



Rating Action

Lahore: (01-Feb-10)

Analyst

Arsalan Ahmed
(+92-42-3586 9504)
a.ahmed@pacra.com
www.pacra.com

PACRA ASSIGNS ENTITY RATINGS TO FATIMA FERTILIZER COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned a long-term entity rating of “A” (Single A) and short-term entity rating of “A1” (A One) to Fatima Fertilizer Company Limited. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect Fatima Fertilizer’s potential low business risk emanating from its entry into the fertilizer sector, mainly characterized by robust demand amidst domestic supply deficit. The company is setting up a fertilizer complex with a diversified product base, catering to growing demand for balanced fertilization. Fatima Fertilizer has an adequate risk management framework to achieve project completion within set targets, and onward smooth operations, wherein the company is benefiting from sponsors’ experience of running an established fertilizer plant. Nonetheless, some slippages are expected, though these would remain within the comfortable range. Meanwhile, the ratings also recognize Fatima Fertilizer’s association with two strong sponsoring groups, which have continued with their support in the development phase.

The ratings are dependent on the successful execution of the project within the expected timeline without major cost overruns. Meanwhile, sponsors’ continued support, both financial and managerial, would be of critical importance for the ratings of the company.

About the company:

Fatima Fertilizer, incorporated in December 2003, is setting up a fertilizer complex at Mukhtar Garh, Rahim Yar Khan. The complex comprises four production lines: a) Urea (500,000MT p.a.), b) Calcium Ammonium Nitrate (420,000MT p.a.), c) Nitro Phosphate (360,000MT p.a.) and d) Nitro Phosphate Potash (300,000MT p.a.). Fatima Fertilizer is owned by Arif Habib Group and Fatima Group, mainly through Pakarab Fertilizers Limited (PFL) and other group companies and individuals.

Fatima Fertilizer’s board of directors comprises eight members, including the Chief Executive Officer (CEO). The CEO, Mr. Fawad Ahmad Mukhtar, a graduate of Government College Multan, also holds the same position in PFL. The Chairman of the board, Mr. Arif Habib, is a well known business professional of the country. Apart from the CEO, the board has three executive members, two members have presence on the board of other group companies, while there is one independent director.

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

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's 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.