VIS
Credit Rating Company Limited

RATING REPORT

MAPLE LEAF CEMENT FACTORY LIMITED

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RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A+	A1	A	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Upgrade		Reaffirmed	
RATING DATE	December 4, 2025		October 11, 2024	

Shareholding (5% or More)	Other Information
Kohinoor Textile Mills Limited – 57.9%	Incorporated in 1960
General Public – 29.2%	Public Limited Company (listed)
Modarabas and Mutual Funds – 7.6%	Chief Executive: Mr. Sayeed Tariq Saigol
	External Auditor: A.F. Ferguson & Co PWC

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/docs/CorporateMethodology.pdf

Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

Maple Leaf Cement Factory Limited's ('MLCF' or 'the Company') ratings reflect its sustained business position within Pakistan's cement sector. The Company's integration within the Kohinoor Maple Leaf Group provides strategic advantages. The long-established management team, led by an experienced leadership with deep sectoral expertise, continues to demonstrate sound corporate governance and strategic oversight. The Board's composition and functioning remain compliant with regulatory requirements, supported by well-structured audit and remuneration committees, ensuring adherence to transparency and accountability standards.

Operationally, the Company has maintained stable production levels despite industry-wide challenges stemming from subdued construction demand, fluctuating input costs, and energy price volatility. The resilience in profitability is underpinned by strong pricing power, cost rationalization initiatives, and enhanced efficiency in energy usage. The Company's ability to sustain healthy margins and positive cash flows amid sectoral headwinds underscores its competitive positioning.

Financially, MLCF continues to demonstrate a conservative capital structure characterized by declining debt levels, strengthening equity base, and improved liquidity. The repayment of long-term obligations and reduced reliance on short-term borrowings have contributed to lower leverage, while effective working capital management has enhanced liquidity buffers. Robust internal cash generation and income from subsidiaries further bolster the financial profile, ensuring strong debt-servicing capacity and adequate coverage metrics.

Company Profile

Maple Leaf Cement Factory Limited ('MLCF' or 'the Company'), a public limited company listed on the Pakistan Stock Exchange (PSX), is primarily involved in the production and sale of cement and wall putty. The Company is a subsidiary of Kohinoor Textile Mills Limited ("KTML" or "the Ultimate Holding Company") and has its registered office situated at 42-Lawrence Road, Lahore, Pakistan.

The cement factory is located at Iskanderabad District Mianwali in the province of Punjab. MLCF has a wholly owned subsidiary, Maple Leaf Power Limited (MLPL), engaged in generating, purchasing, transforming, distributing, and supplying electric power to MLCF.

Group Profile

MLCF is a part of Kohinoor Maple Leaf Group (KMLG). KMLG comprises of two listed public limited companies i.e., KTML and MLCF and three unlisted public limited companies i.e., Maple Leaf Capital Limited (MLCL), MLPL, NovaCare Hospitals (Private) Limited (NHPL) and an associated company Agritech Limited (AGL).

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Tariq Sayeed Saigol is the Chairman of KMLG. He brings over five decades of professional experience across various sectors including finance, chemicals, synthetic fibres, sugar, edible oil refining, civil engineering, construction, cement and energy. Mr. Saigol is a graduate from Government College University, Lahore, following which he studied law at University Law College, Lahore.

Mr. Sayeed Tariq Saigol currently serves as the CEO of MLCF. He also holds directorships on the boards of KTML, MLCL, MLPL, AGL and NHPL. His leadership across these organizations reflects a deep understanding of the cement, power, textiles, healthcare, fertilizers and financial market sectors. Mr. Saigol holds a degree in International Business and Finance from McGill University.

BOARD & SENIOR MANAGEMENT

The Board of Directors comprises nine members, including eight male and one female director, reflecting gender diversity in line with SECP's listed company requirements. The composition of the Board includes two independent directors, four other non-executive directors, two executive directors (including the CEO), and one non-executive female director, thereby ensuring a balanced mix of executive and non-executive representation. It is mandatory for the board of listed companies to have at least 2 or one-third independent directors, whichever is higher. Thus, there should have been 3 independent directors. Henceforth, there is a non-compliance of Code of Corporate Governance (CCG). During the year, four Board meetings were held, with satisfactory attendance from members and no casual vacancy occurred.

The Audit Committee, consists of four members two independent and two non-executive directors with an independent director serving as Chairman, ensuring compliance with governance standards. The committee held four meetings during the year, with good attendance, and its Chairman attended the last Annual General Meeting, as required. The Board also conducts an annual evaluation of the performance of the Board and its committees, including the Audit Committee.

The Human Resource & Remuneration Committee (HR&RC) is duly formed, chaired by an independent director and comprising another independent and one non-executive director, aligning with SECP's requirements for its composition. One meeting of the HR&RC was held during the year. The Board has also expressed its intent to constitute the Nomination and Risk Management Committees in due course, which will further strengthen governance and compliance.

