

# Emerald Tyre Manufacturers Limited IPO

## About Company —

- Company is engaged in the Business of Manufacturing, Supplying and Services for a comprehensive range of **tyres for material handling applications** like forklifts, skid loaders, ground support equipment of Airports, Port trailers, agri implements, lawn and garden mowers, mining equipment, aerial work platform trucks, backhoe loaders etc.
- Our Company, being incorporated in the year 2002, has a renowned presence in the Domestic market as well as **Global market for more than two decades** in the international market under the brand name “GRECKSTER.

## Geography-wise Revenue Bifurcation —

Particulars	31st July 2024	FY'24	FY'23	FY'22
Domestic Sales	22.52%	23.48%	23.12%	26.30%
Export Sales	77.48%	76.52%	76.88%	73.70%

## Financials —

(Fig in Cr)

Particulars	31st July 2024	FY'24	FY'23	FY'22
Revenue	63.80	170.98	163.93	133.64
EBITDA	9.69	29.57	21.03	15.65
EBITDA Margin	15.19%	17.29%	12.83%	11.71%
PAT	4.14	12.14	8.93	4.85
PAT Margin	6.49%	7.10%	5.45%	3.63%
CFOA(OCF)	0.33	(3.79)	(2.05)	(0.22)

## Product wise bifurcation —

Particulars	31st July 2024	FY'24	FY'23	FY'22
Solid tyres	49.80%	50.79%	50.77%	54.37%
Press On band	6.13%	5.66%	6.56%	6%
Industrial Pneumatic	42%	41.32%	40.70%	37.78%
Wheel Rims	0.33%	0.23%	0.08%	0.11%
Other	1.74%	2%	1.89%	1.74%

## Positive and Negative Points —

### Positive

- Low PE ratio as compared to peers.
- Diversified sales ensure balanced revenue from both domestic and export markets.
- Stable EBITDA Margins.

### Negative

- D/E ratio of 1.51.
- Flat Sales Growth.
- The IPO is coming in December 2024, but the financials are available up to July 31, 2024 i.e., for 4 months of FY 25.
- Negative cash flows.
- The company is significantly smaller than its peers, making direct comparisons irrelevant.
- IPO funds will be used for Capital Expenditure.

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## Peer Comparison —

Companies	Revenue	EBITDA	PAT	D/E Ratio	Mcap	P/E
Emerald Tyre Manufacturers (FY 2024)	170.98 Cr.	29.57 Cr. (17.29%)	12.14 Cr. (7.10%)	1.51	185 Cr.	15.24
Balkrishna Industries Limited (TTM)	10,091 Cr.	2,465 Cr. (24%)	1,629 Cr. (16.14%)	0.33	54,358 Cr.	33.40
TVS Srichakra Limited (TTM)	3117 Cr.	259 Cr. (8%)	65 Cr. (2.08%)	0.81	2,907 Cr.	42

## Conclusion —

Emerald Tyre Manufacturers Limited offers an attractive valuation with a low PE ratio and stable EBITDA margins. Its diversified revenue streams across domestic and export markets add resilience. However, challenges such as a high D/E ratio of 1.51, flat sales growth, negative cash flows, and limited financial disclosure up to July 2024 raise concerns. Additionally, its smaller size compared to peers and reliance on IPO proceeds for capital expenditure may impact competitiveness. Investors should weigh these factors carefully before committing.



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