

Press Release

VIS Reaffirms Entity Ratings of JDW Sugar Mills Limited

Karachi, May 15, 2026: VIS Credit Rating Company Limited (VIS) has reaffirmed the entity ratings of JDW Sugar Mills Limited ('JDWSML' or 'the Company') at 'AA-/A1' (Double A Minus/A One). The medium to long-term rating of 'AA-' indicates high credit quality; Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions. The short-term rating of 'A1' indicates strong likelihood of timely repayment of short-term obligations with excellent liquidity factors. Outlook on the assigned rating remains 'Stable'. Previous rating action was announced on May 16, 2025.

JDWSML, the flagship entity of the JDW Group, is the largest sugar producer in Pakistan and its sponsors and professional management team have significant experience in the Sugar, Co-Gen, Ethanol and Agricultural sector. The Company has longstanding relationships with growers along with focus on research activities in sugarcane development. 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. Its registered head office is located in Lahore Cantonment, Lahore.

The ratings reflect JDWSML's strong business profile, supported by its large operational scale, vertically integrated operations, and diversified revenue streams, including sugar manufacturing, power generation, ethanol production, and corporate farming. The Company benefits from its sizeable crushing capacity and established position in the domestic sugar industry. The addition of the ethanol facility during MY25 further supports revenue diversification and establishes the Company's export footprint. Profitability moderated during MY25, mainly due to margin pressure arising from higher sugarcane procurement costs, lower sucrose recovery, and reduced co-generation revenues. However, despite higher average cane procurement price, margins showed improvement in 1QMY26, supported by better price dynamics, higher sucrose recovery and the initial contribution from ethanol operations. Capitalization indicators remained adequate, as growth in equity through profit retention partially offset the increase in borrowings related to capital expenditure on the ethanol project. Coverage indicators weakened during MY25 due to lower internal cash generation but improved in 1QMY26. Going forward, the ratings will remain sensitive to developments in the domestic sugar industry, including sugarcane availability, sugarcane procurement price, and government policies affecting exports and pricing. The Company's ability to maintain profitability will depend on effective cost management and continued contribution from diversified revenue streams, particularly ethanol. Adequate capitalization, liquidity, and debt coverage indicators will remain important for the assigned ratings.

For further information on this ratings announcement, please contact at 021-35311861-64 or email at info@vis.com.pk

Applicable Rating Criteria:

Industrial Corporates

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

VIS Issue/Issuer Rating Scale

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



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