

Date

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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 upgrades Entity rating of Noon Sugar Mills Limited

Rating Type	Entity	
	Current (03-Apr-26)	Previous (04-Apr-25)
Action	Upgrade	Maintain
Long Term	A-	BBB+
Short Term	A2	A2
Outlook	Stable	Stable
Rating Watch	-	-

The rating upgrade of Noon Sugar Mills Limited ("NSML" or "the Company") is primarily underpinned by a meaningful strengthening in the Company's profitability profile and improved earnings stability during MY25. The upgrade reflects the Company's enhanced margins, stronger profitability, and a notable improvement in key debt coverage indicators, signaling a more resilient financial position. NSML is an established participant in Pakistan's sugar and ethanol industry, benefiting from the export-oriented dynamics associated with the ethanol segment, which provides a vital avenue for revenue diversification and foreign currency inflows. As a publicly listed entity, NSML operates under a framework of rigorous transparency and high disclosure requirements. The Company's governance structure adheres to elevated standards of accountability, characterized by a formal Board composition that includes independent representation. This professional oversight ensures balanced strategic decision-making and a robust internal control environment, distinguishing the Company's institutional strength and commitment to long-term sustainability. The Company operates a sugar crushing facility with a capacity of 19,000 TCD, alongside a distillery with a cumulative production capacity of 130,000 liters per day. During the MY25 crushing season, the Company produced 63,810 MT of sugar, achieving a recovery rate of ~10%. Operational efficiency is further supported by the effective utilization and monetization of by-products, particularly molasses and bagasse, which provide an additional revenue stream and help mitigate the inherent cyclicity associated with the sugar industry.

During MY25, NSML demonstrated a significant turnaround in its financial profile, transitioning from a net loss of PKR 619 mln in MY24 to a net profit of PKR 671 mln, which expanded net margins to approximately 5.7%. This recovery was primarily driven by improved operational discipline and a more favorable interest rate environment that effectively lowered finance costs, which had previously pressured the bottom line. The Company's liquidity position remained sound, evidenced by Free Cash Flows from Operations (FCFO) of approximately PKR 1,100 million, providing a healthy cushion for debt servicing. Furthermore, the capital structure saw a meaningful strengthening as financial leverage declined to ~67.4% (down from ~79.2% in MY24), supported by a growing equity base of PKR 2,055mln, which underscores the Company's enhanced financial resilience and improved risk-absorption capacity.

The Company's credit profile remains contingent upon its ability to sustain healthy profit margins, maintain robust cash flow generation, and preserve key financial safeguards through disciplined financial management. Continued focus on prudent working capital management will remain essential to support liquidity and ensure adequate operational flexibility. Any material weakening in profitability, cash flow generation, or financial safeguards will be translated into Ratings.

About the Entity

Noon Sugar Mills Limited is primarily engaged in the manufacturing and sale of white refined sugar and ethanol exports. The Company has the approved capacity to crush 19,000 tons of sugarcane and can produce 130,000 liters of ethanol per day. Total sugar production during MY24's crushing season stood at 73,597MT with a sugar recovery rate of 10.30%. Majority of the shareholding lies with the Noon family, who holds a 75.03% stake in the Company. The family holds 36.32% directly through Ms. Tahia Noon, 23.66% through Mr. Adnan, 11.89% through Mr. Taimur Hayat Noon and through Mr. Saif Ullah Noon 3.16%. Remaining shareholding is split between financial institutions and the general public. The Company's Board is chaired by Mr. K. Iqbal Talib, whereas, Lt. Col. (R) Abdul Khaliq Khan heads the Company as the CEO. He is aided by a team of experienced professionals.

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.