



IPO Note

Emerald Tyre Manufacturers Limited

Recommendation: **APPLY!**

Business Overview -

- **Incorporation & Business Activity:** Incorporated in 2002, Emerald Tyre Manufacturers specializes in manufacturing, supplying, and servicing a wide range of tyres. The company offers its products under the brand name "GRECKSTER". Their registered office is situated in Poonamallee, Tamil Nadu-600095.
- **Human Resource:** As of July 31, 2024, The company had 243 permanent and 277 contractual employees.

Objects of the Issue -

- To meet Capital Expenditure
- General Purposes.
- To meet offer expenses

Rationale for recommendation -

- ✓ Consistent growth across operational and profitability margins.
- ✓ Knowledgeable management team.
- ✓ Steadily growth across return margins.
- ✓ Good Capacity Utilization.

IPO Details

Opening Date	Dec 5, 2024
Closing Date	Dec 9, 2024
Allotment Date	Dec 10, 2024
Listing Date	Dec 12, 2024
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹90 to ₹95 per share
Issue Size	₹49.26 Cr
Fresh Issue	₹47.37 Cr
Offer for Sale	₹1.89 Cr
Application Amt	₹1,14,000

INDUSTRY - Tyre Industry

Avg. P/E ratio of peers - 26.65

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Jul-24
Revenue	13,364.26	16,393.95	17,098.74	6,380.33
EBITDA	1,565.97	2,103.19	2,957.19	969.00
Net Profit	484.62	892.85	1,214.33	413.64
RoCE	19.76%	24.49%	31.45%	10.04%
ROE	16.73%	24.14%	22.50%	7.11%
P/E	25.07	13.97	11.00	5.38 *Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
67.62%	49.29%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	8.64	13.13
BVPS	37.25	65.17
P/E	11.00	7.24
P/BV	2.55	1.46
Mkt Cap (In Cr)	137.66	185.03 *Annualized

Lead Managers -

GYR Capital Advisors Private Limited`

Registrar -







Link Intime India Private Ltd

Business Overview –

- Established in 2002, Emerald Tyre Manufacturers Limited specializes in manufacturing and supplying tyres for off-highway applications such as forklifts, skid loaders, airport ground equipment, and more.
- Operates under the brand "GRECKSTER," with a strong presence in domestic and international markets.
- The manufacturing facility in Gummidipoondi, Tamil Nadu, spans 10.05 acres with an annual production capacity of 10,560 MT of tyres, tubes, and wheels.
- Offers a diverse product range tailored to customer needs, including OEM and aftermarket solutions.
- USA , UAE, Russia, major European Countries like Belgium, Germany, Netherlands, Hungary, Portugal, Italy, Denmark Poland besides UK and has two wholly owned subsidiaries located at Belgium and Dubai.
- Domestically Company has presence across Andhra Pradesh, Assam, Bihar, Chhattisgarh, Dadra and Nagar Haveli, Delhi, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Puducherry, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakh, and West Bengal.





SOLID RESILIENT TYRES:

Empower and Empower XT	Greckster Gold	Greckster	Greckster MEO	Solid Plus	Ecostar
					
Usage: For Round the Clock Operations in Strenuous working conditions	Usage: For Round the Clock Operations in Standard working conditions	Usage: For Moderate usage in Standard working conditions	Usage: For Moderate usage in Standard working conditions	Usage: For Nominal Usage in Standard working conditions - Value for money product	Usage: For Nominal Usage in Standard working conditions - Value for money product

USP of Tyres: These tyres are meant for specific/abnormal applications. These tyres are • Non markers • Heat resistant • Cut resistant • Anti-skid.

Equipment Focus: • Forklift • Warehousing (WH) equipment • Skid steer loader • Port Trailer; • Ground Support Equipment (Airport)






PRESS-ON BAND

Greckster	Greckster
 <p>Usage: For Round the Clock Operations in Tough working conditions</p>	 <p>Usage: For Round the Clock Operations in Strenuous working conditions</p>

Equipment Focus: • Forklift • Warehousing (WH) equipment • Skid steer loader • Port Trailer; • Ground Support Equipment (Airport).

