

With 7th plant, Apollo Tyres eyes top position by 2022

Upcoming unit in Andhra Pradesh to add significant capacity; firm to step up exports

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Hyderabad, January 25

Apollo Tyres Limited, with six plants in India and abroad, is set to commission its seventh facility by the year end.

The new plant, being set up in Andhra Pradesh, will be an important contributor as the tyre major works towards leadership position by 2021.

"We expect to begin production before the year end from the new plant in Andhra Pradesh where we are investing ₹1,800 crore in the first phase of the project. This will not only add big capacity and consolidate our position in the country, but also step up exports," Satish Sharma, President, Asia-Pacific, Middle East and Africa, Apollo Tyres said.

Leadership position

"Exports account for about 12 per cent of sales volumes and we expect this to go up to 15-16 per cent in the near term. With the addition of another plant and enhancement of capacity, we are eyeing leadership position in the country by 2021-22," Sharma told *BusinessLine*.



Satish Sharma, President, Asia-Pacific, Middle East and Africa, Apollo Tyres

Outlining the business plans and how the country's tyre industry is shaping up, Sharma said: "We have established strong relationships with OEMs, which account for about 30 per cent of the volumes and the rest comes from the after-market. We expect to consolidate our relationships with OEMs."

While two of the manufacturing plants are located in Kerala, its largest unit is located in Tamil Nadu near Chennai and the fourth one is at Limda in Gujarat. In addition, two of its plants are located in the Netherlands and Hungary. And work on the seventh plant (fifth in India) is now underway in Andhra Pradesh.

Market share

"The country's tyre market is estimated to be about

₹53,000 crore and growing at 8-10 per cent. Of this the two-wheeler tyre market accounts for about ₹10,000-12,000 crore. Except for the two-wheeler market, we have a market share of about 25 per cent and we expect this to go up over the next two-three years taking us to a leadership position by 2021," Sharma said.

While the four plants in India have 1,700 tonnes per day combined production capacity, the Netherlands plant has a capacity of 195 tonnes per day and the Hungary plant 100 tonnes per day capability taking the overall capacity to about 2,000 tonnes per day.

New launches

Mentioning about relative slow growth for couple of quarters in the automotive sector, which was due to various external factors such as deficit monsoon in few States, high fuel prices, liquidity scare, etc, Sharma said. "

January has already looking good for the auto sector and we expect the year ahead to do well."

"A number of new cars have been launched or are lined up, which includes Harrier from Tata Motors, WagonR from Maruti, and an SUV from Kia. We expect the tyre industry to increase sales volumes. Launch of new cars adds to volumes," he said.