Mahaveer Ginning And Pressing
August 12, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term Bank Facilities	RBI	37.00	CARE BB-; Stable	Assigned
Short Term Bank Facilities	RBI	20.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of MGP are constrained by its moderate scale of operations and thin operating profitability, with PBILDT margin declining sharply in FY2026 due to higher raw cotton procurement costs, lower processing activity and a higher proportion of low-margin trading operations. The ratings also factor in weak debt coverage indicators and working-capital-intensive operations, with continued reliance on bank borrowings to fund seasonal procurement. MGP remains exposed to volatility in cotton prices, seasonal crop availability, climatic conditions, intense competition and changes in government policies, which can impact procurement costs, processing volumes and operating margins. The risks associated with its constitution as a partnership firm are also considered.

These constraints are partially offset by the promoters' extensive experience in the cotton ginning and trading business and their demonstrated financial support to the firm. The ratings also derive strength from MGP's location in a major cotton-growing region, which facilitates raw material procurement, and its established relationships with reputed customers and suppliers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations with TOI exceeding 300 crores while maintaining PBILDT margin above 1.5% historical levels and strengthening cash accruals.
- Sustained improvement in debt protection metrics, with PBILDT interest coverage improving above 1.8x and Total Debt/PBILDT improving below 8.0x.

Negative factors

- Sustained deterioration in operating profitability, with GCA declining to below Rs. 1.80 crores
- Significant increase in working capital requirements or debt levels, resulting in sustained elongation of the operating cycle and deterioration in liquidity and capital structure.

Analytical approach: Standalone

Outlook: Stable
Care Ratings Limited (CareEdge Ratings) expects the entity will continue to benefit from experience of the promoters in the industry.

Detailed description of key rating drivers

Key weaknesses
Moderate scale of operations coupled with thin operating profitability
MGP's scale of operations remained moderate, with total operating income fluctuating between ₹190 crore and ₹250 crore over the four years ended FY2026. Total operating income (TOI) moderated by 8% year-on-year to ₹229.93 crore in FY2026 due to lower processing activity and subdued cotton realisations. The firm also has a modest net worth base of ₹25.84 crore as on March 31, 2026. Operating profitability remained thin, with PBILDT margin ranging between 1% and 2% over the three years ended FY2026 and moderating by 96 bps year-on-year to 0.65% in FY2026, owing to elevated raw cotton procurement costs, lower

[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.

processing volumes and a higher proportion of low-margin trading operations. Consequently, the firm's financial flexibility remains constrained, limiting its ability to absorb volatility inherent in the cotton business.

Moderate capital structure and weak debt coverage indicators

MGP's capital structure remained moderate, marked by an overall gearing of 1.37x as on March 31, 2026 (PY: 1.43x), supported by gradual accretion to net worth despite an increase in seasonal working capital borrowings. TOL/TNW also remained moderate at 1.46x as on March 31, 2026 (PY: 1.49x). However, debt coverage indicators weakened significantly, with PBILDT interest coverage declining to 0.49x in FY2026 from 1.66x in FY2025 owing to the sharp moderation in operating profitability. Although Total Debt/GCA improved to 13.61x as on FYE26 (PYE: 20.54x), it continued to remain elevated. The capital structure remains susceptible to moderation with any significant increase in working capital borrowings to support seasonal inventory requirements.

Working capital intensive nature of operations

MGP's operations remain inherently working capital intensive owing to the seasonal nature of cotton procurement, wherein raw cotton is procured during the harvesting season while sales are spread over the year. Consequently, the firm's GCA days and operating cycle increased to 81 days and 73 days, respectively, in FY2026 (PY: 67 days and 58 days), primarily due to higher inventory holding following lower processing activity during the year. Inventory holding increased to 47 days (PY: 35 days), while receivables remained efficiently managed at 28 days (PY: 24 days), with no debtors outstanding for more than six months. The firm avails limited credit from suppliers, with creditor days remaining low at 2 days (PY: 1 day), resulting in continued dependence on bank borrowings for funding working capital requirements. Accordingly, net working capital remained high at around 79% of total capital employed, with working capital borrowings funding about 66% of net working capital as on March 31, 2026.

