



Press Release
G B GUMMI LLP
May 22, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	8.55	ACUITE BBB Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	8.55	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) on Rs.8.55 Cr. bank facilities of G B Gummi LLP. The outlook is '**Stable**'.

Rationale for Rating

The rating reflects the long track record of operations coupled with benefits derived from the experienced management in rubber industry. The healthy business risk profile characterized by increase in revenue and profitability margins during FY25 (Provisional). The rating also factors the benefits expected to be derived from the expansion in manufacturing capacities of the group thereby expected to strengthen the scale of operations in near to medium term. In addition, the financial risk profile of the group is marked by a moderate net worth, comfortable capital structure and the liquidity profile is adequate marked by steady net cash accruals against its long-term debt obligations, ability of promoters to infuse funds as and when needed, unencumbered fixed deposits and moderate bank limit utilization. However, the rating remains constrained by intensive working capital operations of the group and susceptibility of profitability to fluctuations in raw material prices.

About the Company

G B Gummi LLP was established in 2018 for backward integration. The firm is engaged in manufacturing rubber compounding cater to the needs of rubber hose manufacturers and other companies. The present partners are Mr. Ashok Gupta, Mr. Satish Gupta and Mr. Aditya Gupta.

About the Group

G B Rubber Products was established in 1982. The firm is engaged in Manufacturing of Automobile Seals, Rubber Parts & Metal Bounding. The present partners are Mr. Ashok Gupta, Mr. Satish Gupta and Mr. Aditya Gupta . The company operations are run through three manufacturing facilities located in Maharashtra.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

•Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profiles of G B Rubber Products and G B Gummi LLP. The consolidation is in view of the common management, similar line of business, operational and financial linkages in the form of corporate guarantee and unsecured loans.

Key Rating Drivers

Strengths

Experienced promoters and longstanding relationship with reputed customers

G B group has been able to establish a long and healthy relationship with its customers and suppliers owing to the promoter's rich experience and the long track record of operations of over 4 decades. The group serves a diverse range of industries, such as automotive, industrial, oil and gas, aviation, food and beverages, chemicals, defence,

engineering, and technology. The major demand comes from 2-wheeler and 3-wheeler segments followed by passenger and commercial vehicles

The group maintains a global presence mainly in Brazil and Germany that constituted 57% of its export revenue. In FY2025 (Prov.), the group's export revenue was ~ Rs. 17.94 Crore, representing its global presence and associated with strong margins. Acuite believes the group will be benefitted from promoters experience and diversified geographical presence with broad product portfolio.

Healthy Scale of operations

The revenue of the group stood at Rs.174.53 Cr. in FY25 (Provisional) as against Rs.150.66 Cr. in FY2024 and Rs.131.27 Cr. in FY2023. The increase in sales are due to sustained market demand. The group holds open orders for supply to Original Equipment Manufacturers (OEMs), indicating a strong demand for its products from diverse industries.

The operating margin of the group stood at 11.03 percent in FY25 (Prov.) as against 10.66 per cent in FY2024 and 8.07 per cent in FY2023. The improvement is driven by optimised material consumption ensuring a more sustainable and value-driven approach in business. G B Gummi LLP is conveniently located near major ports and airports facilitating efficient logistics.

The PAT margins stood at 5.25 percent in FY25 (Prov.) as against 3.38 per cent in FY2024 and 1.44 per cent in FY2023 due to reduced interest and tax costs. The improved profitability translated into healthy ROCE levels which stood at 17.86% in FY25 (Prov.) as against 16.19% in FY2024 and 8.11% in FY2023. Acuite expects that the scale of operations of the group will improve in near to medium term backed by the enhanced capacities and acquiring new customers.

