



## Rating Action

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## PACRA MAINTAINS ENTITY & TFC RATINGS OF JAHANGIR SIDDIQUI & CO. LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long term and short term entity ratings of Jahangir Siddiqui & Co. Limited (JSCL) at 'AA' (Double A) and 'A1+' (A One Plus) respectively. Rating of JSCL TFC VIII of PKR 750 mln has been maintained at 'AA+' (Double A Plus). The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect JSCL's strong risk absorption capacity emanating from a sizeable investment portfolio mainly financed through equity. These are pre-dominantly strategic in nature; notably most are listed with adequate liquidity. During the year, the company generated sizeable funds through a right issue and offloading some of its investments. The proceeds were utilized to meet the commitments and enhance the shareholding in the financial sector investments. The company has also build a non-strategic book of investments having a market value of ~PKR 2 bln alongwith sizeable cash placements. This include a sizeable investment in a technology sector company. JSCL's financial profile continues to benefit from the ensuing dividend stream, though currently low, which is expected to increase with improving underlying entities. The company plans to build exposure in the power sector. The oversight framework for the strategic investments is improving. JSCL has a low leveraged capital structure.

The ratings are dependent on the company's ability to augment cash producers within its investment book. The improvement in the performance of the company's strategic investments provides comfort. Diversification of the investment book among sectors would be beneficial. Immaculate financial discipline remains important for the ratings.

### About the company:

JSCL, listed on PSX and established in 1991, is the holding company for Jahangir Siddiqui (JS) group's businesses .The majority shareholding (43%) in JSCL is held by Mr. Jahangir Siddiqui, followed by SAJ Capital (6%). JSCL's overall control vests in its eight members BoD (including the CEO). The board includes two JS family members along with two other group nominees, and two independent directors. The remaining one member represents minority shareholders. The CEO, Mr. Suleman Lalani, FCA, carries extensive experience in financial industry. He has been associated with JS Group since 1992.

### About the Debt Instruments:

JSCL, to date, has issued eight TFCs out of these seven have been fully redeemed in a timely manner. During Oct-12, JSCL issued the 7th TFC of PKR 1,000 mln with a tenor of 4 years. The management has exercised call option to redeem 7th TFC during Apr-16. During Apr-14, JSCL issued the 8th TFC of PKR 750 mln with a tenor of 5 years. The company is planning to issue secured, privately placed 9th TFC amounting to PKR 1,000 mln (inclusive of a green shoe option of PKR 300 mln).

### Applicable Criteria and Related Research

- Holding Companies Rating Methodology
- Debt Instrument Rating Methodology

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