

Glenrock Rubber Products Private Limited

Instruments	Amount (Rs. crore ¹)	Rating Action
LT - Term loans	6.42 (revised from 7.41)	[ICRA]BB (stable) / upgraded from [ICRA]BB- (stable)
LT - Unallocated limits	1.48 (revised from 0.49)	
ST - Fund based facilities	6.75	[ICRA]A4+ / upgraded from [ICRA]A4
ST - Fund based facilities(sub limit)	(12.50) (revised from 5.75)	
ST - Non fund based facilities	0.20	

ICRA has upgraded the long-term rating to [ICRA]BB (pronounced ICRA double B)² from [ICRA]BB- (pronounced ICRA double B minus) for the Rs. 6.42 (revised from 7.41) crore term loan facilities and the Rs. 1.48 (revised from 0.49) crore unallocated limits of Glenrock Rubber Products Private Limited (“Glenrock” / “the company”). The outlook on the long-term rating is stable. ICRA has also upgraded the short-term rating to [ICRA]A4+ (pronounced ICRA A four plus) from [ICRA]A4 (pronounced ICRA A four) for the Rs. 6.75 crore fund based facilities, the Rs. 12.50 crore fund based (sub-limit) facilities and the Rs. 0.20 crore non-fund based facilities of the company.

The ratings upgrade factors in the significant improvement in the operational and financial performance of the company in FY16, characterized by fair growth in operating income by ~8.6% and healthy operating margin on the back of higher revenues from margin accretive nature of job work undertaken for production of rubber compound. Further, the debt metrics of the company witnessed significant improvement following the conversion of ~Rs 1.50 crore unsecured loans from promoters into equity which coupled with higher accruals from operations had resulted in moderate capitalization and coverage indicators. The ratings continue to draw comfort from the long standing experience of the promoters in the manufacturing and export of rubber products, the locational advantage of being situated in the rubber growing belt of Kottayam and the company’s reputed and established clientele base, which ensures repeat orders.

However, the ratings remain constrained by the intense competition prevalent in the industry which restricts the company’s pricing flexibility, thereby exposing its margins to fluctuations in raw material prices; and customer and geographic concentration risks (albeit improving), exposing the company’s business prospects to any demand slowdown in key geographies, such as Europe; and the vulnerability of earnings to fluctuations in foreign exchange rates, although prudent hedging mechanisms mitigate the risk to an extent.

Company Profile

Glenrock Rubber Products Private Limited promoted by Mr. Michael A. Kallivayalil, was incorporated in the year 1993. Glenrock manufactures and exports moulded rubber products primarily to Ireland, France, Germany and Australia, among other countries. The core products of Glenrock are rubber mats which are used in industries, animal farms, house hold and other sectors. In addition to rubber moulding unit, Glenrock also has K5 mixer units for compounding of rubber, which entirely caters to the requirements of MRF Limited on a job work basis. Glenrock’s manufacturing facility is located at Paika, Kerala. The company is closely held by the promoters and their family members.

Recent Results

According to the unaudited results, the company had reported a profit before tax of ~Rs. 5.8 crore on an operating income of Rs. 37.7 crore during 2015-16, as against a net profit of Rs. ~1.9 crore on an operating income of ~Rs. 34.7 crore during 2014-15 (audited).

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA’s website www.icra.in or other ICRA Rating Publications.



For further details please contact:

Analyst Contacts:

Mr. K. Ravichandran, (Tel. No. +91-44-45964301)
ravichandran@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500