

## JDW SUGAR MILLS LIMITED

**Analysts:**

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**RATING DETAILS**

| RATINGS CATEGORY   | Preliminary Sukuk Rating |
|--------------------|--------------------------|
| SHORT-TERM SUKUK-5 | A1 (Plim)                |
| RATING ACTION      | Preliminary              |
| RATING DATE        | October 7, 2026          |

**Shareholding (5% or More)**

Directors, CEO, and their spouse and minor children – 54.67%

General Public – 42.14%

**Other Information**

Incorporated in 1990

Public Listed Company

CEO: Raheal Masud

Chairman: Makhdoom Syed Ahmad Mahmud

External Auditor: Riaz Ahmad, Saqib, Gohar &amp; Co., Chartered Accountants

**Applicable Rating Methodology**

VIS Entity Rating Criteria Methodology – Corporates Rating

<https://docs.vis.com.pk/Methodologies-2026/Corporate-Rating-2026.pdf>**Instrument Rating**<https://docs.vis.com.pk/Methodologies-2026/IRM-2026.pdf>**Rating Scale**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>**Rating Rationale**

JDW Sugar Mills Limited ('JDWSML' or 'the Company') intends to issue a series of Sukuk(s) for a total cumulative amount of Rs. 20,000 million. As part of this funding strategy, which previously included Short-Term Sukuk-3 ('STS-3') and Short-Term Sukuk-4 (STS-4), the Company is now issuing a privately placed, unsecured Short-Term Sukuk-5 ('STS-5' or 'the Instrument') for an additional Rs. 5,000 million.

The Instrument will have a tenor of six months from the date of drawdown and will be redeemed in a bullet payment at maturity, with profit also payable at maturity. The Sukuk carries a profit rate of 3MK + 0.20%. The instrument will provide liquidity to meet the Company's working capital requirements.

Assigned rating reflects the Company's well-established position in the domestic sugar industry, vertically integrated operations, and diversified revenue streams, which include sugar manufacturing, power generation, ethanol production, and corporate farming. Business diversification has been further strengthened with the addition of an ethanol facility during MY25, which also supports the Company's export footprint. Although high working capital demands impacted the financial profile in MY25, along with short-term headwinds in 9MMY26,

the Company's financial position is expected to remain stable. The assigned rating hinges on maintenance of adequate liquidity parameters and prudent debt management throughout the instrument tenor.

As of August 2026, the Company maintains a substantial unutilized cushion across its conventional, Islamic, Agri-finance, and trade finance facilities. This offers comfortable liquidity headroom; which VIS will continue to monitor alongside debt coverage metrics.

### Company Profile

JDW Sugar Mills Limited ('JDWSML' or 'the Company') was incorporated in Pakistan in 1990 as a private limited company and was listed on the Pakistan Stock Exchange in August 1991. The Company is principally engaged in the manufacture and sale of crystalline sugar, ethanol and related by-products including molasses and bagasse, along with bagasse-based co-generation of electricity and corporate farming operations. JDWSML operates three sugar manufacturing units located in Rahim Yar Khan and Ghotki, in addition to an ethanol facility in Rahim Yar Khan. Additionally, the Company has four subsidiaries and its registered head office is located in Lahore Cantonment, Lahore. In 2025, JDW Sugar Mills transitioned into an integrated industrial complex, headlined by the launch of its 230,000 liters-per-day ethanol distillery which achieved commercial operations on August 1, 2025. While the Group continues to operate major subsidiaries like Deharki Sugar Mills (DSML), the management has initiated a strategy to lean out its corporate structure by approving the voluntary winding up of dormant subsidiaries namely Sadiqabad Power (SPL) and Ghotki Power (GPL), alongside the planned asset liquidation of Faruki Pulp Mills (FPML). The Group has signaled global ambitions by approving the establishment of a new wholly owned subsidiary in the UAE in 2026.