Mr. Syed Mohsin Raza Naqvi, serves as Chief Financial Officer (CFO) at MLCF, is a seasoned finance professional. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICA) and brings over 30 years of extensive experience in financial management. Mr. Naqvi currently serves on the Boards of several companies, including KTML, MLCL, MLPL, AGL and NHPL. He is also a certified director from the Pakistan Institute of Corporate Governance.

Business Risk

INDUSTRY UPDATE

The cement industry is a cornerstone of Pakistan's industrial economy, directly tied to construction, housing, and infrastructure. With an installed capacity of 80 million tons and production of 45–50 million tons annually, Pakistan ranks among the top 15 global producers. The sector contributes about 1% to GDP and employs over 400,000 workers directly and indirectly.

Pakistan's cement sector is moderately high to high risk in the near term. The two dominant negative drivers are energy sensitivity (severe) and cyclical demand dependence (high). These create a setting where even modest external shocks (fuel price spikes, FX moves, or construction slowdowns) can quickly compress margins and depress utilization. Defensive strengths include an established production base, a set of large, integrated firms with scale advantages, and growing export channels (notably into Africa) that offer diversification.

OPERATIONAL PERFORMANCE

Production Capacity and Utilization	FY23A	FY24A	FY25A
Installed Capacity – Clinker (Tons)	7,100,000	7,800,000	7,800,000
Actual Production – Clinker (Tons)	3,928,830	3,625,857	3,681,406
Utilization	55.34%	46.49%	47.20%
Cement Production	4,253,451	4,051,726	4,019,935

The Company's current installed clinker capacity stands at 7.8mn tons annually. Clinker production observed a slight increase of 1.53% to 3.68mn tons (FY24: 3.63mn tons) in FY25, bringing its utilization rate to 47.20% (FY24: 46.49%).

Local sales accounted for 95.19% of total sales (FY24: 96.55%), while exports contributed 4.81% (FY24: 3.45%). Overall, total cement sales volume declined to 4.015mn tons (FY24: 4.068mn tons), reflecting a decrease of 1.31% compared to the previous year. This decline was primarily driven by higher selling prices in the local market, resulting from elevated input costs and subdued demand due to the sluggish performance of the construction sector.

PROFITABILITY

Despite lower volumetric sales, the Company's revenue increased by 3.7% in FY25, primarily due to higher selling prices. This increase reflected the pass-through of the impact of the enhanced royalty rate on limestone raised by the Government of Punjab to six percent of the ex-factory sales price of cement or clinker. The rise in raw material consumption to PKR 8.9bn (FY24: PKR 3.9bn) was offset by a reduction in fuel and power costs to PKR 25.0bn (FY24: PKR 28.7bn), along with higher closing inventories of work-in-progress and finished goods. As a result, the Company maintained a stable cost of sales and achieved a higher gross profit margin of 34.4% (FY24: 31.5%).

The Company's bottom line improved significantly, supported by dividend income of PKR 6.6bn from MLPL and an unrealized gain of PKR 1.7bn on investment in AGL. Further strengthening profitability, finance costs decreased to PKR 3.5bn (FY24: PKR 4.0bn), while finance income rose to PKR 1.0bn (FY24: PKR 117.7mn). Consequently, net margins nearly doubled (excluding dividend income) to 15.05% from 7.93% in the previous year. During Q1 FY26, the Company reported a 4.9% increase in sales, accompanied by improvements in profitability, with the gross margin rising to 30.2% (Q1 FY25: 29.8%) and the net margin increasing to 15.8% (Q1 FY25: 6.6%).

Financial Risk

CAPITAL STRUCTURE

The Company has maintained a conservative capitalization profile, showing improvement in FY25 as gearing and leverage ratios declined to 0.21x (FY24: 0.40x) and 0.70x (FY24: 0.96x), respectively. This improvement is primarily attributed to the timely redemption of long-term unsecured subsidiary loan amounting to PKR 4.5bn, as well as the enhancement of the equity base through profit retention. Furthermore, the Company also reduced its reliance on short-term borrowings by effectively managing working capital through internal cash generation. These ratios further improved to 0.18x and 0.65x, respectively, as of Q1FY26.

DEBT COVERAGE & LIQUIDITY

The Company's coverage profile showed significant improvement in FY25, with the Debt Service Coverage Ratio (DSCR) rising to 2.75x (FY24: 1.99x), primarily driven by higher fund flow from operation.

MLCF has historically maintained adequate liquidity, as evidenced by a four-year average current ratio of 1.40x. As of Jun'25, the current ratio improved to 1.53x (Jun'24: 1.44x), and further strengthened to 1.68x in the first quarter of FY26 following the complete repayment of short-term borrowings. Additionally, the Company's cash conversion cycle remained comfortable at less than 30 days. The Company utilized the additional available liquidity to invest in long-term and short-term investment as of Jun'25.

