

Press Release

VIS Reaffirms Entity Ratings of Bhanero Textile Mills Limited

Karachi, May 20, 2026: VIS Credit Rating Company Limited ('VIS') has reaffirmed the entity ratings of Bhanero Textile Mills Limited ('BHAT' or 'the Company') at A+/A1 (Single A Plus/Single A One). Medium to long term rating of 'A+' indicates good credit quality; Protection factors are adequate. Risk factors may vary with possible changes in the economy. Short-term rating of 'A1' suggests strong likelihood of timely repayment of short-term obligations with excellent liquidity factors. Outlook on the assigned ratings remains Stable. Previous ratings action was announced on January 30, 2025.

BHAT a public limited company listed on the Pakistan Stock Exchange, was incorporated in 1980. The Company is one of three textile entities operating under the Umer Group and is engaged in the manufacture and sale of yarn and fabric. BHAT operates one spinning unit in Kotri District Dadu, Sindh and two spinning units along with one weaving unit in Sheikhpura, Punjab. The registered office is located in Karachi.

The assigned ratings reflect the well-established operating presence of BHAT in the textile spinning and weaving segment, as part of Umer Group of Companies, though emerging pressures on operating performance and financial metrics are evident and are expected to persist in the near term. Margin compression due to limited pricing flexibility in a commoditized industry and rising input costs continues to weigh on profitability and debt coverage indicators.

Leverage has shown a mild upward trend, driven by increased reliance on short-term borrowings amid subdued export demand and working capital requirements. However, these pressures are partially mitigated by a favourable interest rate environment and access to concessional financing lines.

Liquidity remains adequate, though coverage indicators have weakened, with cashflows sufficient for debt servicing but providing limited cushion against further stress. The Company also remains exposed to interest rate and input cost volatility.

Management's initiatives in renewable energy expansion and value-added diversification are expected to support efficiency over time, though their impact will be gradual. Going forward, the ratings remain sensitive to sustained pressure on margins and cashflows, further build-up in leverage and any adverse movements in interest rates or demand conditions.

For further information on this ratings announcement, please contact on 021-35311861-64 or email at info@vis.com.pk.

Applicable Rating Criteria: Corporates

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

VIS Issue/Issuer Rating Scale

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