

## BARKAT FRISIAN AGRO LIMITED

### Analyst:

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RATING DETAILS		
RATINGS CATEGORY	Initial Rating	
	Medium to Long-term	Short-term
ENTITY	A	A1
RATING OUTLOOK/WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	July 03, 2026	

Shareholding (5% or More)	Other Information
Frisian Egg International B.V- 39.1%	Incorporated in 2017
B&Z Enterprise (Private) Limited - 25.8%	Public Limited Company
Local General Public - 12.8%	Chief Executive Officer: Mr. Muhammad Adil Ali
Mr. Waqas Gulzar - 7.8%	Chairman: Mr. Johan Stuver
	External Auditor: Naveed Zafar Ashfaq Jaffery & Co.

### 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 ratings reflect Barkat Frisian Agro Limited's strong market position as a pioneer in Pakistan's organized pasteurized egg processing industry, supported by its strategic partnership between the Buksh Group and the Frisian Egg Group. The Company benefits from established technical expertise, a growing customer base comprising leading food manufacturers, and a diversified portfolio of value-added egg products. Business risk is underpinned by favorable industry fundamentals, characterized by rising protein consumption, increasing food safety awareness, and the gradual shift of institutional customers towards processed and traceable food ingredients.

The ratings further incorporate the Company's demonstrated growth trajectory, evidenced by strong revenue expansion, improving capacity utilization levels, and healthy profitability metrics. The recent commissioning of the Faisalabad production facility is expected to enhance production capacity and strengthen the Company's ability to capitalize on growing demand from both domestic and export markets. Planned product diversification into dried egg powder and backward integration through poultry layer farming operations are expected to further strengthen the business profile by expanding revenue streams, enhancing supply chain control, and supporting margin sustainability.

The financial risk profile is considered strong. The Company's capitalization has strengthened significantly following the IPO and earnings retention, resulting in low leverage. Liquidity and debt coverage indicators remain robust, supported by a modest debt burden, healthy operating cash flows, and the availability of liquid investments. The ratings remain constrained by the relatively nascent nature of Pakistan's processed egg industry, customer concentration risk arising from reliance on a limited number of large institutional clients, and exposure to volatility in egg prices, disease outbreaks, and adverse weather conditions affecting the poultry sector. Additionally, successful execution of the Company's expansion and diversification initiatives, along with maintenance of profitability, liquidity, and coverage metrics together with manageable leverage indicators will remain important rating considerations going forward.

## Company Profile

Barkat Frisian Agro Limited (“BFAL” or “the Company”) was incorporated in January 2017 as a Pakistani-Dutch joint venture between the Buksh Group and the Frisian Egg Group, combining local market expertise with international technical know-how in egg processing. The Company was converted into a public unlisted company on December 27, 2024, and subsequently listed on the Pakistan Stock Exchange (PSX), with trading of its shares commencing on March 7, 2025.

BFAL is principally engaged in the processing and marketing of value-added egg products, catering to a diverse customer base comprising large-scale food manufacturers, bakeries, confectionery producers, hospitality businesses, and other food processing enterprises. The Company’s product portfolio includes pasteurized whole eggs, egg yolks, egg whites, and customized egg-based solutions developed to meet specific customer requirements. Through its focus on food safety, quality assurance, and product innovation, BFAL has established itself as a leading participant in Pakistan’s organized egg-processing industry.

The Company operates a production facility at Bin Qasim Industrial Park, Karachi, and during the current year successfully commissioned a new state-of-the-art processing facility located on M-3 Industrial Road, Faisalabad. The facility was financed through IPO proceeds and commenced commercial operations in May 2026. The expansion is expected to enhance production capacity, improve operational efficiencies, strengthen geographical reach, and support the Company’s long-term growth strategy in both domestic and export markets.

## Management and Governance

The Company is a joint venture between the Buksh Group and the Frisian Egg Group, with Frisian Egg International B.V. holding a ~39% shareholding, while B&Z Enterprises (Private) Limited, the holding company of the Buksh Group, holds a ~25% stake. Through its sponsors, the Company benefits from extensive industry experience, strategic oversight, and operational support.

