VIS
Credit Rating Company Limited

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POPULAR INTERNATIONAL (PRIVATE) LIMITED

Chairman & Chief Executive: Iqbal Billoo

APPLICABLE METHODOLOGY(IES):
VIS Entity Rating Criteria Methodology – Industrial Corporates
https://docs.vis.com.pk/docs/CorporateMethodology.pdf

Rating Scale:
(https://docs.vis.com.pk/docs/VISRatingScales.pdf)

PKR MILLION	FY23	FY24	6MFY25
Net Sales	6,259	6,206	4,123
PBT	836	975	1,317
PAT	680	777	433
Paid-up capital	21	21	21
Equity (incl. surplus on PPE)	2,507	3,284	3,717
Total Debt	732	586	863
Leverage (x)	0.79	0.92	1.05
Gearing (x)	0.29	0.18	0.23
FFO	769	801	356
FFO/Total Debt (x)*	1.05	1.37	0.82
NP Margin	10.9%	12.5%	10.5%

RATING DETAILS

RATINGS CATEGORY	LATEST RATING		PREVIOUS RATING	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A1	A	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	July 01, 2025		December 08, 2023	

RATING RATIONALE

The ratings reflect Popular International (Private) Limited's ('PIPL' or 'the Company') sustained profitability, conservative capital structure, sound coverages and adequate liquidity profile. The Company holds a strong market position, being a sole distributor in the private sector for multiple key products, which provides a distinct competitive edge. Earnings stability is supported by a diversified revenue base and strong margins. Capital structure remains sound with low reliance on external debt, while liquidity is supported by extended supplier terms and internal financial support. The medical device distribution sector continues to demonstrate growth potential amid rising healthcare investment and public spending. Additionally, PIPL has enhanced the product portfolio and visibility on upcoming contracts further supporting future performance.

COMPANY PROFILE

PIPL was incorporated in 1991 as a private limited company. It imports, markets and distributes pharmaceutical, diagnostic and healthcare products across Pakistan. The Company's head office is located in Karachi with regional offices in Hyderabad, Quetta, Peshawar, Lahore, Multan, Rawalpindi and Faisalabad. PIPL mainly sources its products from suppliers based in the US, China and Singapore.

INDUSTRY PROFILE & BUSINESS RISK

Pakistan's logistics and supply chain sector is pivotal to its healthcare system, particularly in the distribution of medical devices including monitoring and life support devices, diabetes testing kits and blood diagnostic tools. With over 98% of these devices imported, the sector's efficiency has a direct impact on healthcare delivery. In 2023, Pakistan imported medical devices worth USD 331 million, reflecting a 10.3% increase over the previous year.

The medical devices market is projected to grow at a strong pace through 2029, supported by Government initiatives such as Sehat Sahulat Program and continued expansion in the private healthcare sector.

However, challenges persist – particularly stringent regulatory oversight by the Drug Regulatory Authority of Pakistan (DRAP) for select products, high import duties and fragmented cold chain infrastructure. To address these issues, the government has allocated PKR 27 billion for health in 2024-25 Public Sector Development Program, with investments in electro-medical equipment and public hospitals.

Efforts to promote domestic manufacturing of medical devices, including ventilators and cardiac stents, are also underway and could reduce the sector's import bill.

In summary, while the healthcare supply chain remains heavily import-dependent, targeted investments and regulatory reforms are expected to enhance local production capacity and overall supply chain resilience.

FINANCIAL RISK

Capital Structure

PIPL's equity base expanded in FY24, supported by improved profitability and profit retention. The Company continues to maintain a conservative capital structure, characterized by low reliance on debt. By end-FY24, the gearing ratio improved further to 0.18x (FY23: 0.29x), indicating low financial risk. However, leverage increased modestly to 0.92x (FY23: 0.79x), primarily due to increase in payables. At end-1HFY25, capitalization metrics remained stable, with a marginal increase due to higher short-term borrowings and an increase in payables. Going forward, PIPL does not intend to raise additional debt in the near term and its capitalization profile is expected to remain around current levels.

Profitability

In FY24, topline remained stable at PKR 6.2 billion (FY23: PKR 6.3 billion) as PIPL focused on high-margin segments and prioritized customers with timely payments. Segment-wise sales data also indicates a declining contribution from low-margin lines.

Segment	FY23	FY24
Surgical (Surgical Instruments)	37%	41%
Biological (Vaccines)	20%	19%
Acon (Diabetes)	14%	15%
Human (Diagnostic Instruments)	11%	10%
Acro (Testing Kits)	14%	9%
Integra (Medical Consumables)	4%	4%
Airways (Anesthesia)	1%	1%

The composition of the top 10 customers has shifted to 40:30:30 between government institutions, private hospitals and other private companies, compared to 50:20:30 in FY23. Margins on government contracts remain sound and this segment is expected to benefit from increased public health spending, with potential orders of PKR 4-5 billion projected from the Government of Sindh in FY26. Furthermore, customer concentration has declined over the years, with the top 10 customers accounting for 26% of revenue in FY24, down from 36% in FY23 and 46% in FY22.

