



The Pakistan Credit Rating Agency Limited

PRESS RELEASE

Rating Action

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PACRA DOWNGRADES RATINGS OF DEWAN CEMENT LIMITED

The Pakistan Credit Rating Agency (PACRA) has downgraded the entity and TFC ratings of Dewan Cement Limited to “**D**” (Previous entity ratings; long-term: CC; short-term: C and TFC-Pre-IPO of PKR 3,850mln: CC). The rating denotes that the financial obligations are currently in default.

The company’s financial profile has been under significant pressure owing to substantial delay in execution of proposed debt restructuring activity. This has led to exhaustion of the lender’s forbearance and a number of institutions are pursuing legal recovery cases against Dewan Cement. As per the latest public financial statements of Dewan Cement, the company has largely stopped mark up and principal payments to its lenders. Meanwhile, given increasingly competitive supply-surplus environment of the cement industry, the company’s business risk has exacerbated. Furthermore, material erosion in the financial profile of its key sponsors - Dewan group – has accentuated the company’s risks.

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