



## The Pakistan Credit Rating Agency Limited

### Rating Report

#### Berger Paints Pakistan Limited | PP Sukuk | Sep -21

##### Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

##### Rating History

| Dissemination Date | Long Term Rating | Short Term Rating | Outlook | Action   | Rating Watch |
|--------------------|------------------|-------------------|---------|----------|--------------|
| 02-May-2025        | A                | -                 | Stable  | Maintain | -            |
| 22-Nov-2024        | A                | -                 | Stable  | Maintain | -            |
| 24-May-2024        | A                | -                 | Stable  | Maintain | -            |
| 24-Nov-2023        | A                | -                 | Stable  | Maintain | -            |
| 26-May-2023        | A                | -                 | Stable  | Maintain | -            |
| 02-May-2025        | A                | -                 | Stable  | Maintain | -            |
| 27-May-2022        | A                | -                 | Stable  | Initial  | -            |
| 16-Sep-2021        | A                | -                 | Stable  | Initial  | -            |

##### Rating Rationale and Key Rating Drivers

Berger Paints Pakistan Limited's ("Berger" or the "Company") ratings reflect a reputable brand name, a strong business profile, and a sturdy presence in the paint industry of Pakistan. The Company operates state-of-the-art manufacturing plants and it is equipped with modern technology to produce high-quality paints and coatings efficiently, adhering to both local and international standards. Berger's diversified revenue streams bode well for the assigned rating. The paint industry in Pakistan is poised for steady growth, with market size expected to rise from USD 400.82mln in 2024 to ~ USD 491.90mln by 2029, reflecting a CAGR of 4.18%. This growth is primarily driven by the architectural coatings segment, supported by increasing residential and commercial construction activities. Berger has substantial competitive advantages, including superior product quality, innovative formulations, an extensive nationwide distribution network, and a steadfast/loyal customer base. Aligned with these trends, during 6MFY25, the Company's net sales showed growth by 8.1%, reaching PKR 4,616mln. The gross profit margin has increased slightly to 20.9% (6MFY24: 19.5%). Financial costs decreased to 129mln (FY24: PKR 305mln; 6MFY24: PKR 138mln). The Company's strong performance is attributed to efficient an improved product mix and vigilant cost control initiatives. This positive trend resulted in a 12.4% YoY increase in profit after tax, reaching PKR 163mln. The Company has a strong financial profile with solid coverages, cash flows, and a stable working capital cycle. Its leveraged capital structure includes both short and long-term debt, and the PP Sukuk.

The ratings are dependent upon the management's ability to sustain the market operation amidst fierce competition. Generating operating cashflows along with maintaining an efficient supply chain and prudent working capital management is important.

##### Disclosure

|                              |  |
|------------------------------|--|
| <b>Name of Rated Entity</b>  | Berger Paints Pakistan Limited   PP Sukuk   Sep -21  |
| <b>Type of Relationship</b>  | Solicited  |
| <b>Purpose of the Rating</b> | Debt Instrument Rating   |
| <b>Applicable Criteria</b>   | Methodology   Rating Modifiers(Apr-24),Methodology   Corporate Rating(Jul-24),Methodology   Debt Instrument Rating(Oct-24) |
| <b>Related Research</b>      | Sector Study   Chemicals(Jul-24)   |
| <b>Rating Analysts</b>       | Madiha Sohail   madiha.sohail@pacra.com   +92-42-35869504  |

## Issuer Profile

**Profile** Berger Paints Pakistan Limited (Berger or 'the Company') is a publicly listed company. The registered office of the Company is situated in Lahore, Pakistan, and the production facility is located at Multan Road, Lahore. Initially, Berger imported premium chemicals from the United Kingdom to sell in the local market. In 1955, the Company established a manufacturing facility in Karachi. In 1991, Slotrapid Limited, a company incorporated in the British Virgin Islands, acquired 52.05% of its shares from Jensen & Nicholson Limited. A second plant was set up in Lahore in 2006. The Company is engaged in the manufacturing and trading of paints, varnishes, and other related products. The Company has several product segments including decorative paints, automotive paints, general industrial finishes, powder coating, protective coatings, vehicle refinishes, road safety, government & marine, construction chemicals, and adhesives. They are divided into three business lines, namely, i) Retail Business, ii) Non-Retail Business, and iii) Allied Business.

