

November 25, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF TYRE TECHNOCRATS (INDIA) PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	22.36	CARE BB (Double B)	Reaffirmed
Short-term Bank Facilities	3.50	CARE A4 (A Four)	Reaffirmed
Total Facilities	25.86 (Rupees Twenty Five crore and Eighty Six lakh)		

Rating Rationale

The ratings continue to remain constrained on account of the modest scale of operations of Tyre Technocrats India Private Limited (TTIPL) along with its moderate solvency and stressed liquidity position. The ratings, further, remain constrained due to tender-based nature of its business leading to volatility in the revenues and profitability.

The ratings, however, continue to derive strength from the wide experience of the promoters in Off-The Road (OTR) retreading industry and its established presence in the niche segment of OTR tyres with reputed customer base. The ratings, further, derive strength from the exclusive distributorship of OTR tyres of Goodyear India Limited (GIL) and Balkrishna Industries Limited (BKT) and moderate profitability margin.

The ability of the company to increase its scale of operations with growth in OTR tyre service and maintenance business and efficient management of the working capital along with improvement in solvency position are the key rating sensitivities.

Background

TTIPL was incorporated in 1995 by Mr Raj Talreja along with his family members. TTIPL started its business as a repair/retreading unit for radial Off the Road (OTR) tyres from its hot cure retreading plant located at Udaipur (Rajasthan) and also started manufacturing of different types of rubber compound. In 2001, TTIPL was appointed as the sole distributor and an authorized repairer and service provider of OTR tyres by GIL and currently, it is an authorized distributor and repairer and service provider for GIL for the state of Rajasthan and Jharkhand. Furthermore, in FY14 (refers to the period April 1 to March 31), it has been appointed as an authorized distributor of OTR tyres of BKT for Rajasthan and Telangana states. It is also authorised service provider and tyre management company for BKT across India. It also undertakes onsite repairs, service and maintenance work including entire tyre management of OTR tyres for its customers at their respective sites.

The company also exports rubber compound to its overseas concern, Tyre Technocrats (Zambia) Limited that provides tyre repair and maintenance services to Vedanta Group and the export income forms very insignificant amount of its Total operating income (TOI) in FY15.

During FY15 (refers to the period April 01 to March 31), TTIPL reported a total operating income of Rs.56.42crore (FY14: Rs.58.22 crore) with a PAT of Rs.1.64 crore (FY14: Rs.2.12 crore).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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