

# Apollo Tyres launches three new TBRs

To grab a larger pie of the growing TBR market in India, Apollo Tyres has introduced three new products.

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Apollo Tyres has a 27 per cent market share of the Truck&Bus Radial (TBR) tyres in India. It enjoys a leading position in the commercial vehicle market in India, and has a considerable presence in the commercial vehicle aftermarket as well as the commercial vehicle OE segment. With an aim to further increase the marketshare in the commercial vehicle tyre market to 33 per cent, Apollo Tyres has introduced three new TBRs, Apollo EnduRace RD HD, Apollo EnduMile LHD and Apollo EnduComfort CA. These TBRs have been designed and developed at the company's R&D Centre at Chennai and extensively tested across the country. Turning out excellent results according to the sources at Apollo Tyres, the three new TBRs are aimed at a diverse range of modern commercial vehicles.

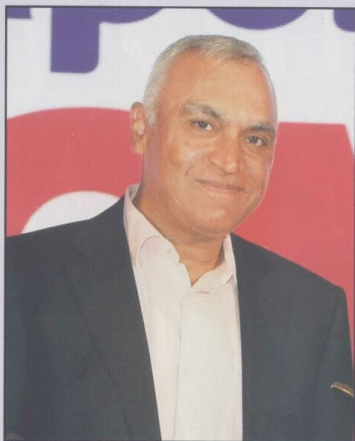
The Apollo EnduMile LHD TBR is engineered for long-haul, and is suitable for high-speed operations. Providing 20 per cent more mileage than its predecessor, the ventilated block design of the tyre supports heat dissipation for cooler running. The ACTO (Apollo Cord Tension Optimised) casing design makes the tyre more durable. It is thus able to support multiple retreads. The superior mileage compound and the optimised contact pressure of the tyre ensure longer life. The Apollo EnduRace RD HD is a regional drive tyre with ACTO casing. The casing is reinforced for 25 per cent higher strength in the belt and body ply. With stronger sidewalls, this tyre is most suited for heavy-duty applications. The open and wide tread design helps heat dissipation resulting in faster turnaround. The hexagonal tread

⇒ Apollo EnduMile LHD, the long haul drive tyre with superior mileage, unveiled by Milind Soman (r), winner of Ironman title and fitness enthusiast, along with Satish Sharma, President, Asia Pacific, Middle East & Africa, Apollo Tyres





## Satish Sharma, President (Asia Pacific, Middle East and Africa), Apollo Tyres



therefore bringing in tyres right from (light truck) all steel radials to the ones at the high end of the market. This will enable us to have the right product for every market. Through this approach, I think that we will get growth. We are looking at securing leadership in every segment of the market.

### Q. The size of the bus radials is different from that of the truck tyres. Apart from size, how different are bus radials?

A. In low floor and high technology buses, tubeless tyres are used. In case of truck tyres, in our country tube tyres are used. The main difference in bus radials would be the straight line stability, the comfort factor, retreadability and fuel efficiency. These parameters are particularly important.

### Q. What are all the upcoming investment plans for Apollo Tyres here in India?

A. We are doubling capacity at our Chennai facility. We will invest Rs.2700 crore. We are expanding our facilities, but those are very minimal compared to the Chennai facility. The king size investment is happening at

the Chennai plant to expand it; to increase production to 12,000 units a day in the next two years. This would enable us to introduce products to suit the changing demand in the commercial vehicle tyre market.

### Q. Do you think Apollo needs to set up another plant in India to add further capacity?

A. At the moment no. As you know we are putting up a new greenfield facility in Hungary. Once this facility is operational, exports from the Indian market will be taken care of by the Hungary plant and we will be free to utilise those capacities for the domestic market.

### Q. What role is the R&D Centre at Chennai playing?

A. The R&D Centre at Chennai was catering mainly to commercial vehicle tyres. Last year, an R&D wing for passenger vehicles was introduced apart from advanced engineering electronics in tyres. The centre is thus not only working in the development of products, it is also helping us to bring in new technology and new concepts, both in tyres for commercial vehicles and passenger vehicles.

