RATING REPORT

Maple Leaf Cement Factory Limited

REPORT DATE:
August 10, 2022

RATING ANALYST:
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Rating Category	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	A	A-1	A	A-1
Rating Outlook	Positive		Positive	
Rating Date	*Aug 10, 2022*		*May 28, 2021*	

COMPANY INFORMATION	
Incorporated in 1960	**External auditors:** KPMG Taseer Hadi & Co. Chartered Accountants
Public Limited Company	**Chairman:** Mr. Tariq Sayeed Saigol
Key Shareholders (with stake 5% or more):	**CEO:** Mr. Sayeed Tariq Saigol

APPLICABLE METHODOLOGY(IES)
VIS Entity Rating Criterion: Corporates (*August 2021***)**   https://docs.vis.com.pk/docs/CorporateMethodology202108.pdf

Maple Leaf Cement Factory Limited

OVERVIEW OF THE INSTITUTION

Maple Leaf Cement Factory Limited (MLCF) was incorporated in 1960 as a public company limited by shares. The company is listed on Pakistan Stock Exchange Limited. Head office of the company is based in Lahore, whereas representation offices are present in six different cities. The Company's Financial Statements are audited by KPMG Taseer Hadi & Co. Chartered Accountants

Profile of Chairman

Mr. Tariq Sayeed Saigol is the Chairmen of MLCFL, KTML and MLPL. He is a leading and experienced industrialist with exposure to multiple sectors

Profile of CEO

Mr. Sayeed Tariq Saigol is the Chief Executive of MLCFL and MLPL and Directors in KTML and MLCL. Prior to MLCF, Mr. Saigol has several years of experience in the textile sector. He is a graduate of the McGill University with a degree in management

RATING RATIONALE

The ratings assigned to Maple Leaf Cement Factory Limited (MLCF) take into account the elevated business risk profile of the cement industry as sales declined during the ongoing year owing to reduction in overall dispatches emanating from a drop in in export volume, which was mainly attributable to supply chain issues and higher freight costs. The short-term outlook for the industry is sluggish, as the rising cost of cement, being driven by commodity bull cycle in coal and increase in domestic inflation, is likely to weigh on demand and profitability margins of cement companies. Furthermore, political uncertainty and fiscal constraints may impact development expenditure in the short-term horizon going forward. The assigned ratings continue to take into account the cyclical business risk profile of cement industry and the Company's market position as the fourth largest cement producer in the country. Ratings also reflect the company's satisfactory and efficient operations with MLCF being one of the low-cost producers in the cement sector. The Company has a diversified portfolio which includes Ordinary Portland Cement, Sulphate Resistant Cement, Low Alkali Cement, White Cement and Wall Coat.

Assessment of financial risk profile incorporates enhancement of margins in the outgoing year stemming largely from higher sales prices and operational efficiencies in greater in-house energy generation and cost-effective procurements. The ratings incorporate sound liquidity profile of the company; the same has improved during the rating review period and is considered adequate as evident from healthy cash flow coverages in relation to outstanding obligations. However, going forward, with notable drawdown of borrowings expected to fund ongoing capex primarily on Line-4, liquidity ratios are expected to trend downwards slightly till FY23. Given the additional debt projections FFO to Debt is expected to remain commensurate with the benchmark for the assigned rating. The ratings remain dependent on maintenance of margins, realization of projected capex targets without sizable cost escalation, incremental cash flow generation and cost savings from recent/ongoing capital expenditure and maintenance of leverage indicators.

MLCF is principally engaged in production and sale of cement. Production facility of MLCF is situated in Iskanderabad Distt: Mianwali. The company is a subsidiary of Kohinoor Textile Mills Limited ('the Holding Company'). The company is part of Kohinoor Maple Leaf Group which has presence in cement, textile, power and capital markets. Maple Leaf Power Limited is 100% owned subsidiary of MLCF, established to operate 40MW coal fired power generation plant.

Sector Update:

The cement sector in Pakistan is heavily dependent upon the nature and state of the economy of the nation where production capacity and ultimate dispatch is pegged towards demand and current Planning, Development & Special Initiatives (PSDP) allocation by the government. Given the external circumstances, the industry has shifted towards the mature phase of its product life cycle in which competition is high, demand is stagnant and key players are firmly established. Furthermore, the cement sector by its natural design has high barriers to entry where having economies of scale is paramount. Capital investment requirements and business set up costs remain sizable and access to key distribution channels and raw material is essential to sustainability and growth.