**Ownership** Slotrapid Limited, a foreign company incorporated in the British Virgin Islands and holding interests in several businesses, owns 52.05% shares in Berger. Around 17% of shares are held by the Dadex family, while 10.5% are owned by Miller Value Partners, a foreign investment management company. The remaining shareholding is held by financial institutions and individuals. The Company's controlling shareholding structure rests with Slotrapid Limited, an offshore company, with the identified beneficiary. The majority of owners have strong experience in the paint industry. They have also acquired Buxly Paints Limited, listed on PSX. This experience bodes well for Berger. Slotrapid Limited is an investment company and also has other business interests in Pakistan. It has previously supported the Company in the form of a subscription to the right issue, along with other shareholders.

**Governance** The Company has nine members on its board including Chairman Mr. Maqbool H.H. Rahimtool, four independent directors, three non-executive directors, and Dr. Mahmood Ahmad (Managing Director). The board is currently chaired by Mr. Maqbool H. H. Rahimtool. Dr. Mahmood Ahmad represents Slotrapid Limited, while two non executive directors are nominated by Dadex Family. Mr. Maqbool H. H. Rahimtool is the Chairman of the board and has over 40 years of experience on the boards of various multinational companies. All other members are professionally qualified with extensive professional experience and a diversified skill mix. The Board met 4 times with the majority of members present in the meeting. The board has established three sub committees, i) Audit Committee ii) Human Resource & Remuneration Committee iii) Business risk strategies. Both are chaired by Independent Directors. The quality of discussion as captured in meeting minutes reflects adequate involvement of board members. BDO Ebrahim & Co., Chartered Accountants are the new external auditors of the Company. Previously, A.F Ferguson & Co. Chartered Accounts gave an unqualified opinion on the company's financial statements for the year ending June 30, 2024. The board has also outsourced its internal audit department to E&Y Ford Rhodes & Co., Chartered Accountants.

**Management** The Company has established a well-defined management structure divided into functional departments with clear lines of responsibilities. The managing director, Dr. Mahmood Ahmad, is a seasoned business professional and has been associated with the Company for several years. He has over 25 years of experience and is well-versed in industry dynamics. The senior management possesses ample knowledge and expertise in related business. The Company has established several management committees to coordinate its operations. The executive committee is the apex management committee, which comprises senior management. The executive committee meeting is held monthly to appraise the Company's performance and is headed by the Managing Director. The other committees are the purchase committee, finance committee, and credit committee. The Company has implemented Oracle ERP to generate reports and manage the flow of information. It is capable of generating customized MIS reports for the board and top management. The management maintains strong controls through the ERP. The management has a strong control environment within the Company supplemented by a robust quality control system for its production processes. Additionally, Berger has technical collaboration agreements with international firms to ensure that quality standards are adhered to.

**Business Risk** The Pakistani paint industry is poised for steady growth, with market size projected to increase from USD 400.82 million in 2024 to approximately USD 491.90 million by 2029, reflecting a CAGR of 4.18%. This expansion is primarily driven by the architectural coatings segment, bolstered by ongoing residential and commercial construction activities. In 2024, Pakistan's economy exhibited signs of recovery, with GDP growth estimated at 2.4%. Inflation rates have significantly decreased, reaching 4.1% in December 2024, down from a peak of nearly 40% in mid-2023. The State Bank of Pakistan responded by reducing the policy interest rate to 13% in December 2024, aiming to stimulate economic activity. Despite these positive trends, the paint industry faces challenges such as economic volatility and the increasing demand for environmentally friendly, low-VOC products due to rising environmental concerns. To address these issues, key industry players are investing in local production facilities to reduce import reliance and costs. Additionally, they are diversifying into the growing architectural coatings segment, capitalizing on the momentum of ongoing construction projects to enhance market penetration and ensure long-term sustainability. Berger is one of the major players in the premium domestic paint market and enjoys a ~10% share in the organized market. The main competitors of the Company are AkzoNobel, Nippon, Kansai, Master Paint, Diamond Paint, and Brighto Paint. In 6MFY25, Berger's revenues stood at PKR 4,616mln, showing steady demand (FY24: PKR 8,544mln; 3MFY24: PKR 4,388mln). The Company's revenue mix remains diversified across B2B and B2C segments, with decorative paints being the largest contributor at over 50%. The slight decline in revenue on a comparative basis reflects market adjustments, but the Company's strong foothold in the organized sector supports long-term resilience. Gross margin improved to 20.9% in 6MFY25 (FY24: 20.1%; 6MFY24: 19.5%), reflecting better cost efficiencies and pricing strategies. However, operating margin showed a slight dip to 7.4% during 6MFY25 (6MFY24: 8.4%). The net profit margin stood at 3.5% (6MFY24: 3.4%), showcasing stable profitability despite market pressures. These improvements demonstrate Berger's ability to optimize cost structures and sustain healthy profitability despite external economic challenges. The Company will continue its planned capital expenditure to improve manufacturing efficiency and meet rising demand.