### Proposed Sukuk Structure

The Company intends to issue a series of Sukuk(s) for a total cumulative amount of Rs. 20,000 million. As part of this funding strategy, which previously included an unsecured Short-Term Sukuk-3 ('STS-3') of Rs. 5,000 million and an unsecured Short-Term Sukuk-4 ('STS-3') of Rs. 5,000 million, the Company is now issuing a privately placed, unsecured Short-Term Sukuk-5 ('STS-5' or 'the Instrument') for an additional Rs. 5,000 million. The Instrument have a tenor of six months from the date of drawdown and will be redeemed in a bullet payment at maturity, with profit also payable at maturity. The Sukuk carries a profit rate of 3MK + 0.20%. The instrument will provide liquidity to meet the Company's working capital requirements.

The lead arranger and investment agent of the issue is Habib Bank Limited (HBL).

As of August 2026, the Company maintains a substantial unutilized cushion across its conventional, Islamic, Agri-finance, and trade finance facilities. This offers comfortable liquidity headroom; which VIS will continue to monitor alongside debt coverage metrics.

### Governance

JDW Sugar Mills maintains a robust corporate governance framework, overseen by an eight-member Board of Directors led by Chairman Makhdoom Syed Ahmed Mahmud and CEO Mr. Raheal Masud. The management team is characterized by deep-rooted industry expertise. The Company's financial statements for MY25 are audited by Riaz Ahmad, Saqib, Gohar & Co., a firm appearing in Category 'B' on the State Bank of Pakistan's (SBP) panel of auditors.

**Business Risk****INDUSTRY****SUGAR**

The business risk profile of Pakistan's sugar industry remains medium, reflecting structural seasonality, high regulatory sensitivity, and persistent cost pressures, despite tentative signs of production recovery. During the 2024–25 crushing season, national sugar output declined to 5.77 million metric tons (MMT) from 6.8 MMT a year earlier, primarily due to lower sucrose recovery and adverse weather conditions. The sector's challenges were compounded by the government's inconsistent export policy, which allowed substantial sugar exports in 2023 and early 2024 despite forecasts of domestic shortfalls. Exporters benefited from favorable international prices, leaving local markets exposed to supply constraints and price volatility. As a result, retail sugar prices surged to PKR 165–170/kg by mid-2025, peaking near PKR 180/kg amid perceived scarcity. Policy risk remains elevated, as reforms introduced under the IMF program, including the removal of the minimum support price, have heightened market exposure for both growers and mills. Looking ahead, sugar production is projected to recover to approximately 6.6 MMT in 2025–26, representing a 13.7% year-on-year increase, supported by improved cane yields and higher sucrose recovery rates. Total sugarcane output is expected to rise to 83.5 million MT, up roughly 4%, while domestic consumption is forecast around 6.8 MMT, driven by population growth and steady demand from the food and beverage sector. Despite improved production, ending stocks are likely to decline to around 1.76 MMT, indicating a structurally tight supply–demand balance. Retail prices are expected to remain range-bound, averaging PKR 160–180/kg. Elevated input costs, including energy, fertilizer, and transport, alongside water scarcity and delayed cane payments will continue to constrain industry margins. Overall, the industry remains exposed to moderate but persistent business risk, underpinned by improving output and stable consumption, yet constrained by structural inefficiencies, high working-capital intensity, and policy-driven volatility.