INDUSTRIAL PNEUMATIC TYRES & BUTYL TUBES & FLAPS:

Greckster	Greckster	Greckster
 <p>Usage: Usage: Round the clock - As per international standards.</p>	 <p>Usage: Usage: Round the clock - As per international standards.</p>	 <p>Usage: For Round the Clock Operations in Strenuous working conditions. Specially designed for higher torque</p>

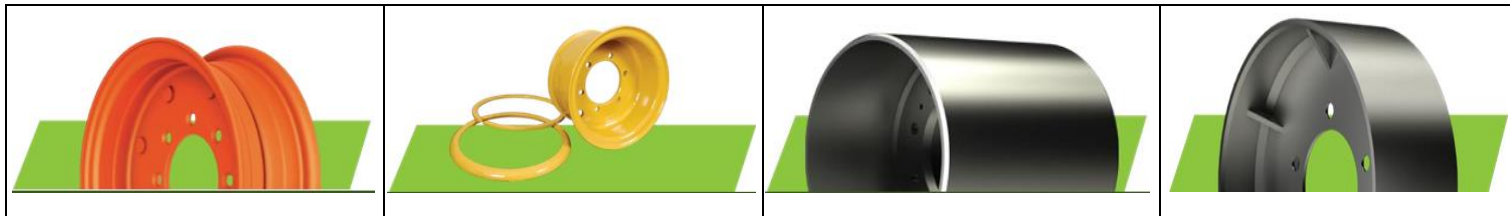
				
<p>Usage: For Round the Clock Operations in Strenuous working conditions</p>	<p>Unique tread design for better traction</p>	<p>Specially design tread pattern for maximum traction</p>	<p>Usage: Specially designed for drive and free rolling wheels</p>	<p>Usage: Special tread compound for high wear resistance</p>

WHEEL RIMS

Load Roll	Trolley Wheel	Drive Wheel
		

Loaded for Load Roll seamless performance

- **High tensile compound:** This design helps in enhanced performance
- **Enhanced bonding property:** Unique process technology involved
- **Customization on demand:** More PU based products available
- **Different versions available:** PU wheel core in mild steel, cast iron and aluminium versions



Heavy-Duty Applications

High-tensile steel rims

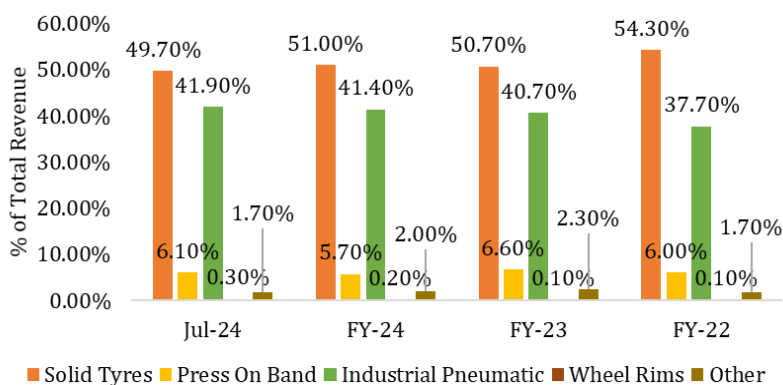
Helps in high-quality performance

100% defect-free product Stringent process and quality control

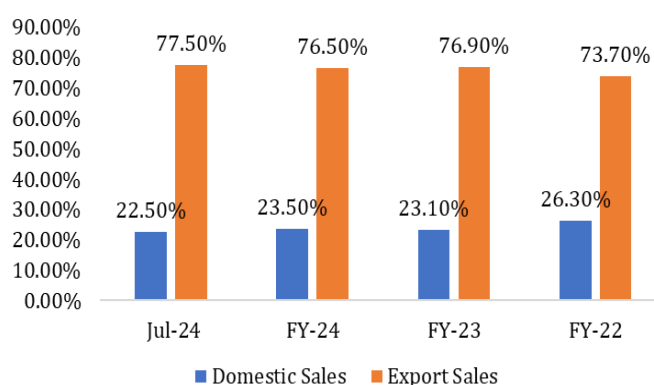
ETRTO & TRA International standards

Manufactured as per quality standards for dimensions and load rating

Product-Wise Revenue Bifurcation



Geography-Wise Revenue Bifurcation



Marketing Efforts –

- **International Market:** Utilizes channel partners, strategic subsidiaries in Belgium and UAE with warehouse facilities, and global trade exhibitions.
- **Domestic Market:** Focuses on OEM partnerships and a robust after-sales market supported by a wide dealer network and service centres across India.
- Provides technical training to partners and dealers, ensuring end-user satisfaction and market reach.

