September 12, 2026

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai — 400 001.
Scrip Code: 538598
Security ID: VISHAL

Dear Sir/Madam,

Sub: Intimation of Credit Rating as per Regulation 30 read with Part A of Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), this is to inform you India Ratings and Research Private Limited ("Credit Rating Agency") has rated the bank facilities vide its letter dated 11th September, 2026 as under.

Facility/Instrument Type	Size of Issue (Rupees in Cr.)	Rating	Rating Action
Term loans	50	IND A-/Stable/IND A2+	Assigned
Term loans	38.42	IND A-/Stable/IND A2+	Affirmed
Fund-based working capital limits	200	IND A-/Stable/IND A2+	Affirmed
Non-fund-based working capital limits	40	IND A-/Stable/IND A2+	Affirmed

Copy of the letter received from the rating agency is available on the website of the Company at https://vishalfabricsltd.com/

VISHAL FABRICS LTD
ANYONE ANYTIME ANYWHERE

CHIRIPAL

Kindly take the same on your records.

Thanking You,
Yours sincerely,
For VISHAL FABRICS LIMITED

BRIJMOHAN DEVKINANDAN CHIRIPAL

Digitally signed by BRIJMOHAN DEVKINANDAN CHIRIPAL
Date: 2026.09.12 15:16:38 +05'30'

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Brijmohan Chiripal
Managing director
DIN: 00290426

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/vishaldenim

India Ratings & Research
A Fitch Group Company

India Ratings Assigns Vishal Fabrics's Additional Bank Loan Facilities 'IND A-'/Stable/'IND A2+'; Affirms Existing Limits

Sep 11, 2026 | Vishal Fabrics Limited | Other Textile Products

India Ratings and Research (Ind-Ra) has taken the following rating actions of Vishal Fabrics Limited's (VFL) bank loan facilities:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	RBI	-	-	-	500	IND A-/Stable/IND A2+	Assigned
Bank loan facilities	RBI	-	-	-	2,784.20 (reduced from 3,036)	IND A-/Stable/IND A2+	Affirmed

Analytical Approach

Ind-Ra continues to take a standalone view of VFL to arrive at the ratings.

Detailed Rationale of the Rating Action

The ratings reflects the company's stable EBITDA margins and reduced debt levels, resulting in an improved adjusted net leverage (total adjusted net debt, including letter of credit acceptances/operating EBITDAR) to 2.10x in FY26. Ind-Ra expects the adjusted net leverage to increase to approximately 2.75x during FY27-FY28, driven by an increase in the working capital requirements and a likely increase in cotton yarn prices.

However, the ratings are constrained by the company's large investments in associate companies, medium scale of operations, and elongated working capital requirements.

List of Key Rating Drivers

Strengths

- EBITDA margins to remain rangebound during FY27-FY28
- Comfortable credit metrics; likely to sustain during FY27-28
- Continued stability in capacity utilisation of denim segment
- Reduced dependence on support from group companies; engagements carried out at arm's length basis

Weaknesses

- Large investments in associate companies
- Medium scale of operations; likely to sustain in FY27-FY28
- Working capital-intensive nature of textile industry
- Inherent industry risks

Detailed Description of Key Rating Drivers

EBITDA Margins to Remain Rangebound During FY27-FY28: VFL's EBITDA margins remained rangebound at 7%-8% during FY24-FY26 (FY26; 7.0%; FY25: 7.6%; FY24: 7.0%), with an EBITDA of INR1,129 million in FY26 (FY25: INR1,162 million; FY24: INR1,010 million), as the company was able to pass on the volatility in prices. The agency expects EBITDA margins to remain at 7%-8% during FY27-FY28 based on the company's ability to effectively pass on raw material price volatility to customers, supported by its policy of maintaining low inventory levels and stable rental income of INR120 million towards the Narol fabric processing unit. In 1QFY27, VFL reported EBITDA of INR261 million and EBITDA margins of 6.9%.

Ind-Ra expects the margins to be supported by a reduction in power costs, as the company has started sourcing power from its captive solar plant. The management expects EBITDA to be in the range of INR1,100 million-1,200 million over the medium term, as the company does not have any capacity expansion plans.

