

'We will strengthen supply in the replacement market, focus on exports'

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With an unprecedented slowdown in the automotive market, the tyre industry has also been passing through challenging times. While OEM business is weak, tyre makers are looking at replacement and export markets for some respite. Raghupati Singhania, Chairman & Managing Director of the ₹8,753-crore JK Tyre & Industries, a leading tyre maker and a dominant player in truck and bus radial tyre segment, spoke to BusinessLine on Covid-19 disruptions, the road ahead in the near-term and the company's efforts to stay resilient. Excerpts:

Have your manufacturing operations and supply chain stabilised now?
Our manufacturing operations have resumed across all facilit-

ies in the unlock phase, but the situation is very dynamic with temporary disruptions caused by State-level restrictions. Our raw material supplies are fairly stable. Our supply chain has been revived to ensure timely delivery.



How are you tweaking your business plans for the near term in view of the poor CV market, which is the major contributor to your revenue?

The commercial segment responded well in the after-market since the movement of goods was by and large uninterrupted even during the lockdown period. The focus continues to be on strengthening the supply in the replacement markets, which has been relatively buoyant through these tough times and enabled us to witness double-digit growth in June. Even the OEM segment is gradu-

ally picking up and is expected to revive fully in a quarter or so. We have also enhanced our focus on exports, as the response is good for our technologically-advanced products, besides support through our operations in Mexico. We are seeing good growth particularly in the US, Latin America and Africa.

What about capex and expansion plan in view of Covid-19 disruptions?

We have deferred our expansion plans till the end of the second quarter. Currently, we are prioritising only essential expenditures and will review further actions in the second half when we expect markets to recover to pre-Covid-19 levels.

How do you see demand revival in the after-market segment?

The after-market sales are showing good signs of recovery and as the unlock phase eases out a



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CMD, JK Tyre & Industries

bit more, we expect further improvement in demand. There are some temporary disruptions at a local level but those are expected to phase out eventually.

Rural markets offer hope for many segments in the near term. How is it for the tyre

industry?

The rural market is indeed regarded as a prominent indicator of economic recovery and has a sizeable impact on the automotive segment and allied industries. The strengthening of rural markets is the silver lining in the current phase, and it holds true for the tyre industry as well. We expect the market sentiment to improve further with the good monsoon season which will reflect on the demand side as well.

Is there a plan to ramp up two-wheeler tyre production in view of the near-term prospects?

Two-wheeler segment is a focus area for us and it has shown good recovery at the OEM level and good improvement in the month of July which we expect to recover going forward. We are operating at 95 per cent capacity in two-wheelers, on the back of demand both from OEM

and replacement segments. We will monitor the situation over the next few weeks and plan our expansion strategy accordingly.

What will be your priorities over the next few quarters?

One of our key priorities is to ensure the stabilisation of overall operations in the near future. On the demand side, we have seen promising growth from the rural and replacement markets and we are currently aligning our efforts across passenger vehicles, commercial farm and two-and three-wheelers in replacements. Exports will continue to remain a focus area for us. During the lockdown, we have been able to cut down our overheads, and are working towards sustaining a considerable part of the savings, as a new norm.