



Rating Action

Lahore: (13-Jan-11)

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PACRA MAINTAINS RATINGS OF PAKISTAN STATE OIL COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Pakistan State Oil Company Limited (PSO) at “AA+” (Double A plus) and “A1+” (A one plus) respectively. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect the strong ownership structure of the company, with controlling interest vested in the Government of Pakistan, and high propensity of state support in distressed situations, considering the strategic nature of the company. With its leading status in the OMC sector, PSO retains pivotal position in the energy supply chain of the country, supplemented by an extensive distribution network, largest storage capacity, and adequate support structure. Meanwhile, ratings also take cognizance of increasing short term leverage emanating from persisting circular debt issue in the energy sector, though comfort may be taken from PSO's stable cash flows and GoP's demonstrated commitment to keep the company afloat.

About the company: PSO, listed on all bourses in Pakistan, is primarily engaged in storage, distribution and marketing of Petroleum, Oil and Lubricant (POL) products in Pakistan. While being among the country's largest corporate entities, the company offers its products through a vast network of retail outlet (~3,600) across the country, including around 1,795 New Vision Retail Outlets. GoP has complete authority in terms of appointment of the Board of Directors and Managing Director.

The Managing Director, Mr. Irfan Khalil Qureshi, appointed in February 2009, is a veteran of the oil industry with local and international experience. PSO has a well defined organizational structure with clear segregation of responsibilities.

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PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings.

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