



# UNCERTAIN FUTURE, NO NEW INVESTMENT...

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Indian Acrylics Ltd is India's largest and most efficient acrylic fiber manufacturer, and a prominent world player with exports to Asia, Europe, and the Middle East.

Its dry spun (Du Pont Technology) acrylic fiber quality is exceptional due to its distinctive dog bone-shaped cross-section and offers great lustre and softness.

Indian Acrylic is a popular producer of acrylic fiber, tops, and tows due to product optimization, dependability, and environmental concern (green captive power generation since 2002). It is also making Acrylic Yarns in dyed and grey both through Modified Cotton and Worsted route, making 1500 tons of yarns every month.

## Share your company's journey

Acrylic fibres and yarns are what we make. Making yarns started around ten years ago. Both colored and grey yarns are produced. We are one of the largest yarn manufacturers in the country and an important player globally, with a monthly output of 1500 tons. These yarns are exported to various countries across the globe. We also offer different specialty products to our customers.

Our annual capacity is about 48000 tons in Fibre. Our utilisation is basically between 70-80%. We make about 18000 tons yarns.

We sell in different countries in Asia, Europe, Africa, the United States, and Australia. We primarily do dyed yarns.

## Challenges in Pandemic

There were a few challenges that I think the entire acrylic industry faced dur-

ing the pandemic like exorbitant ocean freights, long transit periods, raw material availability and high AN prices, and high fiber prices consequently. Due to the high raw material prices, there is no room for anyone in the value chain to get some margin. Due to this hike in prices, customers are reducing production, switching to blends of acrylic with other less expensive fibres, or cheaper substitutes that are a major challenge for acrylic fibre and yarn manufacturers. Cash flow situation in the Industry is also a major concern. Wholesalers invest beforehand and pay advances for the end product, but due to exceptionally high yarn prices, they are not gaining anything. Thus advances are not flowing in and small knitters are the worst affected due this cash crunch. There is a major impact of this on demand. What has worsened the whole situation is the fear of 3rd wave. People are scared that if another wave hits and there are lockdowns, the sale will get affected and money will get blocked in stocks as it is a seasonal product (only winters)

There hasn't been much upheaval in terms of demand from various locations in this segment. There is no new category or new market that is supported during COVID. The market dynamics have not changed much.

## Technology Upgradation

COVID last year opened few possibilities in terms of technology application. However, any such upgradation etc. is time taking and needs investments too. We anticipate another wave in the near future. So, the focus remains on smooth running of operations first rather than

looking too far ahead as there is a lot of uncertainty even now. We have extended credit to some customers and also provide competitive product pricing.

The demand shifts majorly to basic products because customers assume that basic will continue to move as it is more need based and low value product. If you make something fancy, say for marriages and other special occasions, and for women, there is no party happening, no marriages with large gatherings happening, and not much outing happening, so as a result, buyers invest primarily in simple products that are more likely to move quickly. In such a case, there isn't much one can do in terms of technology, functionality or any such thing.

## Consumption

Sweaters is the main product segment, and school uniforms are the biggest part of it. This segment has been severely impacted because schools have been shut since last year. Then there are Carpets manufactured in small numbers in India (Bhadohi etc.). Iran and Turkey are the biggest manufacturers of carpets that are sold to cold countries.

Then there are shawls, ladies' cardigans, suit material, prayer mats, embroidery yarns, hand knitting yarns for making sweater, caps, mufflers, gloves etc. Then there are saris, sarongs etc. with acrylic as a replacement of silk fibre.

Overall Sweaters should be 50-55 percent of total consumption, carpets would be about 10-15 percent and other segments as narrated above form the rest.