

AGRO PROCESSORS & ATMOSPHERIC GASES LIMITED

Analysts:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A-	A2	BBB+	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Upgrade		Upgrade	
RATING DATE	October 20, 2025		September 11, 2024	

Shareholding (5% or More)**Other Information**

Mr. Ahmed Aziz Ghulam Hussain ~ 18.37%

Incorporated in 1980

Mr. Abdul Aziz Rafiq ~ 15.7%

Public Limited Company (Unlisted)

Mr. Aryn Abdul Aziz Rafiq ~ 14.46%

Chief Executive Officer: Mr. Ahmad Aziz Ghulam Hussain

Mrs. Naheed Ahmad Ghulam Hussain ~ 13.69%

Chairman: Mr. Abdul Aziz Rafiq

Mr. Danish Elahi ~ 24.00%

External Auditor: BDO Ebrahim & Co. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

Rating Scale

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

Rating Rationale

Revision in entity rating takes into account the overall improvement in the financial risk profile of the Company, amidst the high business risk associated with the edible oil sector. The sector's risk is driven by its dependence on imported raw materials, lag in the pass-through of costs to consumers, low entry barriers, and the dominance of major players, which makes pricing strategy a challenge for smaller entities. At the same time, the ratings incorporate the Company's market positioning, supported by its established brand portfolio and stronger profitability margins relative to peers. Capitalization indicators are considered adequate, with gradual improvement in gearing and leverage witnessed over time, although a slight uptick was noted in FY25. Debt coverage indicators have remained sound. Going forward, sustaining the current uptick in performance, along with maintaining healthy margins, debt coverage, and a low-leveraged capital structure, will remain important for the assigned ratings.

Company Profile

Agro Processors & Atmospheric Gases Limited ("APAG" or "the Company") was Established in 1980 as private limited Company. In Feb 2021, the Company changed its status from private limited company to a public limited company. The Company's registered office and production plant are located in the Site Area, Karachi.

APAG manufactures and markets of high-quality branded edible oils, banaspati, margarine, industrial fats, and sauces under leading brands including Soya Supreme, Malta, Champion, Taqat, and Smart, the company operates at ~47.5% utilization, serving both domestic and export markets.

Management and Governance

SHAREHOLDERS/OWNERS/SPONSORS

The shareholding structure is anchored by the founding families of Mr. Abdul Aziz Rafiq (32.69%) and Mr. Ahmed Aziz Ghulam Hussain (32.67%), together families holding 65.36% equity, alongside strategic shareholder Mr. Danish Elahi (24%). All of the shareholders are part of the board of directors.

CORPORATE GOVERNANCE

The governance framework comprises a seven-member Board, including five non-executive directors and two executive members, ensuring balanced oversight. The Board is supported by independent audit and risk committees.

MANAGEMENT, INTERNAL CONTROLS & IT

Management quality is considered strong, led by CEO Mr. Ahmad Aziz Ghulam Hussain, who completed his bachelor's in economics and MPA from University of Southern California (USA). He joined the family business in 1990. His prior work experience includes working under the Mayor of Los Angeles in the City Economic Development Office. He brings over three decades of leadership experience and has overseen modernization initiatives.

From an IT standpoint, the Company has implemented updated technology and infrastructure to support its operations. A contract for the implementation of an SAP ERP system has been signed, aimed at enhancing workforce management and streamlining business processes. The implementation is scheduled to commence in the upcoming financial year.

Business Risk

INDUSTRY

The edible oil industry in Pakistan is a highly competitive sector, shaped by essential consumer demand and significant reliance on imports. Due to its staple nature, consumption remains steady throughout the year, even during economic downturns. However, external factors such as import dependencies and weather conditions introduce periodic instability, particularly for palm and soybean oils. While barriers to entry are low, regulatory compliance and economies of scale favor established players.

Capital intensity is low, as most businesses focus on importing, processing, and packaging rather than large-scale production. Technological advancements are gradually improving efficiency, but high costs and limited access hinder widespread adoption. Regulatory policies, including tariffs and food safety standards, significantly impact pricing and profitability, while abrupt policy shifts can disrupt market stability.

