



Rating Action

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PACRA MAINTAINS RATINGS OF OPTIMUS LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of “**BBB+**” (Triple B plus) and “**A2**” (A two), respectively, for Optimus Limited (OL). These ratings denote a low expectation of credit risk and an adequate capacity for timely payment of financial commitments. Meanwhile, the ratings for both the TFC and Sukuk issue of PKR 500mln and PKR 250mln respectively have been maintained at “**A**” (Single A).

The ratings reflect the company’s sound business model translating into a market leadership position in the emerging operating lease segment. With the recent acquisition of a leasing company, OL can expand its operations in the finance lease segment as well. Further, the company derives significant operational synergies from its association with Hertz International. The financial risk of the company remains high, mainly owing to leveraging, though the cashflows and coverages have shown a relative improvement during 2009.

About the company: Optimus Limited (OL), a public unlisted company, commenced its commercial operations in Jan 2005. Mr. Saad Faruqi, the CEO, established the company and currently holds 48% stake in it. He is a notable entrepreneur with experience in startups and project development. OL is Pakistan’s largest car rental and fleet management company with around 1,000 vehicles under operation at end-Dec 2009. OL is the exclusive licensee of Hertz Corporation in Pakistan. Hertz is the world’s leading car rental company with operations in 147 countries.

During 2007 JS PE Fund 1 LLC – mainly sponsored by International Finance Corporation, Asian Development Bank, SAMBA financial Group and Commonwealth Development Corporation – acquired majority ownership stake (52%) in the company by injecting fresh equity (PKR 400mln).

The TFC issue: The company has issued a privately place TFC of PKR 500mln in September 2007, with a 5 year tenor. The instrument carries profit at the rate of 6-month KIBOR plus 210bps, payable semi-annually.

The Sukuk issue: The company issued a sukuk of PKR 250mln in March 2008 for a tenor of 7 years, which carries profit of 6-month KIBOR plus 125bps, payable quarterly in arrears. Principal redemption will be made in 24 quarterly installments which commenced from the 15th month i.e. June 2009.

The instruments are secured by a specific charge on vehicles with a 25% margin. Given the strong nature of the underlying security, the TFC and Sukuk have been assigned a rating of A (Single A).

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