**ETHANOL**

The business risk profile of Pakistan's ethanol sector is assessed as Medium to High, primarily due to its dependence on sugarcane-derived molasses. Feedstock availability remains the key risk, as lower sugarcane yields in the 2024–25 season constrained molasses supply, increased costs, and disrupted production. Since molasses is a by-product of sugar manufacturing, its availability and pricing are influenced by sugar market conditions and government policies. Restrictions on sugar exports or increases in sugarcane support prices may encourage mills to retain molasses, pressuring distillery margins. The sector is export-oriented, with around 80% of output sold internationally, exposing producers to fluctuations in global ethanol demand, biofuel blending mandates, and competition from large producers such as Brazil and the U.S. Ethanol prices are also sensitive to global oil prices, while domestic demand remains limited, with blending initiatives offering only gradual and uncertain support. Going forward, lower international prices and tighter feedstock availability are expected to constrain margins, particularly as additional distillation capacity intensifies competition for molasses. Installed ethanol capacity is estimated at about 4.13 million liters per day, and further additions without higher cane throughput may limit utilization. High working capital requirements across the sugar-ethanol value chain and exposure to global sugar price volatility further elevate risk. While ethanol exports provide diversification and foreign exchange earnings, overall business risk remains higher than most of the other local manufacturing sectors.

**OPERATIONAL UPDATE**

JDW Sugar Mills Limited operates as an integrated sugar producer with diversified operations across sugar manufacturing, power generation and ethanol production. The Company's core business remains sugar manufacturing, supported by three mills located at Jamal Din Wali (Unit I), Sadiqabad (Unit II) and Ghotki (Unit

III). The Group's operational capacity is further supported by Deharki Sugar Mills (Private) Limited, a wholly owned subsidiary. JDWSML's operations are supported by a vertically integrated supply chain which includes corporate-owned farms in Sindh and Punjab that help secure sugarcane supply and improve control over raw material quality.

In addition to its core sugar operations, the Company has diversified into bagasse-based power generation and ethanol production. The power plants primarily meet internal energy requirements while surplus electricity is delivered externally. The newly established ethanol plant utilizes molasses as feedstock and allows the Company to convert a by-product of sugar production into a higher value product. This diversification supports JDWSML's revenue base and improves overall operational efficiency by maximizing the use of available resources.

#### Sugar Segment:

The Company has a combined crushing capacity of 71,000 tons per day (TCD), including Unit I (Jamal Din Wali) of 35,000 TCD, Unit II (Sadiqabad) of 22,000 TCD, and Unit III (Ghotki) of 14,000 TCD. Additionally, DSML has 13,000 TCD of capacity. During the MY25 crushing season, the mills operated for 114 days, recording a daily processing capacity of approximately 57,544 tons of sugarcane. This operational throughput resulted in a total crushed volume of 6.56 million tons during the season, lower than 7.11 million from last season. Consequently, sugar production for the season decreased to 679,901 tons (MY24: 688,117) in MY25. Subsequently, sucrose recovery decreased slightly to 10.36% (MY24: 10.57%) in MY25.

#### Ethanol Segment:

JDWSML has also expanded its product portfolio through the development of an ethanol production facility with a design capacity of 230,000 liters per day. The plant uses molasses as the primary feedstock and is designed to produce ethanol for both domestic use and export markets. The facility commenced trial production on 12 July 2025, and following successful testing, commercial production began on 01 August 2025. By 30 September 2025, the plant had produced 14,700 tons of ENA ethanol and is currently operating at a level exceeding 250,000 liters per day, reflecting operational efficiency above its designed capacity.

#### Power Segment:

JDWSML operates bagasse-based power plants with a cumulative capacity of 53.4 MW. These plants are primarily utilized to meet internal energy requirements. While the installed generation capacity remained unchanged, the plants generated and delivered 383,551 MWh energy in MY25.

|                                 | MY24         | MY25         | MY26*        |
|---------------------------------|--------------|--------------|--------------|
| <b>JDW Sugar Mills Limited</b>  |              |              |              |
| Cane Crushed                    | 7,119,539    | 6,559,959    | 6,490,847    |
| Sucrose Recovery                | 10.57%       | 10.36%       | 10.32%       |
| Sugar Production                | 688,117      | 679,901      | 672,220      |
| Molasses Produced               | 294,779      | 296,827      | 264,870      |
| <b>Molasses Recovery</b>        | <b>4.40%</b> | <b>4.50%</b> | <b>4.40%</b> |
| *covers period till 28-Feb-2026 |              |              |              |

