



RATING ACTION

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PACRA ASSIGNS RATING TO PROPOSED SUKUK ISSUE OF AMRELI STEELS (PVT.) LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned a rating of 'A' (Single A) to the proposed Sukuk issue of PKR 1,300mln by Amreli Steels (Pvt.) Limited (ASL). The rating denotes a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The rating of the proposed Sukuk, while recognizing the company's adequate ability to generate required cash flows to meet its obligations towards the Sukuk holders, reflects sound security structure of the instrument. The rating also draws comfort from the sponsors commitment to fund Sukuk obligations in times of any financial distress.

The company: ASL, incorporated in 1984, is principally engaged in manufacturing and sale of reinforcement bars, mainly used for the construction of dams, high rise buildings, flyovers, industrial sheds and for residential buildings. The company is producing steel bars according to British and American standards, with an installed capacity of 150,000 tonnes per annum. The company is majority owned by Akberali family, which has been engaged in steel and allied businesses since early forties. Mr. Abbas Akberali, the CEO of the company, is a metallurgical engineer and holds an MBA degree from Columbia University, USA. He has over 36 years of experience in local and the Middle-East markets. He is assisted by a team of qualified and experienced professionals.

The proposed Sukuk: The company intends to issue a Sukuk of PKR 1,300mln, including a green shoe option of PKR 300mln. The proceeds of the instrument would mainly be utilized to re-profile its existing costly borrowings. The issue would be for a term of seven years including a grace period of two years. The profit is payable at 3 month KIBOR *plus* 125bps quarterly in arrears. The principal would be redeemed in unequal stepped up payments, starting from third year after the issuance.

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