



Rating Action

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PACRA UPGRADES LONG-TERM ENTITY RATING OF ATTOCK REFINERY LIMITED

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating of Attock Refinery Limited (ARL) to ‘AA’ (Double A) while maintaining the short-term rating at ‘A1+’ (A One Plus). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payments of financial commitments.

Attock Refinery’s ratings are supported by the company’s strong risk absorption capacity emanating from a debt free capital structure, robust equity base and healthy liquidity. The recent upgrade in ratings takes into account the company’s diversified revenue sources – 25% stake in the only lube producing refinery of the country, presence in the petroleum retail segment and part ownership of an upcoming IPP – which insulate ARL from the cyclical nature of the oil refining industry. Meanwhile, the company’s association with an integrated oil group in the petroleum sector (Attock Group) and the ensuing synergic benefits are also key rating factors.

The company: Attock Oil Company Limited (AOC), incorporated in the UK and a pioneer in oil refining in South Asia, started refining operations in Pakistan in 1922, at Morgah, near Rawalpindi with a 2,500 BPD facility. ARL was incorporated as a private limited company in 1978 to take over the crude oil refining business from AOC. ARL, now listed on all the three stock exchanges of the country, currently has refining capacity of 43,000 BPD. The company owns 25% stake in NRL and around 22% in APL.

ARL is sponsored by Attock Group (AG), which is mainly engaged in diversified activities in Pakistan’s petroleum industry. AG has considerable representation in the upstream and down-stream segments of the petroleum sector through its exploration companies, refineries, and an OMC.

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