

MIRA INFORM REPORT

Report No. :	536108
Report Date :	30.10.2018

IDENTIFICATION DETAILS

Name :	PAKISTAN PETROLEUM LIMITED
Registered Office :	4 th Floor, PIDC House, Dr. Ziauddin Ahmed Road, Karachi
Country :	Pakistan
Financials (as on) :	30.06.2018
Date of Incorporation :	1950
Com. Reg. No.:	0000378
Legal Form :	Limited company
Line of Business :	Main objective of conducting exploration, prospecting, development and production of oil and natural gas resources
No. of Employees :	2,811

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Maximum Credit Limit :	USD 22,208,805
Status :	Satisfactory
Payment Behaviour :	Slow and delayed
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Pakistan	B1	B1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

PAKISTAN - ECONOMIC OVERVIEW

Decades of internal political disputes and low levels of foreign investment have led to underdevelopment in Pakistan. Pakistan has a large English-speaking population, with English-language skills less prevalent outside urban centers. Despite some progress in recent years in both security and energy, a challenging security environment, electricity shortages, and a burdensome investment climate have traditionally deterred investors. Agriculture accounts for one-fifth of output and two-fifths of employment. Textiles and apparel account for more than half of Pakistan's export earnings; Pakistan's failure to diversify its exports has left the country vulnerable to shifts in world demand. Pakistan's GDP growth has gradually increased since 2012, and was 5.3% in 2017. Official unemployment was 6% in 2017, but this fails to capture the true picture, because much of the economy is informal and underemployment remains high. Human development continues to lag behind most of the region.

In 2013, Pakistan embarked on a \$6.3 billion IMF Extended Fund Facility, which focused on reducing energy shortages, stabilizing public finances, increasing revenue collection, and improving its balance of payments position. The program concluded in September 2016. Although Pakistan missed several structural reform criteria, it restored macroeconomic stability, improved its credit rating, and boosted growth. The Pakistani rupee has remained relatively stable against the US dollar since 2015, though it declined about 10% between November 2017 and March 2018. Balance of payments concerns have reemerged, however, as a result of a significant increase in imports and weak export and remittance growth.

Pakistan must continue to address several longstanding issues, including expanding investment in education, healthcare, and sanitation; adapting to the effects of climate change and natural disasters; improving the country's business environment; and widening the country's tax base. Given demographic challenges, Pakistan's leadership will be pressed to implement economic reforms, promote further development of the energy sector, and attract foreign investment to support sufficient economic growth necessary to employ its growing and rapidly urbanizing population, much of which is under the age of 25.

In an effort to boost development, Pakistan and China are implementing the "China-Pakistan Economic Corridor" (CPEC) with \$60 billion in investments targeted towards energy and other infrastructure projects. Pakistan believes CPEC investments will enable growth rates of over 6% of GDP by laying the groundwork for increased exports. CPEC-related obligations, however, have raised IMF concern about Pakistan's capital outflows and external financing needs over the medium term.

Source : CIA

COMPANY NAME

Business Name PAKISTAN PETROLEUM LIMITED

FULL ADDRESS

Registered Address

4th Floor, PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan

Tel # 92 (21) 111-568-568, 35651480-89 (9 Lines)
Fax # 92 (21) 35680005, 35682125
Email info@ppl.com.pk

BRANCHES

Address House No. 12, Street 72, F-8/3, Islamabad, Pakistan
Tel # 92 (51) 2260770, 2250870
Fax # 92 (51) 2261466

SHORT DESCRIPTION OF BUSINESS

- | | | |
|----|---------------------------|--|
| a. | Nature of Business | Main objective of conducting exploration, prospecting, development and production of oil and natural gas resources |
| b. | Year Established | 1950 |
| c. | Registration # | 0000378 |

AUDITORS

EY Ford Rhodes
(Chartered Accountants)