**SALES & PROFITABILITY**

Net sales moderated to Rs. 114.73b (MY24: Rs. 116.05b) in MY25, amid evolving segmental dynamics. Within the sugar division, domestic sales registered a modest uptick, while export revenues expanded significantly by 2.72x in MY25. Molasses revenue contracted sharply by 47%, amidst internal diversion toward the ethanol segment, which, in turn, recorded revenue of Rs. 256.9m (MY24: nil) in MY25. Co-generation power revenue also declined during MY25 owing to the absence of one-off differential tariff adjustments recorded in MY24. The corporate farming revenue reduced, reflecting lower sugarcane sold to DSML. The slow rationalization of sugar prices increases, higher average sugarcane procurement price, lower sucrose recovery and decline in co-power generation compressed gross margins to 13.9% (MY24: 21.7%) in MY25. Driven by lower gross margins, net margins also decreased to 5.6% in MY25 (MY24: 11.2%), despite utilization of tax credit.

During 9MMY26, the topline contracted slightly to Rs. 81.79b (9MMY25: Rs. 84.71b), mainly due to subdued sugar revenues. The Company's ethanol segment recorded Rs. 10.37b revenue in 9MMY26 (9MMY25: nil). In 9MMY26, despite higher sugarcane procurement price, gross margins recovered to 16.24% (9MMY25: 11.65%) driven by higher selling prices and better sucrose recovery. This, combined with uptick in other income (9MMY26: Rs. 4.68b, 9MMY25: Rs. 1.91b), resulted in notable increase in net margin to 8.33% (9MMY25: 3.64%) in 9MMY26.

Margins are projected to remain largely stable over the remainder of the year with price controls offset by cost-optimization initiatives. These initiatives include the addition of Anhydrous plant, which commenced operations in August 2025 and the capacity to produce export-grade anhydrous ethanol, while CO2 plant which is planned to be installed in due course, is aimed at enhancing value addition within the ethanol segment.

**Financial Risk****CAPITAL STRUCTURE**

The expansion in equity base to Rs. 30.6b (end-MY24: Rs. 27.0b) by end-MY25, was primarily supported by profit retention. The dividend payout ratio increased to 45% in MY25 (MY24: 15%). Equity enhanced further to Rs. 34.6b by end-9MMY26. Despite higher borrowings related to capital expenditure on ethanol project during MY25, the expansion in equity resulted in a modest improvement in gearing (MY25: 1.19x; MY24: 1.27x) and debt leverage (MY25: 1.54x; MY24: 1.61x); however, capitalization indicators weakened by end-9MMY26 due to a notable increase in short-term borrowings. These funds were placed temporarily as bank deposits.

The long-term borrowings are projected to increase further by end-MY26 to be mobilized for purchase of an aircraft, development JDW Tower - the Group's new corporate office in Gulberg, Lahore, and ongoing expenditures on distillery. Keeping capitalization ratios within manageable levels remains key, from ratings perspective.

**DEBT COVERAGE & LIQUIDITY**

Funds from operations (FFO) declined in MY25, primarily due to lower profitability and higher disbursements under the Workers' Profit Participation Fund (WPPF), leading to a contraction in the debt service coverage ratio (DSCR) to 1.34x (MY24: 2.88x). In 9MMY26, DSCR improved to 1.84x, supported by a recovery in FFO generation. Likewise, FFO-to-total debt and FFO-to-long-term debt coverage metrics weakened during MY25 but exhibited improvement in 9MMY26, with further strengthening expected over the remainder year.

The current ratio moderated to 1.11x (end-MY24: 1.24x) by end-MY25, largely reflecting an increase in trade payables alongside relatively lower inventory levels. This working capital adjustment contributed to an improvement in the cash conversion cycle (CCC), which shortened slightly to 89 days in MY25 (MY24: 92 days).

