Jaykishan Fibre Private Limited

April 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	1.91 (Reduced from 2.00)	CARE BB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	35.00	CARE BB+; Stable / CARE A4+	Reaffirmed
Short Term Bank Facilities	0.46	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

For arriving at the ratings of Jaykishan Fibre Private Limited (JFPL), CARE Ratings Limited (CARE Ratings) has considered combined financial and business profiles of Jaykishan Fibre Private Limited (JFPL), Markwell Spinning Private Limited (MSPL), Markwell International (MI), Mayur Enterprise (ME), and Viaan Oil Industries (VOI) collectively referred as Markwell Group (MG), due to their managerial and operational linkages. All the entities are closely held with ownership and are controlled by a common partner family. Moreover, the entities operate in similar line of business.

The ratings continue to remain constrained due to group's thin profitability margins, moderate capital structure and debt coverage indicators, susceptibility of profitability to volatile raw material prices and presence in highly competitive and inherently cyclical textile and groundnut industry.

The ratings, however, continue to derive strength from experienced promoters with established presence in textile and groundnut industry, moderate scale of operations and strategic location advantage of its manufacturing unit with easy access to raw material.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations marked by total operating income (TOI) at Rs.450 crore or more with reporting PBILDT margin above 9% on sustained basis
- Improvement in capital structure marked by overall gearing ratio below unity and debt coverage indicators marked by total debt to gross cash accruals (TDGCA) below 5 times on sustained basis
- Improvement in operating cycle below 60 days

Negative factors

- Moderation in scale of operation with TOI below Rs.250 crore or less or PBILDT margin falling below 3% on sustained basis
- Deterioration in capital structure marked by overall gearing at 2 times or more.

Analytical approach: Combined

For arriving at the credit rating, CARE Ratings Limited (Care Ratings) has combined the financial risk profiles of JFPL, MSPL, MI, ME, and VOI [together referred to as Markwell Group (MG)], due to their managerial (common shareholding & directorships) and operational linkages (inter-group sales/purchase).

Outlook: Stable

CARE Rating expects the entity would sustain its moderate financial risk profile over the medium term and continue to benefit from the extensive experience of the promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Thin profitability margins

The PBILDT margins of the group declined marginally and continued to remain thin at 3.18% during FY24 as against 3.63% during FY23 due to reduction in sales realisation. However, PAT margin improved while remaining thin at 0.57% during FY24 (PY: 0.28%).

Moderate capital structure and debt coverage indicators

The capital structure of the group remained moderate marked by overall gearing of 1.58x as on March 31, 2024 (P.Y.: 1.53x) due to higher debt as on balance sheet date. The debt coverage indicators of the group remained moderate marked by marginal

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

improvement in TDGCA at 8.96x (P.Y.: 9.48x) due to improvement in GCA. Interest coverage remained at 2.05x (P.Y.: 2.04x) as on March 31, 2024.

Susceptibility of profitability to volatility in raw material prices and presence in highly competitive industry
MG's profitability is susceptible to the movement in the prices of raw cotton which is one of the key raw materials for MG. The prices of raw cotton are volatile in nature and depend upon factors such as area under production, yield, vagaries of monsoon, international demand supply scenario, inventory carry forward from the previous year and export quota along with minimum support price (MSP) decided by the government. Also, the yarn manufacturing industry is highly competitive and fragmented with the presence of large number of players which limits the pricing power of them. Prices of raw cotton have been volatile over last couple of years, which translates into risk of inventory losses for the industry players. Also, India is one of the major groundnuts producing countries and among the leading countries exporting groundnut-related products. The groundnut business in India is characterised by a high degree of competition, resulting from high fragmentation due to the low entry barriers and low capital intensity of the business. Thus, the profitability is inherently thin and is further exposed to movements in the prices of groundnut seeds and groundnut oil. The prices of groundnuts are determined based on the demand and supply of groundnut seeds, which in turn, depends upon the rainfall and area under cultivation, and thus, remain volatile.

Key strengths

Experienced promoters with established track record in cotton ginning, spinning, and agro processing industry
JFPL is a part of Markwell group (MG) promoted by Mr. Divyesh Saparia along with other family members and relatives. The promoters of MG possess an experience of around two decades in the textile industry. The promoters of the company are actively involved in day-to-day management of the company. Further, long experience of the promoters in the said industry helps them develop a marketing network which benefits the company in terms of raw material procurement and ease in managing day-to-day operations.

