

Ceat foresees 25% growth this year

Raises tyre prices by 6 pc

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Notwithstanding the skyrocketing rubber price, tyre maker Ceat foresees 25 per cent growth in the current financial year as the demand in replacement market grows.

"Our revenue last year was Rs 2,600 crore. This year we expect it to be around Rs 3,300 crore. The increase in price and expansion of volume will lead to growth in revenue," Mr Paras K. Chowdhary, Managing Director, Ceat, told *Business Line*.

Ceat hopes that the contribution of replacement market in its total revenue will substantially grow in the current year. "Our revenue model is 60:20:20. About 60 per cent of the revenue comes from replacement market, 20 per cent each from OE market

and exports. This year we hope the contribution from the replacement market will be more than 60 per cent," said Mr Chowdhary.

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The company has focussed on truck radialisation as the improved infrastructure and ban on overloading of trucks would propel the demand for truck radials. The truck and bus segment in India is only 3-4 per cent radialised while the global average is 55 per cent.

Ceat is setting up a truck radial plant near Vadodara with an investment of Rs 550 crore. "Truck radialisation will grow to 8-9 per cent in the near future," said Mr Chowdhary.

Tyre prices hiked

Meanwhile, Ceat further

hiked tyre prices by six per cent from July 1. "There were three hikes in a span of four months. We hiked the prices by 11-12 per cent from April," said Mr Chowdhary. This price hike is attributed to the escalating input cost mainly that of rubber and petroleum-related raw materials used in tyre manufacturing. Rubber prices hovers around Rs 133 a kg in Kottayam. "We have hiked prices and I can't say if we do it again. It depends on rubber prices," he said.

About the input cost escalation, he said, "Of course the cost is rising. But the demand is also growing. Our margins are under pressure. But we hope that the increased demand, product innovation and cost cutting measures would help us offset the cost impact".

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