



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF ASKARI LEASING LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity rating of Askari Leasing Limited (ALL) at ‘A+’ (Single A Plus), and the short-term rating at ‘A1’ (A One). The ratings are assigned a **negative outlook**. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

The ratings reflect the company’s strong risk absorption capacity emanating from its sound financial profile. Earlier the management had been pursuing an aggressive expansion in its loan book. However, recognizing the subdued economic environment, the company has adopted a conservative business strategy. Moreover, to arrest any upsurge in NPLs, the company has brought further improvements in its risk management framework while focusing on recoveries.

The ratings are assigned a negative outlook recognizing the pressure on the overall leasing sector and concerns on the company’s ability to maintain its performance prospects in the increasingly competitive market conditions. Meanwhile, any weakening in liquidity profile of the company and/or significant deterioration in asset quality may negatively impact the ratings.

About the company: ALL, incorporated in August 1993 and listed on all three stock exchanges, is majority owned by Army Welfare Trust (AWT). AWT, is a large business conglomerate, with business interest in sugar processing, textiles, real estate development, commercial banking, leasing, cement, general insurance and travel services. ALL offers lease services through a network of 10 branches alongwith a few small liaison offices across the country.

The CEO, Mr. Abdul Waheed, has been working with ALL since end 2005.

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