

NADEEM POULTRY SALES CENTRE

Analyst:

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RATING DETAILS		
RATINGS CATEGORY	INITIAL RATINGS	
	MEDIUM TO LONG-TERM	SHORT-TERM
ENTITY	BBB	A2
RATING OUTLOOK/WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	July 10, 2026	

Shareholding (5% or More)	Other Information
Muhammad Nadeem - 100%	Established in 1970
	Sole Proprietorship
	Director: Muhammad Nadeem
	External Auditor: Qadeer Mehdi & Co. Cost and Management Accountant
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 Nadeem Poultry Sales Centre's established presence in Karachi's poultry market, supported by over five decades of operating history and the extensive industry experience of its proprietor. Business risk is underpinned by resilient demand for poultry products, integrated sourcing arrangements with associated farms, and a demonstrated track record of revenue growth. Profitability remains stable despite thin industry margins and regulated pricing, while financial risk is moderated by a conservative capital structure, low reliance on external borrowings, strong liquidity, and robust debt servicing capacity. The ratings remain constrained by the Company's sole proprietorship status and engagement with non-QCR rated audit firm, resulting in limited governance and management depth, customer and supplier concentration, exposure to biological and commodity price risks inherent in the poultry industry. Sustained growth in profitability, continued strengthening of capitalization, and further institutionalization of governance will remain important ratings considerations, going forward.

Company Profile

Nadeem Poultry Sales Centre ('NPSC' or 'the Company'), established in 1970 by its founder Mr. Muhammad Yaseen (Late), began as a family business supplying poultry products to the hospitality industry and farmers, with his son Muhammad Nadeem actively involved in overall operations since 1990. Over time, the Company has evolved into a multi-site poultry enterprise engaged in poultry feed supply, live broiler supply, and value-added solutions for farmers, wholesalers, retailers, and other customers. NPSC maintains annual sales of

approximately 0.4 million feed bags, 5 million chicks, and 10 million kilograms of broilers, supported with a workforce of 20 employees. The registered office is located in PECHS, Karachi.

Management and Governance

The Company is wholly owned and managed by Mr. Muhammad Nadeem, who possesses over three decades of experience in the business and has been actively involved in its operations since 1990. His extensive industry knowledge and hands-on management approach provide continuity and support the Company's operational stability. From a governance perspective, the Company's status as a sole proprietorship limits the presence of formal governance structures, including an independent board, segregation of oversight functions, and institutionalized decision-making processes.

AUDITOR:

The Company's engagement with a non-QCR rated auditor, Qadeer Mehdi & Co. Cost and Management Accountant, presents a constrain from governance perspective.

Business Risk

INDUSTRY

Pakistan's poultry industry is the largest and fastest-growing segment of the livestock sector, serving as the country's primary source of affordable animal protein. Demand for broiler chicken remains resilient, supported by population growth, urbanization, changing dietary preferences, and its relative affordability compared to red meat. Consequently, the industry's demand profile is considered relatively inelastic, providing stability to sales volumes despite economic cycles. The industry's business risk profile is assessed as medium to low, reflecting the essential nature of poultry consumption and limited dependence on sophisticated technology. However, profitability remains susceptible to fluctuations in feed prices (primarily maize and soybean meal), disease outbreaks, bird mortality, fuel and transportation costs, and government intervention through retail price controls. In Karachi, the Commissioner Office regularly announces indicative live bird prices, which constrain the ability of market participants operating in the traditional live bird segment to fully pass on cost increases, thereby compressing margins during periods of input cost inflation. Karachi represents the single largest poultry consumption market owing to its sizeable and densely populated consumer base.