Driven by an increase in short-term borrowings and trade creditors at the start of crushing season, current ratio dipped to 1.02x while the CCC stretched to 157 days in 9MMY26 due to stuck up inventory, which is expected to be offloaded during the last quarter of MY26. Majority of trade receivables arise from CPPA-G (Central Power Purchasing Agency (Guarantee) Limited), a government-owned entity, and are secured by guarantee from Government of Pakistan under the Implementation Agreements.

| FINANCIAL SUMMARY                         |               |               |               |                |                |                |
|-------------------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Balance Sheet (PKR Millions)              | MY23A         | MY24A         | MY25A         | 9MMY26         | MY26P          | MY27P          |
| Property, plant and equipment             | 19,513        | 24,391        | 40,626        | 44,790         | 39,014         | 43,531         |
| Right-of-use Assets                       | 2,540         | 2,920         | 2,281         | 3,648          | 2,582          | 2,401          |
| Intangible Assets                         | 608           | 608           | 608           | 1,050          | 608            | 608            |
| Long-term Investments                     | 1,050         | 1,050         | 1,050         | 1,050          | 1,050          | 1,050          |
| Stock-in-trade                            | 15,823        | 21,578        | 12,625        | 54,513         | 26,029         | 30,679         |
| Trade debts                               | 3,178         | 9,628         | 9,348         | 9,552          | 6,227          | 6,923          |
| Short-term Investments                    | 1,068         | 1,234         | 285           | 285            | 285            | 285            |
| Cash & Bank Balances                      | 159           | 685           | 438           | 796            | 430            | 638            |
| Other Assets                              | 7,962         | 8,376         | 10,632        | 13,649         | 15,693         | 9,821          |
| <b>Total Assets</b>                       | <b>51,901</b> | <b>70,470</b> | <b>77,894</b> | <b>129,333</b> | <b>105,819</b> | <b>105,819</b> |
| Creditors                                 | 1,103         | 708           | 1,824         | 2,338          | 1,171          | 1,080          |
| Long-term Debt (incl. current portion)    | 9,310         | 10,123        | 19,530        | 16,880         | 23,495         | 19,914         |
| Short-Term Borrowings                     | 7,193         | 24,255        | 17,046        | 62,652         | 11,541         | 8,696          |
| <b>Total Debt</b>                         | <b>16,503</b> | <b>34,378</b> | <b>36,576</b> | <b>79,532</b>  | <b>35,036</b>  | <b>28,609</b>  |
| Other Liabilities                         | 18,303        | 8,382         | 8,844         | 17,563         | 11,792         | 11,531         |
| <b>Total Liabilities</b>                  | <b>35,909</b> | <b>43,468</b> | <b>47,244</b> | <b>94,757</b>  | <b>54,079</b>  | <b>48,247</b>  |
| Paid up Capital                           | 578           | 578           | 578           | 578            | 578            | 578            |
| <b>Equity (excl. Revaluation Surplus)</b> | <b>15,991</b> | <b>27,002</b> | <b>30,650</b> | <b>34,575</b>  | <b>37,839</b>  | <b>47,688</b>  |
| Income Statement (PKR Millions)           | MY23A         | MY24A         | MY25A         | 9MMY26         | MY26P          | MY27P          |
| Net Sales                                 | 72,343        | 116,050       | 114,732       | 81,795         | 115,492        | 134,379        |
