



Rating Action

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PACRA DOWNGRADES ENTITY RATINGS OF HAZARA PHOSPHATE FERTILIZERS (PVT.) LIMITED; REMAIN 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 “**BB**” (Double B) and “**B**” (Single B) respectively. The ratings indicate that credit risk is developing, particularly as a result of adverse economic changes over time. The ratings would continue to remain on watch, pending ongoing restructuring in the parent, Agritech Limited, and planned divestment thereof by Azgard Nine Limited.

The ratings reflect significant erosion in HPFL's overall risk profile mainly as an outcome of its subdued financial position, impacting also its operational fundamentals. This is reflected in the company's subdued business results. The sponsoring group (Azgard Nine), previously the financial backbone of the company, has significantly weakened lately after facing severe liquidity crunch, consequently depressed core performance. Nevertheless, the group has been successful in restructuring a major portion of its debt with the remaining process being at an advanced stage.

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. HPFL is a wholly owned subsidiary of Agritech (which in turn ~80% owned by Azgard Nine), a urea manufacturing and marketing concern with ~7% market share in terms of capacity.

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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