**Financial Risk** In 6MFY25, Berger's inventory days reached 58 days (FY24: 61 days). Trade receivable days increased to 105 days (FY24: 96 days). Gross working capital days were recorded at 163 days (FY24: 157 days), while trade payable days stood at 60 days (FY24: 56 days). Consequently, net working capital days reached 104 days (FY24: 101 days). The increase in trade receivable days indicates a slightly extended credit cycle, which may affect cash flow timing. A rise in gross working capital days reflects higher investment in current assets. However, longer trade payable days suggest improved supplier terms, which help balance liquidity needs. The overall increase in net working capital days highlights the importance of efficient cash flow management to maintain operational stability. During 6MFY25, Berger's FCFO stood at PKR 283 million (FY24: PKR 819 million). Meanwhile, the Company's finance cost was PKR 143 million in 6MFY25 (FY24: PKR 291 million). The interest coverage ratio stood at 4x in 3MFY25 (FY24: 3.5x), while the debt coverage ratio remained at 1.8x (FY24: 1.6x). The reduced FCFO indicates the need for tighter financial controls, though stable coverage ratios suggest manageable debt obligations. The Company maintains a moderately leveraged capital structure. As of 6MFY25, leverage stood at 24% (FY24: 25.7%). Short-term borrowings constituted 54.2% of total borrowings in 6MFY25 (FY24: 56.1%). While short-term debt reliance has slightly increased, overall leverage remains at a comfortable level, ensuring financial stability.

## Instrument Rating Considerations

**About The Instrument** Berger issued an Unlisted, Privately Placed & Secured Sukuk. Sukuk issue amount is PKR 500 million at an offer of 3MK +1.50% p.a with a tenor of up to 4 years inclusive of a 1-year grace period commencing from the Facility Effective Date. The first profit / Rental payment fell due at the end of the first quarter. The issue will be redeemed in 12 equal consecutive quarterly buyout units commencing from the end of the 5th quarter from the date of first disbursement and subsequently every three months thereafter. Principal payment will commence from the end of the first 15 months.

**Relative Seniority/Subordination Of Instrument** The claims of the sukuk holders will rank superior to the claims of ordinary shareholders.

**Credit Enhancement** The Sukuk is secured by 1st Pari Passu charge by way of mortgage over company's Land & Building measuring 94.7 Kanal located at Multan road district Lahore with a 25% margin. Berger shall at all times maintain PKR 50 million in Debt Service Reserve Account (DSRA), throughout the tenure of the Sukuk which shall be maintained by the accounts banks. Further, lien on Company's operating Account, Debt Payment Account (DPA), and DSRA is maintained with Accounts Bank. DPA is maintained with Accounts Bank with 1/3 of quarterly payments in each month.



The Pakistan Credit Rating Agency Limited

Financial Summary

PKR mln

| Berger Paints Pakistan Limited<br>CHEMICAL | Dec-24<br>6M | Jun-24<br>12M | Jun-23<br>12M | Jun-22<br>12M |
|--|--------------|---------------|---------------|---------------|
|--|--------------|---------------|---------------|---------------|

#### A BALANCE SHEET

|                           |       |       |       |       |
|---------------------------|-------|-------|-------|-------|
| 1 Non-Current Assets      | 2,352 | 2,325 | 2,366 | 1,705 |
| 2 Investments             | 103   | 77    | 78    | 71    |
| 3 Related Party Exposure  | -     | -     | -     | 105   |
| 4 Current Assets          | 5,071 | 4,748 | 4,168 | 4,070 |
| a Inventories             | 1,538 | 1,397 | 1,438 | 1,625 |
| b Trade Receivables       | 2,733 | 2,603 | 1,908 | 1,628 |
| 5 Total Assets            | 7,526 | 7,150 | 6,613 | 5,951 |
| 6 Current Liabilities     | 2,505 | 2,158 | 2,025 | 1,760 |
| a Trade Payables          | 1,595 | 1,431 | 1,174 | 943   |
| 7 Borrowings              | 1,113 | 1,194 | 1,081 | 1,642 |
| 8 Related Party Exposure  | 70    | 40    | 40    | 48    |
| 9 Non-Current Liabilities | 309   | 309   | 271   | 155   |
| 10 Net Assets             | 3,529 | 3,447 | 3,196 | 2,346 |
| 11 Shareholders' Equity   | 3,529 | 3,447 | 3,196 | 2,346 |

