



Rating Action

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PACRA DOWNGRADES RATINGS OF MAPLE LEAF CEMENT FACTORY LIMITED, OUTLOOK REMAINS NEGATIVE

The Pakistan Credit Rating Agency Limited (PACRA) has downgraded the long-term and short-term entity ratings of Maple Leaf Cement Factory Limited (MLCFL) to “**BBB-**” (Triple B Minus) and “**A3**” (A Three), respectively. The rating of secured *Sukuk* of PKR 8,000mln has also been downgraded to “**BBB**” (Triple B). The outlook on these ratings is **Negative**. These are the lowest investment grade ratings.

The ratings reflect stressed financial profile of the company, mainly on the outcome of its highly leveraged capital structure and subdued cashflows that have severely impacted Maple Leaf’s ability to meet its financial obligations on a timely basis. Meanwhile, the business prospects of the company are subdued due to challenging dynamics of the cement sector.

The management of the company is currently in negotiations with lenders for debt restructuring. However, the forbearance by most investors, mainly in the company’s *Sukuk*, may exhaust very soon. Hence, favorable restructuring remains critical for the sustenance of the ratings at current level, which, otherwise, are under significant downward pressure.

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