

ALMOIZ INDUSTRIES LIMITED

Chief Executive: Muhammad Shamim Khan

RATING DETAILS

RATINGS CATEGORY	LATEST RATING		PREVIOUS RATING	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A2	A	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	November 3 rd , 2025		September 13 th , 2024	

RATING RATIONALE

The reaffirmation of ratings reflects the Company's diversified business operations across sugar, steel, and food segments, its strong market position in the northern region, and the financial flexibility derived from its association with the Almoiz Group. The ratings also incorporate AMIL's integrated manufacturing setup, which includes sugar production from both sugarcane and sugar beet, enabling a longer crushing period and improved asset utilization compared to traditional sugar mills.

The Stable Outlook captures steady topline performance and recovery in profitability indicators during 9M MY25, supported by higher sugar realizations, sustained performance from the steel division, and improved cost management. Ratings are underpinned by the projected more sugarcane crushing in the upcoming season and consequential improvements in financial performance. The reaffirmation of ratings also takes into consideration improved capitalization metric, adequate liquidity and coverage indicators.

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APPLICABLE
METHODOLOGY(IES):

Corporate Rating

<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

Rating Scale:

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rs. Million	FY23A	FY24A	3QFY25M
Net Sales	35,292.28	51,845.73	50,907.61
Profit Before Tax	1,206.36	1,454.75	1,478.31
Profit After Tax	461.51	536.29	841.96
Paid up Capital	3,200.00	3,200.00	3,200.00
Equity (excl. Revaluation Surplus)	10,229.14	10,689.55	11,846.27
Total Debt	19,095.17	26,595.01	18,857.20
Leverage (x)	2.81	3.25	2.85
Gearing (x)	1.87	2.49	1.59
Funds From Operations (FFO)	2,033.49	2,740.75	1,478.31
FFO/Total Debt (x)	0.11	0.10	0.10
Net Margin (%)	1%	1%	2%

*Annualized,
if required

A - Actual
Accounts
M -
Management
Accounts

COMPANY PROFILE

Almoiz Industries Limited (the "Company"), established in Pakistan on May 5, 2005, is a publicly unlisted company. The Company is primarily involved in the seasonal production of sugar and related products derived from both sugar beet and sugarcane. It also manufactures steel billets, deformed bars, and various food products, utilizing excess in-house power generation.

The Company operates production facilities across multiple locations, including Dera Ismail Khan, which hosts the Sugar Unit-I, Steel Unit, Dehydration Unit, and the Steel Mill; and Mianwali, where the Sugar Unit-II and Food Unit are located. The Company's corporate office is situated in Lahore. Almoiz's sugar production plants are designed to handle both sugarcane and sugar beet, enabling a prolonged operating period. The mills process sugarcane from November to April and sugar beet from April to June. This operational flexibility distinguishes the Company from conventional mills that rely solely on sugarcane processing.

GROUP PROFILE

Almoiz Industries Limited (AIL) is part of a group of associated undertakings connected through common directorship. The group's collective operations span multiple sectors including sugar, steel, power, textiles, bottling and food solutions. The group's other companies, identified as related parties, include Naubahar Bottling Co. (Private) Limited, The Thal Industries Corporation Limited (TICL), Baba Farid Sugar Mills Limited, Wiztec Food Solutions (Private) Limited, and Moiz Textile Mills Limited. As of September 30, 2024, the total assets of Almoiz Industries Limited stood at over PKR 30.33 billion.

INDUSTRY PROFILE & BUSINESS RISK

Sugar

The sugar industry in Pakistan operates under a medium-risk profile influenced by seasonal production cycles, government intervention, and fluctuations in input and output prices. Sugarcane crushing is concentrated between November and March, requiring mills to maintain year-round inventories that expose them to price and interest rate risks. Despite a slight increase in sugarcane crushed during the 2023–24 season (67.4 MMT vs. 65.1 MMT in MY23), sugar production declined to 6.5 MMT (MY23: 6.8 MMT) as recovery rates held steady at 10.23%. The sector continues to face structural limitations due to low mechanization and underinvestment in research and development, which constrain crop yields and sucrose recovery.

Cost pressures intensified in MY24 as provincial governments implemented higher minimum support prices (MSP)—PKR 400 per 40 kg in Punjab and PKR 425 in Sindh. This particularly affected smaller mills with tighter cost margins. However, a significant policy shift is underway, with the discontinuation of MSP from the 2024–25 season in line with IMF conditionalities, signaling a transition to more market-based procurement mechanisms. Domestic sugar consumption remains relatively inelastic, recorded at 6.4 MMT in 2024, supported by steady population growth and demand from the food and beverage sector.