Moderate scale of operations
During FY24, Markwell Group's scale of operations improved marked by TOI of Rs.478.84 crore as against Rs.356.10 crore during FY23 due to higher volume of sales. The group has achieved TOI of Rs.422.52 crore till February 28, 2025.

Strategic locational advantage of its manufacturing unit with easy access to raw material
The manufacturing facilities of JFPL are located near Bhuj, Gujarat. Bhuj is known for its unique 'Kala cotton'. Since Gujarat is India's major cotton producing belt, it helps JFPL to easily procure cotton from surrounding locality and offers JFPL locational advantage in terms of lower logistics expenditure (both on the transportation and storage). Hence, the company has distinct strategic locational advantage compared to other plants and companies which benefits the company to optimally procure the raw materials and reduce its costs to some extent.

Liquidity: Adequate
Liquidity position of the group remained adequate marked by healthy cash accruals of Rs.12.42 crore during FY24 against repayment obligations of ~Rs.9 crore arising during FY25. Unencumbered cash and bank balance stood at Rs.2.71 crore. Markwell Group needs to keep large inventory of around 70-90 days due to the seasonality associated with the availability of cotton, groundnut, and other Agri-products. Moreover, company procures cotton largely on cash basis with minimum credit. Operating cycle improved to 72 days during FY24 as against 85 days during FY23 due to reduced inventory days. Average utilisation of working capital limits of JFPL stood at ~50% for the last 12 months ended November 30, 2024. Liquidity ratios marked by current ratio and quick ratio remained at 1.73x and 0.68x respectively during FY24.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Wholesale Trading
Cotton Textile
Combined Approach

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Incorporated in April 2005, Jaykishan Fibre Private Limited (JFPL) (erstwhile Kutch Ginning and Spinning Private Limited) is engaged in the business of groundnut processing, ginning, and pressing raw cotton to produce cotton bales and cotton seeds. The company is also engaged in crushing of cotton seeds to produce cotton seed oil and oil cake. The manufacturing facility of the company is in Kutch-Bhuj Gujarat and is having a capacity to produce 6000 MTPA cotton bales. Markwell Spinning Private Limited (MSPL) is involved in spinning operations, Markwell International (MI) is engaged in trading of cotton bales and cotton yarn by procuring the same from its group companies MSPL and JFPL, Mayur Enterprise (ME) is engaged in processing of groundnut seeds and trading of agro products, and Viaan Oil Industries (VOI) is engaged in extraction of groundnut oil and trading of cotton bales.

Brief Financials (₹ crore) – Combined	March 31, 2023 (UA)	March 31, 2024 (UA)
Total operating income	356.10	478.84
PBILDT	12.92	15.22
PAT	1.00	2.73
Overall gearing (times)	1.53	1.58
Interest coverage (times)	2.04	2.05

UA: Unaudited; since financials are combined at Care Ratings
Note: these are latest available financial results

Brief Financials (₹ crore) – Standalone (JFPL)	March 31, 2023 (A)	March 31, 2024 (A)	11MFY25 (UA)
Total operating income	159.87	211.29	174.69
PBILDT	2.85	3.04	2.97
PAT	0.36	0.37	NA
Overall gearing (times)	5.36	7.28	NA
Interest coverage (times)	1.57	1.09	NA

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial 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-Term Loan		-	-	01-10-2030	1.91	CARE BB+; Stable
Fund-based-LT/ST		-	-	-	35.00	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Forward Contract		-	-	-	0.46	CARE A4+

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based-LT/ST	LT/ST	35.00	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (20-Feb-24)	-	-
2	Fund-based - LT-Term Loan	LT	1.91	CARE BB+; Stable	-	1)CARE BB+; Stable (20-Feb-24)	-	-
3	Non-fund-based - ST-Forward Contract	ST	0.46	CARE A4+	-	1)CARE A4+ (20-Feb-24)	-	-

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-Term Loan	Simple
2	Fund-based-LT/ST	Simple
3	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE 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

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About us:

Established in 1993, CARE 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 RBI. With an equitable position in the Indian capital market, CARE 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, CARE 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. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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