VIS
Credit Rating Company Limited

RATING REPORT

SAYA WEAVING MILLS (PVT) LIMITED

Analyst:
Abdul Ahad Jamsa
ahad.jamsa@vis.com.pk

RATING DETAILS				
Ratings Category	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	A-	A2	A-	A2
Rating Outlook/ Watch	Stable		Stable	
Rating Action	Reaffirmed		Reaffirmed	
Rating Date	July 06, 2026		June 12, 2025	

Other Information

Incorporated in 1987
Private Limited Company
Chief Executive: Mr. Muhammad Ajaz Saya
External Auditor: M. Saleem Associates

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 Saya Weaving Mills (Pvt.) Limited's established track record in textile manufacturing, supported by integrated weaving and stitching operations and a diversified product range focused on fabric and towel segments. The ratings draw comfort from the Company's balanced revenue mix, improved customer concentration, and satisfactory operating performance; however, export sales remain largely concentrated in Europe, exposing the company to any changes in the GSP+ regime.

Profitability improved in FY25, supported by better gross margins. Performance during 6MFY26 remained adequate, with gross margins improving further owing to lower imported raw material costs and operating efficiencies, while net profitability remained at moderate levels. Investments in solar power and the in-house processing facility at Nooriabad are expected to support cost efficiencies over the medium term.

The ratings also incorporate the Company's manageable financial risk profile, reflected by moderate borrowings and improved adjusted gearing. Capitalization remained adequate, supported by profit retention and related-party funding, while liquidity and debt servicing capacity remained sound on the back of healthy internal cash generation. Going forward, maintaining stable margins, prudent working capital management, adequate liquidity and coverage indicators, and realizing the expected benefits from expansion and renewable energy initiatives will remain important from a ratings perspective.

Company Profile

Saya Weaving Mills (Pvt.) Limited ("SWML" or "the Company") was incorporated in 1987 and is a privately held textile manufacturing company engaged in the production and sale of greige fabrics, finished fabrics, home textiles, and apparel. The Company is family-owned, with equity distributed among family members. SWML operates two manufacturing units located in the Sindh Industrial Trading Estate (SITE), Karachi while a third one is under construction at Nooriabad, upon completion of the Nooriabad facility the Company will become a composite unit with weaving, processing and stitching operations, enabling the Company to undertake multiple stages of textile manufacturing in-house and supporting an integrated manufacturing setup. The Company serves both local and export markets and offers a diversified product portfolio catering to various end-use segments within the textile value chain.

Management and Governance

CEO Profile

Mr. Muhammad Ajaz Saya serves as the Chief Executive Officer of Saya Weaving Mills (Private) Limited and has been associated with the business for more than four decades. He possesses extensive experience in the textile industry and oversees the Company's strategic direction and operations.

Board & Senior Management

SWML is a family-owned business, with majority shareholding held by Muhammad Ajaz Saya and Dilara Ajaz. The Board comprises three family members, including the CEO. Board composition and governance oversight may be strengthened through the inclusion of independent directors. The Audit Committee is chaired by Mr. Murtaza Ajaz Saya.

Industry Profile & Business Risk

Pakistan's textile exports increased to USD 17.9bn in FY25, reflecting a 7.4% year-on-year increase from FY24 and translating into an average monthly export level of around USD 1.5bn. During Jul–Dec 2025, exports remained broadly stable at around USD 9.2bn, though growth momentum moderated amid persistent cost pressures and tariff-related uncertainty in the U.S. market. While Pakistan's revised U.S. reciprocal tariff rate remained broadly comparable with regional peers, tariff developments may have affected pricing visibility and buyer negotiations. Europe also remains a key market for Pakistan's textile exports, supported by preferential access under the EU's GSP+ framework; however, this makes the sector sensitive to any adverse change in preferential access, compliance requirements, and sustainability-related regulations. From January 2026 onward, export performance showed signs of stabilization but remained uneven. Textile exports reached a high of around USD 1.74bn in January 2026, declined to around USD 1.3bn in February and March, and recovered in April and May. Overall, the recovery appears largely export-value based, supported by improved performance in value-added categories, while the sector remains sensitive to global demand conditions, inventory adjustments in key markets, tariff-related developments, and pricing pressures. The sector continues to face cost-side challenges, including elevated energy and employee-related expenses, tight liquidity, reliance on imported cotton, freight volatility, and higher borrowing costs following the April 2026 policy rate increase. Structurally, the industry is gradually shifting toward higher value-added segments such as knitwear, garments, and made-ups, reducing reliance on low-margin yarn and grey cloth exports and supporting margin resilience. Sustainability has also become an important competitive factor, with increased investment in renewable energy, water recycling, and traceability systems to meet international buyer requirements and improve cost efficiency. Overall, the industry outlook remains cautiously optimistic, supported by gradual demand recovery and strategic repositioning toward value-added and compliant exports; however, growth is expected to remain uneven given elevated cost structures, regional competition, tariff-related uncertainty, and the shift toward the normal tax regime.

