VIS
Credit Rating Company Limited

RATING REPORT

GHANI CHEMWORLD LIMITED

Analysts:
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RATING DETAILS		
RATINGS CATEGORY	Initial Rating	
	Long-term	Short-term
ENTITY	A-	A2
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	January 19, 2026	

Shareholding (5% or More)	Other Information
Associated Companies – 74.34%	Incorporated in 2024
Others – 19.31%	Public Limited Company (Listed)
	Chief Executive: Mr. Atique Ahmad Khan
	External Auditor: Ilyas Saeed & Co Chartered Accountants

Applicable Rating Methodology

Corporate Rating
https://docs.vis.com.pk/docs/CorporateMethodology.pdf

Rating Scale

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

Rating Rationale

Ghani ChemWorld Limited (GCWL), incorporated in July 2024 as a wholly owned subsidiary of Ghani Chemical Industries Limited (GCIL), was established to house the Calcium Carbide Project transferred under a court-approved demerger. Leveraging the Ghani Group's longstanding industrial footprint, robust governance, and strategic focus on import substitution, GCWL is set to become Pakistan's first domestic calcium carbide producer. Located in the Hattar Special Economic Zone and nearing commissioning, the project offers significant import-replacement potential and future export opportunities.

The ratings reflect GCWL's strategic positioning, strong sponsor support, and long-term project viability, while acknowledging near-term risks associated with its greenfield nature, limited market visibility, and impending debt obligations. Business prospects are underpinned by favorable industry dynamics, including heavy domestic import reliance, local raw material availability, and the Group's decade-long trading expertise in calcium carbide. However, near-term pricing power may be constrained due to demand-side pressures and initial capacity overhang, making utilization ramp-up and export market penetration critical for achieving scale efficiencies. Timeline **execution of projected plans will remain critical.**

Liquidity and coverage metrics reflect typical ramp-up pressures but are supported by stable projected cash flows and strong sponsor backing. Ghani Chemical Industries is committed to bridging near-term cash flow gaps through advances and corporate guarantee support, ensuring operational and financial stability during the initial phase.

Company Profile

Ghani ChemWorld Limited (GCWL) was incorporated as a public limited company on July 31, 2024, under the Companies Act, 2017 (Company Registration No. 0265009). It operates as a wholly owned subsidiary of Ghani Chemical Industries Limited (GCIL) — a prominent player in Pakistan's industrial and medical gases sector.

GCWL has been established with the primary objective of manufacturing, processing, refining, formulating, and trading various chemical and allied products. The Company's formation stems from the transfer of the Calcium Carbide Project (the "Project") from GCIL to GCWL, executed under a Demerger/Merger Scheme sanctioned by the Honorable Lahore High Court, Lahore, on February 20, 2025 (Civil Original No. 65259 of 2024). Under this arrangement, all concessions, licenses, incentives, and tax holidays associated with the Project were transferred to GCWL, with GCIL continuing as the residual entity.

