

**FUTURE
DRIVEN**



Corporate Presentation

May 2019

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J.K. Organisation



Indica Travels



Group Businesses



- Pioneer in Radials
- 32 Mn. Tyres p.a. - 4 /2 Wheeler
- Major supplier to Defence & OEM
- 4500 dealers across India
- Exports to over 100 countries
- 12 Plants – 9 in India & 3 in Mexico (JK Tornel)
- Among World's 4 best in Energy 9.81 GJ/Ton
- Renewable Energy – 40%
- World's No.1 in water usage



- Largest producer of branded paper
- 5.90 Lac tones per year
- 3 Strategically Located plants
- 4000 dealers
- Wood & Carbon Positive- A Green Company
- Export to over 35 countries
- Planting more than 70 million Trees annually



- 13 Million tones capacity
- 3 Integrated and 6 grinding units
- Construction Material
- 11 Ready mix concrete plants
- 2 Ariated auto clave block plants
- + Gypsumplasters etc.
- Recognised as one of the most Green & Water Positive Cement operations



- Industrial & Automotive V-belts
- Oil seals & Hoses
- Engineering Products - Power transmission accessories, Gear Boxes, Couplings, Pully, Aerators
- The first choice of many Indian OEMs
- 7 Plants
- Renewable Energy -80%



- 1.2 Million Litres / day –milk processing
- Wide range of processed dairy products.
- Well know Brand.
- Major Customer- Mother Dairy, Coco Cola, Hershey's, Spencer's, ABRL and Dr. Oetker.



- R&D driven Hybrid seeds
- 1st Indian company to develop and commercialize Bt. Cotton
- Registrations in South Asian and African countries
- Serves > 2 Million Farmers



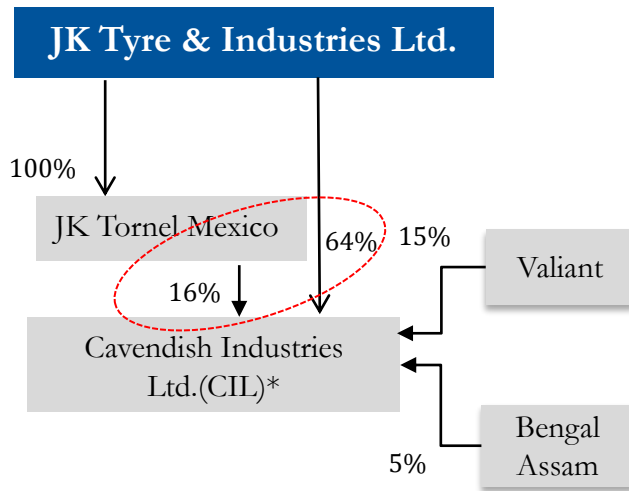
JK Tyre & Industries Limited - Company Overview






