

JK Group Eyes Buyouts to Double Revenue by 2020

Co to focus on automotive, defence and paper marketing sectors

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New Delhi: The JK Group is looking at doubling revenue to \$8 billion (₹53,600 crore) by 2020, which it hopes to achieve primarily driven by acquisitions in the automotive, defence and paper-making space, Raghupati Singhania, a senior member of the promoter family, told ET.

The group, which recently made a non-binding offer to acquire two factories of Avantha Group firm BILT Graphic Paper Products, has identified paper, cement, tyre, automotive and auto component as key growth drivers and will focus on these areas to scale up operations. In addition, it has keen interest in defence and aerospace and is firming up plans for a bigger play in the space. "We have identified all these areas in which we wish to grow and become sizeable market players," Singhania, who is the vice-president of the JK Group, told ET in an exclusive interview. "We had acquired a small electronics company, DELOPT, one-two years back. For the first time in more than 50 years, the government has opened the defence/aerospace for private participation. We see huge opportunity in the thrust towards more indigenisation. We are working out a number of plans for a bigger play in this segment."

JK Tyre & Industries completed acquisition of tyre, tube and flap manufacturer Cavendish Industries for ₹2,195 crore in April this year. The purchase not only gave it access to an additional 1.2 million units in truck and bus radial capacity but also enabled its entry into the two-wheeler and three-wheeler segments.

It is now set to launch a new brand of two-wheeler and three-wheeler tyres over the next few weeks. The JK Group is close to reaching its target of around an



DEFENCE THRUST

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₹8,000-9,000 crore investment cycle. Singhania, who is credited for the turnaround of the group's fortunes, however, said it is open to further acquisitions in Southeast Asia and Africa for its tyre business. Despite a spate of acquisitions, the organisation is not overleveraged as each firm arranges for its financing depending on its strengths and needs, he said. JK Lakshmi Cement recently invested ₹1,700 crore to establish a new unit at Durg. The company is now working towards reviving a closed unit.

"We have invested ₹2,000 crore in our paper business and have a combined capacity of 4.5 lakh tonnes across our two plants in Odisha and Gujarat. There is an opportunity for acquisition at JK Paper and we will leapfrog if it happens. We are building that business at a decent pace. In addition to that, in our cement business, we are reviving a unit of ours which was lying closed, Udaipur Udyog, which will bring in 1.2 million tonnes capacity and will come into production in six months," Singhania said.