GHANI CHEMWORLD LIMITED

ANALYST:
Musaddeq Ahmed Khan
(musaddeq@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	Negative		Stable	
RATING ACTION	Maintained		Initial	
RATING DATE	November 13, 2026		January 19, 2026	

SHAREHOLDING 5% OR MORE	OTHER INFORMATION
Associated Companies – 55.95%	**Incorporated in** 2024
Individuals – 40.92%	Public Limited Company (Listed)
	External Auditor: Ilyas Saeed & Co. Chartered Accountants
	Chief Executive Officer: Mr. Atique Ahmad Khan

APPLICABLE RATING CRITERIA

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

APPLICABLE RATING SCALE

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

RATING RATIONALE

The revision in outlook reflects the weakening of the Company's business risk profile amid heightened geopolitical tensions arising from the US-Iran conflict, which have disrupted regional maritime routes and constrained access to the Middle Eastern markets, a key target market for its export-oriented operations. Consequently, the Company temporarily suspended manufacturing operations in October 2026 and shifted its focus towards liquidation of existing inventory in the domestic market. The operational disruption, coupled with the facility's early-stage operating profile, has adversely affected capacity utilization, profitability, and internal cash generation, while liquidity indicators remain constrained. Furthermore, uncertainty surrounding the duration of regional hostilities and the timeline for resumption of export activity continues to weigh on near-term business prospects. The impact of these challenges is, however, partly mitigated by the established standing of the sponsor group and committed support for debt servicing.

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. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

COMPANY PROFILE

Ghani Chemworld Limited, incorporated on July 31, 2024, operates as a public limited company listed on the Pakistan Stock Exchange. The entity functions as a subsidiary of Ghani Global Holdings Limited, which maintains a controlling equity stake of 55.95%. The company was established to manufacture, process, and trade industrial chemicals, focusing on domestic import substitution. Its operational foundation was formed through a court-sanctioned Demerger/Merger Scheme in February 2025, which transferred the Calcium Carbide Project, alongside all associated regulatory concessions and a 10-year tax holiday, from Ghani Chemical Industries Limited to the newly formed entity. The primary manufacturing facility is located on a 13.34-acre site within Zone-B of the Hattar Special Economic Zone. After concluding the initial project development and testing phases, the plant commenced commercial production of calcium carbide in March 2026. The facility operates with an annualized design capacity of 17,500 tons. To diversify its product base and optimize capacity utilization, the company is currently progressing with the installation of a Precipitated Calcium Carbonate (PCC) manufacturing plant. This secondary unit is designed with an initial production capacity of 100 tons per day and is scalable to 180 tons per day in response to future market demand dynamics.

MANAGEMENT & GOVERNANCE

SPONSOR GROUP PROFILE

Ghani Chemworld Limited operates as a subsidiary of Ghani Global Holdings Limited, which maintains a controlling equity stake of 55.95%. The Ghani Group is an established industrial conglomerate in Pakistan with diversified business interests encompassing glass manufacturing, industrial and medical gases, chemicals, and mining. The affiliated entities function independently within their target sectors but remain strategically aligned under a unified management framework focused on value-added production and import substitution.

The sponsor directors, including Mr. Masroor Ahmad Khan, Mr. Atique Ahmad Khan, and Hafiz Farooq Ahmad, bring decades of entrepreneurial experience across a variety of industrial and commercial domains. Their track record reflects a clear focus on scaling businesses and navigating economic cycles. This strategic direction was instrumental in conceptualizing the calcium carbide manufacturing facility, marking a transition from the group's historical trading activities toward domestic industrial production.

The sponsors exhibit a firm commitment to bridging early-stage operational requirements. As the company manages the working capital demands of its initial commercial phase, short-term liquidity pressures are evident, with the current ratio standing at 0.93x in 1QFY27 (FY26: 1.14x). However, the sponsors have historically provided financial buffers and corporate guarantees to ensure stability during the stabilization period. The group's existing distribution networks and scale advantages provide a practical foundation for absorbing capacity and penetrating the market.

BOD & COMMITTEES

The Board of Directors consists of seven members, incorporating two independent and two female directors, which aligns with the structural requirements of corporate governance frameworks. The Board is led by an independent chairman, Hafiz Imran Lateef, with executive leadership provided by the Chief Executive Officer, Mr. Atique Ahmad Khan. Recent transitions in the corporate structure introduced Mr. Ammad Arshad and Mr. Shahnawaz Zafar to the Board, bringing in fresh governance perspectives. The directors provide strategic direction for an expanding operational footprint, overseeing an asset base that reached Rs. 7,036.86 million by the close of the first quarter of fiscal year 2027.

