

MRF reports four-fold rise in Q3 profit, stock rises

Chennai: Tyre maker MRF Ltd said on Wednesday that third-quarter profit rose more than four-fold on higher sales and an easing of rubber prices. The stock rose 2% to close at Rs. 10,145.60 on the Bombay Stock Exchange. The benchmark Sensex fell 0.42% to 16,846.66 points. Net profit rose to Rs. 144.5 crore from Rs. 31.95 crore a year earlier, said the company, which follows an October-September fiscal year. The number, however, was 20% below the Rs. 181.4 crore estimate in a Bloomberg analysts' poll. Net sales rose 17% to Rs. 3,008.7 crore from Rs. 2,570.43 crore, compared with a Bloomberg estimate of Rs. 3,010.2 crore. "We are extremely bullish on the sector and on MRF, we think the stock can even double in the next 24 months because rubber prices are likely to go down further because of the global slowdown, so any fall in rubber prices will straight away go to the bottom line of these companies," said Rajen Shah, chief investment officer of equity research firm Angel Broking Ltd who has a "buy" rating on the stock. Domestic rubber prices have dropped by around 15% to Rs. 179.50 per kg from last year. Rubber prices have fallen from the peak of Rs. 250 a kg 15 months ago, mirroring international trends, to Rs. 185 per kg earlier this month. Prices are expected to stay subdued for the rest of the year on a sluggish global auto market.