

GARIBSONS (PRIVATE) LIMITED

Analysts:

Shaheryar Khan Mangan
(shaheryar@vis.com.pk)

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	February 24, 2026		March 19, 2025	

Shareholding (5% or More)

Family-Owned Enterprise - 100%

Other Information

Incorporated in 1976

Private Limited Company

Chief Executive Officer: Mr. Fuad Ahmed Garib

External Auditor: Grant Thornton Anjum Rahman

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 assigned ratings reflect Garibsons (Pvt.) Limited's ('GSPL' or the 'Company') established position in Pakistan's rice export sector, supported by its long operating history, diversified processing footprint, and established international client relationships. The ratings factor in the volatility inherent in the rice export sector, driven by global pricing dynamics, trade policy developments, and demand fluctuations. Following the exceptional performance in FY24, sector normalization and intensified competition led to a significant decline in sales volumes and pricing pressure in FY25 and 1HFY26, particularly in the non-basmati segment. The contraction in sales volume was sharper for GSPL in FY25 versus the overall export trends for the country.

Despite topline contraction, profitability remained supported by improved inventory management and lower finance costs amid easing interest rates. Debt servicing capacity improved accordingly. However, the Company's financial profile experienced pressure due to a sharp increase in short-term borrowings in 1HFY26, resulting in weakened gearing, leverage, and short-term debt coverage indicators. While liquidity remains adequate, the widening cash conversion cycle reflects elevated working capital requirements amid slower export offtake.

The ratings also consider the Company's family-owned governance structure, with decision-making dispersed among sponsor family members. While management continuity and industry experience provide stability, the absence of independent board representation limits institutional oversight.

Going forward, maintenance of adequate liquidity and debt coverage metrics, alongside improvement in capitalization indicators and moderation in short-term borrowings, will remain important for the assigned ratings. The Stable Outlook reflects expectations of continued operational resilience despite ongoing sector headwinds.

Company Profile

Garibsons (Pvt.) Limited ('GSPL' or the 'Company') is a family-owned business established in 1976 and is the largest exporter of premium-quality rice from Pakistan. The Company is engaged in rice husking, reprocessing, steaming, and parboiling, with a portfolio that includes export and local sales of Basmati and Non-Basmati Rice; under 5% of sales also comprise Rice Bran, Rice Husk, Wheat, Maize, and Sesame seeds. Additionally, GSPL is involved in the trading of Lentils, Chickpeas, and Solar Panels, as well as the manufacturing of Raw and Laminated Chipboard and Medium Density Fibreboard (MDF). A brief description of the Company's business units is presented below:

Rice: The Company procures paddy directly from farmers at the start of the harvest season. Initial processing takes place at husking plants, where the paddy is de-husked. The rice is then further processed to meet buyer specifications. A significant portion of the Company's rice production is exported globally, while it also markets its own brand, 'Mughal,' which is available nationwide at major retail outlets.

Wheat Flour: The Company procures wheat, processes it further and locally sells wheat flour under the same 'Mughal' brand.

Hybrid Seeds: The Company has invested in research and development efforts to produce hybrid seeds which will enable farmers to increase their yield per acre; these are not currently sold.

Panels and Woodworking: The Company sells panels and woodwork under the brand name of NUBoard. The following products are sold under the said brand: Medium-Density Fiberboard (MDF), High-Density Fiberboard (HDF), Particle boards, Lamination (PVC & UV), Exotique, Ultra-Gloss, Naturals.

Management and Governance

GSPL is a family-owned and family-managed company, with ownership vested among various members of the Garib family; at least three generations are involved in the business. No single family member holds more than a 10% stake, and decision-making is shared across the sponsor group. The Board of Directors comprises 16 members, all drawn from the sponsor family. The absence of independent directors and formal board-level committees limits the level of independent oversight.

