

Ceat sees Rs 11.86 cr loss despite high demand

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DESPITE of record demand for tyres in the domestic market and sales going up, Ceat, the flagship company of RPG group, reported loss of Rs 11.86 crore for the fourth quarter ended March 31, 2011. The company said that the loss was mainly due to rising natural rubber prices. Total income of the company rose by 28 per cent to Rs 1,000.92 crore

during the same period.

“The decline in profits is primarily because of the sharp increase in the prices of raw materials, mainly rubber, which could not be fully offset despite price increases being effected during the year,” Paras K Chowdhary, MD, Ceat said. Domestic tyre manufacturers had hiked tyre prices in the range of 10-12 per cent in 2010-11, to offset rising natural rubber prices. However the firms were not able to pass on the

complete hike in rubber prices on to consumers.

According to Society of Indian Automobile Manufacturers', domestic automobile industry grew by over 26 per cent to 1.55 crore units in 2010-11 and is expected to grow further in this financial year. Consumption of raw material rose by almost 55 per cent to Rs 810.85 crore during January-March 2011 quarter.

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