

FATIMA FERTILIZER COMPANY LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	AA+	A1+	AA+	A1+
OUTLOOK/RATING WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	October 16, 2026		August 11, 2025	

Shareholding (5% or More)

Other Information

Arif Habib Corporation Limited - ~15.19%

Incorporated in 2003

Mr. Muhammad Arif Habib - ~12.33%

Public Listed Company

Fatima Trading Company (Private) Limited - ~8.41%

Chief Executive: Mr. Fawad Ahmed Mukhtar

Fatima Management Company Limited - ~8.32%

External Auditor: Yousuf Adil Chartered Accountants

Farrukh Trading Company Limited - ~8.32%

Mr. Faisal Ahmed Mukhtar - ~6.28%

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings

<https://docs.vis.com.pk/Methodologies-2026/Corporate-Rating-2026.pdf>

Rating Scale

<https://vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

The assigned ratings reflect FATIMA's strong position in the domestic fertilizer sector, supported by its diversified product portfolio, established market presence, particularly in CAN and NP, alongside its continued presence in Urea. The Company's operating perimeter changed following the transfer of the Sheikhpura plant to Fatimafert Limited effective July 1, 2024, and the subsequent transfer of the Multan plant to Pakarab Fertilizers Limited effective January 1, 2025. Both plants were shifted from PPE to Long-term Investments as wholly owned subsidiaries.

The financial risk profile remains conservative, supported by a sizeable equity base, lower debt levels at end-1HCY26 and adequate liquidity. Profitability remained resilient, supported by a favourable product mix and pricing. While the funding mix has shifted towards short-term borrowings, the Company continues to maintain substantial liquid assets relative to its debt obligations. The diversified investment portfolio also provides an additional source of financial flexibility, while remaining complementary to the Company's core operations. Coverage metrics moderated following the change in operating perimeter and associated earnings base. While the reduction in debt has provided support to the financial risk profile, the lower FFO resulted in weakening in FFO-to-total debt. However, the overall financial profile remains supported by conservative capitalization profile and strong asset base.

Going forward, continued cash flow generation and maintenance of a prudent debt profile are expected to remain supportive of the ratings.

Company Profile

Fatima Fertilizer Company Limited ('FATIMA' or 'the Company') is a joint venture between the Fatima Group and Arif Habib Group. Headquartered in Lahore, the Company is engaged in the manufacturing, production, buying, selling, importing and exporting of fertilizers and chemicals. FATIMA produces Ammonia and Nitric Acid as intermediate products, while its manufactured fertilizer products comprise Urea, Calcium Ammonium Nitrate (CAN) and Nitro Phosphate (NP). Its marketed product portfolio includes Sarsabz Nitrophos, Sarsabz CAN, Sarsabz and Bubbersher Urea, and Sarsabz and Bubbersher DAP. The Company has cumulative nameplate fertilizer production capacity of ~2.57 million MT per annum through its Sadiqabad plant and the manufacturing facilities owned by its wholly owned subsidiaries, all located in Punjab.

1. The Sadiqabad facility is an integrated manufacturing complex producing Urea, CAN and NP, along with intermediate products including Ammonia and Nitric Acid. The plant has a dedicated gas allocation of 110 MMCFD from Mari Gas Field and 56 MW of captive power generation capacity. Its original design capacity of 1.28 million MT has been enhanced to 1.46 million MT. The plant has annual production capacities of 500,000 MT of Urea, 470,000 MT of CAN and 490,000 MT of NP.
2. The Sheikhpura facility, acquired by FATIMA in 2015, has an annual Urea production capacity of 445,500 MT and operates under Fatimafert Limited, a wholly owned subsidiary of FATIMA, effective July 1, 2024. The Government of Pakistan has approved allocation of 68 MMscfd of raw gas, equivalent to 52 MMscfd of processed gas, from the Mari Field for the plant, subject to completion of the requisite arrangements for gas sale, processing, compression and transportation through the SNGPL network.
3. The Multan facility was acquired from Pakarab Fertilizers in 2020 and was transferred to Pakarab Fertilizers Limited, a wholly owned subsidiary of FATIMA, effective January 1, 2025. The plant produces Urea, CAN and NP, along with intermediate products including Ammonia and Nitric Acid, with annual fertilizer production capacity of ~846,900 MT, comprising 92,400 MT of Urea, 450,000 MT of CAN and 304,500 MT of NP.

The Sheikhpura and Multan facilities were transferred to wholly owned subsidiaries effective July 1, 2024, and January 1, 2025, respectively. Consequently, their carrying values were reclassified from Property, Plant & Equipment to investments in wholly owned subsidiaries, contributing to the increase in long-term investments.