Despite lower production, carryover stocks of 0.766 MMT brought total availability to 6.562 MMT for 2024–25. An initial export quota of 750,000 MT was approved to manage the surplus, though actual shipments were delayed. Meanwhile, rising domestic prices—averaging PKR 143.92/kg in MY24 (MY23: PKR 115.97/kg) and currently ranging between

PKR 165–170/kg—prompted the government to permit duty-free imports. After IMF objections, import volumes were scaled back to 50,000 tones. Most recently, a price-setting clause has been agreed which caps ex-mill prices at PKR 165/kg with incremental increases until October 2025. Further, the federal government has committed to allowing sugar exports only for stocks exceeding 7 MMT, comprising carryover and 2025–26 production, and only after 30 days from the close of the next crushing season. While the demand outlook remains stable, the industry's future performance will depend on its ability to adapt to evolving policy frameworks, manage cost pressures, and navigate regulatory scrutiny, especially regarding pricing mechanisms and export policy.

Steel

The overall business risk profile of Pakistan's long steel (rebar) manufacturing sector is categorized as Medium to High, reflecting the sector's pronounced cyclicity and structural cost vulnerabilities. Demand fluctuations, reliance on imported scrap (exposing manufacturers to exchange rate volatility), and energy-intensive operations collectively contribute to elevated risk levels. Intense competition in a fragmented market further pressures margins, as profitability is challenged by volatile input costs and constrained pricing power. In MY24, these risks were evident amid weak construction activity, rising production costs, and increased import competition, underlining the sector's high inherent business risk. Demand for rebar is closely tied to construction and infrastructure cycles, making it highly sensitive to economic conditions. Sluggish economic growth in MY24 led to reduced construction and infrastructure activity, directly dampening steel consumption. Domestic steel demand saw only a marginal uptick (~1.8% YoY in MY24). High interest rates and inflation during MY24 curtailed financing for private projects, further suppressing steel bar uptake. Entering MY25, early signs of recovery have emerged: the central bank's monetary easing (policy rate cut to 11% by May 2025) has contributed to about 6.61% growth in construction sector output during 3QMY25. However, the combined construction & real estate sector grew only by 3.8%. The long-steel sector remains highly competitive and fragmented, with hundreds of small to mid-sized mills operating nationwide. While a few dozen large players account for the majority of formal output, a substantial unregulated segment exists, reflecting moderate barriers on entry. Consequently, market fragmentation and oversupply (installed capacity exceeding demand) intensified price competition. Competitive pressures from both local producers and cheaper imported steel products – imports surged after restrictions were lifted in MY24 – have limited producers' ability to pass on cost increases. Notably, substitution risk is minimal, as steel rebar remains an irreplaceable reinforcement material in construction meaning demand, when present, is captive to steel; however, this also means industry players must vie for the same construction-driven demand pool. Regulatory dynamics have a significant impact on the sector's risk profile. Policy measures in the past two years created mixed conditions: import curbs imposed amid economic stress were relaxed in MY24, improving raw material (scrap) availability, and the MY25 budget introduced tax measures (phasing out certain regional tax exemptions and bringing scrap transactions into the tax net) to promote a level playing field for steel makers. These changes aim to curb unfair competition from untaxed or lower-tax regions (FATA/PATA), but frequent shifts in policy (trade restrictions, tax changes, energy tariffs) add uncertainty to business planning. The industry is also capital intensive and energy sensitive. Steel manufacturing requires substantial fixed investment and working capital, resulting in high fixed costs and leverage needs, especially during expansion phases. At the same time, power and fuel constitute major input costs – Pakistan's steel producers face elevated electricity and gas tariffs and periodic energy supply disruptions, which have escalated

operating costs in recent periods. These factors, combined with earlier high financing costs (driven by record-high interest rates in early MY24), have squeezed margins and cash flows for many operators. Going forward, the operating environment is expected to gradually improve with macroeconomic stabilization: easing finance costs and government initiatives in housing and infrastructure could stimulate construction demand. Nevertheless, any sustained recovery in the sector will depend on the actual uptick in development activity and continued policy support. In the interim, the overall business risk remains at the higher end of the spectrum, given the enduring cyclical, competitive pressures, regulatory uncertainties, and cost structure challenges highlighted above.