Frisian Egg International B.V. brings over 30 years of global experience in egg farming and processing, with expertise in establishing and operating egg processing facilities across the Netherlands, China, and Egypt. Founded by Jappie Stuiver in 1981 in the Kingdom of the Netherlands, Frisian Egg International B.V. has evolved into a leading egg processing business under the leadership of Johan and Rolf Stuiver, processing millions of eggs daily and specializing in liquid egg products and egg powders. The Group’s technical expertise and industry experience provide operational and technical support to BFAL.

B&Z Enterprises (Pvt.) Limited is the holding company of the Buksh Group, which was established in 1989 as a consortium of family-owned businesses with diversified interests in textiles (Buksh Industries (Pvt.) Limited), poultry (Adorn International (Pvt.) Limited), and manufacturing (Barkat Steel (Pvt.) Limited). The Buksh Group comprises four family members, namely Muhammad Ali Ansari, Shaukat Ali Ansari, Anwar Ali, and Muhammad Arif, who hold equal ownership interests in the Group. Through the Buksh Group, the family holds 100% ownership in B&Z Enterprises (Pvt.) Limited and Barkat Steel (Pvt.) Limited, and a 40% stake each in Buksh Industries (Pvt.) Limited and Adorn International (Pvt.) Limited. B&Z Enterprises (Pvt.) Limited serves as the Group’s investment vehicle through which the Buksh Group maintains its strategic involvement in BFAL.

The Company’s governance framework is supported by representation from both sponsoring groups at the Board level. The Board of Directors comprises seven members, including two independent directors. The Company has two Board-level committees, namely the Audit Committee and the Human Resource & Remuneration Committee, both chaired by independent directors, supporting effective Board oversight.

Mr. Johan Stuiver serves as Chairperson of the Board and brings over 25 years of experience in the European poultry and food sectors. He has played a key role in the expansion of the Frisian Egg Group and has been actively involved in establishing and managing egg processing projects across Turkey, Egypt, China, the Netherlands, and Pakistan. As Chairperson and a non-executive Board member, Mr. Stuiver oversees the Company’s technical and research and development functions.

Mr. Muhammad Adil Ali serves as the Chief Executive Officer of the Company and possesses extensive experience in the poultry and food manufacturing industry. In his capacity as founder and Chief Executive Officer, he is responsible for the strategic direction and operational management of the Company. In addition, Mr. Adil contributes to the broader industry as an advisory board member of the Pakistan Baking Summit.

## Business Risk

## INDUSTRY

Pakistan's egg industry is characterized by a growing market, underpinned by population growth, urbanization, the staple nature of eggs, and their affordability as a cost-effective source of protein compared to other animal protein alternatives. Egg consumption has increased steadily over the years, with per capita consumption rising from 75 eggs per person per year in 2015 to around 90 eggs per person per year. Based on an estimated population of approximately 241 million, annual egg consumption translates into around 21.7 billion eggs, or approximately 1.26 million tons. Against this backdrop, egg production in Pakistan stood at approximately 26.7 billion eggs during 2024-25 and is projected to reach around 28 billion eggs during 2025-26, indicating sufficient domestic production to meet local demand. The hotels, restaurants and catering (HoReCa) segment, together with the sauces and dressings, and baking and confectionery industries, is estimated to account for around 15% of total egg consumption, equivalent to approximately 152,985 tons annually. On the other hand, the processed egg industry has evolved into a niche but increasingly important component of the food supply chain, supported by advancements in food processing technologies and evolving consumer preferences.

Currently, the processed egg industry is in its early stage, with only a few companies operating in this segment. Going forward, the structural shift towards hygienic, traceable, and enriched protein sources, along with increasing emphasis on compliance with food safety standards as well as growing consumer awareness of value-added food products, and growing population is expected to support demand for processed egg products. Nevertheless, the continued prevalence of unprocessed eggs in the domestic market constrains the pricing power and margins of the processed egg segment. In addition, the industry requires investment in specialized processing facilities, cold-chain infrastructure, and quality assurance systems to ensure product safety and consistency. Moreover, the industry remains exposed to price volatility and short-term shocks, including disease outbreaks and adverse weather conditions, which continue to weigh on sector performance.

