VIS
Credit Rating Company Limited

ZOOM MARKETING OILS (PRIVATE) LIMITED

ANALYST:
M. Amin Hamdani
(amin.hamdani@vis.com.pk)

RATING DETAILS				
RATINGS CATEGORY	LATEST RATING		PREVIOUS RATING	
	LONG-TERM	SHORT-TERM	LONG-TERM	SHORT-TERM
ENTITY	BBB+	A2	BBB-	A3
RATING OUTLOOK	Stable		Positive	
RATING ACTION	Upgrade		Reaffirmed	
RATING DATE	July 24, 2026		April 17, 2025	

SHAREHOLDING 5% OR MORE	OTHER INFORMATION
Ms. Rubina Arshad – 34.24%	**Incorporated in** 2015
Mr. Sheharyar Arshad – 32.88%	Private Limited Company
Mr. Umer Arshad – 32.88%	**External Auditor:** PKF F.R.A.N.T.S., Chartered Accountants
	Chairman of the BOD: Mr. Sheharyar Arshad

APPLICABLE RATING CRITERIA

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

APPLICABLE RATING SCALE

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

RATING RATIONALE

The ratings upgrade of Zoom Marketing Oils (Private) Limited ('ZMOPL' or 'the Company') reflects the Company's strengthening business and financial risk profile. The upgrade is underpinned by continued expansion of the retail network, enhancement of storage infrastructure through the commissioning of a new storage terminal in Sindh, and a gradual increase in market share and volumetric sales, supporting the Company's growing operational scale. The recent grant of a permanent OGRA license, valid until July 1, 2046, further strengthens the Company's business profile by providing long-term regulatory certainty for petroleum marketing operations in Punjab and Sindh. The ratings also incorporate the Company's improved profitability during the ongoing fiscal year. Furthermore, the ratings are supported by a strengthening capitalization profile, characterized by an expanding equity base through internal profit retention, reduced reliance on debt, and improved debt servicing capacity. The liquidity profile remains adequate, supported by a negative cash conversion cycle that facilitates efficient working capital management and internal financing of inventory requirements. Going forward, the successful execution of the Company's growth strategy, continued growth in volumetric sales while sustaining the improved profitability profile, and maintenance of capitalization profile at manageable levels along with satisfactory debt coverage metrics will remain key rating sensitivities.

COMPANY PROFILE

Zoom Marketing Oils (Private) Limited was incorporated in Pakistan on January 09, 2015 as a Private Limited Company in Lahore under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).

The Company is principally engaged in the procurement, storage, and marketing of petroleum products. It was provisionally licensed by the Oil and Gas Regulatory Authority (OGRA) on December 22, 2016, to operate as an Oil Marketing Company (OMC). The provisional license was subsequently renewed and remained valid until December 31, 2027, subject to the stipulated terms and conditions. Recently, the Company was granted a permanent license by OGRA, valid until July 1, 2046, authorizing it to undertake petroleum marketing activities in the provinces of Punjab and Sindh in accordance with the applicable rules and regulations. The registered office of the Company is situated at Ground Floor, 6-A/1, off M.M. Alam Road, Gulberg III Lahore, Punjab.

The Company has total storage capacity of 37,371 tons located in Punjab and Sindh as under:

- Phool Nagar Pattoki, Kasur District, Punjab – 3,200 MT
- Mouza Jhamakey, Sheikhupura District, Punjab – 27,569 MT
- Mouza deh Shahpur Tappo Daulatpur, Taluka Kazi Ahmed, District Shaheed Benazirabad, Sindh. 6,602 MT

In the lubricant segment, the Company is not only marketing and selling its proprietary brand, "Thrill Lubricant," but is also the sole distributor of ADNOC (Abu Dhabi National Oil Company) lubricants in Pakistan.

MANAGEMENT & GOVERNANCE

BOARD & MANAGEMENT

The Company's governance framework is characterized by concentrated family ownership, with the entire shareholding held by three family members who also serve as Directors and are actively involved in the day-to-day management of the business. Mr. Sheharyar Arshad holds a 32.88% stake and spearheads the management team in his capacity as Chief Executive Officer. The remaining shareholding is held by Ms. Rubina Arshad (34.24%) and Mr. Umer Arshad (32.88%), who are the close family members of Mr. Sheharyar Arshad, and are also actively involved in the Company's operational and strategic affairs. While the Board benefits from the sponsors' close oversight and industry experience, the overall governance framework remains at a nascent stage, with Board representation limited to family members. Going forward, the inclusion of independent directors and the establishment of a more structured governance framework with clearly defined oversight responsibilities would strengthen governance practices, enhance strategic oversight, and support the Company's long-term growth.

