

The Pakistan Credit Rating Agency Limited

### **Rating Report**

## Gas & Oil Pakistan Limited

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Rating History					
Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
01-Jun-2023	A+	A1	Stable	Maintain	-
03-Jun-2022	A+	A1	Stable	Maintain	-
04-Jun-2021	A+	A1	Stable	Maintain	-
04-Jun-2020	A+	A1	Stable	Upgrade	-
29-Nov-2019	А	A1	Positive	Maintain	-
31-May-2019	А	A1	Positive	Maintain	-
31-Dec-2018	А	A1	Positive	Maintain	-
30-Jun-2018	А	A1	Stable	Maintain	-
17-Oct-2017	А	A1	Stable	Initial	-

### **Rating Rationale and Key Rating Drivers**

The ratings incorporate Gas & Oil Pakistan Limited (GO), a strong presence in the oil marketing segment. The Company has augmented its market share in a competitive market, benefiting from the strategic positioning of the stations that it feeds. GO aims to carry out its expansion strategy by further penetrating the retail segment of semi-urban and rural areas. The primary sponsor of the Company has further solidified their stake in the company by acquiring shares from Vitol Dubai Limited. The Company has a storage capacity of ~ 205,200 MTs and intends to enhance it further. This complements GO's plans to keep the pace of growth with the augmented storage capacity. GO further aims to inaugurate more company-owned and operated sites (COCOs). This is evident in the fact that they added 9 COCO sites during CY22. In order to ensure a consistent and reliable supply of high-quality fuels and to address the increased working capital requirements, the sponsors are planning to collaborate with a strategic partner. Despite a 11.6% decrease in the volumes, the Company experienced a substantial growth of 55.2% YoY in its topline during CY22, primarily attributable to rupee dollar parity. There was a decline in profitability, which was primarily due to high foreign exchange losses coupled with finance cost, offsetting the gains from increased topline and gross profit margin. GO has traditionally capitalized on strong managerial support from its sponsors who have significant knowledge in oil procurement and distribution. The equity base of the Company has taken support from internal capital generation and higher accumulated profitability. The management intends to keep the leverage indicators aligned with its risk profile. Moving forward, GO aims to diversify its revenue streams, strengthening its business risk profile. The governance framework of the Company is flanked by a diversified and experienced board.

The rating is dependent on the Company's ability to sustain its business operations while enduring its expansionary business plan. The rollout of the planned business strategy and sustainable profitability is essential. In the meantime, financial metrics need to be upheld in terms of working capital ratios, coverages and capital structure. Given the nature of the business and muted growth in economy, any adverse change in consumption patterns, resulting in a decrease in sales volume, would be a key rating sensitivity.

Disclosure				
Name of Rated Entity	Gas & Oil Pakistan Limited			
Type of Relationship	Solicited			
Purpose of the Rating	Entity Rating			
Applicable Criteria	Methodology   Corporate Rating(Jun-22),Methodology   Correlation Between Long-term & Short-term Rating Scales(Jun-22),Methodology   Rating Modifiers(Jun-22)			
Related Research	Sector Study   Oil Marketing Companies(Nov-22)			
Rating Analysts	Muhammad Noor Ul Haq   noorulhaq@pacra.com   +92-42-35869504			



### The Pakistan Credit Rating Agency Limited

# **Oil Marketing Companies**

Profile

Legal Structure Gas & Oil Pakistan Limited ("GO" or "the Company") incorporated in 2012, as a Private Limited. The Company is operating as a Public Unlisted Company since Sep'17.

**Background** Gas & Oil Pakistan has been granted license to establish an OMC since 2012. The Company got a license to operate in 2014 after the completion of its first storage facility and started its operations Punjab region, later expanding its retail network to Sindh in 2016, KPK in 2017, and Balochistan in 2019.

**Operations** The core business of GO involves the procurement, storage, distribution, marketing, and import of petroleum products & lubricants. The Company has a broad presence with over ~1,078 retail outlets and an extensive storage infrastructure of ~205,200 MT, located throughout the country.

### Ownership

**Ownership Structure** Mr. Khalid Riaz's ownership in the Company increased to 68.0% after purchasing 10% stake from Vitol Dubai Limited during CY22. While 21.3% of the shareholding is held by Mr. Shahzad Mubeen and Mr. Bilal Ansari (10.7%).

Stability The GO family has been the primary sponsor of the company since its inception, and their support has remained consistent over time.

**Business Acumen** The Company's sponsors have extensive industry experience with a major concentration in oil & lubricant trading and distribution & transportation to OMCs all across Pakistan. The prime shareholder Mr. Khalid Riaz possesses extensive oil distribution and trading experience.

Financial Strength Sponsors have a strong financial background on account of well-diversified profitable businesses & based on significant industry experience.

Governance

**Board Structure** The Board has a total of nine members, four members are representatives of GO Pakistan. The other five members, including one female director, are serving as independent directors. The board formulated two committees, i) Audit, & ii) HR and Remuneration Committee, to ensure effective monitoring of operations. **Members' Profile** The BoD has diversified experience and knowledge in the marketing and distribution of oil. The Chairman of the Board, Mr. Tariq Kirmani, has 46

years of multifaceted experience in the corporate sector, both domestic and international. All the remaining directors also holds senior position in other companies and have sound professional experience in the oil, transportation, and financial industry.

**Board Effectiveness** The collective expertise and experience of the board members serve as a valuable resource for the Company. Their insights and knowledge of the oil and marketing industry, as well as finance, provide guidance to the management team in developing effective operational and financial policies. This can help the Company to stay ahead of the competition and achieve sustainable growth in the long run.

Financial Transparency The External Auditors of the Company, M/s. KPMG Taseer Hadi & Co. Charted Accountants have expressed an unqualified opinion on the financial statements for the period ended Dec'21.

#### Management

**Organizational Structure** The Company has an adequate organizational structure. The operations of the Company have been bifurcated into three broad functional areas which comprise: i) Operations, ii) Finance and iii) Sales. Each function is further divided into sub-units. The entire operational set-up of the Company falls under the purview of the CEO. To oversee the management of the Company, GO has constituted two committees comprising various members of the management team. The committees include i) Procurement Committee and ii) Credit Committee.

