VIS
Credit Rating Company Limited

RATING REPORT

GAMALUX OLEOCHEMICALS LIMITED

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	November 20, 2026		October 17, 2025	

Shareholding (5% or More)	Other Information
SNA Equity Sdn Bhd – 51.0%	Incorporated in 2000
Mr. Salman Saeed – 30.0%	Public Limited Company (Unlisted)
Mr. Usman Ahmed – 19.0%	**Chief Executive:** Mr. Usman Ahmed
	External Auditor: Crowe Hussain Chaudhry & Co. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/Methodologies-2026/Corporate-Rating-2026.pdf

Rating Scale

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

Rating Rationale

Assigned ratings of Gamalux Oleochemicals Limited ('GOL' or the 'Company') reflect its presence in the oleochemicals sector, supported by an established operational platform and financial backing from its sponsors. While the Company demonstrated a recovery in operating performance during 8MCY26, following a contraction in revenue and margins during CY25, its financial risk profile remains constrained by weak cash flow generation, elevated working capital requirements and extended receivable collection periods. The liquidity profile remains influenced by reliance on short-term borrowings and related-party credit, while debt-servicing capacity remains linked to the sustainability of the recent operational recovery.

Going forward, sustained improvement in cash flow generation, timely realization of receivables, normalization of inventory levels and strengthening of leverage metrics will remain important for ratings.

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Company Profile

Gamalux Oleochemicals Limited ('GOL' or 'the Company') was established in 2000 as a Private Limited Company and transitioned into a Public Limited Company (Unlisted) in May 2021. The Company's primary operations involve managing and running facilities for oleochemicals production, distillation, and soap making for sale to bulk buyers and retailers. Also, GOL supplies raw materials to soap manufacturers (B2B), produces its own consumer products for beauty and laundry soap (B2C), and undertakes toll manufacturing. Moreover, it exports its products to UAE.

Group Profile

GOL is a part of the Gamalux Group, which operates in Malaysia and Pakistan. Mr. Usman Ahmed (Group CEO) formed a holding Company by the name of Gamalux Holdings SDN BHD (GHSB) in the last quarter of FY22. The holding Company (GHSB) owns 100% shares of all other subsidiaries within the group, whereas Mr. Usman Ahmed and his father, Mr. Saeed Ahmed holds 80% ownership of GHSB. Remaining 20% of the ownership is held by the Malaysian Investors.

GOL (Pakistan), Gamalux Sdn Bhd (Malaysia) and Gamalux Oils Sdn Bhd (Malaysia) are GHSB's related companies, with Gamalux Oils Sdn Bhd (Malaysia) supplying oil to GOL.

Management and Governance

CEO PROFILE

Mr. Usman Ahmed currently serves as the CEO of GOL. He is a member of FPCCI General Body and Director of Pakistan Malaysia Business Council of FPCCI. He was the founding VP of Bin Qasim Association of Trade and industry and also served as the Chairman of Pakistan Soap Manufacturers Association from 2018 to 2019. He graduated from Western Michigan University, USA with a Master's Degree in Business Administration.

BOARD & SENIOR MANAGEMENT

The Board of Directors is composed of three members, including one independent director. Two committees operate under the oversight of the Board: The Board Audit Committee and the Human Resource Committee. No changes or vacancies were reported in the Board during the period under review.

Changes in senior management were observed as part of the Company's efforts to strengthen operational efficiency and pursue a renewed strategic direction. In this regard, the position of Chief Operating Officer (COO) was established, with Mr. Muhammad Hanif appointed to the role. He brings over three decades of professional experience, primarily in senior leadership positions, most recently serving as Director Corporate Affairs at a publicly listed company on the PSX, where he spent over two decades. Additionally, Mr. Qamar ul Haq, a Chartered Accountant with over 30 years of financial leadership experience across the manufacturing, industrial, logistics, and terminal operations sectors, was appointed as Chief Financial Officer, succeeding Mr. Arif Ghani following his resignation. Furthermore, Mr. Shayan Muhammad Saleem was appointed as Financial Controller.

