



Rating Action

Lahore : 23-Jun-2014

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PACRA MAINTAINS ENTITY RATINGS OF PAIR INVESTMENT COMPANY LIMITED

The Pakistan Credit Agency Limited (PACRA) has maintained long-term entity rating of PAIR Investment Company Limited (PAIR) at "AA" (Double A) and the short-term rating at "A1+" (A One Plus). These ratings indicate a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings of PAIR reflect sovereign ownership structure - jointly owned by the Governments of Pakistan and Iran. The ratings draw comfort from cohesiveness in the management team and improving technological and operational framework. The management is embarked upon a well thought business plan; however, the success in achieving its business objectives while capitalizing on its niche - project financing - remains to be seen. Despite cautious lending approach, the company witnessed deterioration in its asset quality, resultantly, decline in profitability. The management, cognizant of this, is pursuing recoveries. Nevertheless, PAIR maintains good liquidity profile and strong risk absorption capacity given its healthy capitalization.

The ratings are dependent on the management's ability to sustain its financial profile while managing the associated risks. At the same time, stability in the management team would be important to ensure improvement in the performance. Further weakening in asset quality, in terms of putting pressure on the company's profitability and risk absorption capacity, would have negative implication for the rating.

The Company: PAIR Investment Company Limited is in operations since May 2007. It is an equally owned joint venture of the Government of Islamic Republic of Pakistan through Ministry of Finance (MoF) and the Islamic Republic of Iran through Iran Foreign Investment Company (IFIC). The objective of the company is to promote economic development in Pakistan.

Both the partners have equal representation on the six-member Board. Mr. Bijan Rahimi, nominated by IFIC, is the board's Chairman, Mr. Nadeem Karamat has been appointed as MD/CEO of the company lately.

Applicable Criteria and Related Research

- Banking Sector - Viewpoint | Jun-14
- Bank Rating Methodology

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