

Tyre firms plan to raise prices

SHARLEEN D'SOUZA

Mumbai, 9 May

TYRE companies are planning one more raise in prices, from next month, to cover the rising cost of rubber, a key raw material.

"Tyre companies have raised their prices in the past to deal with high rubber prices, but it still does not cover the total cost of production," said Rajiv Budhraja, director general of the Automotive Tyre Manufacturers' Association, the apex body.

Natural rubber prices on the spot market had touched a high of ₹242 per kg this year, 40 per cent higher from a year before. These have since moderated to ₹228 a kg, on increasing arrivals of the new crop. More softening is expected on increased arrival. Ceat had increased prices by five per cent in April and is planning a further one in May, by another four to five per cent. "It is inevitable," said Arnab Banerjee, executive director, operations. "Consumers might not be able to accept full cost but a certain amount of price hike is necessary."

MRF says its raw material costs have risen by 51 per cent over the past year. As a result, its profits declined to ₹89.8 crore from ₹95.8 crore, a fall of six per cent. Ceat's raw material costs have gone up by 55 per cent. It has reported a net loss of ₹17.9 crore compared to a net profit of ₹21.5 crore a year before.