VIS
Credit Rating Company Limited

RATING REPORT

TAUSEEF ENTERPRISES (PVT) LTD

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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		Initial	
RATING DATE	January 9, 2026		September 18, 2024	

Shareholding (5% or More)	Other Information
Ms. Arooj Fatima – 15%	Incorporated in 2006
Mr. Tauseef Anjum – 20%	Private Limited Company
Mr. Raheel Anjum – 20%	Chairman: Mr. Salamat Ali
Ms. Kausar Tasneem – 15%	Chief Executive: Mr. Tauseef Anjum
Mr. Muhammad Raza Anjum – 20%	External Auditor: Yaqub & Co., Chartered Accountants
Mr. Salamat Ali – 10%	

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/do cs/VISRatingScales.pdf

Rating Rationale

The assigned ratings reflect Tauseef Enterprises (Pvt.) Limited's ('TEPL' or 'the Company') presence in the textile manufacturing and export sector, supported by a diversified product portfolio and long-standing customer relationships in the international markets. The Company benefits from stable revenue generation and moderate capitalization, with adequate debt coverage and liquidity indicators. The ratings also consider the stability in operational efficiency and consistent production levels across business segments. However, profitability margins remain susceptible to volatility in input costs, energy tariffs, and foreign exchange movement. The governance framework, characterized by a concentrated family ownership structure and absence of independent board representation, constrains institutional depth and transparency. Moreover, exposure to the cyclical nature of the textile industry and dependence on imported raw materials present ongoing challenges. Nonetheless, the Company's established export linkages, experienced management, and steady cash flow generation underpin the current ratings. Going forward, sustained improvement in profitability margins and diversification of the customer base will be important for maintaining the ratings.

Company Profile

Tauseef Enterprises Pvt. Ltd ('TEPL' or 'the Company') was established in Pakistan in 2006. The principal business of the Company is manufacturing and exports of textile products, mainly knitted garments and socks. The registered office of the Company is situated at 18 – Bilal Road, Civil Lines, Faisalabad.

Group Profile

The Company is part of the Tauseef Group of Companies based in Faisalabad. Tauseef Enterprises, founded in 2006 by Mr. Salamat Ali, has established itself as a manufacturer and exporter of stitched garments and knitted socks for markets including the UK, USA, Canada, Europe, and the Middle East. The product portfolio includes jogging trousers and suits, roll neck shirts, ladies' undergarments, tops, vests, sweatshirts, polo shirts, T-shirts, hooded shirts, lycra leggings, capri shorts, and pajama suits. The Group has diversified its business operations over the years, encompassing textile manufacturing and exports through Tauseef Enterprises (Pvt.) Ltd., trading, import and export activities, real estate development under Tauseef Enterprises (Sole Proprietor), and hotel and tourism operations through Grand Regent Hotel & Suits (Pvt) Ltd.

Management and Governance

CHAIRMAN PROFILE

Mr. Salamat Ali has served as Chairman of Pakistan Hosiery & Manufacturing Association of Faisalabad in 2021, apart from serving as Executive Member of all leading business associations of Pakistan. He has contributed significantly in Real Estate Development in Faisalabad by completing prominent commercial and residential projects through private equity.

BOD and COMMITTEES:

The Company functions as a traditional family-owned enterprise, with its governance structure centered around the family members. The Board consists of four members: Mr. Salamat Ali, who serves as the Chairman, and his three sons, who hold key positions as directors overseeing the finance, production, and marketing operations. The Board has no independent representation.

The Company's overall governance and internal control framework presents room for improvement. The Board is predominantly composed of shareholders from the same family, lacking independent representation. The dual role of CEO and Director of Finance, currently held by the same individual, centralizes key management responsibilities. Separation of key responsibilities would contribute towards improving governance framework. Moreover, although the statutory external auditors are included on the QCR list, they are not part of the SBP-approved panel of auditors, which affects the external reporting framework.

Business Risk

INDUSTRY

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. The imposition of an 18% sales tax on imported cotton and yarn under the Export Facilitation Scheme is aimed at strengthening the local spinning industry. Nevertheless, refund delays under the scheme continue to strain exporter liquidity.

