# GHANI CHEMWORLD LIMITED

**ANALYST:**
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| RATING DETAILS | | |
|---|---|---|
| **RATINGS CATEGORY** | **LATEST RATING** | **PREVIOUS RATING** |
| | **LONG-TERM** | **LONG-TERM** |
| **LONG TERM INSTRUMENT** | A | A |
| **RATING OUTLOOK** | Stable | Stable |
| **RATING ACTION** | Reaffirmed | 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

Instrument Rating
https://docs.vis.com.pk/Methodologies-2026/IRM-2026.pdf

## APPLICABLE RATING SCALE

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

## RATING RATIONALE

While the Company's business risk profile has weakened amid heightened geopolitical tensions arising from the US-Iran conflict, the Sukuk rating is reaffirmed, underpinned by the committed sponsor support for its timely settlement. The disposal of related-party shares held for sale during 1QFY27 has generated liquidity, with further realizations expected to provide adequate cash flows for debt servicing. Furthermore, committed and approved advances of up to PKR 2.0bn from Ghani Chemical Industries Limited provide an additional source of financial support and underpin the assigned ratings.

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## 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.

## SUKUK

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 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.

## 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

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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.

## 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

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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.

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| 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)*** | | | |

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| REGULATORY DISCLOSURES | Appendix II |
|---|---|
| Name of Rated Entity | Ghani Chemworld Limited |
| Sector | Industrial Chemicals |
| Type of Relationship | Solicited |
| Purpose of Rating | Long Term Instrument Ratings |

**Rating History**

| Rating Date | Medium to Long Term | Rating Outlook | Rating Action |
|---|---|---|---|
| RATING TYPE: Long Term Instrument | | | |
| 13-Nov-2026 | A | Stable | Reaffirmed |
| 19-Jan-2026 | A | Stable | Initial |

**Instrument Structure**

| | |
|---|---|
| Instrument Name | Sukuk |
| Nature of Instrument | Long-term |
| Tenure of Instrument | 6 years |
| Size of the Issue | PKR 800 million |
| Principle Redemption Schedule | Quarterly |
| Interest Redemption Schedule | Quarterly |
| Issue Date | January 2024 |
| Grace Period | 2 years |
| Redemption Date | January 2030 |
| Nature of Security | Secured |
| Rating | A |
| Name of Trustee | Pak Oman Investment Company |

| | |
|---|---|
| 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 Meetings Conducted**

| Name | Designation | Date |
|---|---|---|
| Mr. Muhammad Asif Saeed | Manager Accounts & Finance | 23 October 2026 |

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