



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF PAK-ARAB REFINERY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained Pak Arab Refinery Limited's long term and short term entity ratings at "AAA" (Triple A) and "A1+" (A One Plus) respectively. The ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

The ratings reflect PARCO's sovereign ownership structure – jointly owned by the Government of Pakistan (GoP) (60%) and the Emirate of Abu Dhabi (EAD) (40%) – and its strategic importance to the GoP, in terms of its socio-economic policies and its quest of lessening the import bill. The company's low business risk emanates from its leading market position, relatively high margins and diversified revenue stream. The ratings recognize the company's ability to manage its financial profile, which has lately been stretched by higher short-term borrowings, but is supplemented by strong cash flows.

About the company: PARCO, an unlisted public limited company, was established in 1974. It owns and operates Pakistan's largest oil pipeline network, extending from Karachi to Mehmood Kot near Multan and onward to Machhike near Lahore, spanning 1,228 km. PARCO's mid-country refinery (MCR) has a capacity of 4.5mln tonnes per annum (tpa).

The company's ten-member Board of Directors includes six nominees of the GoP, including the Chairman and the Managing Director, while the remaining four are Abu Dhabi Petroleum Investments LLC (ADPI) nominees.

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PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings.

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