Early Warning System

IFC-41967

JK Tyre III

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Quick Facts

Countries	India
Specific Location	Banmore, Madhya Pradesh and Laksar, Uttarakhand
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2023-03-17
Borrower	JK TYRE & INDUSTRIES LIMITED
Investment Type(s)	Loan
Investment Amount (USD)	$ 28.98 million

Project Description

According to IFC, IFC has provided an equity investment of up to INR 2,400 million (approximately US$30 million) in JK Tyre & Industries Limited (“JK Tyre” or “the Company”), in the form of equity securities.

The Company is implementing a capital expenditure plan of about US$158 million between FY21-25 to increase the production capacity of truck and bus radial (TBR) tires and passenger car radial (PCR) tires by more than 10 percent, from 32 million tires per annum to 35 million tires per annum. Of this, in FY24, the Company will implement capital expenditure of U$68 million along with resource efficiency projects (the “Project) and the proposed IFC investment will support the Company in implementing the Project.

These activities include but may not be limited to are planned brownfield expansions proposed in two plants in India including resource efficiency and climate linked interventions. Given that this is an equity investment, IFCs E&S requirements will be applied to company operations covering its Indian and Mexican Plants. JK Tyre’s brownfield expansion plan consists of: (a) debottlenecking and expansion of its existing passenger car radials (PCR) manufacturing capacity in Banmore plant, Madhya Pradesh and (b) expansion of truck & bus radials (TBR) tire manufacturing capacity at Laksar plant. The Project also includes a climate finance portion which comprise of nine (9) climate linked interventions and the key ones include: a) installation of a six mega-watt (MW) solar plant at Laksar; b) boiler retrofits to increase the proportion of biomass use (biomass briquette, saw dust, rice husk) up to 50 percent at some locations based on availability; c) complete the conversion of the tire curing process to nitrogen-based technology to reduce the need for steam; d) replacement of existing steam-based chillers with more energy efficient equipment; e) trials with concentrated solar thermal (CST) for boiler feed water heating; and f) waste water recycling through zero liquid discharge facility in the last remaining plant.

ENVIRONMENTAL AND SOCIAL INFORMATION

This is a Category B project as per IFC’s Policy on Environmental and Social Sustainability. Key E&S risks associated with the project include: 1) the Company’s capacity to establish and maintain an integrated E&S management systems in compliance with PS1 requirements; 2) assurance of fair, safe and healthy labour working conditions in compliance to applicable regulations and PS2 requirements including key risks such as occupational health and safety (OHS), workers engaged by third parties and supply chain; 3) resource efficiency pollution prevention, hazardous waste and management of hazardous materials in compliance with PS 3 and WBG EHS Guidelines; 4) community health and safety risks including hazardous materials transport, life & fire safety risks and offsite emergency preparedness and response; 5) stakeholder engagement and the associated community grievance mechanisms; and 6) supply chain related labour and biodiversity risk aspects especially associated with natural rubber procurement.

Investment Description

- International Finance Corporation (IFC)

Private Actor Relationship

IFC has long standing relationship with JK Group since 2006 through both investment and advisory projects with JK Paper Limited, where JK Group holds significant stake.

JK Tyre was incorporated in 1976 by late Shri Hari Shankar Singhania and is amongst the top four tire manufacturers in India and the top 25 globally. JK Tyre is one of the flagship companies of the JK Group. The Company is listed on the Bombay Stock Exchange and the National Stock Exchange and has a market capitalization of more than US$ 490 million as of September 2022. The Promoter group and family hold 56.3 percent of the total share capital of the Company and the balance is held by financial institutions and public. The promoter group holds the Company's share mainly through Bengal and Assam Company Ltd., a listed non-banking financial company Dr. Raghupati Singhania is the Chairman and Managing Director and Anshuman Singhania is the Managing Director.

Private Actors Description

JK Tyre & Industries Limited ("JK Tyre" or the "Company") is a leading tire manufacturer in India and the Company was established in 1976. JK Tyre manufactures a wide range of tires catering to commercial vehicles, passenger vehicles, 2/3 wheelers as well as tractors. The Company markets its products globally in over 100 countries through 180 global distributors under various brand names. The Company has 9 tire manufacturing plants at 5 locations in India and 3 tire manufacturing plants in Mexico (under the brand name "JK Tornel"). In India, 6 plants are operated under JK Tyre & Industries Limited (JKTIL) and 3 Plants at Laksar are operated under JK Tyre's subsidiary Cavendish Industries Limited (CIL). Overall, the Company produces around 32 million tires annually out of which the Indian plants contribute around 82% while the balance comes from Mexican plants. Besides, JK Tyre has established research & development facilities in Mysuru (Karnataka, India). In India, the Company has a network of over 6000 dealers and 650+ dedicated brand shops (Refer: https://www.jktyre.com/). In Mexico, the Company has a network of 97 dealers and 144 third party dealer/ distributors.

Contact Information

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ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Bank Documents

- Environmental and Social Review Summary