The Board delegates specific oversight responsibilities to three formally constituted sub-committees. The Audit and Risk Management Committee, chaired by an independent director, evaluates internal controls, regulatory compliance, and risk mitigation strategies. The Human Resources, Remuneration, and Compensation Committee is tasked with aligning talent management and compensation frameworks with corporate objectives. The Nomination Committee focuses on succession planning and leadership development. Through this committee structure, the Board exercises strict financial discipline, maintaining a controlled capital structure reflected by a gearing ratio of 0.34x and a leverage multiple of 0.96x at the end of September 2026.

AUDIT OPINION

Ilyas Saeed & Co. Chartered Accountants, categorized as 'Category A' on SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified opinion of the financials as of Jun'26.

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. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

BUSINESS RISK

INDUSTRY

Calcium Carbide (CaC2) remains a fundamental industrial chemical, primarily utilized for acetylene gas generation, polyvinyl chloride (PVC) manufacturing, and agricultural applications. Historically, the domestic market has exhibited a heavy reliance on imported material, predominantly from regional suppliers. The landscape is gradually shifting toward import substitution to alleviate foreign exchange pressures and localize the supply chain for downstream industries. Parallel demand exists for value-added derivatives like Precipitated Calcium Carbonate (PCC), which serves as a critical input for the paint, paper, and rubber sectors.

Recent geopolitical developments, specifically the US-Iran-Israel conflict, have introduced supply chain vulnerabilities. The escalation of hostilities has led to maritime route disruptions and port congestion across the Middle East. Consequently, global shipping and freight costs have inflated, placing upward pressure on the cost of imported raw materials and constraining the viability of export-oriented operations for regional chemical producers. These logistical bottlenecks force manufacturers to pivot toward domestic market consolidation while navigating the pressure of elevated input costs.

OPERATIONAL UPDATE

Ghani Chemworld Limited commenced commercial operations in March 2026, following completion of its project development phase. During the initial months of operations in FY26, the calcium carbide plant achieved production efficiency of 58.8%, reflecting the initial testing, trial runs, and stabilization phase typical of a greenfield facility. However, operations faced challenges in 1QFY27 amid heightened regional geopolitical tensions and associated disruptions in maritime routes, which constrained the execution of export orders and restricted access to key export markets. Consequently, production activities were temporarily suspended in October 2026. In the interim, management is focusing on liquidating available inventory through domestic sales.

PROFITABILITY

For the fiscal year ending June 2026, net sales were recorded at Rs. 312.36 million. The initial phase of production, characterized by unabsorbed fixed costs and scale inefficiencies, resulted in a gross loss of Rs. 138.92 million and a gross margin of -44.5%. The bottom line was supported by non-core elements, specifically Rs. 352.04 million recognized as a share of profit from an associated company, allowing the period to close with a net profit of Rs. 67.39 million.

During the first quarter of fiscal year 2027, topline generation stood at Rs. 85.75 million. The restricted export avenues and the burden of fixed overheads against limited capacity utilization widened the gross loss to Rs. 259.10 million, translating to a negative gross margin of 302.2%. Operating profit for the quarter remained positive at Rs. 100.75 million, entirely driven by Rs. 370.10 million in other income realized from the divestment of associate shares of Ghani Chemical Industries Limited. Following the cessation of borrowing cost capitalization upon project commissioning, finance costs for the quarter were recorded at Rs. 95.94 million. The combination of constrained core revenues and elevated financial charges culminated in a net loss of Rs. 67.70 million. Early-stage profitability continues to reflect the pressures of scale achievement and external trade barriers, necessitating reliance on other income buffers to support the bottom line.

FINANCIAL RISK

CAPITAL STRUCTURE

The Company's capital structure transitioned from being entirely long-term financed during the project development phase to incorporating short-term borrowings following the commencement of commercial operations. Total debt increased to Rs. 1,395.75m at end-FY26 from Rs. 800.00m at end-FY25, primarily reflecting the mobilization of short-term working capital lines of Rs. 645.75m to finance initial inventory and operational requirements. Accordingly, gearing increased to 0.35x from 0.23x.

