Shree Bhavya Fabrics Limited

July 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	23.54 (Reduced from 25.27)	CARE BB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	44.73	CARE BB-; Stable / CARE A4	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 Shree Bhavya Fabrics Limited (SBFL) continue to remain constrained considering its 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 processing industry, profitability 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 a 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 a sustained basis.
- Significant elongation in debtor's days impacting liquidity.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that SBPL will continue to benefit from promoters' experience in the textile processing 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's TOI remained moderate ₹163.12 crore in FY26 (PY: ₹186.56 crore). The moderation on a y-o-y basis was on account de-growth in the sales volume by ~11%, while sales realisations remained stable. The PBILDT margin remained range bound at 4.90-6.40% for five years ended FY26. The company's PBILDT and profit after tax (PAT) margin stood at 6.38% (FY25: 5.89%) and 1.40% (FY25: 1.26%) in FY26. Consequently, SBFL reported gross cash accruals (GCA) of ₹3.07 crore in FY26 (FY25: ₹3.42 crore).

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

The textile processing industry is highly fragmented in nature due to presence of large number of unorganised players leading to high competition. 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.

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

Textile is a cyclical industry and closely follows macroeconomic business cycles. Raw materials and finished goods prices are also determined by global demand-supply scenario. Hence, shifts in macroeconomic environment globally would have an impact 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 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 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. Promoters' 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 1.66x as on March 31, 2026, against 1.71x as on March 31, 2025. The unsecured loan of ₹5.22 crore (PY: ₹4.35 crore) is considered as quasi equity as this is subordinated to bank debt. SBFL's tangible net worth (TNW) remained modest at ₹38.19 crore as on March 31, 2026. Total outside liability (TOL) to TNW remained leveraged at 3.38x as on March 31, 2026.

Debt coverage indicators remained moderate marked by total debt to GCA (TD/GCA) and PBILDT interest coverage at 20.68x (FY25: 17.51x) and 1.57x (FY25: 1.54x), respectively, in FY26.

Liquidity: Adequate

SBFL's liquidity remained stretched marked by low cash accruals against its debt repayment obligation, high utilisation of its working capital limit, elongated operating cycle, low cash and bank balance. It is expected to achieve GCA of ~₹4 crore against debt repayment obligation of ₹3.95 crore in FY26. Average utilisation of its working capital borrowings remained at ~86% while maximum utilisation remained at ~94% for 12 months ended March 31, 2026. Cash and bank balance remained low at ₹2.99 crore as on March 31, 2026. SBFL reported cash flow from operation (CFO) of ₹3.28 crore in FY26 (FY25: ₹3.43 crore). Liquidity ratio remained moderate marked by current ratio of 1.54x as on March 31, 2026.

The company has elongated debtor days of 133 (FY25: 114 days) and high inventor days of 194 in FY26 (FY25: 164 days). Consequently, the company's operations remain working capital intensive marked by an elongated operating cycle of 226 days (FY25: 155 days) and gross current asset days of 347 (FY25: 286 days) in FY26.

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

SBFL was originally incorporated as Anjani Dram Industries Limited 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. SBFL's processing facility of SBFL is in Ahmedabad (Gujarat) with total installed capacity of 54 million metres per annum (MMPA) as on March 31, 2026. The company is listed on the Bombay Stock Exchange.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	March 31, 2026 (Ab)
Total operating income	172.60	186.56	163.12
PBILDT*	10.76	10.99	10.40
Profit after tax (PAT)	1.93	2.35	2.28
Overall gearing (x)	1.61	1.71	1.66
Interest coverage (x)	1.41	1.54	1.57

A: Audited; Ab: Abridged; Note: These are latest available financial results.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: Brickwork has reviewed ratings assigned to bank facilities of SBFL under Issuer not cooperating category vide press release dated February 24, 2026, considering inadequate information and lack of management cooperation.

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	23.54	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 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	Term Loan-Long Term	LT	23.54	CARE BB-; Stable	-	1)CARE BB-; Stable (05-Aug-25)	-	-
2	Fund-based/Non-fund-based-LT/ST	LT/ST	44.73	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (05-Aug-25)	-	-

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

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 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 #	-

[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.

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
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 along with 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.

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	Kalpesh Ramanbhai Patel Director **CARE Ratings Limited** Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Jignesh Trivedi Associate Director **CARE Ratings Limited** Phone: 079-40265631 E-mail: jignesh.trivedi@careedge.in Nupur Shah Lead Analyst **CARE Ratings Limited** E-mail: Nupur.shah@careedge.in

About us:

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