During FY21, the cement industry's offtake recorded sizable uptick of 20.1% to 57.45 MT per annum as compared to 47.81 MT per annum in FY20 in line with strong growth of 20.4%

evidenced in local dispatches. Factors that contributed to this increase in sales volume were pent-up demand, following the extraordinary slowdown observed in the pandemic-induced lockdown in 4QFY21, Government's stimulus to incentivize construction sector given initiation of low-cost housing schemes, subsidization of housing finance and changes in banking regulations to ensure housing finance allocation. Exports of cement increased by 18.7% from 7.85 MT in FY20 to 9.31 MT in FY21. However, cement industry sales decreased by 5.9% in 9MFY22 vis-à-vis corresponding period last year. The decline in overall dispatches emanated from a drop in in export volume (35.1 %), which was mainly attributable to supply chain issues and higher freight costs. The elevated political uncertainty and expectation of a relatively lower development budget going forward is also likely to act as a drag on demand. The long-term outlook for cement industry remains positive, given Pakistan's status as a developing nation, low per capita consumption of cement and easy domestic availably of limestone. The industry statistics of offtake are presented in the table below:

	FY19	FY20	FY21	9M'FY21	9M'FY22
Local	40.235	39.965	48.132	36.183	36.143
Export	6.522	7.847	9.314	7.148	4.639
Total	**46.757**	**47.812**	**57.446**	**43.331**	**40.783**

Key Rating Drivers

Market Position

Assigned ratings incorporate MLCF's position as one of the leading players in the cement sector. The company is the 4th largest player in terms of installed capacity. However, market share of MLCF in terms of dispatches has slightly decreased during the period under review. As per management, the addition of Line 4 will further add to plant capacity and efficiency, therefore management is projecting an increase in market share in the medium to long-term.

	Installed Capacity (MT)			Dispatches (MT)		
Year	MLCF	Industry	Market share	MLCF	Industry	Market share
HY22	2,850,000	32,970,119	8.64%	2,406,609	27,456,363	8.77%
FY21	5,585,342	65,940,237	8.47%	5,023,444	57,446,000	8.75%
FY20	5,550,000	60,602,988	9.16%	5,201,820	47,812,142	10.88%

Operational Update

MLCF has at present two separate plants for grey and white cement; each with dedicated production lines within the same facility that ensures a continuous supply of cement throughout the year. There are three production lines for grey cement coupled with one separate line for white cement in which it holds more than 90% market share. The company has a diversified portfolio which includes Ordinary Portland Cement, Sulphate Resistant Cement, Low Alkali Cement, White Cement and Wall Coat. MLCF operational cement production capacity increased to 5.59m MT (FY20: 5.55m MT) per annum given the clinker / cement production capacity of line III increased from 7,300 tons/day to 7,800 tons/day due to debottlenecking and balancing, modernization and replacement (BMR) program; the capacity enhancement was completed in Apr'21. The management aims to keep production costs at lower level and to increase its market share. Hence, the addition of grey cement line III is fuel and energy efficient. MLCF markets and sells its products all over Pakistan with market presence mainly in North and Central regions. The company also exports cement to Afghanistan, Middle East and other African countries. The capacity utilization has decreased on a timeline, the same correlates with decline in market share.

Capacity & Production	FY19	FY20	FY21	9MFY22
Capacity (Clinker)	3,600,000	5,550,000	5,585,342	4,189,007
Production (Clinker)	3,541,743	4,963,675	4,881,669	3,297,325
Utilization	98.4%	89.4%	87.4%	78.7%
Production (Cement)	3,638,313	5,196,304	4,994,594	3,514,087

Ongoing capex on Line-4 & other initiatives

Foreseeing the resumption of CPEC, progress in dam projects and increased demand in housing sector, existing production capacities are expected to be absorbed in medium term. To cater to future rising demand, MLCF decided to increase its production capacity and the work on construction of new production line with capacity of 7,000 tpd during FY21. The line has an aggregate additional capacity of 2.20m MT; this will take the total cement production capacity of MLCF to 7.79m MTs. The company established Letters of Credit for import of equipment during Apr'21; estimated timeline for the completion of this project is 18 months. The project will significantly bolster the top line figures of the company in the future and is expected to commence production by end- Nov' 22. The total cost of the project is recorded at Rs. 21.0b which is planned to be met by mix of debt (Rs. 13.5b) and equity (Rs. 7.5b). The company had procured incremental funding amounting to Rs. 4.2b during the ongoing year for the aforementioned project, while the same is projected to increase to Rs. 7.3b at end-FY22. The highest borrowing for Line-4 expansion will be seen at end-FY23 at Rs. 13.5b. Given there is no other significant expansion, MLCF's planned expansion should allow the company to maintain market share in the 10-11% range, in terms of production capacity.

