

Shiva Mills Limited

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

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. The group's other major companies engaged in the textile sector include Bannari Amman Spinning Mills Limited (BASML; rated 'CARE BBB-; Stable/CARE A3'), involved in manufacturing yarn, fabrics, and garments; and Shiva Texyarn Limited (STL; rated 'CARE BBB; Stable/CARE A3+'), engaged in spinning and technical textiles.

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 unit manufactures mainly cotton hosiery yarn, with a count range of 25s-40s and warp yarn with count range of 60s and has an established customer base of over 400 customers. Recently, the company

¹SEBI: 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

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

commenced production with higher concentration on premium counts. The proportion of 60's warp count yarn in the product mix increased substantially, with the ratio of premium 60's count to coarser 30's count improving from 13:87 to 50:50. 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.

Moderate financial performance with net losses

The company's scale of operations remained moderate, with TOI declining by ~17% to ₹139.75 crore in FY26 from ₹169.31 crore in FY25. Moderation in revenue was primarily due to the company's strategic transition from volume-driven sales of coarser 30's count yarn to higher-value premium 60's warp count yarn, resulting in lower sales volumes. Despite decline in turnover, the company's profitability exhibited improvement. The PBILDT margin increased to 4.49% in FY26 from 1.26% in FY25, supported by better sales realisations from improved product mix and cost efficiencies arising from captive power consumption. Profitability continues to remain moderate, and the company's ability to sustain and further improve margins remains a key monitorable. The company continued to report net losses for past years; however, the extent of loss reduced substantially, with net loss decreased to ₹0.09 crore in FY26 from ₹3.81 crore in FY25.

Comfortable capital structure

SML's capital structure remained comfortable marked by debt-free position as on March 31, 2026. SML had not incurred major debt funded capex in the past, and with efficient collection of receivables and lower working capital utilization. The overall gearing stood nil as on March 31, 2025 (PY: 0.11x). The debt coverage indicators remained comfortable with TD/GCA at nil as on March 31, 2026 (PY: 3.93x).

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.

Volatility associated with raw material prices

Profitability of spinning mills is inherently linked to fluctuations in cotton and yarn prices, which are influenced by factors such as crop output, monsoon conditions, and global demand-supply dynamics. As cotton is the principal raw material, mismatch between cotton price movements and yarn realisations can adversely affect operating margins. The company primarily procures S-6 and Bunny cotton varieties from Gujarat, Telangana, and Andhra Pradesh. Although average cotton procurement cost, which remained volatile in the range of ₹170-220 per kg for three years ended FY25, decreased to ~ ₹164 per kg in FY26, profitability continues to remain vulnerable to raw material price fluctuations. This is reflected in the company's PBILDT margin, which has remained volatile in the range of 1.2-4.5% for three years ended FY26.

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.

Financial performance

₹crore

For the period ended / as on March 31,	2024 (12m, A)	2025 (12m, A)	2026 (12m, A)
Working results			
Total operating income	158.30	169.31	139.75
PBILDT*	3.02	2.14	6.28
Interest	0.76	1.24	0.39
Depreciation	6.72	6.76	6.96
PBT	-3.97	-4.24	-0.47
PAT (after deferred tax)	-3.26	-3.81	-0.09
Gross cash accruals	2.75	2.51	6.49
Financial position			
Equity capital	8.64	8.64	8.64
Net worth	96.18	92.41	92.49
Total capital employed	108.49	103.89	93.76
Key ratios			
Growth			
Growth in total income (%)	-1.04	6.95	-17.46
Growth in PAT (after deferred tax) (%)	-54.50	16.91	-97.63
Profitability			
PBILDT/Total Op. income (%)	1.91	1.26	4.49
PAT (after deferred tax)/ Total income (%)	-2.06	-2.25	-0.06
ROCE (%)	-3.42	-3.54	-0.03
Solvency			
Debt equity ratio (times)	0.00	0.00	0.00
Overall gearing ratio (times)	0.11	0.11	0.00
Interest coverage (times)	3.98	1.72	16.11
Term debt/Gross cash accruals (years)	0.00	0.00	0.00
Total debt/Gross cash accruals (years)	3.75	3.93	0.00
Liquidity			
Current ratio (times)	2.26	2.30	3.75
Quick ratio (times)	0.98	1.24	1.54
Turnover			
Average collection period (days)	39	50	51
Average inventory (days)	55	62	75
Average creditors (days)	12	13	15
Operating cycle (days)	82	100	111

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
Details of rated facilities: 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)

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Details of rated facilities

1. Long-term facilities

1.A. Fund-based limits

Sr. No.	Name of Bank / Lender	Rated Amount (₹ crore)	Remarks
1.	ICICI Bank Ltd.	17.50	Cash Credit
2.	Indian Overseas Bank	10.00	Cash Credit with Sublimit of PCFC/LC/WCFC/WCDL
	Total	27.50	

PCFC: Packing Credit in Foreign Currency; LC: Letter of Credit; WCFC: Working Capital in Foreign Currency; WCDL: Working Capital Demand Loan

Total long-term facilities: ₹27.50 crore

2. Short-term facilities

2.A. Non-fund-based limits

Sr. No.	Name of Bank / Lender	Rated Amount (₹ crore)	Remarks
1.	ICICI Bank Ltd.	12.50	Letter of Credit
	Total	12.50	

Total short-term facilities: ₹12.50 crore

Total facilities (1.A+2.A): ₹40.00 crore

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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(This follows our Press Release for the entity published on July 20, 2026)

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