During 1QFY27, total debt declined to Rs. 1,225.00m, comprising long-term debt of Rs. 700.00m and short-term borrowings of Rs. 525.00m, following scheduled Sukuk repayments and a reduction in working capital utilization. Gearing remained broadly stable at 0.34x. The equity base stood at Rs. 3,594.81m at end-September 2026, reflecting the impact of the net loss and repayment of a Rs. 400.00m sponsor loan, partly offset by the issuance of Rs. 125.07m in partially redeemable shares. Meanwhile, overall leverage increased to 0.96x (FY26: 0.83x), primarily due to higher trade and other payables, which stood at Rs. 2,186.46m.

DEBT COVERAGE & LIQUIDITY

Liquidity and debt coverage metrics reflect the pressures associated with a greenfield facility navigating its early commercial phase amid constrained capacity utilization and global supply chain disruptions. Funds from Operations (FFO) were recorded at negative Rs. 242.56 million in fiscal year 2026 and declined further to negative Rs. 417.21 million in the first quarter of fiscal year 2027. This negative internal cash generation restricts core debt-servicing capacity, however, the Company relies on non-core income, specifically the phased divestment of its investment in an associated company, to bridge cash flow deficits and support financial obligations. Debt coverage and liquidity is further supported by approved lines from associated company, namely Ghani Chemical Industries Limited of up to PKR 2.5bn which may be drawn as required. In addition, the Company is holding 50m shares of Ghani Chemical Industries Limited that are intended to be sold, providing additional cash flow support.

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. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Financial Summary			
Balance Sheet (PKR Millions)	**FY25A**	**FY26A**	**1Q27**
Property, plant and equipment	2,754.2	4,118.3	4,313.5
Long-term Investments	1,073.3	-	-
Stock-in-trade	512.1	714.3	758.7
Trade debts	-	134.3	168.1
Short-term Investments	-	1,474.7	1,018.1
Cash & Bank Balances	0.7	129.8	67.8
Other Assets	292.6	632.3	710.7
Total Assets	**4,633.0**	**7,203.6**	**7,036.9**
Creditors	42.6	147.2	105.4
Long-term Debt (incl. current portion)	800.0	750.0	700.0
Short-Term Borrowings	-	645.7	525.0
Total Debt	800.0	1,395.7	1,225.0
Other Liabilities	320.4	1,723.4	2,111.7
Total Liabilities	1,162.9	3,266.3	3,442.0
Paid up Capital	2,501.4	2,501.4	2,626.5
Revenue Reserve	968.6	1,036.0	968.3
Sponsor Loan	-	400.0	-
Equity (excl. Revaluation Surplus)	3,470.0	3,937.4	3,594.8
Income Statement (PKR Millions)	**FY25A**	**FY26A**	**1Q27**
Net Sales	-	312.4	85.7
Gross Profit	-	(138.9)	(259.1)
Operating Profit	72.7	187.4	100.8
Finance Costs	-	120.1	95.9
Profit Before Tax	72.7	67.4	4.8
Profit After Tax	72.7	67.4	(67.7)
Ratio Analysis	**FY25A**	**FY26A**	**1Q27**
Gross Margin (%)	-	-44.5%	-302.2%
Operating Margin (%)	-	60.0%	117.5%
Net Margin (%)	-	21.6%	-78.9%
Funds from Operation (FFO) (PKR Millions)	(25.3)	(242.6)	(417.2)
FFO to Total Debt* (%)	-3.2%	-17.4%	-136.2%
FFO to Long Term Debt* (%)	-3.2%	-32.3%	-238.4%
Gearing (x)	0.23	0.35	0.34
Leverage (x)	0.34	0.83	0.96
Debt Servicing Coverage Ratio* (x)	(0.25)	(0.41)	(2.21)
Current Ratio (x)	1.95	1.14	0.93
(Stock in trade + trade debts) / STD (x)		1.48	2.04
Return on Average Assets* (%)	1.6%	1.1%	-3.8%
Return on Average Equity* (%)	2.1%	1.8%	-7.2%
Cash Conversion Cycle (days)	-	498	322
Annualized, if required			
A - Actual Accounts			
1Q27 - First Quarter accounts (3 months)			

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. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

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

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
13-Nov-2026	A-	A2	Negative	Maintained
19-Jan-2026	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.
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. Muhammad Asif Saeed	Manager Accounts & Finance	23 October 2026

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. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.