Overall, while the industry benefits from steady demand supported by population growth and rising food consumption, its business risk profile remains elevated. This is primarily due to high dependence on imported raw materials, vulnerability to global commodity price fluctuations and exchange rate movements, and exposure to abrupt regulatory changes. These factors, coupled with intense competition, continue to weigh on the industry, despite gradual efficiency gains and technological improvements.

During FY25, imports of palm oil recorded an increase of ~7%, reaching 3.2 million metric tons (FY24: 3.0 million MT), while soybean oil imports increased significantly to 0.32 million MT (FY24: 0.12 million MT) mainly due to lower base effect, according to data from the Pakistan Bureau of Statistics. In terms of value, Pakistan spent USD 3.39 billion on palm oil imports during FY25, compared to USD 2.78 billion in the same period last year—reflecting a ~22% increase. A major share of palm oil imports originates from Malaysia and Indonesia, which together account for over 75% of global palm oil production. However, the presence of aging trees, limited replantation initiatives, and Indonesia's increased biodiesel mandates are expected to constrain global supply. This is expected to drive palm oil prices

upward, exerting pressure on Pakistan's import bill, going forward. In addition, exchange rate volatility and weather unpredictability continue to pose risks to the industry.

OPERATIONAL UPDATE:

Operationally, capacity utilization improved to 47.5% in FY25 (FY24: 43.3%) with total production reaching 42,766 tons. Edible oils segment contributes approximately 98.94% and sauces/spreads 1.06%. The Company maintains strong relationships with key retailers and has implemented robust quality control and food safety standards consistent with international best practices.

Plant Capacity and Production	FY25			FY24		
	Actual Capacity	Production	Capacity Utilization	Actual Capacity	Production	Capacity Utilization
Vegetable Ghee, Cooking Oil & Margarine (Tons)	90,000	42,766	47.5%	90,000	38,973	43.3%
Sauces	18,000	456	2.5%	18,000	635	3.5%

Financial Risk

CAPITAL STRUCTURE

Over the years, the Company's capitalization profile has improved on a timeline basis, with a consistent decline in gearing and leverage indicators, reaching 0.56x and 1.64x, respectively, as at Jun'24 (Jun'23: 1.01x and 1.99x). The improvement was largely supported by an enhanced equity base primarily driven by profit retention. Anticipating increase in international raw material prices, the management decided to procure larger amount of palm oil primarily funded by higher utilization of short-term borrowings. This has resulted in slight increase in gearing and leverage to 0.68x and 1.68x, respectively, as at Jun'25. Going forward, the capitalization profile is expected to remain at adequate levels.

PROFITABILITY:

In FY25, the Company's topline recorded a growth of ~18%, increasing to PKR 18.1b (FY24: PKR 15.4b). The improvement was supported by stronger sales volumes and better selling prices amid some improvement witnessed in macroeconomic indicators. Local sales, which account for the bulk of revenue, grew by ~17% to PKR 16.5b (FY24: PKR 14.2b), contributing ~91% to total sales. Export sales also posted healthy growth, rising by ~32% to PKR 1.6b (FY24: PKR 1.2b), with share in the revenue mix increasing slightly to ~9% (FY24: ~8%). FY24 had reflected a ~12% decline in topline from FY23 levels, primarily due to softer average prices and lower volumetric offtake, with the decline more pronounced in Soya Supreme, the Company's flagship premium brand, amid weak consumer demand. Edible oil continues to dominate the sales mix, contributing ~85% to gross revenue, followed by margarine at ~14%, with ketchup, mayonnaise, and spreads comprising the remainder.

In FY25, the Company's profitability improved, with operating and net margins rising to 7.60% and 3.08%, respectively (FY24: 5.78% and 1.39%). The recovery was supported by easing inflationary pressures, which helped offset the impact of elevated finance costs. Gross margins, however, edged down slightly to 14.35% in FY25 from 14.57% in FY24, though they remained comparatively stronger than peer due to the Company's brand portfolio, particularly Soya Supreme, which offers higher margins relative to other products. In FY24, margins had come under pressure from FY23 levels as operating and net margins contracted amid inflationary pressures, though gross margins benefited from lower raw material costs, particularly palm oil, falling more sharply than selling prices, which stood relatively favorable given the essential and inelastic nature of the products.

Going forward, international palm oil prices are expected to increase. This, combined with heightened sector competition, may exert pressure on profitability margins. However, given the inelastic demand profile of its products and the strength of its brand portfolio, the Company is expected to be able to partially pass on cost increases to customers, thereby providing some support to margins.

