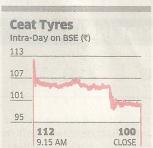
Institutional Investors Bearish on Tyre Firms as Rubber Costs Soar

Soaring rubber prices and a slowdown in growth of commercial vehicle sales over rising auto loan rates are prompting institutional investors to take a bearish view on tyre manufacturing companies in the country, according to analysts. While they feel earnings of industry leaders like Ceat. MRF. Apollo and JK Tyres, will be under pressure in the coming quarters. these concerns have caused a fall in their shares in the past few days. Prices of natural rubber have risen sharply from about ₹65 per kg early last year to ₹237 on Saturday. The rise in cost of basic raw material will adversely affect margins of the tyre manufacturers, say analysts. MRF. the only tyre manufacturer which has so far announced results, reported a 6% decline in profit in the January-



March quarter. Analysts see a decline in profit margins of other tyre companies as well. Shares of the country's largest tyremaker MRF declined 4% over the past one week to close at ₹7,045 on Monday. Apollo Tyres, JK Tyres and Ceat have declined 6%, 9% and 12% during the period.

Contributed by Shailesh Menon