

Tire Business
Special Feature **MID-YEAR TIRE REPORT**

CEAT entering forestry segment 'pivotal achievement'

CEA Specialty Tire CEO Amit Tolani told *Tire Business* that his company's jump into the forestry sector, where it produces products for log skidders and forward harvesters, has marked a "pivotal achievement" for the tire maker.

How would you describe business in 2024? What segments have been strong, sluggish?

There was a sudden influx of agricultural tires in the U.S. in 2023. Some uncertainty about the economy and continued high input costs caused some farmers to delay tire purchases when possible.

We are seeing a somewhat improved agricultural tire market in the U.S. this year. However, the U.S. Department of Agriculture predicts a continued downturn in farmer income in 2024 after record highs in 2022 due to continued high input costs, lower crop prices and lower direct government payments.

On the dealer side, we have seen servicing dealers keep a fair amount of inventory in stock due to tire scarcity in the past. However, with the glut of ag tires in the market in 2023, we saw many bolt-on dealers rely on their wholesalers to stock inventory and provide them with tires on a just-in-time basis.

Where do you see opportunities for growth?

More farmers are experiencing the benefits of VF/IF (very high flexion/increased flexion) tires, such as minimizing soil compaction and longer tread wear. We are getting great feedback on our VF/IF product lines. Also, with farmers working more fields separated by paved roads, roadability is an increasingly important attribute.

There is still a really good market for premium bias tires for small and medium-sized tractors, which CEAT Specialty focuses heavily on.

How has inflation affected business?

Inflation has certainly impacted the OHT (off-highway tire) market in the U.S., leading to increased costs for raw materials, production and transportation. As a result, we've had to adjust our pricing strategies to accommodate these rising expenses.

From our customers, we're hearing concerns about higher operational costs and the challenges of maintaining their budgets.

To address these concerns, we're focusing on providing value through enhanced durability and performance of our tires, which can help reduce overall operating costs in the long run. Our commitment to quality and customer support remains unwavering, even in the face of economic challenges.

Are you seeing any volatility in the supply chain?

Our supply chain has experienced some fluctuations due to the aftereffects of the global pandemic, the Red Sea crisis and the current economic scenario of war and uncertainty. These include issues like longer lead time and transportation disruptions.

In response, we've enhanced our forecasting and inventory management and strengthened key supplier relationships. Our focus on efficiency and flexibility helps us adapt quickly and meet customer needs.

Looking ahead, the dynamic global market presents both opportunities and challenges, influenced by geopolitical changes. Internally, we aim to strengthen our brand and product offerings to meet regional needs and market trends. We see this as a chance to enhance agility and innovation, maintaining our leadership in the global tire industry through experience, technical expertise, quality and sustainability.



Tolani

How important is the North American market?

The North American market is extremely important to CEAT Specialty. To increase our market share, we must continue strengthening our brand recognition and product offerings to meet diverse regional needs and preferences while keeping up with emerging market trends.

We work closely with our distributor and dealer partners to address market needs with new products and sizes. For instance, one of our distributors saw the need for a 28LR26 tank tire in his market. We delivered the Floatmax Cargo Plus radial within six months, and he is now selling many of these units.

What does winning the Deming Award mean for the company?

CEAT is proud to be the first and only tire maker to receive the Deming Grand Prize for total quality management, an honor achieved by only 33 companies worldwide.

This prestigious award underscores CEAT's culture of continuous improvement, enhancing operational efficiency and ensuring customer satisfaction. It is a testament to our relentless focus on quality. We actively inform our customers and prospective customers about the significance of the Deming Grand Prize, as it instills confidence in the superior standards upheld by CEAT.

Can you provide an update on capacity at your plant in Ambernath, India?

Our Ambernath plant in India is a state-of-the-art facility equipped with the latest technology for producing radial agricultural tires. This plant has a remarkable minimum order quantity (MOQ) of just one tire, allowing us to meet the varied demands of our North American customers with exceptional efficiency. Spanning a total land area of 49 acres and a building area of 570,550 square feet, the Ambernath plant is expanding its capacity at a rate of 18% to 20% every year.

The plant is not only highly efficient but also maintains the highest standards in safety and quality. It has received a prestigious 5 Star Rating and the Sword of Honour from the British Safety Council for Occupational Health and Safety, Golden Peacock Award for Occupational Health & Safety, emphasizing our commitment to maintaining a safe and healthy work environment.

Additionally, the plant holds ISO 14001:2015 and ISO 45001:2018 certifications, further underscoring our dedication to quality and environmental management.

