Shiva Mills Limited

July 20, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	27.50	CARE BBB; Stable	Reaffirmed
Short-term bank facilities	RBI	12.50	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Shiva Mills Limited (SML) continue to derive strength from the promoters' vast experience in the textile industry, long track record of operations, strong leverage position, comfortable liquidity position, and availability of captive power. However, ratings are constrained by the relatively moderate scale of operations with net losses for four years ended FY26, and 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.
- 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 that 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 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, 2026. The customer base is also reputed and diversified, with top 10 SML customers constituting ~41.30% (PY: 41.76%) of the total sales in FY26.

Comfortable capital structure

SML's capital structure remained comfortable marked by debt-free position as on March 31, 2026 (PY: 0.11x). The debt coverage indicators remained comfortable with TD/GCA at nil as on March 31, 2024 (PY: 3.93x).

[1]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
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Availability of captive power

SML has windmills with an aggregate installed capacity of 10.65 MW, which generated 190.07 lakh units in FY26 (PY: 160.08 lakh units) of wind power. The entire power generated by windmills is utilised for captive consumption in the textile mill. The company also entered group captive arrangement for purchase of solar power of 2 MW. The company met ~75% of the power requirement for FY26 through captive power source.

Key weaknesses

Moderate financial performance with net losses

Scale of operation moderated in FY26, with total operating income (TOI) declining by ~17% to ₹139.75 crore from ₹169.31 crore in FY25 due to lower sales volumes. Decline was driven by a increased production of higher-value premium 60's warp count yarn, which resulted in reduced volumes but improved realisations. Despite lower revenue, profitability improved significantly, with the PBILDT margin increasing to 4.49% from 1.26%, supported by a better product mix and cost savings from captive power consumption. The company continued to report losses; however, net loss narrowed sharply to ₹0.09 crore in FY26 from ₹3.81 crore in FY25.

Volatility associated with raw material prices

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, movement in cotton prices without a parallel movement in yarn prices impacts 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 free cash balance of ₹4.97 crore (PY: ₹0.29 crore) as on March 31, 2026. The company maintains an inventory of 65-75 days. The raw material (S-6 cotton and bunny) is procured domestically from Gujarat and northern part of the country. Credit period extended by suppliers remained between 10 and 15 days. The company's average working capital utilisation stood low at 10.13% for 12 months ended May 2026. Current ratio stood comfortable at 3.75x as on March 31, 2026 (PY: 2.30x).

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

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; Stable / CARE A3+'). The company, with an installed capacity of 39,072 spindles as on as on March 31, 2026, mainly manufactures cotton hosiery yarn with an average count of 25s-40s and 60's warp count yarn. SML also has windmills of 10.65 MW, catering to ~75% of power requirements.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	169.31	139.75
PBILDT*	2.14	6.28
Profit after tax (PAT)	-3.81	-0.09
Overall gearing (x)	0.11	0.00

Interest coverage (x)	1.72	16.11

A: Audited; 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	27.50	CARE BBB; Stable
Non-fund-based-Short Term	RBI	Simple	-		-	-	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 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	-	-	-	-	-	1)Withdrawn (12-Sep-23)
2	Fund-based-Long Term	LT	27.50	CARE BBB; Stable	-	1)CARE BBB; Stable (14-Jul-25)	1)CARE BBB+; Negative (03-Sep-24)	1)CARE BBB+; Negative (12-Sep-23)
3	Non-fund-based-Short Term	ST	12.50	CARE A3+	-	1)CARE A3+ (14-Jul-25)	1)CARE A2 (03-Sep-24)	1)CARE A2 (12-Sep-23)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	-	-	1)Withdrawn (12-Sep-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: 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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