VIS
Credit Rating Company Limited

RATING REPORT

AKHTAR TEXTILE INDUSTRIES (PVT) LTD

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RATING DETAILS				
Ratings Category	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	A	A1	A	A1
Rating Outlook/ Watch	Stable		Stable	
Rating Action	Reaffirmed		Upgrade	
Rating Date	November 19, 2026		September 10, 2025	

Shareholding (5% or More)		Other Information
Perwaiz Akhtar – 12.5%	Misbah Jahangir – 12.5%	Incorporated in 1985
Mansoor Akhtar – 12.5%	Jawed Akhtar – 12%	Private Limited Company
Bilal Jahangir Saeed – 12.5%	Khurshid Akhtar – 5.31%	Chief Executive: Mr. Farooq Javed
Afshan Javed – 12.5%	Abdullah Akhtar – 5.31%	External Auditor: Ibrahim, Shaikh and Co. Chartered Accountants
Samina Mansoor – 12.5%		

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/Methodologies-2026/Corporate-Rating-2026.pdf

Rating Scale

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

Rating Rationale

The assigned ratings reflect Akhtar Textile Industries (Private) Limited ("ATIL" or "the Company")'s established position in export-oriented denim garment manufacturing, supported by its stable operational profile and established relationships with international customers. The Company maintains a focused product portfolio, with denim pants accounting for around 90% of total sales. Its export-oriented operations are supported by an established presence in the U.S. market, which remains the largest export destination.

The ratings also incorporate the Company's manageable financial risk profile, supported by a stable capitalization structure and a comfortable liquidity position, alongside sound debt servicing capacity. The Company benefits from access to export financing facilities, which support its working capital requirements. Going forward, maintaining profitability amid cost pressures, prudent working capital management, and adequate liquidity and coverage will remain important from a ratings perspective.

Information herein was obtained from sources believed to be accurate and reliable; however, 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. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.

Company Profile

Akhtar Textile Industries (Private) Limited (ATIL), incorporated in 1985, is a private company engaged in the manufacturing and export of denim garments. It operates under the umbrella of the Akhtar Group of Companies, which has diversified interests across textile, dairy, and power sectors. The Company's product line primarily consists of denim apparel, including pants, shorts, and skirts., Headquartered in Karachi, ATIL's manufacturing facilities are also located in the Korangi Industrial Area, Karachi, and are equipped to undertake the complete garment production process, including cutting, stitching, washing, and finishing.

Group Profile

The Akhtar Group of Companies is a diversified business house with operations spanning textiles, dairy, energy, and allied sectors. Its textile portfolio includes Akhtar Textile Industries (Private) Limited, engaged in the manufacturing and export of denim garments, and Indigo Textile (Private) Limited, which is involved in the manufacturing of denim fabric. Dairyland (Private) Limited represents the Group's presence in the dairy and food segment under the Dayfresh brand. The Group's power sector interests include ACT Wind (Private) Limited, while Akhtar Industries represents its presence in other allied business activities, supporting diversification across multiple sectors.

Management and Governance

CEO Profile

Mr. Farooq Javed serves as the Chief Executive Officer of Akhtar Textile Industries (Private) Limited. He oversees the Company's strategic direction and operations, with extensive experience in the textile industry.

Board & Senior Management

ATIL is a family-owned business, with majority shareholding held by members of the Akhtar family. The Board comprises four directors, including the CEO, all of whom represent the Akhtar family.

Industry Profile & Business Risk

Pakistan's textile and apparel industry remains a key contributor to the country's export earnings. During FY26, textile exports increased marginally by 0.3% to USD 17.93bn, compared to USD 17.89bn in FY25, reflecting subdued growth amid persistent cost pressures and uneven demand in international markets. Within the sector, readymade garment exports increased by 3.9% to USD 4.29bn, while knitwear exports declined marginally, highlighting mixed performance across value-added segments.

Pakistan's denim manufacturing segment forms part of the value-added apparel industry, catering predominantly to international markets, particularly the U.S. and Europe. The segment benefits from the country's established textile manufacturing base and availability of integrated production capabilities, encompassing fabric sourcing, garment manufacturing, washing, and finishing. However, demand remains sensitive to consumer spending trends, inventory management and sourcing decisions of international buyers. Maintaining product quality, delivery timelines, pricing competitiveness and compliance with international standards remains critical for sustaining customer relationships.

The industry continues to face challenges arising from elevated energy costs, reliance on imported cotton, exchange rate fluctuations and competition from regional exporters. Domestic cotton supply constraints further expose manufacturers to international commodity price movements and supply chain disruptions. Additionally, increasing emphasis on sustainable sourcing and environmental compliance has necessitated investment in renewable energy, wastewater treatment and resource efficiency. Going forward, industry performance will remain dependent on the recovery in global apparel demand, cost competitiveness and the ability of manufacturers to meet evolving international buyer requirements. For denim exporters, established customer relationships, operational efficiency and product quality will remain key determinants of business risk.

