

*FUTURE  
DRIVEN*



**Corporate Presentation**

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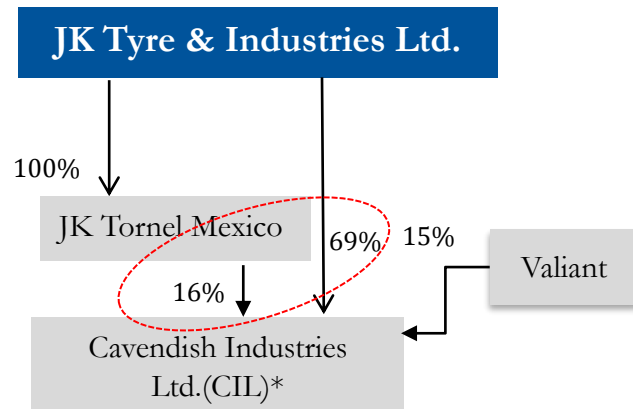
# JK Tyre & Industries Limited - Company Overview

Ranked top 24<sup>th</sup> tyre company in the world






## Company Background

- Established Tyre Business in 1977
- Manufacturing and marketing of automotive tyres, tubes & flaps

## Corporate structure



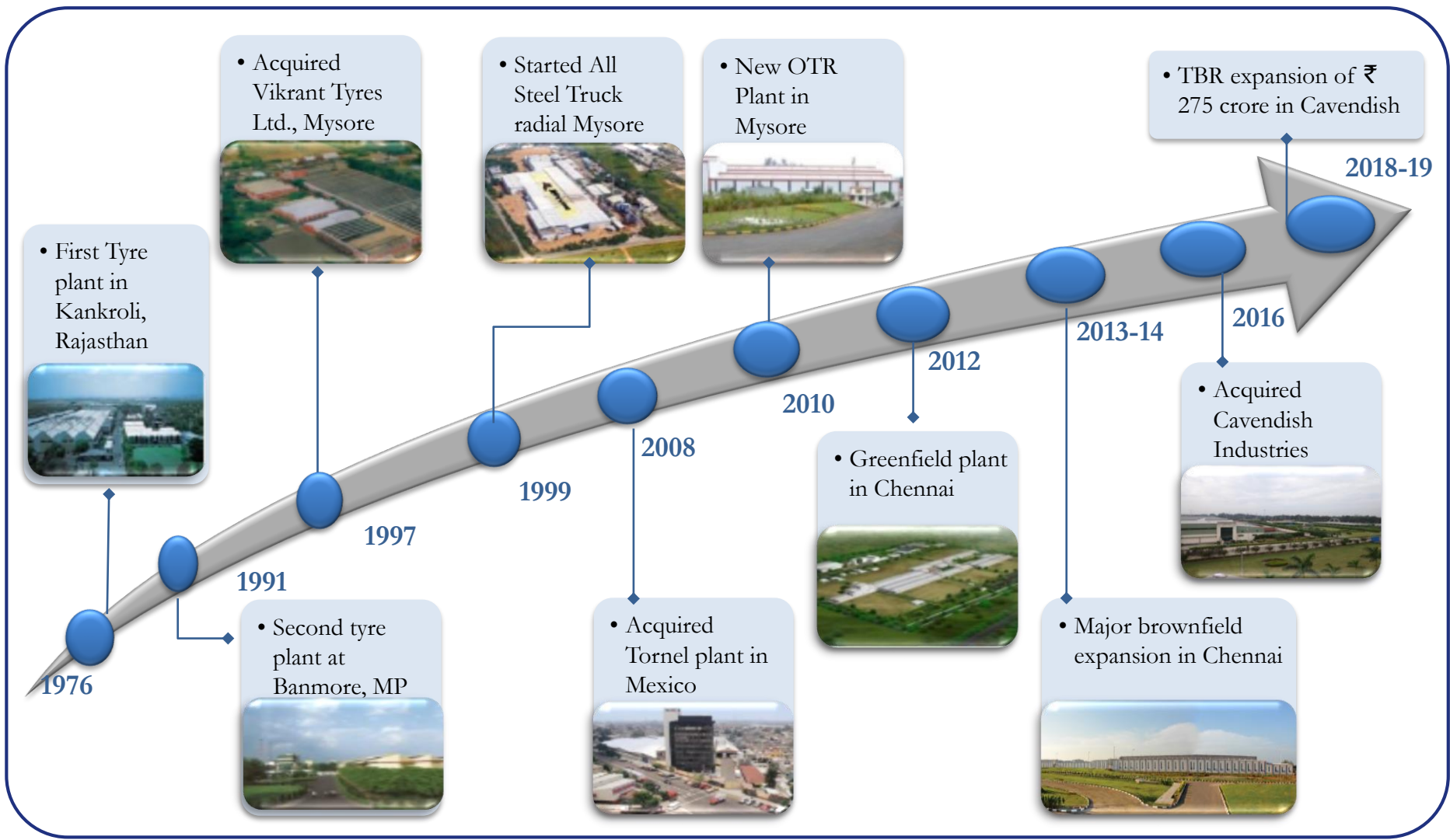
\*JK Tyre along with its subsidiary holds 85% stake in CIL

- Pioneer of radial technology in India and No. 1 in Truck/Bus Radial (TBR) manufacturer with market share of ~30%
- 12 manufacturing plants (9 in India and 3 in Mexico) having total capacity of ~32 million tyres per annum
- Manufactures wide range of products starting from 2 kg (2/3 wheeler) to 3.4 Ton (OTR)
- Brands :     
- Globally among the top five in lowest energy consumption(9.81 GJ/Ton)
- Wide range of Products with presence in over 100 countries.
- Extensive Distribution Network in India, Mexico and many other geographies.
- State-of-the-art centralized R&D Centre at Mysore – “Raghupati Singhania Centre of Excellence (RPSCOE)”
- 1<sup>st</sup> company in India with OE fitment of tubeless passenger radials. Also, 1<sup>st</sup> in India to launch high performance H, V and Z-rated passenger radial tyres
- Awarded 5 star grading by British Safety council, and the prestigious ‘Sword of Honour’ to 8 of our 9 plants for maintaining highest safety standards

A Leading Indian Tyre Manufacturer with over four decades of experience and enjoy leadership position in the industry



