

Shiva Mills Limited

July 14, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|-------------------------------|---------------------|-------------------------------------|
| Long-term bank facilities | 27.50 (Reduced from 37.50) | CARE BBB; Stable | Downgraded from CARE BBB+; Negative |
| Short-term bank facilities | 12.50 | CARE A3+ | Downgraded from CARE A2 |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Shiva Mills Limited (SML) factors in moderate financial performance, due to diminished downstream demand, leading to net losses over the past three years ended FY25 (refers to April 1 to March 31). Ratings continue to derive strength from the promoters' vast experience in the textile industry, long track record of operations, comfortable capital structure, and availability of captive power.

Ratings continue to be constrained by the relatively moderate scale of operations, and the vulnerability of profit margins to volatile prices of cotton and yarn.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- The company's ability to improve the scale of operations with operating income of over ₹300 crore, while maintaining a comfortable capital structure and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of above 10% on a consistent basis.
- Improve debt protection metrics with total debt to gross cash accruals (TD/GCA) below 1.5x on a sustained basis.

Negative factors

- Large debt-funded capital expenditure leading to moderating capital structure with gearing level above unity.
- Any further losses leading to stretch in liquidity profile.
- Moderation in interest coverage below 1.5x on a regular basis.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects the capital structure is expected to remain comfortable with no debt-funded expansion plans and the company is expected to continue to leverage on the promoters' vast experience.

Detailed description of key rating drivers:

Key strengths

Vast experience of promoters in the textile industry

SML belongs to the Coimbatore-based Bannari Amman Group (BAG) of companies, having presence in textiles, automobile dealership, sugar, distilleries, power, and education. Originally promoted by SV Balasubramaniam and his brothers, currently, each brother and the members of next generation are actively engaged in managing their respective businesses. At present, SV Alagappan, brother of SV Balasubramaniam, serves as the Chairman and Managing Director of SML. He is a qualified law graduate with over four decades of experience in the textile industry.

Long track record of operations in textile industry

SML currently operates one spinning unit, at Dindigul, Tamil Nadu. It was earlier with Shiva Texyarn Limited (STL, the group company) before the demerger in 2017. The unit commenced commercial production of yarn in 1989 under STL with an installed capacity of 24,681 spindles, and currently has an installed capacity of 39,072 spindles as on March 31, 2025. The customer base is also reputed and diversified, with the top 10 SML customers constituting ~41.76% (PY: 46.77%) of the total sales in FY25.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Comfortable capital structure

SML's capital structure remained comfortable with an overall gearing at 0.11x as on March 31, 2024 (PY: 0.11x). The company does not have term loan obligations. The debt coverage indicators remained comfortable with TD/GCA at 3.93x as on March 31, 2024 (PY: 3.69x).

Availability of captive power

SML has windmills with an aggregate installed capacity of 10.65 MW, which generated 160 lakh units (PY: 181.64 lakh units) of wind power in FY25. The entire power generated by the windmills are utilised for captive consumption in the textile mill. The company entered group captive arrangement for purchase of solar power of 2 MW. The company met ~75% of the power requirement for FY24 through captive power source.

Key weaknesses

Moderate financial performance with net losses

The scale of operations stood moderate with the operating income at ₹169.31 crore in FY25, though improved from ₹158.47 crore in FY24. However, the company's profitability declined over the years from 14.25% in FY22 to 1.26% in FY25 due to industry-wide slowdown of demand for cotton yarn and higher overhead costs. The company continued to report net losses of ₹3.81 crore in FY25 against net losses of ₹3.22 crore in FY24. However, the company undertook measures to produce higher count yarns to improve profitability with better sales realisation.

Volatility associated with raw material prices

The profitability of spinning mills depends largely on cotton and cotton yarn prices, which are governed by factors, such as the area under cultivation, monsoon, and international demand-supply situation, among others. Cotton being the major raw material of spinning mills, the movement in cotton prices without a parallel movement in yarn prices impacts the profitability of spinning mills. The company mainly buys S-6 cotton from Gujarat. The cotton textile industry is inherently prone to the cotton and yarn price volatility.

Liquidity: Adequate

Liquidity is adequate, characterised by nil repayment obligations and a minimal cash balance of ₹0.29 crore (PY: ₹0.50 crore) as on March 31, 2025. The company maintains an inventory of 60-70 days and extends a credit period of 20-30 days based on the buyer. The raw material (S-6 cotton and bunny) is procured domestically from Gujarat and Northern part of the country. The credit period extended by the suppliers remained between 10 and 15 days. The average working capital utilisation of the company stood low at 37.27% for 12 months ended May 2025. Current ratio stood at 2.30x as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

| Macro-economic Indicator | Sector | Industry | Basic Industry |
|--------------------------|----------|---------------------|------------------------|
| Consumer discretionary | Textiles | Textiles & apparels | Other textile products |

SML (formerly STYL Textile Ventures Limited) was incorporated on November 24, 2015, as a result of the demerger of one of the spinning units from STL (rated 'CARE BBB; Negative / CARE A3+'). The company, with an installed capacity of 39,072 spindles as on March 31, 2025, mainly manufactures cotton hosiery yarn with an average count of 25s-40s. SML also has windmills of 10.65 MW, catering to ~75% of the power requirements.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | March 31, 2025 (A) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income | 159.96 | 158.47 | 169.31 |
| PBILDT | -0.81 | 3.23 | 2.14 |
| PAT | -7.16 | -3.22 | -3.81 |
| Overall gearing (times) | 0.00 | 0.11 | 0.11 |
| Interest coverage (times) | NM | 4.25 | 1.72 |

A: Audited; NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based-Long Term | | - | - | - | 27.50 | CARE BBB; Stable |
| Non-fund-based-Short Term | | - | - | - | 12.50 | CARE A3+ |

Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|--|-----------------|------------------------------|------------------|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1 | Fund-based - LT-Term Loan | LT | - | - | - | - | 1)Withdrawn (12-Sep-23) | 1)CARE BBB+; Stable (05-Aug-22) |
| 2 | Fund-based-Long Term | LT | 27.50 | CARE BBB; Stable | - | 1)CARE BBB+; Negative (03-Sep-24) | 1)CARE BBB+; Negative (12-Sep-23) | 1)CARE BBB+; Stable (05-Aug-22) |
| 3 | Non-fund-based-Short Term | ST | 12.50 | CARE A3+ | - | 1)CARE A2 (03-Sep-24) | 1)CARE A2 (12-Sep-23) | 1)CARE A2 (05-Aug-22) |
| 4 | Fund-based/Non-fund-based-LT/ST | LT/ST | - | - | - | - | 1)Withdrawn (12-Sep-23) | 1)CARE BBB+; Stable / CARE A2 (05-Aug-22) |

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|---------------------------|------------------|
| 1 | Fund-based-Long Term | Simple |
| 2 | Non-fund-based-Short Term | Simple |

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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