Operational Update

Year	Weaving (Sq. Meters)			Stitching (Sq. Meters)		
	Capacity	Production	Utilization	Capacity	Production	Utilization
2025	103,241,348	97,356,591	94%	8,208,900	7,470,099	91%
2024	103,241,348	94,775,557	92%	8,208,900	7,059,654	86%
2023	103,241,348	95,498,250	93%	6,840,750	5,883,045	86%
2022	98,448,000	90,572,160	92%	6,515,000	5,668,050	87%

The Company's installed capacity remained largely unchanged during FY25, while operational performance was maintained at satisfactory levels. Capacity utilization improved across the weaving and stitching segments, reflecting efficient plant operations and steady demand conditions. The Company has installed solar power plants at its Karachi facilities, with approximately 40% of the running load being met through solar energy and the balance sourced from the national grid.

In addition, the Company has established an in-house processing facility at Nooriabad on a 32-acre site, with a monthly processing capacity of around 2.5–3.0 million meters. The facility is expected to reduce reliance on outsourced processing and support operational efficiencies. As part of Phase I of the project, a 2.7MW solar power plant will be installed, currently meeting around 1.5MW of the running load, while battery storage solutions are being evaluated to optimize energy utilization.

Profitability

Net sales remained broadly stable during FY25, supported by a marginal improvement in export sales, while local sales continued to form a sizeable portion of the revenue mix. Fabric remained the dominant product category, whereas the export towel fabric segment continued to gain traction. Customer concentration improved during the year, reflecting a more diversified sales base. While the revenue mix remained balanced between domestic and export markets, export sales continued to be largely concentrated in Europe. Gross margins improved during the review period. Operating expenses increased moderately, mainly due to higher employee-related expenses, while finance costs rose slightly owing to higher short-term borrowings availed against future contract proceeds. Nevertheless, other income, primarily comprising export rebates, supported earnings, resulting in an improvement in overall profitability during FY25.

During 6MFY26, the Company reported steady sales performance, with further improvement in customer concentration. Export sales continued to be largely concentrated in Europe, while the Middle East accounted for a growing share of exports. Gross margins improved, supported by lower imported raw material costs and better operating efficiencies. However, net profitability moderated slightly, primarily due to higher effective taxation and finance costs. Management expects profitability to remain broadly in line with current levels over the remainder of FY26.

Financial Risk

Capital Structure

Total equity strengthened by end-1HFY26, supported by profit retention, while paid-up capital remained unchanged. Total borrowings increased at end-FY25, primarily due to higher short-term borrowings availed for raw material procurement and against future contract proceeds. The Company continued to benefit from related-party support, including a long-term loan and interest-free short-term funding, which provided additional financial flexibility. During 1HFY26, the debt mix shifted towards long-term borrowings to fund expansion of the processing facility and investments in renewable energy, while reliance on short-term borrowings moderated. Capitalization indicators remained adequate, with adjusted gearing, net of related-party loans, increasing slightly, while leverage remained broadly stable.

Debt Coverage & Liquidity

The Company's coverage profile improved during FY25, supported by stronger profitability and internal cash generation. FFO increased during the year, while DSCR strengthened on the back of higher earnings and a lower term debt burden. During 6MFY26, cash flows remained healthy, with coverage indicators continuing to remain comfortable despite a moderate increase in long-term borrowings. Liquidity remained manageable, supported by improved short-term debt coverage and adequate working capital support. However, the current ratio remained only marginally above unity. The cash conversion cycle lengthened during 6MFY26, primarily due to higher inventory levels maintained in anticipation of upcoming seasonal demand, while the impact was partly offset by extended payable days.

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	Saya Weaving Mills (Pvt) 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
06-07-2026	A-	A2	Stable	Reaffirmed
06-12-2025	A-	A2	Stable	Reaffirmed
04-17-2024	A-	A2	Stable	Reaffirmed
02-22-2023	A-	A2	Stable	Reaffirmed
01-10-2022	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.
Disclaimer	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.

Due Diligence Meeting Conducted

S.No.	Name	Designation	Date
1	Mr. Murtaza Ajaz Saya	Director	16th June 2026
2	Mr. Nadeem ul Haq	CFO	