VIS
Credit Rating Company Limited

RATING REPORT

MADINA (PVT.) LIMITED (MPL)

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RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	BBB+	A2	BBB	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Upgrade		Reaffirmed	
RATING DATE	September 21, 2026		September 03, 2025	

Shareholding (5% or More)	Other Information
Muhammad Hanif – 27.53%	Incorporated in 2020
Muhammad Haider Amin – 29.24%	Private Limited Company
Muhammad Hamza Amin– 13.38%	Chief Executive: Muhammad Hamza Amin
Ms. Fiza Amin - 25.88%	External Auditor: Zaheer Babar & Co. 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/do cs/VISRatingScales.pdf

Rating Rationale

The ratings reflect improved financial risk profile of Madina (Pvt.) Limited (MPL). The industry remains characterized by its complete dependence on imported raw materials, exposure to volatile international commodity prices, compounded by ongoing global conflicts affecting key producing regions, low entry barriers, and competitive pressure from established players, all of which constrain pricing flexibility for smaller entities.

The Company exhibited a marked improvement in sales and profitability. Net sales increased significantly in FY26, reversing the two-year contraction period witnessed in FY24 and FY25, driven by a rebound in volumes across both bulk and branded retail segments. While gross margins have remained rangebound amid elevated and volatile raw material costs, net margins improved notably, supported by better cost rationalization at the operating and administrative level. The capital structure is considered sound, underpinned by the continued absence of long-term debt and a marked reduction in reliance on short-term borrowings, resulting in significant deleveraging of the balance sheet at end-FY26. Debt coverage and liquidity indicators strengthened further aided by healthy cash flow generation during FY26.

Going forward, the ratings remain sensitive to the inherent sector volatility, particularly the trajectory of international raw material prices and exchange rate movements, which could exert pressure on margins. VIS will continue to monitor the Company's ability to sustain its financial risk profile amid challenging and volatile industry backdrop.

Company Profile

Madina Private Limited ('MPL' or 'the Company') was incorporated in January 2020 and became operational in February 2021. MPL is involved in the manufacturing and sale of vanaspati ghee, cooking oil, and allied products, which it markets under the brand names '*Rabi*' and '*Rajhi*'. The total installation capacity of the Company is 125,000 MT with approximately 350 MT per day. The energy requirements are primarily met through solar power, following the installation of solar panels in FY24 with a total generation capacity of 3MW. Secondary/backup energy needs are met through a combination of grid-based power — via a 1MW K-Electric connection — a 3MW steam turbine generator, and diesel and gas generators. The Company's factory and registered office are in Karachi, Sindh, while its head office is situated in Faisalabad.

Management and Governance

Shareholders/Owners/Sponsors

The Company is a part of Madinah Group, having business interests in various sectors including edible oil, sugar, ethanol, detergent, plastics, power generation, steel, and mass media. The group is owned by a family, which has over 50 years of business experience. The sponsors have rich experience in the edible oil industry as well, that leads to long-standing relationships with the distributors and an established procurement network. While group companies operate independently, support has been extended in terms of equity injection/directors' loan as and when required as well as in marketing and raw material procurement.

The shareholding of the Company is divided among family members, with the majority held by Muhammad Haider Amin at 29.24%, followed by Muhammad Hanif at 27.53%, Ms. Fizza Amin at 25.88%, and Muhammad Hamza Amin at 13.38%. The remaining 3.96% stake in the company is owned by Ms. Khadija Sheikh

Corporate Governance

The Company's corporate governance is reflective of a private limited company. The Board includes four directors, all of whom are shareholders. The inclusion of independent directors, along with the establishment of board committees and an independent internal audit function, will enhance overall governance framework.

The Company's external auditor for FY25 was Zaheer Babar & Co. Chartered Accountants, which is not rated by the SBP but appears in the QCR list of Auditors. The auditor has given Unqualified opinion in financial statements of FY25.

Management, Internal Controls & IT

The Company's management team comprises key shareholders, ensuring alignment of strategic and operational objectives. Mr. Muhammad Hamza Amin, who serves as the Chief Executive Officer, is a foreign graduate. A functional organizational structure is in place. The internal policy framework is considered adequate for the current scale of operations.

From an IT standpoint, the Company maintains a dedicated in-house team led by Head of IT. A local customized software system is currently in use for operational and reporting needs. Additionally, the Company has procured SAP Business One (SAP B1) and is in the process of implementing it. The ERP integration is expected to be completed within the next six months. Management expects this initiative to improve production planning, inventory control, and overall operational efficiency.