In addition to its manufacturing operations, FATIMA operates Sarsabz Agri Mart, a purpose-built agri-retail platform providing farmers access to fertilizers and agronomic guidance. During 2025, the platform was established at seven locations nationwide.

Management and Governance

GROUP STRUCTURE

FATIMA is a joint venture between Fatima Group and Arif Habib Group. The Company directly operates the Sadiqabad fertilizer plant, while its Sheikhpura and Multan plants are operated through wholly owned subsidiaries, Fatimafert Limited and Pakarab Fertilizers Limited, respectively.

The Group's operations are diversified across fertilizer, cement, packaging, capital markets, petroleum and energy-related businesses through its wholly owned subsidiaries, including Fatimafert Limited, Fatima Cement Limited, Pakarab Fertilizers Limited, Fatima Packaging Limited, Fatima Capital Limited and Fatima Petroleum Company Limited, all incorporated in Pakistan. The Group also owns Pan-Africa Fertilizers Limited, which is incorporated in Kenya.

MANAGEMENT & BOARD

The Board of Directors comprises seven members, including the Chairman and CEO, with three dependent and two independent directors. During the year, the Board convened four meetings, with minutes duly recorded. The Board is supported by three committees, namely, the Audit Committee, Human Resource & Remuneration Committee, and Nomination & Risk Management Committee. The Company also maintains an internal audit function. As a listed entity, the Company complies with the applicable Code of Corporate Governance.

The Chairman, Mr. Arif Habib, is the CEO of Arif Habib Corporation Limited, the holding company of Arif Habib Group, and provides oversight across various Group entities. He has extensive experience in the financial and corporate sectors, including having served as President/Chairman of the Karachi Stock Exchange for six terms and as a founding member and Chairman of the Central Depository Company of Pakistan Limited.

The CEO, Mr. Fawad Ahmed Mukhtar, is a seasoned business leader with over 35 years of experience in manufacturing and industrial management. He has been associated with the family business for several decades and has played a key role in the development and expansion of the Group's business interests. In addition to this role at FATIMA, he serves in senior management and board positions across various Group entities, including as CEO of Fatimafert Limited and Pakarab Fertilizers Limited.

AUDITOR

The CY25 annual financial statements were audited by Yousuf Adil Chartered Accountants, an 'A' category audit firm on the State Bank of Pakistan's approved panel of auditors. The auditors expressed an unqualified opinion.

Business Risk

INDUSTRY UPDATE

VIS assesses the fertilizer industry's overall business risk as medium to low, supported by low cyclicalities and substitution risk, established market structure and significant barriers to entry. The industry remains oligopolistic, with Fauji Fertilizer Company (FFC), Engro Fertilizers Limited (EFERT) and FATIMA among the major players. The amalgamation of Fauji Fertilizer Bin Qasim Limited (FFBL) into FFC, effective July 2024, further consolidated the industry structure. FATIMA retains a competitive position, particularly in CAN and NP, while maintaining a meaningful presence in Urea.

INDUSTRY					
Production (MT)	CY22	CY23	CY24	CY25	1HCY26
Urea	6,328,649	6,440,737	6,686,596	6,677,464	3,198,148
DAP	2,145,083	1,461,189	2,167,030	1,573,581	658,273
CAN	863,587	834,946	854,655	867,190	426,236
NP	931,787	776,759	916,411	824,972	458,184
Total	10,269,106	9,513,631	10,624,692	9,943,207	4,740,841
Offtake (MT)	CY22	CY23	CY24	CY25	1HCY26
Urea	6,615,540	6,642,350	6,576,598	6,730,393	2,511,727
DAP	1,204,078	1,576,376	1,627,258	1,339,030	474,971
CAN	868,315	800,341	678,904	956,409	402,846
NP	741,156	1,084,681	871,957	752,817	405,704
Total	9,429,089	10,103,748	9,754,717	9,778,649	3,795,248

Industry conditions remained mixed during CY25, with Urea demand remaining relatively resilient, while DAP and NP demand was constrained by higher prices and farmer affordability. The phosphate segment remained more exposed to international pricing and supply conditions, whereas Urea demand continued to benefit from its essential use nature. In 1HCY26, demand remained seasonally subdued ahead of Rabi, resulting in inventory accumulation across certain products.

