

SOORTY ENTERPRISES PRIVATE LIMITED

Analyst:

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RATING DETAILS

Ratings Category	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	AA-	A1	AA-	A1
Rating Outlook/ Watch	Stable		Stable	
Rating Action	Reaffirmed		Reaffirmed	
Rating Date	December 15, 2025		September 06, 2024	

Shareholding (5% or More)

Mr. Shahid Soorty – 70%
Mrs. Nargis Shahid Soorty – 20%
Mr. Asad Shahid Soorty – 10%

Other Information

Incorporated in 1984
Private Limited Company
Chief Executive: Mr. Shahid Rashid Soorty
External Auditor: Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

Rating Scale

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

Rating Rationale

The assigned ratings reflect Soorty Enterprises Limited's (SEL or "the Company") strong position in Pakistan's textile and denim sector, supported by extensive operational experience, a vertically integrated production setup, and a diversified product range spanning spinning, weaving, sewing thread, denim processing, and garments. The rating reflects the Company's consistent business performance, long-standing relationships with international clients, and growing focus on higher-margin, differentiated products. Integrated operations across business segments enhance production efficiencies, while ongoing investments in sustainable energy initiatives aim to reduce power costs and strengthen operating margins. SEL also maintains a long-term and short-term investment portfolio, offering liquidity and potential market-based returns.

The Company faces moderate business risk from global demand fluctuations, competitive pressures, and raw material volatility. Its long-term customer relationships, along with a strong financial profile supported by liquidity, healthy coverage ratios, and a conservative capital structure, provide stability. Future margin improvements, coupled with maintained liquidity and coverage, will remain key rating drivers.

Company Profile

Soorty Enterprises (Private) Limited is a vertically integrated manufacturer and exporter of denim products. The Company's operations encompass spinning, weaving, sewing thread, dyeing, finishing, garment stitching, and washing, enabling complete in-house production from raw materials to finished garments. SEL produces a wide range of denim fabrics and apparel, including jeans, jackets, shirts, and dungarees, with capabilities for value-added finishes and sustainable production processes. Headquartered in Karachi, Pakistan, SEL operates multiple production facilities in Karachi, and Nooriabad,. The Company also maintains a global footprint, with subsidiaries in Bangladesh and the UAE, and marketing offices in the Netherlands, Spain, USA, and Turkey. The customer base comprises leading international apparel brands and retailers, with the majority of revenue generated from export markets in Europe, North America, and Asia.

Investment Portfolio

The Company's long-term investments stood at Rs. 10 billion in FY25, largely comprising stakes in subsidiaries and associates. Subsidiaries include Soorty Textiles (BD) Limited and Soorty International Limited, while major associate companies include Liberty Power Tech Limited, Pakistan Oxygen Limited and Pakistan Aluminum Beverage Cans Limited. The Company has also allocated capital to REIT projects and private equity funds. In addition, the Company maintains an active short-term trading portfolio investment in listed equities and mutual funds, providing liquidity and potential market-based returns.

Management and Governance

CEO Profile

Mr. Shahid Rashid Soorty is the Chief Executive Officer of Soorty Enterprises (Private) Limited and has over four decades of experience in the textile sector. He has expanded the Company globally and diversified into renewable energy and industrial manufacturing. He is actively engaged in promoting exports, sustainability, and philanthropic initiatives in education, healthcare, and skills development.

Board & Senior Management

The Board of Soorty Enterprises (Private) Limited includes executive and non-executive directors and provides strategic oversight in line with corporate governance standards. The senior management team has extensive experience in textiles and denim manufacturing, driving the Company's growth, efficiency, and sustainability initiatives.

Industry Profile & Business Risk

Pakistan's textile sector continues to face structural pressures amid declining domestic cotton availability and elevated cost structures. Cotton production fell sharply to 5.5 million bales in FY25 (FY24: 8.4 million bales), driven by climate shocks, water shortages, and rising input costs, thereby increasing reliance on imports, which currently provide both cost and quality advantages. Textile exports, however, grew 7.9% YoY to USD 17.9 billion in FY25, supported by value-added segments, though profitability remained constrained by high energy tariffs and rising minimum wages. The recent reduction in US tariffs on Pakistani textiles offers some relief. Regulatory developments shaped industry dynamics during the year. The imposition of an 18% sales tax on imported cotton and yarn under the Export Facilitation Scheme (EFS) aims to incentivize the revival of the domestic spinning segment. However, persistent refund delays under the scheme continue to weigh on exporters' liquidity. Export momentum carried into FY26 showed some moderation, with textile and clothing shipments declining slightly to USD 1.616 billion in October 2025, down from USD 1.625 billion in the same month last year, reflecting ongoing global demand fluctuations, shipment spillovers from prior months, and tariff disadvantages affecting competing regional suppliers. Nonetheless, the supply outlook remains constrained, with cotton production for FY26 projected at 4.8 million bales, down 4% YoY due to reduced acreage, lower yields in Sindh, and extensive flood-related losses in Punjab. Consumption is expected to soften to 10.5 million bales, reflecting cost-driven demand adjustments, while imports are projected at 5.6 million bales to close the supply gap.