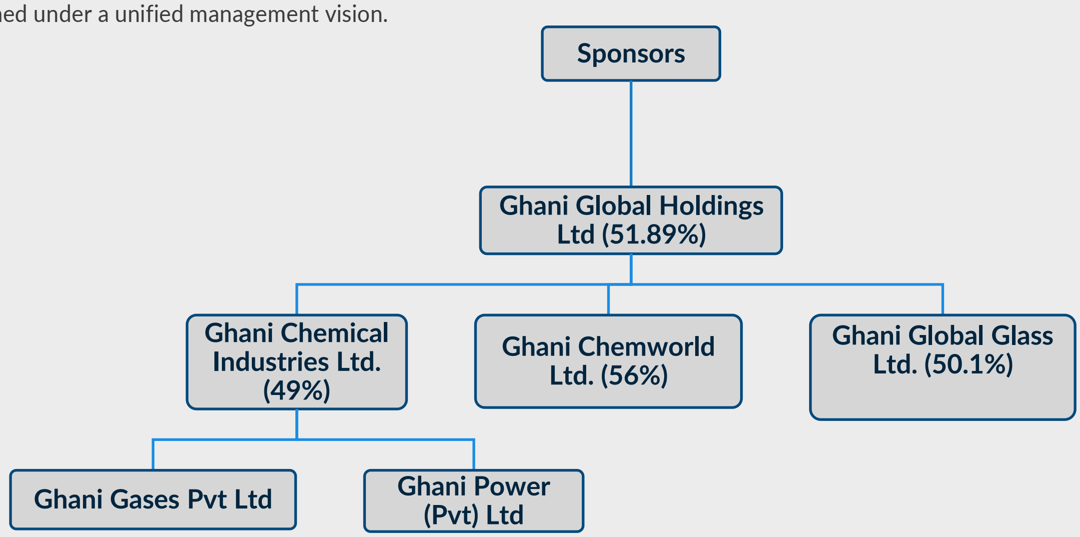
The Calcium Carbide Project, located on 13.34 acres in Zone-B of the Hattar Special Economic Zone, District Haripur, has successfully achieved commissioning, as announced to the Pakistan Stock Exchange (PSX) on December 24, 2025, under the supervision of European and Chinese engineering teams. The project represents a strategic milestone for the Ghani Global Group, marking its transition from trading to local manufacturing. With over a decade of experience in the trading of Calcium Carbide, the Group's new venture positions GCWL as the first domestic manufacturer of Calcium Carbide in Pakistan, paving the way for import substitution, self-sufficiency, and future export potential. The plant enjoys a 10-year tax holiday under the Special Economic Zone.

Management and Governance

OWNERSHIP/SPONSOR

The Ghani Group is an established and diversified industrial conglomerate in Pakistan, with business interests spanning glass manufacturing, industrial and medical gases, chemicals, and mining. Over the years, the Group has built a strong industrial base and market reputation, underpinned by consistent operational performance, financial discipline, and a focus on import substitution and value-added production.

The Group operates through various entities, including Ghani Global Holdings Limited, Ghani Chemical Industries Limited (GCIL), Ghani ChemWorld Limited (GCWL), and Ghani Glass Limited. Each company functions independently within its respective sector, yet remains strategically aligned under a unified management vision.



Ghani Gases (Private) Limited was incorporated in 2007 and later converted into a public company, listing on the Pakistan Stock Exchange in 2010. In 2019, the company was renamed Ghani Global Holdings Limited (GGHL) following a strategic shift from manufacturing to investment management. After divesting its manufacturing undertaking to its subsidiary—Ghani Chemical Industries Ltd.—the Company now primarily focuses on managing investments in its subsidiary and associated companies, along with limited trading activities. GGHL is headquartered in Lahore.

Ghani Chemical Industries Ltd. (GCIL): a public listed company, is primarily engaged in the manufacturing, sale, and trading of medical and industrial gases, along with various chemical products.

Ghani Global Glass Ltd. (GGGL): a public listed engaged in the production and sale of glass tubes, glassware, vials, ampoules, and related chemical products, catering primarily to pharmaceutical and industrial sectors.

The Group also maintains interests in mining and raw material sourcing, providing vertical integration benefits to its manufacturing operations. The sponsors directors, Mr. Masroor Ahmed Khan, Mr. Atique Ahmad khan and Hafiz Farooq Ahmed, bring over five decades of entrepreneurial experience across a wide range of industries, including industrial gases, engineering, mining, glass manufacturing, real estate, automobiles, and food. Their diversified track record reflects strong strategic insight, adaptability, and a consistent ability to scale businesses. With a proven history of identifying opportunities, driving innovation, and sustaining growth, they have established themselves as influential leaders with a deep understanding of market and economic dynamics.

BOD's & COMMITTEE:

The Board of Directors consists of seven members, including two independent and two female directors, thereby meeting the minimum requirements of the applicable code of corporate governance. The Board is supported by two sub-committees: the Audit and Risk Management Committee, and the Human Resources, Remuneration, and Compensation Committee.