**Management Team** Mr. Khalid Riaz is the CEO of the Company. He is associated with the Company for more than a decade and has an overall experience of thirty years. Mr. Zeeshan Tayyeb FCA, has been the Chief Operating Officer since 2019. He has diversified experience of more than twenty years. Recently, the Company has made a notable addition to its top management team with the appointment of Mr. Abdul Nasir as Chief Financial Officer (CFO), having diversified experience of more than twenty-five years. Average experience years of top management clocks in at ~27yrs, reflecting a good management profile

Effectiveness Management committee meetings are held on a quarterly basis and minutes of the meetings are recorded and documented.

**MIS** Top management receives a daily performance report of operations which results in optimal monitoring. The Company takes advantage of advanced I.T. solutions to deliver comparatively better on many fronts. Moreover, the quality of the I.T. infrastructure and the breadth and depth of activities remained well satisfactory.

**Control Environment** The Company's operating environment relies on an I.T. infrastructure supported by ERP (Enterprise Resource Planning) solutions. The software has been acquired from M/S Awais Haider. The IT infrastructure is effectively integrated with all the departments and ensures proper financial and operational control

### Business Risk

**Industry Dynamics** Pakistan relies significantly on imports to meet its energy demand. During FY21, the country consumed ~19.8mln MT of POL products (FY20:~17.1mln MT) up ~15.8% YOY. Owing to declining local oil reserves amid low new discoveries, dependence on imported POL products is increasing with each passing year. Currently, there are ~35 OMCs. operating in the country, 4 of them are listed. The Sector is highly regulated with the prices of two major products, i.e., MOGAS and Diesel being determined by the Oil & Gas Regulatory Authority (OGRA) on a fortnightly basis. OMCs generated aggregate revenue of PKR~2,528bln in FY21 (FY20: PKR~2,225bln) with an annual GDP contribution of ~5.3% (FY20: 5.4%). The sector's revenue during FY21, registered a YOY growth of ~13.6% on account of increased consumption and rising POL products' prices.

Relative Position Gas & Oil Pakistan has ~7.83% market share and is positioned at 5th among OMCs as of Dec'22 on the basis of (MS/HSD/HOBC).

**Revenues** During CY22, Company reported net revenue of PKR 324,788mln observed growth of 55.3% compared to PKR 209,102mln in CY21. The increase in topline primarily attributes to rupee-dollar parity. With respect to the product concentration of the Company, MOGAS constitutes 61.4% of the sales as of Dec'22, while HSD constitutes 36.7% and the remaining 1.9% is contributed by HOBC and lubricants.

Margins Gross profit margin has improved to 9.4% in CY22 form 7.3% in CY21. Same trend is reflected in operating profit margin and stood at ~ 8.1% in CY22 (CY21: 5.8), reflecting Company was able to manage its selling and admin expenses efficiently and effectively. However, net profit margin of the Company reduced to 0.6% in CY22 (CY21: 1.5%) owing to an increase in foreign exchange loss coupled with high finance cost. During CY22, Company reported its exchange loss of PKR~ 17,982mln (CY21: PKR~ 4,338). Finance cost of the Company stood at PKR~ 5,151mln in CY22, witnessing an increase of 118.8% as compared to the same period last year (CY21: PKR~ 2,354). Increase in finance cost owing to change in policy rate coupled with an increase in total borrowings of the Company.

**Sustainability** GO is following an aggressive expansion strategy and plans to open approximately 200 retail outlets every year. The Company is expanding its footprints by inaugurating retail outlets in Balochistan, Islamabad, and AJK. To accommodate expansion, The Company plans to construct a new depot at Vehari which will have an oil storage capacity of 22,000-24,000 MT. The Company plans to follow an aggressive strategy by opening new retail outlets.

### Financial Risk

**Working Capital** Gas and Oil Pakistan's Net Working Capital days improved to ~18 days in CY22 (CY21: 23days). Inventory days of the Company stood at ~30days in CY22 (CY21: 37days), decrease in inventory days owing to decrease in inventory level; due to instable economic, political situations, change government policies coupled with limitation on LC's reduces level of imports. However, trade receivables days showed improvement, stood at ~20days in CY22(CY21: 26days). Moreover, during CY22, trade payable days of the Company stood at ~32days (CY21: 40days), decrease in trade payable days owing to a decrease in trade payables (CY22: PKR~29,407mln, CY21: PKR~27,169mln).

**Coverages** During CY22, Company reported FCFO at PKR  $\sim$ 8,160mln witnessing decrease of  $\sim$ 4.8% as compared to the previous corresponding year (CY21: PKR $\sim$ 8,570mln). The decrease in FCFO is due to high exchange loss and high finance costs (although exchange loss will be adjusted in fuel prices). Interest coverage ratio (EBITDA/Finance Cost) dropped to 1.9x in CY22 (CY21: 4.2x), dip in interest coverage ratio owing to a significant increase in finance cost of the Company.

Capitalization The Company has highly leveraged capital structure. Debt to equity ratio of the Company stood at ~ 72.1% in CY22 (CY21: 69.8%). STB of the Company stood at PKR ~29,835mln witnessing increase of 38.8% compared to same period last year (CY21: PKR ~21,496mln). LTB of the Company stood at PKR ~8,779mln (CY21: PKR ~8,499mln). During CY22, equity of Gas & Oil Pakistan surged to PKR ~15,516mln, observed increase of PKR ~1,788mln owing to unappropriated profits (CY21: PKR ~13,728mln).

