



The Pakistan Credit Rating Agency Limited

Rating Report

First Capital Investments Limited

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Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
03-Apr-2025	AM4++	-	Stable	Maintain	-
03-Apr-2024	AM4++	-	Stable	Maintain	-
05-Apr-2023	AM4++	-	Stable	Maintain	-
05-Apr-2022	AM4++	-	Stable	Maintain	-
05-Apr-2021	AM4++	-	Stable	Maintain	-
27-Sep-2020	AM4++	-	Negative	Maintain	Yes
27-Sep-2019	AM4++	-	Negative	Maintain	Yes

Rating Rationale and Key Rating Drivers

The rating reflects the Company's modest market position, adequate organizational framework, and a limited fund portfolio consisting of a single fund. The stability of the core management team remains a key supporting factor in the rating. The Company's AUMs stood at PKR 201mln at the end of 6MFY25 (FY24: PKR 144mln; 6MFY24: PKR 126mln); the expansion is attributable to an increase in NAV by ~63% since Dec'23. The Fund gave an annualized return in line with the industry average. However, the rating remains constrained by the Company's relatively small market share of ~0.01% and high investor base concentration. As of Dec'24, the Top 10 investors constitute ~92.3% of total AUMs. The related party concentration is ~87.5% of the total investors, reducing the redemption pressure. The Company has reported a net profit of PKR 38mln during 6MFY25 (FY24: PKR 32mln; 6MFY24: PKR 22mln). The profitability of AMC is primarily due to revaluation gains on investments. Due to the improvement in stock market performance, the equity of the Company shows the elevation and it stood at PKR ~272mln at the end of 6MFY25 (FY24: PKR ~234mln, 6MFY24: PKR ~223mln). Going forward, the Company has also planned to enter the REIT management sector, which will help diversify the revenue streams.

The rating is dependent on sustainable cash flows and profits which would ultimately result in stable equity. The Company's ability to successfully execute its business strategy and achieve optimal utilization of its resources while leveraging group synergies remains imperative. Meanwhile, improving market share, maintaining strong fund performance, strengthening of core processes and meeting the regulatory thresholds would remain critical.

Disclosure

Name of Rated Entity	First Capital Investments Limited
Type of Relationship	Solicited
Purpose of the Rating	Asset Manager Rating
Applicable Criteria	Methodology Rating Modifiers(Apr-24),Assessment Framework Asset Manager Rating(Jun-24)
Related Research	Sector Study Asset Management Companies (AMCs)(Jun-24)
Rating Analysts	Madiha Sohail madiha.sohail@pacra.com +92-42-35869504



Asset Management Companies (AMCs)

The Pakistan Credit Rating Agency Limited

Profile

Structure First Capital Investments Limited ("FCIL" or the "Company") was incorporated in Oct-1994 as a Public Unlisted Company.

Background FCIL, a subsidiary of First Capital Securities Corporation, is a Non-Banking Finance Company licensed to carry out Asset Management services.

Market Share The market share of the Company remains stagnant at ~0.00454% at the end of Dec'24 (Dec'23: ~0.00582%).

Diversification Of Fund Mix The Company is currently managing one open-end mutual fund, First Capital Mutual Fund. The Fund falls under the equity category.

Investor Concentration The top 10 investors concentration is significantly high ~92.3% at the end Dec'24. Whereas, the related party concentration is ~87.5% of the total investors, reducing the redemption pressure.

Ownership

Ownership Structure FCIL is sponsored by First Capital Securities Corporation Limited (FCSC) – the holding company of First Capital Group. FCSC along with the directors and other family members, hold 78.8% shareholding. Mr. Sulieman Ahmed Said Al-Hoqani, an Omani Investor, holds a strategic stake of 9.2% in FCIL. Aamna Taseer holds 4.7% of the shares, and Mr. Mian Ehsanul-Haq holds 3.7% of the shares. The other major shareholders comprise financial institutions.

Business Acumen FCIL is part of the Financial Services Group of the First Capital / Pace Group. The Group also has interests in print & media and property development. On the group level, it has been decided to focus on property development, its core business.

Financial Strength Building on years of experience, the First Capital Group enjoys a moderate financial foundation emanating from its well diversified businesses.

Governance

Board Structure The Board of Directors of the Company comprises four members including the CEO. The remaining three members including the Chairperson, are non-executive and head the Investment, HR and Audit Committees.

