



Rating Action

Lahore: (28-Jun-2010)

Analyst

Salman Malik
(+92-42-586 9504)
smalik@pacra.com

PACRA MAINTAINS ENTITY RATINGS OF PAK IRAN JOINT INVESTMENT COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of ‘AA-’ (Double A Minus) and ‘A1+’ (A One Plus), respectively, assigned to Pak Iran Joint Investment Company Limited (PIJC). These ratings denote a very low expectation of credit risk emanating from a very high capacity for timely payment of financial commitments.

The ratings reflect the sovereign ownership structure of PIJC, jointly owned by the Governments of Pakistan and Iran, signifying strong financial support. At the same time, the risk absorption capacity of the company remains strong resulting mainly from a robust equity base and healthy liquidity. Nevertheless, the company’s ability to build a healthy portfolio of earning assets, in line with its development mandate in a competitive and difficult economic environment remains challenging.

The ratings are dependent on the management’s ability to develop an effective risk management framework needed to compliment the overall business strategy of the company. Furthermore, any politically motivated intervention affecting the company’s governance standards could be negative for the ratings. Meanwhile, creating long-term assets to establish fairly diversified and stable revenue streams may have positive implications on the ratings.

The company: Pak-Iran Joint Investment Company Limited commenced operations in May 2007 as a Development Finance Institution (DFI). It is a joint venture investment company that is equally owned by the Governments of Islamic Republic of Pakistan and the Islamic Republic of Iran. The objective of the company is to promote economic development, while facilitating investments from Iran to Pakistan.

Both the partners have equal representation on the six-member Board. Recently, the Government of Iran replaced all three nominees on the Board. Mr. Nowrouz Kohzadi, the new Chairman of the Board, serves as the Managing Director of the Export Promotion Bank of Iran. Mr. Aizaz Sarfraz, the Managing Director of PIJC, possesses experience in the financial industry and continues to build a team of professionals.

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

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.

PACRA’s comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings.

PACRA’s opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security’s market price or suitability for a particular investor.