The Parks and Credit Rating Agency Limited         Dec:32         Dec:31         Dec:32         Dec:31         Dec:32           Gas & OI Pakkan Limited         Dec:32         Dec:31         Dec:31         Dec:32         Dec:31         Dec:32           NMA Net: SHL71         12M         12M         12M         12M         12M         12M         12M         12M           Next-Current Asets         5.57         2.4.57         17.490         14.594         1         1.595         1.796         1.599         1.717         1.779         1.879           A Current Asets         6.8012         55.751         1.9969         3.1230         a         1.599         1.609         7.218         57.119         4.001         7.328         57.119         4.001         7.328         57.139         4.0237         7.109         4.937         7.218         57.114         2.0216         6.02         7.07         7.09         7.958         7.959         7.959         7.959         7.959         7.959         7.959         7.959         7.956         7.95         7.96         7.96         7.956         7.956         7.956         7.956         7.956         7.956         7.956         7.956         7.956         7.957         7.85	ACRA				Financial Summary	
ON Marketing Companies         12M         12M         12M         12M         12M           NMA/NOE SHILT         1         Nea-Carrent Assets         26,577         24,367         17,490         14,594           2         Investments         -	The Pakistan Credit Rating Agency Limited					
Net Avec Strict         Sector and Assets         26,577         24,367         17,490         14,594           1 Investments         - <th>Gas &amp; Oil Pakistan Limited</th> <th>Dec-22</th> <th>Dec-21</th> <th>Dec-20</th> <th>Dec-19</th>	Gas & Oil Pakistan Limited	Dec-22	Dec-21	Dec-20	Dec-19	
1         Non-Current Assets         26,577         24,367         17,490         14,594           2         Investments         -	Oil Marketing Companies	12M				
2         Instant Stand Program         -	A BALANCE SHEET					
3         Related Party Exposure         .		26,577	24,367	17,490	14,594	
4 Carent Assis         68,012         53,761         39,669         31,239           a Inventories         27,446         25,111         17,447         13,789           b Total Assis         94,550         75,159         14,091         72,188         57,159         46,253           6 Carrent Liabilities         37,320         30,822         21,491         30,221         78         76,759         71,923         16,692         71,607         71,99         53,84         71,607         71,99         538         78         78,758         11,551         11,756         71,9         538         7.         7.         78         78,758         10,507         7,866         11,516         13,728         10,507         7,866           11 Net Assets         1,5516         13,728         10,507         7,866         13,128         10,507         7,866           12 Nets         Cara of Good Sold         (294,118)         (198,203)         (134,998)         (134,114)         20,513         1,766         14,222         142,651         1,766         14,922         142,651         1,766         14,222         142,651         1,766         1,799         5,757         1,786         1,786         1,786         1,786         1,786<	_	-	-	-	-	
a hormatrix         27,496         25,111         17,497         17,399           b Trade Revealeds         19,279         15,919         14,091         7,218           5 Trade Assets         94,590         78,128         57,159         14,091         7,218           6 Carrent Linbitities         23,330         30,822         21,491         30,226           7 Bornwings         40,101         31,452         24,442         17,573           8 Rated Pary Exposure         1,553         1,776         719         59           9 Non-Carrent Labitities         1,5516         13,728         10,507         7,866           11 Netholders' Equity         1,516         13,728         10,507         7,866           12 Oress Profit         30,670         15,239         9,254         6,533         a         0,997,014         (20,413)         (20,413)         (21,494) <td></td> <td>-</td> <td>-</td> <td>-</td> <td></td>		-	-	-		
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	-			· · · ·		
5         Total Assets         94,500         78,128         57,159         44,233           6         Carrent Libilities         37,320         30,822         21,491         30,216           a         Trade Payables         29,407         27,169         19,223         16,000           9         Borowings         40,101         31,452         24,442         17,373           8         Related Pary Exposure         -         350         -         -           9         Non-Carrent Liabilities         1,653         1,776         719         598           10         Net Assets         15,516         13,728         10,507         7,866           11         Share         20,4718         (19,233)         (12,49,681)         (13,49,68)         (13,411)           2         Gross Frott         30,670         15,329         9,234         6,533         a         Operating Ergense         (4,421)         (1,353)         (2,144)         (2,043)           3         Operating Ergense         (4,521)         (1,360)         (1,214)         (2,044)         (2,044)         (2,057)         (1,114)         (2,044)         (2,057)         (1,118)         (2,044)         (2,118)         (2,044)		,			,	
6         Current Liabilities         37,320         30,822         21,491         20,216           7         Bornowings         29,407         27,169         19,223         16,902           7         Bornowings         40,101         31,452         24,442         17,573           8         Related Phy Epsoure         -         350         -         -           9         Non-Current Liabilities         1,653         1,776         719         598           10         Net Assets         15,516         13,728         10,507         7,866           FINCOME STATEMENT         -         1         Sales         209,102         144,222         142,651           a         Corso Frofit         30,670         15,239         9,224         6,533           a         Operating Expenses         (4,512)         (1,834,963)         (1,814)           3         a ford France Cost         (5,151)         (2,355)         (2,124)         (2,144)           4         Profit or (Lass) before Interest and Tax         7,946         7,471         5,972         3,386           a         Toroit France Cost         (5,151)         (2,324)         (2,247)         (2,947)           b <td></td> <td></td> <td></td> <td></td> <td></td>						
a Trade Payables     29.407     27.169     19.223     16.902       7 Borrowings     40.101     31.452     24.442     17.573       8 Related Party Exposure     -     350     -     -       9 Non-Current Liabilities     1.653     1.776     719     598       10 Net Asset     15.516     13.728     10.507     7.866       BINCOME STATEMENT     -     -     -     -       1 Sales     324,788     209,102     144,222     142,621       a Cost of Good Sold     (294,118)     (193,863)     (134,908)     (136,118)       2 Gross Frofit     304,738     (294,118)     (193,863)     (134,908)     (136,118)       3 Operating Expenses     (4,521)     (30,55)     (2,194)     (2,034)       4 Profit of (16,08) before Interest and Tax     7,946     7,471     5972     3366       a Total Finance Cort     (5,151)     (2,234)     (2,244)     581       b Net Cash Fions from Operations (PCFO)     8,160     8,577     6,326     2,937       b Net Cash Fions from Operations (PCFO)     8,160     8,577     6,326     2,937       c Cash Fions from Operations (PCFO)     8,160     8,577     6,326     2,937       b Net Cash fions from Operating Actrivities     8,200 </td <td></td> <td></td> <td></td> <td></td> <td>,</td>					,	
