

Development of Grain Silos in Punjab and Sindh

Investment pitchbook

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KEARNEY



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Executive Summary

Attractive Investment Destination

- **Pakistan** is emerging as a regional powerhouse, with a **reformed economy** (inflation stabilized at lower level in the past 50 years and GDP expected to cross USD 3.3T by 2050) and **vibrant talent** (7th largest workforce with 64% under the age of 30)
- Pakistan sits atop a **dynamic agricultural sector**, which accounts for nearly a quarter of GDP and generates around USD 10 Bn in annual agricultural exports
- **Pakistan's recent deregulation in Wheat trade and warehousing** creates a favorable climate for long-term investment in post-harvest logistics




Captive demand

- **Crop harvesting in Pakistan remains largely traditional**, resulting in **inefficiencies across the value chain**, leading to losses of about 8–10 %; by introducing modern post-harvest solutions, much of that lost value can be reclaimed
- Deploying modern storage solutions for Grains like Rice, Maize and Wheat, **temperature-controlled silos and drying facilities**, could unlock an **unmet demand of approximately 1.2 Mn MT** across key agricultural production zones in Sindh and Punjab
- Significant export growth can be unlocked in GCC by leveraging Pakistan's **competitive price and existing footprint**

Feasible and Scalable Operations

- The initiative envisions **constructing 80 modern facilities**, each with 15 KMT capacity, to fulfill rising demand
- Provision of financing for the small farmers through Electronic Warehouse Receipts (EWRs) as **digitally tradable commodity receipts** ensuring liquidity
- **Fiscal incentives by government** as well as the **deregulation of wheat sector** expected to drive the market growth
- Strong **interest of private sector in the segment** expected to further accelerate growth (i.e., FFC, Interloop,)

Pakistan is a rising global investment destination with a significant agriculture sector

Pakistan Value Proposition						
Reformed Economy 	USD 3.3Tn¹ Expected GDP in 2050 (from USD >410Bn ² today)	B- Improved Credit Rating ³ from CCC-	2nd best performing stock market ⁴ in 2024	Top 10 In Business Entry Regulations ranking ⁵	Stabilized Inflation At lowest levels since 1968 ⁶	Policy incentives Sales tax, livestock funding, and other support ⁷
Vibrant Demographics and Talent 	255 million Large and growing population ⁸	64% Population younger than 30 ⁸	7th largest Global workforce ⁹	2 million University students enrolled every year ¹⁰		
Dynamic Agricultural Sector 	23% GDP contribution in 2023	37% Employment generation	+8 Mn Rural livelihood support	USD 10+ Bn FX contributed	13 Bn¹¹ Agriculture yearly exports by 2035	

1. Goldman Sachs; 2. National Accounts Committee; 3 Fitch Ratings; 4. Bloomberg, 84% in PKR; 5. World Bank's B-READY assessment; 6. US (St Louis) Federal Reserve Bank; 7. Pakistan Government; 8. United Nations; 9. CIA World Factbook; 10. Higher Education Commission; 11. National 5E Transformation Plan

Value proposition:
Investors have an opportunity to scale a strategic portfolio of grain silos warehouses and drying facilities in Pakistan's prime agricultural regions

Opportunity overview and key highlights

Opportunity Description



- Scale a strategic portfolio of **grain silo warehouses and drying facilities** in Pakistan's main Agri-regions — **Punjab and Sindh** — with focus on **Wheat, Maize and Rice Paddy**
- Investor maintains **full operational control**
- **Successful pilots** have been conducted to define proof of concept

High-Level Opportunity Facts



Business model overview

A



Punjab
Sindh



Wheat,
Maize
Rice Paddy



15k MT
facilities
(6x2.5k MT silo)



80
facilities

B

Target market

1.2 Mn MT
Unmet demand across three regions

Run-rate revenues²

USD 450k - 800k
per facility

Return Profile¹

>17% IRR

C

Estimated Project Cost²

USD 1.7 Mn
per facility

Proposed Model

Investment in **stand-alone facilities** at a 60/40 debt/equity ratio, where investor has full operational and decision-making control

Value Proposition



- **Rentals revenues** from facilities (mainly from grain storage and drying)
- Profit capture through **trading of commodities**



- Partnership with **largest agri-players** of the country
- **Value-creation** from **reduction of chain inefficiencies** (c.a. 8%-10 % loss in the post-harvest supply chain)



- **Strategic reserves** for a large volume of grains in the country, ensuring **food security**



