sales and advance procurement of dyes and chemicals and packing material for the new processing unit. Stores and spares stood higher at Rs. 930.5m by end-1HFY22 in line with increase in quantum of chemicals for new dyeing unit while some increase resulted from the ongoing capex. Stores and spares are projected to remain around 7% (1HFY22: 8%; FY21: 6%; FY20 & FY19: 4%) of cost of sales, going forward.

Trade receivables amounted to Rs. 1.5b (FY20: Rs. 1.1b; FY19: Rs. 501.8m) while as a percentage of net sales remained at 15% (FY20: 16%; FY19: 9%). Trade receivables increased to Rs. 2.3b by end-1HFY22. Aging shows that 77% (Rs. 1.8b) of these receivables fall due within 3 months credit bracket and 19% (Rs. 452.5m) within 3-9 months, 4% (Rs. 85.8m) more than 9 months periods. Given export sales, credit sales accounted for 95% of the net revenue. Processed fabric and madeups are sold on 20-180 days credit on cash against documents (CAD) and letter of credit of 20-180 days. For hosiery products, 20-90 days credit on CAD and LCs of 20-180 days are used.

Coverage of short-term borrowings via trade debts and stock in trade decreased to 1.75x; (FY20: 4.20x; FY19: 4.27x) by end-FY21 due to elevated short-term borrowings, albeit still considered adequate. Higher short-term borrowings also resulted in decrease in current ratio to 1.62x (FY20: 2.45x; FY19: 2.80x). Trade and other payables increased to Rs. 1.6b (FY20: Rs. 1.1b; FY19: Rs. 703.4m) by end-FY21 while as percentage of cost of goods sold, it remained at 18% (FY20: 20%; FY19: 15%). Raw materials including yarn, greige fabric and weaved cloth are largely purchased from local market while dyes and chemicals and packing material, included in stores and spares, are primarily imported. Local suppliers are given 30-90 days credit period while imports are generally made through LC at sight. Going forward, liquidity indicators are expected to improve steadily mainly on the back of higher cash flow generation.

Increase in leverage indicators in the outgoing year and 1HFY22 due to higher debt levels while equity base has strengthened on a timeline basis on account of profit retention and interest free loan from sponsors: Tier-1 equity augmented to Rs. 4.3b (FY20: Rs. 3.6b; FY19: Rs. 2.7b) by end-FY21. Paid-up capital increased to Rs. 950m (FY20 & FY19: Rs. 500m). The directors have also supported the equity base in the form of interest free loan of Rs. 475m (FY20: Rs. 500m; FY19: Nil), which is payable on discretion of the company. Recently, the company has conducted revaluation of its PP&E; revaluation surplus amounted to Rs. 2.0b for FY22. Accordingly, after accounting for revaluation surplus total equity has been enhanced by the same amount.

The company largely meets its working capital requirements through short-term borrowings, which have witnessed a sharp increase to Rs. 3.5b (FY20: Rs. 859.2m; FY19: Rs. 601.9m) by end-FY21. These are short-term export financing facilities, charged at an average rate of 3.0% to 3.25% (FY20: Rs. 3.0% to 4.5%) per annum. The aggregate un-availed short-term borrowing facilities available to the company were Rs. 2.3b (FY20: Rs. 627.3m) at end-FY21. These are secured against first joint pari passu charge and ranking charge over current assets of the company and lien on export and import documents. Long-term borrowings including current portion increased to Rs. 559.2m (FY20: Rs. 74.7m; FY19: Rs. 84.9m) by end-FY21 mainly due to mobilization of TERF facility of Rs. 383.1m (FY20 & 19: Nil) under SBP refinance scheme for payment of imported and locally manufactured plant and machinery offered by SBP, carrying markup at SBP rate plus 1% per annum. Term Finance facilities for export-oriented projects (LTF-EOP) amounted to Rs. 155.9m (FY20: Rs. 74.8m; FY19: Rs. 84.9m), which carries markup at SBP rate plus 0.75% to 2.0% (FY20: 2.75% to 2.8%). Long-term borrowings including current portion increased to Rs. 636.8m by end-1HFY22. Resultantly, debt leverage and gearing increased to 1.74x (FY21: 1.38x; FY20: 0.63; FY19: 0.51x) and 1.32x (FY21: 0.95; FY20: 0.26x; FY19: 0.24x), respectively by end-1HFY22. Long-term financing is projected to increase to Rs. 1.1b and Rs. 1.3b by end-FY22 and FY23 due to additional borrowings for the expansion project. Capitalization indicators are expected to improve in FY23 and onwards mainly on the back of equity expansion and largely stable short-term borrowings despite increase in working capital requirements amidst higher internal cash flows.

Kamal Textile Mills (Pvt.) Limited Annexure I

BALANCE SHEET	Jun 30, 2019	Jun 30, 2020	Jun 30, 2021	Dec 31, 2021
Property and Equipment	571	677	1,418	3,616
Stores and Spares	200	220	524	931
Stock in Trade	2,066	2,505	4,629	5,230
Trade Debts	502	1,102	1,545	2,346
Loans, Advances, Deposits and Prepayments	228	283	505	654
Tax Refunds Due from Government	213	661	1,073	1,297
Cash & Bank Balances	471	320	273	503
Other Assets	73	61	219	263
Total Assets	**4,325**	**5,829**	**10,187**	**14,840**
Trade and Other Payables	703	1,148	1,624	1,765
Short Term Borrowings	602	859	3,528	5,574
Long-Term Borrowings (incl. current maturity)	85	75	559	637
Total Interest-Bearing Debt	**687**	**934**	**4,087**	**6,211**
Other Liabilities	68	164	196	177
Total Liabilities	**1,458**	**2,246**	**5,906**	**8,152**
Paid Up Capital	500	500	950	950
Tier-1 Equity	2,687	3,583	4,281	4,688
Total Equity	**2,867**	**3,583**	**4,281**	**6,688**

INCOME STATEMENT	Jun 30, 2019	Jun 30, 2020	Jun 30, 2021	Dec 31, 2021
Net Sales	5,462	6,811	10,574	6,725
Gross Profit	883	1,195	1,654	1,129
Distribution Cost	228	311	495	452
Operating Profit	548	725	979	564
Finance Cost	16	29	84	106
Profit Before Tax	555	728	917	469
Profit After Tax	531	663	721	406

RATIO ANALYSIS	Jun 30, 2019	Jun 30, 2020	Jun 30, 2021	Dec 31, 2021
Gross Margin (%)	16.2	17.5	15.6	16.8
Net Margins	9.7	9.7	6.8	6.0
Current Ratio	2.80	2.45	1.62	1.48
Net Working Capital	2,411	3,051	3,370	3,632
Funds from Operations (FFO)	557	782	914	-
FFO to Total Debt (x)	0.81	0.84	0.22	-
FFO to Long Term Debt (x)	6.56	10.46	1.64	-
Debt Leverage	0.51	0.63	1.38	1.74
Gearing	0.24	0.26	0.95	1.32
Debt Servicing Coverage Ratio (x)	35.28	21.57	8.36	-
ROAA (%)	13.7	13.0	9.0	7.0
ROAE (%)	20.4	20.5	18.3	18.1
(Stock in Trade+ Trade Debt) to Short-Term Borrowing (x)	4.27	4.20	1.75	1.36

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	Kamal Textile Mills (Pvt.) Limited
Sector	Textile
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
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.
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Due Diligence Meetings Conducted	see table below

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
25-April-22	A-	A-2	Stable	Initial

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Amjad Iqbal	CFO	February 3, 2022
Mr. Zahid Saleem	General Manager Finance	February 3, 2022