Moderate Financial Risk profile

The group's financial risk profile is marked by moderate network and comfortable capital structure. The tangible net worth of the group stood at Rs.63.17 Cr. as on March 31, 2025 (Prov.) as against Rs.75.95 Cr. as on March 31, 2024, and Rs.67.90 Cr. as on March 31, 2023, due to accretion of reserves and subsequent withdrawals due to investment made in one of their sister concerns. The gearing stood below unity at 0.32 times in FY25 (Prov.) as against 0.32 times in FY24 and 0.37 times in FY23. The debt protection metrics remained comfortable marked by interest coverage ratio (ICR) of 6.17 times and debt service coverage ratio (DSCR) of 4.08 times for as on March 31, 2025 (Prov.). Further, the net cash accruals to total debt (NCA/TD) stood at 0.83 times in FY2025 (Provisional) and Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.14 times as on March 31, 2025 (Prov.). Going forward, the financial risk profile of the group is expected to improve even though there are capex plans.

Weaknesses

Intensive working capital cycle

The working capital operations of the group are intensive marked by Gross Current Assets (GCA) of 188 days as on 31st March 2025 (Prov.) as against 179 days as on 31st March 2024 and 170 days as on 31st March 2023. The inventory days of the group stood at 44 days as on 31st March 2025 (Prov.) as against 42 days as on 31st March 2024 and 2023. The group maintains raw materials like raw rubber (shelf life is ~1-1.5 years) and semi-finished products mainly for export customers. The conversion cycle takes 3 weeks converting from raw materials to finished goods. Further, the debtor days of the group stood at 107 days as on 31st March 2025 (Prov.) as against 96 days as on 31st March 2024 and 103 days as on 31st March 2023. Against this, the group has creditors, which stood at 143 days as on March 31, 2025 (Prov.) as against 133 days as on March 31, 2024, and 100 days as on 31st March 2023. Acuite believes that the working capital operations of the group will remain in similar range over the medium term.

Susceptibility of profitability to fluctuations in raw material prices

Operating margins of the group are susceptible to changes in rubber and carbon black prices, which are highly volatile in nature. Any abrupt change in raw material prices can lead to distortion in market prices and affect the profitability of players.

Rating Sensitivities

Movement of the profitability margins while scaling up of operations
Working capital cycle

Liquidity Position

Adequate

The group has adequate liquidity marked by net cash accruals of Rs.16.47 Cr. as on March 31, 2025 (Prov.) as against Rs.1.27 Cr. of debt obligations over the same period. The promoters have financial flexibility to infused funds in the business (consolidated) of Rs.4.86 Cr. in FY25 (Prov.) as against Rs.4.65 Cr. in FY24. The group

maintains unencumbered fixed deposits of Rs. 6.57 Cr. in FY25 (Prov.) as against Rs.17.92 Cr. in FY24 and Rs.7.17 Cr. in FY23. The current ratio of the group stood at 1.37 times in FY2025 (Provisional) as against 1.71 times in FY2024 and 1.65 times in FY2023. The cash and bank balance stood at Rs.1.56 Cr. as on March 31, 2025, Prov. The average bank limit utilization for G B group (consolidated) was ~56% for last eight months ended March 2025. Acuite believes that the liquidity of the group is expected to remain adequate over the medium term on account of sufficient accruals against long debt repayments, infusion of promoter's funds, free fixed deposits and moderate bank limit utilization over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	174.53	150.66
PAT	Rs. Cr.	9.15	5.09
PAT Margin	(%)	5.25	3.38
Total Debt/Tangible Net Worth	Times	0.32	0.32
PBDIT/Interest	Times	6.17	3.72

Status of non-cooperation with previous CRA (if applicable)

CRISIL, vide its press release dated March 28th, 2025 had denoted the rating of G B GUMMI LLP as CRISIL BBB-/ Stable 'Reaffirmed and Issuer not co-operating'.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History: Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Saraswat Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE BBB Stable Assigned
Saraswat Bank	Not avl. / Not appl.	Term Loan	01 Oct 2023	Not avl. / Not appl.	30 Sep 2028	5.05	Simple	ACUITE BBB Stable Assigned

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Name of companies
1.	G B GUMMI LLP
2.	G B RUBBER PRODUCTS

Contacts

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About Acuité Ratings & Research

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