

## Date

09-Apr-26

## Analyst

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## Applicable Criteria

- Methodology | Correlation Between Long-term & Short-term Rating Scales | Apr-25
- Methodology | Rating Modifiers | Apr-25
- Methodology | Corporate Rating | Jul-25

## Related Research

- Sector Study | Sugar | Aug-25

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## PACRA Maintains Entity Ratings of Al-Abbas Sugar Mills Limited

Rating Type	Entity	
	Current (09-Apr-26)	Previous (09-Apr-25)
<b>Action</b>	Maintain	Maintain
<b>Long Term</b>	A+	A+
<b>Short Term</b>	A1	A1
<b>Outlook</b>	Stable	Stable
<b>Rating Watch</b>	-	-

The assigned ratings position Al-Abbas Sugar Mills Limited (AASML) as a well-established and resilient player in Pakistan's sugar and ethanol sector. From a business analysis standpoint, the company's diversified revenue base—spanning sugar, ethanol, and storage infrastructure—enhances earnings visibility and reduces dependence on a single income stream. The storage tank terminal operations, in particular, provide a steady, non-cyclical revenue component, strengthening cash flow stability and offering a strategic hedge against sectoral volatility. This diversification, coupled with a robust governance framework, supports operational discipline and long-term sustainability. That said, the Company remains exposed to inherent agricultural and commodity-linked risks. Variability in sugarcane yields and quality—driven by agronomic factors and cyclical production trends—can impact throughput and margins. Additionally, fluctuations in raw material prices introduce cost-side uncertainty, underscoring the importance of efficient procurement strategies, supply chain optimization, and proactive cost management to preserve profitability.

On the financial profile side, AASML's revenue mix has shifted from an ethanol-dominated profile (MY24: 64.5% ethanol, 29.3% sugar) to a more balanced composition in MY25 (51.9% ethanol, 47.7% sugar). Ethanol remains predominantly export-driven (~96%), while sugar is largely a domestic play (~92% local, ~8% export). During MY25, the Company's topline recorded a marginal decline of ~5.4%, mainly attributable to the declining sales volume in the ethanol segment, down by ~22.9%. However, the sugar segment delivered a robust volume growth of ~38.6%, propelled by favourable market dynamics. Profitability metrics showed an eroding performance, as gross margin declined by ~4.3% due to the high procurement cost of sugar cane. Meanwhile, net margins were also compressed to ~8.1% as a result of a decline in net income driven by a manifold increase in taxation cost. The Company's financial risk profile is considered moderate, supported by improved coverages and moderately leveraged capital structure. The Company's working capital requirement is primarily financed through short-term borrowings, depicting industry norms.

The ratings are dependent on the Company's ability to sustain margins with healthy coverages while maintaining necessary cushion and discipline in working capital management. Significant deterioration of relationship among shareholders leading to adverse impact on the Company's profile and/or excessive borrowings deteriorating the coverages will impact the ratings.

### About the Entity

Al-Abbas Sugar Mills Limited was incorporated in May-91 and is listed on the PSX. The Company has diversified businesses of sugar, ethanol and storage tank terminal. The installed capacities are a) Sugar - crushing at 8,500 TCD, b) Distillery to produce 170,000liters of ethanol per day, and c) Storage tank terminal with a capacity of 22,850 M.T per month. Majority (~58%) of Al-Abbas Sugar's shareholding lies with Haji Ghani Group, which enjoys strong presence on the Board and has management control. Jahangir Siddiqui (JS) Group (~29%) is the other major shareholder. Mr. Muhammad Suleman Chawla is the Chairman of the Board, whereas, Mr. Asim Ghani serves as the Company's Chief Executive Officer.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.

