



Rating Action

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PACRA DOWNGRADES ENTITY RATINGS OF HAZARA PHOSPHATE FERTILIZERS (PVT.) LIMITED; PLACED ON WATCH

The Pakistan Credit Rating Agency (PACRA) has downgraded the long-term and short term entity ratings of Hazara Phosphate Fertilizers (Pvt.) Limited (HPFL) to “A-” (Single A Minus) and “A2” (A Two) respectively. These ratings denote satisfactory capacity for timely payments of financial commitments. However, such capacity may be susceptible to adverse changes in business, economic, or financial conditions. The ratings are placed on a watch with negative implications.

The ratings reflect sponsoring group’s (Azgard Nine and companies) subdued financial profile, attributed to pressure on its cashflow coverages emanating from sizeable upcoming debt repayments. Cognizant of this, the group is taking significant steps to relieve this pressure including debt-restructuring, the outcome and timeliness of which remains critical for the ratings. The ratings incorporate HPFL’s low business risk profile emanating from robust, indeed growing, demand of its product in the domestic market.

About the company:

Hazara Phosphate Fertilizers (Pvt.) Limited (HPFL), incorporated in 1985, commenced commercial production of Granular Single Super Phosphate (GSSP) in 1989. HPFL’s has a designed capacity of 300MT per day of GSSP (current utilization: 120%). HPFL was acquired by Agritech Limited (formerly Pak American Fertilizer Limited) in November 2008 through the privatization process. Agritech is a subsidiary of Azgard Nine Limited (ANL). ANL, listed on the Karachi Stock Exchange, is a leading exporter of denim fabric and garments. Shaikh family has a majority stake (43%) in ANL, followed by JS Group (36%).

The BoD of HPFL comprises five members including the Chief Executive Officer (CEO). All the directors hold executive positions in the group companies. The CEO, Mr. Hamid Iqbal, a chemical engineer from UET, has over 30 years of experience in the fertilizer industry.

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