VIS
Credit Rating Company Limited

DYNAMIC SPORTSWEAR (PVT) LIMITED

Analyst:
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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		Reaffirmed	
RATING DATE	August 24, 2026		July 28, 2025	

Shareholding (5% or More)	Other Information
Mr. Fahad Mobeen Ahmad ~24.8%	Incorporated in 1992
Mr. Saad Mobeen Ahmad ~24.8%	Private Limited Company
Mr. Imran Khaled Niazi ~17.7%	Chief Executive: Mr. Mobeen Ahmed
Mrs. Samra Mobeen Ahmad ~16.9%	External Auditor: Ilyas Saeed & Co., Chartered Accountants
Mrs. Zareen Niazi ~7.8%	
Mr. Ahsan Ghazanfar ~ 7.12%	

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 take into account Company's presence in the textile sector, which is characterized by economic cyclicality, intense competition, and exposure to fluctuations in domestic and international demand. The Company's operational performance is supported by its diverse range of socks and export-oriented sales, with steady performance reflected by improvement in topline and profitability margins. However, ratings remain constrained by significant client concentration, although partly mitigated by Company's longstanding relationships with key customers.

The ratings also incorporate DSPL's adequate liquidity profile while working capital cycle has lengthened during the period, due to changes in receivable terms. Moreover, the Company also maintains moderate capitalization profile and debt coverage metrics. Going forward, the management has plans for debt-funded BMR however, capitalization is expected to remain at moderate levels. Looking ahead, sustaining profitability, broadening the client base, and efficient working capital management will remain key rating considerations.

Company Profile

Dynamic Sportswear (Pvt) Limited ('DSPL' or 'the Company') is a private limited company incorporated in March, 1992 as a family-owned textile manufacturer. The Company has an operational history of more than three decades of producing and exporting sports, athletics, medical and casual socks for men, women and children.

DSPL operates a high-tech knitting unit that produces various types of heel formats (y-heel, reciprocated/real, pouch, tube) using modern knitting toe linking, over-locking, dyeing and finishing machines. The head office and factory of the Company are located in Lahore.

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Mobeen Ahmed serves as the CEO and Chairman of the Company and has been serving in the position for almost three decades. Prior to founding DSPL, he worked as a Technical Manager at ICI Pakistan Ltd, in their polyester business unit and also worked at Dawood Hercules Chemicals Ltd. Mr. Mobeen Ahmed has done B.S Chemical Engineering from University of Kansas, USA and M.S Chemical engineering from University of Michigan, USA.

BOARD & SENIOR MANAGEMENT

The Company's Board is reflective of a private limited firm, constituting five members from the sponsoring family, who have longstanding association with the Company and experience across manufacturing, operations, finance, marketing and business management. The Board provides strategic direction and oversight, while day-to-day operations are managed by the CEO and professional management team.

The financial statements of the Company have been audited by 'Ilyas Saeed & Co. Chartered Accountants' who appear on category A in SBP list of Auditors. The auditor has issued an unqualified opinion on FY25 accounts. Last year's accounts were audited by 'Hasnain Rashid & Co. Chartered Accountants' who are not rated by SBP.

Business Risk

INDUSTRY UPDATE

Pakistan's textile exports rose to USD 17.8bn in FY25, marking a 7.4% increase from FY24, with monthly peaks averaging around USD 1.6–1.7bn. FY26, while showing signs of stabilization, including a high of ~USD 1.74bn in January 2026, remain volatile, with recent months dipping to around USD 1.3bn. This uneven recovery reflects sensitivity to global demand, inventory adjustments in key markets, and pricing pressures. The challenges of 2025, particularly high energy costs, tight liquidity amid high interest rates, and currency volatility, forced widespread efficiency gains, including greater reliance on renewable energy, operational rationalization, and stricter working capital discipline, resulting in a leaner and more resilient industry structure. Structurally, the sector continues to shift toward higher value-added segments such as knitwear and garments, reducing reliance on low-margin yarn and grey cloth exports and improving margin profiles. At the same time, sustainability has become a key competitive factor, with increased investment in renewable energy, water recycling, and traceability systems to meet stringent international buyer requirements. However, constraints persist in the form of high interest rates, energy cost pressures, reliance on imported cotton, and freight volatility. Overall, the industry outlook remains cautiously optimistic, supported by gradual demand recovery and strategic repositioning toward value-added and compliant exports, though growth is expected to remain measured rather than linear.

