

Tyre industry clocks Rs 178-cr net profit in Q1

The country's tyre industry registered a comeback in the first quarter (Q1) of this financial year. The industry clocked an overall net profit of Rs 178 crore in the April-June period, as against a total net loss of Rs 56.4 crore in the same quarter last financial year. This is based on a comparison of the total net profit of the leading eight companies, including Apollo, MRF, JK and Ceat. According to industry experts, a sharp reduction in natural rubber (NR) prices had a positive impact on the cost of production of tyres. Natural rubber price, which is in a declining mode, fell more than 30 per cent in the past 12 -15 weeks as the price of RSS-4 sheet rubber peaked to Rs 240 a kg in April, 2011. Around 40 per cent of the total cost component in the production of tyre is natural rubber and the fall in price helped the industry perform better in Q1.

The industry was going through a rough patch in 2011-12 as the overall net profit was Rs 364 crore, according to the figures of the Automotive Tyre Manufacturers Association (Atma). This was against a total profit of Rs 584.6 crore in 2010-11. According to Onkar Kanwar, chairman, Apollo Tyres though rubber prices had declined, prices of other raw materials, including rubber chemicals, steel tyre cord, carbon black and synthetic rubber had gone up substantially. This negatively impacts the industry as a whole. The performance of the industry is better in this Q1, yet not on a comfortable level. "We expect good times ahead," he added. In Q1 of this financial year, except Birla and Falcon, all other companies had better net profit compared to the same quarter in 2011-12. Falcon suffered a net loss of Rs 39.4 crore, while Birla's loss was Rs 69 crore. Birla had a net loss of Rs 126 crore in the last Q1, while Falcon had a net profit of Rs 8 crore. Ceat Tyres had a comeback in April-June period of this fiscal as they clocked a quarterly net of Rs 25.8 crore, against a net loss of Rs 42 crore. MRF performed better with a whopping increase in net profit. The company clocked a net profit of Rs 144.6 crore, as against Rs 32 crore; while Apollo's net profit was Rs 75.3 crore as against Rs 44.4 crore earlier. JK Tyres also improved its net profit at Rs 24.71 crore, as against Rs 96,00,000 in Q1 of 2011-12. TVS Srichakra suffered a setback on the profit front as its net profit dropped to Rs 1.8 crore, as against Rs 12.1 crore earlier. Total net sales of the eight companies increased to Rs 9,685 crore, as against Rs 8,995 crore with MRF at the top with Rs 3,006 crore, followed by Apollo with Rs 2,152 crore.