IT INFRASTRUCTURE

The Company's financial operations are managed through ERP(SAP) system. To support business continuity, data is backed up on the cloud server as well as an off-site secondary server.

AUDIT OPINION

PKF F.R.A.N.T.S., Chartered Accountants, categorized as 'Category B' on SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified opinion.

BUSINESS RISK

INDUSTRY

Pakistan's Oil Marketing Companies (OMC) sector consists of approximately 40 licensed operators, with the market heavily dominated by a few major players. In FY26, Pakistan State Oil (PSO) maintained its commanding leadership position with a 42% market share.

In FY26, total POL consumption across the industry contracted slightly to 16.19 million metric tons (16,191 thousand tons), reflecting a decline of about 1.3% from 16.41 million metric tons in FY25. This decrease was primarily driven by lower consumption of high-speed diesel (HSD), which fell to 6.85 million metric tons, and a continuing steep decline in furnace oil (FO) usage down to 0.60 million metric tons (a 26% YoY drop). These declines collectively offset the marginal 1% YoY growth in motor spirit (MS) demand, which edged up to 7.68 million metric tons. The sector continues to rely heavily on imported petroleum products to fulfill domestic demand, maintaining significant import volumes to bridge the local supply gap.

While overall industry volumes exhibited a slight contraction, OMCs continue to operate in a challenging environment characterized by regulated pricing mechanisms, thin margins, and persistent exposure to exchange rate fluctuations. Reliance on imports further exposes companies to global price volatility, freight costs, and currency depreciation. Recently, the Economic Coordination Committee (ECC) approved a phased increase in OMC margins in two tranches of Rs. 0.61/liter. Once the second phase takes effect—contingent upon the full digitalization of sales networks and real-time connectivity with regulatory bodies—the OMC margin will increase from Rs. 7.87/liter to Rs. 9.10/liter. Going forward, profitability within the sector will heavily depend on operational efficiency, retail network expansion, and rigorous inventory management discipline.

Table 1: Industry Offtake - Product Wise Mn. M.Tons

Products	FY24	FY25	FY26
Motor Spirit	7.19	7.65	7.68
High Speed Diesel	6.30	6.97	6.85
Furnace Oil	1.24	0.76	0.60
Others	0.96	1.03	-
Total POL Consumption	**15.69**	**16.41**	**16.19**

OPERATIONS

The Company has continued to strengthen its operational footprint through investments in storage infrastructure and expansion of its retail network. Historically, the Company's storage facilities were located at Phool Nagar, Kasur District (3,200 MT) and Mouza Jhamakey, Sheikhupura District (27,569 MT) in Punjab. During the review period, the Company commissioned its Daulatpur storage terminal in Sindh (6,602 MT), increasing its total storage capacity to 37,371 MT, which comfortably exceeds OGRA's prescribed minimum storage requirement. Furthermore, the Company was recently granted a permanent OGRA license, valid until July 1, 2046, authorizing petroleum marketing operations in the provinces of Punjab and Sindh.

The Company's retail network continued to expand. As of July 1, 2026, the network comprised 234 operational fuel stations, including 18 Company-Owned Company-Operated (CoCo) outlets and 216 franchise outlets, compared to 194 stations at end-FY25 (13 CoCo and 181 franchise outlets) and 151 stations at end-FY24 (11 CoCo and 140 franchise outlets). This represents a two-year increase of approximately 55% in the Company's retail footprint.

The Company's total petroleum product offtake increased to 102.37 million liters during FY25 from 92.86 million liters in FY24, reflecting a year-on-year growth of 10.24%. The product mix remained largely balanced, with Motor Spirit (MS) accounting for 50.0% of total sales volumes, followed by High-Speed Diesel (HSD) at 48.9% and High-Octane Blending Component (HOBC) at 1.1%. During 9MFY26, total offtake reached 99.39 million liters, with MS contributing 50.4%, HSD 48.5%, and HOBC 1.1% of total sales volumes, indicating continued sales momentum during the ongoing fiscal year. The Company's market share is currently estimated at 1.0%–1.25%.

PROFITABILITY

During FY25, the Company demonstrated healthy growth in sales volumes, with total petroleum product offtake increasing by 10.2% YoY, however, net revenue declined marginally by 1.7% YoY to PKR 25.06 billion (FY24: PKR 25.49 billion), as the increase in volumetric sales was offset by lower average selling prices of petroleum products. Consequently, gross profit declined slightly to PKR 898.7 million (FY24: PKR 942.8 million), while the gross margin remained broadly stable at 3.6% (FY24: 3.7%). Operating profitability weakened due to a decline in other income to PKR 305.8 million (FY24: PKR 454.7 million), primarily on account of lower mark-up income on advances to a related party and reduced hospitality income. In addition, operating and administrative expenses increased in line with the Company's expanding retail network, resulting in the operating margin declining to 2.7% (FY24: 3.7%). Finance costs also increased to PKR 322.1 million (FY24: PKR 297.4 million), reflecting higher average borrowings during the year and the then prevailing elevated interest rate environment. Consequently, Profit After Tax (PAT) declined to PKR 163.9 million (FY24: PKR 383.0 million), translating into a net margin of 0.7% (FY24: 1.5%).