Operational Performance

While the Company's actual production capacity and utilization are difficult to assess given variations in the type of socks produced, estimated figures indicate that production levels have remained healthy during FY25 and 9MFY26.

Operational Capacity	FY23	FY24	FY25	9MFY26
No. of knitting machines	711	714	714	714
Installed Capacity (DZN/ day)	15,000	15,200	15,200	15,200
Actual Production	2,388,665	3,238,722	3,748,313	2,560,281
Capacity Utilization	***52%***	***65%***	***63%***	***66%***

The Company has a total power requirement of 1.8MW, of which 520kW is met through solar, with an additional 130kW expected to be installed. The remaining requirement is met through a dedicated grid connection.

PROFITABILITY

During FY25, the Company recorded modest revenue growth of 7% to PKR 7.3bn (FY24: PKR 6.8bn), primarily driven by a 4% increase in prices, with the remainder attributable to higher volumes. Sales remained concentrated in the US and Europe, accounting for 57% and 38% of total sales, respectively (FY24: 55% and 42%). Customer concentration remained significant, with the top five customers collectively contributing ~95% of total sales (FY24: 92%), mainly comprising B-F, Royce Too, and Renfro.

Gross margin improved to 25% in FY25 (FY24: 23%), supported by higher selling prices. However, operating margin moderated to 9% (FY24: 10.5%) due to higher selling and distribution expenses, primarily reflecting increased foreign commission and fees on agent-mediated sales. Despite stable finance costs, the higher effective tax rate constrained net margin to 1.8% (FY24: 4.0%).

During 9MFY26, prices increased by a further 3.7%, with topline reaching PKR 5.2bn and gross margin improving to 26%. Sales and customer concentration remained broadly unchanged. Operating margin recovered to 14% on lower commission expenses, resulting in an improvement in net margin to 5.3%.

Going forward, while customer concentration remains a key constraint, the Company's longstanding relationships with its key customers provide some stability to the topline. Full-year FY26 performance is expected to remain broadly in line with FY25.

Financial Risk

CAPITAL STRUCTURE

The Company maintains a moderate capitalization profile, with gearing and leverage remaining broadly stable at 0.71x and 1.18x, respectively, in FY25. These improved to 0.67x and 1.03x by end-9MFY26, supported by growth in the equity base through profit retention.

Going forward, management plans a BMR initiative involving the replacement of 100 knitting machines to improve cost efficiencies, with an estimated total capex of PKR ~800mn. Currently, 34 new machines have been ordered, with an incurred cost of PKR 280–300mn, to be funded through LTFF debt.

DEBT COVERAGE & LIQUIDITY

DSPL maintains an adequate liquidity profile, with a current ratio of around 1.5x and a cash conversion cycle of 154 days in FY25 (FY24: 139 days) lengthening due to slower inventory turnover, increasing working capital requirements. In line with which, short-term borrowings, including export refinancing facilities, increased by 15% to PKR 2.0bn. The working capital cycle further lengthened to 175 days by 9MFY26 due to extended receivable terms with few clients, shifting from cash on delivery to 60–90 days credit period.

Funds from operations (FFO) declined moderately to PKR 412mn in FY25 (FY24: PKR 511mn), consistent with profitability margins. Debt coverage metrics marginally receded, however, remained sound, with DSCR at 1.64x (FY24: 1.74x), and short-term debt coverage at 1.87x (FY24: 1.98x). Coverage profile remained broadly stable during 9MFY26.