AUDIT OPINION

Crowe Hussain Chaudhry & Co. Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified and unmodified opinion as of December 2025.

Business Risk

INDUSTRY UPDATE

The business risk profile of Pakistan's oleochemical industry is assessed as Medium to High. The industry converts imported palm-based derivatives (RBD palm oil, palm stearin, palm acid oil, lauric acid) into fatty acids, glycerin, soap noodles, and finished soaps, serving both industrial and consumer markets. During CY2025, recurring demand from household and personal-care products supported the sector, although profitability remained sensitive to feedstock costs and the ability to pass increases on to customers. The sector remains reliant on imported vegetable oils, particularly palm and palm-kernel oil, and chemical intermediates, exposing manufacturers to global commodity prices, exchange-rate movements, supply disruptions and import duties. Pakistan imported 3.2 million tons of palm oil worth approximately USD 3.4bn in FY2024–25. During 1HFY26, the palm-oil import bill increased by 28.8% to approximately USD 2.0bn, reflecting higher import costs and volumes. For oleochemical manufacturers, elevated input costs can compress margins and increase inventory funding requirements, particularly for smaller producers with limited pricing flexibility.

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Going forward, demand is expected to remain supported by population growth and recurring consumption. Government initiatives to expand domestic oilseed cultivation may gradually reduce import dependence, although benefits will depend on implementation and agricultural yields. Overall, the sector outlook remains cautiously stable, with credit quality contingent on feedstock-price trends, pricing flexibility, operating efficiency and liquidity management. Manufacturers with diversified products, prudent working-capital practices and stronger cost pass-through capacity are better positioned to withstand volatility, whereas sustained cost increases, currency depreciation and import competition could pressure margins and debt-servicing capacity.

OPERATIONAL PERFORMANCE

Production Capacity and Utilization	CY24A	CY25A	HY26
Installed Capacity – Total (MT)	102,000	102,000	51,000
Actual Production – Total (MT)	61,954	45,974	27,642
Utilization (%)	**60.7%**	**45.1%**	**54.2%**

The Company's overall capacity utilization declined to 45.1% in CY25 (CY24: 60.7%), reflecting lower production across most product segments, particularly soap noodles and glycerine. Utilization in these segments declined to 33.4% and 30.2%, respectively, while laundry soap and Distilled Fatty Acid (DFA) recorded utilization of 39.9% and 66.9%. The decline was partly attributable to a major shipment being held at the port due to documentation deficiencies, which disrupted the production cycle and adversely affected sales and liquidity.

In response, the Company has strengthened its management team through additional personnel and revised management strategies aimed at improving operational oversight, production planning and cost controls. Capacity utilization subsequently recovered to 54.2% during 1HCY26, with improvement observed across most product segments. However, the sustainability of this recovery remains critical.

PROFITABILITY

During CY25, the Company's revenue declined by 18.8% YoY to PKR 8,228.4mn (CY24: PKR 10,130.3mn), while gross margin contracted to 14.3% (CY24: 24.7%). The decline primarily reflected higher raw material consumption costs relative to sales, coupled with lower production volumes and capacity utilization. Consequently, gross profit declined by 53.2% to PKR 1,173.8mn. Operating expenses also increased, mainly on account of higher selling and distribution costs, while provision of ECL on trade debts remained elevated at PKR 245.8mn. Although reported operating profit amounted to PKR 765.1mn, the figure included other income of PKR 121.3mn, predominantly comprising a non-cash fair value gain of PKR 120.8mn on investment property. Excluding this gain, underlying operating profitability was weaker. Finance costs declined to PKR 595.5mn (CY24: PKR 741.9mn), supported by lower borrowing costs. Nevertheless, profit before tax (PBT) contracted significantly to PKR 169.6mn (CY24: PKR 1,143.0mn). Net Profit increased to PKR 661.6mn (CY24: PKR 633.0mn); however, this was primarily attributable to an income tax credit of PKR 594.9mn, including deferred tax and prior-year tax reversals.

