

‘Exports will be key driver, growing at a rate of 25% every qtr’

Chennai-based MRF, one of the largest tyre manufacturers in India, is among the most expensive stocks in the country. Vice-Chairman and Managing Director **ARUN MAMMEN**, in an exclusive interview with Shine Jacob during the Bharat Mobility Global Expo in New Delhi, talks about the company's growth strategy, export road map, and concerns on raw material prices. Edited excerpts:

How do you see the tyre market evolve with the riding demand in ICE (internal combustion engine) and electric vehicles (EVs), and increasing replacement demand?

MRF has been growing in double digits quarter-on-quarter. That is how we have become the 11th largest tyre company in the world, climbing up four places from 15th last year. MRF is India's largest tyre company.

We are growing in all categories — whether it is trucks, two-wheelers, or passenger cars. More importantly, our original equipment (OE) fitment is increasing tremendously.

That is the reason why we are gaining market share in the country.

In tyres, you have a capacity of 85.44 million and tubes around 47.56 million units. What are your expansion plans?

We are driven only by what the market wants and if there is a requirement in the market, we will go in for expansion. We are here to take advantage of any possible growth opportunity.

Our revenue last financial year was ₹25,000 crore. I will not be able to give you any projections (for this financial year) because things are dynamic. All I can say is that today we are growing in double digits, and are confident that we can sustain this growth in the near future.

Last financial year, we had a capital expenditure of around ₹2,100 crore. In

the first six months of this year, we had cap expenditure of around ₹700 crore. Based on market needs, we will line up more.

The industry is in a transition phase with EV-focused tyres, the SUV (sport utility vehicle)

revolution, and all. How are you adapting to this situation?

EVs are here to stay. We have the largest fitment on EV vehicles. Whether it is Tata Motors, or new Maruti Suzuki, or most of the new launches that

happened as part of Bharat Mobility, all are on MRF EV tyres. We are the largest player in the segment in terms of SUVs also.

Last year, you had no price increase. How is the raw material price putting pressure on your margins this

year?

Crude oil is going at around \$81 a barrel now, and the rupee is devalued to around 86.5 versus the dollar. All this pushes up our raw material prices. As an industry, a significant part of our raw materials are imported. That has a bearing on cost.

In the near term, there will be a cost push in our raw materials. It is too early to say whether there will be a price increase or not. Any bearing on crude oil or rubber will have a direct impact on our bottom line.

Being the first company to export tyres from India to the US, what's your export road map?

Over the years, we were not very export-driven. Now, with our exposure to the world market and rising demand for our products, the volumes are increasing. We are growing at a rate of 25 per cent

every quarter in export. There is a big push in export for us.

I think with the favourable rupee-dollar exchange rate, there are opportunities we can tap. Export will be a key driver. We are strong in Southeast Asia, are doing reasonably well in Africa, and have started exporting to South America. These are our focus markets.

Since the beginning, you hardly did any diversification except for your presence in toys, paints, and motorsport. Do you have any diversification plans?

For the time being, we would stick to what we are doing now. Basically, our main line of business is tyres. We are a growing player in the paints industry, and in toys, Funskool is our brand name. Today, Funskool probably exports more than what we sell in the country — to Europe, Australia, and America. We sell to brands like Walmart and Target. There are toy manufacturers worldwide, and for them we do contract manufacturing. We do contract manufacturing in addition to selling Funskool's own products in the world market.



ARUN MAMMEN
Vice-chairman & MD, MRF



“IN THE NEAR TERM, THERE WILL BE A COST PUSH IN OUR RAW MATERIALS. IT IS TOO EARLY TO SAY WHETHER THERE WILL BE A PRICE INCREASE OR NOT, BUT DEFINITELY THERE WILL BE A COST IMPACT”