

KOLD KARRIER LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Initial Rating	
	Long-term	Short-term
ENTITY	A-	A2
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	March 03, 2026	

Shareholding (5% or More)

Mr. Mansoor Arifeen - 99.97%

Other Information

Incorporated in 1990

Public Limited Company (Unlisted)

Chief Executive: Mr. Adil Arifeen

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

The assigned rating reflects KKL's established and growing presence in Pakistan's formal cold chain logistics segment, supported by consistent revenue growth, an expanding asset base, and adequate liquidity and coverage metrics. The Company operates in the Storage, Transport & Distribution sector, which carries a medium-to-low business risk profile given stable demand fundamentals, albeit with exposure to energy cost volatility, infrastructure constraints, and competition from the informal segment.

KKL benefits from its integrated cold chain operations, comprising refrigerated transportation, warehousing, and distribution across key urban centers, serving reputable clients in the food and pharmaceutical supply chains. Profitability has shown gradual improvement, aided by solarization, though net margins remain modest due to finance costs linked to fleet expansion. Capitalization is moderate with a predominantly long-term debt profile aligned with growth, while liquidity and coverage indicators remain adequate. Going forward, maintaining prudent leverage amid ongoing expansion and client base diversification will be important rating considerations.

Company Profile

Kold Karrier Limited ('KKL' or 'the Company') was incorporated in Pakistan on 19 May 1990, as a private limited company and later converted to public limited (unlisted) as of June 2022. The principal activity of the Company is storage and transportation of chilled items. It specializes in the distribution of temperature sensitive (typically within the range of -25 to +24 centigrade) products like Dairy, Poultry, Fruits, Vegetables, Fish, Meat and Medicines. The main strength of the Company is providing "one window" operations that include warehousing, transportation and distribution to its clients.

The Company's registered office is located at Gulberg IV, Lahore, with cold store warehouses in Karachi, Rawalpindi and Lahore.

Group Companies:

KKL is part of the Icepac Group, which comprises two entities: Kold Karrier Limited (KKL) and Icepac Limited (IPL). IPL operates in the frozen food segment and was established in 1989. It is engaged in the sale of frozen vegetables and ready-to-eat meals, as well as the import of fresh, processed, chilled, and frozen food products for distribution in Pakistan. Icepac Limited utilizes KKL for its transportation and distribution operations. Owing to its integrated supply chain and extensive distribution network, Icepac Limited serves as a key supplier to Pakistan's hospitality industry. During FY25, IPL recorded PKR 161 million in revenue, PKR 10.5 million in net profit and has a tier-1 equity of PKR 83.4 million.

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Mansoor Arifeen is the Chairman of the Company, and has over 30 years of experience in producing and exporting frozen vegetables and food products, as well as managing integrated cold chain operations. He has a background in International Finance and is a former banker.

Mr. Adil Arifeen is the Chief Executive Officer (CEO) of the Company. He holds an MBA from INSEAD and a degree from UCLA. He has over three years of experience with the Company, initially serving as Director of Operations from January 2019 before becoming CEO in 2022. He also has banking experience with Standard Chartered Bank Pakistan.

BOARD & SENIOR MANAGEMENT

The Company's Board comprises a chairman and two directors: Mr. Mansoor Arifeen, Mr. Adil Arifeen, and Mr. Shahid Farooq Anwar, primarily representing family members.

While the Company operates as a relatively small, family-run enterprise, its governance and operational framework demonstrate a high degree of professionalism. This is evidenced by the quality of its external auditors, well-defined management procedures, and clearly articulated reporting lines. These practices reflect the sponsors' strong professional education, industry exposure, and commitment to maintaining robust oversight and disciplined management standards despite the business's scale.

The senior management team comprises of experienced professionals with strong background across finance, operations, warehousing, and logistics. The finance function is led by Mr. Muhammad Usman Leghari, CFO, who has an extensive experience in textile sector and is ACCA qualified. Operations and logistics are overseen by long-serving and experienced managers with expertise in cold chain, warehousing, and fleet management. Mr. Shahid Farooq, General Management Operations has extensive experience on all aspects of Cold Chain Operations and handles warehousing and frozen food transportation independently. He has been part of the Company since inception in 1990.

The financial statements for FY25 have been audited by 'Grant Thornton Anjum Rahman' who have issued an unqualified opinion.

Business Risk

INDUSTRY UPDATE

VIS assesses the business risk profile of the 'Storage, Transport & Distribution' sector as Medium to Low, reflecting its relatively stable demand patterns, limited competitive pressures within the formal segment, moderate capital requirements, and sensitivity to fluctuations in energy and fuel prices. The sector forms a critical backbone of economic activity, supporting trade, agriculture, industrial supply chains and retail networks, contributing an estimated 8-10% to national GDP. Demand remains largely stable given its linkage to essential consumption and continuous goods flow, although activity moderates in periods of broader economic slowdown.