During FY24, gross profit improved, with gross margin rising to 31.5% (FY23: 28.6%). Operating expenses increased slightly, primarily driven by a 21% rise in distribution and marketing expenses due to higher promotional spending. However, this was partially offset by higher other income, resulting in an increase in operating profit. Accordingly, the operating margin rose to 19.0% (FY23: 16.0%). Net profit grew by 14% to PKR 777 million (FY23: PKR 680 million), leading to an improvement in net margin to 12.5% from 10.9% in FY23.

For 1HFY25, PIPL reported revenue of PKR 4.1 billion, compared to PKR 6.2 billion in FY24. Gross margins remained stable during the period. Net profit stood at PKR 433 million, with a net margin of 10.5%, compared to PKR 777 million and a 12.5% margin in FY24.PIPL has expanded its product offering with the introduction of surgical robots, marking a strategic entry into a new segment. Initial trials have conducted in various hospitals and follow-up orders are anticipated. Additionally, the anesthesia segment is positioned for growth, with visibility on six months of confirmed orders.

Debt Coverage & Liquidity

In FY24, the Company's liquidity is supported by cash at bank, extended credit terms from suppliers and financial support from directors which further strengthens PIPL's ability to manage short-term obligations and debt servicing requirements.

Despite a marginal decline in liquidity, PIPL continues to maintain a strong liquidity position, with a current ratio of 2.03x in FY24 (FY23: 2.29x). The company's conservative debt strategy is reflected in the significant improvement in its short-term debt coverage ratio to 10.60x from 5.67x in FY23. The net operating cycle lengthened to 180 days (FY23: 128 days), primarily due to elevated receivables and inventory levels, partially offset by an increase in payable days. The receivables-to-sales ratio rose to 29.7% in FY24 from 16.8% in FY23, driven by payment delays from selected clients. However, PIPL has taken corrective measures by prioritizing customers with stronger payment discipline, and a recovery in the receivables cycle is expected in the near term.

By end-1HFY25, the current ratio decreased, though remained adequate, with the net operating cycle improving to 112 days (FY24: 180 days), due to improved inventory management and extended payable days.

PIPL's Funds from Operations (FFO) increased to PKR 801 million, up from PKR 769 million in FY23 driven by higher profits in FY24. However, the Debt Service Coverage Ratio (DSCR) decreased slightly, albeit remained sound at 3.67x (FY23: 3.92x) primarily due to increased finance cost.

DSCR improved in 1HFY25, supported by steady cashflows and no repayments due during the period. The Company expects to maintain a strong coverage position, driven by sound cashflow generation and low debt levels.

FINANCIAL SUMMARY				(PKR Million)
BALANCE SHEET	**FY22**	**FY23**	**FY24**	**1HFY25**
Property, Plant, & Equipment	728	604	657	727
Stock-in-Trade	1,256	1,770	2,637	2,485
Trade Debts	886	1,051	1,841	2,247
Cash & Bank Balances	263	175	208	922
Total Assets	3,504	4,491	6,310	7,635
Trade and Other Payables	1,119	949	1,801	2,294
Long Term Debt (inc. CP)	336	233	163	43
Short Term Debt	40	498	423	820
Total Debt	274	732	586	863
Due to Director	-	4	265	265
Total Liabilities	1,652	1,985	3,026	3,918
Paid Up Capital	21	21	21	21
Total Equity	1,852	2,507	3,284	3,717
INCOME STATEMENT				
Net Sales	5,852	6,259	6,206	4,123
Gross Profit	1,725	1,790	1,953	1,317
Operating Profit	749	999	1,181	638
Finance Cost	108	163	206	110
Profit Before Tax	640	836	975	528
Profit After Tax	491	680	777	433
RATIO ANALYSIS				
Gross Margin (%)	29.5%	28.6%	31.5%	31.9%
Operating Margin (%)	12.8%	16.0%	19.0%	15.5%
Net Margin (%)	8.4%	10.9%	12.5%	10.5%
Net Working Capital	1,449	2,191	2,863	3,173
Trade debts/Sales (%)	15.1%	16.8%	29.7%	27.2%
FFO	603	769	801	356
FFO to Total Debt (x)	1.60	1.05	1.37	0.82
FFO to Long Term Debt (x)	1.79	3.30	4.90	16.42
Debt Servicing Coverage Ratio (x)	3.22	3.92	3.67	4.35
Current Ratio (x)	2.09	2.29	2.03	1.85
Stock + Trade Debts/STD (x)	53.32	5.66	10.60	5.77
Gearing (x)	0.20	0.29	0.18	0.23

Leverage (x)	0.89	0.79	0.92	1.05
ROAA (%)	16.2%	17.0%	14.4%	12.4%
ROAE (%)	30.6%	31.2%	26.8%	24.7%
Net Operating Cycle (Days)	67	128	180	112

*Annualized

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Popular International (Private) Limited
Sector	Distribution & Logistics
Type of Relationship	Solicited
Purpose of Rating	Entity Rating

Rating History

Rating Type: Entity				
Rating Date	**Medium to Long Term**	**Short Term**	**Outlook/Rating Watch**	**Rating Action**
01 Jul 2025	A	A1	Stable	Reaffirmed
08 Dec 2023	A	A1	Stable	Reaffirmed
03 Nov 2022	A	A1	Stable	Initial

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.
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Due Diligence Meetings Conducted

S.No.	Name	Designation	Date
1.	Hassan Ashraf	Finance Manager	20 May 2025