RATING REPORT

Almoiz Industries Limited (AMIL)

REPORT DATE:
August 02, 2023

RATING ANALYST:
Hannan Athar
hannan.athar@vis.com.pk

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		Reaffirmed	
Rating Date	*2nd Aug, 2023*		*26th Apr, 2022*	

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 – 40.8%	
Mrs. Qaiser Shamim Khan – 23.4%	
Mr. Nauman Ahmed Khan –18.6%	
Mr. Adnan Ahmed Khan – 14.9%	

APPLICABLE METHODOLOGY
VIS Entity Rating Criteria: Industrial Corporates (May 2023) *https://docs.vis.com.pk/docs/CorporateMethodology.pdf*
VIS Rating scale (2023) *https://docs.vis.com.pk/docs/VISRatingScales.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-1H'MY23: Rs. 9.66b; **end-**MY22: Rs. 9.73b; end-MY21: Rs. 8.98b

Total Assets:

end-1H'MY23: Rs. 39.4b; **end-**MY22: Rs. 31.9b; end-MY21: Rs. 19.8b;

Profit After Tax: 1H'MY23: Rs. (68.5)m; MY22: Rs. 755.0m; MY21: Rs. 1.9b

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.

Total sugarcane production in 2022-23 season was reported lower at 82.4m MT vis-à-vis 89.0m MT preceding year on account of adverse impact on sugarcane crop due to floods Resultantly, sugar production reported a decrease of ~7% as per sources. However, total available sugar stocks are expected to remain largely intact vis-à-vis preceding year. Furthermore, due to surplus sugar stocks available in the country, the Government allowed 250,000 MT of sugar exports in the ongoing year. Resultantly, sugar prices have exhibited a rising trend lately. Meanwhile, the ratings do incorporate inherent cyclicality in crop levels and price vulnerability in sugar sector leading to competitive challenges for the company. The ratings further take note of developments with regards to penalties imposed by CCP on certain sugar mills and legal proceedings for interim relief initiated by the subject company. However, in the meanwhile, uncertainty of the outcome would persist on the sector. The material impact of penalty imposed on AMIL would be significant, therefore VIS will continue to monitor further development in this matter.

Key Rating Drivers

Business Risk & Sector Update: Pakistan is the seventh-largest producer and the fifth-largest consumer of sugar. According to the Economic Survey of Pakistan, sugar industry is the country's second-largest agro-based business after the textile industry. In terms of sugarcane production, Punjab produces 67% of the sugarcane, followed by Sindh (25%), Khyber Pakhtunkhwa (KPK) (8%), and Baluchistan (less than 1%). Its production contributes 0.8% to GDP and 3.7% to agriculture's value addition. The country has the capacity to raise production by 4.0 million tons and export USD 2.0b worth of sugar and USD 500m worth of ethanol by using the same land but raising yields by 40 to 50 percent. According to the data collected by Ministry of Food Security, through September 30, 2022, at least 5.3 million metric tons (MT) of sugar has been removed from inventories or has been consumed. The volume of sugar consumed each day is around 15,980 tons. More than 1.7m MT surplus sugar was available at the start of crushing season MY23. Additionally, exporting this surplus sugar would have generated USD 1.0b in foreign currency. During CY22, almost 33% of the 22 million hectares of total cultivable land were inundated by flood while damage to the sugarcane crops resulted in a loss of USD 273m. On aggregate, direct losses from rice, cotton, and sugarcane amounted to USD 1.30b (rice: USD 543m, cotton: USD 485m, and sugarcane: USD 273m).

The inherent cyclicality in crop yields and raw material prices is believed to have a substantial impact on the business risk profile of the sugar sector. Furthermore, there is a noticeable difference in pricing mechanisms, with the price of the end product, granulated sugar, being set by market forces whereas sugarcane cost being regulated by the government. A typical sugarcane crop has a 3- to 5-year production cycle, with government assistance to farmers and crop productivity playing a major role. In 2022-23 season, the crushing season took off a bit late owing to disagreement between PMSA, representing sugar mill owners, and Government of Pakistan, to allow export of 2 million tons of sugar, to cover up for the higher costs associated with producing sugar and pulling the industry out of crisis.