7       Berowsing       40,101       31,452       24,442       17,773         8       Related Park Exposure       -       550       -       -         9       Non-Current Liabilities       1,653       1,776       719       588         10       Net Assets       15,516       17,728       10,007       7,866         9       ISAnz-Rodders' Equity       15,516       17,728       10,007       7,866         9       ISAnz-Rodders' Equity       15,516       17,728       10,007       7,866         9       ISAnz-Rodders' Equity       15,216       17,728       10,007       7,866         9       Coros Frofit       324,788       209,102       144,222       142,651         a Coros Frofit       30,670       15,339       9,254       6,533         a Operating Expenses       (4,521)       (3,653)       (2,112)       (2,044)         3       Operating Income or (Expense)       (18,203)       (4,712)       (1,067)       (1,113)         4       Profit or (Loss)       1,738       3,215       2,654       561         5       Total Finance Cost       (5,131)       (2,345)       (2,211)       (2,445)         b Totach Flowo		· · · · · · · · · · · · · · · · · · ·			,	
8         Relind Party Espoare         -         330         -         -           9         Non-Current Liabilities         1653         1,776         719         5988           10         Net Assets         15,516         13,728         10,507         7,866           11         Starcholders' Equity         15,516         13,728         10,507         7,866           11         Sales         15,516         13,728         10,507         7,866           12         Gross Frofit         30,670         15,239         9,254         6,533           2         Gross Frofit         30,670         15,239         9,254         6,533           2         Operating Expenses         (4,521)         (3,055)         (2,194)         (2,04)           3         Operating Frofit         26,149         12,184         7,060         4,499           4         Profit or (Loss) before Interest and Tax         7,946         7,471         5,757         3,386           a Trotal Finance Cot         (Loss) before Interest and Tax         7,946         7,471         5,579         3,579         6,575           6         Net Cash flows from Operating Activities before Working Capitul Changes         3,531         6,545 <td>•</td> <td></td> <td></td> <td></td> <td>,</td>	•				,	
10         Net Assets         15.516         13.728         10.507         7.866           11         Sales         13.728         10.507         7.866           15         Sales         224,788         209,102         144,222         142,2651           a         Cots of Good Sold         (294,118)         (193,3963)         (134,966)         (136,153)           a         Operating Expenses         (4,521)         (3,055)         (2,194)         (2,043)           3         Operating Expenses         (4,521)         (1,065)         (1,113)           4         Profit or (Loss) before Interest and Tax         7,946         7,471         5,972         3,386           6         Nation         (1,066)         (1,902)         (1,113)         (381)           6         Net Loss before Interest and Tax         7,946         7,471         5,972         3,386           6         Net Insome Cots         (5,151)         (2,354)         (2,245)         5           b         Toxatinan         (1,066)         (1,992)         (1,118)         (381)           6         CASH FLOW STATEMENT         -         -         CASH Flow Strom Operating Activities         (3,531)         (5,545         2,937 </td <td></td> <td>-</td> <td>350</td> <td>-</td> <td>-</td>		-	350	-	-	
11 Shareholders' Equity         15,516         13,728         10,507         7,366           B INCOME STATEMENT         324,788         209,102         144,222         142,651           a Cost of Good Sold         (294,178)         (193,963)         (134,968)         (134,968)           a Cost of Good Sold         (294,178)         (193,963)         (134,968)         (136,018)           a Cost of Good Sold         (294,178)         (193,963)         (134,968)         (136,018)           a Cost of Good Sold         (294,178)         (193,963)         (134,968)         (136,018)           a Operating Expenses         (4,521)         (3,655)         (2,194)         (2,034)           a Non Operating Lenome or (Expense)         (182,03)         (4,711)         (5,707)         (1,036)           a Trade Finance Cost         (5,151)         (2,354)         (2,221)         (2,444)           b Toxation         (1,006)         (1,902)         (1,118)         (284)           c Changes in Working Capital         (1,788)         3,215         2,634         561           C Staft from Operating Activities         (3,357)         (5,455)         4,392         629           c Changes in Working Capital         (2,347)         (2,367)         2,355 <td>9 Non-Current Liabilities</td> <td>1,653</td> <td>1,776</td> <td>719</td> <td>598</td>	9 Non-Current Liabilities	1,653	1,776	719	598	
INCOME STATEMENT         324,788         209,102         144,222         142,651           a Cost of Good Sold         (294,118)         (193,863)         (134,968)         (144,922)         (144,972)         (141,91)         (14	10 Net Assets	15,516	13,728	10,507	7,866	
1       Sales $324,788$ $209,102$ $144,222$ $142,651$ a       Cort of Good Sold $(294,118)$ $(193,863)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,986)$ $(113,98)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(113,98)$ $(123,986)$ $(113,98)$ $(113,98)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(1139,986)$ $(123,986)$	11 Shareholders' Equity	15,516	13,728	10,507	7,866	
1       Sales $324,788$ $209,102$ $144,222$ $142,651$ a       Cort of Good Sold $(294,118)$ $(193,863)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(134,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,968)$ $(123,986)$ $(113,98)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(113,98)$ $(123,986)$ $(113,98)$ $(113,98)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(123,986)$ $(1139,986)$ $(123,986)$	B INCOME STATEMENT					
2         Gross Profit         30,670         15,239         9,254         6,533           a         Operating Erforit         30,670         15,239         9,254         6,533           a         Operating Erforit         30,670         15,239         9,254         6,533           a         Operating Erforit         26,149         12,1184         7,060         4,499           a         Profit or (Loss) before Interest and Tax         7,946         7,471         5,972         3,386           a         Total Finance Cort         (J,51)         (L2,354)         (2,221)         (2,445)           b         Naxuion         (J,060)         (J,002)         (J,118)         (381)           6         Net Income Or (Loss)         1,788         3,215         2,634         561           CAMP Erform Structures         3,531         6,545         4,292         629         6,26         2,937           b         Net Cash from Operating Activities         (J,749)         2,233         (J,579)         7,679           2         Net Cash provided by Operating Activities         (J,240)         (Z,359)         (J,640)         1,278           3         Net Cash generated or (Used) uning the period         51,33		324,788	209,102	144,222	142,651	