Ranked top 22nd tyre company in the world

Company Background

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

Corporate structure



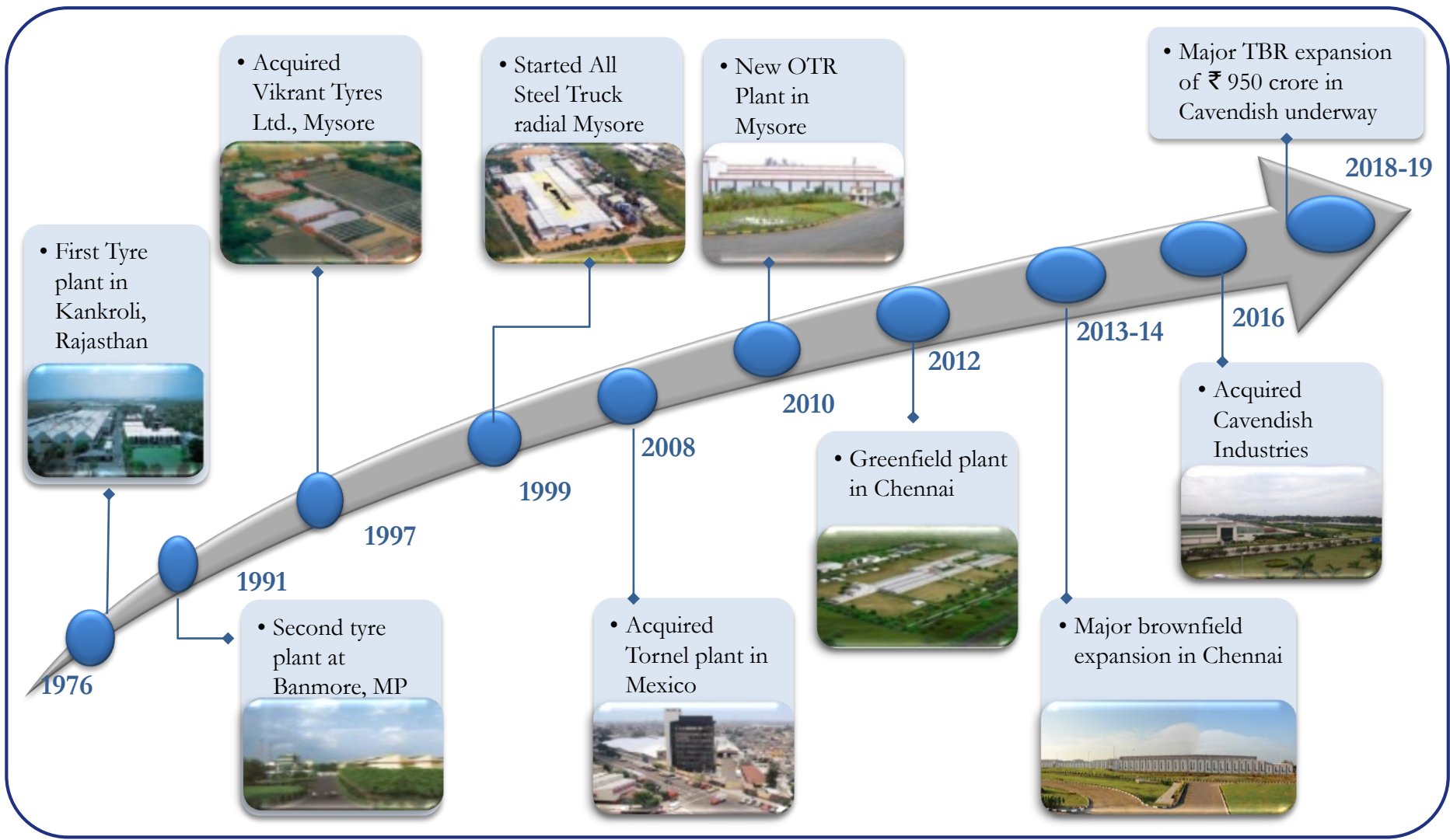
- **Pioneer of radial technology in India** and ranked No. 1 **Truck/Bus Radial (TBR)** manufacturer with **market share of ~32%**
- **12 manufacturing plants** (9 in India and 3 in Mexico) having total capacity of ~32 million tyres per annum
- Manufactures wide range of products starting from 2 kg (2/3 wheeler) to 3.4 Ton (OTR)
- Brands :     
- Among the most **energy efficient tyre companies in the world** (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).**
- **1st company in India** with **OE fitment of tubeless passenger radials**. Also, **1st in India** to launch high performance H, V and Z-rated passenger radial tyres

*JK Tyre along with its subsidiary holds 80% stake in CIL

A Leading Indian Tyre Manufacturer with over four decades of Experience



JK Tyre: The Journey So Far



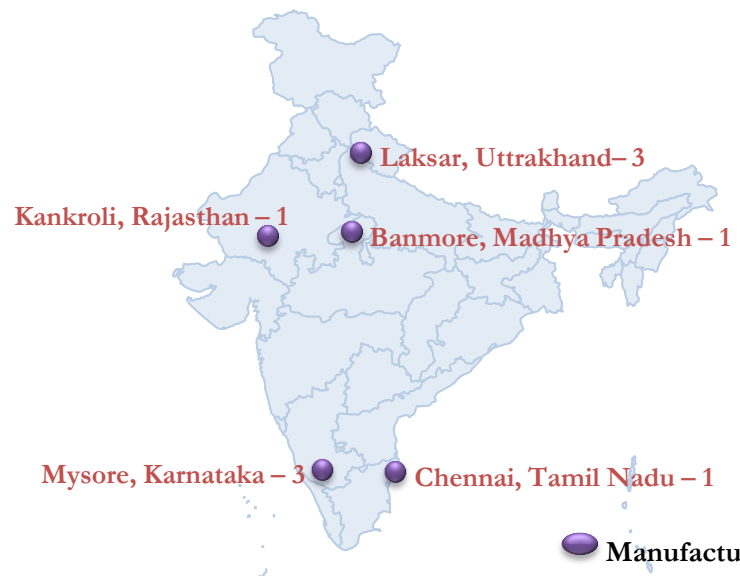
JK Tyre has a Successful Track Record of Turnaround – Vikrant, Tornel & now Cavendish