MLCF has also successfully completed its Waste Heat Recovery Project (WHRP) of 9MW on newly installed cement line 3 during the ongoing year. The total capital outlay amounted to Rs. 1.7b. The project has increased capacity of 16 MW to 25 MW and now represents one-third of the power mix; the same is expected to result in substantial saving of power cost. The company also implemented a solar power project of 5MW during the 9MFY22. Further, to control the upcoming inflationary trend in power cost, the company has started to commission an additional solar power plant of 7.5MW which is expected to be completed by end-FY22. In addition to above, the MLCF has also initiated work on a new WHRP for ongoing addition of new cement Line-4. The planned project is expected to increase capacity further from 25MW to 33MW. In this regard, the company has established LCs for import of equipment while civil works have commenced at site; the project is expected to be completed by end-FY23.

Upward momentum in revenues & sizable improvement in margins witnessed

At start of FY21, the economy had receded to negative growth, PSDP allocations were cut, inflation was an all-time high and industrial growth and consumer demand had stunted; however, the economy performed better than anticipated hence, actual financial results deviated to a more favorable outcome. Following a similar trend, the company reported higher sales with an increase of 22.4% to Rs. 35.6b (FY20: Rs. 29.1b) during FY21 as market conditions grew favorable and the cement industry rebounded to better prospects. The higher revenue recorded was solely an outcome of increase in average price of local grey cement to Rs. 547/bag (FY20: Rs. 496/bag) as the volumetric sales declined during FY21. Sales during the outgoing year comprised 96.5% of grey cement and 3.5% of white cement.

in million MTs	FY19	FY20	FY21	9MFY22
Local dispatches	3.339	5.020	4.696	3.479
Export dispatches	0.335	0.181	0.327	0.89
Total	**3.673**	**5.202**	**5.023**	**3.568**

Moreover, significant recovery was witnessed in gross margins from negative in FY20 to 21.1% in the outgoing year as a combined impact of improved market conditions which uplifted and promoted demand, reduction in packing material cost, inventory gains reaped through efficient buying of coal and avoiding the bump in the Wapda power tariffs by following an ongoing strategy of shifting reliance from national power grid to self-generation. The increase in average prices of final product along with partial shift of power mix to Afghan coal, cheaper than other imported coal by 40-50%, also reflected positively on gross margins of the company. The profitability indicators were supported by exponentially high other operating income of Rs. 3.7b (FY20: Rs. 132.0m) booked in line with dividend income earned from 100% owned subsidiary Maple Leaf Power Limited (MLPL) received during FY21. The operating expenses, administrative and distribution costs, increased to Rs. 2.5b (FY20: Rs.1.7b) on account of annual salary adjustments and higher expected credit loss charge for the year during FY21; however, the increase is in sync with higher scale of operations. Further, finance cost decreased mainly due to low discount rates and reduction in utilization of short-term borrowings. As a combined result of uptick in revues and margins along with rationalization of interest expense, the company reported sizable profit after tax of Rs. 6.3b during FY21 in comparison to negative bottom-line in the previous year.

Total sales volume achieved during 9MFY22 depicts a decrease of around 6.0 % over 3.8m tons sold during the corresponding period last year (CPLY). Domestic sales volume also decreased by over 2% as compared to CPLY due to reduction in cement demand in local market. Further, the decrease in export sales was mainly attributable to Afghanistan market due to the slow economic activity post American exodus from the country, low margins and banking restrictions. Further, cement dispatches to rest of world are still not feasible due to high production costs in Pakistan and increased shipping rates.

