

Modi Rubber plans re-entry into tyre market

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WHEN Modi Rubber closed an agreement with German tyre manufacturer Continental for outright sale of Modi Tyre Company Ltd (MTCL) last month, the exit led to speculation of the group foregoing interests in the segment.

Modi Rubber is, however, look-

ing at regaining possession of the company's Modinagar factory, to re-enter the market for motorcycle, tractor and light commercial vehicle (LCV) tyres.

"This plant (at Modinagar) was leased to us by a company called Modi Export Process. This company defaulted and the Uttar Pradesh liquidator put a seal on the plant. We have approached the Allahabad High Court, seeking possession of

the plant," said Alok Modi, director, Modi Rubber.

Adding: "After we get possession, we will make a business plan. While technology has changed for car tyres with the introduction of radials, we can still produce motorcycle, tractor and LCV tyres, since there is huge demand for these. This plant has a capacity to process 30-35 tonnes of rubber per day. While this option is open to us, marketing

products for a small plant may not be competitive. Therefore, we may also consider contract manufacturing at this unit."

In 2010-11, as many as nine million motorcycles and 350,000 LCVs were sold in the domestic market. The segments saw growth rates of a little over 22 per cent. With rising sales, big opportunities have opened up for auto component and tyre manufacturers.