



The Pakistan Credit Rating Agency Limited

# IBRAHIM FIBRES LIMITED

## ENTITY RATING REPORT

	<b>NEW</b> <b>[JUN-17]</b>	<b>OLD</b> <b>[DEC-16]</b>
<b>Entity</b>		
Long Term	AA-	AA-
Short Term	A1+	A1+
<b>Outlook</b>	Stable	Stable

JUNE 2017





**Ibrahim Fibres Limited**

<b>BALANCE SHEET</b>	<b>31-Mar-17</b>	<b>30-Jun-16</b>	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>9M</b>	<b>FY</b>	<b>FY</b>	<b>FY</b>
<b>Non-Current Assets</b>	<b>28,516</b>	<b>24,817</b>	<b>24,228</b>	<b>25,060</b>
<b>Investments (Incl. associates)</b>	-	<b>13,762</b>	<b>12,594</b>	<b>11,108</b>
Equity	-	13,762	12,594	11,108
Debt	-	-	-	-
<b>Current Assets</b>	<b>25,038</b>	<b>12,479</b>	<b>12,782</b>	<b>11,809</b>
Inventory	7,554	5,197	6,462	6,048
Trade Receivables	232	206	178	417
Others	17,253	7,076	6,142	5,344
<b>Total Assets</b>	<b>53,554</b>	<b>51,058</b>	<b>49,604</b>	<b>47,977</b>
<b>Debt</b>	<b>12,068</b>	<b>17,418</b>	<b>17,761</b>	<b>17,830</b>
Short-term	2,685	2,691	4,528	2,683
Long-term (Incl. Current Maturity of Long-Term Debt)	9,383	14,727	13,232	15,147
Other Short-term Liabilities	2,521	2,226	1,945	1,758
Other Long-term Liabilities	1,670	2,604	2,552	1,865
<b>Shareholder's Equity</b>	<b>37,296</b>	<b>28,811</b>	<b>27,346</b>	<b>26,524</b>
<b>Total Liabilities &amp; Equity</b>	<b>53,554</b>	<b>51,058</b>	<b>49,604</b>	<b>47,977</b>

**INCOME STATEMENT**

<b>Turnover</b>	<b>30,067</b>	<b>34,710</b>	<b>37,274</b>	<b>47,972</b>
Gross Profit	1,982	980	838	1,329
Net Other Income (Share of profit + Other income - Other expenses)	7,050	2,755	3,001	2,599
Net Finance Cost	(538)	(897)	(1,601)	(1,984)
<b>Net Income</b>	<b>8,527</b>	<b>1,535</b>	<b>803</b>	<b>874</b>

**Cashflow Statement**

Free Cashflow from Operations (FCFO)	2,656	2,177	2,288	2,836
Net Cash changes in Working Capital	(3,497)	663	(115)	1,580
Net Cash from Operating Activities	(516)	3,211	1,886	3,369
Net Cash from Investing Activities	(3,665)	(2,929)	(1,739)	(626)
Net Cash from Financing Activities	4,446	(343)	(69)	(2,861)

**Ratio Analysis**

<b>Performance</b>				
Turnover Growth	22%	-7%	-22%	24%
Gross Margin	7%	3%	2%	3%
Net Margin	28%	4%	2%	2%
ROE	30%	5%	3%	3%
<b>Coverages</b>				
Interest Coverage (FCFO/Gross Interest)	4.9	2.4	1.4	1.4
Core: (FCFO/Gross Interest+CMLTD+Uncovered Total STB)	1.1	0.8	1.1	0.5
Total: (TCF) / (Gross Interest+CMLTD+Uncovered Total STB)	1.4	1.4	1.8	0.7
Debt Payback (Total LT Debt Including UnCovered Total STBs) / (FCFO- Gross Interest)	3.3	11.5	19.3	17.8
<b>Liquidity</b>				
Net Cash Cycle (Inventory Days + Receivable Days - Payable Days)	46	53	55	56
<b>Capital Structure</b> (Total Debt/Total Debt+Equity)	24%	38%	39%	40%