Manufacturing Footprint

Location of Manufacturing Facilities

India

Mexico



● Manufacturing Plants

Mn./ Nos

S.No.	Product Category	KTP	BTP	VTP	CTP	JK Tyre Standalone	LTP	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	0.8	-	1.8	1.2	3.8	2.1	5.9	3.0	6.3
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	TOTAL	2.0	5.0	2.7	5.7	15.4	9.1	24.5	7.9	32.4

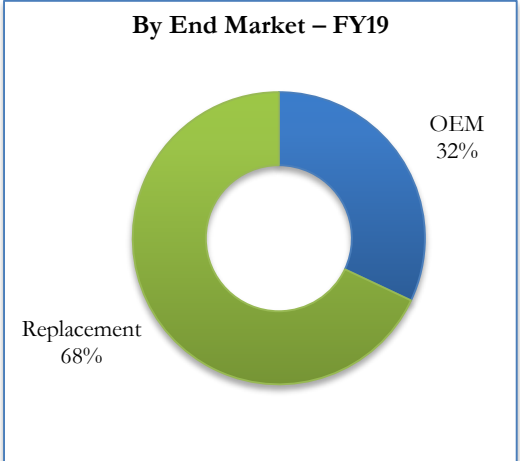
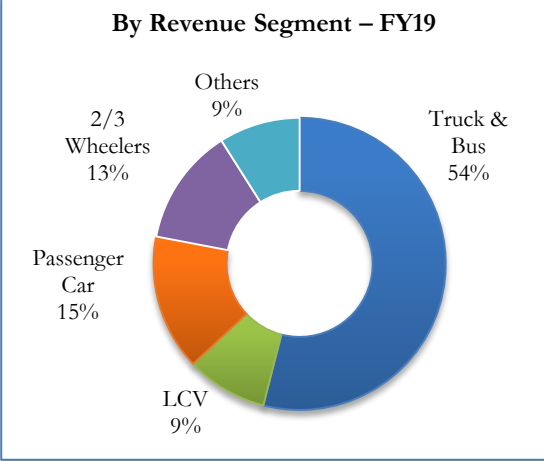
Total 12 Manufacturing Facilities with Annual Production Capacity ~32 mn tyres.



Industry Overview

Indian Tyre Industry Overview

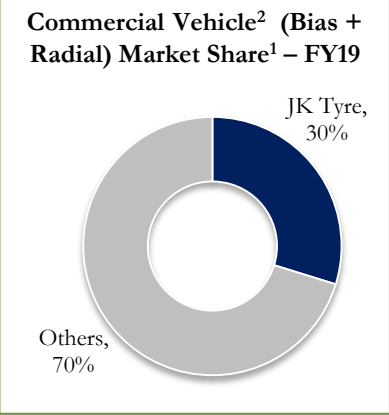
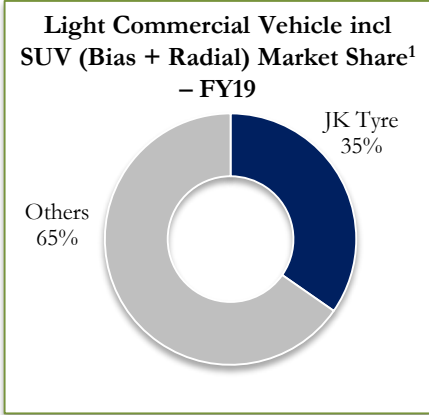
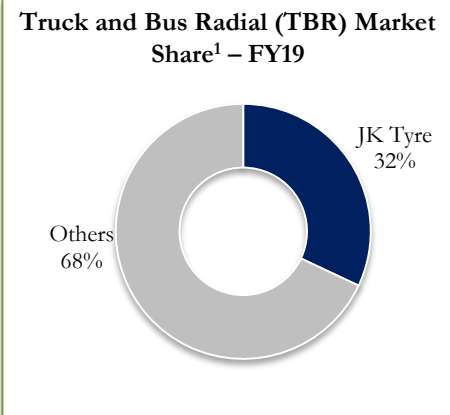
- Overview:**
- Indian Tyre Industry generates over ₹62,000 crore in turnover (US\$ 8.9 bn)
 - Commercial Tyre segment (Truck/Bus & LCVs) accounts for ~2/3rd (by value) of total tyre market
 - Indian exports – about ₹12000 crore (US\$ 1.7 bn) to over 100 countries
 - Radialisation key driver for growth:
 - Car Tyres: 99%
 - Truck Tyres: 53% (OEM: 73%)



Source: Internal estimates.