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Operational Update

Capacity Utilization	FY23	FY24	FY25	FY26
Denim Garments				
Installed Capacity (Pieces)	11,680,000	12,122,450	13,140,000	14,400,000
Actual Production (Pieces)	10,564,221	10,935,342	12,490,058	14,070,678
Utilization	**90%**	**90%**	**95%**	**98%**
Number of Machines	2,272	2,591	2,741	2,874

During FY25, the Garment segment recorded improved operating performance, with capacity utilization increasing to 95% from 90% in FY24, driven by higher demand and production volumes. Installed capacity increased to 13.1mn pieces, with the number of machines rising to 2,741. The growth momentum continued in FY26, with installed capacity reaching 14.4mn pieces and utilization improving further to 98%, supported by sustained demand and expansion of the production base. The number of machines increased to 2,874 during the year. The Company currently operates on a single-shift basis, with the flexibility to increase shifts in response to higher demand and order volumes.

The Company has been operating a 392kW solar power system, reflecting its efforts to reduce reliance on conventional energy sources and mitigate energy costs. In addition, the Company operates a wastewater treatment plant, supporting efficient water management and environmental compliance.

Profitability

Net sales increased marginally by 1.6% YoY to PKR 26.05bn in FY26, driven by higher sales volumes, while average selling prices declined. The revenue base remained predominantly export-oriented, with exports accounting for almost 100% of total sales. Denim pants continued to constitute the principal revenue segment, contributing around 90% of sales in FY26 compared with 89% in FY25, while denim skirts increased their contribution to 3.51% from 0.83% in FY25. Customer concentration remained a key business risk, with the largest customer, contributing 59.5% of total sales. The U.S. remained the key export market, accounting for approximately 70% of sales, compared with 75% in FY25.

Gross margin continued the declining trend witnessed since FY23 when it peaked at 21.7%, being recorded at 11.4% in FY26. As a result, although sales have increased almost 30% during the same period, absolute gross profit has declined to PKR 2.96bn. The year trend reflects sustained pressure from higher raw material, labour and energy costs. The pressure continued in FY26, with higher raw material, wages and salaries, and fuel and power costs. Operating expenses increased by 3% YoY in FY26, with administrative expenses rising by 9.1%, freight and shipping costs by 23.9%, and clearing and forwarding costs by 18.8%. The impact of higher operating costs was partly cushioned by a 22.5% decline in finance costs to PKR 795mn in FY26 (FY25: PKR 1.03bn), reflecting lower interest rates. Other income declined significantly in FY26, primarily due to the non-recurring deposit-related income recorded in the preceding year. The share of profit from the associated undertaking continued to provide some support to profitability; however, it declined to PKR 154.0mn in FY26 from PKR 198.9mn in FY25. Consequently, net margin moderated to 2.2% in FY26 from 2.9% in FY25.

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Financial Risk

Capital Structure

The Company's equity base increased to PKR 18.6bn at end-FY26 from PKR 17.1bn in FY25, including a revaluation surplus of PKR 9.0bn (FY25: PKR 8.1bn). The increase primarily reflects the revaluation of fixed assets during the year, alongside an increase in unappropriated profits. Paid-up capital remained unchanged at PKR 1.0bn. The Company distributed dividends of PKR 200mn in FY25 and PKR 125mn in FY26. Total borrowings increased moderately to PKR 8.2bn in FY26 from PKR 7.8bn in FY25, largely comprising short-term financing of PKR 7.8bn, primarily utilized to support working capital requirements. Long-term finance remained limited at PKR 410mn.

The Company's working capital requirements increased during FY26, reflected in a 15.4% rise in stocks in trade to PKR 6.5bn and a 10.8% increase in trade receivables to PKR 1.4bn. The increase in inventory resulted in higher funds being tied up in the operating cycle. The Company also maintained sizeable advances to related parties of PKR 2.0bn, in addition to a long-term investment of PKR 2.0bn in Dairyland (Private) Limited. While advances to related parties declined from the preceding year, the balances remained significant, reflecting continued financial support to group entities. Tax refunds due from the Government also remained elevated at PKR 1.1bn, including sales tax refundable of PKR 865mn, further contributing to funds tied up outside the operating cycle. Consequently, gearing remained broadly stable at 0.87x in FY26 (FY25: 0.87x), while leverage increased to 1.59x from 1.52x, indicating a modest increase in the Company's overall leverage.

Debt Coverage & Liquidity

The Company's coverage profile remained adequate in FY26, supported by sufficient internal cash generation, despite a moderation in operating profitability. FFO increased to PKR 1.35bn in FY26 from PKR 1.25bn in FY25. DSCR remained at 2.5x, reflecting the Company's ability to meet its debt obligations from internally generated cash flows. On the liquidity front, the current ratio strengthened to 1.19x from 1.12x. However, the cash conversion cycle extended to around 91 days from 78 days, mainly due to higher inventory. Overall, the Company maintained a reasonable financial cushion against its debt-servicing requirements, while working capital absorption increased during the year.

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REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Akhtar Textile Industries (Private) Limited
Sector	Textile
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

RATING TYPE: ENTITY				
Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
Nov 19, 2026	A	A1	Stable	Reaffirmed
Sep 10, 2025	A	A1	Stable	Upgrade
July 30, 2024	A	A2	Stable	Reaffirmed
April 14, 2023	A	A2	Stable	Reaffirmed
May 09, 2022	A	A2	Stable	Reaffirmed
June 21, 2021	A	A2	Stable	Upgrade
April 24, 2020	A-	A2	Rating Watch-Negative	Maintained
Nov 27, 2019	A-	A2	Stable	Reaffirmed
June 28, 2018	A-	A2	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

S.No.	Name	Designation	Date
1	Mr. Nadeem Naz	Group Director – Finance & LAw	5th Oct 2026
2	Mr. Tariq Iqbal	CFO	

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