# JK Tyre: The Journey So Far



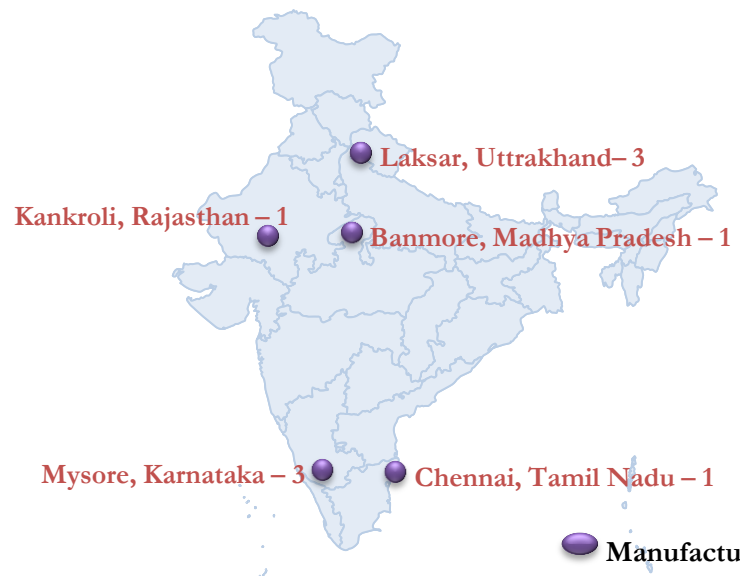
JK Tyre has a Successful Track Record of Turnaround – Vikrant, Tornel & now Cavendish

# Manufacturing Footprint

## Location of Manufacturing Facilities

India

Mexico



Total 12 Manufacturing Facilities with Annual Production Capacity ~32 mn tyres.

S.No.	Product Category	KTP	BTP	VTP	CTP	JK Tyre Standalone	LTP	Mn./ Nos		
								Indian Operation	JK Tornel	Total
1	Truck & Bus Bias	0.8	-	0.7	-	1.5	0.7	2.2	0.3	2.6
2	Truck & Bus Radial	-	-	1.1	1.2	2.3	1.4	3.7	-	3.7
3	Truck & Bus Total	<b>0.8</b>	-	<b>1.8</b>	<b>1.2</b>	<b>3.8</b>	<b>2.1</b>	<b>5.9</b>	<b>3.0</b>	<b>6.3</b>
4	Pass. Line Radial	-	5.0	0.4	4.5	9.9	-	9.9	5.2	15.0
5	2/3 Wheeler	-	-	-	-	-	6.3	6.3	-	6.3
6	Others	1.2	-	0.5	-	1.7	0.7	2.4	2.4	4.8
7	<b>TOTAL</b>	<b>2.0</b>	<b>5.0</b>	<b>2.7</b>	<b>5.7</b>	<b>15.4</b>	<b>9.1</b>	<b>24.5</b>	<b>7.9</b>	<b>32.4</b>



# Industry Overview

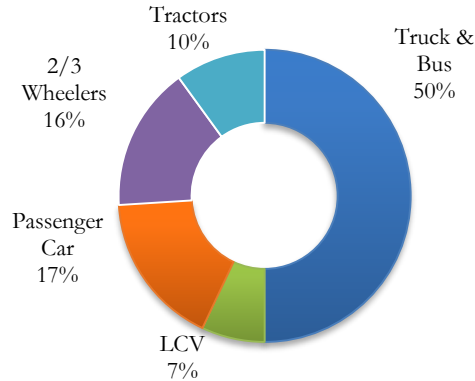
## Indian Tyre Industry Overview

### Overview:

- Indian Tyre Industry generates over ₹63,000 crore in turnover (US\$ 9 bn)
- Commercial Tyre segment (Truck/Bus & LCVs) accounts for ~2/3<sup>rd</sup> (by value) of total tyre market
- Indian exports – about ₹13000 crore (US\$ 1.8 bn) to over 100 countries
- Radialisation key driver for growth (H1FY20):
  - Car Tyres: 99%
  - Truck Tyres: 52% (OEM: 77%)

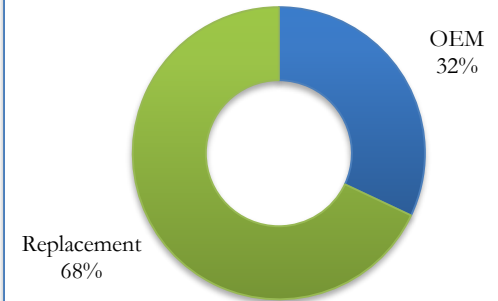
Source ATMA, Internal estimates.

### By Revenue Segment – FY19



Source CRISIL Research report October 2019, demand in tonnage terms

### By End Market – FY19



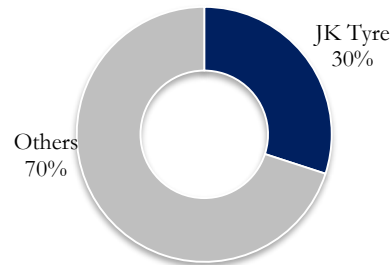
## Domestic Competitive Landscape

### Key Players:

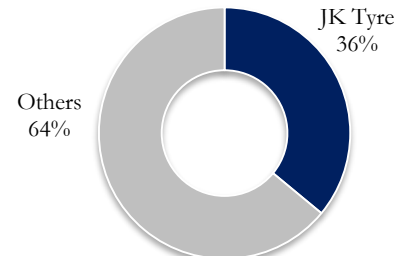
- Indian tyre market comprises of global majors and domestic brands
- Top 5 global tyre players already have a presence in the Indian market
- Top 3 to 4 domestic brands dominate the Indian tyre market



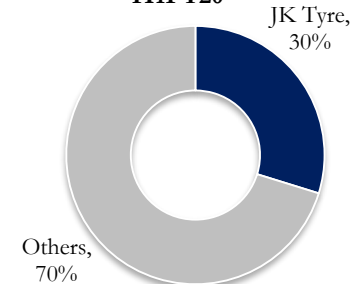
### Truck and Bus Radial (TBR) Market Share<sup>1</sup> – H1FY20



### Light Commercial Vehicle incl SUV (Bias + Radial) Market Share<sup>1</sup> – H1FY20



### Commercial Vehicle<sup>2</sup> (Bias + Radial) Market Share<sup>1</sup> – H1FY20



Note Market share date as per internal estimates.

