



Investor Presentation

December 2017



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1 JK Group: A Snapshot

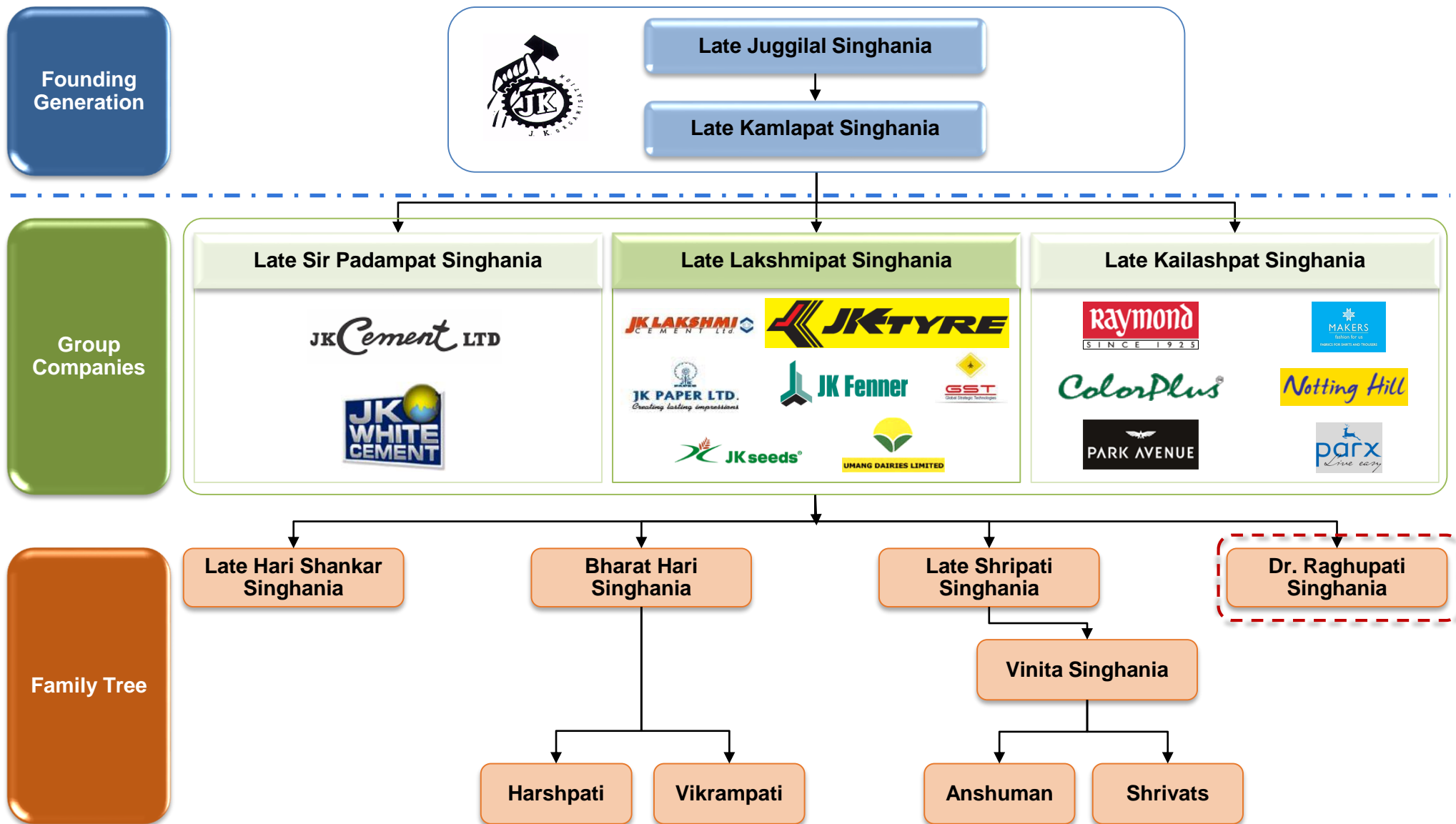
2 Indian Tyre Industry Outlook

3 JK Tyre: An Overview

4 JK Tyre: Future Ready



JK Group – Organization Structure & Family Tree



Founded over a 100 years ago, JK Group is one of the most eminent and leading industrial groups in India




JK Tyre & Industries: An Overview

JK Group Overview



Leading Cement manufacturer in Northern India

Revenue¹ (₹ Crs.) 3289
M Cap² (₹ Crs.) 4845



Pioneered Steel Belted Radial Tyres in India

Revenue¹ (₹ Crs.) 8318
M Cap² (₹ Crs.) 3090



Largest Manufacturer of Branded Copier Paper in India

Revenue¹ (₹ Crs.) 2989
M Cap² (₹ Crs.) 1970




Leading Hybrid Seed Company in India

Revenue¹ (₹ Crs.) 193
M Cap² (₹ Crs.) 425



Pioneered Mechanical Power Transmission products in India

Revenue¹ (₹ Crs.) 779



Leading Dairy company in India


Revenue¹ (₹ Crs.) 947
M Cap² (₹ Crs.) 156



Hospital & Health



Defence Electronics






Education

Notes:

- Gross Sales and Operating Income for FY ending March 2017.
- As of 6th Dec 2017

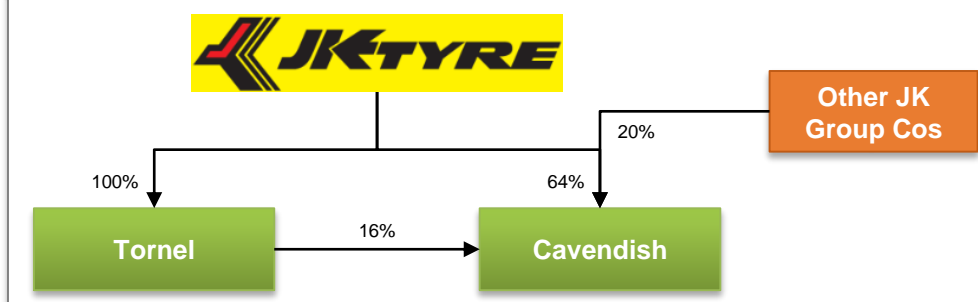
JK Tyre: Business Overview

- Established tyre business in 1976, JK Tyres is the **No. 1 in Truck and Bus Radial (TBR) tyre manufacturer in India with highest market share¹**
- Global Brands:**   
- Ranked as the 22nd largest tyre manufacturing company globally**
- Annual capacity of **32mn Tyres with 12 manufacturing plants** globally
- Wide range of products with a presence in over 105 countries
- 1st Indian tyre company** to have **verified Carbon Footprint** as per IS-14064
- Among the **top 4 energy efficient tyre companies** in the world (10.3Gj/Ton)
- One of the world's lowest consumers of water** per ton of tyre manufactured (2.8 cu.m/Ton)
- Vast distribution and service network with over 4,000 dealers in India

Notes:

- Based on internal estimates of units sold.