During 3QFY22, global coal and oil prices further escalated sharply due to ongoing war between Russia and Ukraine which halted the supply of oil by Russia which in turn resulted in commodity price super-cycle. Further devaluation of Pak Rupee during 9MFY22 resulted in pressure on fuel and power costs of the company that is mainly based on imported coal and pet coke. However, the company was able to keep its fuel and power costs under control by using Afghan coal and some domestic coal to a certain optimal mix despite the problems of inconsistent supply and quality issues. Further, MLCF is also benefitting by use of pet coke which is cost effective due to higher energy content and earlier purchases of imported/local coal and pet coke at cheaper rates. As a result of the aforementioned cost rationalization techniques along with higher average price of local grey and white cement recorded at Rs. 667/bag and Rs. 1,150/bag (FY21: Rs. 1,122/bag) respectively, gross margins exhibited positive momentum, increasing to 25.3% during 9MFY22. Therefore, despite increase in financial and operating expenses, MLCF reported healthy profit of Rs. 3.6b during 9MFY22 in line with uptick in revenues and margins.

Liquidity profile has improved during the rating review period and is considered adequate as evident from healthy cash flow coverages in relation to outstanding obligations. However, going forward, with notable drawdown of borrowings expected to fund ongoing capex, liquidity ratios are expected to trend downwards slightly till FY23

Liquidity profile of the company has exhibited positive trajectory in line with improving profitability metrics, strong dividend income from subsidiary and sound coverage of cash flows in relation to outstanding obligations. In absolute terms, Funds from Operations (FFO) improved significantly to Rs. 7.6b (FY21: Rs.4.8b; FY20: negative) during 9MFY22 translating into improved liquidity indicators as FFO to total and FFO to long-term debt improved to 0.43x (FY21: 0.30x; FY20: negative) and 0.55x (FY21: 0.34x; FY20: negative) at end-9MFY22.

Moreover, the debt service coverage ratio also has depicted upward trajectory and was recorded high on a timeline at 3.27x (FY21: 4.09x; FY20: 0.06x) at end-9MFY22. Coverage of short-term borrowings by stock in trade and trade debts was adequate in FY21 however the same declined during the ongoing year in line with sizable increase in short-term funding. On the other hand, the ratio is not an ideal measure of coverage for short-term borrowings for cement sector as sizable capital is locked in stores & spares inventory. Further, the current ratio was reported comfortable at 1.2x (FY21: 1.5x; FY20: 1.1x) at end-9MFY22. However, with significant incremental long-term funding projected to be obtained to fund capex primarily on Line-4, coverages in terms of outstanding obligations are expected to face slight dip. Nevertheless, the same are projected to remain within comfortable range and in line with benchmarks for the assigned ratings. Further, the aging of receivables is considered fair as 86% of the total receivables were overdue for less than a year. On the flip side, credit loss on receivables increased to Rs. 293.4m (FY20: Rs. 180.7m) during the outgoing year; however, the quantum of loss in terms of total receivables and sale revenue is negligible. Moreover, the strategic investment in associate MLPL amounting to Rs. 5.0b is expected to be retained by the company in the long-term.

Capitalization

The core equity of the company augmented to Rs. 38.4b (FY21: Rs. 34.5b; FY20: Rs. 27.7b) by end-9MFY22 on the back of internal capital generation. By end-FY23, additional procurement of long-term debt amounting to Rs. 7.6b is to be carried out to finance capacity enhancement with addition of Line-4. Out of the total debt component of Rs. 14b, Rs. 8.0b is expected to be obtained under SBP's concessionary schemes of LTFF & TERF; the same is projected to positively support the profitability indicators. Given, there are plans to mobilize significant borrowings in the near future, gearing is projected to increase slightly by end-FY23; however, the leverage indicators are projected to scale down in the medium to long-term on account of profit generation and periodic repayments of obligations.

