

January 07, 2016

CARE REAFFIRMS RATING TO THE BANK FACILITIES OF EMERALD RESILIENT TYRE MANUFACTURERS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	25.77 (enhanced from 21.01)	CARE BB+ (Double B Plus)	Reaffirmed
Short term Bank Facilities	32.50	CARE A4 (A Four)	Reaffirmed
Total Facilities	58.27 (Rs. Fifty eight Crore & Twenty Seven Lakhs only)		

Rating Rationale

The ratings assigned to the enhanced facilities of Emerald Resilient Tyre Manufacturers Private Limited (Emerald) are constrained by the relatively small size of operations of the company, working capital intensive nature of operations and financial risk profile characterized by declining profit margins & leveraged, though marginally improved capital structure.

The ratings, however, derive strength from the well-qualified promoters & experienced management team of Emerald, the company's presence in a niche market with strong client & dealer relationships and its widespread marketing & distribution network. The ratings also factor in the completion of capex in FY15 (refers to the period April 1 to March 31) to improve the manufacturing efficiency at its unit.

Going forward, the ability of the company to increase its scale of operations, improve its profitability, prudently manage the working capital and improve its capital structure will be key rating sensitivities.

Background

Emerald, promoted in 2002 by Mr V. Thirupathi (former Managing Director of ICICI Credit Corporation Limited), is engaged in the business of manufacturing solid tyres and industrial pneumatic tyres catering to the material handling industry. The industrial pneumatic tyres are made up of solid material (rubber and tyre chord) and inflated with air pressure inside the tyre, while solid tyres are completely made up of solid materials and solid tyres are directly attached to the wheel. These tyres are used mainly in the equipment like forklifts, trolleys, reach trucks, trailers, Ground Support Equipments (GSE), road pavers, etc.

The company has manufacturing facilities at SIPCOT Industrial Estate, Gummidipoondi, Thiruvallur district, Tamil Nadu. As on September 30, 2015, the installed capacity was 9,600 tons p.a. The tyres manufactured by Emerald are sold under the brand name "GRECKSTER". The company also manufactures polyurethane wheel, press on bands, butyl tubes, tyre fitment press for fitting solid tyres and wheel rims. Most of the products of the company are exported to various countries like Saudi Arabia, Russia, Belgium & Thailand. For FY15, exports contributed to 72.45% of the total sales, while the rest was contributed by domestic sales.

For the year ended March 2015, Emerald registered a PAT of Rs.3.3 crore on a total operating income of Rs.90.1 crore. For H1FY16, the company registered a total operating Income of Rs.41.80 crore.

Analyst Contact

Name: Mr. Harihara Subramanian C

Tel: 044-28490876

Cell: + 91 9789998514

Email: harihara.subramanian@careratings.com

****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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

CONTACT

Head Office Mumbai

Mr. Sanjay Kumar Agarwal

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Mehul Pandya

 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU

Mr. Dinesh Sharma

 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH

Mr. Sajan Goyal

 2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI

Mr. V Pradeep Kumar

 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE

Mr. V Pradeep Kumar

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD

Mr. Saikat Roy

 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR

Mr. Rakesh Jayaraman

 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA

Ms. Priti Agarwal

 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI

Ms. Swati Agrawal

 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE

Mr. Rahul Patni

 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691