Business Risk

INDUSTRY

Pakistan's edible oil industry is characterized by intense competition, driven by inelastic consumer demand and heavy reliance on imported raw materials. As a staple commodity, consumption remains largely stable across economic cycles; however, import dependency and weather-related supply variability, particularly affecting palm and soybean oil, introduce periodic volatility in input costs. While barriers to entry are relatively low, regulatory compliance requirements and economies of scale continue to favor established players with greater processing capacity and distribution reach.

The sector's capital intensity is comparatively modest, as most participants are concentrated in importing, refining, and packaging activities rather than upstream production. Technological adoption remains gradual, constrained by high implementation costs and limited access to advanced processing infrastructure. Regulatory factors, including import tariffs, taxation policy, and food safety standards, exert a material influence on pricing and profitability, with abrupt policy shifts posing a recurring risk to sector stability.

Global supply disruptions, including regional conflicts affecting major oilseed and palm oil producing regions, have added to price volatility in edible oil raw materials. This has translated into elevated and less predictable input costs for domestic ghee and cooking oil manufacturers, pressuring margins and complicating procurement.

During FY26, imports of palm oil recorded an increase of ~8.3%, reaching an all-time high of 3.48 million metric tons (FY25: 3.21 million MT) according to data from the Pakistan Business Council. In terms of volume, Pakistan spent USD 3.78 billion on palm oil imports during FY26, compared to USD 3.4 billion in the same period last year—reflecting a ~11% increase. A major share of palm oil imports originates from Malaysia and Indonesia, which together account for over 75% of global palm oil production. However, the presence of aging trees, limited replantation initiatives, and Indonesia's increased biodiesel mandates are expected to constrain global supply. This is expected to drive palm oil prices upward, exerting pressure on Pakistan's import bill going forward. In addition, exchange rate volatility and weather unpredictability continue to pose risks to the industry.

Pakistan's vegetable ghee and cooking oil prices grew at a steep 5-year CAGR of approximately 15.1% and 14.6% (FY21–25) respectively, largely tracking global prices and currency pass-through given heavy import reliance. After a brief cooling in cooking oil prices in FY25 (-4.9% YoY), both ghee and cooking oil resumed an upward trend in FY26 increasing by 7.1% and 6.7% YoY.

Separately, the FY27 budget shifted the GST mechanism for ghee and cooking oil from an ex-mill to an MRP-based system under an expanded Third Schedule. PVMA has flagged this as increase in the industry's tax burden, projecting retail price increases of Rs10-15 per kg going forward.

Overall, the industry remains resilient, supported by population growth and rising food consumption. While competitive pressures and regulatory challenges persist, steady demand and gradual technological improvements contribute to long-term growth and operational stability in Pakistan's edible oil sector.

OPERATIONAL UPDATE:

Capacity utilization has remained subdued throughout the review period, with installed capacity remaining at 125,000 MT. For FY26, actual production stood at 73.3 MT, translating into 59% utilization, vis-a-vis FY25 production of 36,897 MT and capacity utilization of 30%. Going forward, the company aims to enter the commercial bulk oil market, which is expected to support capacity utilization by broadening its revenue base and production volumes.

Capacity & Utilization				
In MT	**FY26**	**FY25**	**FY24**	**FY23**
Capacity	125,000	125,000	125,000	125,000
Actual Production	73,308	36,897	38,511	35,606
Utilization (%)	**59%**	**30%**	**31%**	**28%**

PROFITABILITY:

Net sales increased sharply by 94% Y/Y in FY26 to Rs. 28.7b (FY25: Rs. 14.8b), marking a strong reversal from the two-year contraction since FY23 (FY24: Rs. 15.7b; FY23: Rs. 18.6b)). The FY26 recovery reflects a substantial rebound in topline volumes, aided by the increased contribution of bulk buyers, accounting for roughly 40% of overall sales in FY26, alongside a broader improvement in demand for the Company's branded retail categories. Management is of the opinion that the bulk market will remain viable in the upcoming years, providing continued support to sales. Client concentration increased sharply, with the top 5 clients contributing 23.6% to topline in FY25 (FY24: 6.9%), reflecting growing reliance on bulk clients with a degree of client-dependency risk amid sales recovery.

Gross margin remained largely stable at 7.01% in FY26 (FY25: 7.10%), despite the sharp increase in sales volumes, and continues to remain below the 9.18% recorded in FY24. This indicates that continued volatility in international raw material prices, driven by global conflicts affecting key producing regions, kept input costs elevated and constrained margins. However, the Company's continued strategic shift toward bulk purchasing raw seeds to secure favorable pricing amid volatile international commodity markets would help in mitigating the associated risk.

Net margin improved to 3.79% in FY26 (FY25: 2.88%), surpassing both FY24 (3.25%) and FY25 levels despite the gross margins remaining largely stable. This improvement was driven by improved cost rationalization at the operating and administrative level, which helped translate the top-line recovery into stronger bottom-line profitability.