According to the most recent USDA semi-annual sugar report published on April 12, 2023, sugarcane production is expected at 83.5m MT during 2023-24, three percent above 2022-23 production, on account of expected recovery in yield in areas which were previously impacted by the floods. For the season 2023-24, the estimated harvesting area is also expected to increase to 1.25 million hectares (2022-23: 1.23 million hectares). Sugar output for the forthcoming season is expected to clock at 7.05 million MT, a marginal increase from that in 2022-23. Moreover, due to population growth and demand from the developing food processing industry, sugar consumption is projected to rise by around 3% to 6.3 MT. In view of accumulating sugar stocks, the Govt. has so far allowed 250,000 tons of sugar in the ongoing year. Recently, sugar prices have shown rising trend in line with inflationary pressure. Sugar prices are expected to increase further which would benefit the industry players in realizing inventory gains. However, elevated markup rates would likely to suppress bottomline of companies with high leveraged capital structure.

Operational Performance:

Sugar Division:
The 2022-23 crushing season in both units located at Mianwali and DI Khan plant started on 25th Nov, 2022 (MY22: 12th Nov, 2021) and 28th Nov, 2022 (MY22: 15th Nov, 2021) while sugarcane crushing lasted for a total of 108 days (MY22: 135 days) and 101 days (MY22: 129 days), respectively. At present, installed sugarcane crushing and beetroot slicing capacity stand at 21,000 tpd and 14,000 tpd, respectively. During the ongoing year, despite supply constraints the company managed to achieve slightly higher sugarcane crushing amounting 2.02m MT (MY22: 1.99m MT; MY21: 1.57m MT). This, along with some improvement in recovery rates, led to higher sugar production of 214,670 MT (MY22: 207,292 MT; MY21: 157,238 MT). The beetroot slicing is still in progress and is expected to conclude till mid of June'23. During 2021-22 sugar beet slicing cloaked at 625,726 MT (MY21: 562,891 MT), an increase of ~11%, with slightly improved recovery rates of 11.83% (MY21: 11.53%). Accordingly, sugar production from beet slicing increased by ~14% to 74,088 MT (MY21: 64,918 MT) in MY22. In the ongoing year, the management projects sugar output from sugar beet at higher level due to full operational of Mianwali Plant. The installed capacities, actual crushing/slicing, sugar production and related information is tabulated below:

Crushing Season	2019-20	2020-21	2021-22	2022-23
Sugarcane				
Installed Crushing Capacity (tpd)	19,000	19,000	21,000	21,000
Capacity on basis of Operating Days	1,927,000	2,027,000	2,607,000	2,184,000
Sugarcane Crushed tons	1,249,204	1,574,983	1,989,943	2,017,425
Percentage of Capacity Attained	64.83%	77.70%	76.30%	92.37%
Recovery Rate (%)	10.52	9.98	10.42	10.64
Sugar Production (tons)	127,695	157,238	207,292	214,670
Sugar beet				
Installed Crushing Capacity	8,000	8,000	14,000	14,000
Capacity on basis of Operating Days	568,000	592,000	840,000	806,000
Sugar beet Sliced (tons)	540,893	562,891	625,726	695,229
Percentage of Capacity Attained	95.20%	95.10%	74.50%	86.26%
Recovery Rate (%)	11.36	11.53	11.83	11.99
Sugar Production (tons)	61,432	64,918	74,088	83,365
Total Sugar Produced				
Total Sugar Produced	189,126	222,156	281,380	298,035

Steel Division: Steel sector has undergone distress on account of changes in supply-demand dynamics, due to various external and internal factors. During the period under review, hurdles in procurement of raw materials and opening of LC's impacted the operations of the steel unit. Raw materials procurement prices hiked mainly due to rupee depreciation and overall volatility in prices in the international market. The steel units of AMIL remained operational for 330 days (MY21: 337 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 enhanced to 141,900 MT/year (MY21: 60,660 MT/year) due to capital expenditure incurred during the outgoing period. The company has added boiler of 15 MW power generation capacity, and two furnaces to enhance billet plant capacity, which in turn, would increase production of deform bars. The additional capacity came online in Jun'22, therefore, capacity utilization was reported lower at 43.9% (MY21: 90.4%) despite some increase in production. On the other hand, given higher billets production, deformed bar plant capacity utilization increased to 31.65% (MY21: 27.5%). The following table presents the capacities and production related statistics of steel division of AMIL:

Steel Unit	2019-20	2020-21	2021-22	2022-23**
Billets				
Plant Capacity (MT/Day)	180	180	430	430
No. of Days Operational	260	337	330	115
Capacity based on Operating Days (MT)	46,800	60,660	141,900	49,450
Actual Production (MT)	41,833	54,810	62,363	25,555
Capacity Utilization (%)	89.39%	90.36%	43.9%*	51.7%
Deform Bars				
Plant Capacity (MT/Day)	556	556	556	556
No. of Days Operational	260	336	328	114
Capacity based on Operating Days (MT)	144,560	186,816	182,368	63,384
Actual Production	37,258	51,441	57,726	23,571
Capacity Utilization (%)	25.77%	27.54%	31.65%	37%

**The additional capacity came online in Jun'22.*
*** Till March 31st, 2023*

Property, Plant and Equipment (PP&E) stood at Rs. 13.7b (MY22: Rs. 13.6b; MY21: Rs. 10.4b) at end-1H'MY22. Capex during the outgoing year amounted to Rs. 3.1b out of which around 84% of the expenditure pertained to addition of new sugar beet plant at unit -II. The total outlay of the project amounted to Rs. 3.8b, out of which a syndicated loan of Rs. 3.15b was mobilized from Meezan Bank, while the rest was financed through own sources. As of now, installation of one turbine is pending due to overall restrictions imposed on import of capital machinery by the government amidst stressed forex reserves. In addition, capex on steel melting shop II, shed for scrap yard and other necessary tool for the project amounted to Rs. 501m. Capital work in progress of Rs. 839.2m, majorly comprised installation of another boiler worth Rs. 724.6m, dehydration unit of Rs. 91.6m and civil work on sugar godown amounting Rs. 23m.

Growth in topline mainly led by sale of steel deformed bars in the outgoing year while margins remained under pressure due to lower average sugar prices and higher finance cost: During MY22 net sales stood higher at Rs. 28.1b (MY21: Rs. 25.9b). Net revenue from sugar offtake was recorded lower at Rs. 16.4b (MY21: Rs. 17.6b) with a contribution of 58.5% (MY21: 67.7%) in the sales mix. During the outgoing year, AMIL sold 223,535 MT (MY21: 230,970 MT) of sugar at an average rate of Rs. 73.5/Kg (MY21: Rs. 76.1/Kg). Despite around 32% increase in production and resultantly, higher available stocks, the volumetric sales remained subdued due to unfavorable prices amid excessive sugar inventories available in the country and governmental interventions to control its retail prices. AMIL majorly sells sugar to corporate clients as top 10 clients accounted for ~96% of the volumetric sales. Molasses sold increased to Rs. 2.17b (MY21: 1.87b) on the back of higher quantity sold despite lower average selling prices. The same contributed 7.7% (MY21: 7.2%) to net sales. The company sold beet pulp amounting to Rs. 324.6m (MY21: Rs. 222.14m), while a nominal amount of revenue is generated from sale of press mud, jaggery and beeta liquid. During the same period, revenue from steel division posted a YoY growth of ~52% to Rs. 8.9b (MY21: Rs. 5.85b) with increase in contribution in revenue mix to 31.7% (MY21: 22.5%). The growth was mainly driven by sale of deform bars entailing higher average prices while quantity sold decreased marginally. Revenue from power segment stood lower to Rs. 225.7m (MY21: Rs. 377.0m) largely due to lower units dispatched to the national grid. Breakdown of key products sold by the company is presented below:

	MY21		MY22		1H'MY23	
	QTY	**Avg. S.P per unit**	**QTY**	**Avg. S.P per unit**	**QTY**	**Avg. S.P per unit**
Sugar (MT)	230,970	76,087	223,535	73,534	106,053	80,698
|Molasses (MT)	90,375	20,696	118,789	18,280	74,998	27,422
Billets and Deformed Bar (MT)	54,431	107,602	54,286	164,111	29,778	178,970
Power (MWh)	29,833	12.64	17,945	12.58	9,991	14,500

