RATING REPORT

Almoiz Industries Limited (AMIL)

REPORT DATE:
April 26, 2022

RATING ANALYST:

Tayyaba Ijaz, CFA
tayyaba.ijaz@vis.com.pk

RATING DETAILS				
	Latest Rating		Previous Rating	
Rating Category	**Long-term**	**Short-term**	**Long-term**	**Short-term**
Entity	A	A-2	A	A-2
Rating Outlook	*Stable*		*Stable*	
Rating Action	Reaffirmed		Upgrade	
Rating Date	*26th Apr, 2022*		*1st Feb, 2021*	

COMPANY INFORMATION	
Incorporated in 2005	**External auditors:** Rahman Sarfraz Rahim Iqbal Rafiq & Co. Chartered Accountants
Public (Unquoted) Limited Company	**Chairman of the Board/CEO:** Mr. Muhammad Shamim Khan
Key Shareholders (with stake 5% or more):	
Mr. Muhammad Shamim Khan – 39.3%	
Mrs. Qaiser Shamim Khan – 23.4%	
Mr. Nauman Ahmed Khan –18.6%	
Mr. Adnan Ahmed Khan – 14.9%	

APPLICABLE METHODOLOGY
VIS Entity Rating Criteria: Corporates (August 2021) ***https://docs.vis.com.pk/docs/CorporateMethodology202108.pdf***

Almoiz Industries Limited

OVERVIEW OF THE INSTITUTION

Almoiz Industries Limited was incorporated as a public limited company in 2005 under the Companies Ordinance 1984. The company is primarily engaged in manufacturing & sales of sugar, deform bars & electricity.

Profile of the Chairman/CEO

Mr. Muhammad Shamim Khan serves as the Chairman of the Board and the Chief Executive Officer (CEO) of the company. He has over 45 years of experience in managing large manufacturing concerns. He has served thrice as the President of Multan Chamber of Commerce.

Financial Snapshot

Total Equity: end-MY21: Rs. 9.0b; end-MY20: Rs. 7.2b; end-MY19: Rs. 6.0b;

Assets: end-MY21: 19.8b; end-MY20: Rs. 17.1b; end-MY19: Rs 18.5b;

Profit/ (Loss) After Tax: MY21: Rs. 1.9b; MY20: Rs. 1.3b; MY19: Rs. 387m

RATING RATIONALE

Almoiz Industries Limited (AMIL) is part of an industrial conglomerate, 'Almoiz Group' engaged in the businesses of beverages, sugar, steel, power & textile. The group companies include Naubahar Bottling Company (Pvt.) Limited, AMIL, The Thal Industries Corporation Limited (TICL) and Moiz Textile Mills Limited. AMIL is primarily engaged in manufacturing & sales of sugar, steel deform bars and electricity. The sugar production facility is based on multi-feedstock; the plant can use both sugarcane and beetroot as a raw material to produce sugar. The plant therefore remains operational for a relatively longer period from November to April on sugarcane and April to June on beetroot in comparison to conventional sugar mills that utilizes only sugarcane as raw material.

AMIL has overall crushing capacity of 27,000 tons per day (tpd) that is divided into sugarcane crushing capacity of 19,000 tpd and beetroot crushing capacity of 8,000 tdp. The main products include refined white sugar, commercial sugar, Pepsi grade sugar and caster sugar. Both sugar units operate on self-generation electricity. The company's D.I Khan unit has a total power generation capacity of 43MW out of which 12MW is supplied to the steel plant. Moreover, Mianwali unit has a total power generation capacity of 36MW out of which 15MW is being supplied to CPPA since Oct 2018. Presently, the company is in process of enhancing its steel billet plant capacity and setting up another beetroot plant at Unit-II. The additional capacity of steel plant is expected to come online by end-June'22 while beetroot project is expected to start trial production by end-April'22. Going forward, the growth in topline would be largely driven by enhanced operations which may further strengthen overall risk profile of the company.