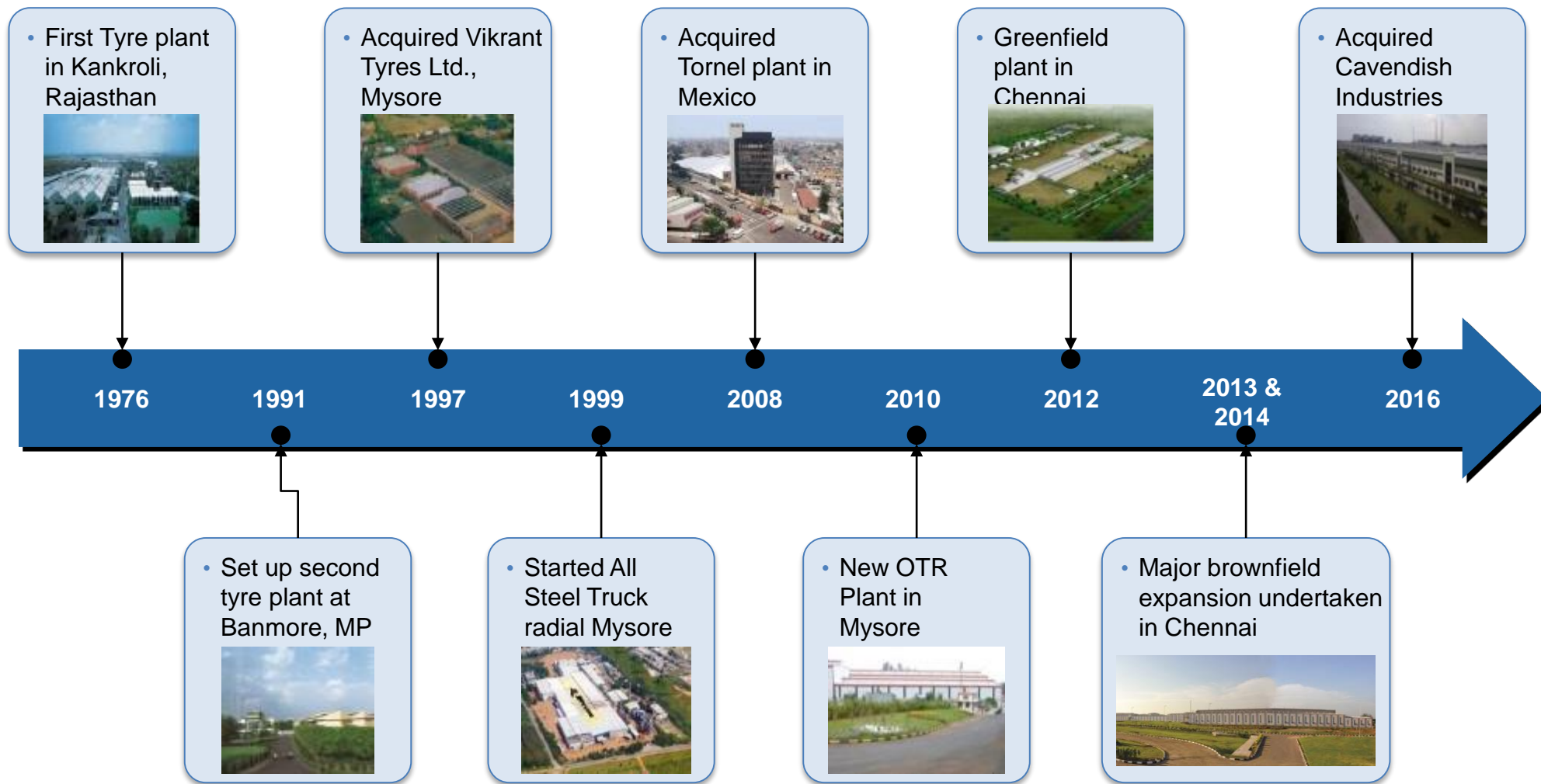
Corporate Structure



Indian Powerhouse in the Tyre Industry Spreading its Wings Domestically and Internationally



The Journey So Far: Key Milestones



JK Tyres has Maintained a Strong Track Record of Organic and Inorganic Growth over Time



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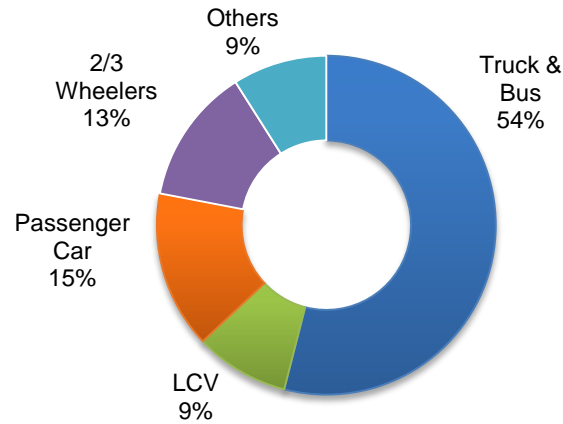
Industry Overview

Indian Tyre Industry Overview

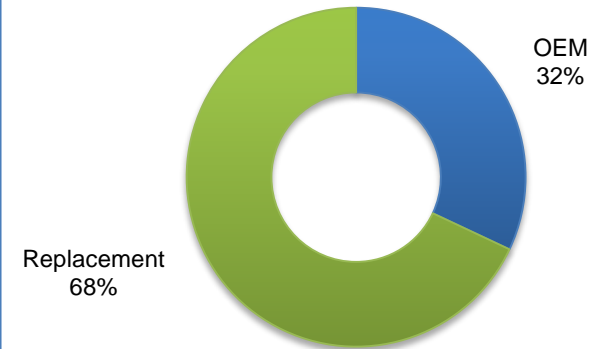
Overview:

- Indian Tyre Industry generates over US\$ 8.0 bn in turnover
- Commercial Tyre segment (Truck/Bus & LCVs) accounts for ~2/3rd (by value) of total tyre market
- Indian exports – c. US\$ 1.7 bn to over 100 countries
- Radialisation key driver for growth:
 - Car Tyres: 98%
 - Truck Tyres: 47% (OEM: 74%)

By Revenue Segment – FY17



By End Market – FY17



Source: Industry Reports and SIAM.

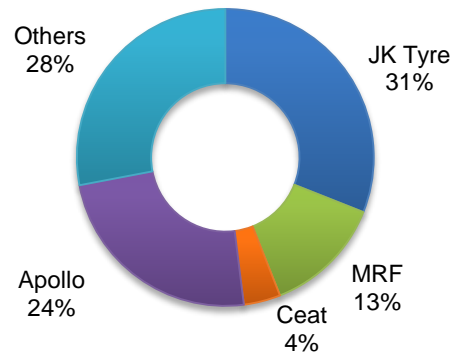
Domestic Competitive Landscape

Key Players:

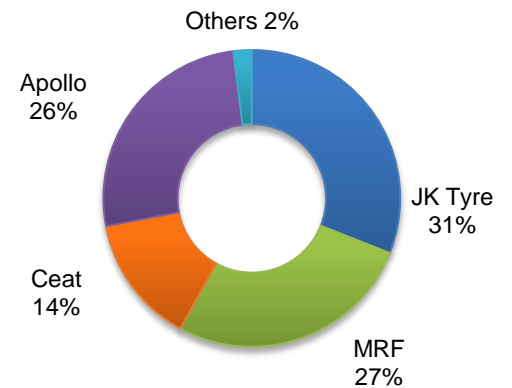
- Indian tyre market comprises of global majors and domestic brands
- Top 5 global tyre players already have a presence in the Indian market
- Top 3 to 4 domestic brands dominate the Indian tyre market



Truck and Bus Radial (TBR) Market Share¹ – FY17



Light Commercial Vehicle incl SUV (Bias + Radial) Market Share¹ – FY17



Note
1. Market share data as per internal estimates.
Market share based on Units Sold (Sales Nos).

