



Rating Action

Lahore : 06-Sep-2011

Analyst

Hira Sajjad
(+92-42-35869504)
hira.sajjad@pacra.com
www.pacra.com

PACRA MAINTAINS RATING OF THE STRUCTURED TERM LOAN FACILITY OF SPENCER & COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the rating of 3 year structured term loan facility of PKR 420mln issued by Spencer & Company Limited (SCL) at 'AA' (Double A). 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 ratings reflect the sound security structure of the structured finance facility. SCL (the lessor) is directing the rent (being received from Unilever Pakistan Limited, the lessee) to Askari Bank against the finance facility. Under the structure of the loan, cashflows arising on account of rent receivable from UPL are exclusively assigned for the repayment of the loan; hence transferring the risk to UPL. During the term of the facility, the tripartite lease agreement cannot be altered/terminated without prior written consent of the lender. Meanwhile, UPL has undertaken to unconditionally cover the payment of total outstanding amount of the facility and related markup component directly to Askari Bank.

The rating reflects UPL's strong financial profile, backed by its healthy cashflow position and low leveraged capital structure. However, any significant deterioration in the financial profile of UPL, though unlikely, may have negative impact on the rating.

Term loan facility: The facility is for a sum of PKR 420mln at a mark-up rate of 3month KIBOR plus 100bps for a tenor of 3 years. The principal repayment is to be made in twelve equal quarterly installments, which began in Nov-10 (Current Outstanding Principal: PKR 279mln).

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