

# Ceat: Spearheads change in Sri Lanka's tyre making

The domestic tyre industry of Sri Lanka has come of age with the launch of a sophisticated new facility by top tyre-maker Ceat Sri Lanka for the local manufacture of steel-belted radial tyres for cars and vans.

Ceat's new radial tyre plant in Sri Lanka, set up with an initial investment SLR 350 million, was inaugurated by the Prime Minister of Sri Lanka on 8 September, 2006. The grand inauguration ceremony was attended by Cabinet Ministers, the Deputy High Commissioner of India, the Managing Director of Ceat (India), the MD and CEO of Ceat (Sri Lanka), the members of the board of directors as well as bankers, suppliers and guests from India.



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## Import substitution

The radial tyre factory was started with an initial annual production capacity of about 312,000 tyres. The output from this plant will meet both the domestic and export requirements. The plant targets to export almost 40% of its production, which will bring in significant foreign exchange revenue.

This project is a major import substitution initiative, aiming to give the customers tyres that match the best in each class. Initially, the company will produce two types of radials - one for cars and the other for vans - in the most popular sizes in the local market.

Ceat's range of steel-belted radials for cars will be branded 'Formula 1 Steel' while the van tyre range will be branded 'Rhino' in line with the depiction that accompanies all Ceat signage and the Ceat slogan 'Born Tough.'

## Main features

The main features of Ceat's new radial

tyres are safety, better road handling capabilities, good riding comfort, low noise levels and superb appearance. The radials for vans will have the additional capability to carry extra heavy loads, a requirement dictated by practices in the region.

Tyres manufactured in Sri Lanka have been designed and tailor-made in their tread patterns, to cater to the country's requirements of all imported vehicles like Toyota, Nissan, Mitsubishi, Hyundai, etc., giving the motorist comfort, safety and satisfaction on the road. Sri Lanka is totally dependent on imports for radial tyres.

## Latest technology

Ceat's radial plant has been set up with the latest machinery, complete with the latest tyre production technology. The fully-automated, high-productivity plant, operating in controlled temperature and humidity conditions, will produce steel-belted radial tyres with high-durability polyester carcass and unique tread patterns designed for Sri Lankan roads.

The imported tyre-making machines (1<sup>st</sup> and 2<sup>nd</sup> stage) are very sophisticated, with high-precision mechanical parts/tooling and onboard computer for programme logic and control. The superiority in Ceat's radial technology is achieved through a holistic combination of design, materials and manufacturing. The design is unique in profile, aspect ratio and tread/side-wall patterns.

## Different process

The raw materials and compounds are very different as also the manufacturing process, requiring designated machinery for steel-cord processing (Steelastic) and tyre-building (2-stage building) in order to maximise output in terms of productivity, quality and uniformity. The other areas of radial manufacturing like mixing, calendaring and tyre curing follow processes quite similar to bias tyre. But, still these equipment also have been upgraded, as higher accuracy and precision are required for the radial components.

A team of employees who will handle the manufacture of radial tyres have already been sent abroad for specialised training.

This is the most important expansion plan ever undertaken by Ceat Sri Lanka. Ceat, a well-known and respected brand in Sri Lanka, is the first international tyre company to set up a radial tyre plant in the country. In its existing business segments, Ceat is the market leader, with market shares in excess of 50% in segments like truck, light truck, agriculture and three-wheeler. ■

international approval for passenger jet tyres, and such consultations have been reflected in tyre design and production.

The absence of international confirmation regarding the quality of Kumho's tyres made it difficult for the company to complete exports destined for civilian aircraft, and in the past only tyres used on military aircraft had been produced for sale. "This handicap meant jets belonging to our affiliate, Asiana Airlines had to use imported tyres," explained a company spokesman.

The FAA's decision means that Kumho can now undertake the mass production of aeroplane tyres for both the domestic and foreign markets. "It can mean great gains in terms of production, sales and profits for the company," the spokesman said.

### **Ceat Lanka zooms into two-wheeler sector**

Ceat Sri Lanka, entered into yet another segment with the introduction of Ceat branded motorcycle tyres in Sri Lanka being manufactured at AMW factory premises in Kalutara. The motorcycle tyre market is large in Sri Lanka and is growing at a rapid pace, as new bikes from the makes of Bajaj, Hero Honda, TVS, Suzuki, Yamaha and some other brands are imported here.

This plant has an initial capacity of producing 10,000 tyres per month and will produce 17" &



The technical team of Ceat Sri Lanka which has made its entry into the motorcycle tyre sector

18" sizes during the first phase. It will go up to 25,000 very shortly by adding 14" & 16" sizes, which will cover the entire size range in Sri Lanka. The production system consisting of

small and compact production line allows for higher productivity, enhanced quality control for entire process and expedited future expansions of Ceat - AMW motor cycle project. The plant has been set up with the latest automatic machinery complete with the latest tyre production technology.

### **South China Tire jacks up tyre output**

South China Tire, producer of Sunny and Wanli branded tyres, is to expand capacity to around 15 million tyres a year with a new plant. The first phase of the new plant began production in September 2006, and offers additional production of two million tyres (the total capacity is six million tyres). The total project will take up till 2012 to complete, with a final annual capacity of around 15 million tyres.

The new factory is state-of-the-art equipped, with modern (VMI) machines and new technologies. South China Tire has been awarded certificates such as ISO 9001. Recently they embarked on a new co-operation with the well known test centre TÜV Germany/Hong Kong.

### **Chinese tyre output touches 283 million units**

Data from the Chinese National Bureau of Statistics reveals 2005 witnessed a sustainable and steady growth in the tyre industry. The data, quoted in a paper recently published by Research and Markets, reports that output reached 283 million units, increasing by 31 per cent a year. Steel-belted radial tyres totalled 111 million units, growing 70 per cent over 2004.

Sales revenue totalled more than 80 billion yuan (5.2 billion pounds). 142 million radial tyre units were produced which means that over 50 per cent of annual production were radials.

The output of full-steel radial tyres totalled 90 million units, increasing by 31 per cent year on year. Steel-belted radial tyres totalled 111 million units, growing 70 per cent over 2004.

Tyre export volume reached about 90 million units, up 31 per cent and export value achieved US\$3.2 billion, with a year-on-year increase rate of 50 per cent. According to data from China Rubber Industry Association, the total output increased by 13.9 per cent between January and July 2006 compared to the same period in 2005. ■