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
-



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

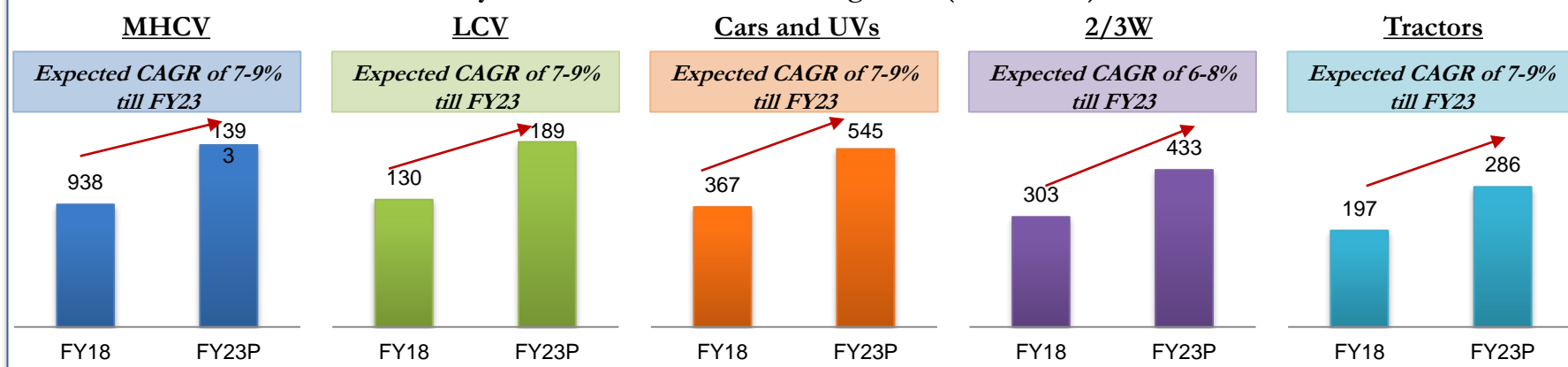


Industry Outlook FY20

Indian Tyre Industry Outlook FY20

- Tyre demand is expected to grow by 7-9%, where OEM and Replacement segment will grow at equal pace.
 - MHCV tyre demand is expected to be driven by growing freight demand and infrastructure development.
 - LCV tyre demand is expected to be driven by increasing awareness and shift to low-cost Indian radial tyres by Medium and small fleet operators.
 - Cars & UV tyre demand is expected to be driven on account of shared mobility and pre-buying due to BS VI Norms implementation.
 - 2/3 wheeler tyre demand is expected to be driven by increasing penetration in rural and semi-rural areas due to improvement in road infrastructure.
- Imports to remain subdued in FY20 on account of ongoing ADD on imported TBR tyres and higher customs duty on TBR and PCR.

Tyre Demand Outlook across Segments (000' tonnes)

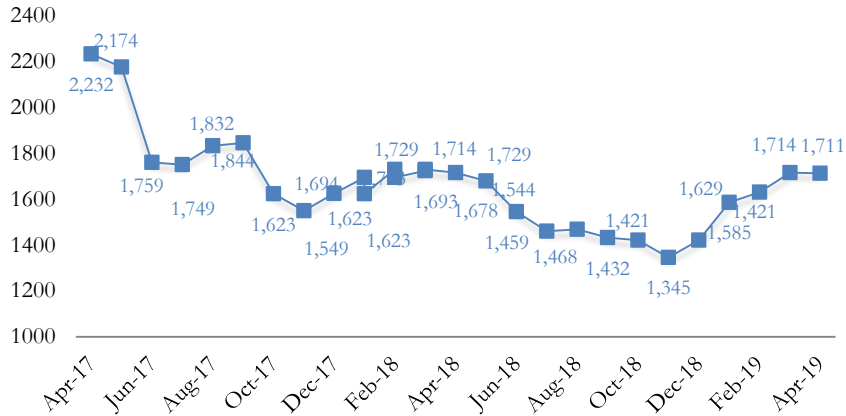


Growth Momentum is Expected to Accelerate across Tyre Segments

Source CRISIL Research

Raw Material Price Trend

Natural Rubber – Price Movement (\$/MT)