DEBT COVERAGE & LIQUIDITY:

The Company's debt coverage indicators are considered adequate, with improved DSCR recorded at 2.27x in FY25 (FY24: 1.89x; FY23: 2.00x). FFO/total debt remained comfortable at ~33% as at Jun'25 (Jun'24: ~28%; Jun'23: ~31%). Short-term debt coverage also remained sound, standing at 3.33x as at Jun'25 (Jun'24: 4.14x; Jun'23: 2.46x). During FY25, stock-in-trade increased by ~53%, mainly due to management's strategy of accumulating raw material in anticipation of price increase. The Company's cash conversion cycle reduced to 79 days in FY25 (FY24: 88 days; FY23: 76 days).

Financial Summary

Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A
Property, plant and equipment	1,358.78	1,350.69	1,615.86
Right-of-use Assets	0.00	0.00	0.00
Intangible Assets	0.00	0.00	0.00
Long-term Investments	0.00	0.00	0.00
Stock-in-trade	2,672.02	2,557.64	3,919.58
Trade debts	2,246.39	2,481.13	2,256.45
Short-term Investments	135.08	64.73	58.78
Cash & Bank Balances	159.11	32.66	150.82
Other Assets	641.94	474.34	564.01
Total Assets	7,213.32	6,961.19	8,565.50
Creditors	1,163.53	1,780.44	2,074.12
Long-term Debt (incl. current portion)	208.34	119.67	100.46
Short-Term Borrowings	2,005.42	1,220.28	1,859.64
Total Debt	2,213.76	1,339.95	1,960.10
Other Liabilities	985.59	794.92	826.42
Total Liabilities	4,362.88	3,915.31	4,860.64
Paid up Capital	657.89	657.89	657.89
Revenue Reserve	994.39	1,192.82	1,699.75
Other Equity (excl. Revaluation Surplus)	541.58	541.58	541.58
Sponsor Loan	0.00	0.00	0.00
Equity (excl. Revaluation Surplus)	2,193.86	2,392.29	2,899.22

Income Statement (PKR Millions)	FY23A	FY24A	FY25A
Net Sales	17,495.02	15,361.38	18,072.25
Gross Profit	2,449.48	2,238.69	2,593.26
Operating Profit	1,247.44	888.56	1,374.22
Finance Costs	396.96	382.79	448.55
Profit Before Tax	850.48	505.77	925.66
Profit After Tax	529.86	213.13	557.16

Ratio Analysis	FY23A	FY24A	FY25A
Gross Margin (%)	14.00%	14.57%	14.35%
Operating Margin (%)	7.13%	5.78%	7.60%
Net Margin (%)	3.03%	1.39%	3.08%
Funds from Operation (FFO) (PKR Millions)	682.30	374.74	638.48
FFO to Total Debt* (%)	30.82%	27.97%	32.57%
FFO to Long Term Debt* (%)	327.49%	313.14%	635.54%
Gearing (x)	1.01	0.56	0.68
Leverage (x)	1.99	1.64	1.68
Debt Servicing Coverage Ratio* (x)	2.00	1.89	2.27
Current Ratio (x)	1.38	1.49	1.46
(Stock in trade + trade debts) / STD (x)	2.46	4.14	3.33
Return on Average Assets* (%)	7.81%	3.01%	7.18%
Return on Average Equity* (%)	26.94%	9.29%	21.06%
Cash Conversion Cycle (days)	75.94	87.95	78.76

*Annualized, if required

A - Actual Accounts

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Agro Processors & Atmospheric Gases Limited				
Sector	Vanaspati and Allied Industries				
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				
	10/20/2025	A-	A2	Stable	Upgrade
	11/09/2024	BBB+	A2	Stable	Upgrade
	23/08/2023	BBB	A2	Stable	Upgrade
	20/06/2022	BBB-	A2	Stable	Maintained
	26/03/2021	BBB-	A2	Positive	Maintained
	18/11/2020				Suspended
	22/08/2019	BBB-	A2	Stable	Initial
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. Adnan Owais	GM Finance & Operations		10/09/2025	
	Syed Salman Ali	DM Costing & Budgeting		10/09/2025	