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JK Tyre Lines up ₹1,250 cr for Capacity Expansion

Looks to double share in PV space, raise 2-wheeler tyre output

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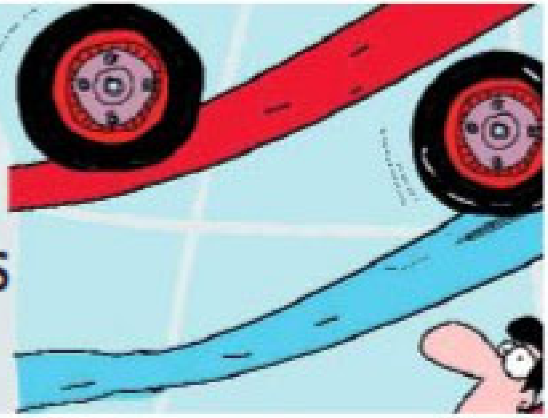
Mumbai: JK Tyre, the country's largest commercial vehicle tyre maker, is aiming to grab a larger pie of the growing personal vehicle space and has set itself a target of doubling its market share in the passenger vehicle space to 20% and 15% in the two-wheeler tyre segment, which it has recently entered. With an eye on achieving a $2-billion turnover by 2021, the company will be investing up to $180 million (₹1,250 crore) in capacity expansion in tandem with expansion in its sales network.

JK Tyre, which also has a sizeable operation in Mexico, has set itself a target of becoming the 12th largest tyre maker globally from its current position of 22nd in the next two to three years. Raghupati Singhania, CMD of JK Tyre, told **ET** that the company will be doubling its two-wheeler tyre manufacturing capacity and increase the capacity at its Haridwar facility for making commercial vehicle radial tyres. The tyre maker is using 100% of its truck radial tyres manufacturing capacity in its plants. "In fact, we are refraining from exports; the domestic (market) has to be served first," said Singhania, "It doesn't matter that we are outsourcing from China and supplying to the world market."

RISE IN DEMAND

Local tyre industry benefited from the anti-dumping duties on Chinese imports



The local tyre industry benefited from the recent anti-dumping duties on Chinese imports. The numbers came down from an average of 1.2 lakh tyres a month in October to only 40,000 in December, giving the Indian manufacturers an additional monthly replacement demand of about 80,000 tyres, according to an India Nivesh analyst report. JK Tyre captured about half of this additional demand, the report said. Singhania, however, admitted that overall the market has been hit by various macro-economic factors right from increased fuel prices and interest rates to a squeeze in financing, which have impacted the growth rate.

The company, which had earlier guided for 15-20% growth for the current financial year, is now expecting not more than 10% growth in FY19. "We are carefully tailoring our investment plans due to the prevailing uncertain demand environment, and the company has revised its investment plan thrice since the beginning of FY; we are confident of growth to bounce back in the last quarter," said Singhania.