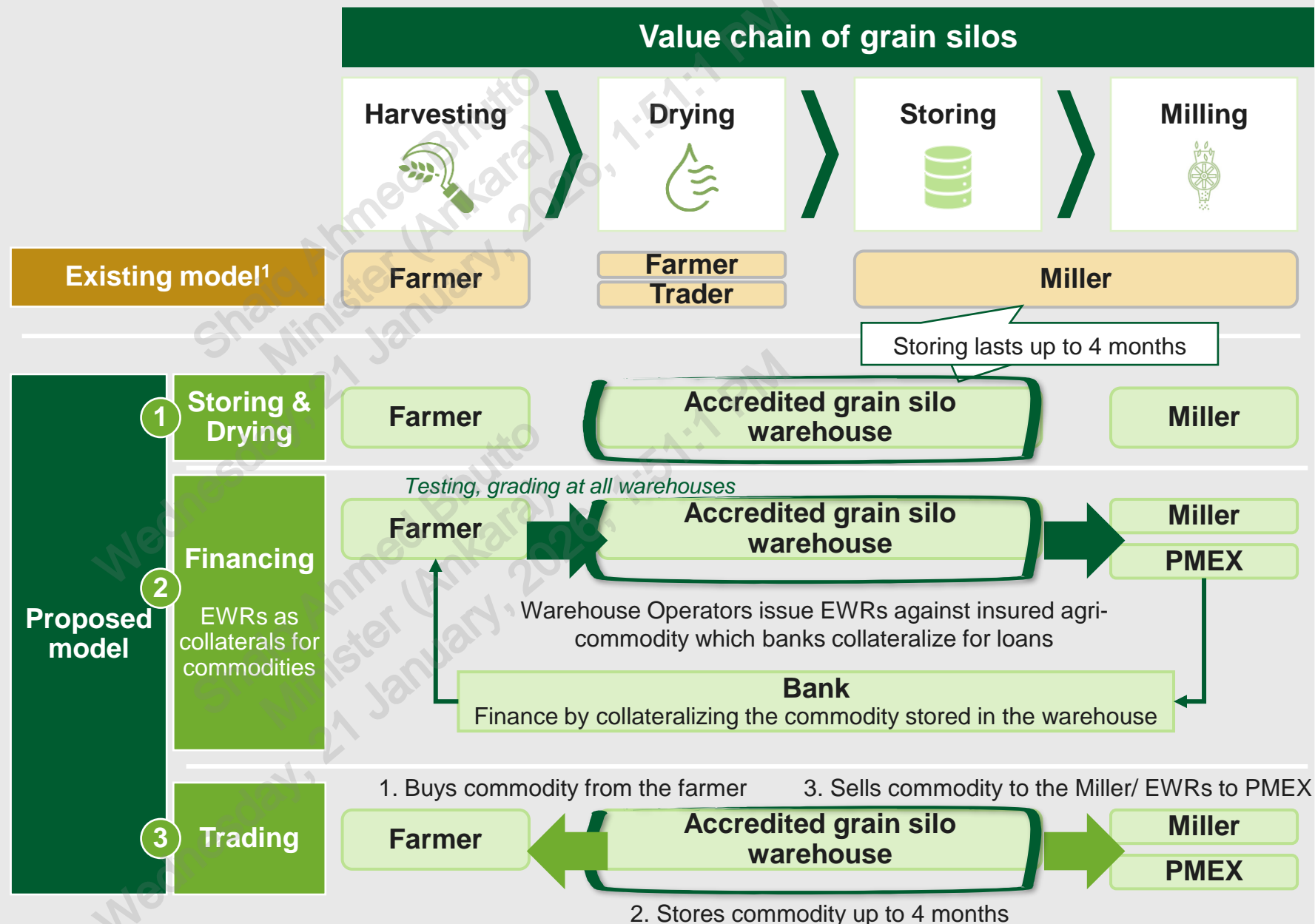
- **[Adjacent stream] Trading of Electronic Warehouse Receipts** on Pakistan Mercantile exchange for **secondary market revenues**



A. Business model overview: The opportunity seeks to provide modern, organized drying and storage facilities as well as trading of commodities

Provision of financing for the small farmers due to Electronic Warehouse Receipts (EWRs) provides further incentive for farmers to acquire modern grain silo services

