VIS
Credit Rating Company Limited

TAJ GASOLINE (PRIVATE) LIMITED

Analyst:
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RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A+	A1	A	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Upgrade		Upgrade	
RATING DATE	January 01, 2026		August 20, 2024	

Shareholding (5% or More)	Other Information
Mr. Muhammad Aslam Shaikh – 90.0%	Incorporated in 2016
	Private Limited Company
	Chief Executive: Mr. Muhammad Taimour Affaq
	External Auditor: Grant Thornton Anjum Rahman 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/do cs/VISRatingScales.pdf

Rating Rationale

Taj Gasoline (Private) Limited ("TGPL" or "the OMC") is an Oil Marketing Company (OMC) engaged in the procurement, storage, marketing, and sale of petroleum and related products. The Company is part of the Taj Group, which has been in the downstream oil business for five decades and, over the years, has expanded into the automotive dealership business, hospitality sector inclusive of chain of hotels, RT restaurants and Piatto Cafes operating under Royal Taj.

Assigned ratings reflect OMC's increasing market share, supported by expanded storage capacity and a continued increase in the number of sites. The OMC has shown strong topline growth over the years together with sound profitability profile. Ratings incorporate strong cash flow generation capacity of the OMC together with efficient working capital management. Capitalization profile is supported by minimal gearing despite robust capex activity. Going forward, effective execution of planned growth in market share, retention of profits to strengthen the balance sheet, and maintenance of a prudent capitalization profile, along with preservation of liquidity, will remain key considerations for ratings.

Company Profile

Incorporated in 2016 as a private limited Company, Taj Gasoline ("TGPL" or "the Company") is an Oil Marketing Company (OMC) involved in the business of procurement, storage, marketing and sale of petroleum and related products. The Company is part of the Taj Group, which has been in the downstream oil business for five decades and, over the years, has expanded into the automotive dealership business, hospitality sector inclusive of chain of hotels, RT restaurants and Piatto Cafes operating under Royal Taj.In FY23, the Company successfully launched its first station in Punjab and obtained an OMC license in the province. Additionally, the Company has plans to launch its own oil brand, "Taj," which will include specialized engine oils for both diesel and petrol engines.

TGPL has obtained permanent license from Oil and Gas Regulatory Authority (OGRA) to operate as an Oil Marketing Company (OMC) for the marketing of petroleum products in Sindh, Punjab and KPK on 15 August, 2025. The Company has a total of 97 (FY24: 76) retail operations sites wherein 9 sites are Company Owned Company Operated (COCO) while the remaining are operated by dealers.

The Group is headed by Mr. Muhammad Aslam Shaikh who is the major shareholder (90%) in Taj Gasoline being the founding member of OMC. He has over 20 years' experience in the downstream oil sector.

The financial statements for FY25 have been audited by Grant Thornton Anjum Rahman Chartered Accountants, who issued an unqualified audit opinion.

Management and Governance

BOD's, COMMITTEES & MANAGEMENT TEAM:

During the year 2025, the Company established an eight-member Advisory Board comprising seasoned professionals and industry experts to strengthen governance. The Board includes four non-executive directors, including one female director, and is chaired by Mr. Muhammad Aslam Sheikh, who brings nearly three decades of experience in the oil industry.

The Board has also constituted HR and Audit Committees headed by non-executive directors for the oversight and policy guidelines for the management. The organization is run by a professional management team comprising of professionals from multi-cultural organizations.

Recently, Mr. Muhammad Taimour Affaq was appointed as CEO. Mr. Taimour brings more than 20 years of diverse leadership experience across multiple sectors.

Business Risk

INDUSTRY UPDATE:

Oil Marketing Sector

Pakistan's Oil Marketing Companies (OMC) sector comprises around 40 licensed operators, with a market dominated by Pakistan State Oil (PSO

Table 1: POL Consumption Estimate (Mn M.Tons)

Company	FY24	FY25
Local POL Production	9.89	10.33
POL Imports	6.62	7.43
POL Product Exports	0.98	1.39
Est. POL Storage	3.85	3.85
POL Consumption	15.69	16.41

In FY25, total POL consumption increased to 16.41 million tonnes, up from 15.69 million tonnes in FY24 — a growth of about 4.6%. The increase was driven by higher motor spirit (MS) and high-speed diesel (HSD) demand, offset by a continued decline in furnace oil consumption.