Major Cities	2025 Estimated Population (Millions)	Total Meat Required (Tons/Year)	Estimated Live Birds Required (Millions/Year)
Karachi	21.4	321,300	221.6
Lahore	15.2	227,250	156.7
Rawalpindi/Islamabad	8.2	119,045	82.1
Faisalabad	5.6	77,840	53.7
Peshawar	3.6	46,150	31.8
Hyderabad	2.9	38,610	26.6
Multan	3.0	38,350	26.4
Sialkot	1.9	26,600	18.3
Quetta	1.0	12,240	8.4

Source: Pakistan Bureau of Statistics (PBS) and HIES data and baseline projections

OPERATIONAL UPDATE

The Company's operations are supported by an integrated supply arrangement with its associated entities, sourcing feed, day-old chicks, and broilers from a network of 12 affiliated poultry farms. This structure ensures continuity of supply and enhances operational efficiency while reducing procurement risk. On average, the

Company distributes approximately 3,000 live birds daily to wholesalers, retailers, and poultry traders in Karachi at prices notified by the Poultry Price Regulation Committee. Distribution is undertaken through the Company's own and rented transportation fleet, enabling timely deliveries. The use of environmentally controlled poultry sheds supports consistent production conditions and improves flock management. Nevertheless, the business remains inherently exposed to biological risks, with average annual bird mortality of around 10%, which typically increases during periods of adverse weather, particularly in the winter season. In addition, operations remain sensitive to fluctuations in feed costs, fuel prices, and regulatory pricing constraints, which may periodically exert pressure on operating margins.

SALES & PROFITABILITY

Supported by sustained demand across its core product lines, the Company's net sales increased to Rs. 5.33bn in CY25 (CY24: Rs. 4.69bn; CY23: Rs. 3.99bn; CY22: Rs. 2.08bn), reflecting a strong growth trajectory over the last four years. Revenue generation continues to be driven primarily by broiler chicken sales, whose contribution increased to 57% in CY25 (CY24: 52%), followed by chicks at 31% (CY24: 13%). Conversely, the share of feed sales declined to 12% (CY24: 35%), resulting in a greater concentration of revenues in the broiler and chicks segments. Management intends to rebalance the revenue mix over the medium term through the planned installation of a feed mill, which is expected to enhance feed production capacity and support incremental sales.

	CY22	CY23	CY24	CY25
Broiler	41%	52%	52%	57%
Chicks	13%	13%	13%	31%

The Company's profitability profile is characterized by stable but modest margins, reflecting the regulated pricing dynamics and competitive nature of the poultry industry. Supported by consistent growth in sales volumes, gross profit increased to Rs. 267m in CY25 (CY24: Rs. 236m; CY23: Rs. 201m), while the gross margin remained broadly stable at around 5%. Effective cost management enabled operating profit to improve to Rs. 218m (CY24: Rs. 189m), with the operating margin strengthening marginally to 4.1% in CY25. The gradual improvement in profitability demonstrates the Company's ability to translate higher sales volumes into earnings while preserving margin stability in a thin-margin business.

Financial Risk

CAPITAL STRUCTURE

The Company maintains a conservative capital structure, supported by low financial leverage and a limited reliance on external borrowings. Over the last four years, leverage and gearing have remained stable at approximately 0.26x and 0.25x, respectively, reflecting a prudent financing strategy.

Working capital requirements are met primarily through internally generated cash flows, with only modest utilization of short-term running finance facilities available from the Bank of Punjab and Bank Makramah Limited. The Company's equity base strengthened to Rs. 445m by end-CY25 (end-CY24: Rs. 400m; end-CY23: Rs. 357m), supported by profit retention. However, the pace of equity accumulation remains constrained by relatively high drawings by sponsors, with the drawings-to-equity ratio averaging around 34% during CY23-CY25. Nevertheless, the Company's capitalization profile remains adequate, underpinned by its low debt burden.