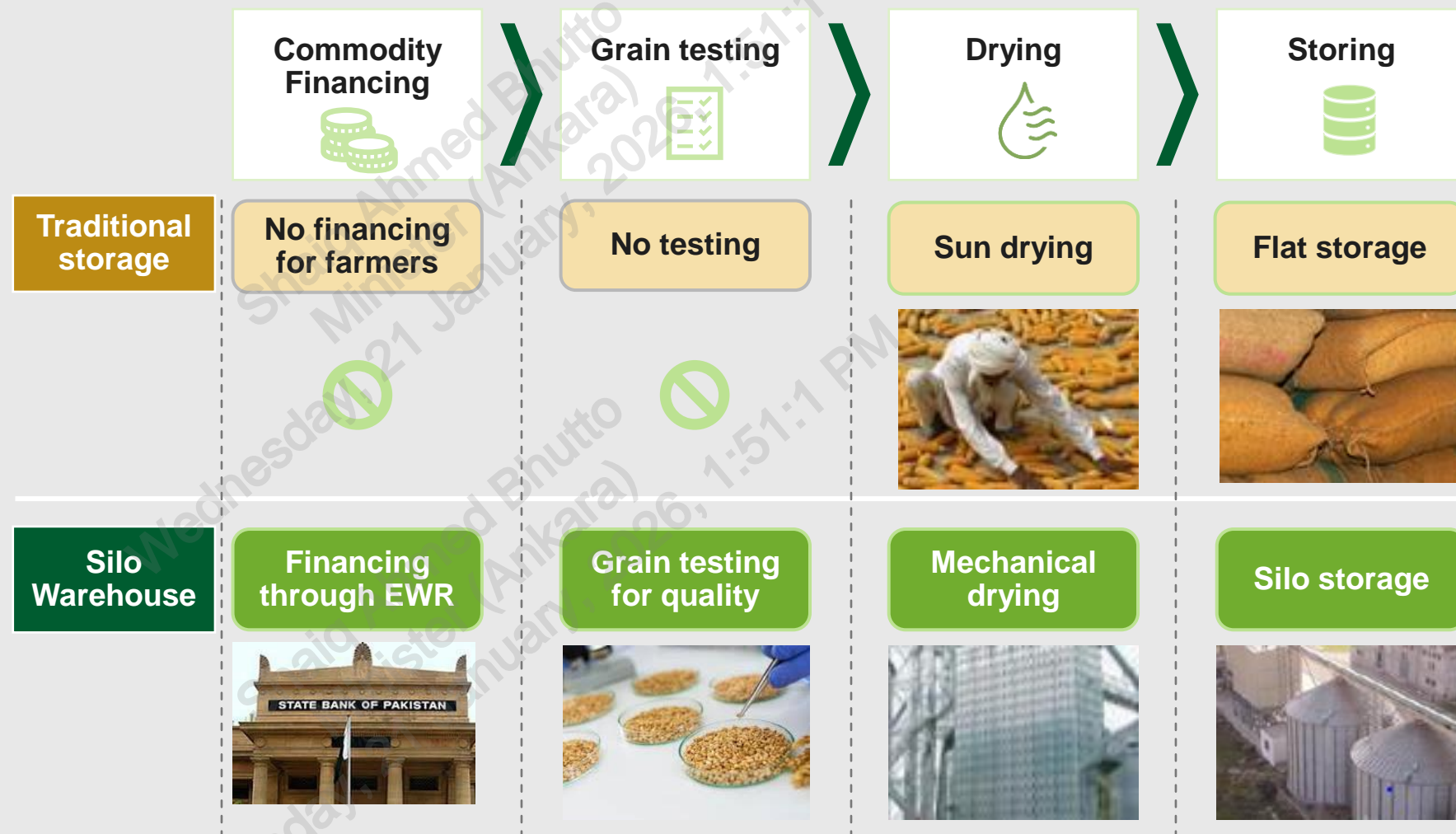
Business model – Accredited Grain Silo Warehouse opportunity



A. Business model overview: Silo

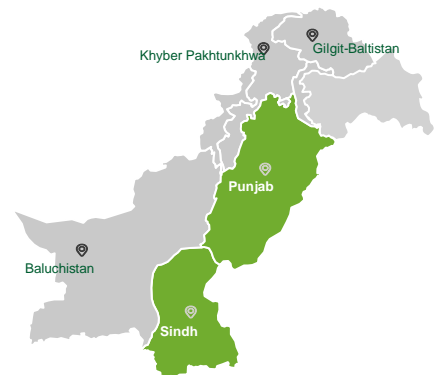
Storage facilities offer modern, organized drying and storage facilities, quality testing and financing