During 8MCY26, the Company reported sales of PKR 5,112.4mn and gross profit of PKR 1,064.8mn, translating into an improved gross margin of 20.8%. The recovery reflects management's efforts to improve operational efficiency, reduce wastage and strengthen cost controls. PBT and PAT stood at PKR 426.5mn and PKR 324.2mn, respectively. While the interim performance indicates an improvement over CY25, the quality and sustainability of earnings remain constrained by lower margins, non-recurring income and tax-related adjustments.

Financial Risk

CAPITAL STRUCTURE

The Company's capitalization profile improved during CY25, with gearing and leverage declining to 1.77x and 4.05x, respectively (CY24: 2.30x and 4.64x). The improvement was primarily attributable to an increase in the equity base, supported by retained earnings and the absence of dividend distributions. During 8MCY26, gearing and leverage further improved to 1.50x and 3.45x, respectively, primarily reflecting an increase in equity. Total debt marginally declined to PKR 4,726.8mn from PKR 4,886.1mn at CY25-end, although short-term borrowings increased slightly, indicating continued reliance on short-term funding. The capital structure remains highly dependent on working-capital financing, indicating partial funding of fixed assets through short-term sources. Accordingly, despite the improvement in reported capitalization indicators, the overall funding structure may remain subject to liquidity pressures and the availability of external and related-party financing.

DEBT COVERAGE & LIQUIDITY

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The Company's debt coverage profile weakened significantly during CY25, with the Debt Service Coverage Ratio (DSCR) declining to 0.65x (CY24: 1.91x), reflecting a substantial reduction in funds from operations (FFO), which turned negative at PKR 52.3mn. The deterioration was primarily attributable to lower operating profitability and weak cash generation.

During 8MCY26, the DSCR improved to 1.64x, supported by higher reported profitability and FFO of PKR 494.4mn. While this indicates an improvement in the interim coverage profile, sustained improvement in cash generation and timely conversion of working-capital assets will be critical to maintaining adequate debt-servicing capacity.

Liquidity indicators remained relatively stable, with the current ratio improving marginally to 1.25x in 8MCY26 from 1.22x at CY25-end. However, the quality of current assets remains a key concern. Trade debts increased by 28.5% to PKR 5,418.8mn in CY25 despite a decline in revenue, while year-end debtor days increased to approximately 212 days from 138 days in CY24. Furthermore, the receivables ageing profile reflects significant overdue balances, indicating elevated collection risk. Consequently, liquidity remains substantially dependent on the timely recovery of outstanding receivables and effective working-capital management.

The Company also remains reliant on extended credit from related parties to finance its operating cycle. Payables to group companies increased to PKR 4,585.8mn at CY25-end, representing a significant portion of total trade creditors. In addition, short-term bank facilities were substantially utilized, at approximately 90.5% of sanctioned limits, leaving limited unutilized borrowing headroom. The availability of sponsor-backed facilities, including SBLCs of USD 5.4mn provided by the holding company, offers some financial flexibility, however, while the management is pursuing avenues to diversify funding sources through various banks, till then the funding profile remains somewhat concentrated.

Going forward, timely receivable collections, normalization of inventory levels and reduced reliance on extended supplier credit will remain key determinants of the Company's liquidity and financial risk profile.

