

Sheela Foam joins hands with Canadian company



Canada-based Woodbridge group, an independent supplier of automotive polyurethane products, with 60 locations in 20 countries plans to set up at least three plants in India along with Sheela Foam, a leading foam manufacturer. While the first plant will come up by the third quarter of 2007, two others will be up and running by 2009. Rahul Gautam, Sheela Foam managing director, told Autocar Professional that the 50:50 joint venture company Sheela Woodbridge Urethanes would invest Rs 50 crore in plant and machinery for the three facilities.

Sheela Foam is the largest processor of slab stock foam in India processing 17,000 tonnes per annum of PU foam while Woodbridge is a recognised global leader in processed foam and a supplier to tier 1 manufacturers across the globe. The Sheela group has eight manufacturing locations in India. Gautam said that some had excess land and buildings which could be used in the new joint venture. As of now, no location has been firmed up.

"We will mould seats and look at roof liners in the first phase. There is a peripheral diversification in the sense that the seats are also made of polyurethane foam. Vendors must be as close to the industry as possible since supplies could even work out to at least three times or more every day. This also applies to our choice of plant," he said.

Sunil Minocha, CEO of Sheela Woodbridge said that if his company got a good response from the three buoyant auto clusters, it would put up plants there. It will also explore setting up one in states like Uttaranchal which are doling out generous fiscal sops. He also ruled out the likelihood of importing foams from any of the Woodbridge facilities. "Foam is a voluminous item and transportation costs would be huge," he said.

Woodbridge will also bring in the technology of tooling and machinery. It meets the needs of major carmakers worldwide through their tier 1 suppliers. Its products include headliners, finished seat, assemblies, door panels, floor mats, interior plastic trim, drivetrain components, exhaust systems, steering components, hood liners, sun visors, seat trim cover foam seat cushioning, head restraints etc.

Minocha says that the market for seating foam is an estimated Rs 300 crore. "The market is growing at a pace faster than people can supply. Today we make around 1.4 million cars and each uses around 8 to 12 kg of foam for seating. Taking an average of 10 kg per vehicle, around 14,000 tonnes of foam or moulded polyurethane gets into a car in India. In value terms, this translates into Rs 300 crore," he said.

Sheela Foam acquired an Australian foam company, Joyce last December which hiked group turnover from Rs 300 crore to Rs 500 crore. Joyce has five plants in Australia. According to Gautam, the joint venture can begin work on products as soon as orders came in. Besides automotive, the company is also looking at the construction industry where polyurethane foam in another form is used as a thermal insulation material. Gautam has targeted group turnover of Rs 1,000 crore in the next three years. There is a possibility of another acquisition in Europe and talks are at a preliminary stage.

"Our existing business is growing at a rate of 10 to 15 percent and we are moving into value-added products. We are setting up a plant in Greater Noida where production will begin by end-2007," he said.