



Rating Action

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PACRA Maintains Ratings of Pakistan National Shipping Corporation

The Pakistan Credit Rating Agency (PACRA) has maintained long-term and short-term entity ratings of Pakistan National Shipping Corporation (PNSC) at "AA-" (Double A minus), and "A1+" (A One Plus), respectively. The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect PNSC's sovereign ownership structure - majority (~80%) owned by the Government of Pakistan (GoP) - and its strategic importance. The ratings incorporate the corporation's strong risk absorption capacity, emanating from a robust equity base and healthy liquidity position. Meanwhile, the monopolist position of PNSC, as the only domestic shipping company, and long-term nature of its contracts insulate the corporation to a certain degree from the inherent cyclical nature of the shipping industry.

The ratings remain dependent upon the successful implementation of the corporation's fleet expansion/replacement plan and subsequent higher revenues, translating into strong cash flow generation. Adverse business developments, resulting in lower freight and charter revenues and/or excessive leveraging, impacting the financial profile, would have negative rating implications. In this regard, management's ability to proactively manage the corporation's financial obligations is important for the ratings. Meanwhile, upholding a strong governance framework would be critical.

About the corporation

Incorporated under the provisions of the Pakistan National Shipping Ordinance, 1979, the Pakistan National Shipping Corporation (PNSC) functions as the holding company with 19 subsidiary companies (18 wholly owned) and an associate company. PNSC and its subsidiaries, operating on a one ship one company model, are principally engaged in the business of charter of vessels and cargo transportation. PNSC's fleet currently consists of nine vessels, comprising 3 oil tankers, 3 combi vessels and 3 bulk carriers, with a total capacity of 565,319 DWT.

The seven member board comprises five nominees of the GoP, including the Chairman - Vice Admiral (R) Saleem Ahmed Meenai, who has recently taken over the position. Vice Admiral (R) Saleem Ahmed Meenai - recipient of Hilal-e-Imtiaz (Military) - has been associated with Pakistan Navy for more than forty years. The two vacant board positions are to be filled by the government in the due course.

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