Exposure to seasonal, fragmented and regulated cotton industry

MGP operates in the seasonal and highly fragmented cotton industry, which is characterised by intense competition and limited bargaining power due to the commodity nature of its operations. The firm's profitability remains susceptible to volatility in raw cotton prices, crop availability, climatic conditions, government-mandated MSP and changes in export-related policies. Any adverse movement in these factors could affect procurement costs, processing volumes, operating margins and, consequently, cash accruals and debt coverage indicators.

Constitution as a partnership firm

Being a partnership firm, MGP remains exposed to the inherent risks associated with constitution as a partnership concern, including the possibility of capital withdrawal and dissolution upon retirement, insolvency or demise of partners, which may affect its financial flexibility. However, the risk is partially mitigated by the absence of any significant capital withdrawals over the past five years and the promoters demonstrated financial support to the business, as and when required.

Key strengths

Experienced promoters with established track record in the cotton ginning business

Mahaveer Ginning and Pressing (MGP) is managed by Mr. Arvind Jain and Mr. Ajay Jain, who possess over two decades of experience in the cotton ginning and trading business. The promoters have established long-standing relationships with suppliers, customers and financiers, supporting the firm's procurement and marketing operations. Their experience in managing the seasonal and commodity-driven nature of the business has aided operational continuity over the years. Furthermore, the promoters have demonstrated financial support through timely infusion of unsecured loans/funds whenever required, reflecting their commitment towards the business.

Locational advantage owing to presence in a major cotton-growing region

MGP's manufacturing facility is located in Jalgaon, Maharashtra, a key cotton-growing region in the Khandesh belt. The strategic location facilitates timely procurement of raw cotton during the harvesting season, provides ready access to suppliers, and reduces transportation costs. The locational advantage supports operational efficiency and partially mitigates procurement-related risks associated with the seasonal nature of the business.

Established relationship with reputed customers and suppliers

MGP has established long-standing relationships with reputed domestic spinning mills, textile companies and commodity traders, which support repeat business and provide revenue visibility. The firm also maintains established procurement relationships with suppliers, including the Cotton Corporation of India (CCI), supporting timely availability of raw cotton during the procurement season. The diversified customer and supplier base partially mitigates counterparty, and procurement risks inherent in the cotton ginning business.

Liquidity: Stretched
Liquidity is stretched marked by low cash and bank balance, high utilization of its working capital limits and low cash accruals. MGP has low cash and bank balance of Rs. 0.57 crore as on March 31, 2026. Its bank limits were utilised at around 85% during last 12 months ended March 2026. MGP is projected to have adequate accruals against debt repayments with support from promoters' funds as required. Its current ratio stands adequate at 1.86x as of Mar 31, 2026 (PYE: 1.89x). There have not been any instances of overdrawing.

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

Jalgaon (Maharashtra)-based Mahaveer Ginning and Pressing (MGP) was established as a proprietorship concern in 2003 and was reconstituted as a partnership firm in September 2005. The firm is managed by Mr. Arvind Shantilal Jain and Mr. Ajay Shantilal Jain, who possess over two decades of experience in the cotton ginning and trading business.
MGP is engaged in the ginning and pressing of raw cotton into cotton bales, trading of cotton and cotton seeds, and extraction of cottonseed oil. Its integrated manufacturing facility, located in Jalgaon—a key cotton-growing region of Maharashtra—has an installed capacity of processing 3,75,000 quintals of raw cotton and 2,40,000 quintals of cotton seeds annually and caters primarily to domestic textile and spinning mills.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)	June 30, 2026 (UA)
Total operating income	249.88	229.93	49.00
PBILDT*	4.01	1.48	NA
Profit after tax (PAT)	0.80	1.01	NA
Overall gearing (x)	1.43	1.37	NA
Interest coverage (x)	1.66	0.49	NA

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Simple	-		-	-	29.67	CARE BB-; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	30-04-2033	7.33	CARE BB-; Stable
Non-fund-based - ST-Bill Discounting / Bills Purchasing	RBI	Simple	-		-	-	20.00	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 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-Cash Credit	LT	29.67	CARE BB-; Stable				
2	Fund-based - LT-Term Loan	LT	7.33	CARE BB-; Stable				
3	Non-fund-based - ST-Bill Discounting / Bills Purchasing	ST	20.00	CARE A4				

LT: Long term; ST: 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.

Contact us

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About us:

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