

JK group looking to buy rubber plantations in South-East Asia

M. Ramesh

Chennai, July 4

The JK group is looking to buy rubber plantations and forest lands in South-East Asia. The group is present in tyres (JK Tyres and Industries) and paper (through JK Paper Ltd).

"We are very serious about it," Dr Raghupati Singhania, Vice-Chairman and Managing Director of JK Tyre & Industries Ltd, told *Business Line* today. He said that the company was evaluating a few proposals in 2-3 countries in the region for rubber plantations. Buying forest lands, however, is still in the "preliminary stages".

RAW MATERIAL SOURCES

Rubber prices have been soaring in the last couple of years. From a steady-state price of around Rs 99 a kg in July 2009, to over Rs 210 a kg now. Owning raw material sources would give the manufacturer supply security, he said.

It is necessary to own raw



Mr Raghupati Singhania

material sources, Dr Singhania stressed, noting that China, which has 883,000 hectares of land under rubber plantations, had still bought a million hectares in Laos.

JK Tyres is putting up a Rs 1,130-crore tyre plant at Kolathur near Chennai. The plant was scheduled to commence production by mid-2012, but given the shortage of tyres in the country, the company is working overtime to advance the commissioning date. Mr Singhania is hopeful that the factory will be production-ready by December.

The plant is being built to a capacity of 400,000 truck radials and 25 lakh passenger car radials.

AVIATION TYRES

"I would love to, but nobody will give technology," Dr Singhania said, when asked if JK Tyres would not enter aviation tyres segment. Aircraft tyres are emerging into a huge industry, given that several Indian airlines are buying hundreds of aircraft.

Besides, there is going to be a big demand from the Air Force.

NEW BUSINESSES

Dr Singhania said named 'aero and defence' as two areas the JK group would enter afresh, but declined to elaborate given the "very sensitive" nature of the plan.

The group is gearing itself to benefit from the 'offset clause' (which mandates a foreign vendor of defence equipment to source 30 per cent of the components from India.)