



RATING ACTION

Lahore: (02-July-2010)

ANALYST

Awais Khan
(+92-42-586 9504)
awais@pacra.com
www.pacra.com

PACRA MAINTAINS ENTITY RATINGS OF NATIONAL POWER CONSTRUCTION CORPORATION (PVT.) LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of National Power Construction Corporation (Pvt.) Limited (NPCC) at “A” (Single A) and “A1” (A One), respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect NPCC’s established market positioning in design-construct power transmission segment in Saudi Arabia and low risk appetite of the management. This is supplemented by prudent risk management policies, signifying low business risk. The ratings incorporate equity based capital structure and robust liquidity profile of the company. The core management team’s strong technical statute and business knowledge are also key rating factors.

The management’s ability to sustain its market position, while keeping its margin intact, in wake of intensified competition is critical for the ratings. Meanwhile, significant debt acquisition or aggressive growth plans stretching the company’s resources would have negative rating implications. Moreover, continued association of the top management team – the main driving force behind business initiatives – with NPCC remains crucial.

About the Company: Established in 1974, NPCC has a relatively restricted scope of operations, working in the design-construct power transmission segment in Saudi Arabia. NPCC is majority owned (88%) by the government of Pakistan, while the rest 12% shareholding is with employees under the Benazir Employee Stock Option Scheme.

The corporation has been on the government’s privatization agenda since 2001. However, due to limited interest, the process has been delayed.

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.