



Rating Action

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Analyst

Moin Khalid
(+92-42-586 9504)
moin@pacra.com
www.pacra.com

PACRA MAINTAINS ENTITY AND TFC RATINGS OF JAHANGIR SIDDIQUI & Co. LTD.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of Jahangir Siddiqui & Co. Ltd at “AA+” (Double A plus) and “A1+” (A one plus), respectively. The ratings of the three unsecured listed TFC issues of PKR 500mln each, and one secured listed TFC of PKR 1,100mln are also maintained at “AA+” (Double A plus). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect the very strong risk absorption capacity of the company emanating from a sound capital structure and the highly liquid profile of assets. Although due to sizeable exposure in the stock market, the vulnerability of company’s earnings to market volatility remains relatively high, the management has put in place strong controls to manage the associated risks. Meanwhile, the improving performance of the company’s subsidiaries and associates, mainly in the financial sector, and the management’s focus on identifying new strategic investment opportunities is expected to lead to an increasing stability and diversification in the earning stream, going forward.

About the Company: Jahangir Siddiqui & Co. Limited, a listed company, was established in 1991. Starting as a traditional securities firm, JSCL is now the main holding company for Jahangir Siddiqui (JS) Group, mainly for its stakes in the financials sector. With its considerably expanded equity and asset base, the company is embarked upon new initiatives with a dynamic approach in identifying new growth opportunities and a proven ability to take quick but prudent investment decisions. JS Group, a prominent diversified group of the country, has concentration in financial services, with increasing interest in telecommunication, transportation, textile, sugar, real estate and building material and allied sectors.

About the TFC Instruments: JSCL issued its first unsecured listed TFC in Apr03 for a tenor of five years at a floating rate of 5-year PIB yield plus 150bps payable semi-annually with a floor and cap of 7.5% and 13.0% per annum (p.a.). The principal redemption, to be made in four equal semi-annual installments, has begun from Oct06. The second unsecured listed TFC was issued during Dec04 for a tenor of 5 years carrying fixed profit of 8.29% payable semi-annually. The major portion of principal would be paid in two semi-annual installments beginning 54th month after the issue. The third unsecured listed TFC was issued in Sep05 for a tenor of 5 years. The instrument carries profit at the rate of 6-month KIBOR plus 175bps payable semi-annually with a floor of 6% and a ceiling 16%. Although the principal redemption would start from 36th month after the issue, the major portion (75%) would be redeemed at the time of maturity. The company issued its fourth secured listed TFC in Nov06 for a tenor of five and half years. The instrument carries profit at the rate of 6-month KIBOR plus 250bps payable semi-annually with a floor of 6% and a cap of 16% p.a. The principal redemption will be made in two equal installments beginning 60th month after the issue. The instrument is secured by way of first ranking floating charge with 25% margin on all present and future movable assets of the company, with certain exclusions. All the TFCs have *Call Options* exercisable at different periods from the corresponding dates of issue.

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