Bannari Amman Spinning Mills Limited

June 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	246.39	CARE BBB-; Stable	Reaffirmed; Outlook revised from Negative
Long-term / Short-term bank facilities	283.00	CARE BBB-; Stable / CARE A3	Reaffirmed; Outlook revised from Negative
Short-term bank facilities	83.35	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

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, extensive experience of its promoters and management with demonstrated funding support, and its partly integrated operations with a diversified product and customer profile. Ratings reflect the recovery and improvement in operational and financial performance in FY26, following losses reported from continuing operations over the three-year period ended FY25. The improvement has been driven by a recovery in demand, cost efficiencies from the adoption of captive solar power, and an optimised product mix. Ratings also factor in the rationalisation of debt levels, resulting in improved liquidity, supported by replacement of high-cost borrowings with lower-cost debt, and moderation in near-term repayment obligations.

Ratings continue to remain constrained by moderate debt protection metrics and elongated operating cycle. Profitability also remains susceptible to volatility in cotton and yarn prices, and inherent cyclicality of the textile industry. 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.

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.

Analytical approach: Standalone

Outlook: Stable

The outlook is revised from Stable from Negative, driven by an improvement in the company's liquidity profile, supported by adequate cash accruals against reduced near-term debt obligations, and a notable enhancement in profitability. The stable outlook reflects the expectation of sustained financial performance, supported by benefits from captive power, steady demand conditions, and absence of significant debt-funded capex plans.

[1]Complete 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 a 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 date. 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 plans for equity infusion

BASML undertook multiple asset monetisation initiatives to strengthen its liquidity, although completion timelines were delayed compared to earlier expectations. The sale of its garment unit and related land, initially planned for Q1FY26, was completed only in January 2026 for ₹54 crore, received in two tranches. The company divested its entire stake in Young Brand Apparel Pvt Ltd in FY25, realising ₹79.54 crore.

Alongside asset monetisation, BASML plans to increase its capital base through equity infusion. The company raised ₹40.71 crore through a rights issue in May 2025. It also issued two sets of warrants—₹26.55 crore in November 2024 (later forfeited due to higher market price) and ₹15 crore in August 2025, the latter subscribed by promoters with balance funds expected by February 2027.

Key weaknesses

Moderation in scale of operations, however 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. The PBILDT margin gradually improved from 7.30% in FY25 to 9.88% in FY26 with cost benefits derived from captive power consumption. The company reported revenue of ₹870.32 crore in FY26, reflecting a year-on-year decline of 2%, primarily driven by a shift in product mix towards finer count yarns.

Moderate capital structure and weak debt protection metrics

Capital structure remained moderate, with overall gearing of 0.82x as on March 31, 2026, against 1.11x as on March 31, 2025, due to higher reliance on higher working capital borrowings and losses incurred in the past. The company commissioned solar power plant of 7.2 MW in September 2025. The project was funded by term loan of ₹29.3 crore and remaining margin from proceeds from sale of assets and equity fund raised from rights issue. Debt coverage metrics remained moderate with TD/GCA at 7.95x as on March 31, 2026, against 7.69x as on March 31, 2025. Interest coverage also stood relatively moderate at 1.92x in FY26.

In June 2026, high-cost borrowings were replaced with lower-cost debt, leading to reduction in near-term repayment obligations and consequent improvement in the liquidity position, which was earlier constrained by elevated near-term debt obligations.

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: Adequate
Liquidity is adequate with sufficient cushion in accruals against the repayment obligations post rationalisation of debt levels. The company had cash balance of ₹2.82 crore as on March 31, 2026. BASML has an elongated operating cycle of 137 days with average inventory of 96 days in FY26. The company's current ratio stood moderate at 1.06xx as on March 31, 2026 (PY: 1.01x). The company generally offers its customers credit period of ~45-60 days and pays its creditors in ~30-45 days. The average working capital utilisation stood at 87% for 12 months ended May 2026. BASML also utilises non-fund-based limits and the average utilisation stood at 70% for 12 months ended May 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 & 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 a 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 the company's TOI in FY25.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)#
Total operating income	887.34	870.32
PBILDT*	64.81	85.95
Profit after tax (PAT)	36.86	15.66
Overall gearing (x)	1.11	0.82
Interest coverage (x)	1.44	1.92

A: Audited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax
#Abridged 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 - LT-Cash Credit		-	-	-	52.00	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	December 2028	194.39	CARE BBB-; Stable
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	283.00	CARE BBB-; Stable / 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-; Stable	1)CARE BBB-; Negative (07-Apr-26)	-	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-; Stable / CARE A3	1)CARE BBB-; Negative / CARE A3 (07-Apr-26)	-	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 (07-Apr-26)	-	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 (07-Apr-26)	-	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 (07-Apr-26)	-	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 (07-Apr-26)	-	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-; Stable	1)CARE BBB-; Negative (07-Apr-26)	-	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 (07-Apr-26)	-	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

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Note: For facilities / 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.

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

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