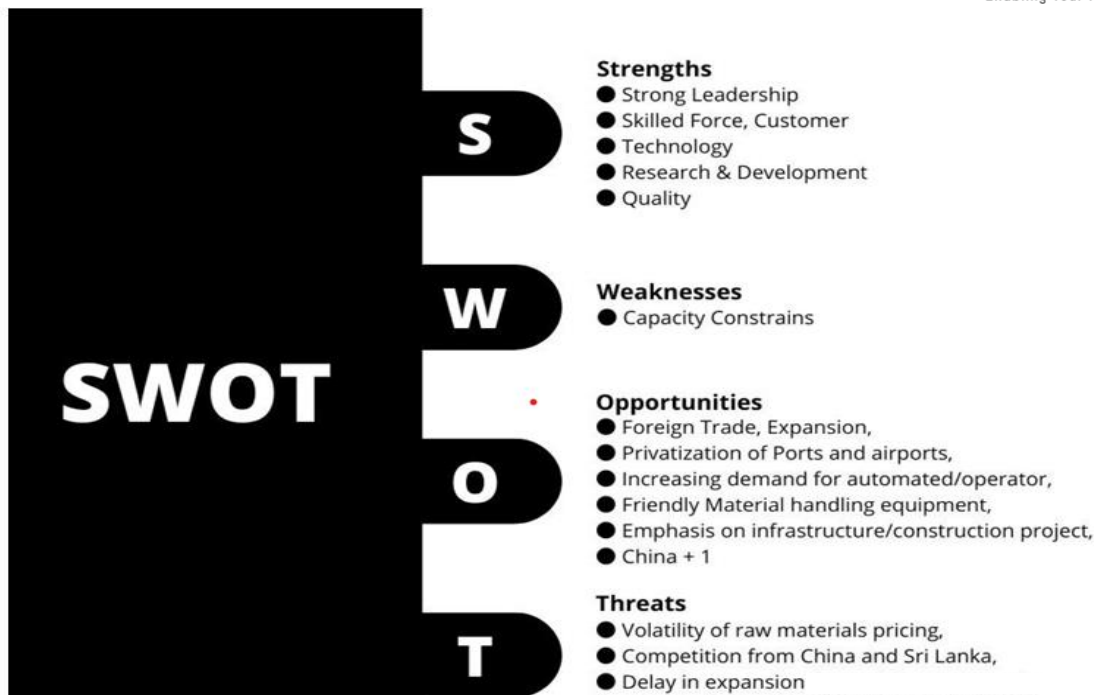
Business Strategies -

Advanced Manufacturing Facility: Ensures high-quality production, flexibility for customisation, and adherence to global standards (ISO 9001-2015, ISO 14001-2015).

Customer-Centric Approach: Emphasizes tailored solutions, diverse product offerings, and strategic market selection to mitigate risks.

Global Reach: Exports to major markets in the USA, Europe, UAE, and beyond, supported by subsidiaries for efficient delivery and service.

R&D and Innovation: Focused on eco-friendly, durable, and technologically advanced products, including proprietary Bacucot technology for solid tyres.



Risk Factors –

The company's raw material costs, primarily natural rubber and crude oil-derived products, constitute a significant portion of its expenses (Rs 3922.80 lacs, Rs 9594.33 lacs, Rs 10278.50 lacs, and Rs 8736.43 lacs for the period ended July 31, 2024, and FY 2024, 2023, and 2022, respectively). Fluctuations in these prices, influenced by factors like weather, geopolitical events, and supply-demand dynamics in countries like Thailand, Malaysia, and Indonesia, can impact the company's profitability and overall performance. While the company is exploring alternatives, its heavy reliance on natural rubber remains a risk.

The company's revenue is concentrated among a few key clients. The top 1, 3, 5, and 10 clients contributed 26.47%, 49.01%, 55.32%, and 65.45%, respectively, to the total revenue for the fiscal year ended July 31, 2024. This reliance on a few clients exposes the company to significant risk, as any loss of business from these clients could adversely impact its revenue and profitability.

The company's operations rely heavily on a limited number of suppliers for critical raw materials. The top 1, 3, 5, and 10 suppliers contributed 23.09%, 54.25%, 68.63%, and 81.51%, respectively, to the total purchases for the period ended July 31, 2024. This concentration of supply poses a risk, as any disruption in the supply chain from these key suppliers could adversely impact the company's operations and financial performance.