During MY22, cost of sales stood higher at Rs. 24.3b (MY21: Rs. 21.9b) while raw materials consumed constituted 84% (MY21: 83%) of the cost of goods manufactured. The company managed to purchase sugarcane at an average rate of Rs. 253.4/maund as compared to Rs. 275.8 / maund in the previous year on account of efficient procurement strategies and long-standing relationship with growers. Sugar beet was procured at an average rate of Rs. 227.40/maund (MY21:198.3) while for steel unit, heavy melting scrap was imported at an average rate of Rs. 119.97/ MT (MY21: 77.82). As a result of weakening in contribution margin of sugar segment primarily owing to sale of carry over sugar stocks at lower average prices, gross margins decreased to 13.4% (MY21: 15.6%) in MY22. On the other hand, contribution margin of steel segment improved on account of sale of value-added product (deform bars). Distribution expenses increased to Rs. 497.7m (MY21: Rs. 264.8m) mainly due to higher salaries, freight, clearing and forward charges along with increase in marketing and advertisement expenses. Administrative expenses increased to Rs. 731.2m (MY21: Rs. 659.9m) and were largely rationalized with inflationary pressure. Other income increased to Rs. 323.3m (MY21: Rs. 186.8m) primarily on the back of higher dividend income from its short-term investments while other expenses were recorded lower at Rs. 93.2m (MY21: Rs. 190.6m) due to lower employees related fund contributions. Finance cost augmented to Rs. 1.6b (MY21: Rs. 0.6b) due to the combined impact of surge in average markup rates and higher average borrowings during the outgoing year. Effective tax rate also witnessed increase. Resultantly, the company generated Rs. 755m (MY21: Rs. 1.9b) in net revenue with decline in net margins to 2.7% (MY21: 7.4%).

During the 2022-23 crushing season, average sugarcane procurement rate amounted to Rs. 323/ maund. The company was allowed an export quota of 9,402 MT which was exported at an average price $520.5/MT. According to the management procurement prices experienced a spike at end-Jan'23 due to cane shortage, pushing up average rates. Raw materials for the steel unit were procured at an average rate of Rs. 123.3/MT. During 1H'MY23, net sales were recorded at Rs. 16.2b whereas gross margins decreased to 11.5% mainly on account of depressed sugar prices in 1Q'MY23. Operating expenses were largely rationalized with sales. Other income amounted to Rs. 154.4m. Meanwhile, finance cost was reported higher at Rs. 1.4b, mainly due to the impact of sharp hike in markup rates along with elevated short-term borrowings. Resultantly, the company reported net losses in 1HY'23. Sugar prices witnessed an increasing trend post announcement of exports by the Govt. Moreover, retail prices of sugar are also expected to remain high amidst significant gap in imported sugar prices and the locally produced due to rupee devaluation and lower available sugar stocks by the end of this year. Given the company still had sizable sugar stock available by end-Mar'23, this increasing trend is likely to bode well in improving sugar segment profitability. The current price outlook for sugar remains positive until and unless the government takes concrete steps to curb its smuggling to Afghanistan, where sugar prices are almost double the retail prices in Pakistan. Despite this, pressure on overall profitability profile is likely to persist in full year as well amidst inflated markup rates and vulnerability of steel segment margins to overall slowdown in economic growth.

Liquidity position of the company remained under pressure during the review period, owing to depressed cash flow coverages and slower inventory turnover: During MY22, Funds from Operations (FFO) were recorded lower at Rs. 2.5b (MY21: Rs. 3.1b) largely in line with decrease in profitability. Resultantly, FFO to long-term debt and total debt declined to 0.38x (MY21: 0.71x) and 0.17x (MY21: 0.46x), respectively. Debt service coverage ratio (DSCR), on the other hand, improved to 1.13x (MY21: 1.04x) due to lower principal repayments made during the outgoing year. Cash flow position was further impacted in 1H'MY23 mainly owing to dip in profitability.