a Operating Expenses         (4,521)         (3,055)         (2,194)         (2,034)           3 Operating Profit         26,149         12,184         7,060         4,499           a Non Operating Income or (Expense)         (12,203)         (4,712)         (1,077)         (1,113)           4 Profit or (Loss) before Interest and Tax         7,946         7,471         5,972         3,386           a Total Finance Cost         (5,151)         (2,254)         (2,221)         (2,445)           b Taxation         (1,000)         (1,1902)         (1,113)         (3,011)           6 Net Income Or (Loss)         1,788         3,215         2,634         561           CCASH FLOW STATEMENT	a Cost of Good Sold	(294,118)	(193,863)	(134,968)	(136,118)	
3         Operating Profit         26,149         12,184         7,060         4,499           a Non Operating Income or (Expense)         (18,203)         (4,712)         (1,087)         (1,113)           1         Profit or (Loss) before Interest and Tax         7,946         7,471         5,972         3,386           a Total Finance Cost         (5,151)         (2,354)         (2,221)         (2,445)           b Transion         (1,006)         (1,902)         (1,113)         (381)           6 Net Income Or (Loss)         1,788         3,215         2,634         561           CASH FLOW STATEMENT             4,870         6,545         4,292         629           c Changes in Working Capital         (7,280)         (3,611)         (7,871)         7,050           1 Net Cash provided by Operating Activities         (4,349)         2,933         (3,579)         7,670           2 Net Cash (Used in or Available From Investing Activities         (4,348)         (5,358)         (3,012)         (2,867)           3 Net Cash (Used in or Available From Investing Activities         (4,303)         5,235         (3,685)           4 Not Cash generated or (Used) during the period         513         (204)         (2,636)	2 Gross Profit	30,670	15,239	9,254	6,533	
a Non Operating Income or (Expense)       (18.203)       (4.712)       (1,087)       (1,113)         4 Profit or (Loss) before Interest and Tax       7,946       7,471       5,972       3,386         a Total Finance Cost       (5,151)       (2,254)       (2,221)       (2,445)         b Taxation       (1,006)       (1,902)       (1,118)       (381)         6 Net Income Or (Loss)       1,788       3,215       2,634       561         CASH Flow from Operating Activities before Working Capital Changes         a Free Cash Flows from Operating Activities       (3,749)       2,937       7,659         b Net Cash from operating Activities       (3,749)       2,933       (3,579)       7,679         2 Net Cash (Used in) or Available From Investing Activities       (4,038)       (5,358)       (3,012)       (2,867)         3 Net Cash (Used in) or Available From Financing Activities       8,300       2,221       3,955       (3,686)         4 Not Cash generated or (Used) during the period       513       (204)       (2,636)       1,127         D RATIO ANALYSIS         1 Performance       a Sales Growth (for the period)       55,3%       45,0%       1,1%       8,1%         a Caros Working Capital (Average Days)       50       63	a Operating Expenses	(4,521)	(3,055)	(2,194)	(2,034)	
4 Profit or (Loss) before Interest and Tax       7,946       7,471       5,972       3,386         a Total Finance Cost       (5,151)       (2,354)       (2,221)       (2,445)         b Transion       (1,006)       (1,000)       (1,118)       (381)         c Net Income Or (Loss)       1,788       3,215       2,634       561         CASH FLOW STATEMENT         a Free Cash Flows from Operating Activities before Working Capital Changes       3,531       6,545       4,292       629         c Changes in Working Capital       (7,280)       (3,611)       (7,877)       7,050         1 Net Cash provided by Operating Activities       (3,749)       2,933       (3,579)       7,679         2 Net Cash (Used in) or Available From Instancing Activities       (4,038)       (5,358)       (3,012)       (2,867)         3 Net Cash (Used in) or Available From Financing Activities       8,300       2,221       3,955       (3,685)         4 Net Cash generated or (Used) during the period       513       (204)       (2,636)       1,127         DRATIO ANALYSIS         1 Performance       a Sates Growth (for the period)       55,3%       45,0%       1,1%       8,1%         b Gross Profit Margin       9,4%       7,3%       6,4% <td></td> <td></td> <td></td> <td></td> <td></td>						
a Total Finance Cost       (5,151)       (2,254)       (2,221)       (2,445)         b Taxation       (1,006)       (1,902)       (1,118)       (381)         6 Net Income Or (Loss)       1,788       3,215       2,634       561         C CASH FLOW STATEMENT         a Free Cash Flows from Operating Activities before Working Capital Changes       3,531       6,545       4,292       629         c Changes in Working Capital       (7,280)       (3,611)       (7,871)       7,050         1 Net Cash provide Dy Operating Activities       (3,749)       2,933       (3,579)       7,679         2 Net Cash (Used in) or Available From Investing Activities       (4,038)       (5,558)       (3,012)       (2,867)         3 Net Cash (Used in) or Available From Financing Activities       8,300       2,221       3,955       (3,685)         4 Net Cash generated or (Used) during the period       513       (204)       (2,636)       1,127         PRATIO ANALYSIS         1 Performance       a Sales Growth (for the period)       55.3%       45.0%       1.1%       7,8%         a Cass Working Capital Mangin       9,4%       7.3%       6.4%       4.6%         b Gross Profit Margin       0.6%       1.5%       0.4%       1.1%						
b Taxation       (1.006)       (1.902)       (1.118)       (381)         6 Net Income Or (Loss)       1,788       3,215       2,634       561         C CASH FLOW STATEMENT       a Free Cash Flows from Operations (FCFO)       8,160       8,570       6,326       2,937         b Net Cash from Operating Activities before Working Capital Changes       3,531       6,545       4,292       629         c Changes in Working Capital       (7,280)       (3,611)       (7,871)       7,050         1 Net Cash Used in or Available From Investing Activities       (4,038)       (5,358)       (3,012)       (2,867)         3 Net Cash (Used in or Available From Investing Activities       8,300       2,221       3,955       (3,685)         4 Net Cash generated or (Used) during the period       513       (204)       (2,636)       1,127         DENTIONALLYSIS         Patter Cash Growth (for the period)       55.3%       45.0%       1.1%       8.1%         b Gross Profit Margin       9.4%       7.3%       6.4%       4.6%         c Net Profit Margin       0.6%       1.5%       1.8%       0.4%         b Gross Profit Margin       0.3%       2.4%       7.7%       2 <td (fcfo="" adjusted="" ca<="" coworsion="" efficiency="" for="" td="" working=""><td></td><td></td><td></td><td></td><td></td></td>	<td></td> <td></td> <td></td> <td></td> <td></td>					
6         Net Income Or (Loss)         1,788         3,215         2,634         561           C CASH FLOW STATEMENT						