Export momentum carried into FY26, with textile shipments in July 2025 rising 32.1% YoY to USD 1.68 billion, driven by strong demand in the US retail market, carryover orders from June, and tariff disadvantages for competing suppliers. On the supply side, cotton production for FY26 is projected at 4.8 million bales, down 4% YoY, reflecting reduced cultivated area, weaker yields in Sindh, and significant flood-related damage in Punjab. Cotton consumption is expected to ease to 10.5 million bales, with rising cost pressures, while imports are projected at 5.6 million bales to bridge the supply gap. Looking ahead, the government's approval of hybrid seed imports is expected to support yield recovery over the medium term, offering partial mitigation against recurring structural challenges.

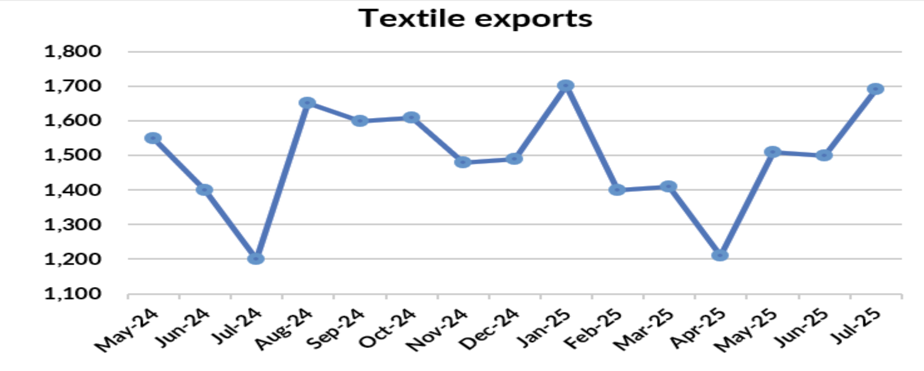

Figure: MoM textile exports (USD in m)
Source: PBS

OPERATIONAL UPDATE:

	FY23	FY24	FY25
Knitting Segment			
Installed Capacity (kg per annum)	16,000	16,000	16,000
Actual Production (kg per annum)	12,500	12,500	12,500
Utilization (%)	**78.13%**	**78.13%**	**78.13%**
Dyeing Segment:			
Installed Capacity (kg per annum)	1,500,000	1,500,000	1,500,000
Actual Production (kg per annum)	900,500	900,500	900,500
Utilization (%)	**60.03%**	**60.03%**	**60.03%**
Stitching Segment			
Installed Capacity (pcs per annum)	35,000	35,000	35,000
Actual Production (pcs per annum)	32,500	32,500	32,500
Utilization (%)	**92.86%**	**92.86%**	**92.86%**
Socks Division			
Installed Capacity (dozen per annum)	14,000	14,350	14,350
Actual Production (dozen per annum)	12,530	12,780	12,780
Utilization (%)	**89.50%**	**89.06%**	**89.06%**

The Company maintained similar levels of production and capacity utilization across all segments in FY24, except for the socks division, where utilization declined marginally to 89.06% (FY23: 89.50%) following an increase in installed capacity. Production data for FY25 is the same as in FY24 in all the segments as per the management.

PROFITABILITY:

The Company's net revenue increased by approximately 3% in FY25, primarily due to higher sales volumes as per the management. The gross margin declined to 14.37% (FY24: 20.02%), mainly as a result of higher energy and conversion costs, including power, processing, and packing expenses, which increased the overall cost of production. The increase in these costs offset the benefit arising from a slight reduction in raw material costs. The net margin improved to 1.69% (FY24: 1.54%), supported by lower finance costs following reduction in policy rates and income from non-operating sources, including the gain on disposal of property, plant and equipment and drawback of local taxes and levies.

Financial Risk

CAPITAL STRUCTURE

The capitalization profile depicted a mixed trend during FY25. Leverage improved to 1.43x (FY24: 1.53x) with strengthening of equity base, which increased to PKR 4.58bn (FY24: PKR 4.22bn) on account of profit retention, outpacing the marginal rise in total liabilities to PKR 6.55bn (FY24: PKR 6.46bn). Conversely, gearing increased to 0.54x (FY24: 0.49x), attributable to higher short-term borrowings mobilized for working capital requirements, coupled with an uptick in long-term debt. The increase in gearing indicates greater dependence on debt-funded operations, though capitalization indicators remain within a moderate range.

