



Rating Action

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PACRA ASSIGNS ENTITY RATINGS TO PIONEER CEMENT LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned the long-term and short-term entity ratings of “A-” (Single A minus) and “A2” (A two), respectively, to Pioneer Cement Limited (PCL). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

The ratings reflect PCL’s exposure to relatively high business risk emanating from the cyclical nature of the cement industry, accentuated by the emerging significant capacity overhang in the sector. Nevertheless, the company enjoys a competitive position in the sector, an outcome of its strong market share, strategic location in the Northern region and better export prospects. The ratings also recognize the management’s pre-emptive measures to manage its financial risk through debt restructuring. The company’s association with a known business group and the demonstrated ability of sponsors to lend support in times of financial distress are also key rating factors.

About the company: Pioneer Cement Limited, established in 1986 and listed on all three stock exchanges, is a part of Noon Group. The group, through its various members, controls the majority stake (60%) in the company. First National Equity Limited (FNE), a leading brokerage house, is the other major stakeholder (around 9% shareholding), while various financial institutions, insurance companies and general public own the rest.

The group has established presence in the textile machinery, sugar, trading and food sectors. Noon family, known industrialists of Pakistan, effectively controls group companies, including PCL with strong presence on the board of directors.

Mr. Javed Ali Khan, the CEO of the company has been associated with Noon group for over 37 years and is a veteran of the cement industry. He has been with PCL since its inception. The top management is supported by a team of professionals with extensive experience in project development and cement industry.

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