



**Rating Action**

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**PACRA MAINTAINS ENTITY & TFC RATINGS OF TRAKKER (PVT.) LIMITED**

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity rating of Trakker (Pvt.) Limited (TPL) at 'A-' (Single A Minus), and the short-term rating at 'A2' (A Two). The rating of privately placed secured TFC of PKR 200mln by TPL has been reaffirmed at 'A' (Single A). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

The ratings reflect TPL's strong position in the vehicle tracking services sector, emanating from its superior technology infrastructure, well-known brand, and quality human resource. Moreover, the company has the ability to maintain its competitive edge over its peers on account of its association with one of the world's leading tracking solution providers – DigiCore group. However, at the same time, the ratings take into account the company's highly leveraged capital structure. The management is cognizant of this and exploring various options to reduce the company's gearing. Nevertheless, coverages of the company are currently at comfortable level, driven by its strong cash flows.

**About the TFC Instrument:** The company issued privately placed TFCs of PKR 200mln in September 2007, for a tenor of 4 years. The instrument carries profit at the rate of 6-month KIBOR plus 3.5% p.a. payable semi-annually. The principal redemption would be made through eight equal semi-annual instalments, which have started from March08.

The TFC holders have first exclusive charge over annual monitoring fee of the 26,500 assigned tracking units. The monitoring fee of these units is deposited in a separate collection account that is operated under the control of the trustee. The amount so received is used to apply first towards building up of 1/6th of the upcoming instalment on monthly basis, while the remaining amount is transferred back to TPL. Additionally, the TFC holders have a pari passu charge on all present and future receivables, a ranking charge on other assets of the company, and a first charge on a property located in Lahore.

**About the company:** Trakker (Pvt.) Limited (TPL) is Pakistan's first and the largest vehicle tracking and fleet management company operational since 2000. TPL's Chief Executive, Mr. Ali Jameel, a Chartered Accountant from England & Wales, has diversified experience in managing various businesses, particularly technology based ventures. TPL has an experienced but relatively young management team and quality technical support staff.

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