The Company is led by Mr. Fuad Hamid Garib, Chief Executive Officer, a member of the sponsor family, who has been associated with the business since 1988. Mr. Fuad holds a Bachelor of Science in Electrical Engineering and brings extensive industry experience, having played a key role in the Company's expansion, diversification, and development of international markets. He is responsible for strategic direction, international client relationships, and oversight of manufacturing operations, supply chain, and procurement. In addition, Mr. Fuad is a member of the Rice Exporters Association of Pakistan (REAP) and previously served as Chairman of the Wheat Traders Association of Pakistan (WTAP).⁶

IT INFRASTRUCTURE / CERTIFICATIONS:

In terms of operational setup, the Company has implemented a customized Enterprise Resource Planning (ERP) system supported by an Oracle 10g database, enabling integration across departments and facilitating segment-wise reporting and margin assessment. Data backups are undertaken on a daily basis, with offsite backup arrangements in place. Furthermore, the Company has entered into a Service Level Agreement (SLA) with Odoo: Open-Source ERP for deployment of customized software solutions aligned with evolving technological requirements and local and international reporting standards.

Business Risk

INDUSTRY

	FY21	FY22	FY23	FY24	FY25
Pakistan Rice Exports – Volume (MT)	3,684,991	4,877,191	3,717,559	6,010,983	5,817,660
- Basmati	619,482	750,517	595,120	772,725	808,643
- Non-Basmati	3,065,509	4,126,674	3,122,439	5,238,258	5,009,017
Pakistan Rice Exports – Value (USD)	2,041,736,000	2,509,417,000	2,149,136,000	3,931,887,000	3,353,052,000

- Basmati	569,493,000	693,318,000	650,422,000	876,937,000	830,569,000
- Non-Basmati	1,472,243,000	1,816,099,000	1,498,714,000	3,054,950,000	2,522,483,000

Over the past five years, Pakistan's rice exports have exhibited notable volatility, with export volumes rising by ~33% in FY22, followed by a contraction of ~24% in FY23, before rebounding sharply by nearly 61% in FY24 and subsequently moderating by about 4% in FY25. Over the same period, export values exhibited a similar trend, rising by approximately 23% in FY22, followed by a moderation of around 14% in FY23, before rebounding sharply by about 83% in FY24 and subsequently declining by nearly 15% in FY25, highlighting the sector's heightened sensitivity to movements in global events and rice prices. The sharp expansion in FY24 was driven by supply disruptions in the global rice market following India's export restrictions, which temporarily enhanced market access for Pakistani exporters.

Following India's re-entry into the global rice market, international prices came under pressure, and a sizeable decline in Pakistan's export revenues was observed in FY25; though still remaining considerably higher than FY23 levels. In FY25, basmati rice prices dropped by around 9% to USD 1,027 per metric ton; IRRI rice prices contracted by ~14% to about USD 503 per metric ton. The revenue contraction of Pakistan's exports was accordingly primarily driven by lower international prices, particularly for non-basmati rice, which constitutes over 85% of Pakistan's rice export mix. While basmati export volumes recorded a ~5% increase, earnings declined by ~9% due to lower prices. Non-basmati exports faced more pronounced pressure, with volumes declining by ~4% and export values contracting by ~17%.

The downward trend has become more magnified in FY26. During 1QFY26, Pakistan's rice exports dropped 28% year-on-year, falling to 712,797 tons from 991,146 tons in the same period last year. Unlike FY25, exports almost halved for the basmati segment to 137,066 tons from 248,500 tons. Non-basmati exports also fell 22.1%, declining to 575,731 tons from 764,700 tons, given significant pricing pressure amidst heightened competition.

Going forward, basmati prices are expected to remain stable to moderately firm, while IRRI prices may stay under pressure in the near term, with only a gradual recovery expected over the medium term, contingent on supply adjustments, demand recovery in Africa and Asia, and any adverse weather impacts on upcoming crops.

OPERATIONAL UPDATE:

The Company operates processing and storage facilities across Sindh (Karachi, Gharo, and Golarchi) and Punjab (Lahore, Kot Pindi Das, and Layyah), providing geographic diversification to operations. While the uptick in sales in FY24 for the company was aligned with the overall country level trends, the company faced a steeper contraction in sales in FY25 versus the overall export volumes of the country. Accordingly, in FY25, capacity utilization at the Company's paddy processing and rice reprocessing units declined considerably.

