

# ALI GOHAR & COMPANY (PRIVATE) LIMITED

Chief Executive: Mr. Arshad Gohar

**Analyst:**

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## RATING DETAILS

RATINGS CATEGORY	LATEST RATING		PREVIOUS RATING	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A2	A	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	April 17, 2025		January 30, 2024	

**APPLICABLE METHODOLOGY(IES):**

VIS Entity Rating Criteria Methodology – Industrial Corporates

(<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>)

**Rating Scale:**

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

## RATING RATIONALE

The ratings reflect Ali Gohar & Company (Pvt.) Ltd.'s ('AG&C' or the 'Company') strong market position as one of the leading distributors in the pharmaceutical, healthcare, and FMCG sectors, backed by an extensive nationwide distribution network. The Company's solid relationships with key principals and a well-diversified customer base further strengthens its competitive standing.

AG&C has demonstrated consistent revenue growth. Margins remained stable, supported by improved sales mix. Despite rising operating costs, profitability has been maintained through diversified income streams.

The Company maintains a sound capitalization profile, benefiting from a conservative debt structure. Liquidity remains sound, supported by efficient working capital management. The ratings remain dependent on maintenance of the overall financial risk profile of the company.

## COMPANY PROFILE

Ali Gohar & Company (Pvt.) Ltd. ('AG&C' or 'the Company'), established in 1968, is principally engaged in distribution of goods and services. The Company operates in three segments including pharmaceutical, healthcare and FMCG. The Company's

registered office is located in Karachi. AG&C operates a nationwide distribution network and maintains a broad national distribution footprint with a significant number of warehouses and distribution centers across Pakistan, supporting operations in numerous towns and cities.

## AUDITOR'S REPORT

The FY24 financial statements were audited by BDO Ebrahim & Co. Chartered Accountants, which is a QCR rated firm and categorized as 'Category A' on the SBP's Panel of Auditors. The auditor issued an unmodified and unqualified opinion on the financial statements.

## BUSINESS RISK

### Asset Mix

The Company's asset mix is aligned with the nature of its distribution operations, with significant allocation towards inventory holdings – a characteristic typical of the business model. These are largely offset by trade payables, reflecting the working capital cycle of the Company. The Company continues to align its physical footprint with operational needs

### Concentration level

AG&C's relationships with key principals like Roche, L'Oréal, Eli Lilly and Nestlé remain central to its sales. The strategic alliances helped in sustaining sales performance, contributing significantly to total revenue; however, their relative share has seen a marginal decline, reflecting gradual improvement in concentration levels. To address this further, AG&C is actively pursuing other partnerships to further diversify its portfolio.

Due to the nature of its business model, customer concentration remains low, with sales distributed across a wide network of retailers.

## FINANCIAL RISK

### Revenues

In FY24, AG&C's total revenue increased backed by growth in sales of all its three segments: Pharmaceutical, Healthcare and FMCG segment.

The Company experienced a modest growth in gross margins in FY24 driven by revenue growth. Notably, imported sales grew in FY24, supported by improved credit terms and relaxed import restrictions. Looking ahead, AG&C anticipates value-driven revenue growth.

### Profitability

In FY24, AG&C enhanced its profitability despite higher finance charges, primarily driven by the impact of IFRS lease accounting standards. Both operating and net margins improved slightly. While the company faced higher administrative, selling, and distribution expenses, it was able to offset these pressures through rising sales and an increase in other income. This income boost further diversified AG&C's revenue streams, driven by logistics and warehousing solutions offered to clients. Despite the rise in finance costs as a result of IFRS lease accounting standards, AG&C maintains low debt levels, resulting in finance costs that remain below industry averages.

### Liquidity & Cashflow Coverage

In FY24, AG&C maintained a stable liquidity position represented by stability in its current ratio. Moreover, the aging analysis reflects strong receivables management, with minimal overdue trade debt. Given that a significant portion of assets is tied up in inventory, effective working capital management remains crucial. Furthermore, AG&C has successfully aligned its credit terms with suppliers, minimizing reliance on external working capital financing.

With a stable DSCR ratio along with seeing improvements in Funds from Operations (FFO) and related ratios like FFO to Long term and total debt demonstrates the Company's improved cash flow generation and financial flexibility.

## Capitalization

AG&C's gearing ratio improved in FY24, reflecting a stronger financial position. While the Company does not carry any long-term borrowings, the gearing level primarily reflects lease liabilities recognized under applicable accounting standards.

Meanwhile, the leverage ratio increased slightly to mainly due to a significant rise in trade payables. The increase in payables is in line with the increase in inventory enabling AG&C to optimize cash flow and efficiently manage its working capital.

REGULATORY DISCLOSURES						Appendix II
Name of Rated Entity	Ali Gohar & Company Pvt. Ltd					
Sector	Distribution					
Type of Relationship	Solicited					
Purpose of Rating	Entity Ratings					
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action	
	Rating Type: Entity					
	04/17/2025	A	A-2	Stable	Reaffirmed	
	01/30/2024	A	A-2	Stable	Reaffirmed	
	10/06/2022	A	A-2	Stable	Reaffirmed	
	08/09/2021	A	A-2	Stable	Reaffirmed	
	07/08/2020	A	A-2	Stable	Reaffirmed	
	09/28/2018	A	A-2	Stable	Reaffirmed	
	11/07/2017	A	A-2	Stable	Reaffirmed	
	03/03/2016	A	A-2	Stable	Upgraded	
04/16/2015	A-	A-2	Positive	Maintained		
01/21/2014	A-	A-2	Stable	Initial		
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	S.No.	Name	Designation	Date		
	1.	Mr. Nasruddin Kassam	COO			
	2.	Mr. Imad Mohsin	CFO	20th February, 2025		
	3	Ms. Shamshad Poonjani	Sr. Manager Finance			