The company is involved in several legal proceedings, including income tax cases and criminal cases against its promoter and key managerial personnel. Adverse outcomes in these proceedings could have a material adverse effect on the company's business, financial condition, and share price. The company's insurance coverage may not be sufficient to cover potential liabilities, which could lead to significant financial burdens.

The company faces foreign exchange and interest rate risks due to exporting.

Company also faces risks related to dealing with foreign governments such as additional tariffs, war, etc especially in the current volatile political environment in the world.

Macroeconomic influences include government policies like the Production Linked Incentive (PLI) scheme, encouraging domestic manufacturing, and infrastructure investments that bolster tyre demand. However, economic fluctuations and raw material costs remain critical challenges.

Using Porter's Five Forces, the industry faces high competition due to a fragmented market with global and domestic players, significant supplier bargaining power linked to volatile input costs, and moderate customer power due to increasing brand and quality awareness. Entry barriers are low, intensifying rivalry.

[Source: ICRA, Market Research Co. USA]

Particulars	Emerald Tyre Manufacturers Services Ltd.			Balkrishna Industries Limited			TVS Srichakra Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	3.63%	5.45%	7.10%	16.44%	10.46%	14.99%	1.60%	2.44%	3.39%
EBITDA Margin	11.72%	12.83%	17.29%	28.02%	20.32%	27.55%	6.39%	7.41%	9.38%
RoCE	19.76%	24.49%	31.45%	25.72%	16.48%	20.50%	6.23%	10.04%	11.76%
ROE	16.73%	24.14%	22.50%	20.70%	13.99%	16.62%	11.26%	19.44%	27.47%
EPS (INR)	3.79	6.80	8.64	74.25	54.70	76.12	56.77	101.85	140.98
P/E	25.07	13.97	11.00	22.65	38.53	25.64	29.00	24.99	27.72

INDUSTRY OVERVIEW

Global Tyre Market Overview -

• Market Size & Growth:

The global tyre market, valued at **\$232 billion in 2023**, is expected to grow at a **CAGR of 4.11% from 2024 to 2029**, driven by rising vehicle production, EV adoption, and infrastructure development.

• Emerging Trends:

- **Sustainability:** Increased focus on eco-friendly materials and manufacturing processes. Examples include Bridgestone's ENLITEN technology and Michelin's tyres made from up to 58% sustainable content
- **EV Tyres:** Designed for durability and low rolling resistance to meet the unique demands of EVs, this segment is seeing rapid innovation
- **Smart Tyres:** Integration of sensor technologies for real-time monitoring is revolutionizing safety and performance standards

• Challenges:

- Fluctuating prices of raw materials like natural and synthetic rubber.
- Stringent government regulations on emissions and waste management.

Future Outlook

The combined global and Indian tyre markets are poised for transformative growth. **Electric vehicles, sustainable materials, and smart technologies** are key areas of innovation. The Indian market's emphasis on domestic production and exports underscores its strategic importance in the global landscape.

Indian Tyre Market Overview -

• Market Size & Projections:

- Valued at \$13.11 billion in FY2023, the Indian tyre market is projected to grow at a CAGR of 8.71%, reaching \$25.50 billion by FY2031
- Key drivers include increased vehicle ownership, infrastructure expansion, and growing preference for electric and luxury vehicles.

• Segment Analysis:

- **Passenger Car Radials (PCR):** Dominating due to rising middle-class income and demand for premium vehicles.
- **Commercial Vehicles (MHCVs):** Growth supported by robust e-commerce and infrastructure development, with MHCV tyres designed for high load-carrying capacity
- **OTR Tyres:** Demand fueled by mining, construction, and agricultural mechanization.

• Government Influence:

- "Make in India" initiatives and higher import duties have bolstered domestic tyre production.
- EV policies and emission standards encourage innovation in fuel-efficient and sustainable tyres

- **Green Initiatives:** Indian manufacturers are adopting eco-friendly practices, integrating recycled materials, and innovating to reduce rolling resistance.

3. Recent Developments (2024 Onwards)

- **India's Export Growth:** Exports account for 20% of total tyre industry revenue, expected to increase to 30% by 2030, driven by robust demand in the Middle East and Africa.

