



Rating Action

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PACRA MAINTAINS “AA-” RATING OF THE SECURITIZED TFC ISSUE OF FINANCIAL RECEIVABLES SECURITIZATION COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the rating of “AA-” (Double A minus) of the asset-backed term finance certificates issue of PKR 700mln (Class A; 550mln; Class B: 150mln) by Financial Receivables Securitization Company Limited (FRSCL) The rating denotes a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. The cash flows to be generated on account of fees from funds under management of JS Investments Limited (JSIL) are considered very strong to allow FRSCL to meet the contractual TFC obligations comfortably.

About the Issuer: FRSCL is a bankruptcy remote special purpose vehicle (SPV), which has acquired the right to receive the management fee receivable by JSIL on account of providing investment advisory and asset management services to mutual funds (3 closed-end and 3 open-end funds with total net assets of PKR 14,182mln and PKR 20,654mln at end-Mar’08, respectively). The transaction between JSIL and FRSCL was a true sale.

About the Instrument: The TFCs – Class ‘A’ and Class ‘B’ – have a tenor of 7 years with floating coupon payable semi-annually. The listed TFCs (Class A & B) carry interest at the rate of 6-month KIBOR plus 2.0% with a floor of 8.0% and a cap of 16.0%. The principal for Class ‘A’ is being redeemed in equal semi-annual instalments that begin after a grace period of 1 year, in July 2008. Class ‘B’ certificates have a grace period of 3 years. The SPV has a partial or full put option on JSIL for Class ‘B’ certificates of PKR150mln exercisable on every semi-annual repayment date. The TFCs were issued in January 2007.

About the Originator: Incorporated in 1995 and listed in 2007, JS Investments Limited (JSIL) - formerly JS ABAMCO Limited, is the leading private sector asset management company in Pakistan. It is a subsidiary of Jahangir Siddiqui and Company Limited (JSCL) - 52% shareholding at end-Dec07. Starting as a traditional securities firm, JSCL now functions as a holding company for JS Group, mainly for its interest within the financial sector. The management utilizes the funds raised through securitization of future flow of management fees to finance strategic expansion and growth initiatives.

JSIL is managing thirteen funds – ten open-end and three closed-end funds. It also has a pension saving scheme having three underlying sub-funds. The assets under management (AUM) are over PKR42bln as at end-May’08.

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