1. Market share based on Units Sold (Sales Nos).

2. Commercial Vehicle includes MHCV, LCV, SCV (Bias+Radial)

**JK Tyre has highest market share in Commercial Vehicle Tyre**

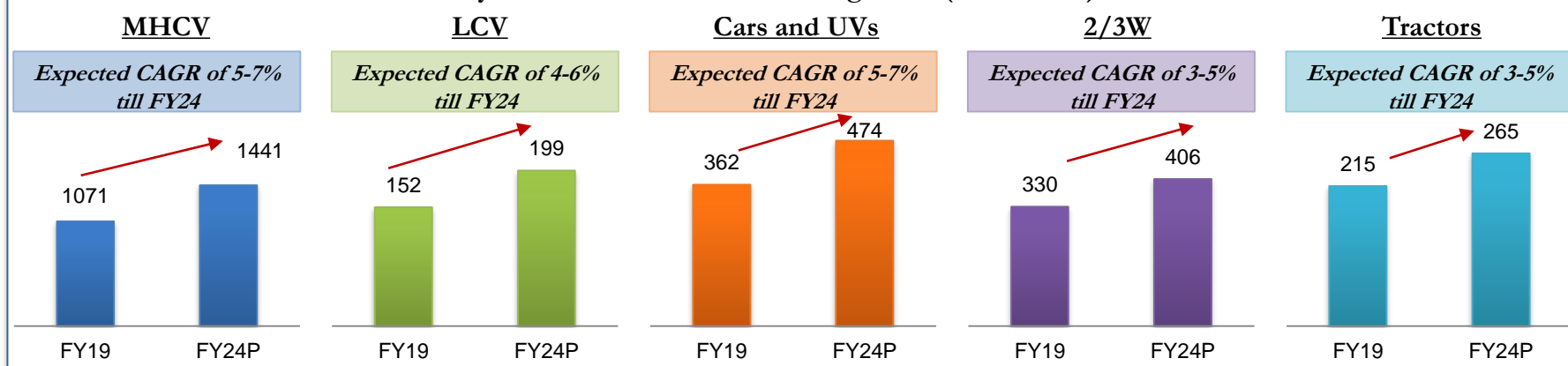


# Industry Outlook FY20

## Indian Tyre Industry Outlook FY20

- Tyre demand is estimated to grow at a slower pace of 3-5%, which is due to decline in MHCV sales subsequent to change in axle norms, which inorganically increased the existing truck Capacity and lowered new truck sales and also muted consumer sentiment in Cars & UV & 2Ws .
- Tyre exports to grow at a of pace of 3-5% on increasing acceptability of Indian tyres.
- Imports to decline by 1-3% on a low base of post 2 consecutive years of double-digit decline due to anti-dumping duty and increase in CVD as well as capacity expansion by domestic players.
- Average utilisation levels is estimated to be at ~70%-75% level.

**Tyre Demand Outlook across Segments (000' tonnes)**

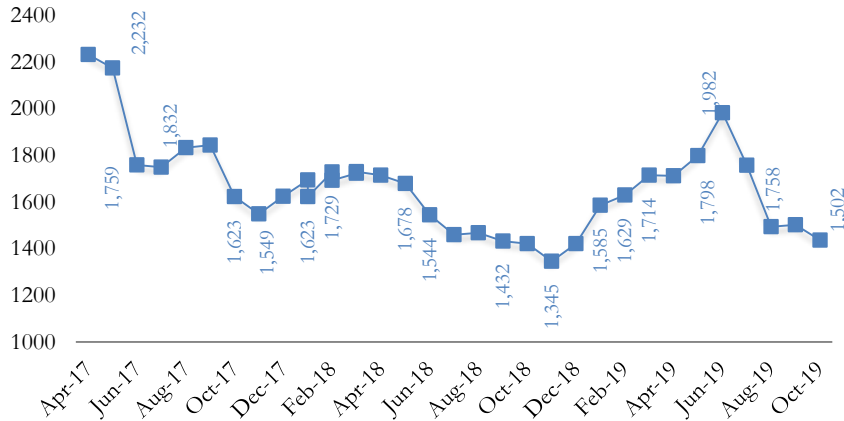


Tyre industry demand is expected to start looking-up from FY2020-2021 onwards.