C CASH FLOW STATEMENT         a Free Cash Flows from Operating Activities before Working Capital Changes       3,531       6,545       4,292       629         c Changes in Working Capital       (7,280)       (3,611)       (7,871)       7,050         1 Net Cash provided by Operating Activities       (3,749)       2,933       (3,579)       7,670         2 Net Cash (Used in) or Available From Investing Activities       (4,038)       (5,358)       (3,012)       (2,867)         3 Net Cash (Used in) or Available From Financing Activities       8,300       2,221       3,955       (3,685)         4 Net Cash generated or (Used) during the period       513       (204)       (2,636)       1,127         D RATIO ANALYSIS         1 Performance       a Sales Growth (for the period)       55.3%       45.0%       1,1%       8.1%         a Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)       0.3%       2.4%       -1.1%       7.0%         e Return on Equity [ Net Profit Margin       0.6%       1.5%       1.8%       0.4%         d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)       0.3%       2.4%       -1.1%       7.0%         e Return on Equity [ Net Profit Margin       0.6%       1.22%       26.5%       28.7%       7.						
a Free Cash Flows from Operations (FCFO) $\$, 160$ $\$, 570$ $6, 326$ $2, 937$ b Net Cash from Operating Activities before Working Capital Changes $3, 531$ $6, 545$ $4, 292$ $629$ c Changes in Working Capital(7, 280) $(3, 611)$ (7, 871)7, 0501 Net Cash provided by Operating Activities $(3, 749)$ $2, 933$ $(3, 579)$ 7, 6592 Net Cash (Used in) or Available From Investing Activities $(4, 038)$ $(5, 358)$ $(3, 012)$ $(2, 867)$ 3 Net Cash (Used in) or Available From Financing Activities $8, 300$ $2, 221$ $3, 955$ $(3, 685)$ 4 Net Cash generated or (Used) during the period $513$ $(204)$ $(2, 636)$ $1, 127$ PRATIO ANALVSIS1 Performancea Sales Growth (for the period) $55, 3\%$ $45.0\%$ $1.1\%$ $8.1\%$ b Gross Profit Margin $9.4\%$ $7.3\%$ $6.4\%$ $4.6\%$ c Net Profit Margin $9.4\%$ $7.3\%$ $6.4\%$ $4.6\%$ c Sales Growth (for the period) $55.3\%$ $45.0\%$ $1.1\%$ $8.1\%$ b Gross Profit Margin $9.4\%$ $7.3\%$ $6.4\%$ $4.6\%$ c Net Profit Margin $9.4\%$ $7.3\%$ $6.4\%$ $4.6\%$ c Sales Growth (graptial/Sales) $0.3\%$ $2.4\%$ $1.1\%$ $7.0\%$ e Return on Equity   Net Profit Margin * Asset Turnover * (Total Assets/Sh $12.2\%$ $26.5\%$ $28.7\%$ $7.7\%$ 2 Working Capital (Average Days) $50$ $63$ $67$ $52$ b Net Working Capit		,		,		
$\begin{array}{c c c c c c c c c c c c c c c c c c c $		8 160	8 570	6 326	2 037	
c Changes in Working Capital       (7,280)       (3,611)       (7,871)       7,050         1 Net Cash provided by Operating Activities       (3,749)       2,933       (3,579)       7,679         2 Net Cash (Used in) or Available From Innacting Activities       (4,038)       (5,358)       (3,012)       (2,867)         3 Net Cash (Used in) or Available From Financing Activities       8,300       2,221       3,959       (3,679)         9 RATIO ANALYSIS       1       Performance       3       (204)       (2,636)       1,127         9 RATIO ANALYSIS       1       Performance       4       4.6%       4.6%       4.6%         a Sales Growth (for the period)       55.3%       45.0%       1.1%       8.1%         b Gross Profit Margin       9.4%       7.3%       6.4%       4.6%         c Net Profit Margin       9.4%       7.3%       6.4%       4.6%         c Sales Growth (for the period)       55.3%       45.0%       1.1%       7.0%         e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets)       1.2%       26.5%       28.7%       7.7%         2 Working Capital (Average Days)       50       63       67       52       b Net Working Capital (Average Days)       18       23       21			,			
1Net Cash provided by Operating Activities $(3,749)$ $2,933$ $(3,579)$ $7,679$ 2Net Cash (Used in) or Available From Investing Activities $(4,038)$ $(5,358)$ $(3,012)$ $(2,287)$ 3Net Cash (Used in) or Available From Financing Activities $8,300$ $2,221$ $3,955$ $(3,685)$ 4Net Cash generated or (Used) during the period $513$ $(204)$ $(2,636)$ $1,127$ <b>P RATIO ANALYSIS</b> 1PerformanceaSales Growth (for the period) $55.3\%$ $45.0\%$ $1.1\%$ $8.1\%$ bfoross Frofit Margin $9.4\%$ $7.3\%$ $6.4\%$ $4.6\%$ cNet Profit Margin $9.4\%$ $7.3\%$ $6.4\%$ $4.6\%$ dCash conversion Efficiency (FCFO adjusted for Working Capital/Sales) $0.3\%$ $2.4\%$ $1.1\%$ $7.0\%$ eReturn on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh $1.2\%$ $2.5\%$ $28.7\%$ $7.7\%$ 2Working Capital (Average Days) $50$ $63$ $67$ $52$ bNet Working Capital (Average Days) $1.8$ $1.7$ $1.8$ $1.5$ cCurrent Ratio (Current Assets / Current Liabilities) $1.9$ $4.2$ $3.2$ $1.5$ bFCFO / Finance Cost $1.9$ $4.2$ $3.2$ $1.5$ cDerokings / (Total Borrowings + Excess STB) $1.3$ $2.3$ $1.5$ $0.6$ cDeth Payback (Total Borrowings + Shareholders' Equity) $72.1\%$ $69.8\%$ $69.9\%$ <td></td> <td></td> <td></td> <td></td> <td></td>						
2Net Cash (Used in) or Available From Investing Activities $(4,038)$ $(5,358)$ $(3,012)$ $(2,867)$ 3Net Cash (Used in) or Available From Financing Activities $8,300$ $2,221$ $3,955$ $(3,685)$ 4Net Cash generated or (Used) during the period $513$ $(204)$ $(2,636)$ $1,127$ D RATIO ANALYSIS1Performancea Sales Growth (for the period) $55.3\%$ $45.0\%$ $1.1\%$ $8.1\%$ b Gross Profit Margin $9.4\%$ $7.3\%$ $6.4\%$ $4.6\%$ c Net Profit Margin $0.6\%$ $1.5\%$ $1.8\%$ $0.4\%$ d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales) $0.3\%$ $2.4\%$ $-1.1\%$ $7.0\%$ e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh $12.2\%$ $26.5\%$ $28.7\%$ $7.7\%$ 2Working Capital (Average Days) $50$ $63$ $67$ $52$ b Net Working Capital (Average Days) $1.8$ $1.7$ $1.8$ $1.5$ c Current Ratio (Current Assets / Current Liabilities) $1.8$ $1.7$ $1.8$ $1.5$ 3Coverages $a$ $a$ $a$ $a$ $a$ $a$ $a$ $a$ $a$ a la BITDA / Finance Cost $1.9$ $4.2$ $3.2$ $1.5$ $0.6$ $a$ $1.5$ $12.3$ 4Carrent assets / Current Liabilities) $1.9$ $4.2$ $3.2$ $1.5$ $0.6$ b FCFO / Finance Cost $1.9$ $4.2$ $3.2$ $1.5$ $0.6$ $0.6$			( ,	,		
4 Net Cash generated or (Used) during the period       513       (204)       (2,636)       1,127 <b>D RATIO ANALYSIS</b> 1 Performance <ul> <li>a Sales Growth (for the period)</li> <li>b Gross Profit Margin</li> <li>9.4%</li> <li>7.3%</li> <li>6.4%</li> <li>4.6%</li> <li>c Net Profit Margin</li> <li>8.1%</li> <li>0.6%</li> <li>1.5%</li> <li>1.8%</li> <li>0.4%</li> <li>7.7%</li> </ul> <li>Working Capital (Average Days)</li> <li>s 50</li> <li>63</li> <li>67</li> <li>21</li> <li>c Current Ratio (Current Liabilities)</li> <li>1.8</li> <li>1.7</li> <li>1.8</li> <li>1.5</li> <li>Coverages         <ul> <li>a EBITDA / Finance Cost</li> <li>1.9</li> <li>4.2</li> <li>3.2</li> <li>1.6</li> <li>1.5</li> <li>1.2.3</li> <li>4 Capital Structure</li> <li>a Total Borrowings + Excess STB / (FCFO-Finance Cost)</li> <li>3.2</li> <li>1.6</li> <li>1.5</li> <li>1.2.3</li> <li>4 Capi</li></ul></li>						
<b>D RATIO ANALYSIS 1</b> Performance         a Sales Growth (for the period)       55.3%       45.0%       1.1%       8.1%         b Gross Profit Margin       9.4%       7.3%       6.4%       4.6%         c Net Profit Margin       0.6%       1.5%       1.8%       0.4%         d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)       0.3%       2.4%       -1.1%       7.0%         e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh       12.2%       26.5%       28.7%       7.7% <b>2</b> Working Capital (Average Days)       50       63       67       52       5         b Net Working Capital (Average Days)       18       23       21       21       21       21       21       21       21       21       21       21       21       21       21       21       21       21       21       21       21       23       21       21       21       23       21       21       21       25       5       5       6	3 Net Cash (Used in) or Available From Financing Activities	8,300	2,221	3,955	(3,685)	