Comparison of services between traditional storage and accredited warehouse

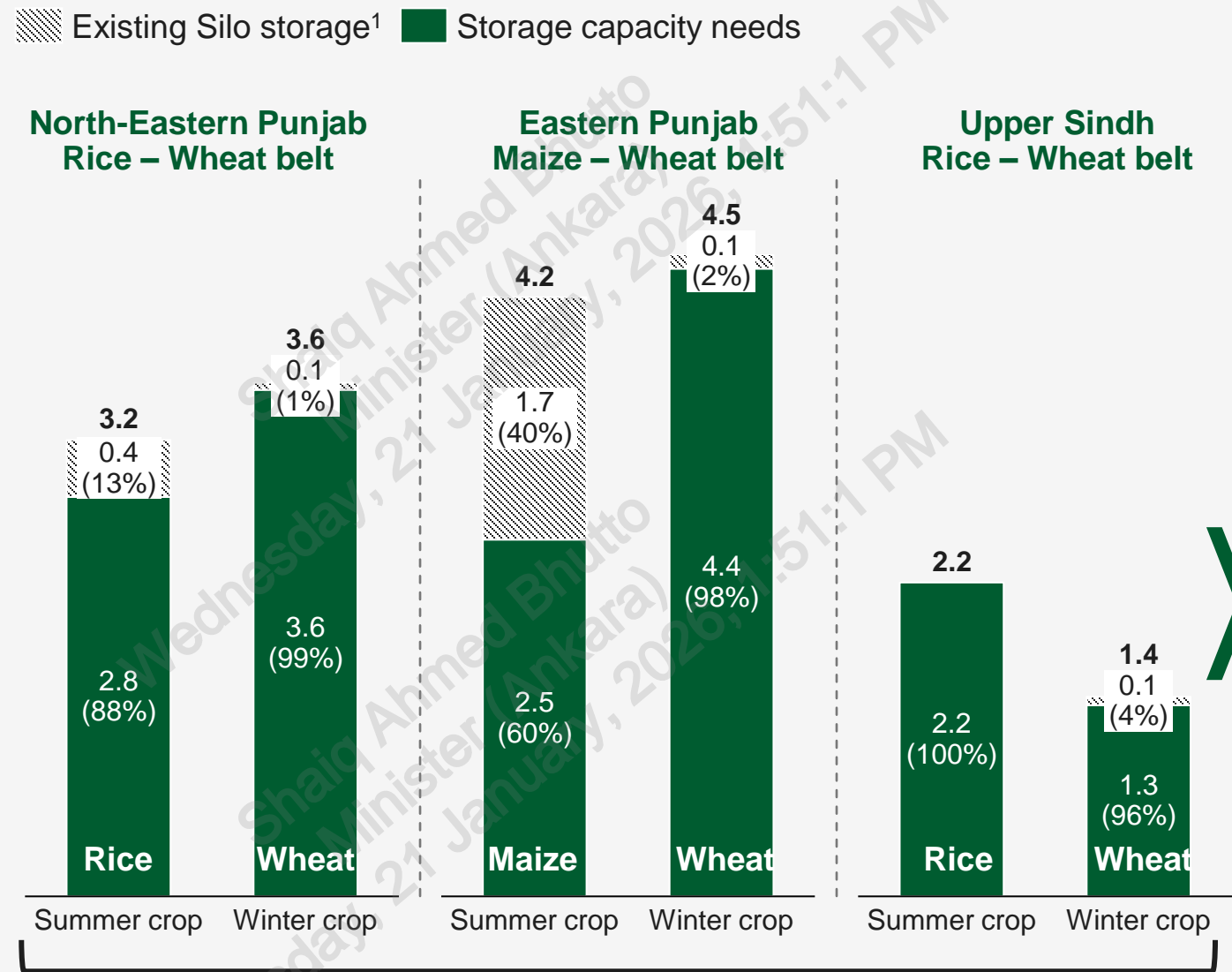


B. Target market is expected to be 1.2 Mn tons across three selected regions; dual winter and summer harvests ensure year-round utilization of facilities

Grain producing regions



Grain production for top 3 regions, (2023-2024, Mn MT)



Total need (one-third production²)

3.4 Mn T

Unmet need

1.2 Mn T

Benchmarks indicate that about one-third of grains produced are stored in silos

1. Mainly private storage and c.a., 0.2 Mn MT of public silo storage across all 3 regions; 2. Global averages indicate that one-third of all production of grain is stored in modern silos
Source: USAID Private Silo Warehousing in Pakistan, Pakistan Agricultural Coalition, expert interviews

B. Target market: Large players in the grain silo segment can capture >8% of the value chain by reducing inefficiencies and post-harvest losses