FINANCIAL SUMMARY	(amounts in PKR millions)			Appendix-I	
BALANCE SHEET	**2018**	**2019**	**2020**	**2021**	**3Q22**
Fixed Assets	40,894	46,641	44,298	44,216	52,118
Long term Investment	5,020	5,020	5,020	5,020	5,020
Stores, spares & loose tools	6,505.3	7,208.8	8,395.6	9,738.7	15,076.9
Stock-in-Trade	1,194	1,739	1,779	2,150	1,842
Trade Debts	1,132	2,684	3,052	1,680	2,736
Income Tax Refundable	774.1	1,046.7	1,630.3	1,836.9	1,506.1
Cash & Bank Balances	633	494	1,046	490	782
Total Assets	**58,729**	**65,958**	**66,010**	**66,239**	**80,635**
Trade and Other Payables	5,389	8,218	7,951	7,512	10,234
Long Term Debt (including current maturity)	13,753	18,305	15,298	14,341	18,428
Short Term Debt	5,360	4,015	6,642	1,894	5,278
Total Debt	19,113	22,321	21,940	16,235	23,706
Deferred Taxation	3,418	3,706	3,379	3,890	4,487
Total Liabilities	**28,817**	**35,443**	**34,689**	**28,697**	**39,494**
Paid Up Capital	5,937	5,937	10,983	10,983	10,983
Tier-1 Equity	**25,647**	**26,630**	**27,706**	**34,453**	**38,432**
INCOME STATEMENT	**2018**	**2019**	**2020**	**2021**	**3Q22**
Net Sales	25,699	26,006	29,118	35,640	34,091
Gross Profit	7,023	4,917	-728	7,505	8,618
Profit Before Tax	4,395	1,664	-5,269	7,290	5,044
Profit After Tax	3,632	1,465	-4,843	6,254	3,592
RATIO ANALYSIS	**2018**	**2019**	**2020**	**2021**	**3Q22**
Gross Margin (%)	27.3%	18.9%	-2.5%	21.1%	25.3%
Net Profit Margin	14.1%	5.6%	-16.6%	17.5%	10.5%
Current Ratio	1.07	1.00	1.08	1.48	1.23
Net Working Capital	778	42	1,293	5,474	4,317
FFO	4,416	3,967	-2,747	4,840	7,610
FFO to Total Debt (%)	0.23	0.18	-0.13	0.30	0.43
FFO to Long Term Debt (%)	0.32	0.22	-0.18	0.34	0.55
Debt Servicing Coverage Ratio (x)	5.51	2.89	0.06	4.09	3.27
ROAA (%)	7.4%	2.4%	-7.3%	9.5%	6.5%
ROAE (%)	16.1%	5.6%	-17.8%	20.1%	13.1%
Gearing (x)	0.75	0.84	0.79	0.47	0.62
Leverage (x)	1.12	1.33	1.25	0.83	1.03
Short-Term Borrowing Coverage (x)	0.43	1.10	0.73	2.02	0.87

FINANCIAL PROJECTIONS	(amounts in PKR millions) Appendix-II			
BALANCE SHEET	**2022**	**2023**	**2024**	**2025**
Fixed Assets	56,541.9	59,597.6	56,698.0	53,135.3
Long term Investment	5,020.0	5,020.0	5,020.0	5,020.0
Stores, spares & loose tools	11,433.5	11,662.2	11,895.4	12,133.3
Stock-in-Trade	2,609.2	2,779.6	3,072.2	3,299.1
Trade Debts	2,768.7	2,807.9	3,098.5	3,349.5
Income Tax Refundable	1,601.5	2,277.5	3,102.0	3,467.1
Cash & Bank Balances	723.4	4,809.4	6,864.8	11,739.0
Total Assets	**81,723.1**	**90,016.6**	**90,852.6**	**93,286.9**
Trade and Other Payables	7,737.7	7,238.7	6,012.1	6,549.3
Long Term Debt (including current maturity)	22,654.7	26,028.6	22,033.0	17,593.5
Short Term Debt	7,737.7	7,238.7	6,012.1	6,549.3
Total Debt	26,548.8	29,922.7	25,927.1	21,487.6
Deferred Taxation	4,633.8	5,413.6	5,746.9	5,546.0
Total Liabilities	**39,822.5**	**43,047.1**	**38,150.0**	**34,041.5**
Paid Up Capital	10,983.5	10,983.5	10,983.5	10,983.5
Tier-1 Equity	**38,810.6**	**43,879.1**	**49,612.7**	**56,172.2**
INCOME STATEMENT	**2022**	**2023**	**2024**	**2025**
Net Sales	45,538.8	49,906.6	55,336.1	60,254.2
Gross Profit	13,794.1	16,088.7	17,958.3	20,114.6
Profit Before Tax	6,565.0	7,833.3	9,197.2	10,729.2
Profit After Tax	4,907.3	5,892.3	6,832.0	7,932.4
RATIO ANALYSIS	**2022**	**2023**	**2024**	**2025**
Gross Margin (%)	30.3%	32.2%	32.5%	33.4%
Net Profit Margin	10.8%	11.8%	12.3%	13.2%
Current Ratio	1.29	1.65	2.00	2.34
FFO	9,238	9,889	10,707	11,773
FFO to Total Debt (%)	0.35	0.33	0.41	0.55
FFO to Long Term Debt (%)	0.41	0.38	0.49	0.67
Debt Servicing Coverage Ratio (x)	4.16	2.14	1.98	1.94
ROAA (%)	2.1%	2.1%	2.4%	2.7%
ROAE (%)	4.4%	4.4%	4.7%	4.8%
Gearing (x)	0.68	0.68	0.52	0.38
Leverage (x)	1.03	0.98	0.77	0.61
Short-Term Borrowing Coverage (x)	1.38	1.43	1.58	1.71

ISSUE/ISSUER RATING SCALE &DEFINITIONS Appendix III

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: ISSUES / ISSUERS

Medium to Long-Term

AAA
Highest credit quality; the risk factors are negligible, being only slightly more than for risk-free Government of Pakistan's debt.