By 2030, the tyre industry will be defined by a seamless integration of **green technologies, advanced manufacturing practices, and digital sales platforms**, ensuring its competitiveness on the global stage.

• **Technology Focus:**

- Companies like Apollo Tyres and JK Tyres are investing in smart manufacturing and digitized supply chains.
- Adoption of airless and self-sealing tyre technology

• **Sustainability:** Major players such as CEAT are implementing energy-efficient production methods and promoting green tyres.

[Source: Expert Market Research, Virtue Market

Research. RHP]

Key Management -



Key Management Persons Name - Designation and No. of experience	Chandhrasekharan Thirupathi Venkatachalam Promoter, founding member, Chairman and Managing Director, 20+ years of experience
Qualification	CA Inter and Program on Production Management for Manufacturing Industry conducted by AOTS JAPAN
Roles and Responsibility	Reviewing existing policies and developing new plans to improve the quality system, purchasing decisions and piloting all engineering and technology initiatives of the company,

1. Eswara Krishnan D (Whole-time Director)

- **Education:** Bachelor’s in science (University of Madras, 1990), Postgraduate Diplomas in Business Administration, Personnel Management, Industry Relations, and Financial Management (Annamalai University, 1992-1995).
- **Experience:** Over two decades of experience in marketing industrial tyres.
- **Key Roles:** Associated with the company since 2002, spearheading marketing operations and building a strong marketing team. His leadership plays a pivotal role in promoting the company’s products and driving marketing strategies effectively.

2. Krishna Moorthy Subramonia Iyer (Independent Director)

- **Education:** Fellow member of the Institute of Chartered Accountants of India (ICAI).
- **Experience:** Over 20 years of post-qualification experience in statutory and concurrent audits, direct taxation, transfer pricing, and tax appeals.
- **Notable Positions:** Expert in regulatory frameworks, including drafting legal documents and representation in tax appeals. His deep insights into taxation and governance ensure robust financial compliance and operational excellence.

3. Narasimhan (Independent Director)

- **Education:** Bachelor’s in commerce (Madurai Kamaraj University, 1985), Postgraduate Diploma in Personnel Management (Annamalai University, 1989), and Postgraduate Degree in Business Administration (Alagappa University, 2006). Certified under the Association for Overseas Technical Scholarship (2007).
- **Experience:** Over 30 years in maintenance, production planning, and employee training.
- **Relevant Role:** Currently a TQM Consultant at Sundaram Clayton, contributing extensive expertise in quality management to enhance operational efficiency.

4. Krishnaram Priya Vedavalli (Non-Executive Woman Director)

- **Education:** Postgraduate in Economics (University College London, 2017), bachelor’s in arts (Economics, University of Madras, 2014).
- **Experience:** Over 5 years in data analysis and strategic research.
- **Notable Positions:** Principal at Artha Global, prior roles as a Research Analyst at McKinsey & Company, and Data Analyst at Laterite and IDFC Institute. Her expertise in economics and data analytics has significantly influenced the company’s strategic decision-making.