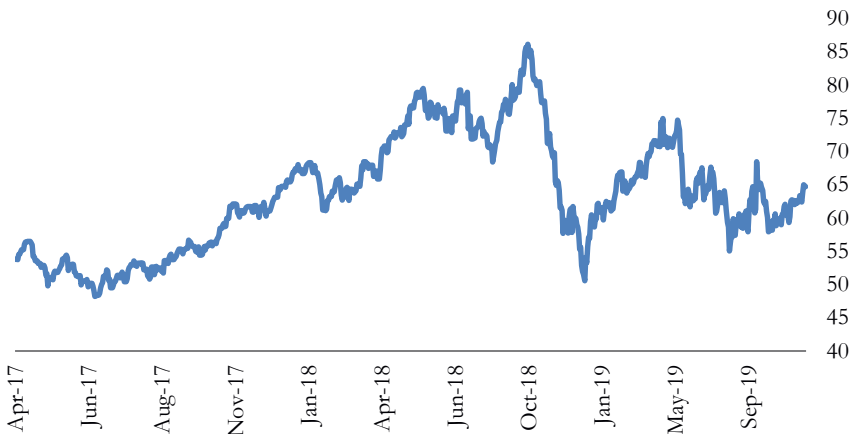
Source CRISIL Research

# Raw Material Price Trend

## Natural Rubber – Price Movement (\$/MT)

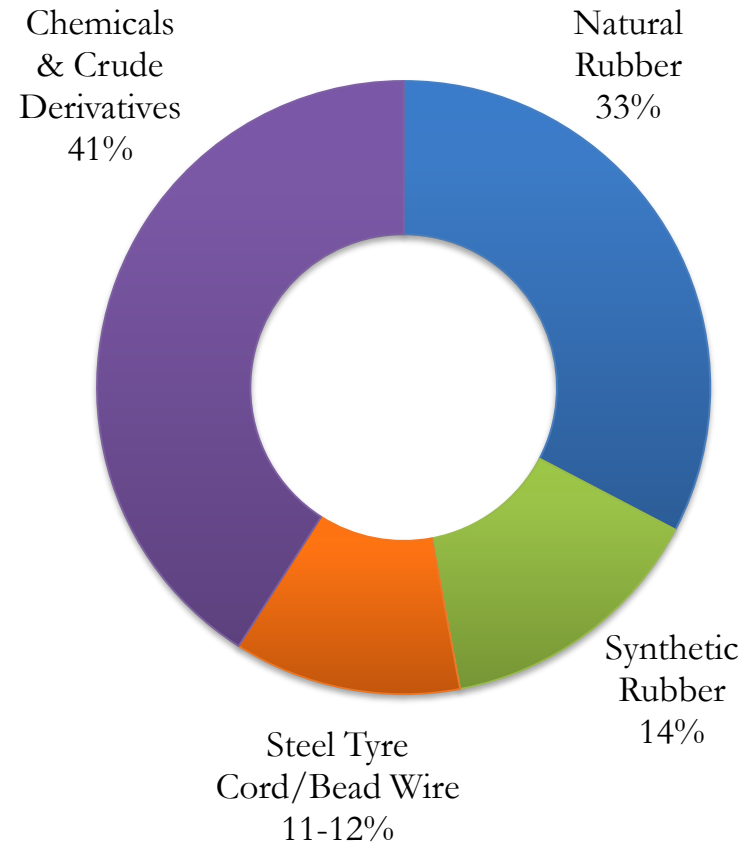


## Brent Crude Oil – Price Movement (\$/barrel)



Source Rubber - SICOM, Brent Crude - Bloomberg., RM Consumption - Company

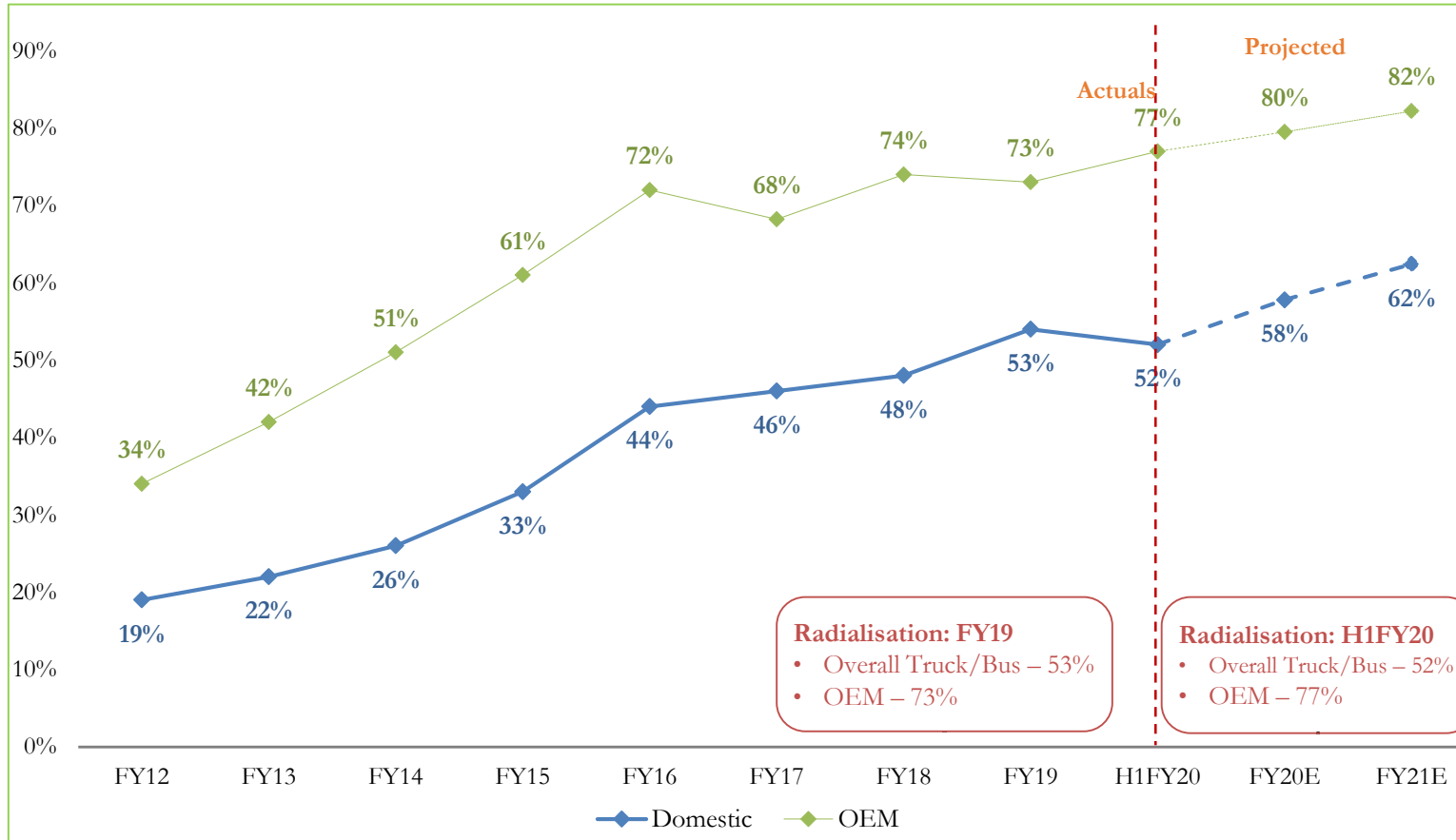
## RM Consumption by Value (H1FY20)





# Truck and Bus Radialisation is Gaining Momentum

## Radialisation (%)



## Key Drivers & Trends

Cost - Benefit Ratio

Road Infrastructure

Overload Control

User Education

Re-treading Infrastructure

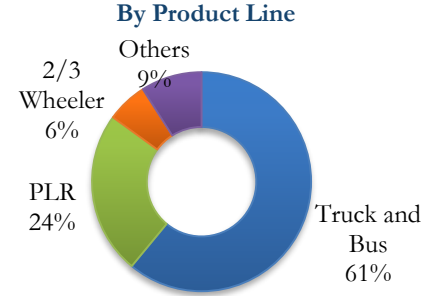
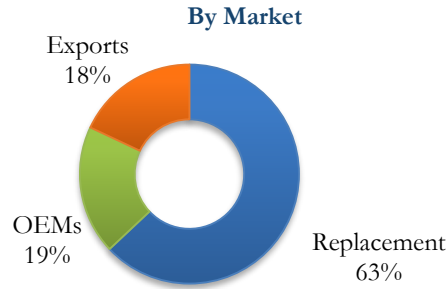
## Radialisation Expected to Drive Indian Tyre Industry Growth

