



ONKAR S KANWAR

New markets, new products

For the Indian tyre industry, 2015 was a very challenging year. The Indian market witnessed sedate growth even as increasing imports from China continued, capturing nearly one-third of the truck-bus radial replacement market in India. This not only put at stake the capacity expansion plans of the domestic tyre manufacturers but also had a negative impact on the associated rubber industry. Besides, key reforms continued to be stalled due to the logjam in Parliament.



Growth targets for 2016

We are working towards gaining market share in all product segments. Apollo Tyres will increase its dominance in the truck-bus radial segment, wherein we have already announced plans to double capacity to 12,000 tyres a day from 6,000 tyres now. Given the growth of the radial tyres segment, we are converting part of our bias (non-radial) capacity at one of the plants in Kerala into high-value products. In 2015, there was a significant increase in the capacity of Off Highway tyres to 25 tonnes in our Kalamassery plant in Kerala and we plan to ramp it up further. European operations will gain from our recent acquisition of Germany-based tyre distributor Reifencom GmbH.

The drivers for growth

The key drivers for our growth would be entry into newer markets and products across geographies. Our sales offices in Thailand – for the Asean market, Dubai – for the West Asian region, South Africa and Australia, serviced by exports out of India and the Netherlands, are doing extremely well. We are hoping to see increased demand from these markets.

In India, we are hopeful of a further upswing in the commercial vehicles industry. This, in addition to the likelihood of opening of the mining segment, will help drive demand. Our association with Manchester United in 129 countries will further help increase our visibility and brand recall.

The challenges

Imports from China will continue to be one of the leading challenges. Cheap imports will have a cascading effect on other intermediaries, including rubber growers. Low-cost imports are putting at risk the entire 'Make in India' clarion call. Importantly, these companies do not have an understanding of the country's requirements and this can have serious safety implications for consumers.