FINANCIAL SUMMARY *(amounts in PKR millions)* *Appendix I*

BALANCE SHEET	FY22 A	FY23	FY24 A	FY25 A	9MFY26 M
Property, plant and equipment	2,698	2,587	2,440	2,427	2,458
Stock-in-trade	1,823	2,147	2,373	2,588	2,129
Trade debts	510	813	1,077	1,171	1,730
Advances, deposits & other rec	766	706	1,090	1,104	1,064
Cash & Bank Balances	187	55	173	141	176
Total Assets	5,984	6,308	7,153	7,431	7,558
Creditors	884	812	1,200	1,156	937
Long-term Debt (incl. current portion)	561	488	307	154	65
Short-Term Borrowings	1,247	1,393	1,742	2,010	2,165
Total Debt	1,808	1,881	2,049	2,164	2,231
Total Liabilities	2,812	2,853	3,441	3,588	3,435
Paid up Capital	700	700	700	700	700
Unappropriated profits	1,565	1,895	2,194	2,352	2,632
Surplus on revaluation	907	860	818	791	791
Tier-1 Equity	2,265	2,595	2,894	3,052	3,332
Total Equity	3,172	3,455	3,712	3,843	4,123

INCOME STATEMENT	FY22 A	FY23	FY24 A	FY25 A	9MFY26 M
Net Sales	5,168	5,021	6,818	7,295	5,229
Gross Profit	1,344	1,675	1,575	1,815	1,360
Operating Profit	748	707	714	665	723
Finance Costs	(108)	(180)	(348)	(351)	(231)
Profit Before Tax	325	337	347	292	446
Profit After Tax	273	287	274	134	279

RATIO ANALYSIS	FY22 A	FY23	FY24 A	FY25 A	9MFY26 M
Gross Margin (%)	26.0%	33.4%	23.1%	24.9%	26.0%
Operating Margin (%)	14.5%	14.1%	10.5%	9.1%	13.8%
Net Margin (%)	5.3%	5.7%	4.0%	1.8%	5.3%
Funds from Operation (FFO)*	847	729	511	412	403
FFO to Total Debt* (x)	0.47	0.39	0.25	0.19	0.18
FFO to Long Term Debt* (x)	1.51	1.49	1.66	2.67	6.17
Gearing (x)	0.80	0.72	0.71	0.71	0.67
Leverage (x)	1.24	1.10	1.19	1.18	1.03
Debt Servicing Coverage Ratio* (x)	3.72	2.53	1.74	1.64	2.12
Current Ratio (x)	1.43	1.56	1.53	1.53	1.63
(Stock in trade + trade debts) / STD (x)	1.87	2.12	1.98	1.87	1.78
Return on Average Assets* (%)	4.9%	4.7%	4.1%	1.8%	5.0%
Return on Average Equity* (%)	12.9%	11.8%	10.0%	4.5%	11.7%
Cash Conversion Cycle (days)*	126	205	139	154	175

**Annualized, if required*

A - Actual Accounts

M - Management Accounts

REGULATORY DISCLOSURES	**Appendix II**
Name of Rated Entity	Dynamic Sportswear (Pvt) Limited
Sector	Textile
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action
RATING TYPE: ENTITY				
24-08-2026	A-	A2	Stable	Reaffirmed
28-07-2025	A-	A2	Stable	Reaffirmed
01-07-2024	A-	A2	Stable	Reaffirmed
25-05-2023	A-	A2	Stable	Reaffirmed
16-05-2022	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.
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Due Diligence Meetings Conducted

S.No.	Name	Designation	Date
1.	Mr. Rao M Shahbaz Khan	Manager Finance & Corporate Affairs	03-August-26
2.	Mr. Hussnain Ali	Manager Taxation	