Source SIAM and Industry Reports



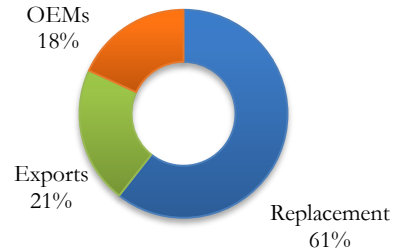
# JK Tyre - Presence Across Product & Market Segments

## By Revenue Segmentation<sup>1</sup> – H1FY20

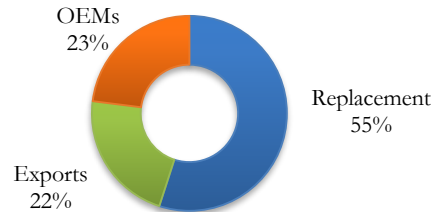


## By Customer Mix<sup>2</sup> – H1FY20

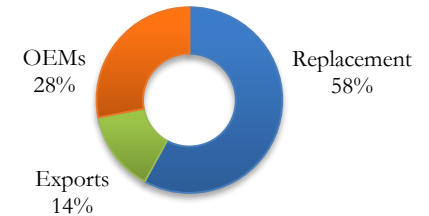
### Truck & Bus (Bias+Radial)



### Truck Radial

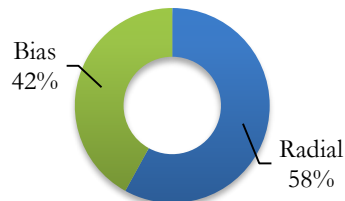


### Passenger Car

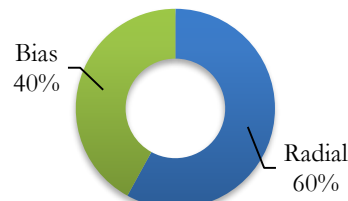


## Shifting Towards Profitable Segments and Radial Tyres<sup>1</sup>

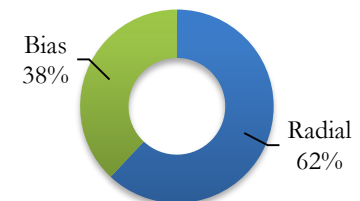
FY16



FY17



H1FY20



**Notes:**

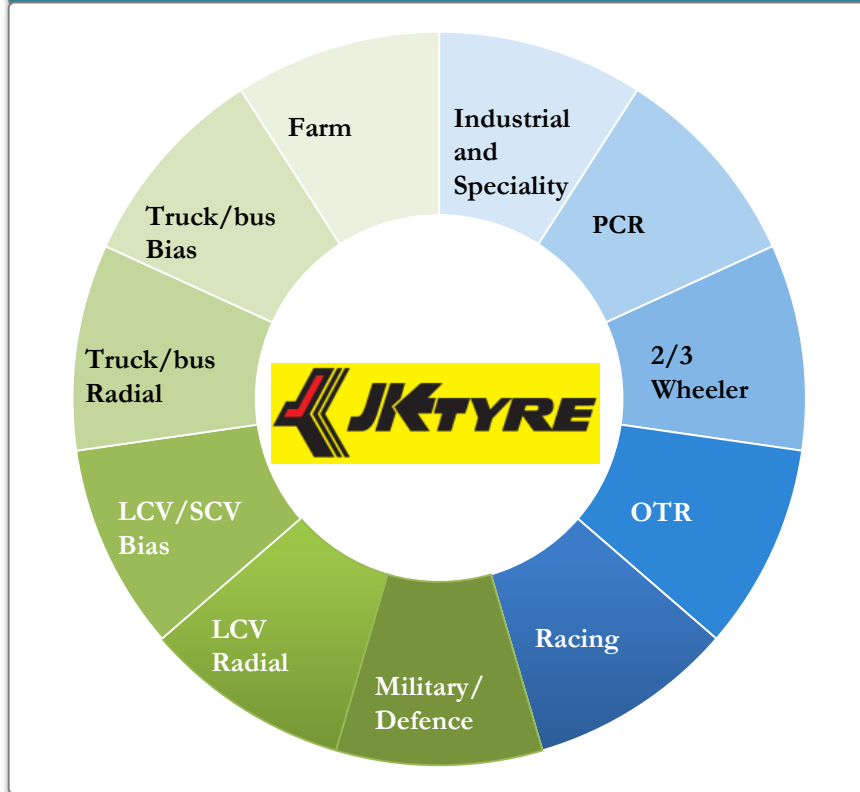
1. Based on total value.
2. Based on total units (nos).



# JK Tyre - Product Portfolio: Moving in Sync with Radialisation

## Truck Radial & Passenger Radial Pose Healthy Growth

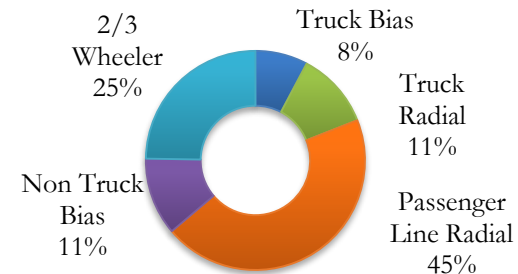
### Wide Product Range



### No. of Tyres Sold (Consolidated)

Particulars (Mn)	H1FY20	FY19	FY18	FY17	FY16
Truck Bias	0.88	2.15	1.91	1.94	1.77
Truck Radial	1.28	2.98	2.52	2.11	1.81
Pass. line Radial	5.09	9.80	8.29	8.25	8.05
Non Truck Bias	1.30	2.89	2.23	2.42	2.27
2/3 Wheeler	2.81	4.36	3.14	1.92	0.04
<b>Total</b>	<b>11.37</b>	<b>22.18</b>	<b>18.09</b>	<b>16.64</b>	<b>13.94</b>
<b>Growth (%)</b>		<b>22%</b>	<b>9%</b>	<b>19%</b>	

### H1FY20 Sales (Nos)



## Complete Product Basket Catering to a Diverse Set of Customer Requirements

# Our Strengths



# Extensive Distribution Network ...

## Indian Distribution Footprint

- ✓ 4,600 Dealers
- ✓ 345 Distributors
- ✓ Tie up with 870 Fleet Operators
- ✓ Tie up with 3 Oil Marketing Companies
- ✓ 140 Sales, Service and Stocking Points
- ✓ 20 Regional Offices

