

JK Tyre completes acquisition of BK Birla's tyre business at ₹2,200 cr

Total production capacity will now be 3.47 crore tyres per year

OUR BUREAU

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JK Tyre & Industries on Monday said it has completed the acquisition of Cavendish Industries Ltd (CIL), which houses three tyre business undertakings of BK Birla Tyres at a value of ₹2,200 crore. With this, the company has also entered the two/three wheeler tyre market.

It plans to launch the first two-wheeler tyre in the next 15 days.

The plants are located at Laksar (Haridwar), which manufactures a range of tyres, tubes and flaps. With this acquisition, JK Tyre becomes a 12-tyre plants company with nine plants in India and three in Mexico, it said.

The acquisition of the BK Birla group units has been funded by a combination of internal accruals of ₹700 crore and debt of ₹1,400 crore, it said. JK Tyre would add an additional capacity of one-

crore tyres per annum from now, with the total production capacity of 3.47 crore tyres per year (including Mexico plants). The company will manufacture 60-lakh two/three-wheeler tyres, 12-lakh truck/bus radials and the rest of all kinds of tyres from the new plants at Haridwar.

"With the completion of the acquisition of Cavendish Industries, JK Tyre further consolidates its leadership position in the tyre market, more so in the truck and bus radial segment. JK Tyre is well positioned for sustainable growth in the years ahead and will continue to meet the changing needs of its customers," Raghupati Singhania, Chairman and Managing Director, JK Tyre, said.

With this acquisition, JK Tyre will have additional capacity of truck and bus radials, an important and high growth segment, where it is already the market leader, he said adding that riding on this acquisition, the company eyes a turnover of ₹10,000 crore from the domestic operations in the current fiscal.

"Numbers for the last fiscal are



High on growth Raghupati Singhania, CMD, JK Tyre, at a press conference in New Delhi KAMAL NARANG

not out yet, but what I can say is we expect around ₹7,800 crore from domestic operations and going ahead, we are looking to close the current fiscal at ₹10,000 crore," Singhania said.

However, he said JK Tyre would look at the manpower of CIL, which stands close to 5,000

workers at these plants in Haridwar. "We will have to take a deeper look at it. We are trying for optimal man-force for productivity," he added.

Shares of JK Tyre closed at ₹86.45 on the BSE on Monday, up 1.05 per cent from the previous close.