	FY24	FY25
Rice Reprocessing- Annual Plant Capacity (M. Tons)	1,058,400	1,058,400
Rice Processing- Actual Production (M. Tons)	675,765	436,700
Capacity Utilization	63%	41%
Paddy Units- Annual Plant Capacity (Tons)	536,400	536,400
Paddy Units- Actual Production (Tons)	261,195	198,760
Capacity Utilization	49%	37%

PROFITABILITY

During FY25, the Company's revenue declined sharply to PKR 56.4 billion (FY24: PKR 107.7 billion). The decline is attributable to a ~36% drop in volumes amid intensified market competition, which constrained order inflows, alongside pricing pressure of ~10%. Export sales constituted approximately 74% of total revenue, underscoring the Company's significant reliance on international markets.

From a product perspective, IRRI-6 rice dominates the revenue mix, accounting for ~61% of total revenue, while basmati rice contributed ~11%. Exports of by-products, including bran and husk, provided limited revenue diversification.

Despite the contraction in topline, gross margins improved to 10.31% in FY25 (FY24: 8.81%), supported by better procurement efficiencies and inventory management. Profitability was also modestly supported by sales of branded rice (Mughal brand), which, despite representing a small portion of total revenue, typically carry relatively better margins compared to bulk exports. However, operating margins moderated to 4.68% (FY24: 4.98%). The Company's finance costs declined significantly to PKR 0.97 billion in FY25

(FY24: PKR 2.58 billion), largely driven by interest rates easing while borrowings also reduced slightly. Consequently, net margins improved slightly to 1.83% (FY24: 1.70%).

During 1HFY26, the Company's revenue continued to experience pressure, with topline recorded at PKR 17.92b. However, gross margin increased further to 12.70%, supported by ongoing cost optimization and improved inventory management. Similarly, net margins further expanded to 2.33%, due to lower finance cost. Going forward, sales are expected to be moderate in the near term, reflecting continued competitive pressures in international rice markets. The company's focus will remain on preserving the bottom line instead of getting involved in a price war.

Financial Risk

CAPITAL STRUCTURE

The Company's equity base has grown in line with retained profitability, reaching PKR 10.9 billion as at end-Jun'25 (end-Jun'24: PKR 10.0 billion). During FY25, the Company also paid a cash dividend of PKR 200 million, providing cash return to shareholders while maintaining an adequate equity buffer.

The Company's debt profile remains dominated by short term borrowings, primarily to fund working capital requirements. Short-term borrowings increased significantly to PKR 19.2b as at Dec'25 (Jun'25: PKR 10.0b; Jun'24: PKR 11.7b), while long-term borrowings stood at PKR 654.1m (Jun'24: PKR 820.5 m). The sharp rise in short-term borrowings in 1HFY26 partly reflects seasonal working capital requirement associated with the harvesting cycle. However, the quantum of increase was substantially higher compared to prior periods, indicating heightened working capital pressures amid slower export offtake.

Accordingly, the Company's gearing and leverage indicators deteriorated to 1.77x and 1.97x, respectively, as at end-Dec'25 (end-Jun'25: 1.00x and 1.28x; end-Jun'24: 1.27x and 1.75x), exerting stress on the capitalization profile. The management is projecting short term debt levels to ease in the coming months, though the same depends on their ability to secure contracts at reasonable margins, amidst heightened price competition in international markets.

Going forward, the Company plans to install a wind power plant at its Gharo facility, with an estimated cost of PKR 1.3b and expected commissioning by FY27, aimed at reducing energy costs. In FY25, energy cost comprised about 3.6% of total cost of goods sold. The project is planned to be financed through long-term borrowings and internal capital generation, which is expected to result in a moderate increase in leverage indicators. For FY26 and FY27, the management has projected gearing levels of under 1x; ability to achieve this level over the rating horizon would be important.

DEBT COVERAGE & LIQUIDITY:

The Company's liquidity profile remains sound, with the current ratio standing at 1.29x as at end-Dec'25 (end-Jun'25: 1.45x, end-Jun'24: 1.31x). However, Short-term debt coverage weakened to 1.27x (end-Jun'25: 1.68x, end-Jun'24: 1.71x), reflecting increased reliance on short term borrowings. Consequently, the cash conversion cycle of the Company has widened significantly in 1HFY26.

The Company's debt servicing capacity improved, with the debt service coverage ratio increasing to 1.93x as at end-Dec'25 (end-Jun'25: 1.60x, end-Jun'24: 1.53x). The improvement is largely attributable to lower finance costs coupled with improved profitability recorded during the period. Overall, liquidity and debt coverage metrics remain adequate for the assigned ratings. Going forward, sustained maintenance of these indicators will remain important for the ratings.

