



Rating Action

Lahore: (14-July-2008)

Analyst

Adnan Dilawar
(+92-42-586 9504)
adnan@pacra.com
www.pacra.com

PACRA MAINTAINS RATINGS OF JAHANGIR SIDDIQUI & CO. LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of Jahangir Siddiqui and Co. Limited (JSCL) at “AA+” (double A plus) and “A1+” (A one plus), respectively. Meanwhile, the ratings of the existing rated TFC issues have been 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 base, which is further supplemented by substantial amount of unrecognized revaluation surplus on certain strategic investments and highly liquid nature of its assets. Although the company’s earnings remain vulnerable to the stock market volatility, the management’s demonstrated ability to effectively manage its exposure in the stock market through strong control systems mitigates the associated risks to some extent. The ratings also recognize the improving performance of a number of company’s subsidiaries and associates, which is expected to benefit JSCL in the form of stable dividend income. Meanwhile, the management remains geared towards diversifying its risk and revenues through further strategic investments.

The company: Jahangir Siddiqui & Co. Limited, listed on Karachi Stock exchange, was established in 1991. Starting as a traditional securities firm, JSCL has now acquired the status of a holding company for Jahangir Siddiqui Group, mainly for its interests in the financial sector. With its considerably expanded equity and asset base, the company is well placed to identify and tap new growth opportunities, with 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, media, real estate and building material and allied sectors.

TFC Issues: JSCL issued its first unsecured listed TFC in Apr03. The instrument has been fully redeemed in April 2008. The second unsecured listed TFC was issued during Dec04 for a tenor of 5 years. 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. While 25% of the principal redemption would be made during the tenor of the TFC, 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 principal redemption will be made in two equal installments beginning 60th month after the issue. JSCL issued its fifth secured privately placed TFC issue in July07 for a tenor of 6 years. The secured instruments have 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.

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings.

PACRA's opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.