AA+, AA, AA-
High credit quality; Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A+, A, A-
Good credit quality; Protection factors are adequate. Risk factors may vary with possible changes in the economy.

BBB+, BBB, BBB-
Adequate credit quality; Protection factors are reasonable and sufficient. Risk factors are considered variable if changes occur in the economy.

BB+, BB, BB-
Obligations deemed likely to be met. Protection factors are capable of weakening if changes occur in the economy. Overall quality may move up or down frequently within this category.

B+, B, B-
Obligations deemed less likely to be met. Protection factors are capable of fluctuating widely if changes occur in the economy. Overall quality may move up or down frequently within this category or into higher or lower rating grade.

CCC
Considerable uncertainty exists towards meeting the obligations. Protection factors are scarce and risk may be substantial.

CC
A high default risk

C
A very high default risk

D
Defaulted obligations

Short-Term

A-1+
Highest certainty of timely payment; Short-term liquidity, including internal operating factors and /or access to alternative sources of funds, is outstanding and safety is just below risk free Government of Pakistan's short-term obligations.

A-1
High certainty of timely payment; Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

A-2
Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small.

A-3
Satisfactory liquidity and other protection factors qualify entities / issues as to investment grade. Risk factors are larger and subject to more variation. Nevertheless, timely payment is expected.

B
Speculative investment characteristics; Liquidity may not be sufficient to ensure timely payment of obligations.

C
Capacity for timely payment of obligations is doubtful.

Rating Watch: VIS places entities and issues on 'Rating Watch' when it deems that there are conditions present that necessitate re-evaluation of the assigned rating(s). Refer to our 'Criteria for Rating Watch' for details. www.vis.com.pk/images/criteria_watch.pdf

Rating Outlooks: The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details.www.vis.com.pk/images/criteria_outlook.pdf

(SO) Rating: A suffix (SO) is added to the ratings of 'structured' securities where the servicing of debt and related obligations is backed by some sort of financial assets and/or credit support from a third party to the transaction. The suffix (SO), abbreviated for 'structured obligation', denotes that the rating has been achieved on grounds of the structure backing the transaction that enhanced the credit quality of the securities and not on the basis of the credit quality of the issuing entity alone.

(blr) Rating: A suffix (blr) is added to the ratings of a particular banking facility obtained by the borrower from a financial institution. The suffix (blr), abbreviated for 'bank loan rating' denotes that the rating is based on the credit quality of the entity and security structure of the facility.

'p' Rating: A 'p' rating is assigned to entities, where the management has not requested a rating, however, agrees to provide informational support. A 'p' rating is shown with a 'p' subscript and is publicly disclosed. It is not modified by a plus (+) or a minus (-) sign which indicates relative standing within a rating category. Outlook is not assigned to these ratings. Refer to our 'Policy for Private Ratings' for details. www.vis.com.pk/images/policy_ratings.pdf

'SD' Rating: An 'SD' rating is assigned when VIS believes that the ratee has selectively defaulted on a specific issue or obligation but it will continue to meet its payment obligations on other issues or obligations in a timely manner.

REGULATORY DISCLOSURES					Appendix IV
Name of Rated Entity	Maple Leaf Cement Factory Limited				
Sector	Cement and Construction				
Type of Relationship	Solicited				
Purpose of Rating	Entity Rating				
Rating History	**Rating Date**	**Medium to Long Term**	**Short Term**	**Rating Outlook**	**Rating Action**
	RATING TYPE: ENTITY				
	Aug 10, 2022	A	A-1	Stable	Maintained
	May 28, 2021	A	A-1	Positive	Maintained
	April 2, 2020	A	A-1	Stable	Initial
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2022 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.				
Due Diligence Meetings Conducted	**Name**		**Designation**	**Date**	
	Mr. Zeeshan Ahmed		GM Finance	June 28, 2022	