

Press Release

VIS Reaffirms Entity Ratings of Faisal Spinning Mills Limited

Karachi, May 20, 2026: VIS Credit Rating Company Limited ('VIS') has reaffirmed the entity ratings of Faisal Spinning Mills Limited ('FSML' or 'the Company') at A/A1 (Single A/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 February 06, 2025.

FSML, listed on the Pakistan Stock Exchange was incorporated in 1985 as a public limited company and is one of the three textile companies of the Umer Group. The Company is primarily engaged in the manufacturing and sale of yarn, greige and dyed fabrics, as well as home textile products for the export market. FSML's spinning operations are in Nooriabad, while its weaving, finishing and home textile divisions are based in Sheikhpura. The Company's registered office is in Karachi.

The assigned ratings reflect the Company's established presence in the textile spinning, weaving and value-added segment, though the credit profile remains constrained by thin margins and weak cashflow generation in a competitive operating environment.

The ratings are supported by weak but improving profitability following FY24 losses, elevated leverage driven by reliance on short-term borrowings for working capital and CAPEX requirements and debt coverage indicators that remain weak but have shown some improvement from prior year levels.

These pressures are partly offset by improved operating margins, recent capacity expansion in the value-added segment and ongoing energy cost optimization initiatives, however, cashflow generation remains limited.

Going forward, maintaining the assigned ratings will depend on improvement in internal cash generation and sustain recovery in profitability amid a challenging operating environment.

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>

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