

Analysts:

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APPLICABLE METHODOLOGY(IES):

VIS Entity Rating Criteria Methodology – Industrial Corporates

(https://docs.vis.com.pk/docs/CorporateMethodology.pdf)

Rating Scale:

(https://docs.vis.com.pk/docs/VISRatingScales.pdf)

DIGITAL WORLD PAKISTAN (PVT) LIMITED

Chief Executive: Mr. Muhammad Farooq Naseem

RATING DETAILS

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RATINGS CATEGORY	Short-term	
INSTRUMENT (STS-1)	A1 (plim)	
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Preliminary	
RATING DATE	December 04, 2025	

RATING RATIONALE

The assigned rating reflects the Company's established market position, strong brand equity, conservative gearing, and the seasonal alignment of projected cash flows with Sukuk maturities. Additional comfort is derived from the availability of working capital lines, the potential buildup of a Finance Payment Account (FPA Moreover, the Company has demonstrated resilience during import restrictions, ensures prudent working capital management, and stable relationships with the banking sector, which collectively underpin its strong capacity to meet short-term obligations in a timely manner.

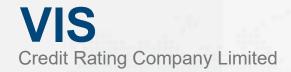
COMPANY PROFILE

Digital World Pakistan (Pvt) Limited ('DWPL' or 'the Company') was incorporated on April 06, 2000, in Pakistan. The principal activity of the Company is manufacturing and sale of varied interrelated consumer home electronic products, for the brand 'Gree' under a licensing agreement with Chinese principals and DWPL's own brand 'Ecostar'.

The head office of the Company is situated at 5 Zafar Ali Road, Gulberg-V, Lahore, Pakistan. Manufacturing facility is located at 35-KM Multan Road, Lahore & 60 KM Off Main Multan Road Tehsil Pattoki, District Kasur.

Merger with Related Party

During FY25, DWP Engineering Industries (Pvt) Ltd, a related party of the Company by common directorship, has merged with and into DWPL. The merger took effect with a swap ratio of 1:6 i.e., one share against six of DWP Engineering Industries



Ltd. Resultantly, the refrigerator segment has been integrated into DWPL's operations.

PROPOSED SUKUK STRUCTURE:

The Company plans to raise financing through a sukuk program of PKR 3 Bn entailing two, unsecured, privately placed, short term sukuk issues of PKR 1.5 Bn each, to finance its working capital. The first Sukuk (STS-1) is planned to be issued in December 2025 and the subsequent (STS-2) in January 2026, to fund company's peak production cycle, which typically spans from October to January. The Sukuks will have a tenor of six months with repayments scheduled in June and July, aligning with DWPL's peak sales season.

The applicable profit rate will be Base rate (three-month KIBOR) plus 1.25% per annum. Profit shall be paid quarterly in arrears, while principal amount will be repaid in a single bullet payment at maturity.

a) Credit enhancement is supported by availability of funded lines backed by Company's undertaking and establishment of Finance Payment Account ("FPA") to be fully funded prior to maturity date.

INDUSTRY PROFILE & BUSINESS RISK

VIS categorizes the household appliances industry's business risk profile as medium to high, characterized by exposure to cyclicality and exchange rate fluctuations as assembler's dependent on imported parts with limited localization.

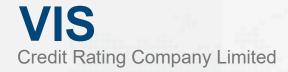
Household appliance market is a sub-segment of 'Electrical Equipment' group within the Large-Scale Manufacturing (LSM) sector, with ~2% weightage in QIM index of LSM. As it is a 'brand' driven market, marketing, post sales service strategies and prices play a key role in attracting market shares and can vary for different players among different product segments. Moreover, strong brand dominance and significant capital needs create barriers to entry in the market.

Demand stems from both original and replacement markets, closely tied to per capita income, urbanization, technological advancements, and seasonality. Refrigerators lead in volume and value share, followed by air conditioners, TVs, washing machines, and deep freezers.

While the sector continued to face significant headwinds during FY24, amidst high manufacturing costs, electricity price hikes, and weak consumer demand, the gradual easing of import restrictions and an improving macroeconomic environment have supported a steady recovery in FY25.

Product Profile & Capacity

Utilization levels improved notably during FY25, supported by stronger demand and ease in import restrictions, enabling Company to secure sufficient raw material. The air conditioner segment remains Company's primary revenue contributor. Meanwhile, capacity utilization in the refrigerator segment remained subdued



during the year, as available credit was strategically allocated toward higher-margin air conditioners.

Looking ahead, the Company plans to further expand its manufacturing footprint with a new production facility in Karachi, expected to become operational by December 2025, increasing air conditioner capacity by 150,000 units.