-  • 48 JK Tyre Truck Wheels  
Fully equipped Tyre service centre offering Total Tyre Solutions
-  • 380 JK Tyre Steel Wheels  
Exclusive Passenger Car Tyre Retailing
-  • 143 Xpress Wheels for Small Towns & Semi Urban Markets
-  • 39 JK Re-tread centres for value added services such as re-treading

## Mexico Distribution Footprint

- ✓ 97 Dealers
- ✓ Network of 144 third party dealers/distributors
- ✓ Network of 34 Distributors for Exports

## Presence in Other Geographies

- ✓ 76 Distributors in Middle East and South East Asia
- ✓ 61 Distributors in Africa
- ✓ 60 Distributors in North and Latin America

# Strong R&D Capabilities leading to Product Innovations

## Technology - R&D Centre (RPSCOE):

- Centralized R&D center in Mysore, Karnataka
- Employs more than 350 R&D and Technology personnel
- R&D efforts focused on the field of advanced materials, alternate materials, nanotechnology, process and product simulations, predictive technology, advanced tyre mechanics, etc.
- Greener Technology – Eco-range of products for cars and buses (E-vehicle) fitted with ultra low rolling resistance Tyres.



## New Product Launches in FY2019



- 93 New Products Launched for Domestic and International Markets



- JET XTRA XLM was launched in TBB segment for heavy loading high mileage
- Taxi Max was launched in PCR segment for very high mileage






- New 44 Products Launched in 2/3 Wheeler category to cater to high end bikes in the Indian market
- Launched Blaze X-AT for US market.



India's Biggest Anechoic chamber for Noise and Vibration Analysis capable to test all tyres including truck tyres.

R&D activities aimed at offering technologically advanced products to gain higher market share and enhanced profitability

# Innovative Product Launched across product segments (1/2)

Product Segment	Description		Features
<b>Truck Bus Radial</b>	JUH XF & JDH XF		<ul style="list-style-type: none"> <li>- Fuel saver technology design</li> <li>- Low RRC &amp; Low Noise</li> <li>- High mileage</li> </ul>
<b>Passenger Car Radial</b>	Levitas (Premium, High End, UHP Range for Mercedes, Audi, BMW, Jagaur)		<ul style="list-style-type: none"> <li>- Ultra High performance at 270kmph &amp; 300kmph</li> <li>- Short braking distances and high cornering stability</li> <li>- Superior safety in wet conditions</li> <li>- Better traction, ride comfort &amp; Noise levels</li> </ul>
	Taximax – 1Lac Km tyre		<ul style="list-style-type: none"> <li>- Very high tyre mileage</li> <li>- Excellent durability</li> <li>- Superior grip &amp; braking</li> <li>- Unique design for reduced vibration &amp; noise</li> </ul>

## Innovative Product Launched across product segments (2/2)

Product Segment	Description		Features
2/3 wheelers	Blaze (with diverse variants)		<ul style="list-style-type: none"> <li>- High Speed Stability &amp; Performance</li> <li>- Better Ride Comfort &amp; Smooth Cornering</li> <li>- High Fuel Efficiency</li> <li>- Ensures Less Tread Rubber Shuffling</li> <li>- Better Traction on ON &amp; OFF Road Application</li> </ul>
Farm	Shresth		<ul style="list-style-type: none"> <li>- Step-lug design with Superior dimensions</li> <li>- Superior tread depth</li> <li>- Extra strong casing</li> <li>- Step-lug technology</li> <li>- High load carrying capacity</li> <li>- Provide even wear</li> <li>- Better traction and long life</li> <li>- Better control and good performance &amp; aesthetics</li> </ul>



# Strong OEM Relationships: Industry Leading Partners

Car	Truck	Tractor	OTR
<ul style="list-style-type: none"> <li>• Maruti Suzuki</li> <li>• TATA Motors</li> <li>• Mahindra &amp; Mahindra</li> <li>• Honda Cars</li> <li>• Force Motors</li> </ul>	<ul style="list-style-type: none"> <li>• TATA Motors</li> <li>• Mahindra &amp; Mahindra</li> <li>• Ashok Leyland</li> <li>• Volvo Eicher</li> <li>• Volvo</li> <li>• MAN</li> </ul>	<ul style="list-style-type: none"> <li>• TAFE</li> <li>• Mahindra &amp; Mahindra</li> <li>• Captain</li> <li>• Escorts</li> </ul>	<ul style="list-style-type: none"> <li>• BEML</li> <li>• Caterpillar</li> <li>• L&amp;T Construction</li> <li>• Tractors India</li> <li>• TATA Hitachi</li> <li>• JCB</li> <li>• SANY</li> </ul>
<p>India/Mexico</p> <ul style="list-style-type: none"> <li>• Renault</li> <li>• Volkswagen</li> <li>• FIAT</li> </ul>	<p>JK Tornel, Mexico – LTR</p> <ul style="list-style-type: none"> <li>• Nissan</li> </ul>	<p>India/Mexico</p> <ul style="list-style-type: none"> <li>• John Deere</li> </ul>	<p>2/3 Wheelers</p> <ul style="list-style-type: none"> <li>• Hero MotoCorp</li> <li>• Bajaj Auto</li> </ul>
<p>JK Tornel, Mexico</p> <ul style="list-style-type: none"> <li>• Chrysler</li> </ul>		<p>JK Tornel Mexico</p> <ul style="list-style-type: none"> <li>• Case New Holland</li> </ul>	