Operational Update

Capacity Utilization	FY23	FY24	FY25
Spinning (All Units)			
Capacity (in millions)	106.90	122.00	140.40
Production (in millions)	76.90	113.35	124.37
Utilization	72%	93%	89%
Weaving (All Units)			
Capacity (in millions)	91.20	91.20	91.20
Production (in millions)	51.94	72.95	76.40
Utilization	57%	80%	84%
Garments (All Units)			
Capacity (in millions)	34.20	34.80	40.00
Production (in millions)	24.72	34.01	33.68
Utilization	72%	98%	84%

SEL's operational performance improved in FY25, driven by higher installed capacities and better utilization across key segments. Spinning output increased following capacity expansion and efficiency gains, with utilization at 89%, while weaving production also strengthened, reflected in an 84% utilization rate. Garment capacity increased with the commissioning of new production lines in FY25, and an additional facility under construction is expected to further enhance the capacities by FY26.

Financial Risk

Capital Structure

The Company's equity base (exc. revaluation surplus) strengthened to Rs. 84.3bn as of end-June 2025 (FY24: Rs. 78.5bn), reflecting a 7% year-on-year increase driven by profit retention. Long-term borrowings declined pursuant to scheduled repayments, whereas short-term borrowings increased to support elevated working capital demands. The debt profile comprises both subsidized facilities, primarily Islamic export refinance schemes, and Islamic KIBOR based short-term lines used for routine liquidity requirements. The capitalization profile remains conservative, with only marginal shifts in debt metrics. Gearing inched up to 0.65x (FY24: 0.61x) mainly due to higher short-term borrowings, while leverage stayed broadly stable at 0.90x (FY24: 0.93x), indicating a sound balance-sheet position.

Profitability

The Company's topline maintained its growth trajectory in FY25, rising by 12% YoY, supported by higher volumetric sales and improved pricing. The sales mix remained largely export-driven, with exports contributing over 90% of total revenue in FY25 (FY24: 92%). The value-added segment continued to anchor business performance, led by denim products, with denim garments and fabrics contributing approximately 66% and 21% of the total revenue. Client concentration remains high, with the top ten customers representing around 68% of sales; however, the risk is partially mitigated by long-established customer relationships. Spain remained the leading export destination, representing 20% of total sales in FY25, followed by Bangladesh at 18%. Despite revenue growth, profitability weakened in FY25, reflecting broad sectoral pressures. Margins contracted due to elevated fuel and power costs, rising salary expenses, and the absence of prior-year exchange-rate gains. Nevertheless, income generated from investment portfolio offered some support to the bottom line. Looking ahead, management anticipates stronger international demand supported by an expanding customer base and a sustained focus on higher-value product lines. Profitability

is expected to recover as planned renewable energy investments help reduce operating expenses. Sustained improvement in margins will remain a key consideration for ratings.

Debt Coverage & Liquidity

SEL's liquidity position remains comfortable, supported by strong liquid reserves and adequate debt-servicing capacity. By end-FY25, The Company maintained a strong liquidity position, supported by short-term investments and adequate cash reserves. Debt coverage indicators, however, moderated during the year. The decline in profitability compressed Funds from Operations (FFO), while higher tax and finance outflows further pressured coverage metrics. As a result, the DSCR fell to 1.55x (FY24: 2.06x), though it remained at a comfortable level. Similarly, the FFO-to-Long-Term Debt ratio contracted to 0.16x (FY24: 0.26x). Despite this weakening, SEL's debt-servicing ability remains underpinned by sizeable cash buffers, available banking lines, and stable operating cash flows. Operational liquidity also remained sound. Coverage of short-term borrowings through inventory and receivables improved to 1.43x, while the current ratio remained satisfactory at 1.57x. Although there is continued pressure on receivables, the Company has effectively preserved its working capital cycle through prudent inventory management.

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Soorty Enterprises (Pvt) Limited				
Sector	Textile				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	15-12-2025	AA-	A1	Stable	Reaffirmed
	06-09-2024	AA-	A1	Stable	Reaffirmed
	07-07-2023	AA-	A1	Stable	Reaffirmed
	30-05-2022	AA-	A1	Stable	Reaffirmed
	24-05-2021	AA-	A1	Stable	Reaffirmed
	25-03-2020	AA-	A1	Stable	Reaffirmed
	31-12-2018	AA-	A1	Stable	Reaffirmed
22-03-2018	AA-	A1	Stable	Initial	
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 Meeting Conducted	Name		Designation		Date
	Abid Lakhani		General Manager Finance		08 th October 2025
	Muhammad Ahsan		Manager Finance		