

# Apollo Tyres expects Europe after-market sales to rise

## Hopes to make a mark with winter bookings

Pratim Ranjan Bose  
Kolkata, April 20

Apollo Tyres is expecting to step up after-market sales of its branded tyres in Europe to 60,000-65,000 by next winter (from September). The company is currently selling approximately 50,000 'Apollo Tyre' a month in Germany, the Netherlands, the UK and Italy.

This is over and above the sales of 'Vredestein' branded tyres manufactured by its European outfit Apollo Vredestein BV (AVBV). Apollo tyre was the first major made-in-India brand to be launched in Europe last year.

### WINTER BOOKING

"The winter bookings have already begun and we are expecting sales to pick up in the coming season," company Managing Director, Mr. Neeraj R.S. Kanwar, told *Business Line*.

Winter sales are extremely important for tyre makers to gain customers' confidence in Europe.

"We are not in a hurry to sell volumes. We are there to build



Mr Neeraj Kanwar, Managing Director, Apollo Tyres Ltd (file photo).Business Line

a brand from India. Thankfully the customer feedback to our tyres is very good and we are slowly but steadily gaining ground," Mr Kanwar said.

Though it officially entered the European market with four home-grown passenger car and SUV radials in May 2010, sales of "Apollo" tyres

'has actually picked up in the winter season leading to a total sales turnover (in Europe) of €5.5 million during the second half of the fiscal.

According to Mr. Kanwar, the company is not considering any publicity campaign in Europe at this juncture. "European market is as large as

300 million tyres a year. We will roll out publicity campaigns only when we could foresee sales in big numbers," he said.

### OE INITIATIVE

Meanwhile, effort is on to break into the ranks of OE (original equipment) suppliers to automakers in Europe. "Many of the European car

makers like VW, Audi, Skoda use Apollo tyres in India. We are negotiating with them for OE supplies in Europe. VW is currently testing our products," he said.

On the proposed entry in East Europe, preferably through acquisition route, Mr Kanwar said that the company has "just started" working out a strategy on the same.

## 'No India advantage'

Responding to queries about possible outsourcing of Vredestein products from India, Mr Kanwar said that the freight cost to Europe, the duty on raw material (natural rubber) and cost of capital more or less offset the labour cost arbitrage in India.

"Contrary to the popular perception, lack of infrastructure and very high cost of capital make manufacturing in India

costlier than not merely China but even the emerging economies like Indonesia," he said.

According to him, labour cost is not more than 6-7 per cent of the total production cost. Moreover, while wages are higher in Europe, lack of multi-skill in Indian labour force domestic industries to employ relatively higher number of people than in Europe.