# Shiva Texyarn Limited

September 01, 2026

| Facilities/Instruments | Name of the Regulator[1] | Amount (₹ crore) | Rating[2] | Rating Action |
|---|---|---|---|---|
| Long-term / Short-term bank facilities | RBI | 65.00 (Reduced from 70.00) | CARE BBB+; Stable / CARE A2 | Upgraded from CARE BBB; Stable / CARE A3+ |
| Long-term bank facilities | RBI | 98.08 (Enhanced from 80.99) | CARE BBB+; Stable | Upgraded from CARE BBB; Stable |
| Short-term bank facilities | RBI | 39.50 (Reduced from 40.00) | CARE A2 | Upgraded from CARE A3+ |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Shiva Texyarn Limited (STL) factors in the sustained improvement in its operating performance and profitability, driven by the strategic shift in revenue mix from the relatively commoditised spinning segment towards the higher-margin garment and technical textile divisions. Revision in ratings also factors in the significant reduction in STL's debt levels over the past few years, and the resultant improvement in the company's capital structure and debt protection metrics. Ratings continue to derive strength from the promoters' extensive experience in the textile industry, established operational track record and its diversified presence across spinning, garments and technical textiles, long-standing customer relationships, and cost advantages arising from captive and third-party power arrangements.

However, these rating strengths are moderated by STL's relatively moderate scale of operations and its profitability susceptible to volatility in cotton and yarn prices.

## 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.

### Negative factors

- Decline in operating income below ₹300 crore and drop in profitability on a sustained basis.
- Increase in total debt to gross cash accruals (TD/GCA) above 4.5x on a sustained basis.

**Analytical approach:** Standalone

**Outlook:** Stable

The outlook is stable, as CARE Ratings Limited (CareEdge Ratings) expects the company to sustain its profitability with increased high margin defence orders, 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

STL is promoted by S.V. Alagappan, Chairman, who has over four decades of experience in the textile and automobile sectors, and Dr. S.K. Sundararaman, Managing Director, who has over two decades of textile industry experience. He has been a member across business forums at a national level. He was the chairman of The Southern India Mills' Association (SIMA) and present in board of directors of Indian Technical Textile Association (ITTA). Dr. Sundararaman oversees marketing, operations and administration of STL and the promoters are supported by an experienced professional management team.

[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.

STL is a part of the South India-based Bannari Amman Group, which has diversified interests across sugar, distilleries, textiles, wind energy, education, healthcare, real estate, and automobiles.

**Established track record of operations with integrated manufacturing capacities**

STL has an established operational track record since 1989 and currently operates 32,416 spindles, with an increasing focus on finer yarn counts of up to 80s. The company has diversified into value-added garments and technical textiles, supported by a 120-machine garment unit, 2 MTPD processing facility, and lamination and coating capabilities catering primarily to defence and industrial applications. Its garment unit predominantly executes specialised military and tactical clothing orders, while the processing facility supports the captive requirements of the technical textiles division. Exports of yarn, coated fabrics and garments remained limited at 1.63% of the total income in FY26 compared to 1.29% in FY25.

Its operations are supported by 13.2 MW of captive wind power and third-party power purchase agreements (PPAs), which collectively meet ~90-95% of its power requirements.

**Diversified business profile with increasing contribution from value-added garment segment**

The company has diversified operations across spinning, garments and technical textiles, supported by a broad customer base. Its strategic shift towards the value-added garment business led to the spinning segment's revenue contribution declining to 34.89% in FY26 from 58.54% in FY24, while the garment segment's share increased to 40.64% from 10.66%. As part of this transition, STL sold 20,000 old spindles in Q4FY26 for ₹9.00 crore, resulting in a loss of ₹5.80 crore. The customer profile remains well diversified, with the top 10 customers accounting for ~48.49% of sales in FY26 (44.06% in FY25), mitigating customer concentration risk.

**Improving capital structure and debt coverage metrics with steady debt reduction**

The company has significantly strengthened its capital structure over the last few years, aided by steady debt reduction and improved accrual generation. Overall gearing decreased to 0.51x as on March 31, 2026 from 0.99x as on March 31, 2022. The company has planned a capex of ₹30 crore towards the installation of machineries to support backward integration for its defence-oriented garment division. The planned capex is funded by ₹20 crore term loan, while the balance requirement is expected to be met through internal accruals and available cash balances. Despite the incremental borrowing, the capital structure is expected to remain comfortable.