During 9MFY26, the Company's profitability profile strengthened considerably. Revenue increased to PKR 25.99 billion, exceeding the full-year FY25 revenue within the nine-month period, supported by higher sales volumes compared to the corresponding period last year and a significant increase in average selling prices. The increase in petroleum product prices also resulted in inventory gains, contributing to an expansion in the gross margin to 5.7%. Coupled with improved operating profitability and a reduction in finance costs, driven by lower borrowings and the declining interest rate environment. Profit after tax increased to PKR 588.6 million, while the net margin improved to 2.3%. Going forward, the Company's ability to successfully execute its growth plans, achieve further growth in volumetric offtake, and sustain the improvement in profitability will remain important determinants.

FINANCIAL RISK

CAPITAL STRUCTURE

The capitalization profile of the Company strengthened over the review period, primarily supported by profit retention. The Company's equity base grew to PKR 1.80 billion in FY25 (FY24: PKR 1.64 billion) and further increased to PKR 2.39 billion by the end of 9MFY26. This growth in equity is primarily driven by an accumulation in revenue reserves, which reached PKR 1.29 billion by 9MFY26.

Concurrently, the Company's reliance on debt has decreased in 9MFY26. Total debt witnessed a slight uptick in FY25, rising to PKR 1.02 billion (FY24: PKR 972.3 million) driven by an increase in short-term borrowings to PKR 503.3 million. However, in 9MFY26, total debt trended downwards to PKR 885.3 million. Timely repayment reduced long-term debt (inclusive of the current portion) from PKR 862.3 million in FY24 to PKR 418.8 million in 9MFY26. Short-term debt also declined to PKR 466.5 million during the current fiscal year, supported by a greater contribution of internally generated cash toward working capital financing.

With an expanding equity base and reduced overall debt, the Company's gearing indicators have improved steadily. The gearing ratio, which stood at 2.05x in FY22, declined to 0.56x by the end of FY25 and further improved to 0.37x during 9MFY26. Leverage indicators followed a similar trend, declining from 5.23x in FY22 to 2.23x in FY25, before moving up slightly to 2.91x in 9MFY26. This uptick was largely due to an increase in trade and other payables, which reached PKR 5.52 billion to support higher inventory volumes.

DEBT COVERAGE & LIQUIDITY

The Company's liquidity profile is considered adequate, underpinned by favorable working capital dynamics. It operates with a negative Cash Conversion Cycle (CCC), which improved from negative 3.6 days in FY25 to negative 8.8 days in 9MFY26. This reflects the Company's ability to convert working capital into cash efficiently, driven by relatively short customer credit terms (receivable days of approximately 17–27 days) while benefiting from extended credit terms from suppliers (payable days of approximately 45–62 days).

This working capital cycle allows the Company to internally finance a portion of its inventory requirements, thereby reducing reliance on short-term bank borrowings. Consequently, the current ratio remained stable at 1.01x in FY25 and 1.04x in 9MFY26. Cash and bank balances were reported at PKR 51.9 million at end-FY25 and stood at PKR 18.5 million as of 9MFY26.

On the debt coverage front, the Company’s ability to service its obligations improved in the ongoing fiscal year. Funds from Operations (FFO) remained relatively stable at PKR 440.8 million in FY25 (FY24: PKR 464.9 million). Tracking the increase in bottom-line profitability during 9MFY26, annualized FFO expanded to an estimated PKR 1.36 billion. Correspondingly, debt coverage metrics noted an improvement. The Debt Servicing Coverage Ratio (DSCR) stood at 1.40x in FY25 before increasing to 2.16x in 9MFY26. Similarly, FFO-to-Total Debt improved from 0.43x in FY25 to 1.54x in 9MFY26.

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Zoom Marketing Oils (Private) Limited
Sector	Oil Marketing Company
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				
24-July-2026	BBB+	A2	Stable	Upgrade
17-04-2025	BBB-	A3	Positive	Reaffirmed
27-02-2024	BBB-	A3	Positive	Maintained
12-12-2022	BBB-	A3	Stable	Reaffirmed
03-06-2021	BBB-	A3	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. Numan Sattar	CFO	2-July-2026