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SRF, Toray tie up for tyre cord tech

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NEW DELHI

SRF, a Delhi-based company engaged in technical textile, chemical and packaging films business, has entered into a tie up with Japanese firm Toray for transfer of tyre cord technology to be used in the manufacture of polyester industrial yarn. Polyester industrial yarn, in turn is used as reinforcement in radial tyre.

With this, SRF, which is a leader in the nylon tyre cord fabric in India with 36% market share, will venture into polyester industrial yarn, a cheaper but efficient material, compared to nylon, for radial application.

The company is setting up a unit to manufacture polyester industrial yarn in Gummidipoondi near Chennai, which will use Toray's technology. Toray is a leading player in this segment. "Only a few companies world over have the polyester industrial yarn technology. We will be the first in India to make polyester fibre used for radial tyre," SRF managing director Ashish Bharat Ram told ET.

Toray will supply the machinery for the plant, which would be set up at an investment of Rs 250 crore. The unit is likely to be commissioned by April 2009.

SRF wants to use polyester as a new fibre of growth and within a few

years, the contribution of nylon6 tyre cord may come down in the total revenue mix of the company.

Technical textile business contributed 48% (Rs 870 crore) to SRF's total sales last fiscal. This segment grew by 9.4% in FY07 over the previous year. SRF manufactures several technical textile products, including nylon tyre cord fabric (used in tyres), belting fabrics (conveyor belts used mainly in mining and infrastructure sector) and coated fabrics (static covers,

auto canopies). The company has a 50% market share in the domestic belting fabric segment.

SRF is looking at acquiring a coated fabric maker in Europe.

The acquisition could be in the range of \$50-100 million. It is also exploring the option to set up a caprolactum plant in Gujarat. The expansion plans of the company would require a total investment of Rs 1500 crore, which will be met through internal accruals and debt.

Technical textile finds usage in several sectors in the form of sports equipment, footwear, automobile, medical equipment, canal lining and road among other things. The global market for technical textiles is estimated to be worth \$100 billion and expected to grow at a CAGR of 3.5% for the next three years.

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A NEW START

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