#### B INCOME STATEMENT

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| 1 Sales                                    | 4,616   | 8,544   | 7,341   | 7,073   |
| a Cost of Good Sold                        | (3,652) | (6,823) | (5,858) | (5,852) |
| 2 Gross Profit                             | 964     | 1,721   | 1,483   | 1,221   |
| a Operating Expenses                       | (624)   | (1,065) | (966)   | (869)   |
| 3 Operating Profit                         | 340     | 656     | 517     | 352     |
| a Non Operating Income or (Expense)        | 40      | 70      | 98      | 58      |
| 4 Profit or (Loss) before Interest and Tax | 381     | 726     | 615     | 410     |
| a Total Finance Cost                       | (129)   | (305)   | (284)   | (163)   |
| b Taxation                                 | (89)    | (158)   | (91)    | (45)    |
| 6 Net Income Or (Loss)                     | 163     | 263     | 240     | 201     |

#### C CASH FLOW STATEMENT

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| a Free Cash Flows from Operations (FCFO)           | 283   | 819   | 743   | 567   |
| b Net Cash from Operating Activities before Workin | 139   | 528   | 447   | 427   |
| c Changes in Working Capital                       | 75    | (563) | 123   | (474) |
| 1 Net Cash provided by Operating Activities        | 215   | (35)  | 570   | (47)  |
| 2 Net Cash (Used in) or Available From Investing A | (95)  | (164) | (98)  | (112) |
| 3 Net Cash (Used in) or Available From Financing A | (108) | 219   | (648) | 338   |
| 4 Net Cash generated or (Used) during the period   | 11    | 19    | (177) | 179   |

#### D RATIO ANALYSIS

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| 1 Performance   |       |       |       |       |
| a Sales Growth (for the period)                       | 8.1%  | 16.4% | 3.8%  | 26.3% |
| b Gross Profit Margin                                 | 20.9% | 20.1% | 20.2% | 17.3% |
| c Net Profit Margin                                   | 3.5%  | 3.1%  | 3.3%  | 2.8%  |
| d Cash Conversion Efficiency (FCFO adjusted for V     | 7.8%  | 3.0%  | 11.8% | 1.3%  |
| e Return on Equity [ Net Profit Margin * Asset Turr   | 9.3%  | 7.9%  | 8.7%  | 8.8%  |
| 2 Working Capital Management                          |       |       |       |       |
| a Gross Working Capital (Average Days)                | 163   | 157   | 164   | 147   |
| b Net Working Capital (Average Days)                  | 104   | 101   | 111   | 100   |
| c Current Ratio (Current Assets / Current Liabilitie: | 2.0   | 2.2   | 2.1   | 2.3   |

### 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.

| Scale | Long-term Rating Definition   |
|-------|---|
| AAA   | <b>Highest credit quality.</b> Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments  |
| AA+   |   |
| AA    | <b>Very high credit quality.</b> 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     | <b>High credit quality.</b> 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.  |
| A-    |   |
| BBB+  |   |
| 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+   |   |
| BB    | <b>Moderate risk.</b> Possibility of credit risk developing. There is a possibility of credit risk 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+    |   |
| B     | <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   |   |
| CC    | <b>Very high credit risk.</b> Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default. |
| C     |   |
| D     | Obligations are currently in default.   |

| Scale | Short-term Rating Definition  |
|-------|---|
| A1+   | The highest capacity for timely repayment.  |
| A1    | A strong capacity for timely repayment.   |
| A2    | A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.                  |
| A3    | An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.                |
| A4    | The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient. |



\*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 surveil the opinion due to lack of requisite information.

**Harmonization** A change in rating due to revision in applicable methodology or underlying scale.

**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

**Disclaimer:** PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information. Contents of PACRA documents may be used, with due care and in the right context, with credit to PACRA. Our reports and ratings constitute opinions, not recommendations to buy or to sell.