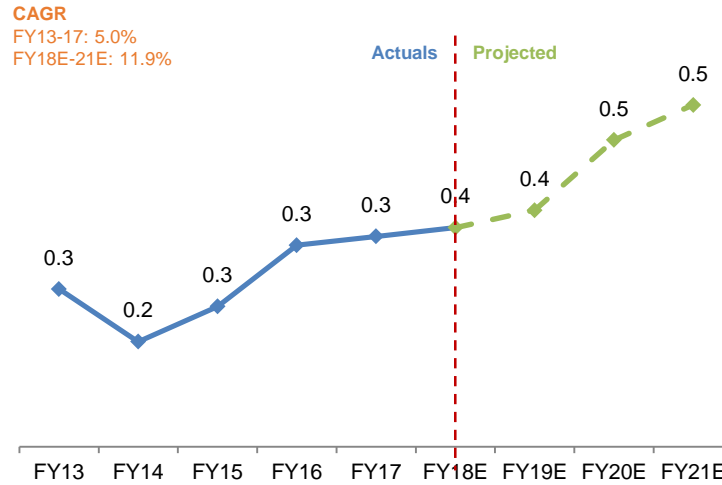


Robust Domestic Demand Across Segments

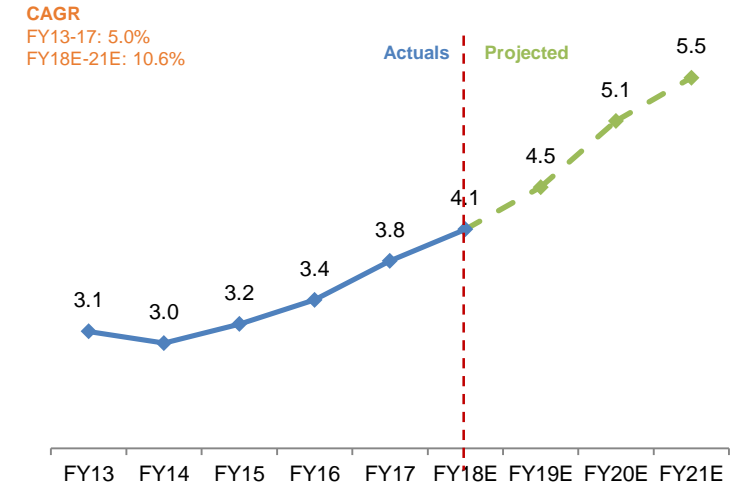
Key Drivers & Trends

- India has grown and emerged over time as a 'Small Car' hub
- Growing vehicle base a leading factor
- Increasing number of International auto brands now manufactured in India
- Rising disposable income has increased the propensity to purchase personal vehicles
- Government thrust on agriculture and rural development to drive tractor sales
- Better monsoons expected in the current year as well – making it 2 years in a row
- Younger demographics a key factor propelling growth amongst the smaller segments
- Lower and stable fuel prices have increased affordability
- MUV sales increasing at a faster pace due to increasing rural income

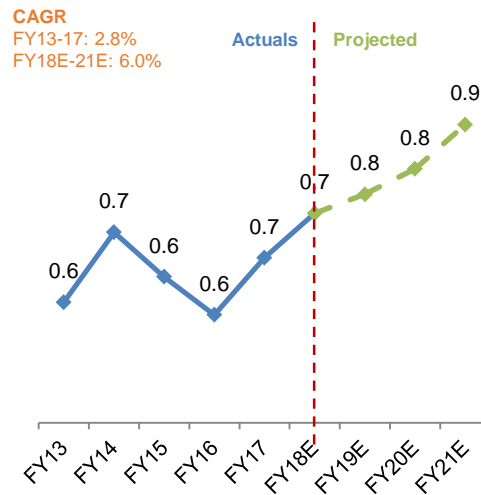
Truck and Bus Sales¹ (Mn)



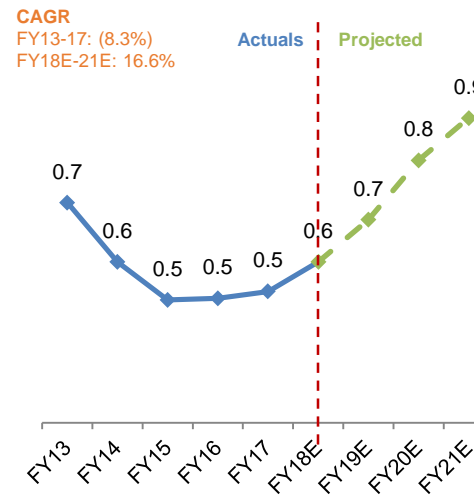
PV Sales¹ (Mn)



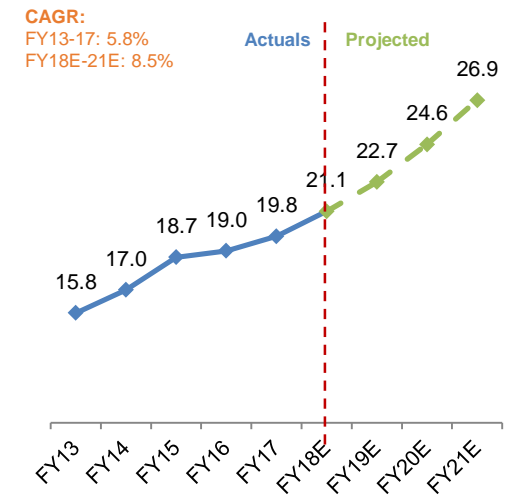
Tractor Sales (Mn)



Light Commercial Vehicles¹ (Mn)



2 & 3 Wheeler Sales (Mn)



Source: SIAM.

