

Date

10-Jul-26

Analyst

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Applicable Criteria

- Methodology | Corporate Rating | Jul-25
- Methodology | Rating Modifiers | Apr-26
- Methodology | Correlation Between Long-term & Short-term Rating Scales | Apr-26

Related Research

- Sector Study | Chemicals | Aug-25

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PACRA Maintains the Entity Ratings of NIMIR Industrial Chemicals Limited

Rating Type	Entity	
	Current (10-Jul-26)	Previous (11-Jul-25)
Action	Maintain	Maintain
Long Term	A+	A+
Short Term	A1	A1
Outlook	Stable	Stable
Rating Watch	-	-

NIMIR Industrial Chemicals Limited ("NICL" or "the Company") specializes in the manufacturing and sale of Oleochemicals and Chlor Alkali products, including Soap Noodle, Stearic Acid, Glycerin, Caustic Soda, and a variety of industrial chemicals. The Company also provides toll manufacturing services for Toilet Soaps, Aerosols, Personal Care Products, and Home Care Products. The ratings reflect NICL's strong and diversified presence in Pakistan's chemical industry, its long-standing pioneering position in oleo-chemicals, and its third-party manufacturing relationships with leading multinational FMCGs. Pakistan's chemical sector navigated mixed demand conditions during the period, with the chlor-alkali segment experiencing weaker downstream offtake from the soaps and detergents industry amid declining capacity utilization, while pricing remained shielded by structural factors including import duty protection and the sector's integrated production economics. The oleochemicals segment, in which NICL holds the dominant domestic position, benefited from import substitution dynamics as local production expanded even as imports contracted, though the segment continues to be characterized by high working capital intensity amid lengthening cash conversion cycles across the sector. The Hub, Balochistan facility, acquired from Procter & Gamble Pakistan, is now operating at optimum capacity, with its impact already visible in the Company's financial performance. The facility's installed capacity for Soap Noodles increased to ~84,000 MT in FY25 from ~54,000 MT in FY24, materially strengthening NICL's Third-Party Manufacturing (3PM) segment and reinforcing its footprint in the southern region. Integration benefits from the facility are expected to further support revenue and capacity utilization gains going forward. All major capital projects, including the Liquid Chlorine and Chlorinated Paraffin Wax plants, have also transitioned to full commercial operations, removing implementation risk from the Company's growth trajectory. Against this backdrop, NICL continued to benefit from recovering demand in its oleochemicals segment, supported by additional capacity from the Hub facility, while the chlor-alkali segment recorded a volume decline during the period. Net revenue for 9MFY26 stood at ~PKR 34,906mln against ~PKR 45,255mln for FY25, with sales growth of ~2.8% for the period on an annualized basis, continuing the recovery from FY25's macroeconomic-driven contraction. Gross margin remained broadly stable at ~14.5% (FY25: ~14.8%), supported by the Company's dollar-indexed pricing strategy and disciplined cost pass-through mechanisms despite input cost and exchange rate volatility. The Company's financial risk profile is characterized by an improvement in coverage ratios over successive periods, supported by free cash flow generation and declining finance costs. Capital structure reflects a deleveraging trend, with progressive debt repayment reducing reliance on borrowed funds amid the prevailing monetary easing environment. Working capital, however, has been on a lengthening trajectory over the past two years, driven primarily by extended receivable collection periods, warranting continued monitoring.

The ratings remain dependent on NICL's continuous expansion of the revenue base/business expansion, along with improvement in margins and profitability. Prudent management of the working capital cycle, with optimum capacity utilization and compliance with the shared financial projections, will remain important.

About the Entity

Nimir Industrial Chemicals Limited was incorporated in 1994 as a Public Limited Company, under the repealed Companies Ordinance, 1984. The Company is involved in the manufacturing and sale of oleochemicals and chlor-alkali products, including distilled fatty acid (DFA), Soap Noodles, Stearic Acid, Glycerin, Caustic Soda, and a variety of industrial chemicals. The Board comprises nine members, including CEO Mr. Zafar Mahmood, who has led the Company since August 2007.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.