The competitive landscape is highly fragmented, dominated by a large informal transport and warehousing system, comprising thousands of small and unregulated trucking and storage operators. This structure results in intense price-based competition, limited standardization, and operational

inefficiencies, while organized integrated players continue to gradually increase their footprint. The prevalence of aging fleets, diesel dependency, and limited multimodal integration (particularly railway) constrain sector efficiency, exposing operators to fuel-price volatility and infrastructure bottlenecks. Despite these structural challenges, the sector continues to benefit from long-term drivers including expansion of retail and e-commerce channels, growing cold chain requirements in agribusiness, and logistics infrastructure improvements under the CPEC framework.

Within the broader logistics landscape, the cold chain segment is gaining prominence due to rising demand for temperature-controlled handling of perishables, including fresh produce, dairy, meat, seafood, and processed foods. Additionally, the pharmaceutical sector is one of the largest users of cold storage and distribution services, requiring stringent temperature compliance throughout the supply chain. The segment is also highly energy intensive, making it sensitive to rising electricity tariffs, fuel price fluctuations, and frequent power outages, which increase operating costs and elevate spoilage risk. Despite these challenges, expansion within the formal cold chain ecosystem is gradually progressing. Some of the key players in the segment include Muller & Phipps, Kold Karrier, and Bashir Siddiqui Logistics (BSL).

Operations

Transportation

As of FY25, the Company operates a fleet of 55 refrigerated containers (reefers), comprising 45 owned units and 10 leased units, with capacities ranging from 10 ft to 40 ft. During the ongoing fiscal year, the Company has added 10 new reefers to its fleet. In providing transport and distribution services, the Company is exposed to risks of pilferage and quality deterioration arising from improper temperature control. However, losses resulting from theft, accidents, or cargo damage are contractually borne by the clients and covered under their respective insurance arrangements, thereby limiting the Company's direct financial exposure.

Warehousing

The Company's total warehousing capacity stands at 2,667 tons, spread across three cold storage facilities located in Karachi, Lahore, and Rawalpindi. Of these, the Karachi and Lahore warehouses are operated on a leased basis, while the Rawalpindi facility is owned by the Company. Notably, the Lahore warehouse is owned by KKL's sister concern, Icepac Limited, and is leased to KKL for the purpose of its warehousing and logistics operations.

Power Infrastructure & Fuel Cost

The Company's total power requirement for its warehousing operations is approximately 1.5 MW, of which 500 kW has been solarized. Power needs are primarily met through grid and solar power systems installed at each warehouse facility. KKL also maintains backup generators at all warehouse locations to ensure continuity of operations in the event of power disruptions. In addition, fuel costs associated with transportation services are fully passed on to customers, mitigating exposure to fuel price volatility. To ensure uninterrupted and efficient operations, the Company maintains a fuel supply arrangement with Pakistan State Oil (PSO) to meet its routine fuel requirements in a timely and hassle-free manner.

Warehouse	Power Arrangements
Karachi	150 KVA Generator & 100 KW Solar
Lahore	2 Generators (740 KVA) & 286 KW Solar
Rawalpindi	100 KVA Generator & 40 KW Solar

The Company utilizes eutectic plate technology in its refrigerated vehicles to maintain stable and uniform temperature control during transit. These pre-frozen plates store thermal energy and gradually release cooling throughout the delivery cycle, ensuring product integrity without the need for continuous compressor operation. This system enhances energy efficiency, reduces temperature fluctuations during frequent door openings, and supports reliable cold chain transportation for temperature-sensitive goods.

PROFITABILITY

The Company demonstrates a strong and consistent topline growth with a 5-year CAGR of 24.5%. During FY25, KKL recorded a revenue of PKR 525 million (FY24: PKR 423 million), reflecting a 24% YoY increase driven by higher pricing and acquisition of new clients. Transportation services remain the primary revenue driver, contributing 71% of total revenue in FY25 (FY24: 70%), with rest pertaining to warehousing services. Client concentration is moderate, with approximately 50% of transportation income attributed to 'At-Tahur Limited'. Meanwhile top two clients 'K&N's Foods' and 'Dawn Frozen Foods' accounts for 45% of warehousing income.

Gross margins have seen a slight decline post-COVID but have remained stable. As of FY25, gross margin improved to 19.1% (FY24: 17.8%) primarily due to cost savings from solar power integration. Fuel and electricity constitute the Company's primary cost components; however, diesel expenses are contractually passed through to customers, thereby mitigating exposure to fuel price volatility and preserving operating margins. Warehousing services are priced based on space rented (per square foot) and electricity costs, with solarization allowing for higher margins. For transportation and distribution services, pricing is based on per kilometer charges, incorporating vehicle rental costs, driver wages, diesel, and the Company's margin.

Operating margin for FY25 improved to 10.2% (FY24: 9.8%); however, net margin remained constrained at 2.3% (FY24: 2.5%) due to elevated finance costs associated with leased vehicles and a higher effective tax rate. During HYFY26, revenue reported at PKR 321.7 million, while gross margin improved further to 21.2% driven by cost efficiencies and periodic price increases. As a result, the net margin stood at 4.5% translating into profit after tax of PKR 14.4 million.