1. Light Commercial Vehicles (LCV) data also includes Small Commercial Vehicles, a sub-segment of LCV.

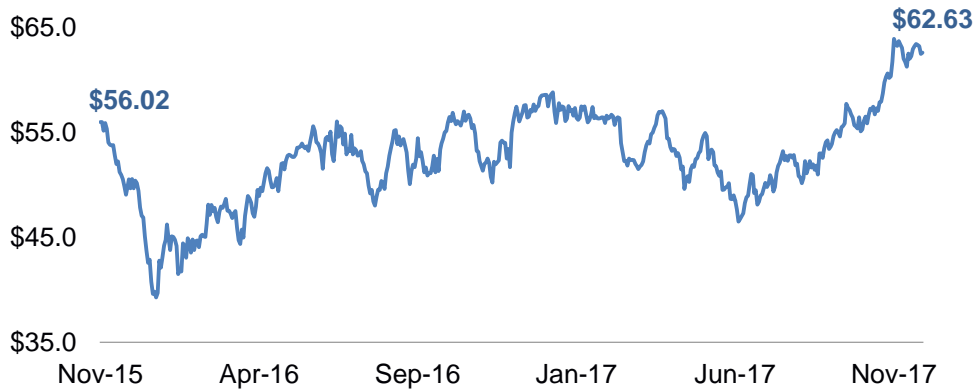


Raw Material Price Trend

Natural Rubber – Price Movement (Last two years)

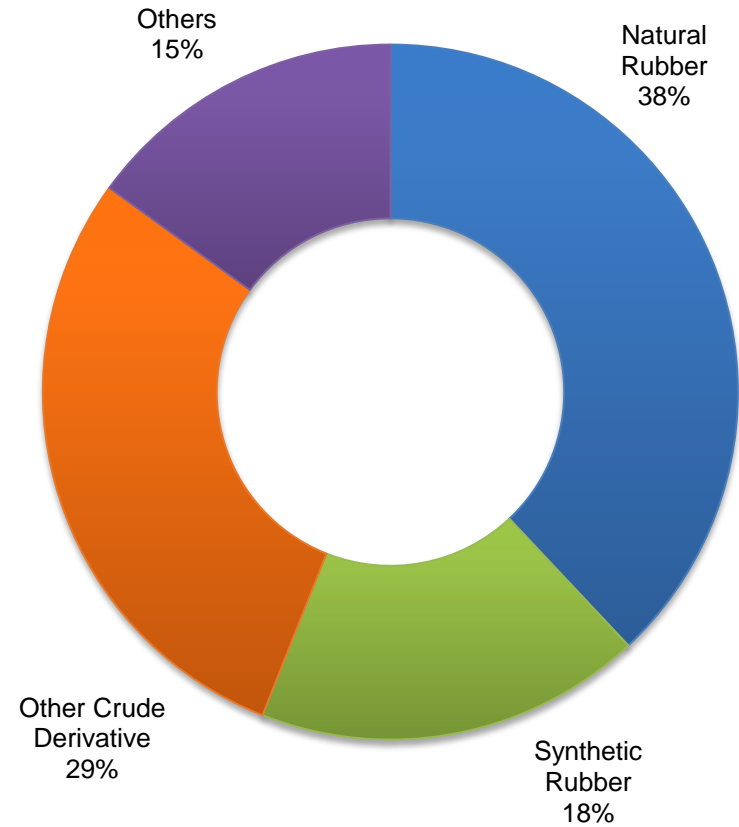


Brent Crude Oil – Price Movement (Last two years)
(US\$ / Bbl)



Source Bloomberg, Company

RM Consumption by Value (FY17)



Truck and Bus Radialisation is Gaining Momentum

Key Drivers & Trends

Cost - Benefit Ratio

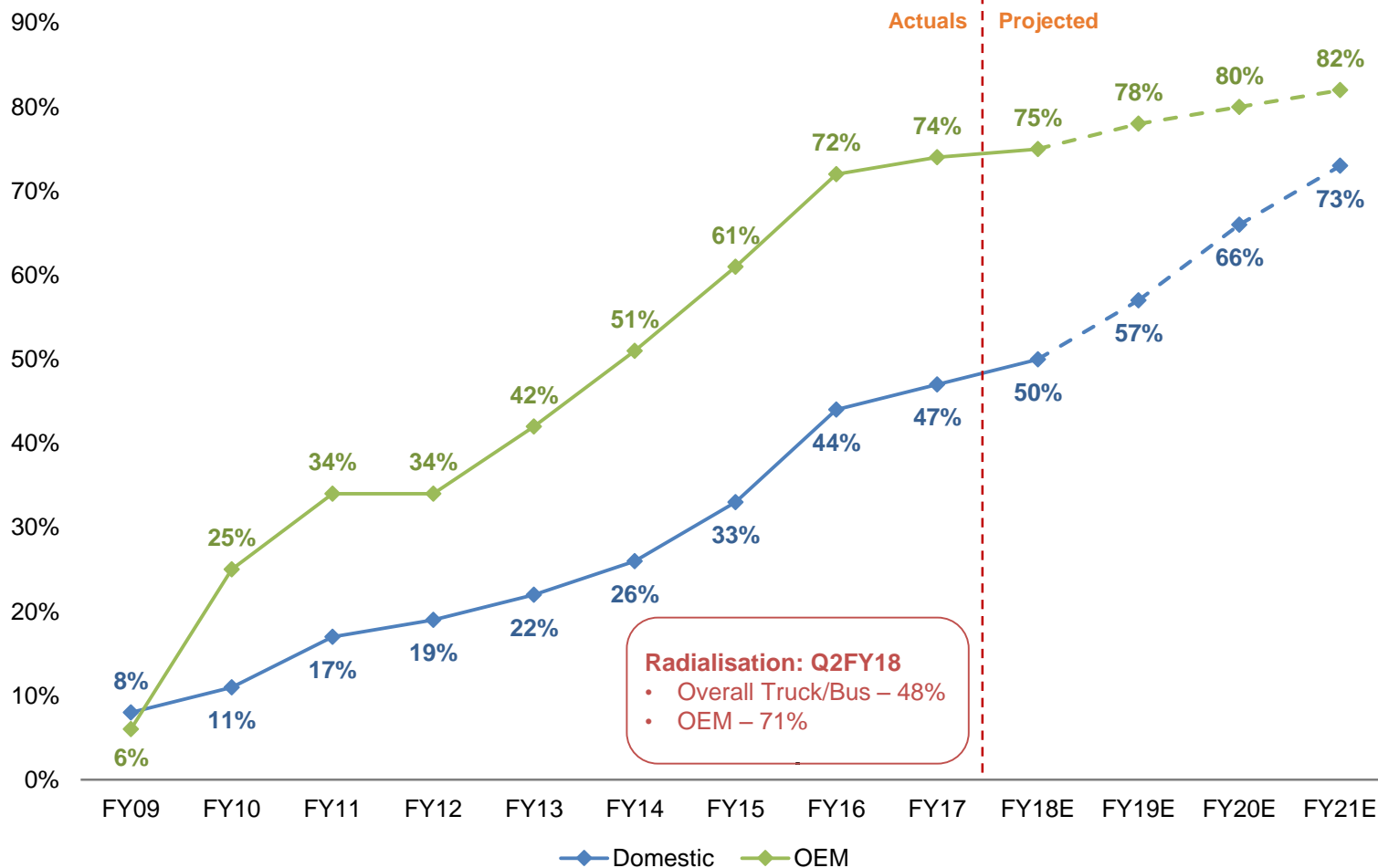
Road Development

Overload Control

User Education

Re-treading Infrastructure

Radialisation (%)



Radialisation Expected to Drive Future Indian Tyre Industry Growth

Source: SIAM and Industry Reports. Financial year ended March 31.