Key Rating Drivers:

Higher sugar production in tandem with better crop yield with no further decline in recovery rate expected: Sugarcane crop is a high value cash which is the second largest agro-industry sector after textile. Sugarcane production accounts for 3.4% in agriculture's value addition and 0.7% in the country's GDP. As per Pakistan Bureau of Statistics (PBS), during 2020-21, sugarcane crop was cultivated on 1,165K hectares as compared to preceding year's area of 1,040 hectares. The increase in area under cultivation was mainly on account of favorable weather conditions and higher economic returns. Total sugarcane cultivation area for 2021-22 is 1,271K hectares, ~9.1% higher than the previous year, while sugarcane production for the year is projected at 84,800K tons, ~11% higher than the last year production i.e., 76,360K tons. According to United States Department of Agriculture (USDA) semi-annual report, sugar production in 2021-22 is forecasted at 6.7 million tons, around 11% higher than the current year's estimate of 6.0 million tons while sugar consumption is also expected to increase slightly to 5.9 million tons (MY21: 5.8m MT). The increase in sugar production is expected to drive closing stocks to 2.8 million tons. However, despite sufficient supply, sugar prices witnessed an increasing trend over the last three years with prices in September 2021 were 92% higher than the prevailing prices in October 2018. To control prices, Government of Pakistan (GoP) imported more than 350,000 tons of sugar in 2020-21. The imports were meant to build stocks and not to be sold in the market, however, given current scenario of higher production, the imports may be discontinued. The average sugar prices in MY22 are also expected to remain lower than the previous year.

Risk profile of sugar sector is considered high given inherent cyclicality in the crop levels and raw material prices. Moreover, distortion in pricing mechanism of raw material prices and refined sugar also creates challenge for sugar mills. In efforts to regulate the sector, bring transparency and enhance tax collection, Federal Board of Revenue (FBR) has implemented Track & Trace System during Sep-Nov'21 across the country to ensure electronic monitoring of the production and sale of important sectors, including tobacco, fertilizer, sugar and cement sectors. Under the Track & Trace System, no bag of sugar can be taken out from the factory and manufacturing plant without stamp and individual identity mark. To ensure its implementation, Regional Enforcement hubs across Pakistan were tasked to conduct raids on the unstamped /non-tax paid sugar. These steps have also resulted in higher revenues reported by sugar firms.

Typically, sugarcane production has a 3-to-5 year cycle, driven largely by government support for farmers and crop yield. For the ongoing crushing season 2021-22, notified prices of sugarcane were revised to Rs. 225 per 40 Kg from Rs. 200 per 40 Kg in Punjab and Rs. 250 per 40 Kg from Rs. 202 per 40 Kg in Sindh. Even after substantial increase in support prices by the Provincial Governments, the industry is procuring sugarcane at higher rates. However, as per management, due to higher supply of cane, the premium paid above support prices is relatively lower in MY22 than the previous season. Sucrose recovery rates are also expected to remain intact in the ongoing year with no further decline expected in the medium term.

Regulatory matter update related to imposed penalty: The ratings have incorporated the developments in relation to penalties imposed by Competition Commission of Pakistan (CCP) on selected sugar mills and the subsequent legal proceedings initiated by the subject company. The impact of the imposed penalty amounting Rs. 2.47b on AMIL would be significant. However, according to the management, the case is weak and any final decision by the court of law in this regard may take several years. Given uncertainty and material effect of the outcome, VIS will continue to monitor further developments in this matter.

Operational Performance:

Sugar Division: Installed sugarcane crushing and beetroot slicing capacity remained intact at 19,000 tpd and 8,000 tpd respectively, in MY21. The mill recorded sugar production of 157,238 tons (MY20: 127,695 tons) from sugarcane with a recovery rate of 10.39% (MY20: 10.52%) in MY21. Sugar production from beetroot was also recorded higher at 64,918 tons (MY20: 61,432 tons) with increase in slicing and recovery rate of 11.53% (MY20: 11.36%). Crushing season 2021-22 in both units lasted for 126 days (MY20: 107 days) on average due to higher sugarcane availability. The company crushed 1,989,943 MT of sugarcane (MY21: 1,574,983 MT) in 2021-22 season. Accordingly, sugar production was recorded higher at 207,290 MT, yielding an average sucrose recovery rate of 10.36%. Sugar beet crushing has not started yet that usually starts by end-April. The installed capacities, actual crushing/slicing, sugar production and related information is tabulated below:

Crushing Season	MY19-20	MY20-21	Mar 28' 2022
Sugarcane			
Installed Crushing Capacity (tpd)	19,000	19,000	19,000
Capacity on basis of Operating Days	1,927,000	2,027,000	2,384,500
Sugarcane Crushed (tons)	1,249,204	1,574,983	1,989,943
Percentage of Capacity Attained	64.83%	77.70%	83.45%
Recovery Rate (%)	10.52	10.39	10.36
Sugar Production (tons)	127,695	157,238	207,290
Sugar beet			
Installed Crushing Capacity	8,000	8,000	8,000
Capacity on basis of Operating Days	568,000	592,000	N/A
Sugar beet Crushed (tons)	540,893	562,891	N/A
Percentage of Capacity Attained	95%	95%	N/A
Recovery Rate (%)	11.36	11.53	N/A

Sugar Production (tons)	61,432	64,918	N/A
Total Sugar			
Total Sugar Produced (tons)	**189,126**	**222,156**	**207,290**

Steel Division: In the wake of higher demand, the steel units of AMIL remained operational for 337 days (MY20: 260 days) in the outgoing year. The company has an installed capacity of 200,000 tons for deform bars production. The billets requirement for the steel bars plant is entirely met through in-house production. The billet plant's installed capacity stood at 65,700 MT/year (MY20: 65,700 MT/year) while capacity utilization has remained high at 90.4% (MY20: 89.4%) in MY21. Therefore, deform bar plant capacity utilization has remained low at 27.5% (MY20: 25.8%) due to bottleneck operations in billet plant. The company is in process of adding boiler of around 15 MW power generation capacity, and two furnaces to enhance billet plant capacity to 100,000 MT per year, which in turn, would increase production of deform bars. The additional steel billet plant capacity is expected to come online by end-June'22. The following table presents the capacities and production related statistics of steel division of AMIL.

Steel Unit	MY20	MY21
Billets		
Plant Capacity (MT/Day)	180	180
No. of Days Operational	260	337
Capacity based on Operating Days (MT)	46,800	60,660
Actual Production (MT)	41,833	54,810
Capacity Utilization (%)	89.39	90.36
Deform Bars		
Plant Capacity (MT/Day)	556	556
No. of Days Operational	260	336
Capacity based on Operating Days (MT)	144,560	186,816
Actual Production	37,258	51,441
Capacity Utilization (%)	25.77	27.54

In addition, the company is in process of installing another beetroot plant at Unit II. Total project cost is estimated at Rs. 5b, out of which Rs. 3.5b has been arranged through a syndicated term finance facility while the rest has been financed through own sources As per management, the construction work for this new plant facility has been completed and the plant is expected to start its trial production by the end-April'22. Property, plant and equipment stood higher at Rs. 10.9b (MY21: Rs.10.4b; MY20: Rs. 10.2b) mainly on account of additions pertaining to plant and machinery and civil work related to aforementioned project in 1QMY22. Meanwhile, in MY21, the additions in plant and machinery worth Rs. 243.7m were largely related to boilers and furnaces for steel plant while capital work in progress of Rs. 651.1m was largely related to beetroot plant.

Growth in topline mainly led by higher quantity of sugar sold and better prices along with higher contribution from steel segment: Net sales were recorded higher at Rs. 25.9b (MY20: Rs. 20.7b) in MY21. Revenue from sugar sales increased to Rs. 17.6b (MY20: Rs. 14.6b) with a contribution of 68% (MY20: 71%) in the revenue mix. The company sold 230,970 MT (MY20: 218,153 MT) of sugar at higher average rate of Rs. 76.1/Kg (MY20: Rs. 67/Kg) in the outgoing year. Molasses sales increased to Rs. 1.9b (MY20: Rs. 1.4b) as a result of higher quantity sold and average rates with a contribution of 7% (MY20: 7%) to the net sales. The company sold beet pulp amounting Rs. 222.1m (MY20: Rs. 178.2m) while a nominal amount of revenue is generated from sale of jaggery and press mud. Revenue from sale of billets and deformed bars increased to Rs. 5.9b (MY20: Rs. 4.2b) and its contribution in the sales mix also stood higher at 23% (MY20: 20%). The company sold 54,431 MT (MY20: 46,732 MT) billets and deformed bars at a higher average rate of Rs. 107,602/MT (MY20: Rs. 89,037/MT). Revenue from power segment amounted to Rs. 377m

(MY20: Rs. 258.2m) in line with higher units dispatched to the national grid. Breakdown of key products sold by the company is presented below:

	MY20			MY21		
	QTY	**Avg. S.P per unit**	**Net Sales (m Rs.)**	**QTY**	**Avg. S.P per unit**	**Net Sales (m Rs.)**
Sugar (MT)	218,153	66,970	14,608	230,970	76,087	17,574
Molasses (MT)	72,575	19,463	1,413	90,375	20,696	1,870
Billets and Deformed Bar (MT)	46,732	89,037	4,161	54,431	107,602	5,857
Power (MWh)	19,859	13,000	258	29,833	13,000	377
Total Net Sales	Rs. 20,710m			Rs. 25,948m		

The company generated Rs. 4.0b (MY20: Rs. 3.9b) in gross profits in MY21. Despite notable increase in average selling prices of key products, gross margins decreased to 15.6% (MY20: 18.9%) as a result of increase in cost of production. Cost of sales increased to Rs. 21.9b (MY20: Rs. 16.8b) primarily on account of higher cost of raw material consumed (MY21: Rs. 17.9b; MY20: Rs. 12.0b), which constituted around 83% (MY20: 79%) of the cost of goods manufactured. In MY21, the company procured sugarcane at an average rate of Rs. 275.8 per maund vis-à-vis Rs. 223.2 per maund in the preceding year. Raw material for steel billets also witnessed a hike in cost during MY21; average cost per metric ton increased to Rs. 78,690 vis-à-vis Rs. 55,268 in the preceding year. Distribution expenses and administrative expenses amounted to Rs. 264.8m (MY20: Rs. 261.2m) and Rs. 658.8m (MY20: Rs. 773.9m), respectively in MY21. Other income of Rs. 186.8m (MY20: Rs. 263.3m) largely included sales tax refunds, profit on investments and bank deposits and dividend income. Finance cost decreased notably to Rs. 593.3m (MY20: 1.3b) owing to both lower average markup rates and decrease in average borrowings in MY21. Other expenses of Rs. 190.6m (MY20: Rs. 145.4m) were mainly related to employee related funds. Accounting for taxation, the company generated Rs. 1.9b (MY20: Rs. 1.3b) in net revenue with increase in net margins to 7.4% (MY20: 6.2%) mainly on account of decrease in finance cost in MY21. Going forward, growth in topline is expected to be driven by capacity enhancements in sugar and steel segments.

Adequate liquidity in terms of cash flows coverages in relation to outstanding obligations: Liquidity position of the company has steadily improved largely in line with enhanced profitability. During MY21, the company generated Rs. 3.1b (MY20: Rs. 2.8b) in funds from operations (FFO). Resultantly, FFO to long-term debt and FFO to total debt improved to 0.71x (MY20: 0.61x) and 0.46x (MY20: 0.42x), respectively. However, debt service coverage ratio has decreased to 1.04x (MY20: 1.62x) owing to higher long-term repayments of Rs. 2.9b (MY20: Rs. 1.2b) made during the outgoing year.

Stock in trade stood at Rs. 1.6b (MY20: Rs. 1.8b) which majorly comprised finished goods inventory of Rs. 1.4b (MY20: 1.6b) which has been pledged by the company with various financial institutions against short-term financing. Trade debts amounted to Rs. 781.4m (MY20: Rs. 1.1b) at end-MY21. Around two-third of the receivables pertained to steel segment. Steel bars and billets sales are largely made on 45-60 days credit. In case of sugar sales, unregistered sales are entirely made on advance basis while terms of institutional clients vary from client to client. The bottling companies pay full amount in advance while other institutional clients are usually given 15-30 days credit. Aging analysis of gross trade debts shows that 53% (Rs. 506.6m) of the amount was not past due while 31% (Rs. 293.6m) of the receivables fall in six months period and 4% (Rs. 41.2m) of the receivables were in 6-12 months credit bracket. Around 12% (Rs. 118m) of receivables were outstanding for more than one year; the receivables due over one year majorly (Rs. 107.8m) pertained to steel sales. As per management, while recovery from steel clients is usually slow, chances of bad debts are minimal. However, the company has booked adequate impairment allowance of Rs. 178m (MY20: Rs. 19.8m) against the overdue receivables in line with accounting standards. Loans and advances have increased to Rs. 1.5b (MY20: Rs. 646.7m) mainly due to higher advances to contractors and suppliers to the tune of Rs. 924.6m (MY20: Rs. 340m) for beetroot plant. Trade deposits, prepayments and other receivables have also increased sizably to Rs. 1.2b (MY20: Rs. 234.3m) due to letters of credit related to import of beetroot plant. The management placed funds amounting Rs. 432.6m (MY20: Nil) as short-term investments, out of which Rs. 426.6m were parked in cash funds and the remaining were invested in government debt securities. Cash and bank balances stood at Rs. 471.0m (MY20: Rs. 612.7m). Net operating cycle has improved notably over the last two years mainly on account of higher inventory turnover. Current ratio has remained adequate at 1.27x (MY20: 1.14x). Whereas coverage of short-term borrowings via trade debts and stock in trade decreased owing to lower inventory and receivables.

