

# JDW SUGAR Mills Ltd.

May 19, 2023

JDWS/05/23

**1-The General Manager**

Pakistan Stock Exchange Ltd.  
Stock Exchange Building,  
Stock Exchange Road,  
**KARACHI.**

**2- The Executive Director/HOD**

Offsite-II Department - Supervision Division,  
Securities & Exchange Commission of Pakistan,  
63, NIC Building, Jinnah Avenue, Blue Area  
**ISLAMABAD.**

Dear Sirs,

**MATERIAL INFORMATION**

In accordance with Section 96 and 131 of the Securities Act, 2015 read with Clause 5.6.1(a) of PSX Regulations, we are pleased to convey that VIS Credit Rating Company Limited has reaffirmed the ratings of JDW Sugar Mills Limited at 'A+/A-1' (Single A Plus/A-One) and Outlook on the assigned ratings is 'Stable'. Press Release of VIS Credit Rating Company Limited is attached.

You may please inform the TRE Certificate Holder of the Exchange accordingly.

Yours sincerely,

For & on behalf of:

**JDW Sugar Mills Limited**



**(Maqsood Ahmad Malhi)**

Company Secretary / Legal Head

**DISCLOSURE FORM**  
**IN TERMS OF SECTION 96 AND 131 OF THE SECURITIES ACT, 2015**

Name of Company	JDW Sugar Mills Limited
Date of Report	May 18, 2023
Date of Earlier Report	NA
Exact Name of Company as specified in its Memorandum	JDW Sugar Mills Limited
Registered Address of Company	17-Abid Majeed Road, Lahore Cantt.
Contact Information	Mr. Maqsood Ahmad Malhi Company Secretary / Legal Head 042-36664891-95 maqsoodmalhi@jdw-group.com
Disclosure of Inside Information in terms of the Securities Act, 2015, Rule Book of Pakistan Stock Exchange Limited	As mentioned in attached Letter

*Maqsood*

## Press Release

### VIS Reaffirms Entity Ratings of JDW Sugar Mills Limited

**Karachi, May 17, 2023:** VIS Credit Rating Company Limited (VIS) has reaffirmed the entity ratings of JDW Sugar Mills Limited (JDWS) at 'A+/A-1' (Single A Plus/A-One). The medium to long-term rating of 'A+' denotes good credit quality; protection factors are adequate. Risk factors may vary with possible changes in the economy. The short-term rating of 'A-1' denotes high certainty of timely payment; liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor. Outlook on the assigned ratings is 'Stable'. The previous rating action was announced on April 15, 2022.

The assigned ratings incorporate JDWS market position as the leading player in the country's sugar industry, significant experience of sponsors in the sugar and agriculture sector and a professional management team. The company has longstanding relationships with growers along with focus on research activities in sugarcane development. Business risk profile of the company draws support from diversification of operations into power sector. Sugar output in 2022-23 is expected to reduce owing to adverse impact on sugarcane crop due to floods. However, due to surplus sugar stocks available in the country, the Government has so far allowed 250,000 MT of sugar exports in the ongoing year. Sugar prices have depicted a rising trend since the last month. Meanwhile, the ratings do incorporate inherent cyclicalities in crop levels and price vulnerability in sugar sector leading to competitive challenges for the company. The ratings also take note of developments with regards to penalties imposed by Competition Commission of Pakistan (CCP) on certain sugar mills. The operation of the said order has been suspended and CCP has been restrained from recovering the penalty imposed in terms of an order of the LHC dated October 2021 followed an interim stay order for the same by the Commission Appellate Tribunal. VIS will continue to monitor further development in this matter.

Revenue mix of the company is dominated by sugar and allied products, followed by power division and corporate farms. During MY22, the company recorded a modest growth in topline primarily led by higher molasses sales. Whereas sugar sales decreased by ~4% owing to relatively lower average selling prices while volumetric growth remained subdued. Despite slight improvement in sucrose recovery rate, gross margins decreased mainly owing to lower average sugar prices during the outgoing year. In addition, elevated finance cost mainly due to sharp hike in markup rates have impacted net margins. Liquidity profile is underpinned by adequate cash flows coverage and working capital management. Gearing has remained manageable on the back of growth in equity due to internal capital generation and scheduled repayments of long-term loans. During 1QMY23, the gross margins declined owing to depressed sugar prices amidst higher sugar stocks available in the country. Meanwhile, in full year, gross margins are expected to largely recover as a result of higher average sugar rates while inflated markup rates are likely to put a drag on the bottomline. Maintaining liquidity and capitalization profiles at comfortable levels would remain imperative for the assigned ratings.

For further information on this rating announcement, please contact Ms. Tayyaba Ijaz, CFA at 042-35723411-13 (Ext. 8004) and/or the undersigned at 021-35311861-64 (Ext. 207) or email at [info@vis.com.pk](mailto:info@vis.com.pk)



Sara Ahmed  
Director

**VIS Entity Rating Criteria: Corporates (August 2021)**  
<https://docs.vis.com.pk/docs/CorporateMethodology202108.pdf>

*Information herein was obtained from sources believed to be accurate and reliable; however, VIS Credit Rating Company Limited (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. VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the rating(s)/ranking(s) mentioned in this report. VIS is paid a fee for most rating assignments. This rating/ranking is an opinion and is not a recommendation to buy or sell any securities. Copyright 2023 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.*