

Shiva Taxyarn Limited

September 17, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	80.99 (Reduced from 96.88)	CARE BBB; Stable	Reaffirmed; Outlook revised from Negative
Long-term / Short-term bank facilities	70.00	CARE BBB; Stable / CARE A3+	Reaffirmed; Outlook revised from Negative
Short-term bank facilities	40.00	CARE A3+	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Shiva Taxyarn Limited (STL) continues to factor in the promoters' vast experience in the textile industry, its long track record of operations, comfortable capital structure and long-standing customer relationships with diversified client and product profile. Ratings are also favourable, considering enhancement in profitability in FY25 (refers to period April 01 to March 31) and Q1FY26 (refers to period April 01 to June 30), attributed to a greater contribution from the order-based high-margin defense segment and a transition in count patterns towards finer counts in the spinning division.

However, ratings continue to be constrained by relatively moderate scale of operations, and profit margins exposed to raw material price volatility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- The company's ability to scale up operations over ₹500 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 12% on a sustained basis.
- Improving liquidity position with current ratio between 1.3x and 1.5x.
- Improvement in debt coverage metrics with Total debt to gross cash accruals (TD/GCA) below 3x.

Negative factors

- Large debt-funded capex leading to moderating capital structure with gearing ratio above 1.5x.
- Deteriorating profitability or cash losses due to volatile raw material prices on sustained basis.

Analytical approach:

Standalone

Outlook: Stable

The outlook is stable, as CARE Ratings Limited (Care Edge Ratings) expects the company to sustain its profitability with increased high margin defense orders and improved capacity utilisation in the spinning division, while the capital structure is expected to remain comfortable in the absence of large debt funded capex.

Detailed description of key rating drivers:

Key strengths

Vast experience of promoters in the textile industry

Formerly known as Annamalai Finance Limited (AFL), STL was established in 1980. SV Alagappan, the company's Chairman and promoter, is a qualified law graduate with over four decades of experience in the textile industry. SK Sundararaman, the company's Managing Director, also has over two decades of experience in the textile industry.

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

Established track record of operations

Having commenced commercial production of yarn in 1989 as a relatively small-sized player with an installed capacity of 24,681 spindles, STL has grown into a medium-sized player with 52,416 spindles as on March 31, 2025. STL also has garments unit with 120 sewing machines, processing unit and technical textiles division, which focuses on lamination and coating technology. The company is also engaged in export of yarn, coated fabric, and garments. STL has installed windmills capacity 13.2 MW, which with third-party power purchase arrangements (PPA) meet ~80% of total power requirements.

Diversified product profile and customer base

The company has diversified product profile with presence in spinning and technical textile products. In FY25, the spinning segment accounted for 40% of the total income, a decrease from 59% in the previous year. Remaining income was generated by the technical textile division (TTD), which includes garments, canvas, lamination, and waste sales. Rise in contribution from the non-spinning segment is attributed to an increase in orders from the Ministry of Defense (MoD). The company also has a diversified and reputed customer base with top 10 customers accounting for only 44.06% (PY: 22.67%) of the total sales in FY25.

Comfortable capital structure

STL's capital structure stood comfortable with overall gearing of 0.78x (PY:0.86x) as on March 31, 2025. In June 2024, STL availed working capital term loan of ₹10 crore at relatively lower interest cost primarily for funding the working capital requirement for defense orders. The capital structure is expected to remain comfortable with no debt-funded capex planned. Debt coverage metrics stood comfortable with TD/GCA of 4.79x as on March 31, 2025. Interest coverage improved to 2.92x in FY25 (PY: 0.82x) with improved operating profits.

Improved profitability in FY25 and Q1FY26

Starting from FY25, the company shifted to manufacturing finer counts of 80s, moving away from the earlier range of 40s to 60s, by targeting the domestic market for premium shirts, woven fabrics, and similar products. The capacity utilisation of spinning units, which fell from 78% in FY23 to 51% in FY24, rose to 92% in FY25. The company intends to persist in producing higher counts that yield better margins. As a result, PBILDT margins rose from 2.79% in FY24 to 10.71% in FY25 and 12.06% in Q1FY26 aided by change in product mix with higher contribution from high margin orders.

Key weaknesses

Relatively moderate scale of operations

The scale of operations stood relatively moderate with total operating income (TOI) of ₹322.76 crore in FY25, which declined by 3.78% y-o-y from ₹335.42 crore in FY24, reflecting a stable yet restrained topline. The company booked income of ₹76.38 crore in Q1FY26.

Exposure to raw material price volatility

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

Liquidity: Adequate

Liquidity is adequate, supported by sufficient accruals against repayment obligations. The cash balance stood moderate at ₹0.95 crore as on March 31, 2025. The working capital cycle increased to 96 days (PY: 69 days) in FY25 due to increase in inventory required for the defense orders. The company has been sanctioned with working capital limits of ₹124 crore and the average utilisation stood at 82.79% for 12 months ended August 2025. The current ratio stood at ₹1.10x 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

Incorporated in 1980 as AFL, STL was converted into a Public Limited Company in 1985. STL is primarily engaged in manufacturing and marketing yarn and technical textiles. As on March 31, 2025, STL has an aggregate spinning capacity of 52,416 spindles situated in Tirupur, windmills of 13.195 MW, garments unit with 120 sewing machines, processing and technical textiles division, which focuses on lamination and coating technology.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total operating income	335.42	322.76	76.38
PBILDT	9.35	34.56	9.21
PAT	-11.15	11.71	2.27
Overall gearing (times)	0.86	0.78	NA
Interest coverage (times)	0.82	2.92	3.19

A: Audited; UA: Unaudited; NA: Not Available; 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		-	-	-	54.00	CARE BBB; Stable
Fund-based-Short Term		-	-	-	10.00	CARE A3+
Fund-based/Non-fund-based-LT/ST		-	-	-	70.00	CARE BBB; Stable / CARE A3+
Non-fund-based-Short Term		-	-	-	30.00	CARE A3+
Term Loan-Long Term		-	-	June 2028	26.99	CARE BBB; 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	26.99	CARE BBB; Stable	-	1)CARE BBB; Negative (04-Sep-24)	1)CARE BBB; Negative (21-Aug-23)	1)CARE BBB; Stable (14-Sep-22)
2	Fund-based-Short Term	ST	10.00	CARE A3+	-	1)CARE A3+ (04-Sep-24)	1)CARE A3+ (21-Aug-23)	1)CARE A3+ (14-Sep-22)
3	Fund-based-Long Term	LT	54.00	CARE BBB; Stable	-	1)CARE BBB; Negative (04-Sep-24)	1)CARE BBB; Negative (21-Aug-23)	1)CARE BBB; Stable (14-Sep-22)
4	Non-fund-based-Short Term	ST	30.00	CARE A3+	-	1)CARE A3+ (04-Sep-24)	1)CARE A3+ (21-Aug-23)	1)CARE A3+ (14-Sep-22)
5	Fund-based/Non-fund-based-LT/ST	LT/ST	70.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Negative / CARE A3+ (04-Sep-24)	1)CARE BBB; Negative / CARE A3+ (21-Aug-23)	1)CARE BBB; Stable / CARE A3+ (14-Sep-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	Fund-based-Short Term	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based-Short Term	Simple
5	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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Sandeep P Director CARE Ratings Limited Phone: 914428501002 E-mail: sandeep.prem@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Naveen S Associate Director CARE Ratings Limited Phone: 914224502305 E-mail: naveen.kumar@careedge.in
	S. Bhavasruthini Analyst CARE Ratings Limited E-mail: S.Bhavasruthini@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**