Stores, spares and loose tools were recorded higher at Rs. 2.04b (MY22: 1.88b; MY21: Rs. 1.68b) at end-1H'MY23. Stock in trade augmented to Rs. 13.5b (MY22: Rs. 5.9b; MY21: Rs. 1.6b) which majorly comprised sugar while the company also held steel stock worth Rs. 0.4b as of Mar'23. The company carried 221,652 MT sugar stock as at May 31, 2023. Trade debts amounted to Rs. 1.5b (MY22: Rs. 1.1b; MY21: Rs. 781.4m) at end-1H'MY23. More than four-fifth of the receivables pertained to steel segment at end-MY22. Steel bars and billets sales are largely made on 45-60 days credit. With respect to sugar sales, unregistered sales are entirely made on advance basis, whereas terms vary from client to client in institutional sales. The bottling companies pay full amount in advance while others are usually given 15-30 days credit. Aging analysis of gross trade debts shows that around 66% of the amount was not past due while 20% of the receivables fall in six months period as of Sep 30, 2022. Around 13% of receivables were outstanding for more than one year which majorly pertained to steel sales. While recovery from steel clients is usually slow, the management considers chances of bad debts to be minimal. However, the company has booked adequate impairment allowance of Rs. 257.2m (MY21: Rs. 178m) against the overdue receivables in line with accounting standards. Loans and advances have increased to Rs. 2.1b (MY21: Rs. 1.5b) mainly due to higher advances to contractors and suppliers to the tune of Rs. 1.5b (MY21: Rs. 924.6m). The same increased to Rs. 2.66b at end-1H'MY23. Trade deposits, prepayments and other receivables decreased to Rs. 913m (MY22: Rs. 1.27b; MY21: Rs. 1.07b) at end-1H'MY23. During MY22, the company parked its short term investments in highly liquid money market and income funds amounting to Rs. 857.9m (MY21: Rs. 432.6m), while the same increased to Rs. 1.08b at end-1H'MY23. Cash and bank balances were recorded at Rs. 1.5b (MY22: Rs. 2.5b; MY21: Rs. 471.0m) end-1H'MY23.

Trade and other payables were recorded higher at Rs. 5.35b (MY22: 5.24b; MY21: Rs. 3.14b) at end-1H'MY23, mainly due to higher contract liabilities. Net operating cycle increased notably mainly on account of slower inventory turnover. Current ratio has remained adequate on a timeline basis. Whereas coverage of short-term borrowings via trade debts and stock in trade remained marginally less than one. Liquidity position is expected to improve in full year primarily on the back of enhanced profitability coupled with reduced working capital requirements in line with lifting of majority of the sugar inventory.

Increase in leverage indicators due to higher borrowings to fund working capital while capitalization is supported by profit retention and continued support from sponsor in form of interest free loan: Tier-1 equity augmented to 9.7b (MY21: Rs. 9.0b) on the back of profit retention in MY22. Sponsors continue to support equity through provision of interest free and unsecured loan amounting to Rs. 2.1b (MY20: Rs. 2.2b) which is payable at the discretion of the company. Long term financing (inc. current maturity and lease liabilities) were recorded at Rs. 6.6b (MY21: Rs. 4.3b), out of which Rs. 4.1b (MY21: Rs. 2.2b) is priced at 3-6 MK + 0.50-1.5% p.a. while principal is payable in biannually/quarterly installments on various dates up to October 2029. During MY22, the company utilized long term borrowings for the installation of boiler at D.I Khan to enhance capacity of the steel plant, for the sugar beet project at the Mian Wali Plant, and to enhance the billet plant capacity by installing steel melting furnace.

Short-term borrowings have increased multifold by end-HY'23 due to seasonal borrowings to fund working capital. The company has access to working capital lines aggregating to Rs. 17.95b which comprised running finance and cash finance facilities. Debt leverage and gearing adjusted for short-term investments and cash balances increased to 2.81x (MY22: 1.93x; MY21: 1.10x) and 2.03x (MY22: 1.18x; MY21: 0.64x) respectively, by end 1H'MY23. Leverage indicators are expected to recede to a great extent mainly in line with majority of the stock being lifted by year end.

Regulatory Matter (Update on Penalty Imposed)

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. The Company has filed a petition before Lahore High Court, Lahore against the impugned order dated 13 August 2021 by the Competition Commission of Pakistan (CCP) in which a penalty of Rs. 2.47b was imposed on the Company for distorting competition in the market by sharing sensitive commercial stock information. The Lahore High Court, Lahore vide order dated 26 October 2021 suspended the impugned order and restrained the authorities from recovering any amounts from the Company till the next date of hearing. The case is pending adjudication.