Financial Risk

CAPITAL STRUCTURE:

Gearing improved notably to 0.45x by end-FY26 (FY25: 1.44x), while leverage improved to 0.52x (FY25: 1.56x), reflecting lower utilization of short-term borrowings and higher equity base. The capital structure is considered manageable given the absence of long-term debt and limited reliance on short-term running finance, with the consistent expansion in equity based on the back of profit retention over the years.

DEBT COVERAGE & LIQUIDITY:

The current ratio improved to 2.53x by end-FY26 (end-FY25: 1.12x), while DSCR increased to 2.99x (FY25: 2.45x; FY24: 1.78x). This marks a significant improvement in FY26, driven by a substantial improvement in cash flow which reinforced the Company's debt service position.

FFO increased sharply to Rs. 1.2b in FY26 (FY25: Rs. 494.82m). FFO to total debt also improved to 0.6x (FY25: 0.1x). The cash conversion cycle shortened to 23 days in FY26 (FY25: 51 days; FY24: 65 days), aided by the shift in inventory strategy and the gradual movement towards cash sales reducing the overall cash conversion cycle. **During FY26, 93% (FY25: 86%) of the trade receivables remained within 1-60 days due. This indicates effective management of trade debts contributing to the improving cash position of the company.**

Financial Summary					
Balance Sheet (PKR Millions)	**2024**	**2025**	**2026M**	**2027P**	**2028P**
Operating Assets	1,365.6	1,342.4	1,186.0	1,556.8	1,447.6
Stock-in-trade	226.8	397.7	600.0	1,500.0	1,600.0
Trade debts	3,263.1	1,286.7	1,500.0	1,160.0	1,000.0
Cash & Bank Balances	29.5	13.1	100.0	175.0	475.0
Other Assets	3,630.7	5,513.7	3,342.8	3,224.0	4,705.5
Total Assets	8,515.6	8,553.7	6,728.8	7,615.8	9,228.1
Creditors	899.9	116.5	91.0	85.0	100.0
Short-Term Borrowings	4,344.0	4,829.0	2,000.0	1,500.0	1,000.0
Other Liabilities	352.8	265.6	207.5	161.8	114.8
Total Liabilities	5,596.8	5,211.1	2,298.5	1,746.8	1,214.8
Paid up Capital	908.0	908.0	908.0	908.0	908.0
Equity (excl. Revaluation Surplus)	2,918.9	3,342.6	4,430.3	5,869.0	8,013.2
Income Statement (PKR Millions)	**2024**	**2025**	**2026M**	**2027P**	**2028P**
Sales	15,689.6	14,789.3	28,665.7	30,000.0	40,000.0
Gross Profit	1,440.6	1,049.9	2,009.5	2,490.0	3,360.0
Operating Profit	1,153.1	834.7	1,777.2	2,245.3	3,103.1
Finance Costs	613.4	404.9	608.9	700.0	800.0
Profit After Tax	509.6	426.0	1,087.7	1,438.7	2,144.2
Ratio Analysis	**2024**	**2025**	**2026M**	**2027P**	**2028P**
Gross Margin (%)	9.18%	7.10%	7.01%	8.30%	8.40%
Operating Margin (%)	7.35%	5.64%	6.20%	7.48%	7.76%
Net Margin (%)	3.25%	2.88%	3.79%	4.80%	5.36%
Funds from Operation (FFO) (PKR Millions)	463.0	494.8	1,200.1	1,519.9	2,205.4
FFO to Total Debt* (%)	10.66%	10.25%	60.00%	101.33%	220.54%
Gearing (x)	1.49	1.44	0.45	0.26	0.12
Leverage (x)	1.92	1.56	0.52	0.30	0.15
Debt Servicing Coverage Ratio* (x)	1.78	2.45	2.99	3.21	3.78
Current Ratio (x)	1.14	1.12	2.53	3.66	5.89
Return on Average Assets* (%)	6.17%	4.99%	14.23%	20.06%	25.46%
Return on Average Equity* (%)	19.19%	13.61%	27.99%	27.94%	30.89%
Cash Conversion Cycle (days)	64.87	50.94	23.15	28.95	24.37

**Annualized, if required*

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Madina (Pvt.) Limited
Sector	Consumer Goods
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				
Sep 21,2026	BBB+	A2	Stable	Upgrade
Sep 03, 2025	BBB	A2	Stable	Reaffirmed
June 20, 2024	BBB	A2	Stable	Reaffirmed
June 23, 2023	BBB	A2	Stable	Reaffirmed
June 13, 2022	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. M. Naeem Malik	Chief Financial Officer (CFO)	31th July 2026