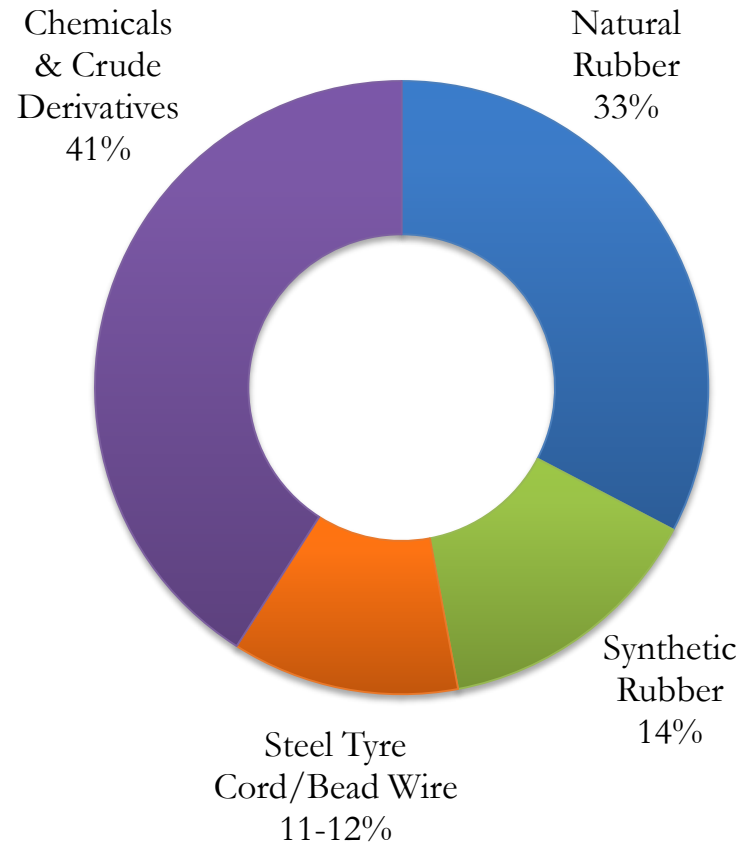
Brent Crude Oil – Price Movement (\$/barrel)



04/2017 06/2017 08/2017 11/2017 01/2018 04/2018 06/2018 10/2018 01/2019 05/2019

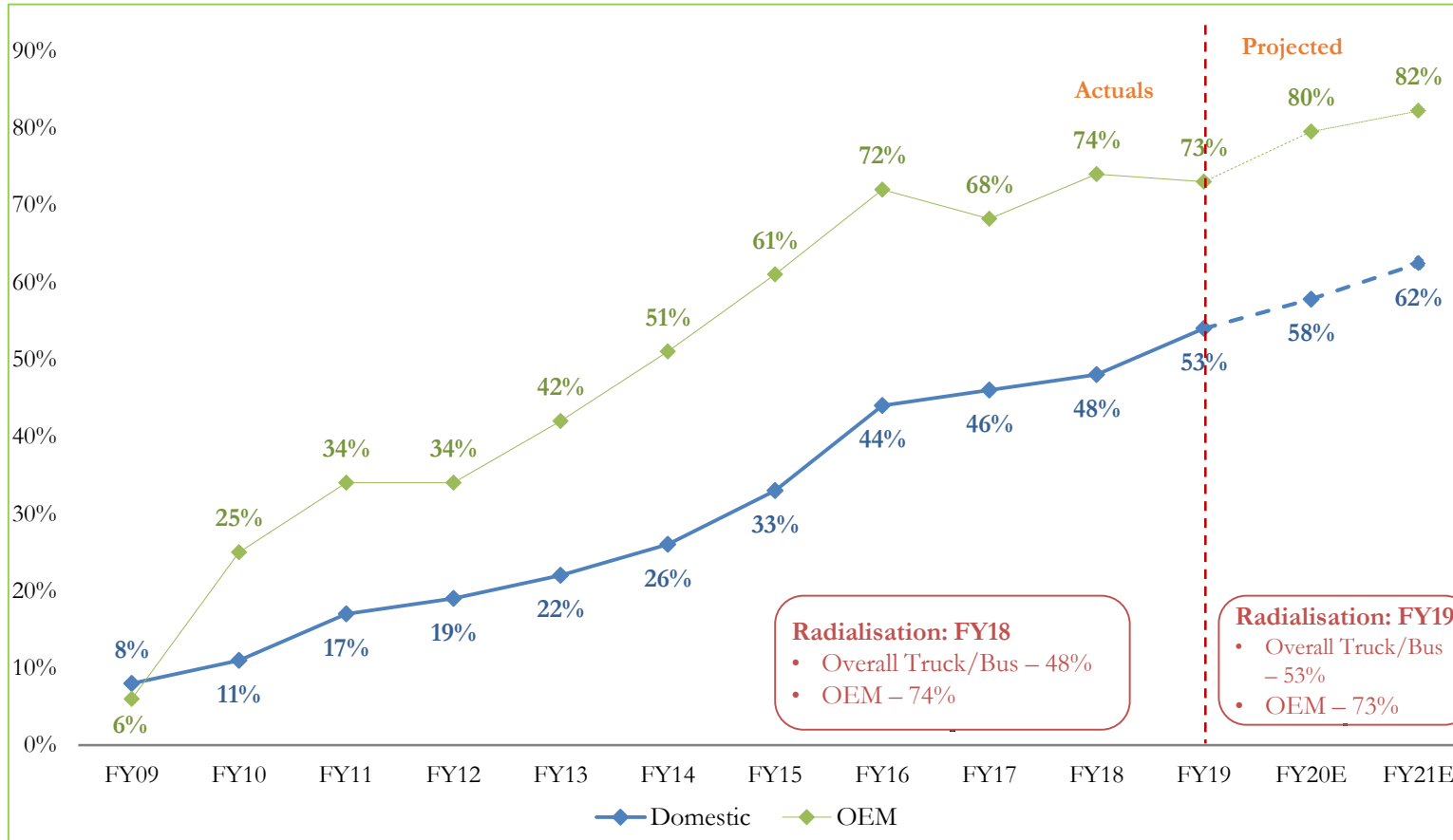
Source Rubber - SICOM, Brent Crude - Bloomberg., RM Consumption - Company

