

Emerald Tyre Manufacturers Limited

September 17, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term bank facilities	RBI	73.50 (Enhanced from 54.35)	CARE BBB; Stable	Upgraded from CARE BBB-; Stable
Short-term bank facilities	RBI	51.50 (Enhanced from 46.50)	CARE A3+	Upgraded from CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Emerald Tyre Manufacturers Limited (Emerald) reflects the company's sustained growth in revenue and profitability over the last few years. The improvement has been supported by higher sales volumes, a favourable product mix and increasing contribution from value-added products. Ratings also consider the completion of the company's capacity expansion programme, which is expected to support future growth and improve operating efficiency. The expected benefits from the newly commissioned in-house mixing facility and rooftop solar power plant are likely to support profitability over the medium term.

Ratings continue to be supported by Emerald's established presence in the industrial tyre industry, extensive experience of its promoters and management team, and its diversified product portfolio. The company benefits from a strong presence in domestic and overseas markets, with exports accounting for a significant share of revenue. Its established distribution network, comprising overseas subsidiaries, international dealers and domestic franchisees, supports its market position and geographic diversification.

However, ratings remain constrained by the company's moderate scale of operations, working capital intensive business, exposure to raw material price volatility and foreign exchange movements, and customer concentration risks. The company's export-oriented business profile also exposes it to geopolitical developments and trade-related uncertainties in key overseas markets.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operation above ₹350 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 16% on a sustained basis.
- Improvement in leverage indicators marked by total debt to PBILDT (TD/PBILDT) below 2.5x.

Negative factors

- Elongating working capital cycle with inventory levels above 140 days and collection above 90 days leading to tightening of liquidity.
- Overall gearing exceeding 1.5x.

Analytical approach: Consolidated

The analytical approach has been revised from standalone to consolidated in view of the increased operational and financial linkages of Emerald with its subsidiaries. Consolidated subsidiaries are listed under Annexure-5.

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the company will maintain its risk profile aided by its established track record in off-the-road (OTR) business.

Detailed description of key rating drivers

¹SEBI: 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

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Key strengths**Established track record of the business; however, scale of operations remains moderate**

Incorporated in 2002, Emerald has over two decades of track record in manufacturing OTR tyres. Over the years, the company has expanded its product portfolio beyond material-handling equipment tyres to tyres that cater to the construction, mining, and agriculture sectors. The company currently offers over 1,400 stock keeping units (SKUs) across multiple applications, including forklifts, agricultural equipment, and specialised industrial vehicles.

Despite its established track record, Emerald continues to operate at a moderate scale compared to larger players in the tyre industry.

Diversified product profile and expanding geographic footprint

Emerald offers a diversified range of products comprising solid tyres, industrial pneumatic tyres, press-on bands and wheel rims, primarily catering to the material-handling industry. In FY26, solid tyres accounted for ~51% of total operating income (TOI), while industrial pneumatic tyres contributed 41%. The balance revenue was generated from press-on bands and wheel rims.

The company serves original equipment manufacturers (OEMs) and the replacement market. The replacement segment remains the key revenue contributor, accounting for over 90% of revenue, while OEM sales contributed ~9% in FY26. The OEM business is mainly domestic market, whereas replacement sales are largely export-oriented.

Exports contributed over 80% of revenue in FY26, reflecting Emerald's strong international market presence. The company exports to over 30 countries and supports its overseas operations through subsidiaries in Dubai and Belgium, which act as distribution and warehousing hubs for the Middle East and Europe. The company has developed an established distribution network comprising ~30 international dealers and 45 exclusive domestic franchisees.

The United States remains Emerald's largest export market, contributing ~30-40% of revenue. Revenue from the market increased steadily from ₹31 crore in FY22 to ₹67 crore in FY26, supported by capacity additions, new product introductions and higher off-take from key customers. Russia also remained an important and relatively stable market despite geopolitical and trade-related challenges, with revenue increasing from ₹27 crore to ₹33 crore over the same period.

Emerald has diversified its geographic exposure through increased penetration in Europe and other international markets. Revenue from Europe rose significantly from ₹16 crore in FY25 to ₹39 crore in FY26, partially offsetting the moderation in demand from the US market amid tariff-related uncertainties. The increasing contribution from Europe, together with stable revenue from Russia and other markets, has reduced the company's dependence on a single geography to some extent.

Sustained improvement in operational performance; expanded capacity to support the future growth and profitability

Emerald has reported steady growth in operating performance over the last few years. TOI increased at a compounded annual growth rate (CAGR) of ~14% between FY22 and FY25 and further grew by 11% to ₹225 crore in FY26. Growth was supported by higher sales volumes and improving demand across key markets.

Profitability also improved, with the PBILDT margin increasing to 15.24% in FY26 from 14.44% in FY25. The improvement was driven by a favourable product mix and higher contribution from better-margin products.

The company operated at ~90% utilisation of its existing manufacturing capacity of 10,800 metric tonne per annum (MTPA) in FY26. To support future growth, it expanded installed capacity to 16,240 MTPA through the addition of new tyre production lines. The incremental lines are currently under trial runs and are expected to commence commercial production in H2FY27.

The company has also commissioned a new in-house mixing facility, enabling it to internalise the entire mixing process and reduce dependence on outsourced operations. A 1-MW rooftop solar plant has been installed, which is expected to meet ~30% of the company's power requirement. The benefits from these initiatives are expected to support operating efficiency and profitability over the medium term.

Experienced promoters and management team

Emerald is promoted by V Thirupathi and his two sons, V T Chandrasekharan and V T Srinivasan. V T Chandrasekharan is the company's Chairman and Managing Director, holding over two decades' experience in the industrial tyre segment. He also has completed programme on production management for manufacturing industry by AOTS Japan. The company also has a well-

experienced professional management team led by Krishnaram, CEO of the company, who has over three decades' experience in the tyre industry.

