



Rating Action

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PACRA MAINTAINS RATINGS OF ENGRO CHEMICAL PAKISTAN LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of “AA” (Double A) and “A1+” (A one plus) respectively, of Engro Chemical Pakistan Limited. The ratings of the listed TFC of PKR 4,000mln, first and second privately placed TFC issues of PKR 4,000mln and PKR 2,000mln respectively, have also been maintained at “AA” (Double A). These ratings denote a very low expectation of credit risk and a very strong capacity for timely payment of financial commitments.

The ratings reflect ECPL’s relatively low business risk emanating from a favorable demand/supply situation, stable margins and increasing dividend income from subsidiaries. The ratings also take into account the company’s well-conceived strategy of preserving its position through urea expansion project. Meanwhile, though urea project has increased leverage in ECPL’s capital structure, financial risk is expected to remain within acceptable limits.

The Company: Incorporated in 1965, Engro Chemical Pakistan Limited (ECPL) is listed on all stock exchanges of the country. The core business of ECPL, the second largest producer of urea in the country, is manufacturing and marketing of fertilizers. ECPL markets urea under the brand name of *Engro urea*, MAP under the brand name of *Zorawar*, NPK under *Zarkhez* as well as DAP as *Engro DAP*. ECPL’s urea plant, with a capacity of 975,000tons per annum, is located at Daharki, whereas NPK plant is situated at Port Qasim.

Dawood Group (DG) holds a majority (42%) stake in ECPL, while the holding of Engro employees and Employees Trust stands at 10%. The BoD of ECPL comprises five members from its own management including Mr. Asad Umar (President and Chief Executive Officer), three from DG, and two independent directors.

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