RM Consumption by Value (FY19)



Truck and Bus Radialisation is Gaining Momentum

Radialisation (%)



Key Drivers & Trends

Cost - Benefit Ratio

Road Infrastructure

Overload Control

User Education

Re-treading Infrastructure

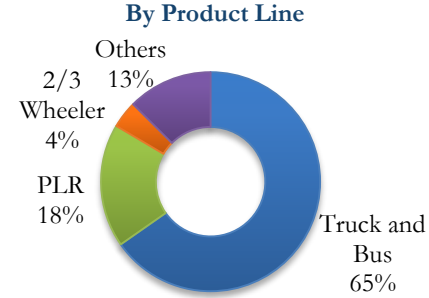
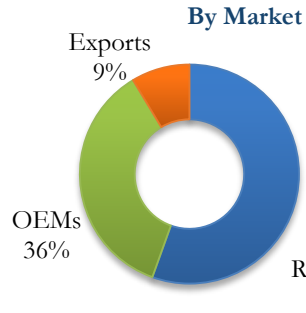
Radialisation Expected to Drive Indian Tyre Industry Growth

Source SIAM and Industry Reports

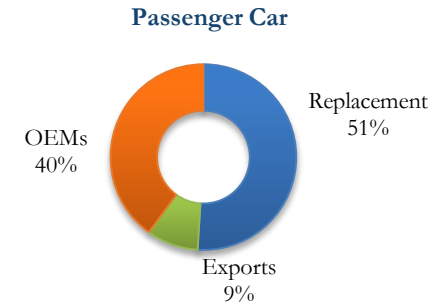
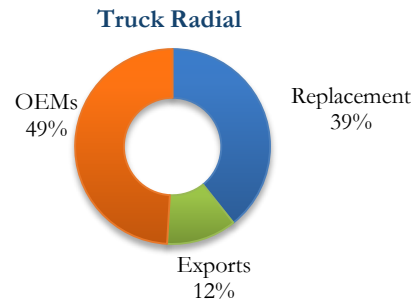
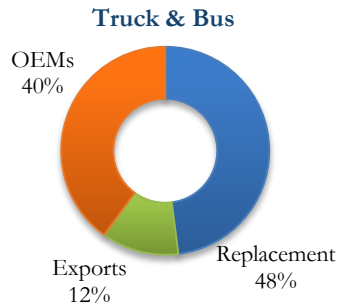


JK Tyre - Leading Indian Tyre Manufacturer: Presence Across Product Segments

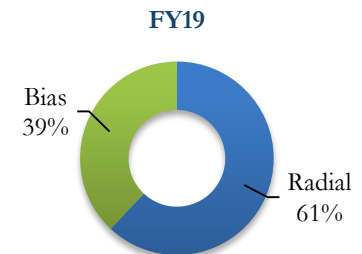
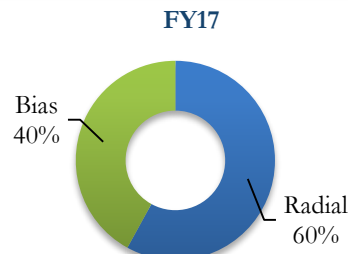
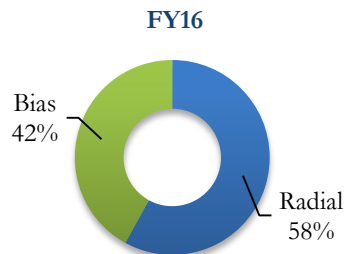
By Revenue Segmentation¹ – FY19



By Customer Mix² – FY19



Gradual Shift Towards Profitable Segments and Radial Tyres¹



Notes:

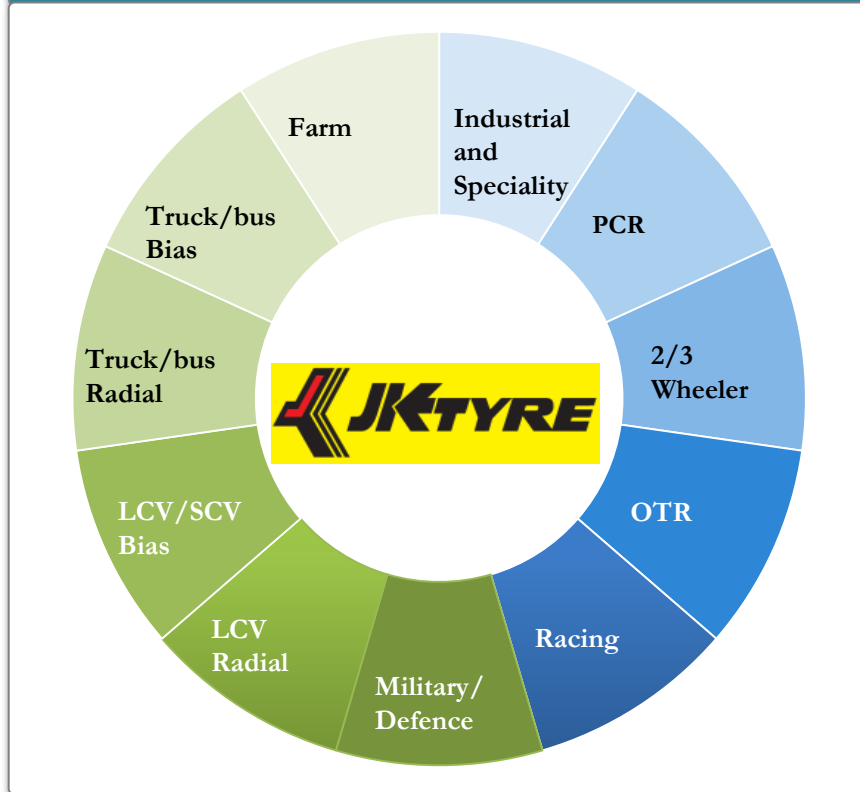
1. Based on total value.
2. Based on total units (nos).



JK Tyre - Product Portfolio: Moving in Sync with Radialisation

Truck Radial & Passenger Radial Pose Healthy Growth

Wide Product Range

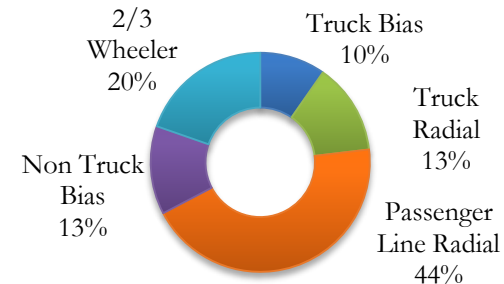


No. of Tyres Sold (Consolidated)

Particulars (Mn)	*FY19	FY18	FY17	FY16	FY15
Truck Bias	2.15	1.91	1.94	1.77	2.08
Truck Radial	2.98	2.52	2.11	1.81	1.53
Passenger line Radial	9.80	8.29	8.25	8.05	7.75
Non Truck Bias	2.89	2.23	2.42	2.27	2.41
2/3 Wheeler	4.36	3.14	1.92	0.04	-
Total	22.18	18.09	16.64	13.94	13.77

*23% Volume increase.

FY 19 Sales (Nos)



Complete Product Basket Catering to a Diverse Set of Customer Requirements

Our Strengths



Extensive Distribution Network ...

Indian Distribution Footprint

- ✓ 4,500 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

-  • 45 JK Tyre Truck Wheels
Fully equipped Tyre service centre offering Total Tyre Solutions
-  • 355 JK Tyre Steel Wheels
Exclusive Passenger Car Tyre Retailing
-  • 114 Xpress Wheels for Small Towns & Semi Urban Markets
-  • 35 JK 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

R&D Facility

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 Offerings (FY19)



93 New Products Launched for Domestic and International Markets



Additional 44 Products Launched in 2/3 Wheeler category to cater to high end bikes in the Indian market



New Pattern JET XTRA XLM is launched in TBB segment for heavy loading high mileage.



New Pattern for PCR Taxi Max for India and Blaze X-AT for US market launched.