Business Risk

Calcium Carbide (CaC_2), also known as calcium acetylide, is a key industrial chemical with diverse applications. It is primarily used in the production of acetylene gas, which serves as a fuel in welding, metal cutting, and various industrial processes. The compound also acts as a raw material in chemical manufacturing, including the production of polyvinyl chloride (PVC), synthetic rubbers, and plastics. In agriculture, calcium carbide is utilized to produce calcium cyanamide, a nitrogen-based fertilizer, while in the food industry, it is used for the artificial ripening of fruits. Additionally, it serves as a desulfurizing agent in steel production.
Calcium carbide also plays a crucial role in PVC resin manufacturing, serving as the main raw material for generating acetylene gas. The acetylene produced reacts with hydrogen chloride to form vinyl chloride monomer (VCM), which is subsequently polymerized to produce PVC.

Key raw materials include limestone, coke, and electrodes, all of which are readily available domestically. These components are blended in precise ratios and smelted in an electric arc furnace to produce calcium carbide and carbon monoxide as a byproduct. Owing to the high-temperature process, power consumption remains a major cost component alongside raw material inputs.

The GCWL calcium carbide plant has achieved commissioning, with commercial production having commenced thereafter. The project employs Chinese-based technology and entails a total cost of approximately PKR 2.0 billion, financed through a mix of 60% equity and 40% debt. At optimal operating level, the plant will have a daily production capacity of 76 tons, equivalent to 25,000 tons annually.

Pakistan currently relies heavily on imports of calcium carbide, mainly from China and regional suppliers. Globally, China accounts for over 70% of calcium carbide production, making it the dominant supplier in international trade. However, Chinese exports have been intermittent rather than consistent, often disrupted by energy rationing, environmental regulations, and fluctuating domestic PVC demand. In Pakistan, domestic demand has fluctuated between ~8,000–15,000 tons per annum. The Ghani Group has historically been a major importer and distributor of calcium carbide, alongside other key importers such as M.A. Mujahid Enterprises and Qadri Oxygen Gas Company.

The commissioning of GCWL's new facility will enable full import substitution and open export opportunities to Afghanistan, the Middle East, and other SAARC markets. Backed by the Ghani Group's decade-long trading and distribution strength, the project is positioned to secure a meaningful domestic market share, reduce reliance on imports, and enhance export revenues and foreign exchange inflows. However, given the current market size and competitive landscape from commercial importers, pricing ability will remain contained till such time capacity overhang continues. While regulatory duties on import of calcium carbide is at 11%, sponsors plan to liaison with the Government to increase this protection. Exploring export markets in the middle east, as planned by the Company, will also remain important for utilization to ramp up and result in efficiencies.

Financial Risk

CAPITAL STRUCTURE

The Company was established through the transfer of the Calcium Carbide Project from GCIL to GCWL under a duly approved Demerger/Merger Scheme. As part of this restructuring, GCWL inherited a portion of the project-related debt and received a corresponding share of the equity investment. As of June 30, 2025, total equity stood at Rs. 3,520 million, including goodwill of PKR 943 million arising from the demerger, while tangible equity amounted to Rs. 2,577 million. The Company also assumed Rs. 800 million in debt in the form of a Sukuk, with principal repayments commencing in 3QFY26.

The Project was structured on a 20:80 debt-to-equity basis; however, with the buildup of working capital borrowings during full-scale operations, the capital structure is projected to moderate to a maximum of 47:53. As a greenfield undertaking, project-related debt will initially weigh in on cash flows, keeping the capitalization profile constrained in the near term.

PROFITABILITY

The project's forward profitability outlook reflects both its strong underlying economics and the challenges inherent to a greenfield setup operating in a competitive market. Under the base case, profitability strengthens materially at higher utilization levels, with the model projecting ROA and ROE of 10% and 18%, respectively, at 90% capacity. These returns are supported by efficient conversion economics and stable gross margins.

However, near-term profitability is expected to track below these levels due to demand-side pressures and the market's temporary capacity overhang following the commissioning of the new facility. A sensitivity assessment indicates that even at a more conservative 35–40% utilization, gross margins should remain resilient at 10–11%, supported by the Group's scale advantages and distribution strength. Net margins, however, are likely to remain subdued in the first two years as fixed costs and interest expenses weigh on earnings. Over the medium term, as industrial demand improves and excess capacity is absorbed, profitability is expected to strengthen progressively, enabling healthier margin expansion and improved return metrics.