Loss from inefficiencies along the chain
% of total value at harvest

**Value
creation
across the
grain value
chain**

8% - 10%

**Improve process
yield through
mechanical drying**



1% - 1.5%

**Farmers pay for drying
/ Operator owns
commodity and
reduces losses**

**Reduce losses
driven by flat bed
storage**



1.5% - 2%

**Loss reduction
provides additional
revenue for commodity
owner**

**Exploitative farmer
prices due to power
asymmetry**



3% - 3.5%

**Scale allows for
improved negotiation
and direct sales to
large buyers**

**Reduce losses due
to quality
deterioration**



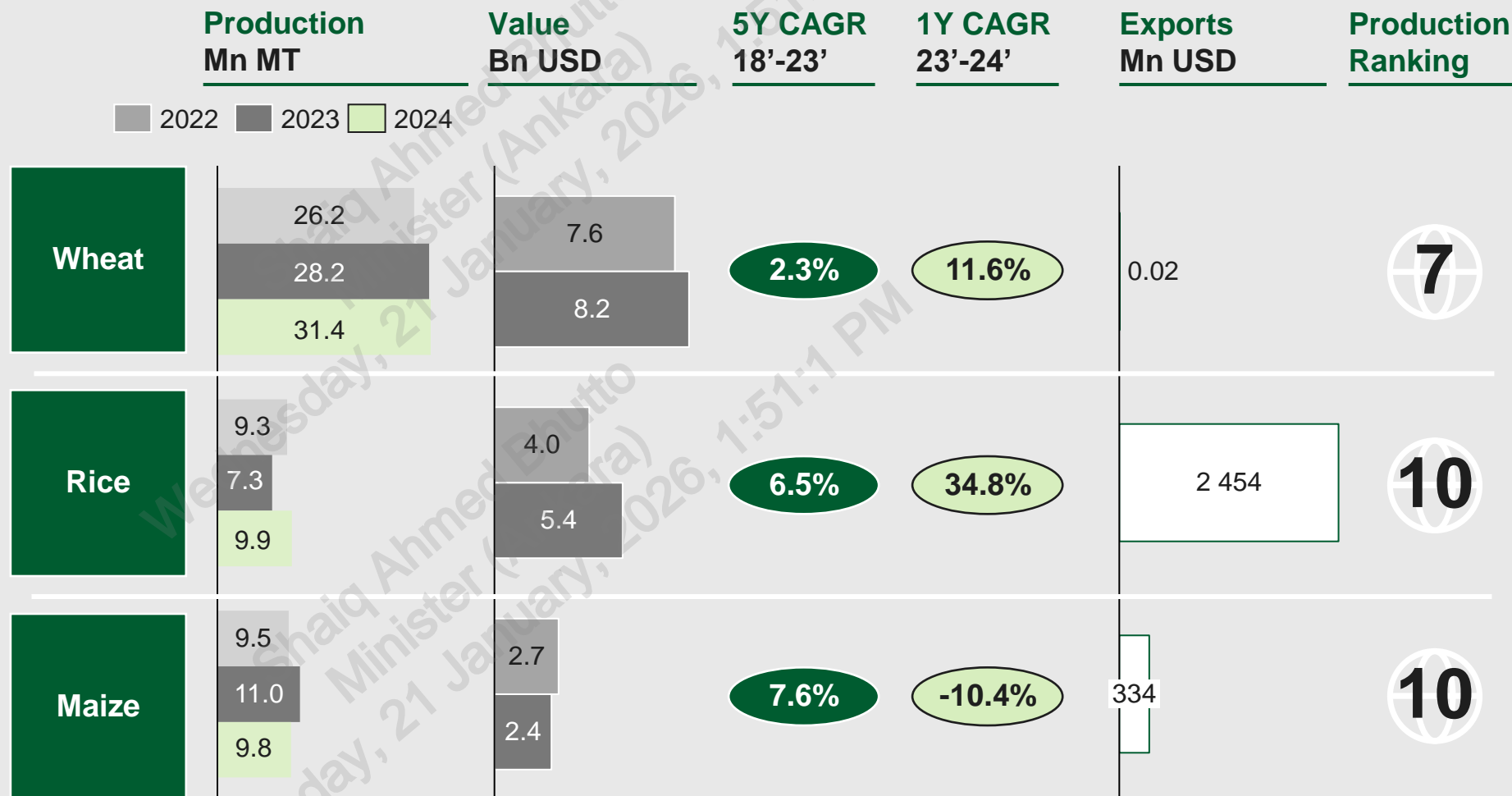
2.5% - 3%

**Quality control /
consistency attracts
larger offtake**

B. Target market:
Recent market trends indicate strong growth in the three target commodities, suggesting additional need for storage facilities






Regulatory changes by the Government of Punjab expected to enable significant growth in wheat in coming years

Grain production volumes and values 2023, 5Y (18'-23') CAGR, 1Y (23'-24') CAGR ,export value & global production ranking



B. Target market: Pakistan, already a leading rice exporter in the GCC, has potential to expand maize and wheat partnerships — offering competitive, market-aligned pricing

Imports in GCC in 2023

	Rice			Maize ²			Wheat ¹			Key Opportunity
	Critical for food security?	Share of import value %	Import Price alignment with market	Critical for food security?	Share of import value %	Import Price alignment with market	Critical for food security?	Share of import value %	Import Price alignment with market	
	✓	8%	At par	✓	0.06%	At par	✓	n.a	More competitive	<ul style="list-style-type: none"> — Rice dominates in GCC corridors, with strong uptake in UAE, Saudi Arabia, and Oman—positioning Pakistan as a stable high-volume supplier — Pakistan sustains competitive grain pricing across rice, maize, and wheat categories, offering attractive trade terms to GCC and Chinese markets — Maize and wheat present scalable export potential, particularly with accredited silo infrastructure
	✓	16%	More competitive		3%	At par	✓	15%		
	✓	14%	At par		23%	At par	✓	n.a		
	✓	19%	At par		25%	At par	✓	n.a		
		11%	At par	✓	n.a		✓	0.06%	At par	

B. Target market: Proven model of electronics warehousing receipts validated both in Pakistan and India

Demonstrated Viability: Punjab's Silo Warehousing Rollout

Successful proof of concept phase in Punjab



6 seasons

Of Silo operations

14 Bn PKR

Worth of commodities
(Maize and Rice)

3000+

EWRs issued
(Maize and Rice)

EWRs launched for **Wheat**

24 hours

Bank loans after EWR issuance

Successful launch of Warehousing companies in similar countries i.e., India



2008

Landscape was similar to Pakistan at launch of EWR system

Today

5 companies

International-class warehousing companies with 100s or 1000s of
warehouses

10 Bn USD

Worth of commodities

7 Bn USD

Worth in lending

100+

Number of commodities under collateral management

40 k USD

Median loan size

Paddy, Rice, Cotton, Sugar

Majority of financings



C. Business case feasibility: When expanded to encompass a target of ~80 facilities, investors can anticipate the entire investment portfolio to yield ~60 Mn USD in revenues with robust margins of >40%

BASELINE SCENARIO:

- 85% storage utilization rate of Silos
- No revenues from Trading of Commodities



Key Investment Highlights

Scalable investment to encompass ~80 facilities with estimated USD ~60Mn in annual revenues

Healthy Revenues

- **USD ~60 Mn** per annum
- **Stable inflow of revenues and predictable** due to year-round utilization of facilities in dual winter and summer harvests regions



Attractive Return Profile and margins

- Estimated **IRR >17%**
- EBITDA Margins **>40%**
- Projected **profitability and positive cash flows from Year 2**



Strategic Advantage

- **Export-aligned infrastructure** (rice to GCC, maize to China)
- **Year-round utilization** across crop cycles
- **Silo-backed quality assurance** enabling price premiums
- **Interest of the Private Sector** signaling commercial appetite and institutional credibility



Ancillary Revenues

- Potential to **expand revenue** sources by proposing new services (e.g., brokerage services, inputs supply, trading of commodities)



C. Business case feasibility:

Investors can expect >17 % IRR, and by incorporating trading, IRR may reach as high as 33%

Silos Utilization will not depend on a single crop, but will run through out the season i.e. Rice, maize, and wheat will be handled in different months, ensuring its high utilization.

