



The Pakistan Credit Rating Agency Limited

NL FY-2025-230

Confidential

14-Oct-24

Mr. Pervaiz A. Khan
Chairman
Secure Logistics Group Limited
Islamabad

Secure Logistics Group Limited Ratings | Update

Dear Sir

This is with reference to Ratings of Secure Logistics Group Limited. PACRA has updated its opinions, following are the respective details.

Opinion	Action	Rating				Outlook	Rating Watch	Opinion Type
		Long Term		Short Term				
		Current	Previous	Current	Previous			
Secure Logistics Group Limited	Maintain	A+	A+	A1	A1	Stable	-	Entity

Yours truly

(Jhangeer Hanif)
Chief Rating Officer

Encl: 1) Press Release
2) Rating Report



Date

14-Oct-24

Analyst

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Applicable Criteria

- Methodology | Rating Modifiers | Apr-24
- Methodology | Correlation Between Long-term & Short-term Rating Scales | Jul-24
- Methodology | Corporate Rating | Jul-24

Related Research

- Sector Study | Trucks & Buses | Sep-24

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PACRA Maintains Entity Ratings of Secure Logistics Group Limited

Rating Type	Entity	
	Current (14-Oct-24)	Previous (14-May-24)
Action	Maintain	Upgrade
Long Term	A+	A+
Short Term	A1	A1
Outlook	Stable	Stable
Rating Watch	-	-

Secure Logistics Group Limited (“SLG or the Company”) is an integrated logistic group with synergetic business lines of Logistics, Asset Tracking, and Security Services. Since its PSX-listing, SLG has successfully achieved major key milestones for FY24 such as; (1) substantial deleveraging of the Balance Sheet through repayment of the debt and (2) upgrading of its commercial vehicles fleet. Several others milestones are well underway – these include (i) expansion of logistic services to the Regional markets through the TIR license (Transports Internationaux Routiers or International Road Transport), that would strategically position the company to capitalize on emerging opportunities within the region; (ii) investment in IT infrastructure along with the development of B2B third-party marketplace and (iii) expansion in distribution segment by addition of new Vehicles. The Company’s management and shareholders also have an established track record of value additions through capital markets as evident from its recent IPO and M&A activities. SLG has recently announced its plans to merge Trax Online Pvt. Ltd. into SLG and/or one of its subsidiary companies through a Scheme of Arrangement to be approved by the competent High Court. SLG has stated that it will endeavor to close the Transaction by December 31, 2024. Ratings take comfort from SLG’s above stated objectives, ongoing value proposition and deleveraging which is also enhanced by its holding company structure and the formidable ownership arrangement which includes prominent local and international investors and sustainable business fundamentals, all underpinned by well-established reputes and relative market position. The Board of SLG is compliant with the code of corporate governance and comprised of highly skilled individuals with extensive yet diverse experience and independent oversight roles. During IHCY24 the Company’s top line grew by ~14.4% and recorded at PKR 1,027mln, supported by price inflation and an increase in capacity utilization leading to improved margins at all levels. The logistic industry of the country is highly fragmented with a dominating unorganized segment. It has also faced challenges due to soaring inflation, rupee devaluation, and high policy rates. On the flip side, there exists a notably sluggish pace of technology adoption, hindering the infusion of innovation and efficiency. However, the PKR stability, expected additional reduction in policy rates and planned enhancements to existing road infrastructure and the establishment of new SEZs under CPEC projects augur well for the logistics industry. Financial risk profile of the Company is considered good with comfortable coverages, cashflows, and working capital cycle. Current capital structure is low leveraged as a post-IPO substantial portion of borrowings has been paid off. The company intends to fund all future expansions through internally generated cash flows.

The ratings are dependent upon the improvement in business profile and successful implementation of business strategy. A prudent financial performance in line with the financial projections, an effective liquidity profile, and maintaining financial discipline shall remain imperative.

About the Entity

SLG is a public listed company, providing logistics and fleet management services to leading corporates, banks, insurance and leasing firms. The Company’s sponsors are seasoned professionals with exposure to private and public sectors. Mr. Pervaiz Khan (Executive Director) has around four decades of experience in public and private sectors with focus upon investment banking and energy industries. Mr. Gulraiz Khan (CEO) has been managing the SLG business for over 13 years.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA’s comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security’s market price or suitability for a particular investor.