Matangi Rubber Limited

June 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	90.00	CARE BBB-; Stable	Assigned

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-7.

Rationale and key rating drivers

The rating assigned to bank facilities of Matangi Rubber Limited (MRL) derives strength from its experienced promoters with over two decades of industry presence and the group's (MRL and its subsidiaries) established relationship with JK Tyre and Industries Limited (JK Tyre; rated 'CARE AA-; Stable / CARE A1+'), supporting stable business operations and revenue visibility. The rating also factors in the company's growing scale of operations and healthy profitability margins. The company's comfortable capital structure, with gearing below unity and adequate debt coverage indicators, supports financial flexibility.

However, the rating is constrained by the group's working capital intensive operations, reflected in high inventory holding and elongated operating cycle, leading to elevated reliance on fund-based working capital borrowings. The rating is also impacted by exposure to raw material price volatility, despite being partially mitigated through pass-through mechanisms, and high customer concentration risk, with ~90% revenue dependence on JK Tyre.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations with total operating income (TOI) exceeding ₹175 crore while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above current levels.
- Improvement in liquidity position with lower utilisation of working capital limits and improvement in operating cycle below 150 days.

Negative factors

- Significant decline in scale of operations with operating profitability (PBILDT margin) below 18%.
- Elongation in working capital cycle adversely affecting liquidity position.
- Any higher-than-envisaged debt-funded capital expenditure/advances to group entities adversely affecting capital structure, leading to total debt/ PBILDT above 4.0x on a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered a consolidated approach of MRL and its subsidiaries considering common management, operational and financial linkages among the companies. Consolidated entities are mentioned in Annexure-6.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the group will continue to benefit from the extensive experience of its promoters, and its long-standing relationship with JK Tyre, supporting operational stability and profitability margins.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with extensive industry track record

The company derives strength from its promoters, Mohit Gupta, Radhika Gupta, and Manju Gupta, who collectively bring over two decades of experience in the rubber and tyre industry. Their long-standing association with the business since inception has aided the company in establishing stable manufacturing operations and maintain long-standing relationship with key customer, JK Tyre (rated 'CARE AA-; Stable / CARE A1+'), and supporting repeat business and revenue visibility.

Growing scale of operations with healthy profitability

The group has demonstrated steady growth in its scale of operations, with TOI increasing to ₹130.66 crore in FY26 with a Y-o-Y growth of ~29%, driven by higher contribution from both outright sales and job work activities. The group's diversified presence

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

across tyre flaps, tubes and 2/3-wheeler tyres, and its multi-location manufacturing facilities, provides support to its operational scale.

Profitability witnessed improvement from FY25 onwards with PBILDT margins at 28.56% and 24.15% in FY25 and FY26, respectively. The improvement is attributable to higher contribution from job work which carries higher margin, cost efficiencies achieved through specialised production techniques, in-house research and development (R&D) initiatives, and inventory gains from procurement of raw materials at favourable prices. The presence of a pricing pass-through mechanism in outright sales and the job work model, where raw material is supplied by customers, partially mitigates the impact of raw material price volatility.

Comfortable capital structure and debt coverage indicators

Group's capital structure is comfortable with overall gearing below unity at 0.93x and debt-to-equity ratio at 0.59x as on March 31, 2026. Debt coverage indicators are also comfortable as reflected by PBILDT interest coverage ratio of 5.24x and total debt to gross cash accruals (GCA) of 4.97x in FY26. Although debt levels have increased from FY25 due to funding of the recently commissioned tyre manufacturing plant, the group's adequate accrual generation and expected ramp-up in operations of the new plant are likely to support its debt servicing ability in a timely manner.

Key weaknesses

Working capital intensive operations with high inventory levels

The group's operations remain working capital intensive, as reflected by an elongated operating cycle of 193 days and an inventory holding period of ~158 days as on March 31, 2026. The elevated inventory levels are primarily driven by bulk procurement of raw materials at favourable price and to ensure smooth production amid geopolitical uncertainties. Consequently, the group highly depends on working capital borrowings, as reflected by high average utilisation of cash credit limits of ~95% in last 12 months ending March 2026.

Exposure to raw material price volatility, though mitigated to an extent

The group is exposed to fluctuations in prices of key raw materials such as natural rubber, synthetic rubber, and carbon black, which have witnessed a sharp increase of ~40–50% in recent months. While the impact is partially mitigated through job work arrangements and contractual price pass-through mechanisms, timing mismatch in cost pass-through or inability to fully pass on cost increases may adversely impact profitability.

Exposed to high customer concentration risk

The group depends highly on JK Tyre, which contributes ~90% of its total revenue. While the association is long-standing and supported by long-term business agreements, the high customer concentration exposes the group to risks arising from adverse changes in business terms, order volumes or demand from its key customer.

Liquidity: Adequate

The company's liquidity position is adequate, supported by expected GCA of ~₹22 crore against repayment obligations of ~₹12 crore in FY27. Liquidity is further supported by free cash and cash equivalents of ~₹4.0 crore as on March 31, 2026. However, utilisation of working capital limits remained high at ~95% over the last 12 months ending March 2026. Promoters are expected to support through unsecured loans in case of cashflow mismatches, which remains a key monitorable.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Rubber

Incorporated in June 2004 (originally as Matangi Rubber Private Limited), MRL is promoted by Mohit Gupta, Radhika Gupta, and Manju Gupta, who bring over two decades of experience in the rubber and tyre industry. The company is engaged in manufacturing tyre flaps, tyre tubes, and rubber compounds, primarily catering to commercial vehicles. Over the years, it has established a diversified manufacturing presence with five plants across Uttarakhand, Tamil Nadu, and Madhya Pradesh. Its operations are supported by a mix of in-house contract manufacturing and job work arrangements, with JK Tyre being a key customer. Around 80% of overall sales in FY26 is derived from in-house manufacturing and direct sales, while the remaining ~20% is contributed by job work service and contract manufacturing activities. The company caters to replacement markets and other industrial users, supported by its manufacturing capabilities and product portfolio.

Brief Financials (Consolidated) (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)
Total operating income	101.38	130.66
PBILDT*	28.96	31.56
Profit after tax (PAT)	14.66	21.68
Overall gearing (x)	1.12	0.93
Interest coverage (x)	7.06	5.24

A: Audited UA: Unaudited; 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

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-Cash Credit	-	-	-	-	35.00	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	01-05-2034	55.00	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	Fund-based - LT-Term Loan	LT	55.00	CARE BBB-; Stable	-	-	-	-
2	Fund-based - LT-Cash Credit	LT	35.00	CARE BBB-; Stable	-	-	-	-

LT: Long 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	MG Industries Limited	Full	Subsidiary
2	Fresca Recycling Technologies Private Limited	Full	Subsidiary

Annexure-7: 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 being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments2
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 #	-
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.

[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

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. 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 during 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.

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