LEGAL STATUS

Pakistan Petroleum Limited (PPL) was incorporated in Pakistan in 1950. During the year the Government of Pakistan (GOP) disinvested its equity equivalent to **15%** of the paid-up share capital of the Company through an initial public offering. The Company is listed

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at the stock exchange of Pakistan

DETAILS OF CHIEF EXECUTIVE/DIRECTORS

Names	Designation
Mr. Salman Akhtar	Chairman
Mr. Saeed Ullah Shah	Chief Executive Officer / Managing Director
Mr. Agha Jan Akhtar	Director
Dr. Ibne Hassan	Director
Mr. Mian Asad Hayaud	Director
Mr. Muhammad Sajid Farooqi	Director
Mr. Muhammad Tariq	Director
Mr. Nadeem Mumtaz Qureshi	Director
Mr. Sajid Mehmood Qazi	Director

CATEGORIES OF SHAREHOLDERS

Categories	Percentage (%)
Directors, CEO and their spouse and minor children	---
Associated Companies, Undertakings and related parties	7.41
NIT & ICP	0.21
Banks, Development Financial Institutions, Non-Banking Financial Institutions	1.31
Insurance Companies	0.45
Modarabas & Mutual Funds	0.93
Government of Pakistan	67.51

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General Public	5.43
Others	16.75

SUBSIDIARIES

Pakistan Petroleum Provident Fund Trust Company (Pvt) Limited
Bolan Mining Enterprises
PPL Europe E&P Limited
PPL Asia E&P B.V.
Bolan Mining Enterprises, Pakistan.(Joint Controlled Authority)

BUSINESS ACTIVITIES

Main objective of conducting exploration, prospecting, development and production of oil and natural gas resources

NUMBER OF EMPLOYEES

2,811

CAPACITY AND PRODUCTION

Considering the nature of the Company's business, it is impracticable to provide the information regarding capacity.

IMPORTING COUNTRIES

Mainly from Korea, China, Taiwan, Singapore, Japan, U.S.A., European Countries & Canada

CLIENTELE

Major customers are Oil Marketing Companies & Refineries, Distribution Companies etc

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BANKERS

- (1) Allied Bank Limited, Pakistan.
- (2) Askari Bank Limited, Pakistan.
- (3) Bank Al-Falah Limited, Pakistan.
- (4) Bank Al Habib Limited, Pakistan.
- (5) Citibank N.A.
- (6) Deutsche Bank A.G.
- (7) Faysal Bank Limited, Pakistan.
- (8) Habib Bank Limited , Pakistan.
- (9) Habib Metropolitan Bank Limited, Pakistan.
- (10) MCB Bank Limited, Pakistan.
- (11) National Bank of Pakistan
- (12) NIB Bank Limited, Pakistan.
- (13) Standard Chartered Bank, Pakistan.
- (14) United Bank Limited, Pakistan.

FINANCIAL POSITION

Extremely Sound

CONTRIBUTION TO NATIONAL EXCHEQUER

PPL is a significant contributor to the national economy on account of taxes, royalties, excise duty, sales tax, GDS, GIDC and dividends.

FUTURE OUTLOOK

The Company is fully geared to achieve its reserves addition and reserves replacement targets, primarily through organic growth. Leveraging upon its large E&P database built over five decades, PPL is well placed to continue its rigorous exploration campaign. The Company's exploration strategy is aimed at replenishing and enhancing its existing reserves. To this end, regional studies and evaluation continue to identify prospective areas for direct participation in bidding and pursuing farm-in opportunities with other companies.

MEMBERSHIPS

- ICCI
- FPCCI
- PPEPCA

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COMMENTS

Subject Company is well known and directors are resourceful and experienced businessmen. Payments to creditors are reported as normal.

In view of current disturbed economic and political situation, we would advise to deal with all the business in Pakistan with some caution.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.42
UK Pound	1	INR 94.26
Euro	1	INR 83.69
PKR	1	INR 0.55

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)

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