Key weaknesses**Moderate capital structure and debt coverage indicators**

The company strengthened its capital base through the initial public offer (IPO) in FY25, resulting in an improvement in overall gearing to 0.81x as on March 31, 2025. However, gearing increased to 1.18x as on March 31, 2026, primarily due to debt-funded capital expenditure and the availing of unsecured loans to support working capital requirements.

The company has raised ₹47.37 crore from its IPO, and the money was used for funding the capital expenditure.

Debt protection metrics moderated in FY26 owing to the increase in debt levels. Interest coverage declined to 2.50x from 3.03x in FY25, while total debt to gross cash accruals increased to 7.23x from 5.35x.

With the completion of the capacity expansion programme, leverage indicators are expected to improve gradually over the medium term, supported by higher earnings generation from the expanded operations.

Working capital intensive operations

Company's operations remain working capital intensive, primarily due to its replacement market focus, broad product portfolio of over 1,400 SKUs, and wide geographic footprint. The company is required to maintain adequate inventory across its product range to ensure timely fulfilment of customer requirements, resulting in average inventory days of ~138 days over the past two years. Receivables are generally realised within 80-90 days, while limited credit from suppliers elongates the operating cycle which remained at 175 days in FY26 (PY: 165 days). The ability to maintain inventory at optimum levels and efficiently manage receivables as the business scales up remains important to limiting incremental working-capital funding requirements.

Exposure to raw material price volatility

Profitability remains vulnerable to fluctuations in raw material prices, particularly natural rubber, synthetic rubber, and carbon black, which constitute a significant portion of the company's operating costs. Prices of synthetic rubber and carbon black are linked to crude oil prices, while natural rubber prices are influenced by global supply-demand dynamics.

Although Emerald follows a cost-plus pricing mechanism for a significant portion of its export sales, there is generally a time lag between increases in raw material costs and their pass-through to customers. As a result, profitability remains exposed to short-term volatility in input costs.

The company's margins benefited from relatively stable raw material prices in FY2026, resulting in an improvement in operating profitability. However, the sharp increase in natural rubber prices in Q1FY27 is expected to exert pressure on near-term margins until higher costs are passed on to customers. Increasing contribution from value-added products is expected to provide some support to profitability over the medium term.

Liquidity: Adequate

The liquidity position of the company is marked adequate by gross cash accruals of ₹18.77 crore in FY26 against the debt repayment obligation of ₹15.42 crore in FY27. Utilisation of working capital facilities remains high at ~94% for the 12 months ended June 30, 2026. The company has unencumbered cash bank balance and liquid funds of ₹11.79 crore as of March 2026.

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](#)[Auto Components & Equipments](#)[Short Term Instruments](#)

About the company and industry

Industry classification

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

Emerald (formerly known as Emerald Resilient Tyre Manufacturers Private Limited), promoted in 2002 by V Thirupathi (former Managing Director of ICICI Credit Corporation Limited), is engaged in manufacturing solid tyres and industrial pneumatic tyres catering to the material handling industry. The industrial pneumatic tyres are made up of rubber and tyre chord and inflated with air pressure inside the tyre, while solid tyres are completely made up of solid materials, mainly rubber. These tyres are used mainly in equipment such as forklifts, trolleys, reach trucks, trailers, ground support equipment (GSE), and road pavers, among others.

The company converted from private limited to public limited in November 2023 and was listed in the EMERGE Platform of National Stock Exchange of India Limited on December 12, 2024.

Consolidated financials

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	5MFY27 (UA)
Total operating income	201.93	224.94	102.00
PBILDT*	29.15	34.27	NA
Profit after tax (PAT)	10.43	10.33	NA
Overall gearing (x)	0.81	1.18	NA
Interest coverage (x)	3.03	2.50	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 (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	RBI	Simple	-		-	-	7.00	CARE BBB; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-03-2033	66.50	CARE BBB; Stable
Fund-based - ST-PC/Bill Discounting	RBI	Simple	-		-	-	45.00	CARE A3+
Fund-based - ST-Standby Line of Credit	RBI	Simple	-		-	-	1.50	CARE A3+
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	5.00	CARE A3+

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	66.50	CARE BBB; Stable	-	1)CARE BBB-; Stable (05-Sep-25)	1)CARE BBB-; Stable (26-Jul-24)	1)CARE BBB-; Stable (07-Jul-23)
2	Fund-based - LT-Cash Credit	LT	7.00	CARE BBB; Stable	-	1)CARE BBB-; Stable (05-Sep-25)	1)CARE BBB-; Stable (26-Jul-24)	1)CARE BBB-; Stable (07-Jul-23)
3	Fund-based - ST-PC/Bill Discounting	ST	45.00	CARE A3+	-	1)CARE A3 (05-Sep-25)	1)CARE A3 (26-Jul-24)	1)CARE A3 (07-Jul-23)
4	Non-fund-based - ST-BG/LC	ST	5.00	CARE A3+	-	1)CARE A3 (05-Sep-25)	1)CARE A3 (26-Jul-24)	1)CARE A3 (07-Jul-23)
5	Fund-based - ST-Standby Line of Credit	ST	1.50	CARE A3+	-	1)CARE A3 (05-Sep-25)	1)CARE A3 (26-Jul-24)	1)CARE A3 (07-Jul-23)

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](#)**Annexure-5: List of entities consolidated**

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Emerald Tyres Europe BVBA	Full	Subsidiary
2	Emerald Middle East FZE LLC	Full	Subsidiary

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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