Members' Profile Ms. Fauzia Husain Qureshi is the Chairman of the Board. She received a Bachelors of Architecture with a first class from the University of Engineering and Technology, Lahore in 1975 and a Master of Architecture in Advanced Studies from the Massachusetts Institute of Technology, Cambridge USA in 1980. She is currently the Director of FHQ & Associates (SMC-PVT) Ltd. She taught for 35 years in the National College of Arts (NCA) and retired as Professor and Principal of the National College of Arts in June 2011. She is currently President ICOMOS Pakistan for the term 2017-2020. Mr. Jawad Saleem, serves as a non-executive director with over 20 years of experience, is the Country Head of Finance at Majid Al Futtaim Hypermarkets Pakistan. He has held key roles at organizations like PwC, Shaikat Khanum Hospital, Atlas Copco, Levi Strauss, and First Capital Group. With expertise in business expansion, financial management, and mergers & acquisitions, he has worked across manufacturing, retail, entertainment, investment banking, and healthcare. He holds multiple professional certifications, including memberships in accounting bodies in Australia and the UK, and is a Certified Internal Control Auditor (USA). He also has an MBA. Mr. Asif Pervaiz, a non-executive director with over 40 years of experience in project and operations management, has worked in Pakistan and internationally. He began his career with Consulting Services Incorporated and later managed defense construction projects in Saudi Arabia. He also served as a Project Engineer at Pace (Pakistan) Limited and played a key role in constructing the 2nd Tower of the Lahore Stock Exchange. Specializing in government construction projects, he excels in project scheduling, coordination, and customer relations. A registered Professional Engineer, he is affiliated with the Pakistan Engineering Council.

Board Effectiveness The Board exercises close monitoring of the accounting and financial reporting and hiring process through its audit and HR committees. The committees are headed by Ms. Fauzia Hussain Qureshi.

Transparency The Company's external auditors are Russell Bedford - Rehman Sarfraz Rahim Iqbal Rafiq (RSRIR) Chartered Accountants. They are ranked in "A" category in the State Bank of Pakistan's Panel of Auditors.

Management

Organizational Structure The Company has an adequate organizational structure. It operates through five main departments, which directly report to the CEO.

Management Team The senior management team of the Company has a long-term association with the group. Mr. Imran Hafeez is the CEO of FCIL. He is a commerce graduate and an associate member of the Pakistan Institute of Public Finance Accountants with over 16+ years of experience in the field of finance. Previously with PwC, he has expertise in fund raising, risk management, and financial strategy. A Commerce graduate and affiliate of ICAP and PIPFA, he now focuses on business growth at First Capital Investment Limited. He is also working as the group director of finance for the First Capital Group.

Technology Infrastructure FCIL has outsourced its back-office services to IT Minds – a subsidiary of CDC. IT Minds remains responsible for providing daily Net Asset Value (NAV) of First Capital Mutual Fund.

Control Environment The Company has devised policies and procedures for its operations and risk management.

Investment Risk Management

Credit Risk The Company has an excel based model to evaluate the risks of the overall portfolio.

Liquidity Profile The risk management department generates liquidity and redemption risk report for the equity fund that shows a list of liquid stocks which will be able to meet heavy redemption under distress conditions.

Market Risk The Company remains exposed to market volatility as all of the investments are in listed equities.

Portfolio Management

IC Composition The Company's investment committee comprises three members, including the CEO, CFO, and Fund Manager.

Effectiveness The IC formally meets on a weekly basis in order to make investment decisions

Investment Research And Analysis The research department comprises of three individuals: Research Head and two analyst. The department is headed by Ms. Zara. She is pursuing chartered accountancy and did her article ship from A.F Ferguson & Co. The research head is independently reportable to CEO.

Customer Relationship

Investor Services The Company releases its fund manager reports on its webpage in a timely manner. However, no dedicated software for customer management exists.

Investor Reporting The Company's webpage is used as a reporting platform for dissemination of information pertaining to the Company and its funds under management, which includes NAV history, fund performance and other important announcements.

Distribution And Sales Network The Company has a very limited distribution and sales network, which only covers Lahore.

Performance

Asset Under Management The Company has only one fund, and the AUM's stood at PKR ~201mln in Dec'24. (Dec'23: PKR ~126mln).

Asset Manager The Company has reported a net profit of ~PKR 38mln for 6MFY25 (6MFY24: ~22.2mln). FCIL's equity stood at ~PKR 273mln at the end Dec'24. (Dec'23: ~223mln).

Fund's Performance | First Capital Investments Limited

Sr. No.	Fund Name	Category	Weight (%)	AUMs (PKR "mln")					FY24 - 12 Months Return			Performance Ranking
				Dec'24	Jun'24	Mar'24	Dec'23	Sep'23	Return	Bench.	Fund vs. Bench.	Star Ranking
1	First Capital Mutual Fund	Equity	100%	201	144	130	126	99	66.9%	89.2%	-22.3%	3 Star

Asset Manager Rating

An independent opinion on an asset manager's expertise, quality of services and potential vulnerability to investment management and operational challenges

Scale	Definition
AM1	Very high quality. Asset manager meets or exceeds the overall investment management industry best practices and highest benchmarks.
AM2++ AM2+ AM2	High quality. Asset manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.
AM3++ AM3+ AM3	Good quality. Asset manager meets investment management industry standards and benchmarks.
AM4++ AM4+ AM4	Adequate quality. Asset manager demonstrates an adequate organization that meets key investment management industry standards and benchmarks.
AM5	Weak. Asset manager does not meet the minimum investment management industry standards and benchmarks.

<p>Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.</p>	<p>Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the</p>	<p>Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.</p>	<p>Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveill the opinion due to lack of requisite information.</p>	<p>Harmonization A change in rating due to revision in applicable methodology or underlying scale.</p>
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Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.

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- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

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- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
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- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

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- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
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- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

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