Financials for each scenario at run-rate (year 3 of operations)






	STORAGE ONLY SCENARIO	HIGH UTILIZATION STORAGE ONLY SCENARIO	STORAGE + TRADING SCENARIO
Drivers	<ul style="list-style-type: none"> – Moderate storage utilization rate of Silos – No revenues from Trading 	<ul style="list-style-type: none"> – High utilization rate of Silos – No revenues from Trading 	<ul style="list-style-type: none"> – Moderate storage utilization rate of Silos – Revenues from Trading
Expected IRR ¹	~17%	~20%	~33%
Payback Period	c.a. 7 – 8 years	c.a. 5 – 6 years	c.a. 3 – 4 years
Revenues	USD 629 k	USD 740 k	USD 797 k
EBITDA Margin	40%	43%	57%



C. Business case feasibility: The Investors can also establish strategic Partnerships with Pakistan's Private Sector

The presence of local partners complements the FDI outreach by offering credible local execution capacity—validated by financial scenarios and investment highlights

Strategic Partnership Opportunities for investors

Partnership objectives	Mutual benefits	Government support	Potential partners
<p>Joint development of modern silo facilities in locations with possible synergies</p> <p>Technology integration e.g., Hermetic steel silos, Traceability platforms, Data integration</p> <p>Integrated Warehousing & Logistics Storage and distribution centres, Warehouses, and Transport Network</p> <p>Farmer engagement Finance & advisory via Bank partners</p>	<p>Revenue-sharing Charging storage & drying, potential revenues from grain trade</p> <p>Near-zero post-harvest losses Improved food security, reduced spoilage costs</p> <p>Financial inclusion Leveraging existing credit programs (EWR) to enhance value chain partnerships</p>	<p> Pakistan Public-Private Authority (P3A) Regulates and promotes public-private partnership projects Structure PPP proposals</p> <p> Special Investment Facilitation Council (SIFC) Facilitates and fast-tracks foreign and domestic investments Offer operational support</p>	<p> Fauji Fertilizer Company Limited Strategic footprint across Punjab & Sindh</p> <p> Established storage infrastructure with its company Momentum Logistics</p> <p> engro fertilizers Significant outreach to farmers and experience with contract farming / other agri businesses</p>



C. Business case feasibility:

Company profile of potential partner (1/3)



About the company	Established in 1978 as a joint venture between the Fauji Foundation and Denmark's Haldor Topsoe and headquartered in Pakistan		
Financial and operational highlights	Business segments	Presence & reach	
Annual revenues	① Fertilizer sold under SONA brand (Urea, DAP, SOP, MOP, etc.)	Farmer engagement	183k
Net profit		Warehouses	127
Urea market share	② Power generation via subsidiaries (coal power and wind driver)	Districts covered	63
Phosphates market share		Total manufacturing plants	04
Urea sales	③ Strong connection to food processing through parent company and own shareholding		



C. Business case feasibility:

Company profile of potential partner (2/3)



About the company	Engro Fertilizers Limited, a subsidiary of Engro Corporation, is one of Pakistan's leading fertilizer manufacturers and operates Pakistan's largest urea manufacturing facility located in Daharki, Sindh		
Financial and operational highlights	Business segments	Presence & reach	
Annual revenues	PKR 257B	① Fertilizer including Urea, DAP, NP, etc.	Farmer engagement 42k
Net profit	PKR 28B	② Food and agri business through agri export / import and dairy business	Dealers network 3,300+
Urea market share	~30%	③ energy, power and mining through holding company	Cities / towns covered 300+
Phosphates market share	19%	④ Increasing strength in telecommunication through tower business	Total manufacturing plants 03
Urea sales	2,026 KT		

C. Business case feasibility: Company profile of potential partner (3/3)



About the company	Largest Publicly traded Textile manufacturer in Pakistan — vertically integrated from hosiery (socks) to denim and yarn production.		
Financial and operational highlights	Business segments	Presence & reach	
Annual revenues	PKR 156B	① Textile manufacturing including hosiery, apparel and denim	Connected farmers (via Looptrace) 58k
Net profit	PKR 15B	② Logistics & Warehousing through Momentum Logistics and Traceability Tech through LoopTrace	Countries with network presence 6
Total Market Capitalization	PKR 95B	③ Growing portfolio of energy assets with a current focus on in house power generation	Total manufacturing plants 07
FY 24 Return On Equity	~30%		

