



Rating Action

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PACRA DOWNGRADES RATING OF SUKUK ISSUE OF MAPLE LEAF CEMENT FACTORY LIMITED TO “D”

The Pakistan Credit Rating Agency (PACRA) has downgraded the rating of Maple Leaf Cement Factory Limited’s Sukuk issue of PKR 8,000mln to “D” (Previous rating: BBB). Meanwhile, the entity ratings are placed on “SD” – Selective Default – (Previous ratings; long-term: BBB-; short-term: A3). The rating denotes that the financial obligations are currently in default.

The ratings reflect the company’s non-performance on its debt obligations (Sukuk’s interest payments), emanating largely from material deterioration in its financial profile – an outcome of the company’s highly leveraged capital structure and subdued cashflows. This has 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. Nevertheless, a favorable restructuring outcome may lead to revision of the ratings from its current level.

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