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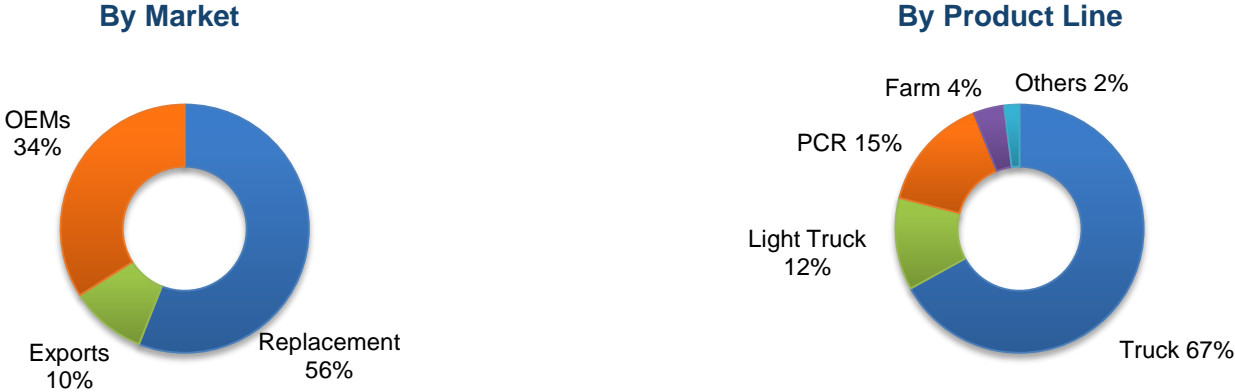
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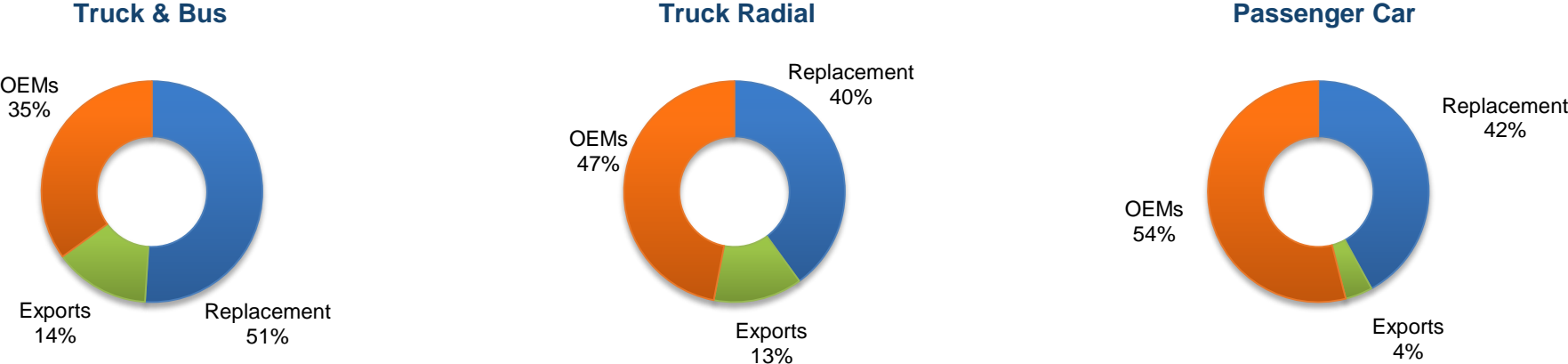


Leading Indian Tyre Manufacturer: Presence Across Product Segments

By Revenue Segmentation¹ – FY 17



By Customer Mix² – FY 17



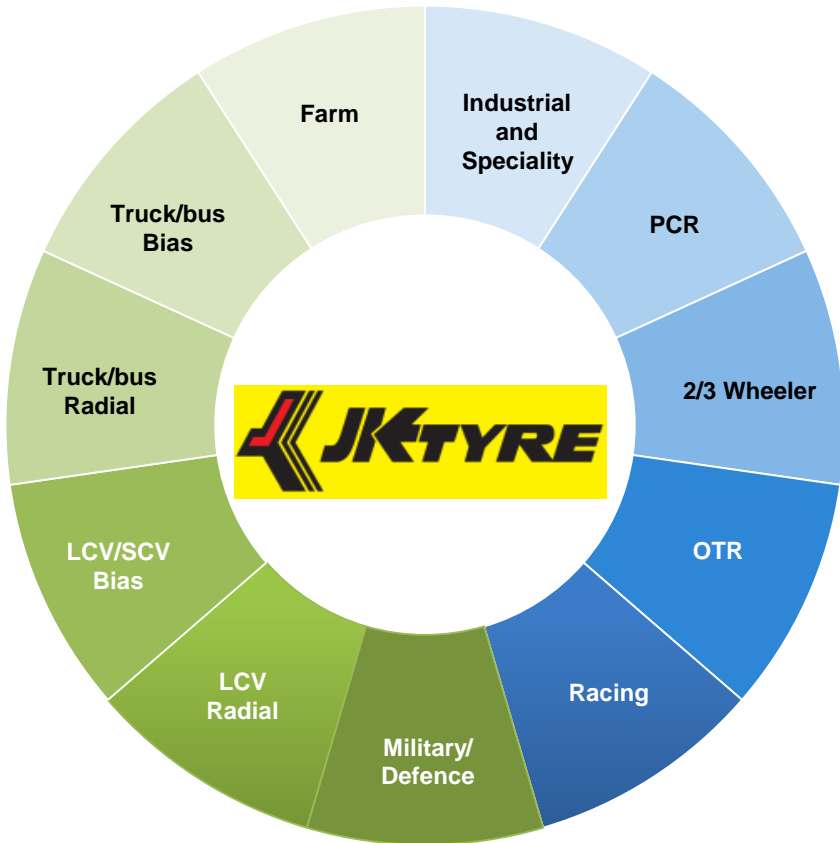
Gradual Shift Towards Profitable Segments and Radial Tyres

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

Product Portfolio: Moving in Sync with Radialisation

Truck Radial & Passenger Radial Pose Healthy Growth

Wide Product Range

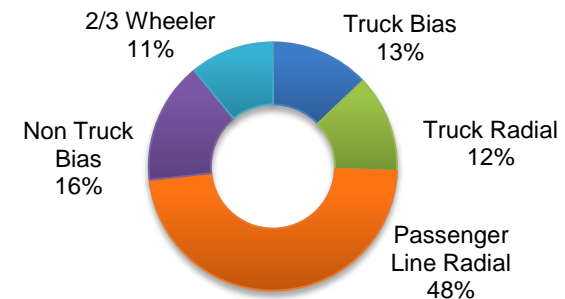


No. of Tyres Sold (Consolidated)

Particulars (Mn)	FY17	FY16	FY15
Truck Bias	2.24	1.77	2.08
Truck Radial	2.21	1.82	1.53
Passenger line Radial	8.30	8.07	7.75
Non Truck Bias ¹	2.75	2.32	2.41
2/3 Wheeler	1.90	-	-
Total	17.40	13.98	13.77

1. Includes LCV, Car, Farm -Bias & OTR
 Note: FY ending March 31

FY17 Sales (Nos)



Complete Product Basket Catering to a Diverse Set of Customer Requirements



Product Portfolio: Innovative Offerings

Innovation at its Best : Smart Way Tyres



Complies with stringent fuel efficiency requirements by US Government



JUH

Qualified Sizes

- ✓ 11R22.5
- ✓ 11R24.5



JUL2+

Qualified Sizes

- ✓ 285/75R22.5
- ✓ 285/75R24.5



JUX

Qualified Sizes

- ✓ 11R22.5

Notes:

1. Based on internal estimates.

Innovative Products, New Materials for Greener Products & Processes



Polymers: Reduce rolling resistance to improve fuel efficiency



Fillers: Development of new grades for better durability and fuel efficiency



New generation tyre reinforcing cord development for improved tyre handling, retreadability and rolling resistance



Special clay development, natural fillers and specialty resins to improve durability and traction



Non fossil fuel based processing aids for improved tyre performance



Steel Belted Rear Tractor Tyres – 1st in India¹
(Puncture Proof)



Truck Racing Radial Tyres – 1st in India¹



Largest OTR Tyre in India – 1st in India¹



Collapsible Spare Development – 1st in India¹



Introduced High Value Engineered Products with best-in-class performance in TBB & TBR (Challenger Series)

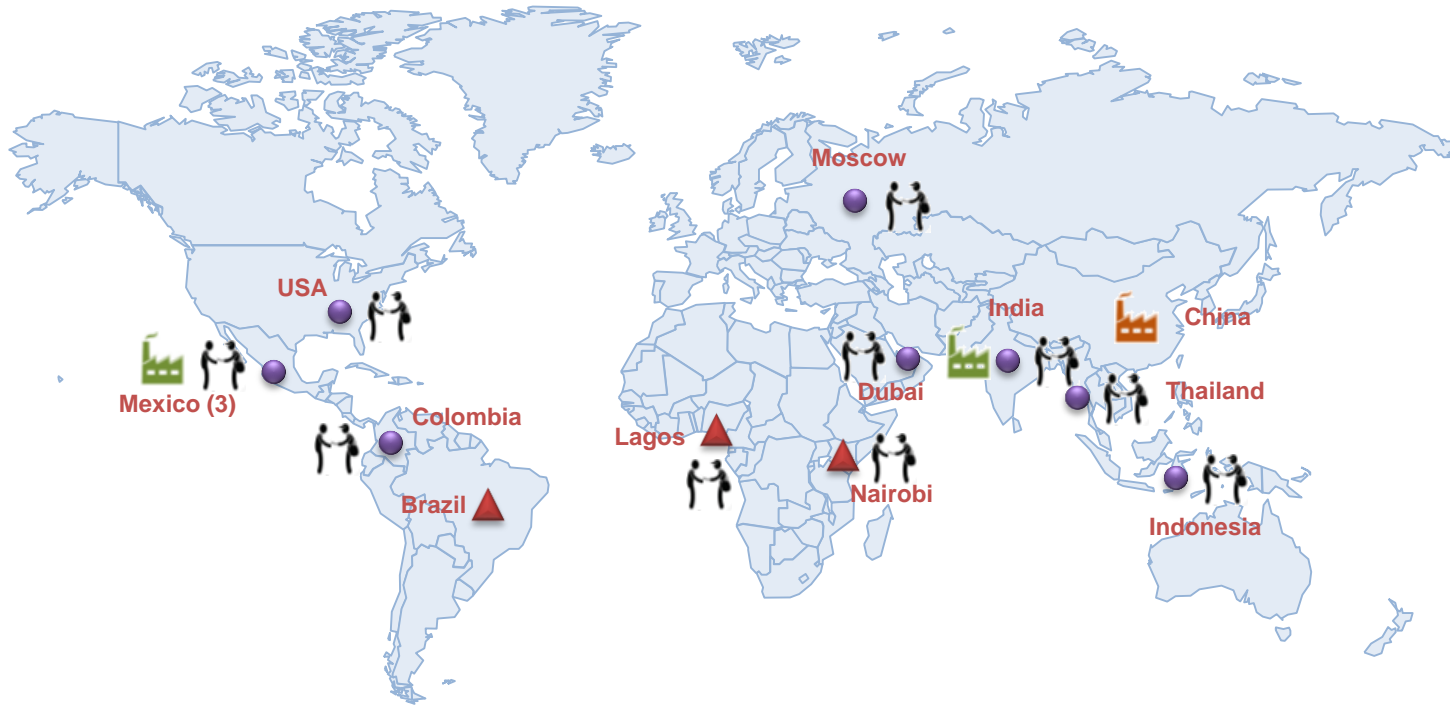


Lowest RRC Green Tyres to Indian OEMs



Global Manufacturing Footprint

Global Manufacturing and Distribution



Manufacturing

India – 9 Plants

- Kankroli, Rajasthan – 1
- Banmore, Madhya Pradesh – 1
- Mysore, Karnataka – 3
- Chennai, Tamil Nadu – 1
- Laksar, Haridwar – 3

Mexico – 3 Plants

- Azcapotzalco – 1
- Tultitlan – 1
- Hidalgo – 1

Own Plants (12) Outsourcing (1)

Marketing Hubs

Existing – 8 Planned – 3

Manufacturing Capacity (mn units)					
Category	JK Tyres	Cavendish	Total India	Tornel (Mexico)	Total (India + Mexico)
Truck Bias	1.5	0.7	2.2	0.3	2.6
Truck Radial	2.3	0.7	3.0	-	3.0
Passenger Line Radial	9.9	-	9.9	5.2	15.0
2 / 3 Wheeler	-	6.3	6.3	-	6.3
Others	1.7	0.7	2.4	2.4	4.8
Total	15.4	8.5	23.9	7.9	31.7
Tons Per Day (TPD)	1,026	383	1409	300	1709

Proven History of Manufacturing Expertise and Innovation

R&D and Technology : All Solutions Under One Roof

State of the Art R&D Facility

Technology Leading R&D Centre:

- Advanced facilities of design and technology housed under one roof spread across **10,000 sq mts of built-in area**
- **'HASTERI (Hari Shankar Singhania Elastomer & Tyre Research Institute)'**: A one of its kind State of the Art R&D center, promoted by JK Tyres, recognized by Government of India, engaged in basic and applied research on elastomers and tyres
- **Tech Centre:** Product Design, Project Management, Benchmarking and Key Account Management
- **Central Test Centre:** Enhanced with new high end test capabilities tyre and vehicle mechanics
- **Total Investment:** c. INR 1,500 mn
- Employs 150 qualified scientists (PHD / M.Tech / B.Tech)



















- **"Raghupati Singhania Centre of Excellence for Tyre and Vehicle Mechanics":**
 - A Joint Venture R&D Center at IIT Madras, Chennai
 - One of the India's leading Academia – Industry partnership for Advanced Research
- R&D Expenditure Around 1% of Turnover per annum
- First Tyre Company in India to install Anechoic chamber for noise measurement

First Tyre Company in India to Install Anechoic Chamber for Noise Measurement

Brand Positioning: Presence Across the Pricing Spectrum

Portfolio of Five Marquee Brands, Catering to Multiple Segments

Type / Segment	India			International	
	Tier 1 Premium	Tier 2 Standard	Tier 3 Economy	Tier 1 Premium	Tier 2 Economy
Truck Bus Radial (TBR)					
Truck Bus Bias (TBB)					 
Passenger Car Radial (PCR)					
2 / 3 Wheelers					
					

Marquee Brands Providing Higher Visibility Domestically as well as Internationally