Market Share	CY22	CY23	CY24	CY25	1HCY26
Urea					
FFC	37%	38%	39%	43%	56%
Engro	29%	35%	31%	34%	21%
FATIMA	17%	17%	14%	16%	17%
FFBL	8%	5%	8%	0%	0%

Others	10%	6%	9%	6%	6%
DAP					
FFBL	55%	54%	52%	62%	58%
Engro	22%	18%	19%	12%	12%
FFC	6%	7%	9%	4%	9%
Others	17%	22%	20%	21%	21%
CAN					
FATIMA	58%	80%	100%	100%	100%
Others	42%	20%	0%	0%	0%
NP					
FATIMA	92%	92%	93%	96%	94%
Engro	8%	8%	5%	3%	6%
Others	0%	0%	2%	1%	0%

The competitive landscape remained concentrated, with major producers retaining established positions across product categories. FATIMA's overall market share strengthened during CY25 and 1HCY26, supported by its dominant position in CAN and NP and a stable position in Urea. This product diversification provides some resilience against differing demand conditions across individual fertilizer segments.

The outlook for CY26 is expected to remain closely linked to the Rabi season and farmer purchasing power. The proposed subsidy of ~ PKR 3,500 per bag on DAP would reduce the effective cost to farmers and is expected to improve affordability, supporting a recovery in DAP demand and, in turn, NP demand. This would provide some relief to the phosphate segment following the softer demand environment observed during CY25 and 1HCY26.

Supply conditions remain differentiated by product. Domestic Urea production benefits from indigenous gas availability, while DAP remains more exposed to international raw material prices and import availability. Potential deterioration in regional geopolitical conditions could affect logistics and availability of phosphate inputs, particularly rock phosphate and phosphoric acid.

Key industry risk remains international fertilizer and raw material price volatility, farmer affordability, gas availability and pricing, regulatory intervention and import logistics. Notwithstanding these risks, the concentrated industry structure and essential nature of fertilizer demand continue to support its medium-to-low business risk profile.

LONG-TERM INVESTMENTS

Long-term Investments	PKR Million	
	CY24	CY25
Associates		
Fatima Agri Sales & Services (Private) Limited (FASS)	32	35
Multan Real Estate Company (Private) Limited (MREC)	93	95
Fatima Electric Company Limited (FCL)	-	-
Buraq Bank Pakistan Limited (Formerly KT Bank Limited) (BBPL)	0	0
Singfert PTE. Limited	-	-
National Resources (Private) Limited (NRL)	607	740
Globalcore Minerals Limited (GML)	-	37
	732	906
Wholly Owned Subsidiaries		

Fatima Cement Limited	1,400	1,400
Fatimafert Limited (FFT)	7,195	7,195
Pan-Africa Fertilizers Limited	-	-
Fatima Packaging Limited	685	685
Pakarab Fertilizers Limited (PFL)	1	15,736
Fatima Petroleum Company Limited (FPCL)	-	125
Fatima Capital Limited	-	13,384
	9,281	38,525
Debt Instrument - FVTPL	1,328	8,329
Equity Instrument - FVTPL	473	672
Debt Instrument - Amortized Cost	39,357	841
Total	51,171	49,274

The Company continued to diversify its investment portfolio, with long-term investments of PKR 49.3 billion at end-CY25 (CY24: PKR 51.2 billion). The portfolio includes strategic investments in mining, petroleum, real estate, financial services and power alongside wholly owned subsidiaries supporting the broader Group structure. Investment in wholly owned subsidiaries increased materially to PKR 38.5 billion (CY24: PKR 9.3 billion), primarily reflecting the transfer of the Multan plant to Pakarab Fertilizers Limited effective 2025, along with the transfer of listed securities held by the Company through Pakistan Stock Exchange Limited to Fatima Capital Limited against issuance of shares by the subsidiary, and new investments in Fatima Petroleum Company Limited. Furthermore, the Company advanced PKR 25.9 billion to Fatima Capital Limited during 1HCY26 as share deposit money.

The Company has expanded its exposure to the real estate sector through multiple Shariah-compliant REITs, while investments in mining through National Resources and Globacore Minerals provide longer-term diversification.

The Company also completed its participation in the consortium acquiring a controlling stake in Pakistan International Airlines Corporation Limited (PIACL) in June 2026. As at June 30, 2026, the consolidated financial statements reflected ~PKR 22.9 billion as share deposit money with PIA Equity Limited, the consortium's special purpose vehicle, against the approved investment limit of up to PKR 50 billion. The consortium acquired a 75% stake in PIACL, while also exercising the option to acquire the remaining 25% Government held stake.