## STANDARD RATING SCALE & DEFINITIONS

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

LONG TERM RATINGS		SHORT TERM RATINGS
<b>AAA</b>  <b>AA+</b> <b>AA</b> <b>AA-</b>  <b>A+</b> <b>A</b> <b>A-</b>	<p><b>Highest credit quality.</b> Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.</p> <p><b>Very high credit quality.</b> Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.</p> <p><b>High credit quality.</b> Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.</p>	<p><b>A1+:</b> The highest capacity for timely repayment.</p> <p><b>A1:</b> A strong capacity for timely repayment.</p> <p><b>A2:</b> A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.</p> <p><b>A3:</b> An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.</p> <p><b>B:</b> The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions.</p> <p><b>C:</b> An inadequate capacity to ensure timely repayment.</p>
<b>BBB+</b> <b>BBB</b> <b>BBB-</b>	<p><b>Good credit quality.</b> Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.</p>	
<b>BB+</b> <b>BB</b> <b>BB-</b>	<p><b>Speculative.</b> Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met.</p>	
<b>B+</b> <b>B</b> <b>B-</b>	<p><b>Highly speculative.</b> Significant credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.</p>	
<b>CCC</b> <b>CC</b> <b>C</b>	<p><b>High default risk.</b> Substantial credit risk “CCC” Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. “CC” Rating indicates that default of some kind appears probable. “C” Ratings signal imminent default.</p>	
<b>D</b>	<p>Obligations are currently in default.</p>	

<p><b>Rating Watch</b> Alerts to the possibility of a rating change subsequent to, or in anticipation of, a) some material identifiable event and/or b) deviation from expected trend. But it does not mean that a rating change is inevitable. Rating Watch may carry designation – Positive (rating may be raised, negative (lowered), or developing (direction is unclear). A watch should be resolved with in foreseeable future, but may continue if underlying circumstances are not settled.</p>	<p><b>Outlook (Stable, Positive, Negative, Developing)</b> Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. ‘Stable’ outlook means a rating is not likely to change. ‘Positive’ means it may be raised. ‘Negative’ means it may be lowered. Where the trends have conflicting elements, the outlook may be described as ‘Developing’.</p>	<p><b>Suspension</b> It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.</p>	<p><b>Withdrawn</b> A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the debt instrument is redeemed, d) the rating remains suspended for six months, or e) the entity/issuer defaults.</p>
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**Name of Issuer**  
**Sector**  
**Type of Relationship**  
**Purpose of the Rating**

Ibrahim Fibres Limited  
 Polyester  
 Solicited  
 Independent Risk Assessment

**Rating History**

Dissemination Date	Long Term	Short Term	Outlook	Action
23-Jun-17	AA-	A1+	Stable	Maintain
17-Dec-16	AA-	A1+	Stable	Maintain
18-Dec-15	AA-	A1+	Stable	Maintain
18-Dec-14	AA-	A1+	Stable	Maintain
18-Dec-13	AA-	A1+	Stable	Maintain

**Related Criteria and Research**

Rating Methodology  
 Sector Research

Corporate Rating Methodology  
 Textile | Polyester - Viewpoint | Dec-16

**Rating Analysts**

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[Rating Team Statement](#)

**Rating Procedure**

Rating is an opinion on relative credit worthiness of an entity or debt instrument. It does not constitute recommendation to buy, hold or sell any security. The rating team for this assignment does not have any beneficial interest, direct or indirect in the rated entity/instrument.

[Disclaimer](#)

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 PACRA reviews all the outstanding ratings on annual basis or as and when required by any stakeholder (including creditor) or upon the occurrence of such an event which requires to do so  
 PACRA initiates immediate review of the outstanding rating(s) upon becoming aware of any information that may be reasonable be expected to result in any change (including downgrade) in the rating

**Reporting of Misconduct**

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[Probability of Default \(PD\)](#)

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