Comfortable Credit Metrics; Likely to Sustain During FY27-28: Although the gross interest coverage (operating EBITDA/gross interest expense) remained stable at 2.88x in FY26 (FY25: 2.93x; FY24: 2.62x), the adjusted net leverage declined to 2.10x (2.59x; 3.82x), due to reduced debt levels. The company repaid unsecured loans of INR481 million by utilising proceeds from the equity share allotment of INR1,530 million over FY25-FY26. Furthermore, scheduled repayments of the term loan and emergency credit line guarantee scheme reduced the company's overall debt. Ind-Ra expects credit metrics to moderate in FY27 due to emergency credit line guarantee scheme loans of INR347 million availed by the company in FY26. Moreover, the adjusted net leverage is likely to remain below 2.5x due to an increased debt, while the interest coverage is likely to remain at approximately 3.0x, driven by sustained EBITDA.

Continued Stability in Capacity Utilisation of Denim Segment: The capacity utilisation of VFL's denim segment increased to 71% in FY26 (FY25: 68%; FY24: 69%). The management expects the capacity utilisation to remain rangebound at 70%-75% over near-to-medium term, thereby maintaining the scale of operations. The segment's revenue increased to INR15,430 million in FY26 (FY25: INR14,500 million; FY24: INR13,679 million), driven by increased realisations from the sale of fabrics and increased volume levels. The denim fabrics segment contributed around 96% to the revenue in FY26 (FY25: 95%; FY24: 94%). The management expects the segment's revenue contribution and capacity utilisation to remain at similar levels over FY27-FY28, with the Narol processing unit being leased out to Texworld Fashions Private Limited.

Reduced Dependence on Support from Group Companies; Engagements Carried Out at Arm's Length Basis: VFL manufactures denim fabric and processes the fabric on a job-work basis. As per the management, VFL currently procures around 3% of its yarn requirements from Dholi Spintex Private Limited (DSPL; debt rated at 'IND BBB+'/Stable/'IND A2') for its dyeing process. Following the dyeing process, the fabric is sold for weaving to Chiripal Textile Mills Private Limited (CTMPL; debt rated at 'IND BBB+'/Stable/'IND A2'), Nandan Industries Private Limited (NIPL; debt rated at 'IND BBB'/Stable/'IND A3+'), and Quality Exim Private Limited (QEPL; debt rated at 'IND BBB'/Stable/'IND A3+').

However, the final stage of processing, finishing, is undertaken by VFL. The company sells the final product, denim fabric, to external customers, while these four associate companies provide backward integration. DSPL, CTMPL, NIPL, and QEPL derive 10%-15% of their revenue from VFL—a significant decline from 65%-70% over FY23-FY25 for DSPL. Despite this decrease, the same is not reflected in VFL's disclosed related-party transactions. As per the management, with increased market demand and favourable market pricing, the company plans to reduce its dependence on the group companies. This is supported by the high availability of raw materials in the market due to its geographical location, enabling the company to earn better margins by selling directly to external customers.

Large Investments in Associate Companies: VFL increased its stake in NIPL to 27.25% from 23.17% in FY26. The company also increased its stake in CTMPL to 42.36% in FY25 (FY24: 37.72%) and in QEPL to 37.92% (28.03%). In FY26, the company completed the repayment of unsecured loans through proceeds from the equity raise. However, it did not avail any debt for the same. Any significant outflow towards investments in associate companies will be a key monitorable.

Medium Scale of Operations; Likely to Sustain in FY27-FY28: VFL's revenue ranged between INR15,500 million and INR16,000 million during FY23-FY26 (FY26: INR16,021 million; FY25: INR15,198 million, FY24: INR14,501 million; FY23: INR15,479 million). This increase in FY26 revenue was due improved realisations in the denim fabrics business, increased volume levels, and a stable rental lease income from the Narol unit. The management plans to focus on boosting own sales from its Dholi unit, with maximum capacity utilisation and undertake job work for any idle capacity. Ind-Ra expects the revenue to remain at similar levels, considering stable capacity utilisation levels in FY27-FY28, driven by stable operational volumes and optimum utilisation levels. In 1QFY27, VFL reported revenue of INR3,791 million.

Working Capital-intensive Nature of Textile Industry: The net working capital cycle increased to 141 days in FY26 (FY25: 126 days; FY24: 130 days), with a receivable period of 148 days (126 days; 129 days), leading to a cash conversion cycle of approximately 141 days (126 days; 130 days). The agency expects the net working capital cycle to remain at similar levels in the medium term. The company provided an additional credit period to its longstanding customers, with relationships spanning more than 15 years, resulting in higher receivables days.

Inherent Industry Risks: VFL is exposed to industry risks arising due to volatility in raw material prices, along with cyclical demand weakness. Furthermore, the domestic textile industry is characterised by intense competition from the unorganised segment, which poses risks to the margins and supply chain.