C. Business case feasibility: Investors gain from targeted government policies designed to catalyze agriculture and warehousing growth

Punjab highlights



Pioneer state in modern storage solutions:

- **Deregulation of Wheat** purchase and inter-district movement in 2024
- **Promotion of EWR** regime through financing of very small farmers
- **Objective to scale** successful proof of concept with Banks



Key opportunity enablers and incentives

Ease of Doing Business

Special Investment Facilitation Council (SIFC)

Central body for facilitating and fast-tracking foreign and domestic investments, provides a streamlined, one-window operation for investor support

Foreign Investment enablers

Allow 60% stake for foreign investors in agricultural projects and allow 100% repatriation of dividends



Source: Secondary research

Public investment in Agriculture

USD 2.5 Billion Public Investment in Agriculture Sector (26 Projects)

Grain storage is identified as a crucial sector for food security

Investment in agricultural infrastructure

New roads, canals and underground water pumping



Fiscal and Financial incentives

Financing incentives

Supporting loans for construction and/ or upgrade of warehouses (6% paid by the investor and 6% financed by the government)

Sales tax

10-year sales tax exemption on warehousing

Tariffs restriction on import and export of Wheat (*proposed but not implemented yet*)



Deregulation of Wheat sector

Government of Punjab has announced in 2025 the deregulation policy for wheat in terms of ending policies of government purchase and pricing of wheat and restriction of inter-district movement of wheat

IMF push in deregulation of Wheat in Pakistan










C. Business case feasibility: The government has actively implemented measures to reduce the negative effects of the identified risks on investors

Key investment risks and mitigation measures (1/2)

RISK TYPE	DESCRIPTION	DEGREE OF RISK	INVESTOR MITIGATION ACTIONS	PUBLIC SECTOR SUPPORT
MARKET RISK	Risk of not achieving projected revenues or sales targets	Medium <ul style="list-style-type: none">— Slow adoption of farmers, traders, etc., to proposed services— Limited awareness of EWR regime among farmers	<ul style="list-style-type: none">— Pick regions that grow rice paddy and maize (which require proposed mechanical drying and silo storage) and wheat— Spread awareness among farmers about EWR regime through awareness campaigns in partnerships with Banks	<ul style="list-style-type: none">— Governments to promote the adoption of EWR regime and incentivize farmers and traders to try it (GoPb already taking the lead on this)
MACROECONOMIC CONDITIONS	Risk of inflation or currency depreciation affecting profitability and Risk of repatriation	Medium <p>Recent track record of currency depreciation, restrictions on profit repatriation and inflation but strong stability shown over last 12 – 18 months</p>	Global commodity export business (based on proposed storage business) to mitigate risk of currency devaluation on top line and local OPEX (e.g., <i>payroll, supplies</i>)	Facilitate access to local currency loans for investment in proposed storages Ensure repatriation of forex
INFRASTRUCTURE	Delays in utilities or access roads affecting timely operations	Low <p>Strong road connectivity in Punjab and Sindh where farms are expected to be set up</p>	Assess site readiness and secure transport from farms/ to millers	Supporting infrastructure such as farm roads, utilities, etc.

C. Business case feasibility: The government has actively implemented measures to reduce the negative effects of the identified risks on investors

Key investment risks and mitigation measures (2/2)

RISK TYPE 	DESCRIPTION 	DEGREE OF RISK 	INVESTOR MITIGATION ACTIONS 	PUBLIC SECTOR SUPPORT 
POLICY/REGULATORY / LEGAL 	Risk of sudden policy changes impacting contract or taxes	Medium <ul style="list-style-type: none"> — Earlier Government intervention on wheat limiting round-the-year partnership but recent decisions by government (e.g., GoPb) to deregulate Wheat — A new warehousing Act 2025 is to be issued by GoPB with new requirements for warehouse operators — Sales tax on warehousing services 	Include independent jurisdiction (e.g., UK) in contract; include robust stabilization and early termination clauses	<ul style="list-style-type: none"> — Key IMF support in deregulation of wheat in terms of ending policies of government purchase and pricing of wheat and restriction of inter-district movement of wheat — Offer legal protections and enable international arbitration where applicable — Proposed 10-year holiday for Sales Tax on Warehousing Services under the EWR regime
OPERATIONAL RISKS 	<ul style="list-style-type: none"> — External risks (fire, burglary, atmospheric disturbance, etc.) — Internal risks (fraud, negligence by company staff) — Deterioration of commodity quality during storage 	Medium <ul style="list-style-type: none"> — Storage hit by factors from outside operation — Storage hit by factors within operation — Wrong assessment at entry; poor management 	<ul style="list-style-type: none"> — Fire & Allied Perils Insurance widely available in-country — Digitization of main operational processes, maker/checker for all steps; fidelity insurance as back-up — Trained testing staff; field staff to conduct pre-testing at farms 	n.a

