VIS
Credit Rating Company Limited

AGRO PROCESSORS & ATMOSPHERIC GASES LIMITED

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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	Upgrade		Upgrade	
RATING DATE	July 15, 2026		October 20, 2025	

Shareholding (5% or More)	Other Information
Mr. Danish Elahi ~ 24.00%	Incorporated in 1980
Mr. Ahmed Aziz Ghulam Hussain ~ 18.37%	Public Limited Company (Unlisted)
Mr. Amyn Abdul Aziz Rafiq ~ 16.72%	Chief Executive Officer: Mr. Ahmad Aziz Ghulam Hussain
Mrs. Naheed Ahmad Ghulam Hussain ~ 13.69%	Chairman: Mr. Abdul Aziz Rafiq
Mr. Akbar Rafiq ~ 9.38%	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

The ratings reflect Agro Processors & Atmospheric Gases Limited's ("APAG" or "the Company") established market position in Pakistan's edible oil and fats industry, supported by a portfolio of well-recognized brands. The Company's experienced sponsor group, strengthened governance framework, and seasoned management team provide stability and support strategic execution, with continued enhancements to its governance and institutional practices aligned with its long-term objective of pursuing a public listing. Operational performance has strengthened, as reflected in improved capacity utilization and sustained growth in both domestic and export sales. Profitability recovered during FY25 and remained healthy in 9MFY26, supported by higher sales volumes, improved pricing, and better operating performance. The financial risk profile remains adequate, underpinned by comfortable debt servicing capacity, improving cash flow generation, and adequate capitalization. While the Company remains exposed to international commodity price fluctuations and exchange rate volatility, which may affect earnings, the assigned ratings are underpinned on successful execution of projected business plans, encompassing growth in revenues, profitability, and cash flows while maintaining prudent capitalization, liquidity, and debt coverage metrics.

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 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 ~47.8% 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 enhanced its technology infrastructure through the implementation of an SAP ERP system. The ERP system has been deployed across the Company's operations and supports key business functions, including finance, procurement, inventory management, sales management and human resources. The implementation provides an integrated platform for business processes and management information, while also supporting the Company's internal control framework

Business Risk

INDUSTRY

The edible oil industry in Pakistan is a highly competitive sector, shaped by 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, palm oil imports increased by ~7% to 3.2 million MT (FY24: 3.0 million MT), while soybean oil imports rose to 0.32 million MT (FY24: 0.12 million MT), according to data from the Pakistan Bureau of Statistics. In value terms, palm oil imports amounted to USD 3.39 billion during FY25, compared to USD 2.78 billion in the preceding year, representing an increase of ~22%. The higher import volumes indicate sustained domestic consumption, given the essential nature of edible oil.

During 11MFY26, palm oil imports reached 3.3 million MT, representing an increase of ~8% compared to the corresponding period last year. In value terms, imports amounted to USD 3.54 billion, reflecting a ~11% increase year-on-year, with the comparatively higher growth in value attributable to price movement. The continued rise in import volumes indicate stable domestic demand during the period.

A significant share of palm oil imports originates from Malaysia and Indonesia, which together account for over 75% of global palm oil production. However, factors such as aging plantations, limited replantation activity, and Indonesia's biodiesel mandates may constrain global supply. Any upward movement in international prices, combined with sustained domestic demand, may increase pressure on the country's import bill. In addition, exchange rate volatility and evolving climatic conditions, which may adversely impact crop yields in key producing regions, continue to pose risks to the industry.

OPERATIONAL UPDATE

Operationally, capacity utilization improved to 47.8% in FY26 (FY25: 47.5%) with total production reaching 43,018 tons. Edible oils segment contributes approximately 97.89% and sauces/spreads 2.1%. 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	FY26			FY25		
	Actual Capacity	Production	Capacity Utilization	Actual Capacity	Production	Capacity Utilization
Vegetable Ghee, Cooking Oil & Margarine (Tons)	90,000	43,018	47.8%	90,000	42,766	47.5%
Sauces	5,000	924	18.48%	5,000	456	9.12%

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. 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 6.28% 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.

During 9MFY26, the Company sustained its growth momentum, with net sales reaching PKR 15.8b, reflecting continued healthy demand across its product portfolio. Profitability remained resilient, with gross margins improving to 15.93% from 14.35% in FY25, supported by a favorable product mix and efficient cost management. Operating margins improved to 7.10% from 6.28% in FY25, reflecting stronger operating performance. Net margins also increased to 3.80% (FY25: 3.08%), supported by improved profitability during the period.