Liquidity

Adequate: VFL's average utilisations of the fund-based and non-fund-based working capital limits were around 92% and 45%, respectively, for the 12 months ended June 2026. This reflected a moderate liquidity cushion; however, the liquidity is likely to have remained at similar levels in July 2026. The company's cash and cash equivalents stood at INR1 million at FYE26 (FYE25: INR2 million; FYE24: INR2 million).

The cash flow from operations turned negative to INR354 million in FY26 (FY25: INR688 million; FY24: negative INR436 million), driven by increased working capital requirements and stable EBITDA. Ind-Ra expects cash flow from operations to turn positive during FY27-FY28, supported by sustained profitability margins and favourable working capital. Furthermore, VFL prepaid its unsecured loans using the proceeds from the equity share allotments, reducing its working capital requirements.

The company has unsecured outstanding loans of INR64 million, as of FY26 (FY25: INR545 million; FY24: INR928 million). It availed GECL loans of INR347 million in FY26. With stable cash flow from leased rental income, the liquidity position remains adequate. Ind-Ra expects the debt service coverage ratio to exceed 1.5x during FY27-FY28, with debt obligations of INR170 million and INR217million for FY27 and FY28, respectively, which the agency expects to be adequately met through internal accruals.

Rating Sensitivities

Positive: An improvement in business profile and profitability, with adequate liquidity, and the adjusted net leverage declining below 2.0x, on a sustained basis, would lead to a positive rating action.

Negative: A significant decline in the EBITDA or a significant unexpected debt-led capex, resulting in the adjusted net leverage exceeding 2.75x, on a sustained basis, would lead to a negative rating action.

Any Other Information

Not applicable

About the Company

Incorporated in 1985, VFL is part of the Ahmedabad-based Chiripal Group. The company manufactures denim fabric and is engaged in fabric processing on a job-work basis, wherein it procures grey fabric and then dyes and prints it as per the customer requirements. It is also involved in yarn sales.

Key Financial Indicators

Particulars (INR million)	1QFY27	FY26	FY25
Revenue	3,791	16,021	15,198
EBITDA	261	1,129	1,162
EBITDA margins (%)	6.9	7.0	7.6
Gross interest coverage (x)	2.61	2.88	2.93
Net leverage (x)	NA	2.10	2.59
Source: VFL, Ind-Ra NA - not available			

Status of Non-Cooperation with Previous Rating Agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (INR million)	Current Rating	4 September 2025	12 July 2024	14 April 2023
Bank loan facilities	Long-term/Short-term	3,284.20	IND A-/Stable/IND A2+	IND A-/Stable/IND A2+	IND A-/Negative/IND A2+	IND A-/Stable/IND A2+

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by Ind-Ra on its website. A link to the same has been provided below for ready reference:

Rating Activities

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Bank wise Facilities Details

The details are as reported by the issuer as on (11 Sep 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Bandhan Bank	Fund Based Working Capital Limit	250	IND A-/Stable / IND A2+
2	Bank of Baroda	Fund Based Working Capital Limit	620	IND A-/Stable / IND A2+
3	Bank of Maharashtra	Fund Based Working Capital Limit	400	IND A-/Stable / IND A2+

4	State Bank of India	Fund Based Working Capital Limit	730	IND A-/Stable / IND A2+
5	Bandhan Bank	Non-Fund Based Working Capital Limit	50	IND A2+
6	Bank of Baroda	Non-Fund Based Working Capital Limit	210	IND A2+
7	Bank of Maharashtra	Non-Fund Based Working Capital Limit	70	IND A2+
8	State Bank of India	Non-Fund Based Working Capital Limit	70	IND A2+
9	Bandhan Bank	Term loan	49.8	IND A-/Stable
10	Bandhan Bank	Term Loan	254.8	IND A-/Stable
11	Bank of Baroda	Term loan	123.7	IND A-/Stable
12	Bank of Baroda	Term loan	50.5	IND A-/Stable
13	Bank of Maharashtra	Term loan	31.5	IND A-/Stable
14	Bank of Maharashtra	Term loan	80	IND A-/Stable
15	State Bank of India	Term loan	47.4	IND A-/Stable
16	State Bank of India	Term loan	143.7	IND A-/Stable
17	NA	Proposed Bank loan facilities	102.8	IND A-/Stable / IND A2+

Complexity Level of the Instruments

Instrument Type	**Complexity Indicator**
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

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About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

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APPLICABLE CRITERIA AND POLICIES

Corporate Rating Methodology

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

Evaluating Corporate Governance

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