



Rating Action

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PACRA ASSIGNS ENTITY RATINGS TO IBRAHIM FIBRES LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned long-term entity rating of ‘A+’ (Single A Plus) and the short-term rating of ‘A1’ (A One) to Ibrahim Fibres Limited (IFL). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect IFL’s strong positioning in its niche market emanating from its ability to meet significant portion of the domestic demand while maintaining requisite quality parameters. The ratings recognize the company’s seasoned management team, efficient production process, sound technological infrastructure and effective control environment. Meanwhile, a stable dividend stream, supplementing IFL’s cashflows, from the company’s strategic investment - Allied Bank Limited - is a key rating factor.

The ratings are dependent on the company’s ability to maintain its market positioning through changing regulatory and competitive scenarios. The ratings also depend upon effective management of the company’s financial risk, which is expected to increase as IFL undertakes leveraged expansion of its main plant capacity. Meanwhile, improvement in IFL’s governance framework, for which the company is taking appreciable steps, remains a challenge.

About the company:

Ibrahim Fibres Limited (IFL), incorporated in 1986, is primarily engaged in the production & marketing of polyester staple fibre / polyester chips and blended yarns. The production facilities are located at Shahkot near Faisalabad; these facilities have annual production capacity of 208,600 metric tonnes for polyester staple fibre / polyester chips and 41,696 metric tons for yarn converted into 20/s count. The company is listed on Karachi and Lahore Stock Exchanges. Ibrahim group holds majority stake (~88%) in IFL directly through sponsoring individuals. In addition to IFL, the group holds a significant ownership stake in Allied Bank Limited.

IFL’s board of directors comprises seven members, including the CEO. Apart from the CEO, there are two directors from the sponsoring family while the remaining directors are senior executives of the group. The affairs of the company are currently being managed by Chief Executive Officer, Mr. Mohammad Naeem Mukhtar, duly supported by Mr. Mohammad Waseem Mukhtar, and a team of senior executives having vast experience in their related fields.

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