



Rating Action

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PACRA ASSIGNS PRELIMINARY RATING TO THE STRUCTURED TERM LOAN FACILITY OF SPENCER & COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned a preliminary rating of 'AA' (Double A) to the proposed 3 year structured term loan facility of upto PKR 464mln to be issued by Spencer & Company Limited (SCL). The rating denotes very low expectation of credit risk and very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

The preliminary rating reflects sound security structure of the proposed term loan arrangement. Under the proposed facility, cashflows arising on account of premises rent receivable due from Unilever Pakistan Limited (UPL) are exclusively assigned for the repayment of the proposed facility. The rating draws comfort from the strong ownership and financial profile of UPL. UPL is a low leveraged company where its borrowing has remained a function of its working capital requirements. UPL is 75% owned by Unilever PLC. Unilever PLC enjoys strong financial strength, also reflected by its International rating of A+ (Fitch, Sep09).

Term loan facility: The facility will be for a sum of upto PKR 464mln at a mark-up rate of 3month KIBOR plus 100bps for a tenor of 3 years. The principal repayment will be made in 12 equal quarterly installments with the first installment due on 16th Nov10 and every three calendar months thereafter.

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