CEAT's Chennai plant expansion to drive its TBR growth, SUV market focus

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The Chennai plant has added a new production line for TBR tyres at an investment of ₹670 crore

BY G BALACHANDAR

Arnab Banerjee, MD and CEO, CEAT | Photo Credit: BIJOY GHOSH

CEAT, a leading tyre manufacturer, has announced plans to strengthen its presence in the truck and bus radial (TBR) segment, both domestically and internationally, aiming to increase its market share in India to double digits. This expansion is supported by a capacity ramp-up at its factory near Chennai.

The Chennai plant, which has been producing passenger car radial (PCR) and motorcycle radial (MCR/MCS) tyres, has added a new production line for TBR tyres. This line, built at an investment of ₹670 crore, raises the total investment in the plant to ₹3,000 crore to date. The new TBR line will reach a production capacity of 1,500 tyres per day by the end of the fiscal, creating 500 new jobs both directly and indirectly.

“This TBR line is primarily focused on exports, with the majority of production going to Europe and the US. This will free up capacity at our Halol plant, allowing us to increase supply to the domestic market. Our target is to grow our domestic TBR market share to 12-13 per cent from the current 8 per cent over the next two years,” Arnab Banerjee, MD & CEO of CEAT, told *businessline* during an interaction.

Banerjee explained that CEAT, currently the fourth-largest player in the TBR segment, will focus on key regions and expand partnerships with original equipment manufacturers (OEMs), including

Daimler, Ashok Leyland, Tata Motors and VECV. "Rather than covering the entire country with all products, we will target key markets and prove our product performance. Strengthening OEM relationships will be central to our strategy," he said.

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Phase-2 expansion

In the second phase of its TBR expansion, CEAT may double its capacity to 3,000 tyres per day with an additional investment of ₹540 crore. The company also has a strong presence in the domestic two-wheeler and passenger car tyre segments, where it claims to be the market leader in two-wheeler tyres and ranked third in four-wheeler tyres (with a narrow gap between itself and the second-largest player).

Of its ₹1,000-crore capex this year, CEAT has allocated ₹750 crore towards expanding TBR and PCR capacities in Chennai, as well as scaling up its agriculture radial project in Ambernath. The PCR ramp-up will focus on producing tyres for SUVs, which are growing in popularity as buyers shift from small cars to SUVs. Larger tyres, which SUVs require, offer better margins, and CEAT plans significant R&D investments to develop new products for these vehicles.

Banerjee also highlighted plans to reposition the CEAT brand to appeal to long-distance SUV drivers, supported by increased OEM collaborations with manufacturers like Kia, Mahindra, MG Motors, and Tata Motors for larger vehicle fitments.

CEAT aims to increase the export share of its revenue from 20 per cent to 25 per cent over the next three years, effectively doubling exports. The company is focusing on markets in West Europe, the US and Latin America, particularly Brazil, with key export categories including agriculture radial, TBR and passenger radial tyres.

On the issue of rising raw material costs, Banerjee flagged the sharp increase in natural rubber prices, which may lead to price hikes in the coming weeks. CEAT has already implemented price increases in the TBR and PCR segments, though OEMs have not yet seen similar hikes due to contractual lags. The company expects further price adjustments, potentially in September, and anticipates rubber prices to stabilise by the third quarter of this fiscal.