

Business World

ON A LONG DRIVE

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FASTEST GROWING COMPANIES | PROFILE

RAGHUPATI SINGHANIA,
CMD, JK TYRE & INDUSTRIES

THE MIDDLEWEIGHTS

ON A LONG DRIVE

PHOTOGRAPH BY TESHVARIA

A professional portrait of Raghupati Singhania, CMD of JK Tyre & Industries. He is wearing a dark blue pinstriped suit, a white shirt, and a patterned tie. He is standing behind a wooden table, with his right hand resting on it. The background shows a window with a view of trees and a building.

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ROWTH OF JK TYRE HAS BEEN

built on the key pillars of technology and their extensive R&D base resulting in continuous introduction of newer, sturdier products, emphasis on efficient manufacturing and superior customer service levels. All these have enabled the company to grow fast. Deeper understanding of the Indian roads built over years of research, planning and an extensive distribution network, have helped the company become one of the success stories of the Indian tyre industry.

"We pioneered the unique concept of 'fleet management', where the large fleets, 1,000 numbers by now, are provided dedicated expert personnel service, tyre maintenance and upkeep to optimise the tyre performance and reduce operating costs. Our focus on continuous betterment of product performance, has enabled us to export tyres to more than 100 countries across six continents," says Raghupati Singhania, CMD, JK Tyre & Industries.

JK Tyre has also enhanced its global reach by taking over Tornel, a Mexican company, which has three plants in Mexico. JK Tyre has acquired a plant of Birla Tyres located in Haridwar, in the name of

NO. 4 JK TYRE

4-yr CAGR Revenue: 1.6%

4-yr CAGR PAT: 145.71%

Cavendish Industries. The company now has a total of 12 manufacturing plants, with nine in India and three in Mexico and a total production capacity of almost 35 million tyres per annum.

The consolidated turnover stood at Rs 7,654 crore, while on a standalone basis, it stood at Rs 6,580 crore. Profit after tax strengthened by 40.7 per cent to Rs 464 crore — an all-time high on consolidated basis. Profit increased substantially by 58.3 per cent to Rs 401 crore on a standalone basis. This was achieved through an all-round cost reduction, better operating efficiencies and deeper rural penetration.

JK Tyre manufactures the complete range of tyres — right from a 3-kilo scooter tyre to the 3.7 tonne ultra large OTR tyre.

Growth Journey

The company has a first-mover advantage in introducing cutting edge technology. It was the first to launch in India radial technology for entire range (passenger car, LCV, bus, truck and tractors). And the first to launch in India V-Rated tyres, eco-friendly tyres and high performance and asymmetric tyres.

"We are working towards greening the business, our energy consumption at 10.9 GJ/tonne has made the company one of the top 5 in the sector, worldwide. Our plants are world benchmarks in water consumption with zero waste, 36 per cent of our energy consumed is renewable," says Singhania.

The company has made an investment of Rs 4,500 crore. Right from establishing a state-of-the-art all radial plant in Chennai to brownfield expansions across facilities and finally acquisition of new facilities of Cavendish. "We have created capacities to cater to the growth segments in the country. Moreover, in this process, we have also entered the fast growing 2-3 wheeler tyre segment. These additional capacities will help us maintain our leadership position in truck/bus radials segment," says Singhania.

Key Challenges And Strategy

The company's global business encountered one of the most challenging years in 2015-16. Commodity markets weakened across the world, triggering a decline in prices that caused customers to defer purchases. A new threat tyre companies face is the unabated dumping of cheap Chinese tyres in India, which at times are at prices lower than even the cost of raw materials. This is causing huge injury to the domestic tyre manufacturers. Imports from China, accounting for almost 45 per cent of the replacement truck/bus radial market, more than doubled since the last year. — *Monica Behura*

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