

Michelin to open India tyre plant in 2013

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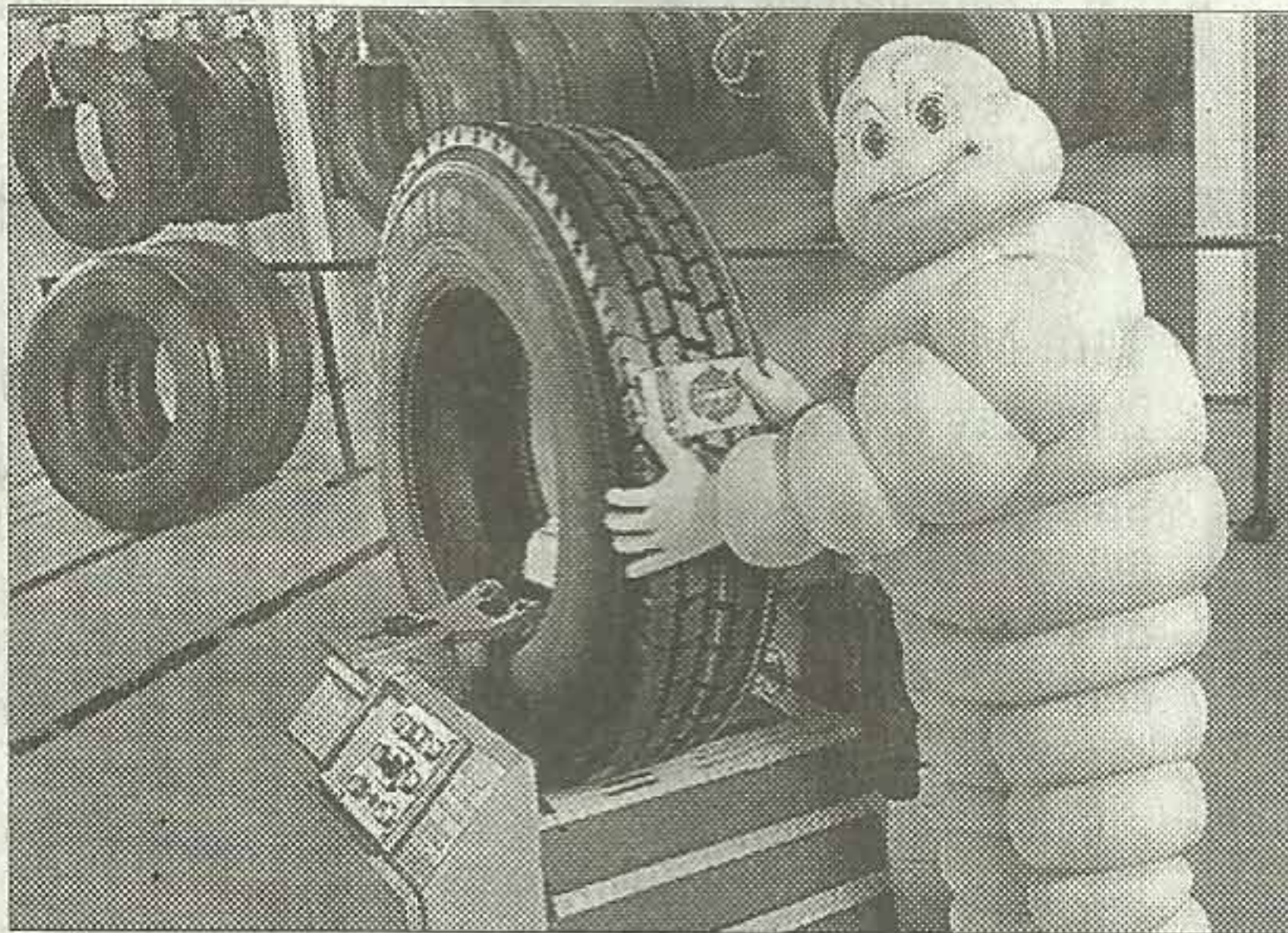
Chennai

MICHELIN, a leading global tyre brand, is preparing for a bigger play in the Indian market. The French company expects to commence operations at its Indian truck radial tyre plant early next year.

In line with the commencement of production, the company plans significant ramp up in its dealer service network during this year to support future growth plans.

"Our first plant in India, which will produce truck tyres, is expected to come on stream in early 2013. More than €600 million is being invested in the new facility, which is located in an industrial park 50 km north of Chennai. At full ramp-up, the plant will produce two million radial bus and truck tyres a year and employ 1,500 people," said Michelin's annual report for 2011.

"Three strategic projects in Brazil, China and India will account for nearly one-third of consolidated capital expenditure for the 2011-2015 period. Beginning in 2012, South America and Asia could produce 50 per cent of the world's new automobiles. The same year,



BETTER GRIP: The company has invested around €600m in the new plant, which is located in an industrial park near Chennai

three giant new Michelin plants will begin manufacturing their first tyres in Brazil, China and India. Representing a total investment of €2.75 billion, at a time when demand is expected to grow by 8 to 10 per cent a year over the next 10 to 15 years, the three plants will strengthen our scope and reach in the global market place," it added.

The company has also reengineered its tyre technology to meet the conditions in countries like India where traffic is heavy, road networks are under construction and distances between the city and the countryside are long. These tyres, designed for a wide range of

vehicles, from compacts to large sedans, will offer 20 per cent longer tread life, the report pointed out.

Michelin, a pioneer in radial tyre technology, sees strong growth potential in India particularly in the truck radial segment, given the improvement in infrastructure and gathering momentum for radialisation in the truck segment.

"Truck radialisation will go up to 50 per cent by 2020, the potential is massive and OEMs are realising the positive impact of radialisation and are committing to the use of radial tyres. India is an important market for Michelin and our objective is to continue our expansion here

both on the truck and passenger car tyres," Abhijit Bakre, country marketing manager, Michelin India had told *Financial Chronicle*.

The company is expanding its reach further in India though it is already present in most parts of the country. Since 2010, truck tyre dealership and service network in India is being developed under the Truck Service Centre programme. While the company has opened nine centres so far, 21 such outlets are planned during 2012.

"Apart from the benefits of higher mileage and durability, improving road conditions have spurred demand for radials. Besides, with several tyre companies scaling up radial capacities, marketing efforts for the same have been stepped up significantly. As OEM tyre fitments lean towards radials, replacement fitments also gradually start skewing towards the same," Subrata Ray, senior VP – corporate ratings, Icra said.

Michelin, which entered India in 1999, has been selling range of tubeless car radial, tubeless and tube type bus and truck radials besides two wheeler and off-the-road tyres in the country.

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