



Rating Action

Lahore: (10-May -2007)

Analyst

Maimoon Rasheed
(+92-42-586 9504)
maimoon@pacra.com
www.pacra.com

PACRA ASSIGNS ENTITY RATINGS TO DEWAN FAROOQUE MOTORS LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned a long-term entity rating of “A” (Single A) and short-term rating of “A2” (A two) to Dewan Farooque Motors Limited (DFML). The ratings denote low expectation of credit risk and strong capacity for timely payment of financial commitments.

The ratings reflect the company’s sound business strategy supported by an adequate capital structure. Although, at present, the company is exposed to a relatively high business risk compared to other established automobile manufacturers in the country, it is implementing a series of measures to improve its competitive position. At the same time, DFML’s association with a diversified business group is also a key-rating factor.

About the Company: DFML, incorporated in 1998 and listed on all the three stock exchanges, is majority owned by Dewan Mushtaq Group through Dewan family members and other group companies. The Group, an established conglomerate in the country, has interests in synthetic fibers, automotive and allied, sugar and allied, textiles, oil and gas, cement, and general trading sectors.

DFML has technical collaboration and licensing agreements with Hyundai and Kia. The manufacturing facility has an annual installed production capacity of 10,000 units on a single shift basis. The BoD of the company comprises seven members all related to the Dewan family. By developing acumen in the related fields, the board, particularly the CEO, Mr. Dewan Mohammad Yousaf Farooqui, has played a critical role in formulating the medium to long-term business strategy of the company.

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

PACRA's 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.