



Rating Action

Lahore : 18-Oct-2011

Analyst

Aisha Khalid
(+92-42-35869504)
aisha@pacra.com
www.pacra.com

PACRA UPGRADES ENTITY RATINGS OF FIRST FIDELITY LEASING MODARABA

The Pakistan Credit Rating Agency (PACRA) has upgraded the long term and short term entity ratings of First Fidelity Leasing Modaraba (FFLM) to **BBB+** (Triple B plus) and **A2** (A Two), respectively [previous: BBB/A3]. The ratings denote low expectation of credit risk and an adequate capacity for timely payment of financial commitments.

The ratings reflect an improvement in the financial profile of the Modaraba, an outcome of sale of an investment property. This enabled the Modaraba to settle its major debt obligation, previously subject to timing mismatch. Although FFLM has not experienced a significant upturn in its business activities, the loan repayment would significantly lower the finance cost, reducing pressure on the Modaraba's bottomline. With equity based capital structure, FFLM's overall risk profile remains low. The modaraba has a cautious stance towards credit expansion and focus would remain on profitable divesture of its investment properties.

About the Modaraba: FFLM, listed on all the three stock exchanges of the country, was established in 1991 and is managed by Fidelity Capital Management (Pvt.) Limited. While the Modaraba operates principally through its head office in Lahore, it has a branch in Islamabad. The Chief Executive of the Modaraba and his associates hold the majority shareholding in the management company of the Modaraba.

The board of directors, chaired by Mr. Siyyid Tahir Nawazish, comprises five members including the Chief Executive Officer. The CEO, Mr. Wasim-ul-Haq Osmani, a Chartered Accountant with extensive experience in the financial sector, has been with the Modaraba since 1994.

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

PACRA comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.