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Financial Summary					(PKR Mn)
Balance Sheet	CY22A	CY23A	CY24A	CY25A	8MCY26M
Property, plant and equipment	3,508.7	3,393.3	3,477.3	3,403.3	3,319.7
Right-of-use Assets	1.9	0.7	-	-	-
Stock-in-trade	2,660.1	3,163.3	4,000.0	5,920.2	6,274.2
Trade debts	1,082.3	2,351.3	3,827.8	4,785.1	4,894.3
Short-Term Investments	0.0	79.9	-	200.0	-
Cash & Bank Balances	411.3	327.5	500.5	386.8	442.8
Other Assets	278.4	668.4	1,687.8	1,269.3	1,076.3
Total Assets	7,942.8	9,984.2	13,493.4	15,964.8	16,007.3
Creditors	853.1	1,862.9	2,977.3	5,248.7	5,146.9
Long-term Debt (incl. current portion)	217.3	452.6	899.5	755.8	584.3
Short-Term Borrowings	1,486.8	2,816.8	3,704.3	4,130.2	4,142.5
Total Debt	1,704.2	3,269.4	4,603.8	4,886.1	4,726.8
Other Liabilities	1,898.1	1,280.9	1,707.1	1,027.6	1,006.9
Total Liabilities	4,455.3	6,413.1	9,288.2	11,162.3	10,880.6
Paid up Capital	1,061.9	1,797.0	1,797.0	1,797.0	1,797.0
Revenue Reserve	35.0	-688.2	33.9	788.5	1,179.7
Other Equity (excl. Revaluation Surplus)	0.0	172.8	172.8	172.8	172.8
Equity (excl. Revaluation Surplus)	1,096.9	1,281.6	2,003.7	2,758.3	3,149.5
Income Statement	CY22A	CY23A	CY24A	CY25A	8MCY26M
Net Sales	4,461.0	7,600.2	10,130.3	8,228.4	5,112.4
Gross Profit	1,187.0	537.9	2,506.0	1,173.8	1,064.8
Operating Profit	960.6	366.6	1,884.9	765.1	813.3
Finance Costs	207.0	543.5	741.9	595.5	386.8
Profit Before Tax	753.6	(177.0)	1,143.0	169.6	426.5
Profit After Tax	505.6	(376.8)	633.0	661.6	324.2
Ratio Analysis	CY22A	CY23A	CY24A	CY25A	8MCY26M
Gross Margin (%)	26.6%	7.1%	24.7%	14.3%	20.8%
Operating Margin (%)	21.5%	4.8%	18.6%	9.3%	15.9%
Net Margin (%)	11.3%	-5.0%	6.2%	8.0%	6.3%
Funds from Operation (FFO) (PKR Mn)	815.8	-166.8	1,015.8	-52.3	494.4
FFO to Total Debt* (%)	47.9%	-5.1%	22.1%	-1.1%	10.5%
FFO to Long Term Debt* (%)	375.4%	-36.9%	112.9%	-6.9%	84.6%
Gearing (x)	1.55	2.55	2.30	1.77	1.50
Leverage (x)	4.06	5.00	4.64	4.05	3.45
Debt Servicing Coverage Ratio* (x)	3.43	0.45	1.91	0.65	1.64
Current Ratio (x)	1.25	1.25	1.31	1.22	1.25
(Stock in trade + trade debts) / STD (x)	2.53	1.97	2.12	2.60	2.70
Return on Average Assets* (%)	7.6%	-4.2%	5.4%	4.5%	3.0%
Return on Average Equity* (%)	59.2%	-31.7%	38.5%	27.8%	16.5%
Cash Conversion Cycle (days)	240.3	162.7	166.9	234.9	284.5
*Annualized, if required					
A - Actual Accounts					
P - Projected Accounts					
M - Management Accounts					

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REGULATORY DISCLOSURES	Appendix I
Name of Rated Entity	Gamalux Oleochemicals Limited
Sector	Oleochemicals (Chemical Sector Sub-set)
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				
20-Nov-2026	A-	A2	Stable	Reaffirmed
17-Oct-2025	A-	A2	Stable	Reaffirmed
26-Aug-2024	A-	A2	Stable	Reaffirmed
12-Jul-2023	A-	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 Meeting Conducted

Name	Designation	Date
Mr. Qamar Ul Haq	CFO	9th October 2026
Mr. Shayan Muhammad Saleem	Financial Controller	

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