



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF ARIF HABIB INVESTMENTS LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short term entity ratings of Arif Habib Investments Limited (AHI) at 'A' (Single A) and 'A1' (A one) respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect the company's ability to sustain pressure on its financial profile. There has been a significant improvement in the company's risk absorption capacity on account of enhanced equity base and debt free structure. Nevertheless, the company is exposed to market risk through investments in its own mutual funds. The company's AUM has remained largely stable, sustaining the stream of fee revenue.

The rating is dependent on the sustained credit profile of the entity despite continuing tough operating environment. While ensuring seamless integration of Arif Habib Investments Limited and MCB Asset Management Company, the design and implementation of a robust business strategy would be vital. The ratings would remain on rating watch, pending proposed merger, AHI and MCB AMC of which the implications for the merged entity would be assessed once a combined business plan is finalized.

About the company: Incorporated in August 2000 and listed on the Karachi Stock Exchange, AHI is among the leading asset management companies in Pakistan. Arif Habib Securities Limited (AHSL) - the holding company for Arif Habib Group - holds majority stake (60%) in the company. Arif Habib group is engaged in investment management, financial advisory services, brokerage, cement, REIT and fertilizer industries. Lately, AHI is at an advanced stage of a merger with MCB Asset Management Company Limited.. After the merger, the combined entity will have equal shareholding of each group.

AHI's eight member board includes CEO, four members from the holding company and three independent directors, carrying diversified experience of various sectors including financial services. Mr. Nasim Beg, the chief Executive of AHI is a Chartered Accountant with over three decades of experience in the financial sector. He is supported by a seasoned team.

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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.

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