FINANCIAL SUMMARY				APPENDIX I
Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	6MFY26M
Property, plant and equipment	4,310.37	5,036.22	4,997.19	5,108.54
Right-of-use Assets	0.00	0.00	0.00	0.00
Intangible Assets	3.45	0.00	0.00	0.00
Long-term Investments	157.51	196.07	239.01	220.94
Stock-in-trade	12,741.74	15,590.42	14,134.28	18,429.97
Trade debts	4,904.78	4,406.31	2,571.00	5,914.14
Short-term Investments	18.11	8.77	8.07	85.95
Cash & Bank Balances	548.49	533.07	390.15	519.13
Other Assets	1,432.06	1,783.33	2,427.18	3,192.10
Total Assets	24,116.51	27,554.19	24,766.88	33,470.77
Creditors	811.36	1,610.07	1,186.95	1,177.13
Long-term Debt (incl. current portion)	1,003.55	1,030.78	845.78	757.51
Short-Term Borrowings	12,295.69	11,731.86	10,010.68	19,215.69
Total Debt	13,299.24	12,762.64	10,856.46	19,973.20
Other Liabilities	1,413.41	3,155.91	1,859.03	1,037.77
Total Liabilities	15,524.01	17,528.62	13,902.44	22,188.10
Paid up Capital	7,903.80	7,903.80	7,903.80	7,903.80
Revenue Reserve	688.69	2,121.77	2,960.62	3,378.88
Other Equity (excl. Revaluation Surplus)	0.00	0.00	0.00	0.00
Sponsor Loan	0.00	0.00	0.00	0.00
Equity (excl. Revaluation Surplus)	8,592.49	10,025.57	10,864.42	11,282.68
Income Statement (PKR Millions)	FY23A	FY24A	FY25A	6MFY26M
Net Sales	42,173.97	107,668.71	56,347.88	17,917.14
Gross Profit	6,437.61	9,481.16	5,809.39	2,275.90
Operating Profit	4,229.01	5,359.21	2,634.45	964.30
Finance Costs	1,708.22	2,577.88	966.48	361.26
Profit Before Tax	2,520.79	2,781.33	1,667.97	603.04
Profit After Tax	1,980.38	1,826.13	1,032.73	418.25
Ratio Analysis	FY23A	FY24A	FY25A	6MFY26M
Gross Margin (%)	15.26%	8.81%	10.31%	12.70%
Operating Margin (%)	10.03%	4.98%	4.68%	5.38%
Net Margin (%)	4.70%	1.70%	1.83%	2.33%
Funds from Operation (FFO) (PKR Millions)	2,420.82	1,611.59	504.10	418.25
FFO to Total Debt* (%)	18.20%	12.63%	4.64%	4.19%
FFO to Long Term Debt* (%)	241.23%	156.35%	59.60%	110.43%
Gearing (x)	1.55	1.27	1.00	1.77
Leverage (x)	1.81	1.75	1.28	1.97
Debt Servicing Coverage Ratio* (x)	2.15	1.53	1.60	1.93
Current Ratio (x)	1.31	1.31	1.45	1.29
(Stock in trade + trade debts) / STD (x)	1.44	1.71	1.68	1.27
Return on Average Assets* (%)	8.26%	7.07%	3.95%	2.87%
Return on Average Equity* (%)	26.02%	19.62%	9.89%	7.55%
Cash Conversion Cycle (days)	159.06	63.94	119.84	219.40

*Annualized, if required

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES		APPENDIX II			
Name of Rated Entity	Garibsons (Private) Limited				
Sector	Food				
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-Feb-2026	A	A2	Stable	Reaffirmed
	19-Mar-2025	A	A2	Stable	Reaffirmed
	01-Mar-2024	A	A2	Stable	Upgrade
	14-Mar-2023	A-	A2	Stable	Reaffirmed
	23-Feb-2022	A-	A2	Stable	Maintained
11-Mar-2021	A-	A2	Positive	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.				
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.				
Due Diligence Meetings Conducted	Name		Designation	Date	
	Mr. Faisal Farooq Garib		Director	February 02, 2026	
	Mr. Waqas Anwer		CFO		