Financial Summary					(PKR Millions)
Balance Sheet	FY22A	FY23A	FY24A	FY25A	3MFY26M
Property, plant and equipment	56,784.84	62,354.61	65,995.60	62,836.21	61,940.00
Intangible Assets	10.42	6.95	84.81	62.43	57.18
Long-term Investments	5,020.00	5,030.00	6,322.00	20,371.11	20,891.11
Stock-in-trade	2,695.62	3,874.60	3,256.56	4,442.99	3,900.93
Trade debts	2,066.21	2,600.99	4,188.75	4,610.18	4,221.79
Short-term Investments	198.35	3,689.56	4,220.26	11,102.41	12,382.05
Cash & Bank Balances	793.58	740.71	1,133.41	1,615.48	2,083.17
Other Assets	14,645.22	11,410.29	14,164.29	14,065.46	16,909.79
Total Assets	**82,214.24**	**89,707.71**	**99,365.68**	**119,106.27**	**122,386.02**
Creditors	3,651.55	3,390.29	4,116.39	4,103.57	3,896.94
Long-term Debt (incl. current portion)	21,367.67	19,832.74	17,693.09	13,714.97	12,842.34
Short-Term Borrowings	3,572.07	0.00	1,645.32	822.29	0.00
Total Debt	24,939.74	19,832.74	19,338.41	14,537.26	12,842.34
Lease (incl. current portion)	33.98	41.67	48.58	42.82	43.77
Other Liabilities	13,029.94	21,529.91	23,246.01	28,961.04	30,076.01
Total Liabilities	**41,655.21**	**44,794.61**	**46,749.79**	**47,644.69**	**46,859.06**
Paid up Capital	10,983.46	10,733.46	10,475.63	10,475.63	10,475.63
Revenue Reserve	21,023.20	25,946.72	4,927.64	22,390.72	25,109.92
Other Equity (excl. Revaluation Surplus)	6,092.39	6,363.95	33,197.42	34,998.28	36,455.36
Sponsor Loan	0.00	0.00	0.00	0.00	0.00
Equity (excl. Revaluation Surplus)	**38,099.05**	**43,044.13**	**48,600.69**	**67,864.63**	**72,040.91**
Income Statement (PKR Millions)	FY22A	FY23A	FY24A	FY25A	3MFY26M
Net Sales	48,519.62	62,075.26	66,452.35	68,942.45	16,483.36
Gross Profit	12,275.46	16,423.76	20,964.28	23,746.82	4,981.82
Operating Profit	8,924.53	12,001.42	12,952.04	24,187.96	4,278.30
Finance Costs	1,741.03	2,750.75	4,020.60	2,523.71	332.50
Profit Before Tax	**7,183.50**	**9,250.67**	**8,931.45**	**21,664.25**	**3,945.80**
Profit After Tax	**3,626.33**	**4,491.67**	**5,272.53**	**17,036.39**	**2,608.29**
Ratio Analysis	FY22A	FY23A	FY24A	FY25A	3MFY26M
Gross Margin (%)	25.30%	26.46%	31.55%	34.44%	30.22%
Operating Margin (%)	18.39%	19.33%	19.49%	35.08%	25.96%
Net Margin (%)	7.47%	7.24%	7.93%	24.71%	15.82%
Funds from Operation (FFO) (PKR Millions)	10,867.12	11,685.38	7,122.64	13,694.49	3,693.86
FFO to Total Debt* (%)	43.57%	58.92%	36.83%	94.20%	115.05%
FFO to Long Term Debt* (%)	50.86%	58.92%	40.26%	99.85%	115.05%
Gearing (x)	0.65	0.46	0.40	0.21	0.18
Leverage (x)	1.09	1.04	0.96	0.70	0.65
Debt Servicing Coverage Ratio* (x)	2.79	2.66	1.52	2.75	3.03
Current Ratio (x)	1.25	1.37	1.44	1.53	1.68
(Stock in trade + trade debts) / STD (x)	4.93	0.00	11.99	26.16	0.00
Return on Average Assets* (%)	4.89%	5.23%	5.58%	15.60%	8.64%
Return on Average Equity* (%)	10.00%	11.07%	11.51%	29.26%	14.91%
Cash Conversion Cycle (days)	5.86	11.84	17.14	21.19	25.81
Annualized, if required					
A - Actual Accounts					
P - Projected Accounts					
M - Management Accounts					

REGULATORY DISCLOSURES — Appendix I

Name of Rated Entity	Maple Leaf Cement Factory Limited
Sector	Cement
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
04-Dec-2025	A+	A1	Stable	Upgrade
11-Oct-2024	A	A1	Stable	Reaffirmed
20-Sep-2023	A	A1	Stable	Maintained
10-Aug-2022	A	A1	Positive	Maintained
28-May-2021	A	A1	Positive	Maintained

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.
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Due Diligence Meeting Conducted

Name	Designation	Date
Zeeshan Ahmad	GM Finance	29th October 2025