OPERATIONAL PERFORMANCE

Sugar segment:

Sugar Cane Segment	Units	MY23A	MY24A	MY25
Crushing Period in days	Numbers	98	107	105
Cane Crushed	Tons	2,017,424	1,995,262	1,696,534
Sugar Production	Tons	214,669	201,084.256	168,263
Sucrose Recovery (%)	% Age	10.64%	10.07%	9.92%
Molasses Produced	Tons	84,900	84,870	77,378
Molasses Recovery (%)	% Age	4.208%	4.253%	4.561%
Sugar Beat Segment	Units	MY23A	MY24A	MY25
Crushing Period in days	Numbers	50	56	58
Cane Crushed	Tons	695,229	703,208	813,113.45
Sugar Production	Tons	83,365	80,591	92,785.35
Sucrose Recovery (%)	% Age	11.99%	11.5%	11.4%
Molasses Produced	Tons	22,077	23,146	27,962
Molasses Recovery (%)	% Age	3.18%	3.29%	3.439%
Total Sugar Produced	Tons	298,035	280,167	334,256
Total Molasses Produced	Tons	106,978	108,017	105,340

Steel:

Billets	Units	MY23A	MY24A	1HMY25
Plant Capacity Per day	Numbers	430	430	430
No. of days Operational	Numbers	269	285	141
Capacity based on Operating days	Tons	115,670	122,550	60,630
Capacity Utilization	% Age	52%	52%	56%
Actual Production	Tons	60,338	64,323	60,338
Deformed Bars	Units	MY23A	MY24A	MY25
Plant Capacity Per day	Numbers	556	556	556
No. of days Operational	Numbers	268	285	141
Capacity based on Operating days	Tons	149,008	158,460	78,396
Capacity Utilization	% Age	37%	37%	41%
Actual Production	Tons	55,729	59,138	31,947
Copper Ingots	Units	MY23A	MY24A	MY25
Plant Capacity Per day	Numbers	-	-	4

No. of days Operational	Numbers	-	-	78
Capacity based on Operating days	Tons	-	-	312
Capacity Utilization	% Age	-	-	100%
Actual Production	Tons	-	-	312

Sugar Cane

AMIL operates two sugar manufacturing units – one located in Mianwali (Punjab) and the other in Dera Ismail Khan (Khyber Pakhtunkhwa) – with a combined crushing capacity of 30,000 tons per day (TPD). The geographical spread provides operational diversification and mitigates localized agricultural and climatic risks, though each unit is influenced by distinct irrigation and environmental factors.

The Dera Ismail Khan unit, situated within the command area of the Chashma Right Bank Canal (CRBC), continued to face intermittent water shortages during MY25 due to delayed canal rehabilitation and uneven irrigation flows. The resulting reduction in cane yield and sucrose content led to higher procurement from peripheral areas at increased transportation cost. However, the Mianwali unit performed comparatively better, benefitting from steadier water availability and stronger supplier linkages with the surrounding cane belt. Stable irrigation and improved logistics at Mianwali helped offset part of the weaker performance at Dera Ismail Khan, enabling consistent mill utilization during the crushing period.

During MY25, total cane crushed declined to 1.70 million tons (MY24: 1.99 million tons; MY23: 2.02 million tons), while sugar production decreased to 168,263 tons (MY24: 201,084 tons; MY23: 214,669 tons). Sucrose recovery stood at 9.92% (MY24: 10.07%; MY23: 10.64%), primarily reflecting lower sucrose content in cane and extended transportation time from off-site procurement zones. The crushing period was recorded at 105 days (MY24: 107; MY23: 98), reflecting improved plant scheduling and capacity utilization. Molasses output amounted to 77,378 tons (MY24: 84,870 tons; MY23: 84,900 tons), with recovery slightly higher at 4.56% (MY24: 4.25%; MY23: 4.21%).

Both units are energy self-reliant, supported by bagasse-based co-generation systems that meet all internal power needs including steel mills and the dehydration units. AMIL continues to invest in balancing, modernization, and replacement (BMR) initiatives focused on process optimization, recovery enhancement, and energy efficiency, which collectively mitigate the impact of higher raw-material costs and variable cane throughput.

Sugar Beat

AMIL is progressively expanding its sugar-beet operations as part of a broader strategy to diversify feedstock and extend the production season beyond conventional cane crushing. Beet processing increased to 813,113 tons in MY25 (MY24: 703,208 tons; MY23: 695,229 tons), producing 92,786 tons of sugar at a recovery rate of 11.4%. Growth in output reflects increased contract-farming acreage, improved agronomic practices, and higher processing efficiency at the Mianwali facility.

Although beet recovery softened slightly year-on-year due to variations in crop maturity and moisture content, the higher crushing volumes more than offset this effect. The segment continues to gain significance in AMIL's production mix, providing a counter-seasonal source of feedstock that supports year-round utilization and reduces dependence on volatile cane supply conditions.