1       Performance         a Sales Growth (for the period)       55.3%       45.0%       1.1%       8.1%         b Gross Profit Margin       9.4%       7.3%       6.4%       4.6%         c Net Profit Margin       0.6%       1.5%       1.8%       0.4%         d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)       0.3%       2.4%       -1.1%       7.0%         e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh       12.2%       26.5%       28.7%       7.7%         2       Working Capital Management       a       a       Gross Working Capital (Average Days)       50       63       67       52         b Net Working Capital (Average Days)       18       23       21       21       c         c Current Ratio (Current Assets / Current Liabilities)       1.8       1.7       1.8       1.5         3       Coverages       a       EBITDA / Finance Cost       1.9       4.2       3.2       1.5       0.6         c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)       3.2       1.6       1.5       12.3         4       Capital Structure       a       a Total Borrowings+Shareholders' Equity)       72.1%       69.8%       69.9%       69.1%	4 Net Cash generated or (Used) during the period	513	(204)	(2,636)	1,127	
a Sales Growth (for the period)       55.3%       45.0%       1.1%       8.1%         b Gross Profit Margin       9.4%       7.3%       6.4%       4.6%         c Net Profit Margin       0.6%       1.5%       1.8%       0.4%         d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)       0.3%       2.4%       -1.1%       7.0%         e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh       12.2%       26.5%       28.7%       7.7%         2 Working Capital Management	D RATIO ANALYSIS					
b Gross Profit Margin       9.4%       7.3%       6.4%       4.6%         c Net Profit Margin       0.6%       1.5%       1.8%       0.4%         d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)       0.3%       2.4%       -1.1%       7.0%         e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh       12.2%       26.5%       28.7%       7.7%         2 Working Capital Management						
cNet Profit Margin $0.6\%$ $1.5\%$ $1.8\%$ $0.4\%$ dCash Conversion Efficiency (FCFO adjusted for Working Capital/Sales) $0.3\%$ $2.4\%$ $-1.1\%$ $7.0\%$ eReturn on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh $12.2\%$ $26.5\%$ $28.7\%$ $7.7\%$ 2Working Capital Management $a$ $Gross Working Capital (Average Days)50636752bNet Working Capital (Average Days)18232121cCurrent Ratio (Current Assets / Current Liabilities)1.81.71.81.53CoveragesaEBITDA / Finance Cost1.94.23.21.5bFCFO / Finance Cost1.32.31.50.6cDebt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)3.21.61.512.34Capital StructureaTotal Borrowings / (Total Borrowings+Shareholders' Equity)72.1\%69.8\%69.9\%69.1\%bInterest or Markup Payable (Days)50.637.357.162.9$						
d Cash Conversion Efficiency (FCFO adjusted for Working Capital/Sales)0.3%2.4%-1.1%7.0%e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh12.2%26.5%28.7%7.7%2 Working Capital Management </td <td></td> <td></td> <td></td> <td></td> <td></td>						
e Return on Equity [ Net Profit Margin * Asset Turnover * (Total Assets/Sh. 12.2% 26.5% 28.7% 7.7% 2 Working Capital Management a Gross Working Capital (Average Days) 50 63 67 52 b Net Working Capital (Average Days) 18 23 21 21 c Current Ratio (Current Assets / Current Liabilities) 1.8 1.7 1.8 1.5 3 Coverages a EBITDA / Finance Cost - CMLTB+Excess STB 1.9 4.2 3.2 1.5 b FCFO / Finance Cost+CMLTB+Excess STB 1.3 2.3 1.5 0.6 c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost) 3.2 1.6 1.5 12.3 4 Capital Structure a Total Borrowings / (Total Borrowings+Shareholders' Equity) 72.1% 69.8% 69.9% 69.1% b Interest or Markup Payable (Days) 50.6 37.3 57.1 62.9						
2         Working Capital Management         6           a Gross Working Capital (Average Days)         50         63         67         52           b Net Working Capital (Average Days)         18         23         21         21           c Current Ratio (Current Assets / Current Liabilities)         1.8         1.7         1.8         1.5           3         Coverages         23         2.1         1.5         1.5           a EBITDA / Finance Cost         1.9         4.2         3.2         1.5         0.6           c Debt Payback (Total Borrowings+Excess STB         1.3         2.3         1.5         12.3           4         Capital Structure						
a Gross Working Capital (Average Days)       50       63       67       52         b Net Working Capital (Average Days)       18       23       21       21         c Current Ratio (Current Assets / Current Liabilities)       1.8       1.7       1.8       1.5         3 Coverages         a EBITDA / Finance Cost       1.9       4.2       3.2       1.5         b FCFO / Finance Cost + CMLTB+Excess STB       1.3       2.3       1.5       0.6         c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)       3.2       1.6       1.5       12.3         4 Capital Structure         a Total Borrowings / (Total Borrowings+Shareholders' Equity)       72.1%       69.8%       69.9%       69.1%         b Interest or Markup Payable (Days)       50.6       37.3       57.1       62.9		12.270	20.370	20.770	1.170	
b Net Working Capital (Average Days)       18       23       21       21         c Current Ratio (Current Assets / Current Liabilities)       1.8       1.7       1.8       1.5         Geverages         a EBITDA / Finance Cost       1.9       4.2       3.2       1.5         b FCFO / Finance Cost+CMLTB+Excess STB       1.3       2.3       1.5       0.6         c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)       3.2       1.6       1.5       12.3         4 Capital Structure         a Total Borrowings / (Total Borrowings+Shareholders' Equity)       72.1%       69.8%       69.9%       69.1%         b Interest or Markup Payable (Days)       50.6       37.3       57.1       62.9		50	63	67	52	
c Current Ratio (Current Assets / Current Liabilities)1.81.71.81.53 Coverages1.94.23.21.5a EBITDA / Finance Cost1.94.23.21.5b FCFO / Finance Cost+CMLTB+Excess STB1.32.31.50.6c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)3.21.61.512.34 Capital Structure72.1%69.8%69.9%69.1%b Interest or Markup Payable (Days)50.637.357.162.9						
3 Coverages       a EBITDA / Finance Cost       1.9       4.2       3.2       1.5         b FCFO / Finance Cost+CMLTB+Excess STB       1.3       2.3       1.5       0.6         c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)       3.2       1.6       1.5       12.3         4 Capital Structure       a Total Borrowings / (Total Borrowings+Shareholders' Equity)       72.1%       69.8%       69.9%       69.1%         b Interest or Markup Payable (Days)       50.6       37.3       57.1       62.9						
b FCFO / Finance Cost+CMLTB+Excess STB1.32.31.50.6c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)3.21.61.512.34 Capital Structurea Total Borrowings / (Total Borrowings+Shareholders' Equity)72.1%69.8%69.9%69.1%b Interest or Markup Payable (Days)50.637.357.162.9	3 Coverages					
c Debt Payback (Total Borrowings+Excess STB) / (FCFO-Finance Cost)3.21.61.512.34 Capital Structure a Total Borrowings / (Total Borrowings+Shareholders' Equity)72.1%69.8%69.9%69.1%b Interest or Markup Payable (Days)50.637.357.162.9	a EBITDA / Finance Cost			3.2	1.5	
4 Capital Structure a Total Borrowings / (Total Borrowings+Shareholders' Equity)72.1%69.8%69.9%69.1%b Interest or Markup Payable (Days)50.637.357.162.9						
a Total Borrowings / (Total Borrowings+Shareholders' Equity)72.1%69.8%69.9%69.1%b Interest or Markup Payable (Days)50.637.357.162.9		3.2	1.6	1.5	12.3	
<i>b</i> Interest or Markup Payable (Days) 50.6 37.3 57.1 62.9	*	72.1%	69.8%	69.9%	69.1%	
	c Entity Average Borrowing Rate	13.0%	9.2%	9.4%	12.0%	

