



Rating Action

Lahore:(04-Mar-10)

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**PACRA MAINTAINS ASSET MANAGER RATING OF
DAWOOD CAPITAL MANAGEMENT LIMITED**

The Asset Manager Rating of Dawood Capital Management (DCM) has been maintained at ‘AM4+’(AM Four Plus). The rating reflects that DCM meets adequate investments management industry standards and benchmarks.

The company, after experiencing significant pressure in the recent financial industry crises, is undergoing a transitory phase. The company is strengthening key functions including fund management, risk, and marketing through hiring requisite human resource. After facing severe problems in timely execution of redemption requests, DCM has yet to recover its depleted franchise value and investors confidence. The stressed financial profile of the sponsoring group - First Dawood Group - may constraint the management’s efforts towards recovery.

The ratings are dependent upon the management’s ability to strengthen the fund management and research function. Meanwhile, the development of robust risk management and compliance function and implementation of effective strategies to develop sustainable assets under management would remain critical.

The company: DCM, a First Dawood Group (FDG) company, started asset management business in 2003. While majority stake (56%) in DCM is held by FDG, with First Dawood Investment Bank (FDIB) holding 30% stake, NIT also holds 9% stake in the company. The group’s interests include Islamic banking, asset management, brokerage, Islamic insurance and Modarabas. Currently non-banking financial companies (NBFC) are facing tough operating environment, and nearly all the companies of FDG have simultaneously come under significant pressure, including DCM, and are facing multiple challenges.

The Board of DCM comprises seven members including the CEO – four representing the FDG mainly holding executive positions in group companies, one nominee of NIT and while one position of independent director is currently vacant. The CEO, Ms. Tara Uzra Dawood, a member of Dawood family, is a Harvard law graduate.

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