



Rating Action

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PACRA ASSIGNS RATINGS TO MAPLE LEAF CEMENT FACTORY LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned Maple Leaf Cement Factory Limited (MLCFL) the long-term and short-term entity ratings of “BB” (Double BB) and “B” (B), respectively. Meanwhile, the Sukuk issue of PKR 8,000mln has been assigned a rating of “BB+” (BB Plus). These ratings denote that there is a possibility of credit risk developing, particularly as a result of adverse economic change over time.

MLCFL’s ratings reflect high business risk of the company emanating from challenging industry dynamics, further accentuated by emerging capacity overhang in the sector. Meanwhile, the financial profile of the company remains under pressure due to highly leveraged capital structure and distressed cashflows, though recently concluded debt restructuring would provide short-term relief. These ratings incorporate the company’s diversified product mix and establish brand name in the local market.

PACRA downgraded the entity and Sukuk ratings of the company to SD and D, respectively, due to non-servicing of debt obligations in December 2009.

About the company: Maple Leaf Cement Factory Limited (MLCFL), one of the leading cement manufacturers, was established in 1956 and is listed on all three stock exchanges of the country. The cement plant is located at Dadukhal, District Mianwali, in Northern Pakistan with production capacity of 3.7mln tons per annum.

Kohinoor Maple Leaf Group – mainly through Kohinoor Textile Mills Limited (KTML) – owns the majority stake (50%) in the company.

About the Sukuk: The company issued Sukuk of PKR 8,000mln at end-Jan’08. The instrument has been lately restructured for a tenor of 9 years (ending Dec 2018) including a grace period of 2.75 years. The principal redemption would be in 36 quarterly installments and commence in September 2012. The markup on the issue is 3MK+100bps, which would increase to 3MK+170bps after the fifth year. The Sukuk is secured by first pari passu charge over all present and future fixed assets of the company with additional 25% margin.

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