DEBT COVERAGE & LIQUIDITY:

In FY25, the coverage profile improved as the debt service coverage ratio increased to 2.65x (FY24: 1.97x). The improvement was supported by higher funds from operations generated from improved profitability and a reduction in finance cost following the decline in policy rates. Coverage indicators remained adequate relative to the Company's debt servicing obligations.

The Company's liquidity position improved during FY25, with the current ratio recorded at 1.37x (FY24: 1.21x). The improvement primarily stemmed from a reduction in current liabilities, largely trade and other payables, while current assets registered a modest increase. Trade receivables rose during the year, indicating higher credit exposure, whereas inventory levels declined, reflecting improved working-capital turnover. Despite limited cash balances, the Company continue to rely on short-term financing facilities to support operational liquidity.

Financial Summary

Balance Sheet (PKR Millions)	FY22A	FY23A	FY24A	FY25M
Property, plant and equipment	3,848.70	3,852.11	5,036.41	4,840.99
Stock-in-trade	1,889.47	2,930.99	3,649.76	3,242.04
Trade debts	501.32	525.01	1,875.54	2,291.63
Short-term Investments	249.97	249.97	63.48	63.48
Cash & Bank Balances	228.90	224.30	91.02	79.41
Other Assets	1,441.75	1,249.70	1,152.33	1,288.48
Total Assets	8,160.11	9,032.08	11,868.54	11,806.03
Creditors	801.92	1,441.99	2,488.83	2,418.21
Long-term Debt (incl. current portion)	574.78	498.09	310.25	335.99
Short-Term Borrowings	1,637.40	1,642.87	1,768.07	2,116.00
Total Debt	2,212.18	2,140.96	2,078.32	2,451.99
Other Liabilities	916.73	591.35	1,890.29	1,679.45
Total Liabilities	3,930.83	4,174.30	6,457.44	6,549.65
Paid up Capital	200.00	200.00	200.00	200.00
Revenue Reserve	3,282.22	3,985.09	4,022.90	4,378.76
Other Equity (excl. Revaluation Surplus)	0.00	0.00	0.00	0.00
Sponsor Loan	0.00	0.00	0.00	0.00
Equity (excl. Revaluation Surplus)	3,482.22	4,185.09	4,222.90	4,578.76

Income Statement (PKR Millions)	FY22A	FY23A	FY24A	FY25M
Net Sales	8,817.11	11,356.45	11,200.21	11,525.08
Gross Profit	1,754.35	2,093.12	2,242.71	1,656.49
Operating Profit	750.09	931.17	735.04	679.20
Finance Costs	105.37	235.76	307.00	235.00
Profit Before Tax	932.47	835.72	428.04	444.20
Profit After Tax	827.10	631.50	172.92	195.11

Ratio Analysis	FY22A	FY23A	FY24A	FY25M
Gross Margin (%)	19.90%	18.43%	20.02%	14.37%
Operating Margin (%)	8.51%	8.20%	6.56%	5.89%
Net Margin (%)	9.38%	5.56%	1.54%	1.69%
Funds from Operation (FFO) (PKR Millions)	1,353.39	1,006.97	591.61	687.25
FFO to Total Debt* (%)	61.18%	47.03%	28.47%	28.03%
FFO to Long Term Debt* (%)	235.46%	202.17%	190.69%	204.54%
Gearing (x)	0.64	0.51	0.49	0.54
Leverage (x)	1.13	1.00	1.53	1.43
Debt Servicing Coverage Ratio* (x)	5.20	2.90	1.97	2.65
Current Ratio (x)	1.24	1.37	1.21	1.37
(Stock in trade + trade debts) / STD (x)	1.51	2.14	3.23	2.70
Return on Average Assets* (%)	11.87%	7.35%	1.65%	1.65%
Return on Average Equity* (%)	27.35%	16.47%	4.11%	4.43%
Cash Conversion Cycle (days)	61.35	67.25	93.11	102.69

**Annualized, if required*

A - Actual Accounts
P - Projected Accounts
M - Management Accounts

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Tauseef Enterprises (Pvt.) Limited
Sector	Textile
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	see below
Instrument Structure	N/A
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.
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Due Diligence Meetings Conducted	see below

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
09/01/2026	A-	A2	Stable	Reaffirmed
18/09/2024	A-	A2	Stable	Initial

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Haider Zulfiqar	Head of Banking	20th Sept 2025