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Jul-24
Revenue from Operations	13,364.26	16,393.95	17,098.74	6,380.33
Other Income	105.41	404.15	98.1	112.42
Total Income	8,115.46	13,504.85	29,181.12	21,232.86
Expenses				
Cost of Materials Consumed	8,736.43	10,278.50	9,594.33	3,922.80
Changes in Inventories of Work-In-Progress & Finished Goods	-438.43	-427.78	-210.84	-221.16
Employee Benefit Expenses	1,344.84	1,932.36	1,912.49	782.54
Finance Cost	681.74	886.26	948.21	341.34
Depreciation and Amortization Expense	344.79	420.33	501.57	189.57
Other expenses	2,155.45	2,507.68	2,845.57	927.15
Total Expenses	12,824.82	15,597.35	15,591.33	5,942.24
EBITDA	1,565.97	2,103.19	2,957.19	969.00
EBITDA Margin	11.72%	12.83%	17.29%	15.19%
Profit/(Loss) before tax	644.85	1,200.75	1,605.51	550.51
Tax Expense				
Current tax	183.19	277.36	364.72	133.1
Deferred Tax	-22.96	30.54	26.46	3.77
Total Tax	160.23	307.90	391.18	136.87
Profit/(Loss) for the year	484.62	892.85	1,214.33	413.64
Net Profit Margin	3.63%	5.45%	7.10%	6.37%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Jul-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	656.05	656.05	1,449.05	1,449.05
Reserves and surplus	2,241.39	3,042.79	3,948.54	4,364.75
Total Equity	2,897.44	3,698.84	5,397.59	5,813.80
2. Non-current liabilities				
Long-term borrowings	2,935.78	2,766.33	1,990.40	1,530.18
Deferred tax liabilities (Net)	216.26	246.8	273.26	277.03
Other Long-Term Liabilities	114.09	141.38	123.7	121.2
Long-term provisions	16.44	18.1	23.8	21.34
Total Non-current liabilities	3,282.57	3,172.61	2,411.16	1,949.75
3. Current liabilities				
Short-term Borrowings	4,568.81	5,700.07	6,727.88	7,220.00
Trade Payables				
(i) Total outstanding dues of MSME	514.76	575.29	576.39	490.47
(ii) Total outstanding dues of creditors other than MSME	961.88	1,191.90	1,433.06	1,611.69
Other Current Liabilities	1,139.20	401.94	426.81	488.34
Short-term provisions	191.42	236.2	420.69	616.24
Total Current liabilities	7,376.07	8,105.40	9,584.83	10,426.74
Total Liabilities	10,658.64	11,278.01	11,995.99	12,376.49
Total Equity and Liabilities	13,556.08	14,976.85	17,393.58	18,190.29
ASSETS				
1. Non-current assets				
Property, Plant & Equipment	2,927.89	4,358.16	5,021.60	4,960.94

Particulars	FY 22	FY 23	FY 24	Jul-24
Intangible Assets	142.94	137.75	419.56	421.55
Capital work in progress	1,039.44	684.48	642.06	876.23
Non-Current Investments	109	109	100	100
Long Term Loans & Advances	344.61	152	1.28	53.27
Other Non- current Assets	168.14	223.03	264.74	268.48
Total Non-Current assets	4,732.02	5,664.42	6,449.24	6,680.47
2. Current assets				
Inventories	4,999.92	5,523.60	5,831.33	6,000.31
Trade Receivables	2,906.51	3,262.38	4,043.60	4,281.13
Cash & Cash equivalents	146.64	206.25	387.22	579.59
Short term loans and advances	540.93	124.85	402.06	318.65
Other Current Assets	230.06	195.35	280.13	330.14
Total Current assets	8,824.06	9,312.43	10,944.34	11,509.82
Total Assets	13,556.08	14,976.85	17,393.58	18,190.29

Cash Flow Statement				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Jul 24
Net Cash Flow from Operating Activities	952.62	1,459.84	1,712.08	859.35
Net Cash Flow from Investing Activities	-1,205.63	-1,480.95	-1,396.11	-362.31
Net Cash Flow from Financing Activities	180.94	75.55	-142.33	-309.43

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	Jul 24	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24	Jul 24
Diluted EPS	3.79	6.8	8.64	2.85	EV/EBITDA	6.55	5.69	4.64	14.43
BV per share	44.17	56.38	37.25	88.62	Market Cap / Sales	0.37	0.30	0.29	0.77
<u>Operating Ratios</u>					P/E	25.07	13.97	11.00	33.33
EBITDA Margins	11.72%	12.83%	17.29%	15.19%	Price to Book Value	2.15	1.68	2.55	1.07
PAT Margins	3.63%	5.45%	7.10%	6.37%	<u>Solvency Ratios</u>				
Inventory days	136.56	122.98	124.48	114.73	Debt / Equity	2.59	2.29	1.62	1.51
Debtor days	79.38	72.63	86.32	81.86	Current Ratio	1.20	1.15	1.14	1.10
Creditor days	40.33	39.35	42.89	40.20	Quick Ratio	0.518	0.467	0.533	0.528
<u>Return Ratios</u>					Asset Turnover	0.99	1.09	0.98	0.35
RoCE	19.76%	24.49%	31.45%	10.04%	Interest Coverage Ratio	1.79	1.90	2.59	2.28
RoE	16.73%	24.14%	22.50%	7.11%					

Operating Ratios

- **EBITDA Margins** improved substantially from 11.72% in FY22 to 17.29% in FY24, indicating enhanced operational efficiency. A marginal dip to 15.19% in Jul-24 might result from cost pressures or timing differences in revenue recognition.
- **PAT Margins** followed a similar trend, increasing from 3.63% in FY22 to 7.10% in FY24. However, the Jul-24 decline to 6.37% suggests pressure on net profitability.
- **Inventory Days** reduced from 136.56 in FY22 to 114.73 in Jul-24, showcasing better inventory management and operational efficiency over time.
- **Debtor Days** show fluctuating trends, rising from 72.63 in FY23 to 86.32 in FY24 but marginally improving to 81.86 in Jul-24, indicating slightly delayed receivables collection.
- **Creditor Days** remained stable across periods, reflecting consistent supplier payment policies.

