

Bannari Amman Spinning Mills Limited

April 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	246.39 (Reduced from 260.42)	CARE BBB-; Negative	Reaffirmed
Long-term / Short-term bank facilities	283.00	CARE BBB-; Negative / CARE A3	Reaffirmed
Short-term bank facilities	83.35 (Reduced from 87.00)	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Bannari Amman Spinning Mills Limited (BASML) continue to derive strength from the company's established track record in the cotton spinning industry, the extensive experience of its promoters and management with demonstrated funding support, and its partly integrated operations with a diversified product and customer profile. Ratings factor in completion of sale of the company's garment unit and land, with sale proceeds received partly in FY25 and 9MFY26, and the successful fund-raising of ₹40.71 crore through a rights issue in Q1FY26, proceeds of which have been utilised towards debt repayment and the installation of 7.2 MW of captive solar capacity in FY26. The company announced fund raising of ₹41.2 crore through the issuance of two warrants, of which 25% (₹10.3 crore) has been received to date as initial contribution, with the balance expected to be received in FY27 upon conversion. In view of elevated repayment obligations in the next two years, the liquidity position is expected to remain stretched and timely fund infusions and rationalisation of debt would be a key monitorable.

Ratings continue to remain constrained by BASML's moderate operating performance in the last three years, despite improvement in FY25 and 9MFY26, moderate capital structure and stretched debt protection metrics. Profitability also remains susceptible to volatility in cotton and yarn prices, and inherent cyclical nature of the textile industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 12% with sustained growth in scale of operations.
- Improvement in debt coverage metrics with total debt to gross cash accruals (TD/GCA) below 6x.
- Improvement in liquidity profile.

Negative factors

- Sharply declining total operating income (TOI) to below ₹600 crore with drop in profitability on a sustained basis.
- Large debt funded capex, leading to moderation in debt coverage metrics with TD/GCA above 10x on a sustained basis.
- Significant delay in fund infusion plans, leading to further stretch in liquidity.

Analytical approach: Standalone

Outlook: Negative

The outlook is negative as CARE Ratings Limited (CareEdge Ratings) expects the company's cash accruals are expected to be stretched against larger repayment obligations in the near term. The outlook may be revised to 'Stable' if the company is able to scale up operations and generate adequate cash accruals, alongside improving its liquidity profile.

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

Detailed description of key rating drivers:

Key strengths

Vast experience of promoters in the textile industry

SV Arumugam, Chairman and Managing Director of BASML, is a science graduate and a qualified chartered accountant with nearly four decades of experience in the textile industry, particularly in planning, procurement, execution, and management. Incorporated in 1989, BASML is part of the prominent Bannari Amman Group of South India. The group has diversified interests spanning sugar, distilleries, textiles, granite, wind power, education, healthcare, real estate, and automobiles. A Senthil, the company's Chief Executive Officer and son of SV Arumugam, holds an MBA from Erasmus University, Netherlands, and has over a decade of experience in the textile sector.

Long operational track record with diverse product range

BASML commenced operations in 1989 with an installed capacity of 30,000 spindles, which has since been expanded to 157,104 spindles as of December 31, 2025. The company manufactures a diversified range of cotton yarns, including ring spun, organic, and compact yarn, with counts ranging from 30s to 100s. Its knitting and weaving divisions, established in 2009, have scaled up steadily and are supported by downstream processing facilities added in 2013, enabling an integrated value chain covering yarn, fabric, and finished textile products, including home textiles and made-ups. In FY25, revenue remained diversified, with yarn contributing 55.4% (PY: 57%), fabric including home textiles accounting for 26.3% (PY: 28%), garments contributing 5% (PY: 4%), and the balance derived from sale of cotton waste, job work income, and other operating income.

