

Apollo Tyres' consolidated net skids 27% on higher costs, lower output

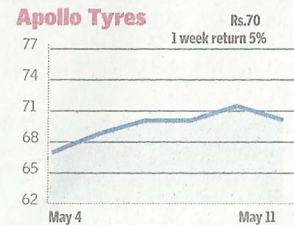
Our Bureau

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Apollo Tyres announced on Wednesday a 27 per cent drop in its consolidated net profit for the quarter ended March 31, 2011, to Rs 192 crore. The profits were impacted by rising raw material prices and a drop in production across both domestic and foreign plants.

However, consolidated net sales for the three month period rose 27 per cent to Rs 2,729.52 crore.

On a standalone basis, the company reported a net profit of Rs 66 crore on sales of Rs 1,762 crore in the fourth quar-



ter against a profit of Rs 116 crore on sales of Rs 1,313 crore the same period in the previous year.

"This has been an extremely challenging year of spiralling raw material prices, especially natural rubber, and closures for over a quarter in one of our Indian plants (in Kerala), and

an industry-wide strike in South Africa. These resulted in production and sales losses," said Mr Onkar S. Kanwar, Chairman, Apollo Tyres.

FULL YEAR RESULTS

For the full year 2010-11, the net profit dipped 33 per cent to Rs 440 crore, while the net sales rose 9 per cent to Rs 8,868 crore.

According to the company, prices for its main raw material - natural rubber - had hit a record high of Rs 242 a kg this year, an increase of 70 per cent over the previous financial year. With high demand in the market, rubber prices are ex-

pected to remain at this level for the next few months.

"The cost push has impacted our bottomline. While price increases (of tyres) have been resorted to, the lag effect impacts margins. More importantly, it is also availability of natural rubber that is currently a cause of concern," said Mr Kanwar.

The company also expects its new plant in Chennai reach maximum capacity of its first stage by the end of the year. The plant had commenced production early this year.

Apollo Tyres shares at the BSE were down 1.88 per cent to Rs 70.55 on Wednesday.