### Q. What is your strategy for the export market?

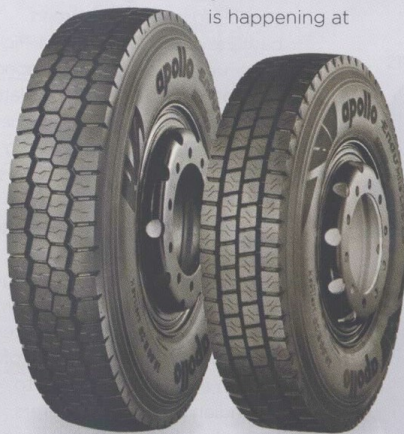
A. We have a very good export strategy in place. We have offices in Thailand, Dubai, South Africa and Malaysia, which cater to different regions. We are getting very good response from these regions. We already have three per cent share in the Thailand market. We are also getting good response from the Indonesian market. Currently our exports amount to 10 to 11 per cent, and we are looking at taking it to 15 to 16 per cent within the next two to three years.

### Q. How is the TBR segment performing in India?

A. The TBR segment is growing at a rate of four to five per cent every year. It is largely propelled by an early adoption of technology by OEMs. The problem is pricing. The Chinese have been dumping their tyres in India. Apart from that, the conditions for growth are conducive. Customers have seen that this (radial) technology is giving them more benefits in terms of lower cost per kilometre. The absorption therefore has been fast. It is seen in other countries, that once a technology passes the initial hurdle rate, the absorption rate is pretty fast there after. Once it reaches 65 to 70 per cent, it stabilises and plateaus.

### Q. Apollo Tyres has a market share of 27 per cent in commercial vehicles. How much growth are you targeting?

A. From the current 27 per cent we are targeting to reach 33 per cent in the next three to four years. We intend to grow in every segment of the market. The market is getting polarised; where there are a lot of segments that are coming in. We are





block design with tie-bars provides higher resistance to irregular wear. Targeting premium luxury coaches, the Apollo EnduComfort CA is an all-wheel pattern tyre. Its optimised contact pressure and balanced rubber mass distribution with new age compound provides excellent handling (comfort) and mileage. The special tread design reduces in-cabin noise.

Speaking at the launch at Chennai, Satish Sharma, President (Asia Pacific, Middle East and Africa), Apollo Tyres, announced that they are working on a multi-product strategy to become a leader in the segments that they are currently present in. "Being a market leader in the commercial vehicle segment, we are now targeting the same position in passenger car, and industrial and agriculture (tractor) segments. In the passenger cars we have a market share of 17 per cent, and are looking at increasing it by launching more products and through aggressive brand-building. We are seeing a big demand emerge in the SUV space too. To address it, we are setting up a new SUV facility in our Baroda plant with a capacity to manufacture 3,000 tyres a day," he added.

⇒ Apollo EnduRace RD HD, the heavy duty application tyre, being unveiled by The Great Khali (r), powerlifter and wrestler, along with Satish Sharma



If the strategy to grab a larger pie of the passenger car and SUV market through the introduction of new products and aggressive brand building hints at a change in the stance by the company, the introduction of three TBRs also points at the company's changing stance in the commercial vehicle tyre market where it already enjoys a leading position. The company, there's little doubt, is gearing up for the 6-7 per cent volume growth the Indian tyre market is expected to witness in the near future, supported largely by a broad based revival in OE demand. Pick up in rural expenditure with good monsoon is expected to translate into higher OEM demand for the rural centric segments including commercial vehicles and tractors. Growing fleet on ground and higher miles driven is expected to drive replacement sales.

With the continuing challenge of Chinese tyres finding their way into India, the steady raw material prices have been supportive of growth and better margins to the Indian tyre manufacturers. Natural rubber prices, according to a report by ICRA, fell by 15

per cent during FY2016 leading to a 470 bps operating margin expansion to 19.1 per cent. Sensing future demand from OEMs, replacement market and exports, Apollo Tyres, apart from the introduction of the three new TBRs, is doubling its TBR capacity at the Chennai plant with an investment of Rs. 2,700 crore. The plan is to increase production to 12,000 units a day in two years and introduce products to address the changing demand in the commercial vehicle tyre market. The present TBR capacity is 6000 units a day. "Though we are a late entrant into the TBR category, our products are developed and manufactured with a higher quality benchmarking. The TBRs that we do are technologically superior. This is certain to help us to achieve a leadership position," averred Sharma. Supporting Apollo Tyres' move is the improving road infrastructure. This change alone is expected to elevate the radialisation levels in the commercial vehicle tyre market to over 65 per cent in the next four-to-five years. **CV**