OPERATIONAL PERFORMANCE

Capacity (MT)	CY25	1HCY26
Urea	500,000	500,000
CAN	470,000	470,000
NP	490,000	490,000
Total	1,460,000	1,460,000
Production (MT)	CY25	1HCY26
Urea	487,657	257,137
CAN	496,865	252,842
NP	479,610	245,166
Total	1,464,132	755,145
Utilization (%)	CY25	1HCY26 (Annualized)
Urea	98%	103%
CAN	106%	108%
NP	98%	100%

Total	100%	103%
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FATIMA's operating profile remains anchored by its diversified fertilizer portfolio comprising Urea, CAN and NP, with the Sadiqabad facility having aggregate installed capacity of 1.46 million MT. Following the transfer of the Sheikhpura and Multan facilities to wholly owned subsidiaries, the Company's reported operating perimeter has changed from CY24. Within the revised perimeter, the Company continued to operate its production base at high utilization, with overall capacity utilization at 100% in CY25 and 103% on an annualized basis in 1HCY26.

Production remained at elevated levels across all three products, with CAN operating above stated capacity and Urea and NP broadly at stated capacity. Production ahead of seasonal offtake also resulted in inventory accumulation during the period, although strong bookings indicate that the higher stock position is expected to normalize as seasonal demand picks up ahead of the Rabi season.

PROFITABILITY

On an unconsolidated basis, revenue declined by 28.7% to PKR 170.1 billion in CY25 (CY24: PKR 238.4 billion), reflecting the change in the Company's operating perimeter following the transfer of the Multan plant to Pakarab Fertilizers Limited. Gross margin improved to 42.0% (CY24: 36.7%), supported by a favourable product mix and pricing, with the phosphate fertilizer segment contributing to the improvement. Operating margin consequently improved to 28.0% (CY24: 22.2%). Despite the improvement in operating margins, net profit moderated to PKR 30.5 billion (CY24: PKR 35.0 billion), reflecting the impact of the change in the operating perimeter and higher finance costs primarily due to increased borrowings and utilization of an arbitrage opportunity. Net margin, however, improved to 17.9% (CY24: 14.7%).

In 1HCY26, revenue stood at PKR 75.8 billion (1HCY25: PKR 91.1 billion), while gross margin improved further to 46.3% (1HCY25: 41.1%) and operating margin to 29.0% (1HCY25: 28.0%). Other income declined to PKR 3.3 billion (1HCY25: PKR 6.1 billion), while net profit moderated to PKR 13.2 billion (1HCY25: PKR 17.3 billion), with net margin at 17.5% (1HCY25: 18.9%). Going forward, margins will remain sensitive to fertilizer pricing, product mix and international raw material prices, particularly in the phosphate fertilizer segment. While the phosphate market remains under pressure, the proposed subsidy could provide support during the Rabi season.

Financial Risk

CAPITAL STRUCTURE

The Company's capitalization profile remained conservative, with total debt declining to PKR 52.0 billion at end-1HCY26 from PKR 70.6 billion at end-CY25 (CY24: PKR 62.9 billion), following elevated borrowing during CY25 to capitalize on an arbitrage opportunity. The funding mix, however, shifted materially towards short-term borrowings, which stood at PKR 42.1 billion at end 1HCY26 (CY25: PKR 29.7 billion; CY24: PKR 18.0 billion), while long-term borrowings declined to PKR 9.9 billion (CY25: PKR 40.9 billion; CY24: PKR 44.9 billion).

Equity increased to PKR 163.8 billion at end-1HCY26 (CY25: PKR 155.9 billion; CY24: PKR 141.7 billion), with gearing consequently moderating to 0.32x from 0.45x at CY25 (CY24: 0.44x). Liquid assets of PKR 70.8 billion resulted in net debt gearing of 0.00x at end-CY25 (CY24: 0.17x), reflecting a net cash position and stood at 0.16x at end-1HCY26. Leverage also moderated to 0.76x from 0.98x at end-CY25 (CY24: 1.14x), primarily reflecting lower income tax payable.

Going forward, the company is expected to maintain a conservative capitalization profile, supported by strong internal cash generation and sizeable liquid assets, providing adequate financial flexibility.

DEBT COVERAGE & LIQUIDITY

Liquidity remained adequate, with current ratio at 1.27x at end-1HCY26 (CY25: 1.38x; CY24: 1.64x). Working capital requirements remained manageable despite elevated inventory at end-1HCY26, with management indicating strong bookings and expectations of negligible year-end stock levels. Short-term debt coverage moderated to 1.34x (CY25: 2.25x; CY24: 3.94x), reflecting the higher reliance on short-term borrowings, while the Company's sizeable liquid asset base of PKR 26.5 billion at end-1HCY26 (CY25: PKR 70.8 billion; CY24: PKR 39.3 billion) provides additional liquidity support.