Return Ratios

- **Return on Capital Employed (RoCE)** improved sharply from 19.76% in FY22 to 31.45% in FY24, highlighting better utilization of capital. However, it dropped to 10.04% in Jul-24, possibly due to higher capital investments or lower earnings during this period.
- **Return on Equity (RoE)** peaked at 24.14% in FY23 before slightly declining to 22.50% in FY24, reflecting consistent shareholder returns. Jul-24's RoE of 7.11% signals a temporary dip in profitability.

Solvency Ratios

- **Debt/Equity** improved significantly from 2.59 in FY22 to 1.51 in Jul-24, reflecting a stronger capital structure with reduced leverage.
- **Current Ratio** remained stable (~1.15), indicating balanced liquidity, but a slight decline in Jul-24 (1.10) warrants monitoring.
- **Quick Ratio** showed minor fluctuations but remained within the healthy range, ensuring short-term liquidity.
- **Asset Turnover** dropped to 0.35 in Jul-24 from ~1.00 in earlier periods, indicating a potential decline in asset efficiency.
- **Interest Coverage Ratio** improved from 1.79 in FY22 to 2.59 in FY24, demonstrating better capacity to meet interest obligations. A slight dip to 2.28 in Jul-24 may reflect seasonal variations or reduced EBIT.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is GYR Capital Advisors Private Limited.

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

GYR Capital Advisors Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Rajputana Biodiesel Limited	24.70	130.00	Dec 03, 2024	272.30
2.	Freshara Agro Exports Limited	75.39	116.00	Oct 24, 2024	129.65
3.	Lakshya Powertech Limited	49.91	180.00	Oct 23, 2024	277.55
4.	Afcom Holdings Limited	73.83	108.00	Aug 09, 2023	769.25
5.	Sathlokhar Synergys E&C Global Limited	92.93	140.00	Aug 06, 2019	425.25
6.	S A Tech Software India Limited	23.01	59.00	Aug 02, 2024	132.95
7.	Petro Carbon and Chemicals Limited	113.16	171.00	Jul 02, 2024	232.30
8.	Medicamen Organics Limited	10.54	34.00	Jun 28, 2024	55.50
9.	HOAC Foods India Limited	5.54	48.00	May 24, 2024	135.00
10.	ABS Marine Services Limited	96.29	147.00	May 21, 2024	214.70

The company has handled 30 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 5th Dec 2024.

As per the offer document, the above-mentioned mandates all have opened at a premium on the listing day.

Recommendation -

Incorporated in June 2002, company has vast amount of experience in the industry. Management team possesses relevant experience & education.

Financial Performance reflects consistent improvement in financial health and operational efficiency from FY22 to FY24. However, Jul-24 highlights early-year challenges in profitability and asset utilization, which may stabilize over the fiscal year.

The company's profitability is significantly impacted by fluctuating raw material costs, primarily natural rubber and crude oil-derived products. Its revenue is concentrated among a few key clients, and it relies heavily on a limited number of suppliers for critical raw materials. The company is involved in legal proceedings and faces foreign exchange, interest rate, and geopolitical risks. These factors pose significant risks to the company's business, financial condition, and share price.

For the period ending July 31, 2024, capacity utilization trends across facilities show notable improvements in some segments and fluctuations in others. The **Solid Resilient** category achieved a utilization of **76.91%** for FY 2024, increasing from **70.89%** in FY 2023 and **66.93%** in FY 2022. The **Industrial Pneumatic** segment performed exceptionally well with **103.90%** utilization in FY 2024, compared to **90.50%** in FY 2023 and **93.70%** in FY 2022, showcasing overcapacity use. Other segments like **Press On** and **Wheel Rims** showed mixed utilization trends.

Recommendation

Considering company's export sales and potential for growth, knowledgeable investors can **APPLY** to the IPO.

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