Capitalization supported by profit retention and continued support from sponsors in the form of interest free and unsecured loan: Equity base of the company augmented to Rs. 9.0b (MY20: Rs. 7.2b) on the back of profit retention. Sponsors continues to support equity through provision of interest free and unsecured loan amounting Rs. 2.1b (MY20: Rs. 2.2b), which payable at the discretion of the company.

Long-term loan including current portion stood at Rs. 4.3b (MY20: Rs. 4.5b) at end-MY21. The company mobilized long-term loan amounting Rs. 2.7b in the outgoing year out of which Rs. 1.75b was mobilized to reprofile borrowings, Rs. 250m were related to steel billet capacity enhancement project, Rs. 550m were related to medium-term loans (18 months) under agri lines and Rs. 56.9m under SBP refinance scheme for salaries and wages. Short-term borrowings stood at Rs. 2.4b (MY20: Rs. 2.1b) at end-MY21. Trade and other payables increased to Rs. 3.1b (MY20: Rs. 2.7b) mainly owing to increase in creditors to Rs. 655.0m (MY20: 413.3m) and contract liabilities to Rs. 1.8b (MY20: Rs. 1.6b). Debt leverage and gearing have remained comfortable at 1.20x (MY20: 1.38x) and 0.74x (MY20: 0.92x) at end-MY21. Moreover, after adjusting for short-term investments and cash and bank balances, debt leverage and gearing improve further to 1.10x (MY20: 1.29x) and 0.64x (MY20: 0.84x), respectively. In 1QMY22, the company made first drawdown of Rs. 2.2b from an approved syndicate term finance facility of Rs. 3.5b to finance beetroot project. Despite increase in long-term borrowings, adjusted leverage indicators are expected to remain at manageable level in MY22 and going-forward.

Almoiz Industries Limited **Annexure I**

BALANCE SHEET	MY20	MY21	1QMY22
Non-Current Assets	10,203	10,429	10,865
Stock-in-Trade	1,833	1,568	3,555
Trade Debts	1,097	781	808
Loans and advances	647	1,460	1,648
Trade deposits, prepayments & other receivables	234	1,067	1,735
Taxes recoverable/adjustable	1,485	1,903	1,996
Short-Term Investments	-	433	1,446
Other Assets	971	1,675	1,493
Cash & Bank Balances	613	471	1,338
Total Assets	**17,082**	**19,788**	**24,884**
Trade and Other Payables	2,676	3,136	3,151
Short Term Borrowings	2,116	2,384	4,830
Long-Term Borrowings *(Inc. current maturity)*	4,523	4,311	6,750
Total Bank Borrowing	6,639	6,695	11,580
Other Liabilities	587	968	952
Total Liabilities	9,903	10,799	15,683
Total Equity *(Inc. sponsor loan)*	7,180	8,989	9,201
Paid Up Capital	3,200	3,200	3,200
INCOME STATEMENT	**MY20**	**MY21**	**1QMY22**
Net Sales	20,710	25,948	4,086
Gross Profit	3,910	4,043	495
Operating Profit	2,992	3,116	347
Profit Before Tax	1,728	2,523	212
Net Profit	1,294	1,915	212
FFO	2,757	3,062	363
RATIO ANALYSIS	**MY20**	**MY21**	**1QMY22**
Gross Margin (%)	18.9	15.6	12.1
Net Profit Margin (%)	6.2	7.4	5.2
Current Ratio	1.14	1.27	1.48
Net Working Capital	849	1,976	4,529
FFO to Long-Term Debt (x)	0.61	0.71	0.21*
FFO to Total Debt (x)	0.42	0.46	0.13*
Debt Servicing Coverage Ratio (x)	1.62	1.04	1.05
(Inventory + Receivables) /Short-Term Debt	1.38	0.99	0.90
Net Operating Cycle (days)	25	(7)	28
ROAA (%)	7.3	10.4	3.4*
ROAE (%)	19.6	23.7	9.2*
Debt Leverage (x)	1.38	1.20	1.70
Gearing (x)	0.92	0.74	1.26
Adjusted Leverage (x)**	1.29	1.10	1.40
Adjusted Gearing (x)**	0.84	0.64	0.96