By focusing on quality assurance and continuous innovation, the Ambernath plant ensures that every CEAT Specialty tire meets stringent performance and reliability standards. This commitment helps build trust and confidence among our



North American customers, establishing CEAT as a reliable industry partner.

What are some of the pleasant surprises you are seeing in the industry?

One of the pleasant surprises we see in the industry is the growing focus on sustainability and eco-friendly practices. More and more companies are realizing the importance of reducing their carbon footprint and are actively seeking innovative solutions to minimize environmental impact.

Another positive trend in the industry is the increasing emphasis on technology and innovation. From smart tires to digital tools for better tracking and maintenance, the industry is evolving rapidly to meet the changing demands of consumers.

What kind of trends are you seeing?

Farmers dealing with market challenges such as high input costs and lower crop cost is an opportunity for CEAT Specialty. We are confident that we can deliver the latest technologies such as VF and IF tires at more accessible pricing for farmers.

We see a definite trend of farmers who used to rely solely on the Tier One brands giving Tier Two brands a try; and once they see that CEAT can deliver a very comparable performance to the Tier One brands at half the price, they become repeat CEAT customers.

Do you expect to roll out any additional products in 2024?

In expanding our product range, we have entered new sectors, notably forestry, encompassing vital areas like log skidders and forwarder harvesters. This foray into forestry tires signifies a pivotal achievement in our ongoing journey of expansion.

Building on our achievements in agriculture, industry, mining, and port applications, where we have consistently delivered top-quality products, we are thrilled to introduce our forestry tire collection to our portfolio. CEAT Specialty is also planning to enter agricultural and industrial rubber tracks, as well as on launching advanced OTR radial tires for changing demands in the North American markets.

Has artificial intelligence (AI) begun to impact business?

A strong trend in the tire industry, including the OTR tire market in North America, is the increasing adoption of AI, which has the potential to revolutionize our operations and decision-making processes significantly.

We are exploring AI solutions to enhance our manufacturing processes, predictive maintenance, and supply chain management. This allows us to automate quality control, anticipate maintenance needs, and optimize inventory, ensuring timely delivery and high reliability for our North American customers.

Additionally, we use AI technology in post-sales engagement with consumers and channels, further improving our service

and customer satisfaction.

By harnessing AI technologies, we aim to drive efficiency, enhance product quality, and better serve our customers, solidifying our position as a leader in the OTR tire market.

How do you get your customers to embrace sustainability?

We're serious about sustainability and aiming to use 40% sustainable materials in our tires by 2030. Our R&D team is working on new ways to make this happen, like using rice husk silica and recovered rubber.

Our flagship Sustainmax tire shows just how committed we are. It's made from 80% renewable and recycled materials like rice husk silica, recycled PET (rPET), and natural rubber. This tire isn't just good for the planet; it also performs great. Plus, it sets a standard for eco-friendly tire making.

Additionally, our Energymax tires are designed with efficiency in mind, using sensor technology to boost performance while reducing fuel consumption. These tires exemplify our commitment to sustainability across different sectors, showcasing our dedication to pushing the boundaries of eco-friendly innovation.

Do you expect any other major investments in the next six months or year?

In recent months, CEAT Specialty has been strategically investing in projects to elevate our capabilities and meet the industry's growing demands. We have a well-defined roadmap for the next five years, encompassing product line enhancements and other strategic initiatives. We anticipate increasing our capacity for radials and cross-ply tonnage by up to 40% within the next 18 months.

What are some of the challenges of the industry going forward?

We believe that the future of our industry presents both exciting opportunities and challenges.

One key area where we perceive the greatest challenge is navigating a dynamic global market. The geopolitical landscape is constantly evolving and affects not only CEAT but also other players across various sectors. The world is so interconnected that it is impossible to isolate any event to a single continent, as seen in the freight impact caused by the Red Sea crisis.

What do you want tire dealers to know about the company that they may not know?

At CEAT Specialty Tires, we believe in a customer-first approach. I am proud to share that we address any customer query within 24 hours. As a digital-first organization, we utilize digital tools to ensure best-in-class customer satisfaction throughout their journey.

Our network of channel partners stays connected with us via an internal portal, which provides them with comprehensive information and ensures transparency. This accessibility underscores CEAT as the most convenient manufacturer brand to collaborate with, as affirmed by our partners themselves, who regard CEAT as "the easiest manufacturer brand to work with."

Moreover, our relentless focus on supreme quality and a relevant range of product offerings further solidifies our position as a naturally accommodating partner in business endeavors.