

Date

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Analyst

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Applicable Criteria

- Methodology | Corporate Rating | Jul-24
- Methodology | Correlation Between Long-term & Short-term Rating Scales | Apr-25
- Methodology | Rating Modifiers | Apr-25

Related Research

- Sector Study | Refineries | Dec-24

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PACRA maintains Entity Ratings of Attock Refinery Limited

Rating Type	Entity	
	Current (23-May-25)	Previous (24-May-24)
Action	Maintain	Maintain
Long Term	AA	AA
Short Term	A1+	A1+
Outlook	Stable	Stable
Rating Watch	-	-

The assigned ratings reflect ARL's strong risk absorption capacity, underpinned by a sizable equity base, operational expertise, and a long-standing track record in the energy sector. During the period, the overall petroleum refining industry experienced a decline, marked by reduced consumption of petroleum products and the influx of smuggled high-speed diesel (HSD), which negatively impacted local demand. In line with this industry trend, ARL also reported a decline in key operational and financial metrics; however, the Company performed better relative to its peers, demonstrating better operational resilience and financial strength despite the challenging environment. ARL remains inherently exposed to fluctuations in international crude oil and petroleum product prices, which directly affect its gross refining margins (GRMs). During the period, unfavorable spreads between crude oil and refined product prices exerted downward pressure on GRMs. Nonetheless, ARL continued to manage operations effectively to mitigate these pressures.

For the nine months ended March 2025, ARL supplied 1.21 million MT of various petroleum products, compared to 1.266 million MT in the same period last year, operating at a reduced capacity of 71% compared to 75% in 9MFY24. Profit after tax from core refinery operations declined to PKR 7,698 million from PKR 20,795 million during 9MFY24, primarily due to decreased petroleum product prices. Including after-tax dividend income of PKR 897 million from associated companies, the Company reported a total profit after tax of PKR 8,595 million (9MFY24: 21,683 million). Profitability was further supported by income generated from ARL's short-term investment portfolio. The Company maintains zero leverage with no debt in its capital structure, reflecting strong financial stability.

Looking ahead, ARL is poised to sign an agreement with OGRA under the refinery upgradation policy. This process is temporarily delayed due to recent changes in the sales tax regime, but is expected to progress once fiscal policies are finalized in the upcoming federal budget.

Although the industry's overall outlook remained challenging, characterized by unstable refining margins and slower offtake, ARL's management demonstrated strong commitment and operational discipline, enabling the Company to maintain its market position. Furthermore, Attock Group's remarkable strength and business acumen along with the sustenance of current performance will further compliment the ratings.

About the Entity

Attock Refinery Limited (ARL) is principally engaged in the refining of crude oil. The company primarily produces premium motor gasoline, jet fuels, kerosene, high-speed diesel, light diesel oil, furnace fuel oil, mineral turpentine oil, jute batching oil, LPG, and various grades of bitumen. Attock Group, through Attock Oil Company (AOC) (~61.06%) and its group company Attock Petroleum Limited, retains the majority stake and management control in ARL. Remaining shareholding is divided amongst Institutions (24.05%) and General Public (14.89%). ARL's Board of Directors comprises of seven members, including five Non-Executive members and two Independent Non-Executive directors. The Chairman of the BoD, Mr. Shuaib A. Malik, is also the CEO of Attock Oil Group. Mr. Adil Khattak, the CEO, has extensive experience in the petroleum sector and has been associated with the company for over 48 years.

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 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.

