

Truck tyres speed up on road to faster radialisation

Improved highways and new generation vehicles are main drivers

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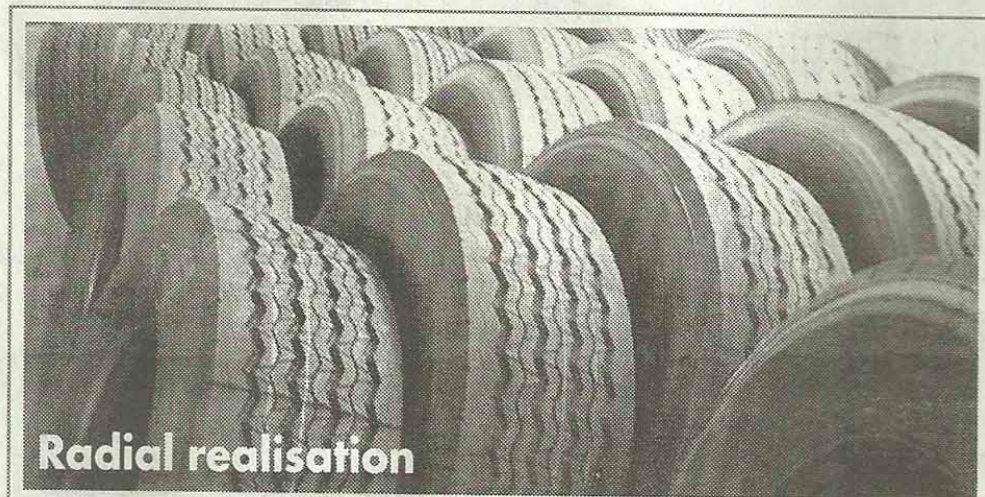
Chennai

TRUCK radialisation is gathering significant pace in India on the back of improving roads, ramp up in capacity by the OEMs, launch of new generation vehicles and increasing level of acceptance by end users.

While radialisation in the Indian passenger car segment has reached almost 100 per cent, it was low in the truck and bus radial segment at 9-10 per cent two years ago, compared to a world average of 68 per cent. However, it has gathered strong momentum now and the level of radialisation is expected to grow faster than the projections in the coming years. Radial tyres are priced 20-25 per cent higher than crossply tyres.

Indian tyre consumers will also have a choice of global tyre brands — Michelin, Continental, Bridgestone — in the next couple of years. The industry is expected to witness a healthy competitive scenario.

“With improving infrastructure, there is an immense growth potential for radialisation in the truck and bus segment in India. With customers demanding more efficient logistics and supply chain, local and global players have been encouraged to enter the market with better offerings. Radial tyres not only run longer, but also reduce downtime, thereby giving increased efficiency but also saves fuel reducing the “cost per kilometre”. This tangible benefit to the customers will encourage the shift from nylon tires to radial tires very soon,” said Abhijit Bakre, country



Radial realisation

9-10%

radialisation in the Indian truck and bus segment two years ago

18-20%

radialisation has occurred in the truck and bus segment at present

30-40%

is the increase expected in trucks and buses over the next two years

marketing manager, Michelin India.

“Radialisation in the commercial vehicle (CV) segment is currently around 20 to 22 per cent and is largely being spearheaded by the OEMs. Our experience says that, radialisation is happening more with those end-users, who are also interested in getting retread life from the tyres,” said Satish Sharma, chief - India Operations, Apollo Tyres.

“Over the past few years, OEMs have introduced newer and advanced models like the multi-axle vehicles in the market. These modern automobiles are built to be more compatible with radial tyres. Add to that the keenness of both automotive and tyre manufacturers towards adapting radial technology, has resulted in a stronger push towards radialisation,” he added.

Ceat’s deputy MD Anand Goenka stated: “Radialisation is picking up pretty fast

this year due to large capacities set up in the past one and half years. Radialisation is somewhere around 18-20 per cent now. With capacities going up so high for all tyre OEMs, this should accelerate going forward and increase it to 30-40 per cent in about two years time.”

Asked how radial tyres with longer life would impact the market, Bakre pointed out that it would diminish replacement cycles. However due to increased economic activity, better infrastructure and a rapid pace of radialisation — the early phase of radialisation will not see the impacting of the replacement market. Thus, benefitting tyre manufacturers in increasing replacement demand.

“Radial tyres can easily give 60 per cent and more tyre life over cross ply technology. The game is to be able to extract this advantage through proper usage, and training employees of

fleet operators on proper fitment and service,” said Sharma of Apollo Tyres.

Ceat’s Goenka admitted that there will be some impact on replacement demand as the life of a truck-bus radial is nearly 1.5 times that of normal truck-bus bias of tyres. “There is also some amount of retreading that happens in this segment. But overall, replacement volume numbers will be reduced due to radialisation,” he added.

“The three major segments of the Rs 30,000 crore (as of Sept 2011) Indian tyre industry are original equipment (OE, 26 per cent), replacement (63 per cent) and exports (11 per cent). According to Shareen Batatawala, auto analyst at Angel Broking, “The performance of the industry is influenced by the replacement segment due to a larger share of truck tyres (71 per cent) in the product mix.”

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