Debt protection metrics also remained comfortable, with TD/GCA improving to 3.22x as on March 31, 2026 from 4.79x as on March 31, 2027, while interest coverage improved to 3.31x in FY26 from 2.92x in FY25.

**Sustained improvement in operating profitability**

The company's operating profitability improved significantly, with the PBILDT margin increasing to 11.43% in FY26 and 11.61% in Q1FY27 from 2.79% in FY24. The improvement was supported by a favourable shift in the revenue mix towards the higher-margin garment division and the repositioning of the spinning segment towards finer-count yarn.

## Key weaknesses

**Relatively moderate scale of operations**

The scale of operations stood relatively moderate with total operating income (TOI) of ₹340.60 crore in FY26 though increased from ₹322.76 crore in FY25 by 5.5%. The company booked income of ₹74.18 crore in Q1FY27.

**Exposure to raw material price volatility**

The profitability of the spinning division remains susceptible to cotton and yarn price volatility, which is influenced by cultivation levels, monsoon conditions, and global demand-supply dynamics. STL primarily procures S-6 cotton from Gujarat, with its average purchase cost ranging between ₹187 and ₹195 per kg in the three years ended FY26. The garment division is also exposed to fluctuations in fabric, accessories, trims and other input costs, particularly where increases arising after order finalisation cannot be passed on under fixed-price contracts.

## **Liquidity**: Adequate

Liquidity is adequate, supported by sufficient accruals against repayment obligations of ₹12 crore in FY27. The cash balance stood at ₹9.43 crore as on March 31, 2026. The working capital cycle stood stretched to 101 days (PY: 96 days) in FY26 due to increase in inventory required for the defence orders. The company has been sanctioned with working capital limits of ₹129 crore and the average utilisation stood at 74% for 12 months ended July 2026. The current ratio improved from 1.08x as on March 31, 2025 to 1.34x as on March 31, 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 |

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 June 30, 2026, STL has an aggregate spinning capacity of 32,416 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, 2025 (A) | March 31, 2026 (A) | Q1FY27 (UA) |
|---|---|---|---|
| Total operating income | 322.76 | 340.60 | 74.18 |
| PBILDT* | 34.12 | 38.95 | 8.61 |
| Profit after tax (PAT) | 11.71 | 9.73 | 1.73 |
| Overall gearing (x) | 0.78 | 0.51 | NA |
| Interest coverage (x) | 2.88 | 3.31 | 4.14 |

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

**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 various 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 | - | | - | - | 54.00 | CARE BBB+; Stable |
| Fund-based-Short Term | RBI | Simple | - | | - | - | 10.00 | CARE A2 |
| Fund-based/Non-fund-based-LT/ST | RBI | Simple | - | | - | - | 65.00 | CARE BBB+; Stable / CARE A2 |
| Non-fund-based-Short Term | RBI | Simple | - | | - | - | 29.50 | CARE A2 |
| Term Loan-Long Term | RBI | Simple | - | | - | 31-08-2032 | 44.08 | 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 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 | 44.08 | CARE BBB+; Stable | - | 1)CARE BBB; Stable (17-Sep-25) | 1)CARE BBB; Negative (04-Sep-24) | 1)CARE BBB; Negative (21-Aug-23) |
| 2 | Fund-based-Short Term | ST | 10.00 | CARE A2 | - | 1)CARE A3+ (17-Sep-25) | 1)CARE A3+ (04-Sep-24) | 1)CARE A3+ (21-Aug-23) |
| 3 | Fund-based-Long Term | LT | 54.00 | CARE BBB+; Stable | - | 1)CARE BBB; Stable (17-Sep-25) | 1)CARE BBB; Negative (04-Sep-24) | 1)CARE BBB; Negative (21-Aug-23) |
| 4 | Non-fund-based-Short Term | ST | 29.50 | CARE A2 | - | 1)CARE A3+ (17-Sep-25) | 1)CARE A3+ (04-Sep-24) | 1)CARE A3+ (21-Aug-23) |
| 5 | Fund-based/Non-fund-based-LT/ST | LT/ST | 65.00 | CARE BBB+; Stable / CARE A2 | - | 1)CARE BBB; Stable / CARE A3+ (17-Sep-25) | 1)CARE BBB; Negative / CARE A3+ (04-Sep-24) | 1)CARE BBB; Negative / CARE A3+ (21-Aug-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**

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



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