

Reliance Ind, Russia's Sibur to set up \$450-m butyl rubber venture

Our Bureau

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Reliance Industries Ltd on Tuesday formally announced a \$450-million joint venture with Russian petrochemical company Sibur, for setting up a one-lakh tonne butyl rubber plant at Reliance's Jamnagar refinery.

While Reliance will hold a 74.9 per cent stake in the venture, the rest would be held by Sibur. The plant is expected to be commissioned by the second half of 2014 (calendar). The joint venture has been named as Reliance Sibur Elastomers Pvt Ltd.

In December 2010, during the state visit of the Russian President, Mr Dmitry Medvedev, the initial agreement for the joint venture was made by RIL. Butyl rubber is a variety of synthetic rubber with many industrial applications ranging from inner tubes for tyres to adhesives and sealants. Sibur has proprietary technology for making the rubber, which would be made available to the joint venture.

Mr Nikhil Meswani, Executive Director of RIL, addressing the media said that the venture will cater to the

The Russian partner

Sibur is a leading player in the petrochemical sector in Russia and Eastern Europe

Latest available figures (2009) indicate its total sales in the range of Russian Rubles 161 billion (Rs 26,600 crore)

Sibur's plants employ over 40,000 people across 20 regions in Russia.

Its operations cover the entire spectrum of petrochemicals

demand for synthetic rubber from the Indian tyre industry of over 75,000 tonnes a year, "Today, the whole demand is being met only by imports with prices ranging from \$4,000 to \$7,000 a tonne," he said. Mr Meswani said that after a full year of production, the joint venture will have a turnover of about Rs 2,500 crore. RIL will have to pay a 'certain' royalty to Sibur for accessing the proprietary technology for rubber making, he said.

However, Mr Meswani refused to disclose the quantum of royalty RIL would pay Sibur.

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