Going forward, management expects continued growth in the Company's topline and profitability. Accordingly, the assigned ratings are underpinned by management's ability to execute its growth strategy and achieve the projected financial performance.

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.

During FY25, anticipating an 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. However, these indicators improved to 0.55x and 1.36x, respectively, as at Mar'26, reflecting continued growth in equity and moderation in leverage. Going forward, the capitalization profile is expected to remain at adequate levels

DEBT COVERAGE & LIQUIDITY

The Company's debt coverage indicators have improved, with DSCR increased to 5.50x in 9MFY26 (FY25: 2.27, FY24: 1.89x). FFO/total debt remained comfortable at ~58% in 9MFY26 (FY25: ~32%, FY24: ~28%). Short-term debt coverage also remained sound, standing at 3.57x in 9MFY26 (FY25: 3.33x, FY24: 4.14x). During FY25, stock-in-trade increased by ~53%, mainly due to management's strategy of accumulating raw material in anticipation of price increase. However, these declined slightly in 9MFY26.

FINANCIAL SUMMARY APPENDIX I

Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	9MFY26M
Property, plant and equipment	1,358.78	1,350.69	1,615.86	1,619.55
Right-of-use Assets	0.00	0.00	0.00	0.00
Intangible Assets	0.00	0.00	0.00	0.00
Long-term Investments	0.00	0.00	0.00	0.00
Stock-in-trade	2,672.02	2,557.64	3,919.58	3,347.24
Trade debts	2,246.39	2,481.13	2,256.45	3,116.04
Short-term Investments	135.08	64.73	58.78	78.40
Cash & Bank Balances	159.11	32.66	150.82	245.31
Other Assets	641.94	474.34	564.01	495.33
Total Assets	7,213.32	6,961.19	8,565.50	8,901.87
Creditors	1,163.53	1,780.44	2,074.12	1,701.41
Long-term Debt (incl. current portion)	208.34	119.67	100.46	81.13
Short-Term Borrowings	2,005.42	1,220.28	1,859.64	1,811.38
Total Debt	2,213.76	1,339.95	1,960.10	1,892.51
Other Liabilities	985.59	794.92	826.42	1,076.62
Total Liabilities	4,362.88	3,915.31	4,860.64	4,670.54
Paid up Capital	657.89	657.89	657.89	657.89
Revenue Reserve	994.39	1,192.82	1,699.75	2,227.39
Other Equity (excl. Revaluation Surplus)	541.58	541.58	541.58	541.58
Sponsor Loan	0.00	0.00	0.00	0.00
Equity (excl. Revaluation Surplus)	2,193.86	2,392.29	2,899.22	3,426.86

Income Statement (PKR Millions)	FY23A	FY24A	FY25A	9MFY26M
Net Sales	17,495.02	15,361.38	18,072.25	15,849.61
Gross Profit	2,449.48	2,238.69	2,593.26	2,525.11
Operating Profit	1,247.44	888.56	1,134.83	1,124.81
Finance Costs	396.96	382.79	448.55	160.29
Profit Before Tax	850.48	505.77	925.66	992.95
Profit After Tax	529.86	213.13	557.16	601.62

Ratio Analysis	FY23A	FY24A	FY25A	9MFY26M
Gross Margin (%)	14.00%	14.57%	14.35%	15.93%
Operating Margin (%)	7.13%	5.78%	6.28%	7.10%
Net Margin (%)	3.03%	1.39%	3.08%	3.80%
Funds from Operation (FFO) (PKR Millions)	682.30	374.74	638.48	817.50
FFO to Total Debt* (%)	30.82%	27.97%	32.57%	57.60%
FFO to Long Term Debt* (%)	327.49%	313.14%	635.54%	1343.52%
Gearing (x)	1.01	0.56	0.68	0.55
Leverage (x)	1.99	1.64	1.68	1.36
Debt Servicing Coverage Ratio* (x)	2.00	1.89	2.26	5.50
Current Ratio (x)	1.38	1.49	1.46	1.60
(Stock in trade + trade debts) / STD (x)	2.46	4.14	3.33	3.57
Return on Average Assets* (%)	7.81%	3.01%	7.18%	9.18%
Return on Average Equity* (%)	26.94%	9.29%	21.06%	25.36%
Cash Conversion Cycle (days)	75.94	87.95	78.76	82.26

**Annualized, if required*

A - Actual Accounts
P - Projected Accounts
M - Management 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	see table below
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	see table below

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
		RATING TYPE: ENTITY		
15/07/2026	A	A2	Stable	Upgrade
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

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Adnan Owais	GM Finance & Operations	July 03, 2026