

## RATING REPORT

## RYK Mills Limited

**REPORT DATE**

April 22, 2025

**RATING ANALYSTS:**

Saeb Muhammad Jafri

[saeb.jafri@vis.com.pk](mailto:saeb.jafri@vis.com.pk)

Muhammad Subhan

[subhan@vis.com.pk](mailto:subhan@vis.com.pk)

## RATING DETAILS

Rating Category	Entity Rating	
	Long-term	Short-term
Entity	A	A2
Rating Date	September 19, 2024	
Rating Outlook/Rating Watch	Positive	
Rating Action	Reaffirmed	
Rating Category	Short Term Sukuk (STS) Rating	
	Final Rating	Preliminary Rating
STS	A1	A1 (plim)
Rating Date	April 22, 2025	September 20, 2024
Rating Action	Final	Preliminary

## COMPANY INFORMATION

Incorporated in 2007

External auditors: HLB Ijaz Tabassum &amp; Co. Chartered Accountants

Public Limited Company

Primary Sponsor Director: Mr. Makhdum Omer Sheryar

Key Shareholders (with stake 5% or more):

Chief Executive Officer (CEO): Mr. Shaharyar Khan

Mr. Makhdum Omer Shebryar ~ 33.5%

ME Capital (Pvt.) Limited ~ 27.4%

Mr. Moonis Elahi ~ 13.9%

31-A Estates Limited ~ 7.5%

Ms. Tabreem Elahi ~ 7.4%

## APPLICABLE METHODOLOGY(IES)

Applicable Rating Criteria: Corporates:

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

Rating the Issue

<https://docs.vis.com.pk/docs/Rating-the-Issue-Aug-2023.pdf>

## APPLICABLE RATING SCALE(S)

VIS Issue/Issuer Rating Scale:

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

## RYK Mills Limited

OVERVIEW OF  
THE INSTITUTION

## RATING RATIONALE

**RYK Mills Limited**

*was incorporated in June 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Head office is located at 75-D/4 Sarfraz Rafique Road, Cantt Lahore.*

**Company Profile:**

RYK Mills Limited ("RYKML" or "the Company") is a public limited company incorporated in 2007. The Company's registered office is located in Lahore Cantt, while its manufacturing facilities are situated in Rahim Yar Khan, Punjab. RYKML's business activities include the production and sale of sugar, ethanol, related by-products, as well as the generation and sale of electricity.

The Company wholly owns Alliance Sugar Mills Ltd. ("ASML"), engaged in the production of sugar and related by products.

**Group Profile:**

RYK Group ("the Group") is an agribusiness conglomerate in Pakistan, primarily engaged in sugar manufacturing, power generation, and ethanol production. Established in 2007, the Group currently produces approximately 6% of Pakistan's total sugar output as of today, as per the management. The Group is also involved in biomass energy production, with an operational installed capacity of 61 MW and potential for expansion by an additional 55 MW. Additionally, the Group is one of the large producers of ethanol in Pakistan with a fully integrated supply of molasses, as per the management. This integration supports the operation of its existing ethanol plant with a capacity of 125,000 liters per day and allows for a planned expansion of an additional 125,000 liters per day. The Group operates through its units, RYKML and ASML.

**STS Structure:**

We have received the execution documents of the Company's STS issue and have found no deviation from the indicative documents. RYKML has raised an unsecured and privately placed STS of PKR 3 bln on February 11, 2025. The proceeds from the issue will be utilized to finance the working capital requirements of the Company. The STS employs a Musharakah structure, relying on Shirkat-ul-Aqd. The structure is as follows:

- The tenor of the instrument is six (06) months from the date of drawdown.
- The STS has an early redemption option to prepay the payment amount 30 days prior to redemption date.
- Profit is payable at the time of the maturity of the Sukuk along with the principal payment.
- A minimum sales revenue of PKR 6 bln, with 10% deviation, is to be maintained over a period of three months during the tenor of the STS. Monthly sales report to be submitted within 5 business days of the preceding month. As per reports for February–March 2025, the Company routed PKR 6 billion in revenue within one month of the Issue Date.
- A Debt Payment Account (DPA) to be maintained under lien with the Agent Bank. The Issuer shall fill up the DPA with the Issue Amount and Profit ("Payment") in the following manner:
  - 50% of the Payment amount 14 business days prior to Redemption date.
  - 50% of the Payment amount 7 business days prior to Redemption date.

**RYK Mills Limited**
**Appendix I**
**REGULATORY DISCLOSURES**

Name of Rated Entity	RYK Mills Limited				
Sector	Sugar				
Type of Relationship	Solicited				
Purpose of Rating	Instrument Rating				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook/Rating Watch	Rating Action
	RATING TYPE: SUKUK				
	22/04/25	-	A1	-	Final
	20/9/2024	-	A1 (plim)	-	Preliminary
Instrument Structure	RYKML has raised an unsecured and privately placed STS of PKR 3 bln on February 11, 2025. The proceeds from the issue will be utilized to finance the working capital requirements of the Company. The STS employs a Musharakah structure, relying on Shirkat-ul-Aqd. The tenor of the instrument is six (06) months from the date of drawdown. The STS has an early redemption option to prepay the payment amount 30 days prior to redemption date. Profit is payable at the time of the maturity of the Sukuk along with the principal payment. The Company is required to submit monthly account statements as evidence of generating a minimum revenue of PKR 6 bln each quarter during the tenor of the STS. As per reports for February–March 2025, the Company routed PKR 6 billion in revenue within one month of the Issue Date. The revenue will be monitored monthly, with the first submission due three business days after the end of thirty days from the full disbursement date, and each month thereafter. A minimum sales revenue of PKR 6 bln, with 10% deviation, is to be maintained over a period of three months during the tenor of the STS. Monthly sales report to be submitted within 5 business days of the preceding month. A Debt Payment Account (DPA) to be maintained under lien with the Agent Bank. The Issuer shall fill up the DPA with the Issue Amount and Profit (“Payment”) in the following manner: - 50% of the Payment amount 14 business days prior to Redemption date. - 50% of the Payment amount 7 business days prior to Redemption date.				
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. Copyright 2025 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.				
Due Diligence Meetings Conducted	S.No.	Name	Designation	Date	
	N/A				