

# Apollo Tyres shares slump 26% on debt concerns post acquisition

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SHARES of Apollo Tyres on Thursday fell sharply by 26 per cent on concerns over debt burden due to the company's acquisition of US-based Cooper Tire & Rubber Company for about Rs 14,500 crore (\$2.5 billion).

The stock fell to 52-week low of Rs 67.75, down by 26.35 per cent on BSE during the day. It settled at Rs 68.60, showing sharp loss of 25.43 per cent over previous close.

At the NSE, the stock



plunged by 26.05 per cent to close at Rs 68.

Tracking weakness in the stock, the market value of the company tanked by Rs 903 crore to Rs 3,734 crore.

"We are concerned about the huge debt burden which could strain the balance sheet

of the combined entity," said Surjit Arora, research analyst at Prabhudas Lilladher.

"While the acquisition will be positive for the company in the longer run, the near term challenge for the company would be to successfully integrate Cooper Tire and Rubber Company operations with itself," Angel Broking said in a report.

After the transaction, Apollo Tyres will become the seventh largest tyre maker in the world by revenue at \$6.6 billion from its current 16th position at \$2.5 billion.