

Ceat seeks foreign consultant for Gujarat radial tyre unit

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RPG group flagship Ceat Tyres has decided to launch its radial tyre plant in Gujarat with a 100 per cent stake and will tie up with an international radial tyre technology consultant for technology support. The company had earlier planned to set up the plant through a joint venture with a global tyre firm.

"The plant will be set up with technology support from the consulting group as a result of which we will hold a clear 100 per cent in the radial facility," Paras Chowdhary, managing director, Ceat Tyres told *Financial Chronicle*.

The company, which has been in discussions with 12 technology consultants, has now whittled the list down to two consultants. "We may seal the deal with either of the consultants in couple of weeks," Chowdhary said.

"We are also close to sealing a deal with Gujarat Industrial Development Corporation (GICD) to acquire 100 acres of land for our Halol radial unit,"

ROLLING OUT



■ Ceat Tyres to have 100% stake in the Gujarat tyre plant that will make truck, car & bus tyres

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he added. Analysts tracking the industry feel that after burning its hands in a 50:50 joint venture with US-based Goodyear Tire and Rubber in 1993 and a subsequent sell off to Goodyear in 1998, Ceat does not want to repeat the mistake with the proposed plant. "The company wants a majority stake in any JV, which is why it does not want to partner with an international tyre company," said an analyst, who

did not wish to be named.

The two companies had set up a JV firm — South Asia Tyres — to manufacture radial tyres in 1993. However, Ceat's exit from the venture after five years is believed to be the result of major differences between the partners on the extent of truck radialisation.

While Goodyear was keen about increasing production of radial truck tyres, where margins are higher, its Indian partner did not see any future in truck radialisation in the country.

The proposed 36-lakh radial tyre plant is being set up at an investment of Rs 650 crore. Apart from passenger car tyres, the plant will make truck and bus radial tyres.

The company also plans to set up a second radial tyre unit in Baroda, which is around 20 km from the city airport. "It will be beneficial for us to open a unit near the airport, which will help us in transportation in future," he added.

CEAT/BSE Rs 78.95 ▲
NSE Rs 78.60 ▼

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