# Experienced Management with a Committed Employee Base



**Dr. Raghupati Singhania**  
*Chairman &  
Managing Director*



**Anshuman Singhania**  
*Dy. Managing Director*



**Arun K. Bajoria**  
*Director & President –  
International Operations*



**A. K. Kinra**  
*Financial Advisor*



**Sanjeev Aggarwal**  
*CFO*



**V. K. Misra**  
*Technical Director*



**Praveen Chaudhury**  
*Chief Operating Officer –  
JK TORNEL*



**Dr. R. Mukhopadhyay**  
*Director (R&D)*



**A. K. Makkar**  
*Manufacturing Director*



**Srinivasu Allaphan**  
*Sales & Marketing Director*



**Ashish Pandey**  
*VP–Materials*



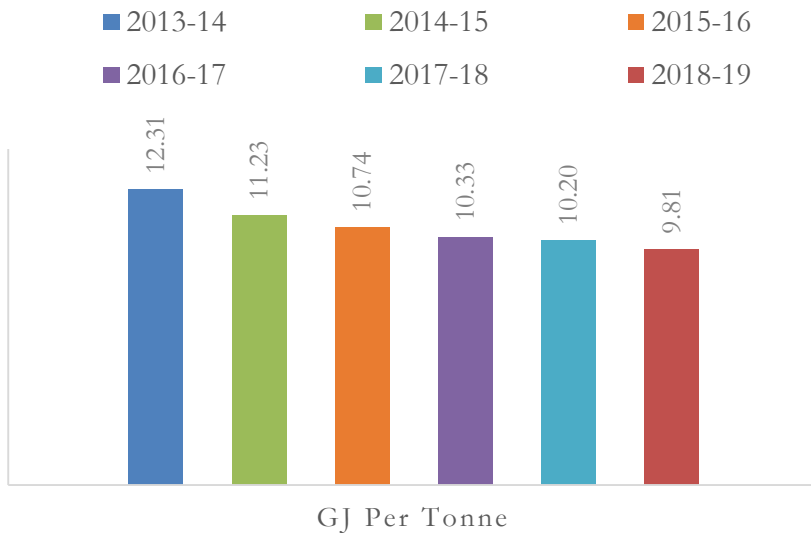
**Bharat Aggarwal**  
*Head– International Trade*



**K. H. Prasad**  
*VP – CAVENDISH*

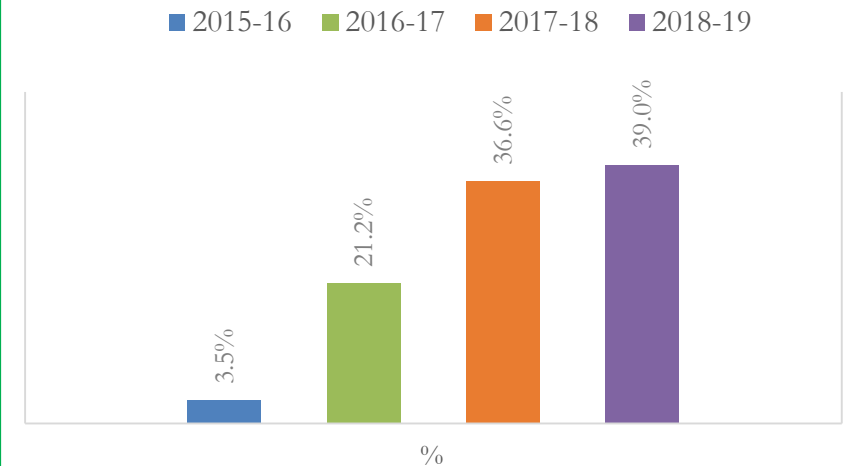
# We constantly strive to strengthen the culture of manufacturing excellence (1/2)

## Energy consumption, in GJ per tonne



- Lowest energy consumption at 9.81GJ/tonne of production
- Amongst top five globally in lowest energy consumption

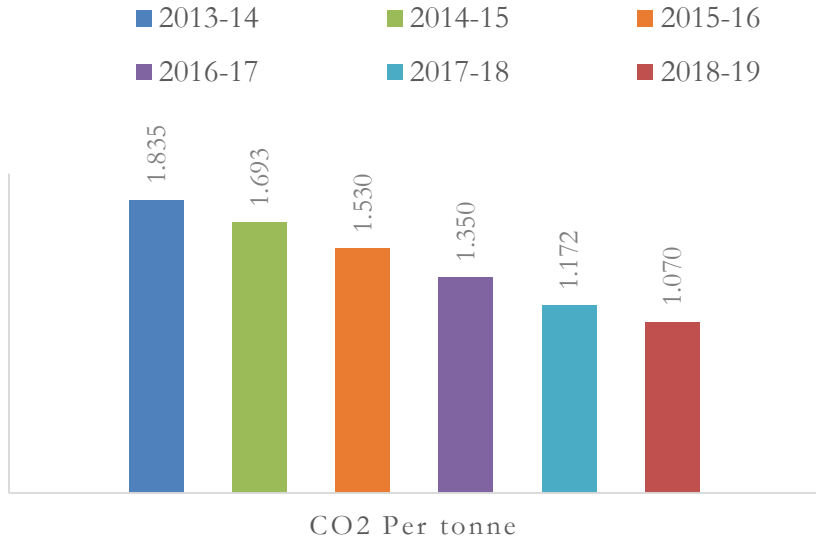
## Contribution of renewable power in total power consumption, in %



- In FY19 ~39% of power requirement was from solar and wind power sources
- Target to achieve 50% of power requirements from captive renewable sources

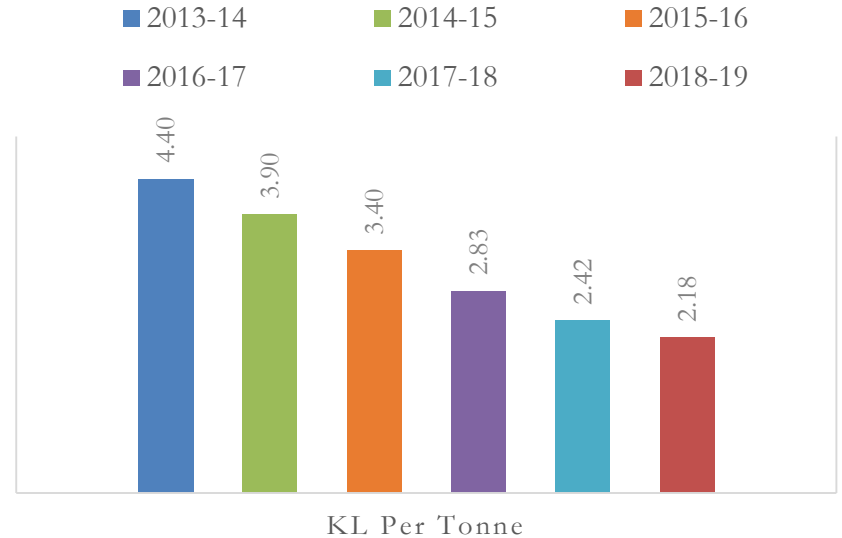
# We constantly strive to strengthen the culture of manufacturing excellence (2/2)

## Emission Intensity (CO<sub>2</sub> per tonne)



- First Indian tyre company to have certified CFV as per IS standard
- Achieved reduction of 43% in GHG emission over base year (2013-14)

