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Date: 29th December, 2017

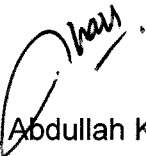
Joint Director,
Securities and Exchange Commission of Pakistan,
Specialized Company Division,
Supervision & Enforcement Department,
5th Floor State Life Building No.2
Wallace Road Off: I. I. Chundrigar Road,
Karachi

Subject: **RATING REPORT OF FIRST PARAMOUNT MODARABA**

Dear Sir,

Please find herewith the certified true copy of Rating Report of First Paramount Modaraba Issued by JCR-VIS Credit Rating Company Limited, for your perusal and record.

Regards



Abdullah Khan
(Chief Financial Officer)

Encl:

1. Register Modaraba- SECP Islamabad
2. Pakistan Stock Exchange Limited

JCR-VIS Credit Rating Company Limited

Founder Shareholder - Islamic International Rating Agency (IIRA), Bahrain
Joint Venture Partner - Credit Rating & Information Services Ltd. (CRISL), Bangladesh
Member - Association of Credit Rating Agencies in Asia (ACRAA)

Press Release

JCR-VIS Reaffirms Ratings of First Paramount Modaraba at BBB/A-3

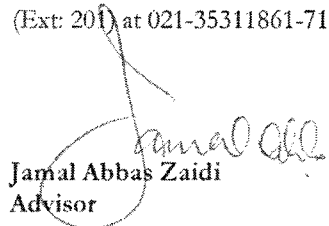
Karachi, December 29, 2017: JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed entity ratings of First Paramount Modaraba (FPM) at 'BBB/A-3' (Triple B/A-Three). Outlook on the assigned ratings is 'Stable'. The previous rating action was announced on December 30, 2016.

Given the six-month long restriction imposed by the regulator on raising additional CoMs, financing portfolio (net of deferred income) of FPM reduced during FY17. Largest chunk of the portfolio is contributed by murabaha financing; business mix is expected to remain the same going forward. Despite concentration in the financing portfolio, a single exposure does not exceed more than 10% of its equity base. Nonetheless, quality of the financing portfolio must be maintained in order to ensure sustainability and growth in earnings. Infection levels of the company continue to remain low.

Despite a lower financing base, revenue base of the company increased on the back of proceeds from its in-house petrochemicals venture. Nevertheless, growth in the top-line was outweighed by increase in its expense base. Subsequently, profitability levels of the company declined in the period ending June 30, 2017. Going forward, management projects its in-house ventures to continue supporting its profitability levels.

FPM only mobilizes funds through Certificate of Musharaka (CoMs). With lifting of the regulator's restriction on CoM issuance, the company plans to recoup its deposit base in order to finance operations. In order to fund growth of its financing portfolio, management also plans to inject approximately half of its paid up capital as equity during FY18; developments in this regard are yet to materialize. Liquidity profile has weakened on the back of limited liquid assets carried on balance sheet. The modaraba's ability to maintain portfolio quality indicators and improve profitability while maintaining leverage within prudent limits will continue to be monitored by JCR-VIS.

For further information on this rating announcement, please contact the undersigned (Ext: 207) or Mr. Javed Callea (Ext: 201) 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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