

MATCO CORN PRODUCTS (PRIVATE) LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Initial Rating	
	Medium to Long-term	Short-term
ENTITY	BBB+	A2
RATING OUTLOOK/WATCH	Stable	
RATING ACTION	Reaffirmed	
RATING DATE	July 03, 2026	

Shareholding (5% or More)

Matco Foods Limited - 100.00%

Other Information

Incorporated in 2025
Private Limited Company
Chief Executive Officer: Mr. Syed Bilal Ali Ghori
Chairman: Mr. Khalid Sarfaraz Ghori
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/docs/VISRatingScales.pdf>

Rating Rationale

As a wholly owned subsidiary of Matco Foods Limited, Matco Corn Products (Private) Limited benefits from strong sponsor oversight, experienced management, and a modern corn starch manufacturing facility. Business risk is supported by a diversified customer base across the textile, food, pharmaceutical, paper and packaging, and animal nutrition sectors. However, the Company's competitive position remains constrained by the highly concentrated nature of the domestic corn starch market, which is dominated by a large incumbent, limiting pricing flexibility and exposing margins to competitive pressures and input cost volatility. The ratings incorporate the Company's improving operating performance, evidenced by strong revenue growth and a significant enhancement in profitability over the last two years. The positive momentum continued during 9MFY26. Going forward, management's plans to expand grinding capacity, increase storage infrastructure, and diversify into higher value-added products are expected to strengthen the Company's market position and earnings profile.

The financial risk profile remains adequate, supported by satisfactory debt coverage indicators and improving cash flow generation. Liquidity remains supported by operating cash flows and financial flexibility available through the parent company, though prudent management of seasonal working capital requirements and timely execution of the expansion program will remain important. Ratings are underpinned by the Company's ability to sustain revenue growth, improve profitability through product diversification, and maintain prudent financial discipline during the expansion phase.

Company Profile

Matco Corn Products (Private) Limited (“MCPPL” or “the Company”) is a wholly owned subsidiary of Matco Foods Limited, established in May 2025 to undertake and manage the corn starch and corn processing business previously operated as the Corn Starch Division of Matco Foods Limited. The company was incorporated as part of a strategic corporate restructuring initiative aimed at separating the fast-growing corn ingredients business from the Group’s traditional rice operations to enable focused management, operational specialization, and independent growth.

The restructuring was implemented through a Scheme of Arrangement and Transfer of Business under Sections 279 to 283 and 285(8) of the Companies Act, 2017. The scheme received approval from shareholders through a special resolution passed at the Extraordinary General Meeting held on June 27, 2025, and subsequently became effective from July 1, 2025 following sanction by the High Court of Sindh at Karachi on Dec 08, 2025. Under the arrangement, all business activities, assets, liabilities, and operations relating to the corn starch division were transferred to MCPPL.

The principal line of business of MCPPL includes the production, storage, processing, and marketing of corn and other agricultural products to manufacture value-added products for Human Nutrition Ingredients (HNI), Animal Nutrition Ingredients (ANI), and various industrial applications. The Company’s product portfolio primarily includes corn starch and related corn-based ingredients catering to food processing, textile, pharmaceutical, feed, and industrial sectors.

MCPPL operates a state-of-the-art corn starch manufacturing facility located at Allama Iqbal Industrial City, Special Economic Zone (SEZ), Faisalabad. The plant commenced commercial operations in August 2022 and currently has a corn grinding capacity of approximately 72,000 metric tons per annum, equivalent to around 200 tons per day (tpd).

Management and Governance

The Company is a wholly owned subsidiary of Matco Foods Limited and benefits from strong oversight and strategic support from the parent company. The Company’s governance framework is closely aligned with that of the Group, with board representation primarily comprising members of the Ghori family, the principal sponsors of Matco Foods.

The Company is led by Mr. Bilal Ghori, who serves as Chief Executive Officer and is responsible for overseeing the strategic direction and operational management of the business. He is supported on the Board by Mr. Khalid Sarfaraz Ghori and Mr. Faizan Ali Ghori, both of whom possess extensive experience in Pakistan’s food processing and agribusiness sectors through their long-standing association with Matco Foods Limited. The active involvement of the sponsoring family provides continuity in strategic decision-making and facilitates close oversight of the Company’s growth initiatives.