FINANCIAL RISK

Capital Structure

The Company's capitalization remains manageable, with gearing at 0.69x and leverage at 2.69x as of end-FY25 (FY24: 0.35x and 3.23x). The uptick in gearing primarily reflects higher utilization of short-term borrowings to support expanded production, along with the consolidation impact of the DWP Engineering Industries merger, which added PKR 1.06bn in long-term debt. Looking ahead, gearing is projected to remain broadly stable around 0.80x following the planned issuance of a PKR 3bn short-term Sukuk, supported by continued equity accretion on the back of stronger sales and earnings momentum.

Profitability

The Company reported strong YoY topline growth with sales doubling to PKR 45.3 Bn (FY24: PKR 22.5 Bn) driven by ease in import restrictions and improvement in macroeconomic conditions, supporting overall demand.

During FY25, air conditioners remained the dominant revenue driver, contributing 84% to sales, while refrigerators and other appliances are expected to support incremental growth from FY26 onward. With the relaxation of import restrictions and improved access to local financing, sales are projected to grow by 72% YoY in FY26 to PKR 78.4 Bn, driven by both Gree and Ecostar units.

Gross margin during FY25, improved to 21.3% (FY24: 20.6%) driven by higher contribution of AC sales. Consequently, operating margins remained strong while net margin strengthened to 6.5% (FY24: 4.0%) supported by deferred tax benefits. Projected profit margins are expected to remain broadly stable.

Debt Coverage & Liquidity

The Company's liquidity profile remains adequate, underpinned by a current ratio of 1.1x in FY25 and a manageable cash conversion cycle. Coverage of short-term debt is comfortable at 2.9x, and DSCR is projected to further strengthen to 4.0x by FY26 (FY25: 3.5x), supported by robust operating cash flows and improving financial flexibility. The availability of banking lines provides sufficient funding headroom, while projected cash inflows are well-aligned with proposed Sukuk maturities, ensuring timely debt-servicing capacity.



REGULATORY DISCLO					Appendix II
Name of Rated Entity	Digital World Pakista				
Sector Type of Relationship	Consumer Appliances Solicited				
Purpose of Rating	Instrument Ratings				
ш.росс ст.т	Rating Date	Medium to	Short Term	Outlook / Rating Watch	Rating Action
	8	Long Term		, 9	
			ATING TYPE:	SHORT-TERM SUKUK	
	04-Dec-25		A1 (plim)	Stable	Preliminary
			RATING	TYPE: ENTITY	
	18-July-25	A-	A2	Stable	Reaffirmed
Rating History	07-June-24	A-	A2	Stable	Maintained
	18-Aug-23	A-	A2	Negative	Maintained
	19-July-22	A-	A2	Stable	Reaffirmed
	30-June-21	A-	A2	Stable	Upgrade
	13-July-20	BBB+	A2	Stable	Downgrade
	28-Feb-19	A-	A2	Stable	Initial
	20-1-00-17	11-	112	Stable	muai
	Instrument 1	Name:		Details	
		Nature of Instrument		STS-1	
	Tenure of Instrument			6 months	
	Size of the Issue			PKR 1.5 billion	
	Principle Redemption Schedule			Bullet	
	Interest Redemption Schedule			Quarterly	
					ndertaking to ensure
				that sufficient cushion would be a	_
				Company's funded finance facilitie	es at the time of
				Principal Redemption in case of an	ny shortfall in the
nstrument Structure				Company's own cashflows;	
				2. Company will either:	
				a) Establish and fund a Finance Pa	
				("FPA") at least 5 working days prior to the Principal	
				Redemption Date; or	
				b) Furnish a letter from its banks confirming that	
				sufficient cushion is available in its funded finance	
				facilities for drawing down by the	
	Profit Rate			Sukuk on the Principal Redemption date. Base Rate (3M KIBOR) + 1.25%	
	Name of Tru	ratao			
				Pak Brunei Investment Company	t have any conflict of inter-
Statement by the Rating Team		ating(s) mentione		nbers of its rating committee do no ng is an opinion on credit quality only	
2.1.189 (5.4.1	VIS' ratings opinions	express ordinal ra	•	strongest to weakest, within a univ	
Probability of Default	not intended as guara debt issue will defaul		uality or as exact	measures of the probability that a	particular issuer or particu
				to be accurate and reliable; howeve and is not responsible for any errors	
	accuracy, adequacy o	r completeness of	any injormation	and is not responsible for any errors	or omissions of for the resti
Disclaimer	obtained from the us	e of such informa		ting this assignment, analyst did no	



	S.No.	Name	Designation	Date
Due Diligence Meetings Conducted	1.	Mr. Hamid Mahmood	CFO	
	2.	Mr. Liaquat Ali	GM Finance & Company Secretary	21-Oct-2025
	3.	Mr. Shakeeb Shahzad	Manager Banking	