## OPERATING PERFORMANCE

The Company operates in Pakistan's pasteurized egg industry and benefits from a first-mover advantage in the segment, providing a unique position in the market. The Company's product portfolio comprises pasteurized eggs, egg yolks, egg whites, and customized egg-based products. The Company operates on a Business-to-Business (B2B) model, supplying its products to established food manufacturers, including baking, sauces and dressings, and frozen food producers, as well as small-scale enterprises and the hotels, restaurants, and catering (HoReCa) segment. Notable customers include English Biscuit Manufacturers (Pvt.) Limited (EBM), Asian Foods Industries, Ismail Industries Limited, and Young's (Private) Limited. Nevertheless, customer concentration remains elevated, given the relatively limited customer base and reliance on a small number of key clients.

In Tons	FY24	FY25
Installed Capacity	17,000	17,000
Actual Production	12,680	14,994
<b>Capacity Utilization</b>	<b>74.6%</b>	<b>88.2%</b>

The Company has maintained a high and improving capacity utilization level, supported by growing demand for pasteurized egg products from institutional customers, increasing emphasis on food safety and hygiene standards, and the gradual shift towards value-added and processed food ingredients. The Company currently caters to approximately 9% of the estimated egg consumption attributable to the HoReCa, sauces and dressings, and baking and confectionery segments, which collectively accounts for around 15% of total egg consumption in Pakistan. This indicates potential for further penetration within the institutional customer segment. In view of the favorable demand outlook, the Company has recently commissioned a production facility in Faisalabad, adding 12,000 tons to its installed capacity. Going forward, the expanded capacity is expected to support growth in production volumes and strengthen the Company's ability to cater to the increasing demand for pasteurized egg products.

To further diversify its product portfolio, the Company is in the process of establishing a dried egg powder production facility, with commissioning expected by September 2026. In addition, the Company is pursuing backward integration through the development of poultry layer farming operations. Going forward, these initiatives are expected to support product diversification, enhance the Company's ability to address evolving customer requirements, and strengthen its competitive position.

## SALES & PROFITABILITY

The Company has demonstrated a strong profitability profile, underpinned by robust revenue growth and operational efficiencies. Net sales increased to PKR 7,247m in FY25 from PKR 2,470m in FY22, reflecting a CAGR of ~43%. Correspondingly, gross profit increased to PKR 978m in FY25 from PKR 138m in FY22, translating into a gross margin of 13.5% (FY24: 11.5%). Profit after tax (PAT) also

exhibited a similar trend, supported by improved margins and a low financing burden, given the Company's limited reliance on debt financing and the favorable interest rate environment.

During 9MFY26, the Company continued to report growth in its top line, with net sales recorded at PKR 5,944m. However, gross margins contracted to 11.8% amid inflationary pressures, resulting in a corresponding decline in net margins to 8.0%.

Local sales account for ~82% of the Company's revenue base, with the remainder contributed by exports. Going forward, the recently commissioned Faisalabad facility is expected to support higher production volumes, enabling the Company to cater to growing demand in both local and export markets.

Revenue growth is expected to remain supported by favorable demand dynamics, expanded production capacity, and ongoing product diversification initiatives aimed at broadening the customer base. Furthermore, the value-added nature of the Company's products, together with operational efficiency initiatives and planned backward integration, is expected to support profitability over the medium term.

## Financial Risk

### CAPITAL STRUCTURE

The Company's capitalization profile has strengthened materially over the review period, supported by sustained profitability, retention of earnings, and the successful completion of its IPO, which enhanced the equity base to PKR 3,318m as at Mar 31, 2026. Additionally, a related-party loan was converted into equity during FY25 through the issuance of right shares, further reinforcing the capital structure.

As a result, leverage indicators improved significantly, reflecting the Company's strengthened financial position and reduced reliance on debt financing. The debt profile remains predominantly short-term in nature, primarily utilized to support working capital requirements associated with the Company's operations. Going forward, the Company plans to undertake strategic expansion initiatives aimed at broadening its product portfolio and strengthening its integrated poultry operations. The planned investments are expected to be financed through a balanced mix of internally generated cash flows, available IPO proceeds, liquidation of foreign currency investments and bank borrowings. Short-term financing requirements may also increase to support higher working capital needs arising from business growth and extended customer credit terms. Nevertheless, given the Company's healthy profitability profile, strengthened equity base, and diversified funding strategy, capitalization indicators are expected to remain within comfortable levels over the medium term, providing adequate capacity to support the planned expansion while maintaining financial flexibility.