Multiple Brand Strategy: Truck Radial

Tier 3

Key Brand

CHALLENGER

- Normal load and mileage tyre with no re-treadability
- No after sales, purely a cash and carry sales model
- Size: c. 30% industry
- Key Peers

Chinese Tyres



Tier 2

Key Brands



- Tyres with normal load carrying, good initial mileage, single re-treadability
- Restricted after sales support
- Size: c. 15% of the industry
- Key Peers¹



Tier 1

Key Brands



- Products with high load carrying capacity, high initial mileage, and high re-treadability
- Comprehensive after sales support and credit sale
- Size: c. 55% of the industry
- Key Peers



Notes:

1. Michelin and Bridgestone sell only its Budget Tyres in the Tier 2 segment.



Multi Brand Strategy – Truck Bias



Tier 1 Segment

- ✓ Products with Heavy & Super Heavy load carrying premium mileage & good retreadability
- ✓ Comprehensive aftersales support and credit sale
- ✓ ~75% industry

Tier 2 Segment

- ✓ Tyres with Normal load & mileage. almost negligible retreadability
- ✓ Restricted after sales support
- ✓ ~25% industry

Differentiated Product/ Brand to target distinct end consumers as per their requirements

Brand Building & Marketing Activities

Domestic Branding Campaigns

- High brand visibility through campaigns across business segments as seen below

Farm Segment

खेती हो या दुलाई का काम,
SONA-1 की एक्सपर्ट तकनीक कमाए नाम.

AGRIGOLD - TRACTOR REAR (Radial)

TRACTOR	TYRE	LOADING	TRUCK	TRUCK	TRUCK
10000	4.00	10000	10000	10000	10000
10000	4.25	10000	10000	10000	10000
10000	4.50	10000	10000	10000	10000
10000	4.75	10000	10000	10000	10000
10000	5.00	10000	10000	10000	10000

खेती हो या दुलाई का काम,
SONA-1 की एक्सपर्ट तकनीक कमाए नाम.

हर दंगल का वैपियन

2/3 Wheeler Segment

WE ARE PROUD TO ANNOUNCE THE LAUNCH CAMPAIGN FOR OUR TWO-WHEELER TYRES BLAZE.

AS AN EXTRA BONUS GIFT JK IS OK

BLAZE TWO WHEELER TYRES

JK TYRE

100% RUNOUT TESTED TWO WHEELER TYRES THAT GIVE YOU TOTAL CONTROL.

RACETRACK TESTED AND 100% RUNOUT TESTED WITH ADVANCED TECHNOLOGY.

TYRE	AVAILABLE SIZES
FRONT	100/80-12, 100/90-12, 100/100-12
REAR	120/80-13, 120/90-13, 120/100-13, 120/110-13, 120/120-13, 130/80-14, 130/90-14, 130/100-14, 130/110-14, 130/120-14

BLAZE

PCR

INTRODUCING THE UX ROYALE DESIGNED FOR 240 KMPH

RANGER ALL TERRAIN

RANGER HIGHWAY TERRAIN

THE FARTHER YOU GO, THE CLOSER YOU COME.

International Branding Campaigns

- Synchronized marketing and brand building exercises in line with market requirements across geographies

Americas



Middle East



South East Asia



Australia & Africa



Strong OEM Relationships: Industry Leading Partners

Car

MARUTI SUZUKI
GM
HYUNDAI TATA
Mahindra HONDA
FORCE

India/Mexico

RENAULT FIAT
NISSAN VOLKSWAGEN

JK Tornel, Mexico

CHRYSLER

Truck

TATA SWARAJ MAZDA
ASHOK LEYLAND
BHARAT BENZ
AMW VOLVO
Mahindra Truck and Bus
FORCE MAN

SCANIA VOLVO EICHER

JK Tornel, Mexico – LTR

NISSAN

Tractor

Mahindra
TAFE
ESCORTS
CAPTAIN

India/Mexico

JOHN DEERE

JK Tornel Mexico

CNH
Case New Holland

OTR

BHEL CAT
ACE L&T Construction
TIL Tractors India
Ginnco ESCORTS CONSTRUCTION EQUIPMENT
TATA HITACHI LIUGONG
LeeBoy JCB
SCANIA

Extensive Distribution Network

Pan-India distribution network of 4,000 dealers & 200 distributors globally

Domestic



- 35 JK Tyre Truck Wheels
- Fully equipped Tyre service centre for enhancing customer experience by offering Total Tyre Solution



- 285 JK Tyre Steel Wheels
- Exclusive Passenger Car Tyre Retailing



- 35 Xpress Wheels for Small Towns & Semi Urban Markets



- Over 1,000 Fleet Management
- Direct Partnership with Fleet Owners



- Products sold through over 700 fuel retail outlets of IOCL & HP across the country

328 exclusive 2 wheeler Distributors

International

Replacement channel

250 dealers (including 100 exclusive dealers)

200 Distributors

Mass Merchandise



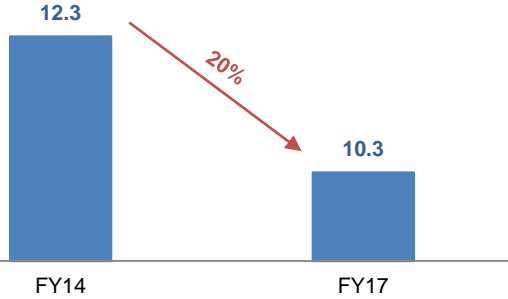
As on 30th Nov'17



Sustainability Initiatives

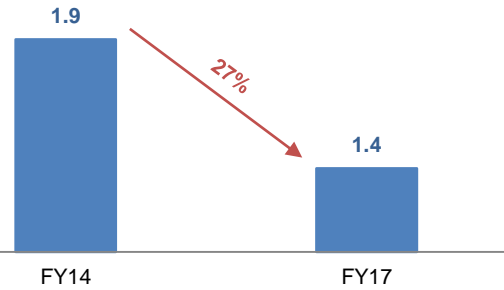
Progressing Towards an Environmentally Friendly Ecosystem

Energy Consumption (GJ/Ton)



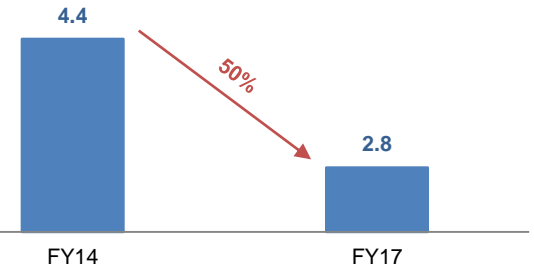
Energy Consumption (GJ/Ton) – 20% Reduction in last 4 years

GHG Emission (Eq. Co2Ton/Ton)



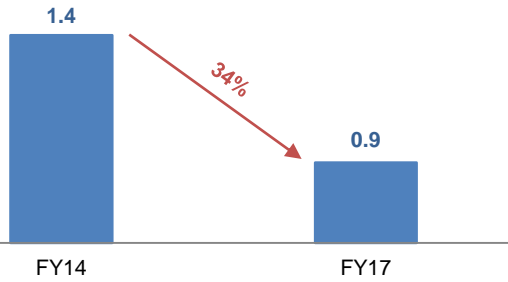
Carbon Foot Print (GHG emission) – 27% Reduction over 3 years