### Corporate Rating Criteria

Scale

Short-term Rating

Definition The highest capacity for timely repayment.

A strong capacity for timely

repayment. A satisfactory capacity for timely repayment. This may be susceptible to

adverse changes in business. economic, or financial conditions An adequate capacity for timely repayment.

Such capacity is susceptible to adverse changes in business, economic, or financial The capacity for timely repayment is more susceptible to adverse changes in business,

economic, or financial conditions. Liquidity may not be sufficient. Short-term Rating **A1** 

A1+

AAA AA+AA AA- $\mathbf{A}$ + A

A-BBB-BBB BBB-BB+ BB BB  $\mathbf{R}$ + В B-CCC CC С

A2

A3

**Credit Rating** 

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

	Long-term Rating		
cale	Definition		
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments		
<b>A</b> +			
AA	Very high credit quality. Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.		
AA-			
A+			
A	High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.		
<b>A-</b>			
BB+			
BBB	<b>Good credit quality.</b> Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.		
BBB-			
BB+	Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk		
BB	developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.		
BB-			
B+			
В	<b>High credit risk.</b> A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.		
B-			
CCC	Very high credit risk. Substantial credit risk "CCC" Default is a real possibility.		
CC	Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind		
С	appears probable. "C" Ratings signal imminent default.		
D	Obligations are currently in default.		

CRA

\*The correlation shown is indicative and, in certain cases, may not hold.

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.	Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveill the opinion due to lack of requisite information.	Harmonization A change in rating due to revision in applicable methodology or underlying scale.
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Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

**Note.** This scale is applicable to the following methodology(s):

- a) Broker Entity Rating
- b) Corporate Rating
  - c) Debt Instrument Rating d) Financial Institution Rating
- e) Holding Company Rating
- f) Independent Power Producer Rating
- g) Microfinance Institution Rating h) Non-Banking Finance Companies Rating

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### **Rating Team Statements**

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

### 2) Conflict of Interest

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)

ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)

iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

### Restrictions

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)

(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)

(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

### **Conduct of Business**

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)

(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).

(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)

(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r) (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)

(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

### Independence & Conflict of interest

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity

(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)

(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)

(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)

(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(1)

(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

### Monitoring and review

(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 18-(a)

(19) PACRA reviews all the outstanding ratings on semi-annual basis or as and when required by any creditor or upon the occurrence of such an event which requires to do so; | Chapter III | 18-(b)

(20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 18-(c)

(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 18-(d)

### **Probability of Default**

(22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e, probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past | Chapter III | 14-(f-VII)

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