



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF MODARABA AL-MALI.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Modaraba Al-Mali (MAM) at “A-” (Single A minus) and “A2” (A two), respectively. Meanwhile, the negative outlook on the ratings has been removed. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect the strength derived by MAM due to its association with one of the leading Islamic banks – BankIslami Pakistan Limited. MAM’s business risk profile has started seeing gradual improvement, as the Modaraba’s maintenance services are expanding to generate profits. Moreover, other business segments – with the management’s concerted efforts – are indicating signs of revival, emanating from encouraging prospects in key business niches. In addition, the ratings recognize MAM’s predominantly equity based capital structure engendering relatively strong risk absorption capacity.

The ratings are dependent on the management’s ability to demonstrate sustained improvement in MAM’s revenue streams and hence profitability. Meanwhile, any adverse changes in the socio-economic environment impacting the Modaraba’s business risk profile and/or its risk absorption capacity would have negative implications for the ratings.

About the Modaraba: Modaraba Al-Mali (MAM), incorporated in 1987, is a perpetual multi-purpose Modaraba listed on all three stock exchanges of Pakistan. MAM, historically engaged in the business of Morabaha, Musharaka, Ijarah finance, and renting of mobile towers, has launched the provision of maintenance services to banks and other multinational companies across major cities. BankIslami Modaraba Investments Limited (BIMIL) has ~13% equity stake in MAM. BIMIL is a wholly owned subsidiary of an Islamic commercial bank – BankIslami Pakistan Limited. MAM’s Board of Directors comprises eight members and is dominated by employees of BIPL, including the President of the bank. The CEO of MAM, Mr. Zulfiqar Ali, an ACMA, possesses over 15 years of experience and has been associated with the Modaraba since 1995.

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