

MARCH 12, 2015

## CARE ASSIGNS 'CARE BB+/CARE A4' RATING TO BANK FACILITIES OF EMERALD RESILIENT TYRE MANUFACTURERS PRIVATE LIMITED

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	25.03	<b>CARE BB+ (Double B Plus)</b>	Assigned
Short term Bank Facilities	29.50	<b>CARE A4 (A Four)</b>	Assigned
<b>Total Facilities</b>	<b>54.53</b>		

### Rating Rationale

The ratings derive strength from the experienced promoters & management team of Emerald Resilient Tyre Manufacturers Private Limited (ERTL), the company's presence in a niche market and its widespread marketing & distribution network. The ratings, however, are constrained by the small scale of operations of ERTL, the company's stretched operating cycle leading to high working capital intensity and moderate financial risk profile marked by high, albeit improving overall gearing and coverage indicators.

Going forward, the ability of the firm to scale up its operations by effectively utilising its capacities, increase its exports and improve profitability & capital structure would be key rating sensitivities.

### Background

ERTL is engaged in the business of manufacturing tyres for material handling applications like solid tyres, press on tyres and industrial pneumatic tyres etc., from its manufacturing facility at SIPCOT Industrial Estate in Gummidipoondi, Tamil Nadu. The tyres manufactured by the company are sold under the brands "Super Star", "Greckster" & "Solid Plus". The company also manufactures polyurethane wheel, tyre fitment press for fitting solid tyres. ERTL also trades in wheel rims which are manufactured by one of its group companies. ERTL was started in 2002. As on September 30, 2014, ERTL had an installed capacity of 9,600 tons p.a. of solid and industrial pneumatic tyres.

During FY14 (refers to the period April 1 to March 31), ERTL generated a total operating income of Rs. 88.5 crore and a net profit of Rs.3.3 crore as against a total operating income and net profit of Rs.87.3 crore and Rs.3.6 crore, respectively, in FY13.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://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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