



**Rating Action**

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**PACRA MAINTAINS RATINGS OF TPL TRAKKER LIMITED**

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short term entity ratings of TPL Trakker Limited (TTPL), formerly Trakker (Pvt.) Limited, at 'A-' (Single A minus) and 'A2' (A Two), respectively. The rating for the Term Finance Certificate (TFC) of PKR 200mln has also been maintained at 'A' (Single A). These ratings denote a low expectation of credit risk emanating from strong capacity for timely payment of financial commitments.

The ratings reflect TTPL's sustained position as a market leader in the vehicle tracking industry, emanating from its superior technology infrastructure, well-known brand, and quality human resource. The company maintains competitive edge over its peers on account of association with one of the world's leading tracking solution providers – DigiCore Group. Although, the subdued socio-economic environment has limited the business growth, TTPL is managing its core margins by bringing further cost efficiencies.

The ratings have negative outlook highlighting the company's high financial risk. High financial charges, a result of significant quantum of borrowings, have deteriorated the coverages and strained the cash flows of the company. The group is aggressively pursuing various options to plough back funds in TTPL. This, is expected to provide much needed financial space and would help de-lever TTPL. However, the timeline is uncertain.

**The TFC Instrument:** TTPL issued a privately placed secured TFC of PKR 200mln in September 2007, for a tenor of 4 years. The instrument carries profit at the rate of 6-month KIBOR plus 350bps per annum, payable semi-annually. The principal redemption is to be made in eight equal semi-annual installments, which began in Mar-08.

The TFC holders have first exclusive charge over the annual monitoring fee of 26,500 tracking units assigned for this purpose. Additionally, 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.

**The Company:** TPL Trakker Limited (TTPL), formerly Trakker (Pvt.) Limited, is Pakistan's first and the largest vehicle tracking and fleet management company. The company began commercial operations in April 2000. TTPL's Chief Executive, Mr. Ali Jameel, is a Chartered Accountant from England & Wales. The company has an experienced management team and quality technical support staff.

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