Connect with SIFC
to learn more



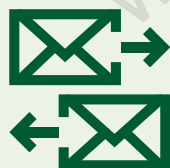
Website

<https://sifc.gov.pk/>



SIFC E-Service Gate

<https://ticketinghub.sifc.gov.pk/>



Email

invest@sifc.gov.pk



Stay connected



Thank you



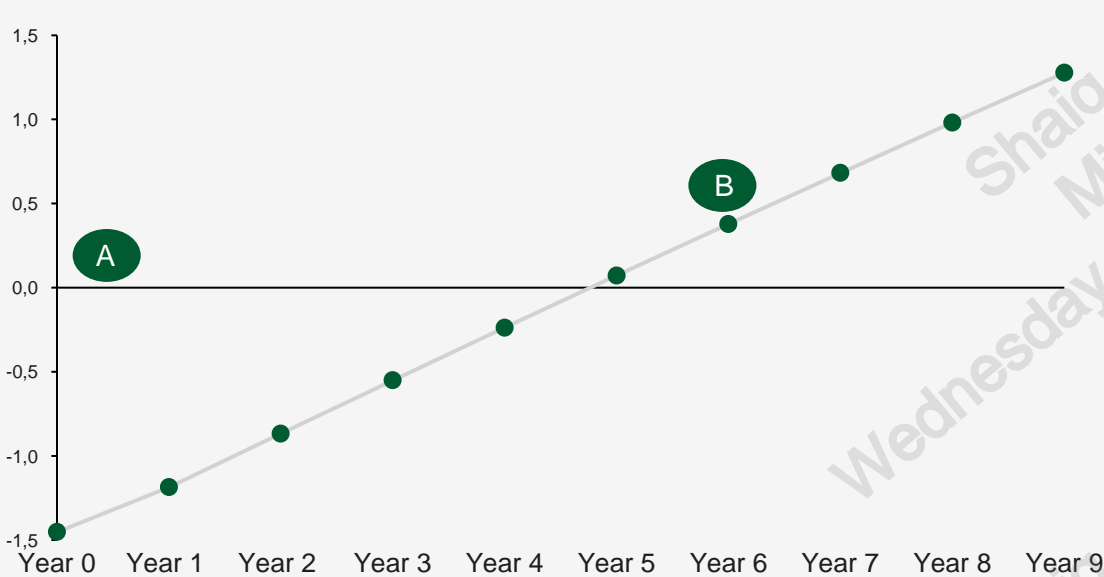
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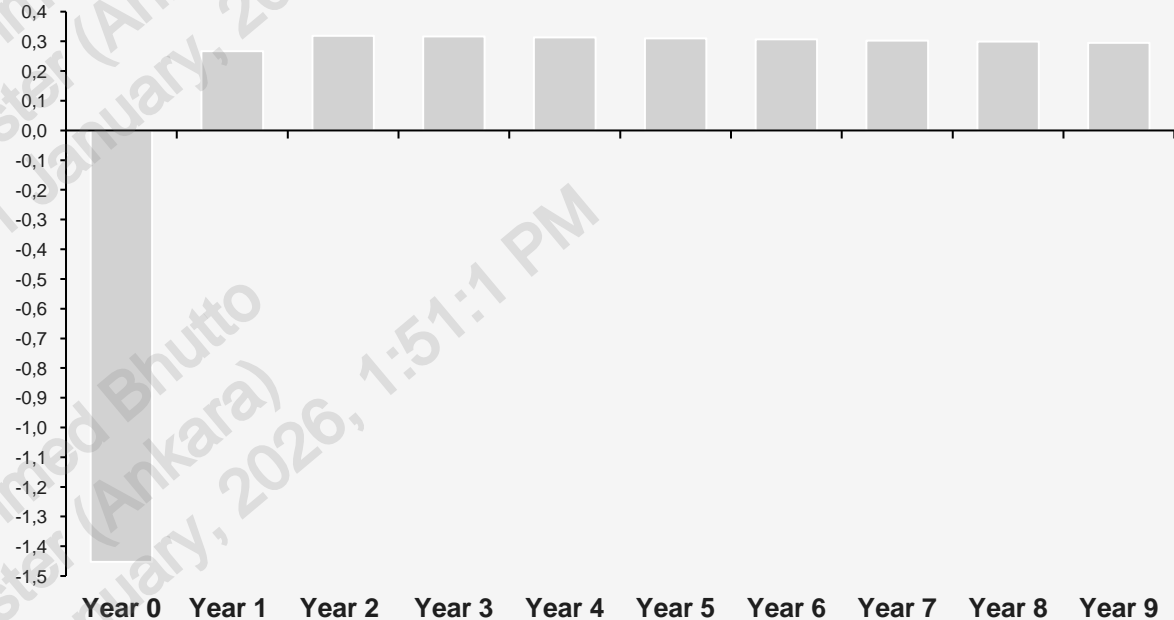
Cashflows: The project is expected to begin generating positive cash flows from year one when with an approximate payback period of five to six years

BASELINE SCENARIO

Cumulative Cash Flow (USD¹, MN)



Annual Cash Flow (USD¹, MN)



- Upfront equity investment ~1.6 MN USD CAPEX
- Cumulative net cash inflow over investment life excluding terminal value: ~1.2 Mn USD
- Money on Money Multiple: 1.9x

- A** Development period: ~1 year
- B** Payback Period: ~5-6 years

1. USD-PKR of USAID study 165:1
Source: Team Analysis