### DEBT COVERAGE & LIQUIDITY

The liquidity profile of the Company has strengthened overtime, with current ratio increasing to 3.50x as at Mar'26 from 1.16x as at Jun'22. Additionally, short term debt coverage remains strong at 3.65x as at Mar'26 (Jun'25: 5.45x, Jun'24: 2.77x). The improved liquidity is supported by increase in short term investments, which was financed through the remaining IPO proceeds. Going forward, the Company plans to utilize these investments for financing its capital expenditure and support working capital operations.

Debt coverage metrics of the Company are considered strong, with debt service coverage ratio (DSCR) recorded at 13.18x as at Mar'26 (Jun'25: 8.21x, Jun'24: 3.37x). This is attributable to increased profitability coupled with small debt profile relative to equity. Going forward, maintenance of liquidity and coverage metrics will remain important for the ratings.

FINANCIAL SUMMARY (Amounts in PKR Million)					APPENDIX I
BALANCE SHEET	FY22A	FY23A	FY24A	FY25A	9MFY26M
Property, Plant, & Equipment	319	323	694	811	1,688
Stock-in-Trade	192	264	311	447	789
Trade Debts	288	595	891	1,269	1,310
Short-Term Investments	-	0	0	1,021	244
Cash & Bank Balances	41	128	43	71	254
Total Assets	902	1,357	2,037	3,842	4,438
Trade and Other Payables	112	199	243	335	193
Long Term Debt (Inc. Current Maturity)	279	273	167	12	7
Short Term Debt	192	402	434	315	575
Total Debt	470	675	601	327	583
Total Liabilities	652	959	993	742	864
Paid Up Capital	90	90	90	310	310
Total Equity	250	398	772	2,837	3,318
<b>INCOME STATEMENT</b>					
Net Sales	2,470	4,325	6,068	7,247	5,944
Gross Profit	279	448	700	978	704
Operating Profit	178	265	543	818	515
Profit Before Tax	139	182	421	739	478
Profit After Tax	138	148	380	742	475
<b>RATIO ANALYSIS</b>					
Gross Margin (%)	11.3%	10.4%	11.5%	13.5%	11.8%
Operating Margin (%)	7.2%	6.1%	9.0%	11.3%	8.7%
Net Margin (%)	5.6%	3.4%	6.3%	10.2%	8.0%
Net Working Capital	82	156	549	2,357	1,945
Trade debts/Sales	11.7%	13.8%	14.7%	17.5%	22.0%
FFO	193	267	380	787	507
FFO to Total Debt (%) *	0.41	0.39	0.63	2.40	1.16
FFO to Long Term Debt (%) *	0.69	0.98	2.28	63.27	91.18
Debt Servicing Coverage Ratio (x) *	1.36	1.23	3.37	8.21	13.18
Current Ratio (x)	1.16	1.18	1.70	4.58	3.50
Stock + Trade Debts/STD	2.50	2.13	2.77	5.45	3.65
Gearing (x)	1.88	1.70	0.78	0.12	0.18
Leverage (x)	2.61	2.41	1.29	0.26	0.26
ROAA (%) *	18.3%	13.1%	22.4%	25.2%	28.4%
ROAE (%) *	76.2%	45.7%	64.9%	41.1%	38.0%
Net Operating Cycle *	56	56	58	70	92
Inventory Days *	32	25	21	26	41
Receivable Days *	43	50	54	64	60
Payable Days *	19	19	17	19	10
*Annualized, if required A - Audited Accounts M - Management Accounts					

REGULATORY DISCLOSURES					APPENDIX II
Name of Rated Entity	Barkat Frisian Agro Limited				
Sector	Food				
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-Jul-2026	A	A1	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.				
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Due Diligence Meetings Conducted	Name	Designation		Date	
	Mr. Muhammad Adil Ali	Chief Executive Officer		June 08, 2026	
	Mr. Muhammad Farooq Zafar	Chief Financial Officer			