## Water Consumption Trend (KL per tonne)



- Most water efficient plant globally for lowest water usage
- Secured many national awards for best water management

# “Smart Tyre” technology help to increase tyre life and fuel efficiency

## Smart Tyre

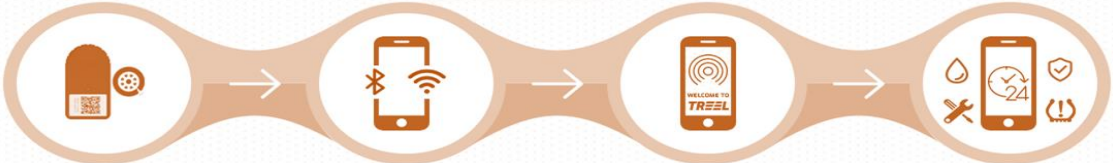
- Recently acquired smart tyre technology start-up to revolutionise Indian tyre market – First in India to launch Tyre Pressure Monitoring System (TPMS) based on sensor technology.

## Key features and benefits

- Reduces fuel bills by increasing fuel efficiency
- Reduces breakdowns
- Enhances tyre life
- Enables real time mobile application based alerts for inflation & temperature breaches
- Offers real time asset tracking to avoid tyre theft



## How does it work?



### Step 1

Our inbuilt smart tyre sensors detect a change in tyre pressure or temperature

### Step 2

A signal is wirelessly sent to your Treetl care app

### Step 3

These alerts are instantly displayed on the screen

### Step 4

The Treetl care app also gives you complete control of other vehicle maintenance features



# Our "green tyre" technology increases fuel efficiency thereby conserving natural resources

## About green tyres

- Use earth-friendly materials leading to reduced emissions and increased tyre life-cycle
- Offer reduced rolling resistance (RRC) of up to 40% - today we have one of the lowest rolling resistance Tyre in supply
- No compromise in safety - globally benchmarked and certified by European test agency (ECE R117)



We currently offer tyres with 7.6 RRC with a target of 6.5 RRC by 2020



Green technology showcases our commitment and practices towards a greener earth.

# CSR Initiatives: Inclusive Growth Approach



## Livelihood Enhancement

Skill building trainings, Self Help Groups, agricultural improvement & livestock development



## Education

Adult literacy programs in remote villages (over 50,000 beneficiaries) & Mysuru prison (over 5,000), Adoption of ITT's (500 per annum) and schools, road safety awareness; Lakshmiapat Singhanian school in Jaykaygram (1,600 Students)



## Healthcare & Sanitation

HIV/ AIDS prevention program, Reproductive and child health care program "Parivartan", Health camps & eye camps, toilets construction under Swachh Bharat Mission & Pushphawati Singhanian Research Institute



## Water Conservation & Environment

Construction/de-silting of water tanks (20 tanks desilted benefiting >5,000 farmers) & farm ponds (25 ponds excavated), field bunding (over 500 acres completed) and plantation



# Growth Strategy Going Forward (1/2)





## Growth Strategy Going Forward (2/2)

### Strengthen Market Position across Segments

- Focus on increasing volumes across all product segment in replacement and export segment.
- Expanding distribution channel through exclusive brand shops across PAN India to gain market share.

### Increase Global Business Share

- Enhancing geographical reach in Europe, Australia and South Africa with wide product range.
- Technologically advanced and eco-friendly tyres in line with market requirements.
- Dedicated domain experts for OHT/2W tyres to handle export markets

### Deleverage Balance Sheet

- Structured repayments - 39% debt reduction in next 3 years
- Reduction in borrowings through improved profitability

### Derive benefit from CIL acquisition

- Low cost acquisition in comparison to new greenfield project.
- Strategic entry to 2/3 wheelers segment
- Substantial enhanced capacity across all product segments.

### New Product Development through Focus on R&D

- Launching eco range of products for cars and buses (E-vehicle) fitted with ultra low rolling resistance Tyres in domestic and export marketplace.

All above efforts will lead to higher volumes and improved profitability

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# Thank you

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# Acquisition History : Tormel & Cavendish



## Acquisition Overview

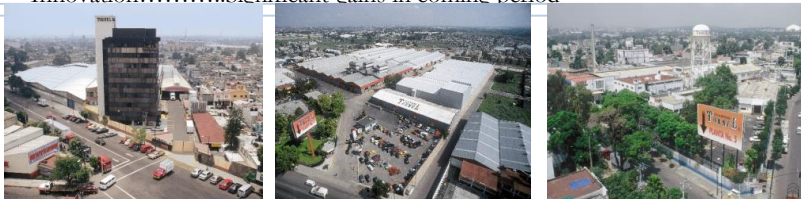
- Acquired in 2008, well established tyre company in Mexico
- **3 tyre manufacturing plants** in Mexico (Azcapotzalco, Tultitlan and Hidalgo) with a combined annual **capacity of 7.9 mn tyres**
- Wide product range of Passenger Car Radial, Truck Bias, Light Truck Radial, Farm Tyres And Industrial Tyres

## Deal Rationale

- Free **access to NAFTA** and other trade blocks
- Expands JK Tyres global footprint
- Low cost acquisition of additional capacity
- Greater access to North America and emerging Latin America markets, where JK Tyre is already exporting substantial quantities

## Turnaround

- Turnaround of operations in first year of acquisition
- Improved plant efficiencies
- Enhanced market share across all products
- Truck Radial (Outsourced)
- **Entered Chrysler, Nissan (Car / Light Truck Radial), John Deere (Farm) & Case New Holland**
- Recently implemented a Labour Restructuring Scheme – A Disruptive Innovation.....Significant gains in coming period



## Acquisition Overview

- Acquired in April 2016
- State-of-the-art established tyre plant, earlier part of Kesoram Industries
- Wide product range of TBB / TBR tyres, 2-3W tyres, tractor tyres, and tubes & flaps
- Plant located at Laksar (Haridwar) with annual **capacity of 9.1 mn tyres**

## Deal Rationale

- Acquisition of Laksar plant provided additional TBR and other capacities
- Benefits of excise duty exemption till FY20
- Enabled strategic **entry into 2/3 Wheeler Category**

## Poised for Growth

- Laksar plant an excise benefit zone – **excise exemption of 10 years (up to 2020)**
- Operational turnaround in 1st year of acquisition
- **Launched Blaze** – premium 2/3 wheeler tyre
- Well received and volumes increasing month by month