Debt servicing capacity moderated in CY25, with Debt Servicing Coverage Ratio (DSCR) declining to 0.77x (CY24: 6.17x), primarily due to higher scheduled debt repayments and increased finance costs following higher borrowing and utilization of an arbitrage opportunity. In 1HCY26, DSCR improved to 1.56x as the debt servicing obligation reduced following repayment of long-term borrowings. Funds from Operations (FFO) based coverage remained comparatively lower, with annualized FFO-to-total debt at 0.11x in 1HCY26 (CY25: 0.39x; CY24: 0.61x) and FFO-to-short-term debt of 0.14x (CY25: 0.92x; CY24: 2.12x), reflecting lower FFO following the change in the Company's operating perimeter.

FINANCIAL SUMMARY					(PKR Million)
BALANCE SHEET	CY23A	CY24A	CY25A	1HCY25M	1HCY26M
Property, Plant, & Equipment	110,025	96,202	65,935	93,590	68,430
Long-Term Investments	7,912	51,171	49,274	13,745	50,257
Stock-in-Trade	32,415	53,170	35,432	66,333	40,985
Trade Debts	9,507	17,570	31,543	14,268	15,629
Short-Term Investments	18,820	30,287	68,103	71,978	22,031
Cash & Bank Balances	7,095	9,088	2,678	2,466	4,497
Total Assets	230,767	302,832	308,087	317,089	289,097
Trade Payables	14,172	6,427	4,139	64,219	49,012
Other Payables	42,436	48,995	46,081	-	-
Long-Term Debt & Lease Liabilities (Inc. CP)	8,232	44,896	40,874	42,225	9,902
Short-Term Debt	-	17,960	29,736	22,681	42,130
Total Debt	9,858	62,856	70,609	64,906	52,032
Total Liabilities	112,401	161,099	152,223	168,605	125,257
Paid Up Capital	21,000	21,000	21,000	21,000	21,000
Total Equity	118,366	141,733	155,865	148,484	163,840
INCOME STATEMENT					
Net Sales	232,755	238,422	170,058	99,547	75,767
Gross Profit	72,409	87,503	71,355	38,252	35,075
Operating Profit	46,156	52,946	47,696	23,194	21,944
Profit Before Tax	47,744	60,556	50,439	25,500	21,814
Finance Cost	4,640	4,750	7,767	3,809	3,263
Profit After Tax	22,399	34,983	30,468	15,676	13,225
RATIO ANALYSIS					
Gross Margin (%)	31.1%	36.7%	42.0%	38.4%	46.3%
Operating Margin (%)	19.8%	22.2%	28.0%	23.3%	29.0%
Net Margin (%)	9.6%	14.7%	17.9%	15.7%	17.5%
Net Working Capital	31,657	57,749	50,012	62,235	26,865
Trade debts/Sales *	4.1%	7.4%	18.5%	7.2%	10.3%
FFO	45,348	38,081	27,470	12,598	2,853
FFO to Total Debt (x) *	4.60	0.61	0.39	0.39	0.11
FFO to Long Term Debt (x) *	5.51	0.85	0.67	0.60	0.58
Debt Servicing Coverage Ratio (x) *	7.24	6.17	0.77	0.72	1.56
Current Ratio (x)	1.42	1.64	1.38	1.46	1.27
Stock + Trade Debts/STD	-	3.94	2.25	3.55	1.34
Gearing (x)	0.08	0.44	0.45	0.44	0.32
Leverage (x)	0.95	1.14	0.98	1.14	0.76
ROAA (%) *	N/A	13.1%	10.0%	10.1%	8.7%
ROAE (%) *	N/A	26.9%	20.5%	21.1%	16.9%
Net Operating Cycle *	56	140	183	32	2
*Annualized, if required A - Audited Accounts M - Management Accounts P - Projected Accounts					

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Fatima Fertilizer Company Limited				
Sector	Fertilizer				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Outlook/Rating Watch	Rating Action
	RATING TYPE: ENTITY				
	10/16/2026	AA+	A1+	Stable	Reaffirmed
	08/11/2025	AA+	A1+	Stable	Reaffirmed
	09/03/2024	AA+	A1+	Stable	Reaffirmed
	07/20/2023	AA+	A1+	Stable	Reaffirmed
	05/31/2022	AA+	A1+	Stable	Upgrade
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meetings Conducted	Name	Designation	Date		
	Mr. Kashif Mustafa	GM Finance	September 14, 2026		
	Mr. Omer Yousaf	Senior Manager Treasury			
	Mr. Bilal Yousaf	AM Treasury			