### **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-(l)
- (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 | 17-(a)
- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(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 | 17-(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 | 17-(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 | 14-3(f)(vii)

### **Proprietary Information**

(23) All information contained herein is considered proprietary by PACRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA’s prior written consent



# Regulatory and Supplementary Disclosure

| Nature of Instrument  | Size of Issue (PKR) | Tenor                          | Security  | Investment Agent            | Nature of Assets | Book Value of Assets (PKR mln) |
|---|---------------------|--------------------------------|---|-----------------------------|------------------|--------------------------------|
| Unlisted, Privately Placed & Secured Long Term Islamic Certificates (Sukuk) | PKR 500mln          | 4 years from the date of issue | 1. 1st Pari Passu charge by way of mortgage over Company's Land & Building measuring 94.7 Kanal with a 25% margin;<br>2. DSRA is maintained with PKR 50mln at all times;<br>3. DPA Account with 1/3 of total payments | Pak Oman Investment Company | N/A              | N/A                            |

|                |                            |
|----------------|----------------------------|
| Name of Issuer | Berger Paints Pakistan Ltd |
| Issue Date     | 26-Sep-22                  |
| Maturity       | 26-Sep-26                  |
| Profit Rate    | 3MK+1.5%                   |

## Berger Paints Pakistan Limited | PP Sukuk | Sep -21

| Sr.        | Due Date Principal | Opening Principal | 3M Kibor | Markup/Profit Rate (3MK+1.50%) | Markup/Profit Payment | Principal Payment | Total       | Principal Outstanding |
|------------|--------------------|-------------------|----------|--------------------------------|-----------------------|-------------------|-------------|-----------------------|
|            |                    | PKR               |          |                                |                       |                   |             |                       |
| Issue Date | 26-Sep-22          | 500,000,000       |          |                                |                       | -                 | -           | 500,000,000           |
| 1          | 26-Dec-22          | 500,000,000       | 16.08%   | 17.58%                         | 21,914,795            |                   | 21,914,795  | 500,000,000           |
| 2          | 26-Mar-23          | 500,000,000       | 17.06%   | 18.56%                         | 22,882,192            |                   | 22,882,192  | 500,000,000           |
| 3          | 26-Jun-23          | 500,000,000       | 21.19%   | 22.69%                         | 28,595,616            |                   | 28,595,616  | 500,000,000           |
| 4          | 26-Sep-23          | 500,000,000       | 22.09%   | 23.59%                         | 29,729,863            |                   | 29,729,863  | 500,000,000           |
| 5          | 26-Dec-23          | 500,000,000       | 22.60%   | 24.10%                         | 30,042,466            | 41,666,667        | 71,709,132  | 458,333,333           |
| 6          | 26-Mar-24          | 458,333,333       | 21.37%   | 22.87%                         | 26,133,413            | 41,666,667        | 67,800,080  | 416,666,667           |
| 7          | 26-Jun-24          | 416,666,667       | 21.84%   | 23.34%                         | 24,512,329            | 41,666,667        | 66,178,995  | 375,000,000           |
| 8          | 26-Sep-24          | 375,000,000       | 20.24%   | 21.74%                         | 20,548,767            | 41,666,667        | 62,215,434  | 333,333,333           |
| 9          | 26-Dec-24          | 333,333,333       | 16.55%   | 18.05%                         | 15,000,457            | 41,666,667        | 56,667,123  | 291,666,667           |
| 10         | 26-Mar-25          | 291,666,667       | 12.21%   | 13.71%                         | 9,859,932             | 41,666,667        | 51,526,598  | 250,000,000           |
| 11         | 26-Jun-25          | 250,000,000       | 21.37%   | 22.87%                         | 14,411,233            | 41,666,667        | 56,077,900  | 208,333,333           |
| 12         | 26-Sep-25          | 208,333,333       | 21.37%   | 22.87%                         | 12,009,361            | 41,666,667        | 53,676,027  | 166,666,667           |
| 13         | 26-Dec-25          | 166,666,667       | 21.37%   | 22.87%                         | 9,503,059             | 41,666,667        | 51,169,726  | 125,000,000           |
| 14         | 26-Mar-26          | 125,000,000       | 21.37%   | 22.87%                         | 7,048,973             | 41,666,667        | 48,715,639  | 83,333,333            |
| 15         | 26-Jun-26          | 83,333,333        | 21.37%   | 22.87%                         | 4,803,744             | 41,666,667        | 46,470,411  | 41,666,667            |
| 16         | 26-Sep-26          | 41,666,667        | 21.37%   | 22.87%                         | 2,401,872             | 41,666,667        | 44,068,539  | -                     |
|            |                    |                   |          |                                | 279,398,071           | 500,000,000       | 779,398,071 |                       |