

Shree Bhavya Fabrics Limited

August 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	25.27	CARE BB-; Stable	Assigned
Long-term / Short-term bank facilities	44.73	CARE BB-; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Shree Bhavya Fabrics Limited (SBFL) are constrained considering moderate scale of operations and profitability, large working capital requirement for its operations and stretched liquidity. Ratings are also constrained due to presence of the SBFL in a fragmented and competitive textile industry, profitable susceptible to volatile raw material prices and regulatory risk associated with continuous compliance of stringent pollution control norms.

However, ratings derive strength from financial risk profile marked by moderate capital structure and debt coverage indicators, favourable location with its presence in the Ahmedabad, Gujarat, which is a major textile hub, and experienced promoters.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume-backed growth in scale of operations marked by total operating income (TOI) above ₹300 crore and maintaining profit before interest, lease, depreciation and tax (PBILDT) margin above 6%
- Improvement in liquidity resulting in lower reliance on the external debt for the working capital requirement
- Improvement in capital structure marked by overall gearing below 1.50x on sustained basis

Negative factors

- TOI below ₹150 crore and PBILDT margin below 4% on a sustained basis.
- Deterioration in capital structure marked by overall gearing above 2.50x on sustained basis.
- Any significant elongation in debtor's days impacting liquidity

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that SBPL will continue benefit from promoters' experience in the textile industry and its long-standing relationships with customers and vendors.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations and profitability

SBFL operates on the moderate scale as marked by TOI of ₹186.56 crore in FY25 (₹172.60 crore in FY24). Its TOI remains fluctuating owing to volatile sales realisation which generally moves in tandem with the raw material prices.

The PBILDT margin remained range bound at 4.90%-6.40% in the last five years ended FY25. SBFL reported PBILDT margin of 5.89% in FY25 (FY24: 6.23%). With the moderate PBILDT and comparatively higher interest and finance cost, the profit after tax (PAT) margin remained thin at 1.26% in FY25 (FY24: 1.24%). Consequently, GCA too remained thin at ₹3.42 crore in FY25 (FY24: ₹2.83 crore).

Presence in a fragmented and competitive textile industry and profitability susceptible to volatile raw material prices

The textile industry is highly fragmented in nature due to the presence of large number of unorganised players leading to high competition in the industry. The smaller standalone processing units are more vulnerable to intense competition, which constrains their profitability compared to larger integrated textile companies, who have better operating efficiencies. Moreover, textile is a cyclical industry and closely follows the macroeconomic business cycles. Raw materials and finished goods prices are also determined by global demand-supply scenario. Hence, any shift in macroeconomic environment globally would have an impact

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

on the domestic textile industry. SBFL's profitability also remains susceptible to adverse fluctuations in prices of raw materials such as cotton yarn, dyes, colours and chemicals, which are derivatives of crude oil.

Regulatory risk associated with continuous compliance of stringent pollution control norms

The textile processing units use various chemicals for dyeing and printing process, which generate polluted water and air that needs to be treated before their disposal. Hence, textile processing units require continuous compliance with the stringent pollution control norms set by the regulatory authorities. Hence, continuous compliance with evolving regulatory norms remains critical for un-interrupted operations of SBFL.

Key strengths

Vast experience of promoters in textile industry

SBFL's overall affairs are managed by Purushottam R Agarwal and Kishan M Yadav in the capacity of director. Purushottam R Agarwal has over two decades of experience in the textile industry, managing facets of business and trade. Promoter's vast presence in the textile business has been instrumental in creating long standing relationships with customers and vendors.

Plant Location advantage with easy availability of raw material and skilled labour

Gujarat produces ~30% of total national production of cotton and hence availability of raw material is adequate. There are many players in cotton spinning and weaving in the surrounding locality. Hence, SBFL's presence in cotton-producing region has benefitted it in terms of easy availability of raw materials and labour.

Moderate capital structure and debt coverage indicators

SBFL's capital structure remained moderate marked by overall gearing of 1.71x as on March 31, 2025 (1.61x as on March 31, 2024). The unsecured loan of ₹4.35 crore is considered as quasi equity as the same is subordinated to bank debt. SBFL's net worth remained modest at ₹35.05 crore as on March 31, 2025. Total outside liability to tangible net-worth (TOL/TNW) remained moderate at 3.46x as on March 31, 2025.

Debt coverage indicators remained moderate marked by total debt to gross cash accruals (TDGCA) and PBILDT interest coverage at 17.51x (FY24: 18.72x) and 1.54x (FY24: 1.41x) respectively in FY25.

Liquidity: Stretched

SBFL's liquidity remained stretched marked by high utilisation of its working capital limit, elongated operating cycle, low cash and bank balance. It is expected to achieve GCA of ~₹3.50 crore against debt repayment obligation of ₹1.88 crore in FY26. The average utilisation of its working capital borrowings remained at ~81% while maximum utilisation remained at ~86% during the last 12 months ended March 31, 2025. Cash and bank balance remained low at ₹1.15 crore as on March 31, 2025. CFO of the company remained moderate at ₹3.43 crore in FY25 (FY24: ₹9.81 crore).

The company has elongated debtor days of 114 (FY24:145 days) and high inventor days of 158 in FY25 (FY24: 135 days). Consequently, the company's operations remain working capital intensive marked by an elongated operating cycle of 155 days (FY24: 159 days) and gross current asset days of 286 (FY24: 301 days) in FY25. Liquidity ratio remained moderate marked by current ratio of 1.51x 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

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

SBFL was originally incorporated as Anjani Dram Industries Ltd on August 16, 1988, by Purushottam R. Agarwal, Anjani R. Agarwal, and Radheshyam Agrawal. SBFL is primarily engaged in processing of grey cloth and undertakes job work contracts of fabrics. The processing facility of SBFL is in Ahmedabad (Gujarat) with total installed capacity of 54 million metres per annum (MMPA) as on March 31, 2025. The company is listed on the Bombay Stock Exchange.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Ab)
Total operating income	196.14	172.60	186.56
PBILDT	9.79	10.76	10.99
PAT	1.54	1.93	2.35
Overall gearing (times)	1.97	1.61	1.71
Interest coverage (times)	1.33	1.41	1.54

A: Audited Ab: Abridged; 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/Non-fund-based-LT/ST	-	-	-	-	44.73	CARE BB-; Stable / CARE A4
Term Loan-Long Term	-	-	-	October 10, 2034	25.27	CARE BB-; Stable

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	Term Loan-Long Term	LT	25.27	CARE BB-; Stable	-	-	-	-
2	Fund-based/Non-fund-based-LT/ST	LT/ST	44.73	CARE BB-; Stable / CARE A4	-	-	-	-

LT: Long 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/Non-fund-based-LT/ST	Simple
2	Term Loan-Long 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 based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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