Almoiz Industries Limited Annexure I

FINANCIAL SUMMARY *(amounts in PKR millions)*				
BALANCE SHEET	**MY20**	**MY21**	**MY22**	**1H'MY23**
Property, Plant, and Equipment	10,192.0	10,414.0	13,641.4	13,728.0
Stock-in-Trade	1,833.1	1,567.8	5,893.3	13,509.1
Stores, Spares. And Loose Tools	971.4	1,675.3	1,883.8	2,041.7
Trade Debts	1,096.8	781.4	1,135.2	1,500.4
Loan and Advances	646.7	1,460.1	2,128.6	2,659.8
Trade deposits, Prepayment, and statutory bal.	234.3	1,067.5	1,274.8	913.0
Tax Receivables	1,484.6	1,903.0	2,552.0	2,432.1
Short term investments	0.0	432.6	858.0	1,077.3
Cash and Bank Balances	612.7	471.0	2,518.4	1,544.8
Other assets	10.8	14.9	21.4	24.4
Total Assets	**17,082.4**	**19,787.7**	**31,906.9**	**39,430.5**
Trade and Other Payables	2,676.0	3,136.1	5,243.8	5,355.9
Short-Term Borrowings	2,116.2	2,383.6	8,275.3	15,918.5
Accrued Markup	147.8	82.4	491.5	587.0
Provision for Taxation	193.7	412.2	387.5	387.5
Long-Term Borrowings *(Inc. current maturity & leases)*	4,523.1	4,311.3	6,612.8	6,338.4
Deferred Tax Liabilities	235.6	471.5	1,164.3	1,180.0
Other Liabilities	10.4	1.8	0.0	0.0
Total Liabilities	**9,902.8**	**10,798.8**	**22,175.1**	**29,767.3**
Paid-Up Capital	3,200.0	3,200.0	3,200.0	3,200.0
Tier-1 Equity/Total Equity	7,179.6	8,988.8	9,731.7	9,663.3
INCOME STATEMENT	**MY20**	**MY21**	**MY22**	**1H'MY23**
Net Sales	20,710.0	25,947.8	28,115.3	16,196.9
Gross Profit	3,909.5	4,043.3	3,766.6	1,855.3
Finance Cost	1,264.0	593.3	1,550.6	1,394.2
Other Income	263.3	186.8	323.3	154.4
Profit Before Tax	1,728.3	2,522.7	1,217.3	-28.5
Profit After Tax	1,294.0	1,915.3	755.0	-68.5
FFO	2,757.2	3,062.5	2,536.6	441.0
RATIO ANALYSIS	**MY20**	**MY21**	**MY22**	**1H'MY23**
Gross Margin (%)	18.9%	15.6%	13.4%	11.5%
Net Margin (%)	6.2%	7.4%	2.7%	n.m
Current Ratio	1.14	1.27	1.15	1.11
Net Working Capital	849.5	1,976.5	2,439.5	2,648.2
FFO to Long-Term Debt	0.61	0.71	0.38	0.14*
FFO to Total Debt	0.42	0.46	0.17	0.04*
Debt Servicing Coverage Ratio (x)	1.62	1.04	1.22	1.14
ROAA (%)	7.3%	10.4%	2.7%	n.m
ROAE (%)	19.6%	23.7%	8.0%	n.m
Gearing (x)	0.92	0.74	1.53	2.30
Debt Leverage (x)	1.4	1.2	2.3	3.1
Adjusted Gearing (x)**	0.84	0.64	1.18	2.03
Adjusted Leverage (x)**	1.29	1.10	1.93	2.81
Inventory + Receivable/Short-term Borrowings (x)	1.4	1.0	0.8	0.9
Net Operating Cycle (Days)	69	33	71	N/A

*Annualized
** Adjusted for cash and short-term investments

REGULATORY DISCLOSURES	Annexure III
Name of Rated Entity	Almoiz Industries Limited
Sector	Sugar
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
08/02/2023	A	A-2	Stable	Reaffirmed
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.
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Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Wasif Mahmood	CFO	May 12, 2023
Mr. Farhan Ahmed	Manager Accounts	May 12, 2023