Reputed and diverse customer profile with widespread domestic presence

BASML's sales profile is predominantly domestic, with yarn marketed across major textile consumption centres such as Tirupur, Kolkata, and Kanpur, supported by a wide domestic customer base of over 400 customers. The company also has a limited export presence in select markets including China, Bangladesh, Korea, the Philippines, Sri Lanka, Tunisia, and Europe. Customer profile remains well-diversified, with top 10 customers accounting for 19.45% of total sales in FY25 (PY: 21.16%), and no single customer contributing over 10%, limiting customer concentration risk.

Successful asset monetisation and equity infusion

BASML has undertaken asset monetisation measures to augment liquidity, although execution was delayed from earlier timelines. The sale of its garment unit and freehold land was completed in January 2026 for a total consideration of ₹54 crore, received partly in FY25 and FY26. The company divested its entire stake in its erstwhile subsidiary, Young Brand Apparel Private Limited, in FY25, generating ₹79.54 crore, including a profit of ₹53.48 crore. Alongside monetisation, BASML strengthened its capital base through equity infusion, raising ₹40.71 crore via a rights issue in May 2025, and announced plans to raise a further ₹41.20 crore through warrants, expected to be exercised by FY27.

Key weaknesses

Moderation in scale of operations, despite gradually improving

BASML's scale of operations moderated in the last three years, with TOI declining from ₹1,046.28 crore in FY23 to ₹924.38 crore in FY24, and further to ₹887.34 crore in FY25. Decline in TOI is primarily attributed to discontinuation of garment unit, which was subsequently sold in current year. Profitability improved, with PBILDT margin rising to 7.30% in FY25 from 3.34% in FY24, driven by a shift in product mix towards premium yarn counts and captive power consumption. The company booked TOI of ₹650.53 crore with PBILDT margin of 10.21% in 9MFY26.

Moderate capital structure and weak debt protection metrics

Capital structure remained moderate, with gearing decreased to 1.11x as of March 31, 2025, from 1.34x a year earlier, though still marked by reliance on working capital borrowings. Debt coverage metrics also improved, with TD/GCA at 7.21x against 16.41x in FY24. BASML commissioned a 7.2 MW solar power plant in September 2025, funded through a ₹29.3 crore term loan and balance margin from asset sale proceeds and equity raised. While repayments have been met largely through monetisation proceeds, the company has sizeable repayment obligations of ~₹140 crore for two years ending FY28 against moderate cash profits expected. The timely execution of fund-raising plans and improvement in liquidity lowering debt obligations position remains a key monitorable.

Volatile raw material prices

BASML's profitability is susceptible to movements in prices of raw cotton, the key raw material for producing cotton yarn. Raw cotton prices are volatile in nature and depend on factors such as the area under production, yield, vagaries of monsoon, international demand-supply scenario, inventory carry-forward from the previous year, and export quota with the minimum

support price (MSP) decided by the government. Raw cotton prices have been volatile in the last few years, translating to risk of inventory losses for industry players.

Liquidity: Stretched

Liquidity is stretched, given the large repayment in the near term, which is unlikely to be met from accruals. The company is expecting balance proceeds from warrants issue to come in the next quarter and as mentioned earlier is in active discussion for rationalising debt repayment and improving liquidity position. The company had cash balance of ₹3.21 crore as on March 31, 2025. BASML has an elongated operating cycle of 130 days with average inventory of 95 days in FY25. The company's current ratio stood moderate at 1.01x as on March 31, 2025 (PY: 1.05x). The company generally offers its customers credit period of ~45-60 days and pays its creditors in ~30-45 days. BASML has working capital limits of ₹350.0 crore (including Bill discounting limits of ₹10 crore) and its average utilisation stood at 80.08% for 12 months ended February 2026. BASML also utilises non-fund-based limit of ₹73.35 crore and the average utilisation stood at 70.07% for 12 months ended February 2026.