Business Risk

INDUSTRY

The corn starch industry is an agro-processing sector that converts maize into starch and a range of value-added products, including native and modified starches, glucose syrup, dextrose, maltodextrin, corn oil, and corn gluten meal. These products are widely used across the food and beverage, confectionery, pharmaceutical, paper and packaging, textile, adhesive, and animal feed industries, with food and beverage applications representing the largest source of demand. Industry profitability is primarily influenced by maize availability, procurement costs, and processing efficiencies, while producers increasingly focus on higher-margin specialty starches and sweeteners to enhance earnings. In Pakistan, maize procurement typically follows the two annual harvest seasons, with the major crop harvested during April–June and a smaller spring crop harvested during September–November. Consequently, processors generally build inventories during these periods to ensure uninterrupted production throughout the year.

The industry has historically been dominated by Rafhan Maize Products Company Limited (~60% market share), which serves over 50 industrial sectors through its diversified starch and sweetener portfolio, while newer entrants such as Matco Corn Products (Private) Limited are expanding domestic processing capacity and reducing reliance on imports. Growth prospects remain favorable, supported by rising processed food consumption, import substitution opportunities, and increasing industrial demand; however, profitability remains sensitive to maize availability, commodity price volatility, energy costs, and competition from alternative starches.

OPERATING PERFORMANCE

The Company's product portfolio includes food-grade corn starch, textile and industrial starches, pharmaceutical-grade starches, paper and packaging starches, as well as animal nutrition products such as corn gluten meal. Food-grade starch is utilized by food manufacturers in products including sauces, desserts, snacks, noodles, and beverage formulations, while industrial and textile starches are supplied to textile mills for yarn sizing, fabric finishing, denim processing, and printing applications. Pharmaceutical-grade starch serves as a key ingredient in tablet and capsule manufacturing, whereas paper-grade starch is used in corrugated packaging, paper tubes, sacks, and adhesive applications. The Company also produces protein-rich corn derivatives used in poultry and livestock feed. Currently, textile sector accounts for 60% of the sales revenue while food and beverage segment accounts for another 20% followed by paper and packaging. Leading customers in the textile segment include Sapphire, Nishat group, Naveena Industries, Rajby Industries, Feroze 1888, while Food segment include customers like Candyland and Unilever and Bulleh Shah for packaging industry. Top 10 concentrations remain reasonable.

The Company currently has a corn grinding capacity of approximately 72,000 metric tons per annum, equivalent to around 200 tons per day (tpd). Storage capacity of the Company stands at 10,000 tons which is in the process of being enhanced by 40,000 tons with the addition of 4 silos of 10,000 tons each.

Matco Corn Products has outlined a growth strategy focused on capacity expansion, product diversification, and operational efficiency. The company plans to increase its maize grinding capacity by 50%, from 200 TPD to 300 TPD, through relatively modest investment, leveraging existing infrastructure that was designed to accommodate future expansion. Additionally, the company intends to diversify its product portfolio by establishing a 100 TPD glucose refinery, a 50 TPD maltodextrin production facility, and a 30 TPD germ oil extraction plant, enabling it to move further into higher value-added corn derivatives. To improve cost efficiency, Matco is also planning to install a 35 TPH biomass boiler and a waste heat recovery plant, which are expected to reduce energy costs and enhance sustainability. The above plans will be implemented in stages over time, with the capacity expansion and storage capacity enhancement on priority.

SALES & PROFITABILITY

Matco Corn Products has exhibited a strengthening profitability profile since 2022, supported by revenue growth, improved gross margins, and enhanced operating efficiencies. Net sales increased from Rs. 5.0bn in FY24 to Rs. 5.7bn in FY25, while gross profit doubled to Rs. 558m from Rs. 279m, resulting in a significant improvement in gross margin to 9.8% (FY24: 5.5%). Consequently, operating profit increased to Rs. 315m in FY25 from Rs. 87m in the preceding year, while profit after tax rose substantially to Rs. 302m (FY24: Rs. 52m).

During 9MFY26, the company generated net sales of Rs. 5.0bn and reported a net profit of Rs. 246m, indicating continued profitability despite higher administrative expenses associated with the company's carving out and growth trajectory. Management projects revenues to increase to Rs. 6.6bn in FY26 and Rs. 8.3bn in FY27, driven by the planned enhancement in grinding capacity from 200 TPD to 300 TPD and the introduction of higher value-added products, including glucose, maltodextrin, and germ oil.