Financial Risk

CAPITAL STRUCTURE

Over the years, capitalization metrics i.e., gearing and leverage have been moderated to stand at 0.87x and 1.29x, respectively as of IH FY26. The debt profile is largely comprised of long-term obligations aligned with fleet expansion, supporting revenue scalability. Going forward, leveraging will remain a function of the Company's expansion strategy. Augmentation of equity base and maintenance of capitalization metrics within prudent levels will remain important to preserve financial flexibility.

DEBT COVERAGE & LIQUIDITY

Funds from Operations (FFO) increased to PKR 50.3 million in FY25 (FY24: PKR 34.0 million), in line with improved profitability. Consequently, coverage profile is assessed as sound, with FFO-to-long-term debt at 0.44x in FY25 (FY24: 0.53x) while FFO-to-total debt remained steady at 0.39x (FY24: 0.36x). Debt Service Coverage Ratio (DSCR) also recorded at an adequate level of 1.49x as of end-FY25 (FY24: 1.33x). Furthermore, the coverage profile is supported by a strong short-term debt coverage ratio of 7.8x as of FY25 (FY24: 3.4x).

KKL's liquidity metrics are viewed as adequate, reflecting a growth-oriented financial strategy that balances ongoing investment requirements with prudent liquidity management, in line with a maturing logistics enterprise. The reliance on internally generated cash flows to fund capital expenditure has moderated short-term liquidity buffers, with the current ratio recorded at 0.94x in FY25 (FY24: 0.86x). While receivable days remain elevated and broadly in line with industry norms, the Company has maintained tighter credit controls and effective collection practices to contain working capital pressures. Moreover, counterparty credit risk is considered low, supported by a diversified and reputable client base, which provides additional comfort to the overall liquidity profile.

FINANCIAL SUMMARY (amounts in PKR millions)					<i>Appendix I</i>
BALANCE SHEET					
Property and Equipment	FY22 A	FY23 A	FY24 A	FY25 A	HYFY26 M
Long term deposits	241	247	376	416	485
Trade debts	14	18	22	26	49
Loans & advances	75	85	101	111	140
Cash and bank balance	0	1	7	4	7
Total Assets	0	1	1	2	1
Long term debt (inc. lease & current portion)	335	356	515	566	687
Short term debt	32	42	65	115	187
Total debt	31	9	29	14	47
Trade and other payables	63	50	94	129	235
Total Liabilities	34	58	83	88	91
Paid up capital	121	120	209	243	348
Unappropriated profit	170	170	170	170	170
Total Equity	19	43	56	79	99
Tier-1 Equity	214	236	306	322	338
	189	213	226	249	269
INCOME STATEMENT					
Net Sales	FY22 A	FY23 A	FY24 A	FY25 A	HYFY26 M
Gross Profit	230	366	423	525	322
Operating Profit	44	64	75	100	68
Finance Costs	24	35	41	53	42
Profit Before Tax	(9)	(15)	(18)	(22)	(14)
Profit After Tax	14	20	23	31	28
	7	22	11	12	14
RATIO ANALYSIS					
Gross Margin (%)	FY22 A	FY23 A	FY24 A	FY25 A	HYFY26 M
Operating Margin (%)	18.9%	17.6%	17.8%	19.1%	21.2%
Net Margin (%)	10.4%	9.5%	9.8%	10.2%	13.1%
Funds from Operation (FFO) (PKR Mn)	3.2%	5.9%	2.5%	2.3%	4.5%
FFO to Total Debt (x)	23	32	34	50	71
FFO to Long Term Debt (x)	0.36	0.64	0.36	0.39	0.30
Gearing (x)	0.72	0.77	0.53	0.44	0.38
Leverage (x)	0.34	0.24	0.41	0.52	0.87
Debt Servicing Coverage Ratio (x)	0.64	0.56	0.93	0.98	1.29
Current Ratio (x)	1.66	1.48	1.33	1.49	1.52
(Stock in trade + trade debts) / STD (x)	1.04	1.06	0.86	0.94	0.86
Return on Average Assets (%)	2.4	9.9	3.5	7.8	2.9
Return on Average Equity (%)	2.3%	6.2%	2.4%	2.3%	4.6%
Cash Conversion Cycle (days)	4.9%	10.7%	4.9%	5.2%	11.1%
	53	14	(0)	2	14

*Annualized, if required

A - Actual Accounts

M - Management Accounts

REGULATORY DISCLOSURES					Appendix II
Name of Rated Entity	Kold Karrier Limited				
Sector	Logistics & Distribution				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action
	RATING TYPE: ENTITY				
	03/03/2026	A-	A2	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.				
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	S.No.	Name	Designation	Date	
	1.	Mr. Adil Mansoor	Chief Executive Officer	14-Jan-26	