

After 2013, Apollo Tyres' Neeraj Kanwar eyes US market again

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NEWDELHI: Neeraj Kanwar has put together a small research and development (R&D) team focused on the United States and hired a business head for North America in his second attempt in three years to enter the world's biggest tyre market.

The vice-chairman and managing director of Apollo Tyres has hired Steven Smidlein from Goodyear as senior vice-president for North America.

Smidlein will be responsible for building the brand and sales in North America for both Apollo Tyres and Vredestein, the Dutch tyre-maker Apollo acquired in 2009.

Apollo Tyres is also in the process of hiring two executives in R&D who will work in tandem with the firm's R&D hub in Frankfurt to develop products for the US, Kanwar said.

"A lot of emphasis is on building products. American vehicles are different from (those in) Europe. Our coverage of product mix is only 10% of the American car market. First challenge is to take it to 70%. That will only be done through R&D," Kanwar said.



➤ We have just put the seeds in marketing and distribution. About 4-5 years from now, we will look at opportunities for setting up a factory and local sourcing

NEERAJ KANWAR, managing director, Apollo Tyres

Now, Apollo Tyres will have to build products for customers who are quite willing to pay (for good products), said Abdul Majeed, partner and auto practice leader, PricewaterhouseCoopers (PwC).

Apollo Tyres does export to the US—roughly 150,000 units per year, just a fraction of the \$47 billion market in which 300 million tyres are sold each year.

This is Kanwar's second stab at entering the US. Apollo Tyres

announced a deal to buy Cooper Tire & Rubber for \$2.5 billion (around ₹14,575 crore then) on June 12, 2013, but the acquisition fell through because of obstacles created by Cooper's Chinese joint venture partner.

Had the deal gone through, it would have been the largest in India's automotive industry, ahead of Tata Motors's \$2.3 billion purchase of Jaguar Land Rover in 2008. It would have made Apollo Tyres the seventh largest tyre maker in the world. Today, it ranks 16th, according to Tyrepress, a trade journal.

Had Kanwar succeeded in buying Cooper, it would have given him an easy entry into China—the world's largest tyre market. But, for now, China seems to be off the radar of Apollo Tyres.

It has set itself a target of becoming a \$6 billion company globally by 2020 from around \$3 billion now. The fillip from the US market will only come in the next decade, said Kanwar.

"In our tyre business, once you sustain \$100 million per annum turnover in the US then you look at sourcing and manufacturing facilities as freight is very expensive," he said.

Without succeeding in the US, it will be difficult for Apollo Tyres to make a mark globally, said Majeed of PwC.