Steel:

Al-Moiz Industries Limited (AMIL) operates a fully integrated long-steel manufacturing setup comprising billet and deformed bar production facilities, supplemented by a newly commissioned copper ingot casting line. The division maintains an installed billet capacity of 430 tons per day (TPD) and deformed bar capacity of 556 TPD. Both units operated at moderate utilization levels during the review period, constrained by subdued construction activity, and elevated input costs.

During 1HMY25, billet production stood at 60,338 tons, reflecting a utilization rate of 56% (MY24: 52%; MY23: 52%). Similarly, deformed bar output amounted to 31,947 tons, translating to 41% utilization (MY24: 37%; MY23: 37%). The uptick in utilization reflects gradual recovery in downstream demand following easing of monetary policy and early signs of revival in construction sector activity during 2025.

Operations continued to face margin pressure due to elevated scrap costs and limited ability to fully pass on price increases amid a competitive market environment. Nevertheless, improved procurement efficiencies, better heat-to-yield ratios, and stable plant uptime contributed to maintaining production continuity.

A new copper ingot facility, commissioned during MY25, became operational in 1HMY25 with a capacity of 4 TPD and initial production of 312 tons, achieving 100% utilization during its trial phase. The addition marks the Company's first foray into the non-ferrous segment, providing product diversification and potential foreign exchange earnings through exportable ingots.

FINANCIAL RISK

Capital Structure

By end-MY24, AMIL's capitalization profile remained moderately leveraged, with gearing rising to 2.49x (MY23: 1.87x) and leverage to 3.25x (MY23: 2.63x), primarily due to higher short-term borrowings utilized to finance increased working-capital needs stemming from sugarcane procurement and sugar inventory buildup.

In 9M MY25, the capital structure depicted improvement, with gearing reducing to 1.59x and leverage moderating to 2.85x, owing to partial debt repayment and inventory liquidation. Long-term loans appeared higher due to a timing difference from a loan swap, wherein a higher-cost facility was replaced with a lower-rate loan. Despite these improvements, the balance sheet continues to reflect a moderately leveraged profile, with further strengthening contingent on sustained earnings and prudent working-capital management.

Profitability

During the review period, AMIL's topline remained largely stable, recorded at PKR 50.9b in 9M MY25 (MY24: PKR 51.8b). Escalation in sugar prices and steady steel sales offset the impact of lower sugarcane crushing. Gross profit stood at PKR 5.1b, translating into a gross margin of 10.1% (MY24: 15.7%), reflecting higher input costs led by sugarcane. Operating profit amounted to PKR 4.1b, with an operating margin of 8.0% (MY24: 12.2%), impacted by cost pressures and increased distribution expenses. Finance costs decreased to PKR 2.6b (MY24: PKR 5.4b) owing to monetary easing and partial debt repayment. Consequently, net profit improved to PKR 842m (MY24: PKR 536m), with a net margin of 1.7% (MY24: 1.0%), indicating modest recovery in profitability.

Sugar

In MY25, the sugar division's profitability improved on the back of higher aggregate sugar output from cane and beet operations, coupled with stable price realizations. Segment gross profit increased by 19% year-on-year, while gross margin strengthened to 12.6% (MY24: 10.4%),

reflecting better cost absorption and higher contribution from beet-based production. The operating margin also improved to 10.8% (MY24: 9.2%), translating into a higher divisional profit of approximately PKR 2.9 billion in MY25 (MY24: PKR 2.5 billion). The improvement in segment performance was primarily driven by scale efficiencies and favorable sales mix, offsetting the impact of elevated raw material prices.

Steel

The sugar division's profitability improved in MY25, supported by higher combined output from cane and beet operations and stable market prices. Segment gross margins rose to 12.6% (MY24: 10.4%), reflecting improved cost absorption from higher production and better utilization of available crushing capacity. Operating margins also strengthened to 10.8% (MY24: 9.2%), driven by increased scale efficiencies and a favorable product mix, particularly from beet-based production which enhanced contribution margins. Despite elevated raw material procurement costs and continued irrigation constraints at the Dera Ismail Khan unit, overall performance benefited from comparatively stronger recovery and logistics efficiency at Mianwali. Sustained product pricing and expected normalization of cane supply conditions are projected to support profitability momentum through MY26.

Dehydrated-Foods

The dehydrated foods division presently contributes a negligible share to total revenues and profitability. While activity remained limited during the review period, the segment holds significant potential given rising domestic and export demand for processed food products. However, meaningful revenue contribution is expected to materialize gradually as operations scale up and the business segment matures over time.

