

June 3, 2010

CARE ASSIGNS 'CARE BB+' AND 'PR4' RATINGS TO THE BANK FACILITIES OF EMERALD RESILIENT TYRE MANUFACTURERS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	16.61	'CARE BB+' (Double B Plus)	Assigned
Short-term Bank Facilities	2.00	'PR4' (PR Four)	Assigned
Long-term/Short-term Bank Facilities	14.00	'CARE BB+ /PR4' (Double B Plus/ PR Four)	Assigned
Total Facilities	32.61		

Rating Rationale

The ratings are constrained by Emerald's limited track record and small size of operations, stagnant operational performance in the last few years, relatively small size of the target market and financial profile characterized by low profitability, high gearing levels, small size of net worth and limited financial flexibility. The ratings also factor in the company's experienced management team, its niche presence in industrial tyres, with significant focus on the solid tyres segment and wide product profile, particularly in solid tyres with focus on quality.

Going forward, ability of the company to increase the sales volume of solid tyres, successful commercialization of industrial pneumatic tyre division and infusion of additional equity will be critical for the future growth of the company and will be the key rating sensitivities.

Company Profile

Emerald Resilient Tyre Manufacturers Private Limited (Emerald) was incorporated on March 27, 2002 for manufacturing of solid tyres. Emerald also manufactures industrial pneumatic tyres. The promoters of this company are Mr.V.Thirupathi and his two sons Mr.V.T.Chandrasekharan and Mr.V.T.Srinivasan. As on March 31, 2009, the total installed capacity of solid tyre and industrial pneumatic tyre are 9,000 tons per annum and 1,650 tons per annum respectively.

¹Complete definition of the ratings assigned are available at www.careratings.com

For the year ended March 31, 2009, Emerald posted a PAT of Rs.0.72 cr on a total income of Rs.40 cr. For the six months period ended September 30, 2009 (Unaudited), Emerald posted Profit before Tax of Rs.0.94 cr on a total income of Rs.17.42 cr.

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CARE 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.

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