| Gross Profit                              | 10,311        | 25,151        | 15,969        | 13,287         | 23,158         | 28,801         |
| Operating Profit                          | 8,518         | 24,166        | 12,441        | 13,365         | 19,359         | 24,145         |
| Finance Costs                             | 5,453         | 7,507         | 5,567         | 5,171          | 4,304          | 5,118          |
| Profit Before Tax                         | 3,065         | 16,659        | 6,874         | 8,195          | 15,055         | 19,027         |
| <b>Profit After Tax</b>                   | <b>2,166</b>  | <b>13,009</b> | <b>6,413</b>  | <b>6,814</b>   | <b>9,786</b>   | <b>12,368</b>  |
| Ratio Analysis                            | MY23A         | MY24A         | MY25A         | 9MMY26         | MY26P          | MY27P          |
| Gross Margin                              | 14.30%        | 21.70%        | 13.90%        | 16.24%         | 20.05%         | 21.43%         |
| Operating Margin                          | 11.80%        | 20.80%        | 10.80%        | 16.34%         | 16.76%         | 17.97%         |
| Net Margin                                | 3.00%         | 11.20%        | 5.60%         | 8.33%          | 8.47%          | 9.20%          |
| Funds from Operation (FFO) (PKR Millions) | 4,229         | 18,953        | 6,700         | 8,923          | 15,049         | 19,021         |
| FFO to Total Debt*                        | 25.60%        | 55.10%        | 18.30%        | 14.96%         | 42.94%         | 66.49%         |
| FFO to Long Term Debt*                    | 45.40%        | 187.20%       | 34.30%        | 70.46%         | 64.05%         | 95.52%         |
| Gearing (x)                               | 1.03          | 1.27          | 1.19          | 2.30           | 0.93           | 0.60           |
| Net Gearing (x)                           | 0.96          | 1.20          | 1.17          | 2.27           | 0.91           | 0.58           |
| Leverage (x)                              | 2.25          | 1.61          | 1.54          | 2.74           | 1.43           | 1.01           |
| Debt Servicing Coverage Ratio* (x)        | 0.77          | 2.95          | 1.34          | 1.84           | 2.08           | 2.60           |
| Current Ratio (x)                         | 0.82          | 1.24          | 1.11          | 1.01           | 1.43           | 1.76           |
| (Stock in trade + trade debts) / STD (x)  | 2.98          | 1.38          | 1.47          | 1.02           | 3.1            | 4.76           |
| Return on Average Assets*                 | 4.0%          | 21.0%         | 9.0%          | 9.0%           | 21.3%          | 13.2%          |
| Return on Average Equity*                 | 13.0%         | 61.0%         | 22.0%         | 28.0%          | 51.7%          | 28.9%          |
| Cash Conversion Cycle (days)              | 92            | 92            | 89            | 157            | 60             | 72             |
| *Annualized, if required                  |               |               |               |                |                |                |
| A - Actual Accounts                       |               |               |               |                |                |                |
| P - Projected Accounts                    |               |               |               |                |                |                |
| M - Management Accounts                   |               |               |               |                |                |                |

