

JCR-VIS Credit Rating Company Limited

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Joint Venture Partner - Credit Rating & Information Services Ltd. (CRISL), Bangladesh
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Press Release

JCR-VIS reaffirms the ratings of First Paramount Modaraba

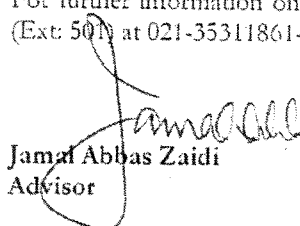
Karachi, December 31, 2015: JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed the entity ratings of First Paramount Modaraba (FPM) at 'BBB/A-3' (Triple B/A-Three). Outlook on the assigned ratings is 'Positive'. The previous rating action was announced on December 26, 2014.

Ratings take into account the conservative risk profile of the Modaraba with gradual increase in equity levels over the years through internal profit generation and right shares issuances. Given sizeable increase in liabilities, liquidity position of the company further weakened. Leverage indicators continue to remain within manageable limits, albeit increasing on a timeline basis.

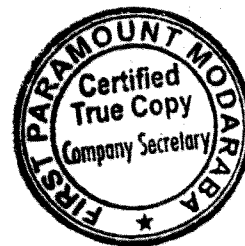
The company utilizes Certificates of Musharakah (CoMs) as its primary funding source. Given relatively lower rates vis-à-vis secondary market borrowings, management continued to focus on mobilizing short-term CoMs. Financing portfolio of the company depicted growth largely on account of higher Musharakah financing in the outgoing year; nonetheless business risk emanating from the same remains a key rating factor.

Profitability declined for a third consecutive year in FY15, on account of investment in Musharakah projects, returns from which are expected to emanate in future periods. Sustainability and growth in earnings are now largely dependent on quality of the financing portfolio.

For further information on this rating announcement, please contact the undersigned (Ext: 516) or Mr. Javed Callan (Ext: 501) at 021-35311861-71 or fax to 021-35311872-3.


Jamal Abbas Zaidi
Advisor

Applicable Rating Criteria: Modaraba Rating Scale (October 2002)
<http://www.jcrvis.com.pk/images/JCR-Mod.pdf>



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