**Annualized*

***Adjusted for short-term investments and cash and bank balances*

ISSUE/ISSUER RATING SCALE & DEFINITIONS Annexure II

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: ISSUES / ISSUERS

Medium to Long-Term

AAA
Highest credit quality; the risk factors are negligible, being only slightly more than for risk-free Government of Pakistan's debt.

AA+, AA, AA-
High credit quality; Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A+, A, A-
Good credit quality; Protection factors are adequate. Risk factors may vary with possible changes in the economy.

BBB+, BBB, BBB-
Adequate credit quality; Protection factors are reasonable and sufficient. Risk factors are considered variable if changes occur in the economy.

BB+, BB, BB-
Obligations deemed likely to be met. Protection factors are capable of weakening if changes occur in the economy. Overall quality may move up or down frequently within this category.

B+, B, B-
Obligations deemed less likely to be met. Protection factors are capable of fluctuating widely if changes occur in the economy. Overall quality may move up or down frequently within this category or into higher or lower rating grade.

CCC
Considerable uncertainty exists towards meeting the obligations. Protection factors are scarce and risk may be substantial.

CC
A high default risk

C
A very high default risk

D
Defaulted obligations

Short-Term

A-1+
Highest certainty of timely payment; Short-term liquidity, including internal operating factors and /or access to alternative sources of funds, is outstanding and safety is just below risk free Government of Pakistan's short-term obligations.

A-1
High certainty of timely payment; Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

A-2
Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small.

A-3
Satisfactory liquidity and other protection factors qualify entities / issues as to investment grade. Risk factors are larger and subject to more variation. Nevertheless, timely payment is expected.

B
Speculative investment characteristics; Liquidity may not be sufficient to ensure timely payment of obligations.

C
Capacity for timely payment of obligations is doubtful.

Rating Watch: VIS places entities and issues on 'Rating Watch' when it deems that there are conditions present that necessitate re-evaluation of the assigned rating(s). Refer to our 'Criteria for Rating Watch' for details. www.vis.com.pk/images/criteria_watch.pdf

Rating Outlooks: The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details.www.vis.com.pk/images/criteria_outlook.pdf

(SO) Rating: A suffix (SO) is added to the ratings of 'structured' securities where the servicing of debt and related obligations is backed by some sort of financial assets and/or credit support from a third party to the transaction. The suffix (SO), abbreviated for 'structured obligation', denotes that the rating has been achieved on grounds of the structure backing the transaction that enhanced the credit quality of the securities and not on the basis of the credit quality of the issuing entity alone.

(blr) Rating: A suffix (blr) is added to the ratings of a particular banking facility obtained by the borrower from a financial institution. The suffix (blr), abbreviated for 'bank loan rating' denotes that the rating is based on the credit quality of the entity and security structure of the facility.

'p' Rating: A 'p' rating is assigned to entities, where the management has not requested a rating, however, agrees to provide informational support. A 'p' rating is shown with a 'p' subscript and is publicly disclosed. It is not modified by a plus (+) or a minus (-) sign which indicates relative standing within a rating category. Outlook is not assigned to these ratings. Refer to our 'Policy for Private Ratings' for details. www.vis.com.pk/images/policy_ratings.pdf

'SD' Rating: An 'SD' rating is assigned when VIS believes that the ratee has selectively defaulted on a specific issue or obligation but it will continue to meet its payment obligations on other issues or obligations in a timely manner.

REGULATORY DISCLOSURES — Annexure III

Name of Rated Entity	Almoiz Industries Limited
Sector	Sugar
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	(see below)

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
04/26/2022	A	A-2	Stable	Reaffirmed
02/01/2021	A	A-2	Stable	Upgrade
02/27/2020	A-	A-2	Rating Watch-Developing	Maintained
10/29/2018	A-	A-2	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.
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.
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2022 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Wasif Mahmood	CFO	March 17, 2022
Mr. Farhan Ahmed	Manager Accounts	March 17, 2022