While profitability in FY26 is expected to moderate, with projected profit after tax of Rs. 133m, primarily due to elevated finance costs arising from expansion-related borrowings and increased working capital requirements, earnings are projected to recover strongly thereafter. By FY27, the Company projects gross profit to increase to Rs. 1.5bn, operating profit to Rs. 1.0bn, and profit after tax to Rs. 758m, supported by scale expansion, product diversification, and operational efficiency initiatives. However, we have sensitized the Company's projections and based on the same, the Company's profitability is expected to remain at comfortable levels. Looking ahead, the Company's future profitability remains contingent upon successful execution of its expansion plans, effective management of raw material costs, and achievement of targeted utilization levels for the new product lines.

Financial Risk

CAPITAL STRUCTURE

As part of the restructuring, the Company's Corn Starch business was carved out into MCPPL pursuant to a Scheme of Arrangement which included net assets transfer amounting to PKR 1,215.0m were transferred to the subsidiary, against which the subsidiary will issue 121,513,981 additional ordinary shares at par value to the Company. As of April 2026, total equity, excluding revaluation surplus, stood at PKR 1,665.7m. Debt profile is mainly long term while short term needs are being funded through parent support for now. We expect the gearing and leverage indicators to increase in the medium term as working capital financing builds on as well as expansion capex takes place. Consistent augmentation in profitability profile will remain important for streamlining these metrics over time.

DEBT COVERAGE & LIQUIDITY

DSCR coverages as well as FFO/LTD debt remain adequate. Liquidity is currently supported through parent loans, however, given the seasonal nature of working capital requirements, liquidity indicators while remaining adequate will remain important for ratings.

FINANCIAL SUMMARY		APPENDIX I	
BALANCE SHEET (PKR Millions)	FY24A	FY25A	10MFY26M
	Matco Corn Division		Matco Corn Products (Pvt) Limited
Property, Plant, & Equipment	2,871	2,658	2,621
Stock-in-Trade	496	1,864	1,860
Trade Debts	394	459	1,074
Cash & Bank Balances	5	49	45
Total Assets	3,959	5,499	6,598
Trade and Other Payables	534	652	658
Long Term Debt (Inc. Current Maturity)	1,543	987	1,611
Short Term Debt	519	1,640	-
Total Debt	2,062	2,627	1,611
Total Liabilities	2,526	3,806	4,581
Paid Up Capital	1,215	1,215	1,215
Total Equity (Exc. Revaluation Surplus)	1,041	1,387	1,666
INCOME STATEMENT			
Net Sales	5,042	5,683	5,581
Gross Profit	279	558	636
Operating Profit	87	315	317
Profit Before Tax	59	314	282
Profit After Tax	52	302	290
RATIO ANALYSIS			
Gross Margin (%)	5.5%	9.8%	11.4%
Operating Margin (%)	1.8%	5.5%	5.7%
Net Margin (%)	1.0%	5.3%	5.2%
FFO (PKR in Millions)	259	514	472
FFO to Total Debt (%) *	16.8%	19.9%	35.2%
FFO to Long Term Debt (%) *	25.3%	52.1%	35.2%
Debt Servicing Coverage Ratio (x) *	8.73	2.84	2.74
Current Ratio (x)	0.80	0.98	1.30
Stock + Trade Debts/STD	1.72	1.45	
Gearing (x)	1.48	1.86	0.97
Leverage (x)	2.43	2.71	2.67
Cash Conversion Cycle (days)	26	116	126
ROAA (%) *		6.4%	10.8%
ROAE (%) *		24.9%	34.5%

*Annualized Accounts

A - Audited

M - Management Accounts

P - Projected Accounts

REGULATORY DISCLOSURES		APPENDIX II			
Name of Rated Entity	Matco Corn Products (Private) Limited				
Sector	Food & Allied				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook/Watch	Rating Action
	RATING TYPE: ENTITY				
	03-07-2026	BBB+	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 Meetings Conducted	Name	Designation		Date	
	Mr. Aamir Farooqui	Group CFO		June 02, 2026	
	Mr. Noman Ansari	CFO			