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 and apparels	Other textile products

BASML was originally incorporated in 1989 by the name 'Shiva Textile (CBT) Limited' and was renamed as BASML in 1991. The company is part of the Coimbatore-based Bannari Amman Group of companies, which has presence in textiles, automobile dealership, sugar, distilleries, power, and education. BASML is a vertically integrated textile mill with an installed capacity of 157,104 spindles, a weaving capacity of 153 looms, a knitting capacity of 7,200 tonne per annum, and a processing capacity of 5,400 tonne per annum. Sale of yarn contributed 55.45% (PY: 56.99%), fabric 26.32% (PY: 27.70%), processing 3.56% (PY: 3.29%) and garment 4.93% (PY: 3.97%) of total operating income of the company in FY25.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	924.38	887.34	650.53
PBILDT*	30.89	64.81	66.40
Profit after tax (PAT)	(26.23)	36.86	13.78
Overall gearing (x)	1.34	1.11	NA
Interest coverage (x)	0.63	1.44	2.08

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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 - LT-Cash Credit		-	-	-	52.00	CARE BBB-; Negative
Fund-based - LT-Term Loan		-	-	December 2028	194.39	CARE BBB-; Negative
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	283.00	CARE BBB-; Negative / CARE A3
Fund-based - ST-Working Capital Limits		-	-	-	10.00	CARE A3
Non-fund-based - ST-Bank Guarantee		-	-	-	1.00	CARE A3
Non-fund-based - ST-BG/LC		-	-	-	10.00	CARE A3
Non-fund-based - ST-Forward Contract		-	-	-	2.35	CARE A3
Non-fund-based - ST-Letter of credit		-	-	-	60.00	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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	194.39	CARE BBB-; Negative	-	-	1)CARE BBB-; Negative (25-Mar-25) 2)CARE BBB-; Negative (02-Apr-24)	1)CARE BBB (RWD) (15-Dec-23)
2	Fund-based - LT/ST-CC/Packing Credit	LT/ST	283.00	CARE BBB-; Negative / CARE A3	-	-	1)CARE BBB-; Negative / CARE A3 (25-Mar-25) 2)CARE BBB-; Negative / CARE A3 (02-Apr-24)	1)CARE BBB / CARE A3 (RWD) (15-Dec-23)
3	Non-fund-based - ST-BG/LC	ST	10.00	CARE A3	-	-	1)CARE A3 (25-Mar-25) 2)CARE A3 (02-Apr-24)	1)CARE A3 (RWD) (15-Dec-23)
4	Non-fund-based - ST-Letter of credit	ST	60.00	CARE A3	-	-	1)CARE A3 (25-Mar-25) 2)CARE A3 (02-Apr-24)	1)CARE A3 (RWD) (15-Dec-23)
5	Non-fund-based - ST-Bank Guarantee	ST	1.00	CARE A3	-	-	1)CARE A3 (25-Mar-25)	1)CARE A3 (RWD) (15-Dec-23)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
							2)CARE A3 (02-Apr-24)	
6	Non-fund-based - ST-Forward Contract	ST	2.35	CARE A3	-	-	1)CARE A3 (25-Mar-25) 2)CARE A3 (02-Apr-24)	1)CARE A3 (RWD) (15-Dec-23)
7	Fund-based - LT-Cash Credit	LT	52.00	CARE BBB-; Negative	-	-	1)CARE BBB-; Negative (25-Mar-25) 2)CARE BBB-; Negative (02-Apr-24)	1)CARE BBB (RWD) (15-Dec-23)
8	Fund-based - ST-Working Capital Limits	ST	10.00	CARE A3	-	-	1)CARE A3 (25-Mar-25) 2)CARE A3 (02-Apr-24)	1)CARE A3 (RWD) (15-Dec-23)

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 - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-CC/Packing Credit	Simple
4	Fund-based - ST-Working Capital Limits	Simple
5	Non-fund-based - ST-Bank Guarantee	Simple
6	Non-fund-based - ST-BG/LC	Simple
7	Non-fund-based - ST-Forward Contract	Simple
8	Non-fund-based - ST-Letter of credit	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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