Water Consumption (KI/Ton)



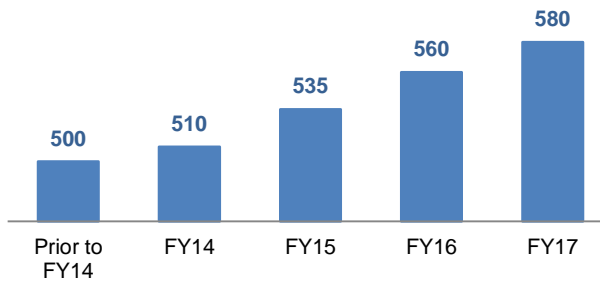
Water Consumption (KI/ton) – 50% reduction last 4 years – an Industry bench mark

Process Waste (% by value)



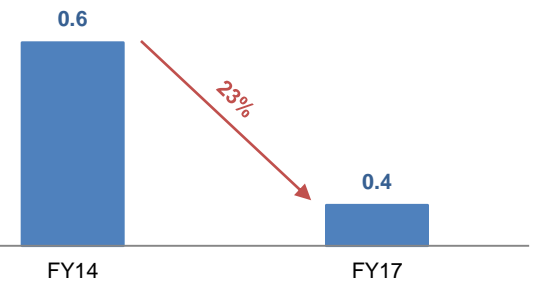
Process Waste % by value – Over 34% reduction in three years

Cumulative Tree Plantation ('000 Nos.)



Cumulative no of trees planted across locations – 5,80,000

Coal Consumption (Ton/Ton)



Coal Consumption MTs – 23% Reduction in last 3 years

21% of Energy Requirement being met through Renewable Sources in FY17



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 45,000 beneficiaries) & Mysuru prison (over 4,500), Adoption of ITI's (500 per annum) and schools, road safety awareness; LakshmiPat Singhania 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 Singhania Research Institute

Water Conservation & Environment

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

Financial Overview: Consolidated

Particulars	₹ Crs.			
	FY 17	FY16	FY 15	FY14
Profit & Loss				
Net Revenue	7755	6922	7401	7670
EBIDTA	1198	1141	948	890
EBITDA Margin	15%	16%	13%	12%
PAT	381	467	330	263
ROE	18.1%	26.7%	24.2%	24.0%
Balance Sheet				
Share Capital	45	45	45	41
Net Worth	2110	1751	1360	1097
Gross Debt	5655	2900	2958	2705
Cash in hand	295	139	191	236
Net Debt	5359	2760	2767	2468
Debt/ Equity	2.7	1.7	2.2	2.5
Market Statistics				
MCAP	2993	1910	2393	734
Enterprise Value (EV)	8352	4670	5160	3203

JK Tyre - Highlights of Q2 FY18

❖ Growth in Q2FY18

Standalone

		<u>Over Corresponding Qtr.</u>	<u>Over Preceding Qtr.</u>	<u>Basis</u>
✓ Net sales	➔	11%	22%	(value)
✓ Volume	➔	6%	23%	(nos.)
✓ Exports	➔	58%	11%	(value)

Exports grew by 95% in H1FY18 over H1FY17

% Growth In Domestic Market vis -a vs Industry over Previous Quarter

Particulars	JK Tyre	Industry
Truck Radials	32	21
PCR	29	16
Truck Radialisation	58	48

JK Tyre - Highlights of Q2 FY18

❖ JK Tyre's growth boosted by:

➤ Higher Off-Take by dealers & OEMs

➤ Better demand in passenger segment

- both 4 wheeler & 2 wheeler

➤ Increased volumes of premium 2/3 wheeler tyre 'BLAZE',

- led by launch of an aggressive marketing & communication campaign

➤ Imposition of Anti dumping duty on Chinese TBRs in Sep'17

Impact

• Increased Volumes & Market Share

• More visibility of premium brands

❖ Good performance by JK Tornel

JK Tyre - Highlights of Q2 FY18

❖ Operating efficiencies achieved:

Particulars	Unit	Apr-Sep'16 (H1)	Apr-Sep'17 (H1)	Oct'17
Renewable Power	% of total power consumed	20.0	41.2	48.1
Water Consumption	Ltrs/Kg	2.99	2.72	2.30
Manpower Productivity	Mandays/Ton	9.7	9.9	9.2
Power Consumption	Kwh/kg	0.899	0.898	0.845
Steam Consumption	Kg/Kg	2.141	2.056	1.990

❖ Network Expansion in FY 2017-18

Particulars	2016-17	Additions	2017-18
			(Sep'17)
Steel Wheels	230	37	267
Xpress Wheels	11	15	26
Truck Wheels	30	3	33
Retread Centres	12	7	19

JK Tyre (through CIL) gained entry into M/s Bajaj for supply of tyres to their CT 100 & Platina Motor Cycle since Septembe'17

JK Tyre - Highlights of Q2 FY18

Taximax



- ❖ Specially made for Taxis
- ❖ 1Lakh+ km mileage
- ❖ Two steel Belts for superior strength

Elanzo Touring



- ❖ Excellent ride and handling
- ❖ Low Noise
- ❖ High Mileage

Ux Royale

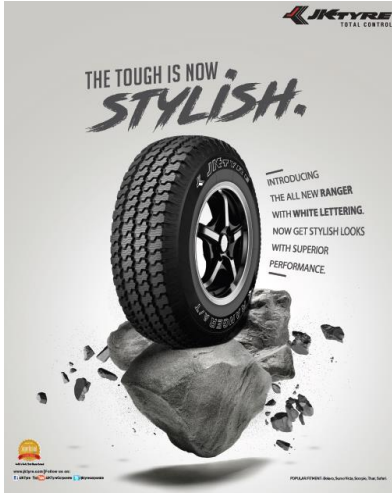


**New Maruti S Cross comes 100%
on JK Tyre UX Royale**

RANGER *Now with White lettering*

- Raised White Side wall Letters
- Premium Imagery

Premium Packaging



Full Poly Wrapping



Shrink Wrapping

Recent Accolades

- **Dr. Raghupati Singhania, CMD conferred with:**
 - ❖ **“Excellence in Global Entrepreneurship Award”** by Indo-American Chamber of Commerce, North India Council. Award presented by Mr. Patrick O. Santillo, Minister Counselor for Commercial Affairs, US Embassy.

(September 2017)



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Key Management Team



Dr. Raghupati Singhania
*Chairman &
Managing Director*



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



Anshuman Singhania
Whole-time Director



Mr Rajiv Prasad
*President
India Operations*



A. K. Kinra
Finance Director



V. K. Misra
Technical Director



Kumar Joshi
*Executive Director –
JK TORNEL*



Dr. R. Mukhopadhyay
Director (R&D)



A. K. Makkar
Manufacturing Director



Sanjiv Saxena
VP–Corporate Accounts



H. K. Chopra
*Advisor – International
Sourcing & Sales*



Vikram Malhotra
Marketing Director



Harischandra Prasad K
*VP(Works) –
CAVENDISH*

Growth Strategy Going Forward



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**



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 8.5 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