During the year, POL imports rose to 7.43 million tonnes (FY24: 6.62 million tonnes), underscoring Pakistan's sustained dependence on imported products to meet domestic demand.

Product Wise (Mn M.Tons)

Company	FY24	FY25
MS	7.19	7.65
HSD	6.30	6.97
FO	1.24	0.76
Others	0.96	1.03
POL Consumption	15.69	16.41

While volumes exhibited modest growth, the operating environment for OMCs remains characterized by regulated pricing, thin margins, and exchange rate exposure. Import reliance exposes companies to global price swings, freight costs, and currency movements, while cost pass-through limitations often compress margins.

Table 2: Top 10 Volumetric Market Share (MS & HSD)

Market Share (%)	FY24	FY25
PSO	49.29%	43.44%
GO	3.87%	11.62%
TPPL	11.62%	10.94%
APL	9.13%	8.58%
SPL	8.12%	7.85%
HPL	2.86%	3.57%
BE	2.68%	2.34%
TGPL	1.92%	2.11%
CNERGYICO OMC	1.61%	1.84%
EOPL	1.07%	1.28%
Top 10	**92.45%**	**93.57%**

On the market share front, PSO remained a leader in the industry while GO emerged out as a 2nd largest player with 11.62% market share in FY25. Total Parco maintained its position on number 3 with 10.94% market share in terms of volume. Recently, the Economic Coordination Committee (ECC) has approved a Rs. 1.22/litre rise in OMC margins in two phases of Rs. 0.61/litre. The first increase is affected from December while the Second phase will take effect on June 1, 2026. This second hike is contingent upon the full digitalization of the sales and stock networks and real-time connectivity with OGRA, FBR and the Petroleum Division. Resultantly, the OMC margin will rise to Rs. 9.10/litre from Rs. 7.87/litre.

Going forward, the performance of OMC's will hinge on retail network expansion, operational efficiency, and inventory management discipline. However, profitability will remain sensitive to pricing policy consistency, exchange rate stability, and macroeconomic conditions that affect consumer demand for petroleum products.

OPERATIONAL UPDATE

During FY25, the Company increased its capacity by adding storage facilities at Daulatpur. Subsequent to the year end, TGPL further enhanced its storage capacity by adding 2,307 M.Tons of HSD and 3,579 M.Tons of PMG capacity at Azakhel. Additionally, the Company commissioned 21 new sites during FY25, of which one was a COCO site, while the remaining were dealer-operated.

Table 3: Storage Capacities

Metric Tons	HSD	PMG
Shikarpur	10,000	6,600
Habibabad	2,308	2,000
Daulatpur	1,015	647
Azakhel	2,307	3,579

PROFITABILITY:

In FY25, the Company's revenue grew 6.4% YoY to PKR 95.8 billion, driven by higher POL sales volumes and a modest increase in TGPL's market share. Gross margin improved to 3.4% (FY24: 2.4%) amid better inventory management. Other income rose to PKR 474.9 million, while administrative expenses increased in line with higher sales and inflation, supporting a parallel rise in operating margins. Finance costs remained intact at PKR 300.5 million which includes PKR 173 million on account of markup, LC and bank charges and PKR 127 million due to unwinding of lease liabilities.Further, the Company incurred an exchange loss of PKR 135.1 million (versus a PKR 205.3 million gain last year) against the settlement; however, 90% of this impact was recovered through the pricing mechanism in Gross Margin. The net margin growth inched up to 1.3% (FY24: 1.0%).

During 1QFY26, TGL recorded net sales of PKR 28 billion, supported by higher demand and an improvement in volumetric market share to 2.24% (FY25: 1.9%; FY24: 1.7%) of the industry's total volume. Gross margin increased to 3.6%, while higher other income and improved operational efficiency helped lift the operating margin to 3.2%. Consequently, net margin also improved, reaching 1.8%. Going forward, overall profitability is forecasted to increase due to expected increase in sales backed by increasing number of sites and addition of storage capacities while the recent increase in per litre margin approved by the ECC will also have a positive impact on the Company's profitability.