DEBT COVERAGE & LIQUIDITY

The project's cash flow before working capital are positive across modeled scenarios, and debt-servicing capacity is adequate with break-even achievable at 35–40% utilization. However, since the project has inherited debt from the demerger, against which the grace period has already lapsed, upcoming repayments falling due in 3QFY26 will continue to strain early-stage profitability and liquidity.

Management indicates that debt obligations due in FY26, and until operational cash flows sufficiently ramp up, will be supported by the parent company, Ghani Chemicals, which is rated 'A' by PACRA. In 2025, the parent reported a profit of Rs. 2 billion, an equity base of Rs. 9.2 billion, and a leverage ratio of 0.76x, reflecting adequate financial strength to extend support. The parent has also secured board and shareholder approvals for Rs. 2 billion in loan-based support for Ghani Group companies, ensuring sufficient coverage during the project's stabilization phase.

Financial Summary	
Balance Sheet (PKR Millions)	FY25A
Property, plant and equipment	2,754.22
Long-term Investments	0.00
Stock-in-trade	512.14
Trade debts	0.00
Cash & Bank Balances	0.69
Other Assets	1,416.46
Total Assets	4,683.51
Creditors	42.57
Long-term Debt (incl. current portion)	800.00
Short-Term Borrowings	0.00
Total Debt	800.00
Other Liabilities	320.37
Total Liabilities	1,162.94
Paid up Capital	2,501.44
Revenue Reserve	75.39
Other Equity (excl. Revaluation Surplus)	943.74
Sponsor Loan	0.00
Equity (excl. Revaluation Surplus)	3,520.57

Income Statement (PKR Millions)	FY25A
Net Sales	0.00
Gross Profit	0.00
Operating Profit	75.38
Finance Costs	0.00
Profit Before Tax	75.38
Profit After Tax	75.38

Ratio Analysis	FY25A
Gross Margin (%)	-
Operating Margin (%)	-
Net Margin (%)	-
Funds from Operation (FFO) (PKR Millions)	-3.73
FFO to Total Debt* (%)	-0.47%
FFO to Long Term Debt* (%)	-0.47%
Gearing (x)	0.23
Leverage (x)	0.33
Debt Servicing Coverage Ratio* (x)	0.18
Current Ratio (x)	1.95
(Stock in trade + trade debts) / STD (x)	-
Return on Average Assets* (%)	1.61%
Return on Average Equity* (%)	2.14%
Cash Conversion Cycle (days)	0.00

**Annualized, if required*

A - Actual Accounts

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Ghani Chemworld Limited
Sector	Industrial Chemicals
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	See table below
Instrument Structure	The Company has outstanding Sukuk transferred from Ghani Chemical Industries Limited (GCIL) pursuant to a court-approved Scheme of Compromise, Arrangement, and Reconstruction executed as part of the demerger/merger process. The Sukuk is a rated (A+ by PACRA under Ghani Chemical Industries (A)), privately placed, secured, long-term redeemable capital instrument issued under Section 66 of the Companies Act, 2017. The facility, executed on December 13, 2022, carries a six-year tenor and was utilized to finance capital expenditure for the Hattar Industrial Estate project, including plant, machinery, spares, and auxiliary equipment. Principal repayments commence 24 months after the final disbursement date (January 16, 2024) and are structured into 16 consecutive quarterly instalments. The profit rate is floating, benchmarked to 3-month KIBOR plus 1.25%, with no floor or cap. Security is provided through a first pari passu charge over the Company's present and future fixed assets, inclusive of a 25% margin. In addition, a Debt Payment Account (DPA) is maintained with the agent AMC, wherein one-third of each upcoming quarterly instalment is accumulated monthly, ensuring that the full instalment amount is deposited at least 30 days prior to its due date.
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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Due Diligence Meetings Conducted	See table below

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
19/01/2026	A-	A2	Stable	Initial

Due Diligence Meetings Conducted

S. No	Name	Designation	Date
1	Mr. Asim Mahmud	Director Group Finance	29 August 2025
2	Mr. Shahnawaz Zafar	GM Finance	