DEBT COVERAGE & LIQUIDITY

The Company's liquidity profile is supported by its ability to rapidly convert inventory into cash, thereby allowing for greater financial flexibility. The Company is able to fund a significant portion of its operating

requirements through internally generated cash flows, limiting its dependence on short-term borrowings. This efficient cash flow cycle is reflected in the Company's strong liquidity indicators, with the current ratio consistently exceeding 3.5x. Debt servicing capacity also remains robust, as evidenced by the Debt Service Coverage Ratio (DSCR) of 13x in CY25 (CY24: 12x; CY23: 9x). Going forward, the Company's efficient working capital cycle, healthy operating cash generation, and conservative borrowing strategy are expected to continue supporting a strong liquidity and debt coverage profile.

FINANCIAL SUMMARY					
Balance Sheet (PKR Millions)	CY22A	CY23A	CY24A	CY25A	CY26P
Property, plant and equipment	155	140	126	113	102
Stock-in-trade	106	132	147	162	178
Trade debts	115	115	157	183	219
Cash & Bank Balances	40	34	52	62	74
Other Assets	23	29	31	37	44
Total Assets	438	450	513	557	618
Creditors	1	2	2	2	2
Long-term Debt (incl. current portion)	0	0	0	0	0
Short-Term Borrowings	90	90	110	109	110
Total Debt	90	90	110	109	110
Other Liabilities	1	1	1	1	1
Total Liabilities	93	93	113	112	113
Paid up Capital	324	346	356	400	445
Revenue Reserve	22	11	44	45	60
Other Equity (excl. Revaluation Surplus)	0	0	0	0	0
Equity (excl. Revaluation Surplus)	346	357	400	445	504
Income Statement (PKR Millions)	CY22A	CY23A	CY24A	CY25A	CY26P
Net Sales	2,080	3,988	4,699	5,330	6,114
Gross Profit	92	201	236	267	330
Operating Profit	73	155	189	218	243
Finance Costs	4	19	17	17	18
Profit After Tax	69	136	172	201	261
Ratio Analysis	CY22A	CY23A	CY24A	CY25A	CY26P
Gross Margin (%)	4.43%	5.03%	5.02%	5.01%	5.40%
Operating Margin (%)	3.49%	3.89%	4.02%	4.10%	3.97%
Net Margin (%)	3.31%	3.41%	3.66%	3.77%	4.27%
Funds from Operation (FFO) (PKR Millions)	76	151	186	213	212
FFO to Total Debt* (%)	84.80%	168.63%	169.60%	196.20%	192.73%
FFO to Long Term Debt* (%)	-	-	-	-	-
Gearing (x)	0.26	0.25	0.27	0.24	0.22
Leverage (x)	0.27	0.26	0.28	0.25	0.22
Debt Servicing Coverage Ratio* (x)	21	9	12	13	12.78
Current Ratio (x)	3.1	3.4	3.4	4.0	2.02
(Stock in trade + trade debts) / STD (x)	2.4	2.8	2.8	3.2	3.61
Return on Average Assets* (%)	16%	31%	36%	38%	43%
Return on Average Equity* (%)	20%	39%	45%	48%	56%
Cash Conversion Cycle (days)	39	22	22	23	24

*Annualized, if required

A - Actual Accounts

P - Projected Accounts

REGULATORY DISCLOSURES					Appendix I															
Name of Rated Entity	Nadeem Poultry Sales Center																			
Sector	Poultry																			
Type of Relationship	Solicited																			
Purpose of Rating	Entity Ratings																			
Rating History	<table border="1"> <thead> <tr> <th>Rating Date</th> <th>Medium to Long Term</th> <th>Short Term</th> <th>Rating Outlook/Watch</th> <th>Rating Action</th> </tr> </thead> <tbody> <tr> <td colspan="5" style="text-align: center;">RATING TYPE: ENTITY</td> </tr> <tr> <td>10-Jul-26</td> <td>BBB</td> <td>A2</td> <td>Stable</td> <td>Initial</td> </tr> </tbody> </table>					Rating Date	Medium to Long Term	Short Term	Rating Outlook/Watch	Rating Action	RATING TYPE: ENTITY					10-Jul-26	BBB	A2	Stable	Initial
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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															
	Muhammad Nadeem		CEO and Proprietor		25-May-2026															