Financial Risk

CAPITAL STRUCTURE:

The Company's equity base continued to strengthen amid internal cash generation and retention, while TGPL also repaid a subordinated sponsor loan of PKR 558.5 million during FY25. On the debt front, short-term borrowings were reduced to zero by the end of FY25, and TGPL carries no long-term debt. With the expansion of pump sites, lease liabilities increased to PKR 1.31 billion as of Sep'25. Nevertheless, the gearing ratio remained minimal, declining slightly during the review period (FY25 and 1QFY26) to 0.30x as of Sep'25. Overall capitalization profile of the Company considered sound.

DEBT COVERAGE & LIQUIDITY:

TGPL's liquidity profile remained strong, supported by a negative cash conversion cycle. The Company generates sales largely on a cash basis, while its payable days range between 20–25 days. In addition, the absence of short-term borrowings on the balance sheet further reinforces its liquidity position. Current ratio remained at adequate levels while the Company has a Cash balance of PKR 737.2 Mn (Jun'25: 704.1 Mn) as at Sep'25, representing around 4.5% of the total assets. On the coverages profile front, cashflow and debt coverages of the Company remained sound with negligible levels of lease liabilities on balance sheet.

Financial Summary — Appendix I

Balance Sheet (PKR Millions)	FY23A	FY24A	FY25A	1QFY26M
Property, Plant & Equipment	1,562	2,016	3,407	3,626
Intangible assets	9	9	8	8
Stock in Trade	5,283	3,805	4,022	7,558
Trade Debts	240	762	1,112	1,391
Cash & Bank Balances	112	603	704	737
Other Assets	2,151	1,791	3,001	2,889
Total Assets	9,357	8,984	12,253	16,208
Trade and Other Payables	6,639	4,781	7,275	10,346
ST Borrowings	439	610	-	-
LT Lease Liabilities (Inc. Current Portion)	397	567	1,151	1,306
Deferred Liabilities	-	-	174	-
Total Liabilities	7,530	6,113	8,714	11,910
Issued, Subs, and Paid Up Capital	1,000	1,000	1,000	1,000
Equity	1,827	2,872	3,539	4,298

Income Statement (PKR Millions)	FY23A	FY24A	FY25A	1QFY26M
Revenue	56,091	90,048	95,843	28,020
Gross Profit	3,177	2,191	3,239	1,004
Finance costs	(209.3)	(299.8)	(300.5)	(124.3)
Profit/(Loss) Before Tax	609	1,400	1,977	762
Profit/(Loss) After Tax	305	899	1,226	508
FFO	562	1,198	1,730	NA

Ratio Analysis	FY23A	FY24A	FY25A	1QFY26M
Gross Margin (%)	5.7%	2.4%	3.4%	3.6%
Net Margin (%)	0.5%	1.0%	1.3%	1.8%
FFO to Long-Term Debt (x)				
FFO to Total Debt (x)	0.67	1.02	1.50	NA
Current Ratio (x)	1.03	1.15	1.04	1.07
Debt Servicing Coverage Ratio (x)	3.39	4.95	7.02	NA
(Stock in trade + trade debts) / STD (x)	12.57	7.49	NA	NA
Gearing (x)	0.46	0.41	0.33	0.30
Leverage (x)	4.12	2.13	2.46	2.77
ROAA (%)	3.2%	9.8%	11.5%	14.3%
ROAE (%)	18.5%	38.3%	38.2%	51.9%
Inventory Days	1.6	3.1	4.2	4.5
Receivable Days	36.4	15.8	15.9	25.5
Payable Days	45.8	19.9	28.7	35.0
Cash Conversion Cycle (days)	(7.8)	(1.0)	(8.6)	(4.9)

Annualized, if required
A - Actual Accounts
P - Projected Accounts
M - Management Accounts

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Taj Gasoline (Private) Limited
Sector	Oil Marketing Company
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
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.
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Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
01/01/2026	A+	A1	Stable	Upgrade
20/08/2024	A	A2	Stable	Upgrade
26/04/2023	A-	A2	Stable	Initial

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Hamza Paracha	Chief Financial Officer (CFO)	24th November 2025
Mr. Hafiz Shoaib	Manager Finance	