



Rating Action

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PACRA MAINTAINS THE ENTITY RATINGS OF ATTOCK REFINERY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and the short-term entity ratings of Attock Refinery Limited (ARL) at 'AA' (Double A) and 'A1+' (A One Plus), respectively. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payments of financial commitments.

The ratings reflect ARL's strong risk absorption capacity emanating from a debt-free capital structure, and healthy liquidity, enabling the company to manage circular debt prevailing in the energy chain. Although ARL's core operations remain exposed to vicissitude of the international crude oil and refined products pricing, its sizeable investment book - comprising strategic investments and bank placements - provide a stable, indeed rising source of income. This cushions ARL's core business in times of depressed refining margins. The ratings takes into account the benefits emanating from being a part of an integrated oil group - Attock Group.

The ratings could be impacted by external factors such as unfavorable movements in international oil prices and adverse regulatory changes, leading to prolonged downturn in margins. The company is contemplating major upgradation and expansion of its refining capacity. This would mainly be financed through borrowings. However, this has to be managed carefully as it may impact coverages, in turn, ratings.

The Company:

Attock Oil Company Limited (AOC), incorporated in the UK and a pioneer in oil refining in South Asia, started refining operations in Pakistan in 1922, at Morgah, near Rawalpindi. ARL, incorporated in 1978 to take over the crude oil refining business from AOC, is listed on all the three stock exchanges of the country. ARL has refining capacity of 43,000 BPD. The company owns 25% stake in National Refinery Limited, around 22% in Attock Petroleum Limited (Oil Marketing Company) and 30% in Attock Gen Limited (IPP).

ARL is sponsored by Attock Group. The group has considerable representation in the upstream and down-stream segments of the petroleum sector through its exploration companies, refineries, and an OMC.

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