| REGULATORY DISCLOSURES           |  |                                                                                                                                                                                                                                                                                                                                                                                                                             |                     |                                   |                                                         | Appendix I          |
|----------------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------|---------------------------------------------------------|---------------------|
| Name of Rated Entity             |  | JDW Sugar Mills Limited                                                                                                                                                                                                                                                                                                                                                                                                     |                     |                                   |                                                         |                     |
| Sector                           |  | Sugar                                                                                                                                                                                                                                                                                                                                                                                                                       |                     |                                   |                                                         |                     |
| Type of Relationship             |  | Solicited                                                                                                                                                                                                                                                                                                                                                                                                                   |                     |                                   |                                                         |                     |
| Purpose of Rating                |  | Sukuk Ratings                                                                                                                                                                                                                                                                                                                                                                                                               |                     |                                   |                                                         |                     |
| Rating History                   |  | Rating Date                                                                                                                                                                                                                                                                                                                                                                                                                 | Medium to Long Term | Short Term                        | Rating Outlook/Watch                                    | Rating Action       |
|                                  |  | RATING TYPE: ENTITY                                                                                                                                                                                                                                                                                                                                                                                                         |                     |                                   |                                                         |                     |
|                                  |  | 15-May-2026                                                                                                                                                                                                                                                                                                                                                                                                                 | AA-                 | A1                                | Stable                                                  | Reaffirmed          |
|                                  |  | 16-May-2025                                                                                                                                                                                                                                                                                                                                                                                                                 | AA-                 | A1                                | Stable                                                  | Reaffirmed          |
|                                  |  | 13-May-2024                                                                                                                                                                                                                                                                                                                                                                                                                 | AA-                 | A1                                | Stable                                                  | Upgrade             |
|                                  |  | RATING TYPE: SUKUK RATINGS                                                                                                                                                                                                                                                                                                                                                                                                  |                     |                                   |                                                         |                     |
|                                  |  | Short-term Sukuk 5 (STS-5)                                                                                                                                                                                                                                                                                                                                                                                                  |                     |                                   |                                                         |                     |
|                                  |  | 07-Oct-2026                                                                                                                                                                                                                                                                                                                                                                                                                 |                     | A1 (plim)                         |                                                         | Preliminary         |
|                                  |  | Short-term Sukuk 4 (STS-4)                                                                                                                                                                                                                                                                                                                                                                                                  |                     |                                   |                                                         |                     |
|                                  |  | 05-Oct-2026                                                                                                                                                                                                                                                                                                                                                                                                                 |                     | A1                                |                                                         | Final               |
|                                  |  | 28-Sep-2026                                                                                                                                                                                                                                                                                                                                                                                                                 |                     | A1 (plim)                         |                                                         | Preliminary         |
|                                  |  | Short-term Sukuk 3 (STS-3)                                                                                                                                                                                                                                                                                                                                                                                                  |                     |                                   |                                                         |                     |
|                                  |  | 30-Sep-2026                                                                                                                                                                                                                                                                                                                                                                                                                 |                     | A1                                |                                                         | Final               |
|                                  |  | 22-Sep-2026                                                                                                                                                                                                                                                                                                                                                                                                                 |                     | A1 (plim)                         |                                                         | Preliminary         |
| Instrument Structure             |  | Instrument Name:                                                                                                                                                                                                                                                                                                                                                                                                            |                     |                                   | Details                                                 |                     |
|                                  |  | Nature of Instrument                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                   | Short-term Sukuk-5 (STS-5)                              |                     |
|                                  |  | Tenure of Instrument                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                   | Six months from date of issuance                        |                     |
|                                  |  | Size of the Issue                                                                                                                                                                                                                                                                                                                                                                                                           |                     |                                   | PKR 5,000m                                              |                     |
|                                  |  | Principle Redemption Schedule                                                                                                                                                                                                                                                                                                                                                                                               |                     |                                   | Sukuk will be redeemed in bullet at the expiry of Tenor |                     |
|                                  |  | Interest Redemption Schedule                                                                                                                                                                                                                                                                                                                                                                                                |                     |                                   | Profit will be paid at maturity                         |                     |
|                                  |  | Issue Date                                                                                                                                                                                                                                                                                                                                                                                                                  |                     |                                   | TBD                                                     |                     |
|                                  |  | Grace Period                                                                                                                                                                                                                                                                                                                                                                                                                |                     |                                   | Not applicable                                          |                     |
|                                  |  | Redemption Date                                                                                                                                                                                                                                                                                                                                                                                                             |                     |                                   | TBD                                                     |                     |
|                                  |  | Nature of Security (in case of secured instrument)                                                                                                                                                                                                                                                                                                                                                                          |                     |                                   | Not Applicable                                          |                     |
|                                  |  | Rating                                                                                                                                                                                                                                                                                                                                                                                                                      |                     |                                   | A1 (plim)                                               |                     |
|                                  |  | Name of Agent                                                                                                                                                                                                                                                                                                                                                                                                               |                     |                                   | Habib Bank Limited (HBL)                                |                     |
| 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. Ali Saeed                                                                                                                                                                                                                                                                                                                                                                                                               |                     | Chief Accounting Officer          |                                                         | 18th September 2026 |
|                                  |  | Mr. Muhammad Jaffar                                                                                                                                                                                                                                                                                                                                                                                                         |                     | Deputy General Manager - Accounts |                                                         |                     |