Debt Coverage & Liquidity

Coverage indicators remained weak during the review period. The debt service coverage ratio (DSCR) had improved slightly to 1.08x in MY24 (MY23: 1.03x) on account of higher operating cash flows but deteriorated to 0.59x in 9M MY25 due to lower FFO and increased debt servicing requirements. The Company's current ratio remained close to 1.0x, recorded at 1.06x at end-MY24 and 1.07x at end-9M MY25. Given the low DSCR and elevated borrowing levels, near-term coverage remains strained, though access to established funding lines and sponsor support provides interim liquidity comfort.

Financial Summary				
Balance Sheet (PKR Millions)	MY22A	MY23A	MY24A	9MMY25M
Property, plant and equipment	13,641.41	14,353.52	14,484.75	13,837.05
Intangible Assets	0.42	0.28	0.13	0.00
Stock-in-trade	5,893.34	13,134.43	17,341.87	14,555.77
Trade debts	1,135.16	2,638.63	2,891.27	3,878.79
Short-term Investments	857.99	321.20	369.73	865.16
Cash & Bank Balances	2,518.36	304.82	462.93	3,766.83
Other Assets	7,860.21	8,182.79	9,863.75	8,695.88
Total Assets	31,906.89	38,935.67	45,414.43	45,599.48
Creditors	837.66	1,322.51	1,706.89	3,688.42
Long-term Debt (incl. current portion)	6,612.82	6,202.60	5,370.74	4,930.05
Short-Term Borrowings	8,275.26	12,892.57	21,224.27	13,927.15
Total Debt	14,888.08	19,095.17	26,595.01	18,857.20
Other Liabilities	6,449.41	8,288.83	6,422.98	11,207.61
Total Liabilities	22,175.15	28,706.51	34,724.88	33,753.23
Paid up Capital	3,200.00	3,200.00	3,200.00	3,200.00
Revenue Reserve	4,444.39	4,891.78	5,402.19	6,558.91
Other Equity (excl. Revaluation Surplus)	2,087.36	2,137.36	2,087.36	2,087.36
Sponsor Loan	2,087.36	2,137.36	2,087.36	2,087.36
Equity (excl. Revaluation Surplus)	9,731.75	10,229.14	10,689.55	11,846.27

Income Statement (PKR Millions)	MY22A	MY23A	MY24A	9MMY25M
Net Sales	28,115.33	35,292.28	51,845.73	50,907.61
Gross Profit	3,766.62	5,789.36	8,121.54	5,148.68
Operating Profit	2,767.85	4,478.77	6,863.40	4,057.41
Finance Costs	1,550.56	3,272.41	5,408.65	2,579.10
Profit Before Tax	1,217.29	1,206.36	1,454.75	1,478.31
Profit After Tax	755.01	461.51	536.29	841.96

Ratio Analysis	MY22A	MY23A	MY24A	9MMY25M
Gross Margin (%)	13.40%	16.40%	15.66%	10.11%
Operating Margin (%)	9.84%	12.69%	13.24%	7.97%
Net Margin (%)	2.69%	1.31%	1.03%	1.65%
Funds from Operation (FFO) (PKR Millions)	2,535.57	2,033.49	2,740.75	1,478.31
FFO to Total Debt* (%)	17.03%	10.65%	10.31%	10.45%
FFO to Long Term Debt* (%)	38.34%	32.78%	51.03%	39.98%
Gearing (x)	1.53	1.87	2.49	1.59
Leverage (x)	2.28	2.81	3.25	2.85
Debt Servicing Coverage Ratio* (x)	1.24	1.03	1.08	0.59
Current Ratio (x)	1.15	1.08	1.06	1.17
(Stock in trade + trade debts) / STD (x)	1.08	1.46	1.10	1.48
Return on Average Assets* (%)	2.92%	1.30%	1.27%	2.47%
Return on Average Equity* (%)	8.07%	4.62%	5.13%	9.96%
Cash Conversion Cycle (days)	38.58	123.85	134.03	97.48

*Annualized, if required

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES					Appendix II
Name of Rated Entity	Almoiz Industries Limited				
Sector	Sugar Industry				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook/Rating Watch	Rating Action
	RATING TYPE: ENTITY				
	11/03/2025	A	A2	Stable	Reaffirmed
	09/13/2024	A	A2	Stable	Reaffirmed
	08/02/2023	A	A2	Stable	Reaffirmed
	04/26/2022	A	A2	Stable	Reaffirmed
	02/01/2021	A	A2	Stable	Upgrade
	02/27/2020	A-	A2	Rating Watch – Developing	Maintained
	10/29/2018	A-	A2	Stable	Initial
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
	Wasif Mahmood		CFO		10/29/2025
	Muhammad Asad		Financial Analyst		