R&D activities aimed at offering technologically advanced products. Higher market share and enhanced Profitability

Strong OEM Relationships: Industry Leading Partners

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

Experienced Management with a Committed Employee Base



Dr. Raghupati Singhania
*Chairman &
Managing Director*



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



Anshuman Singhania
Whole-time Director



Rajiv Prasad
*President – India
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



Ashish Pandey
VP–Materials



Bharat Aggarwal
Head– International Trade

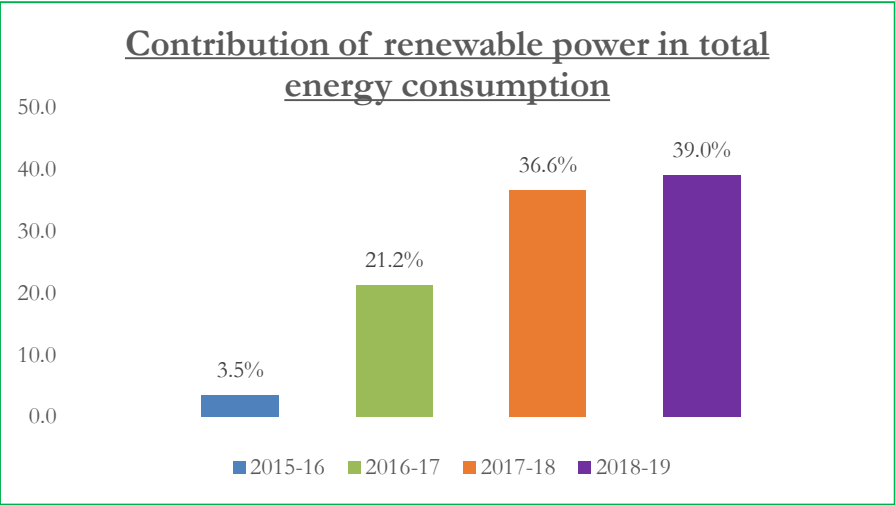
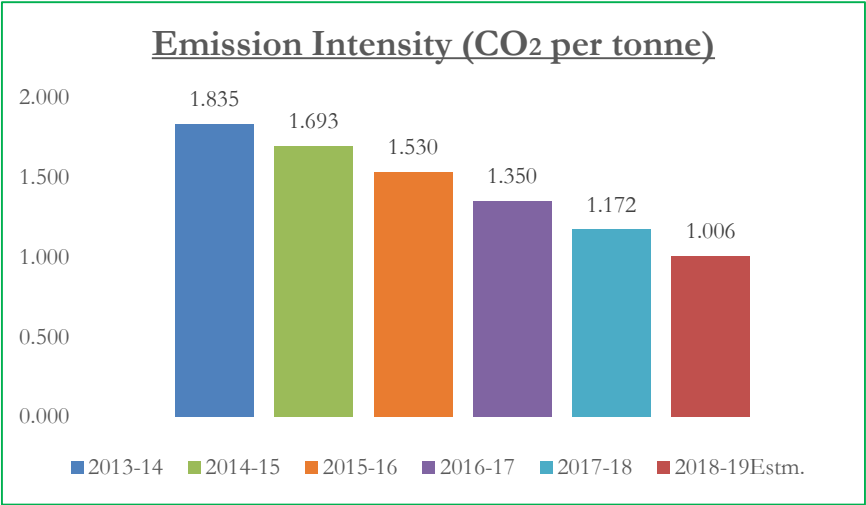
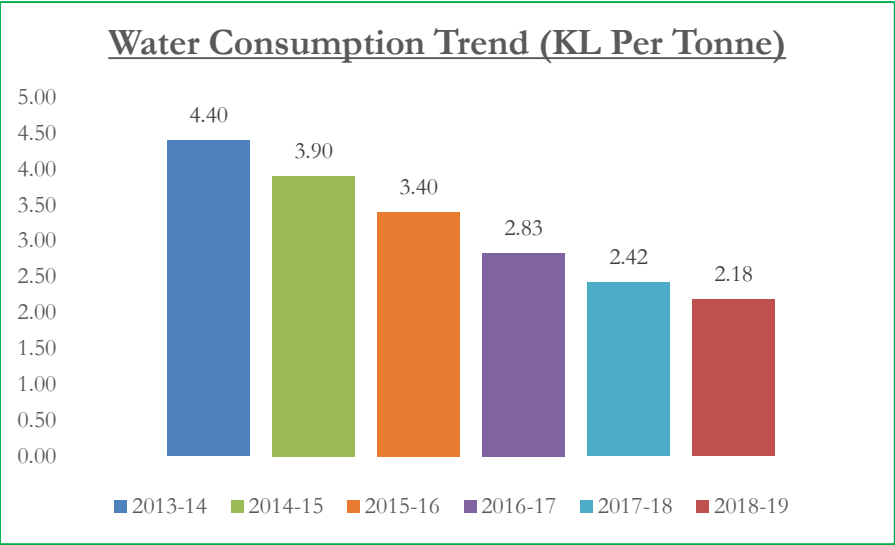
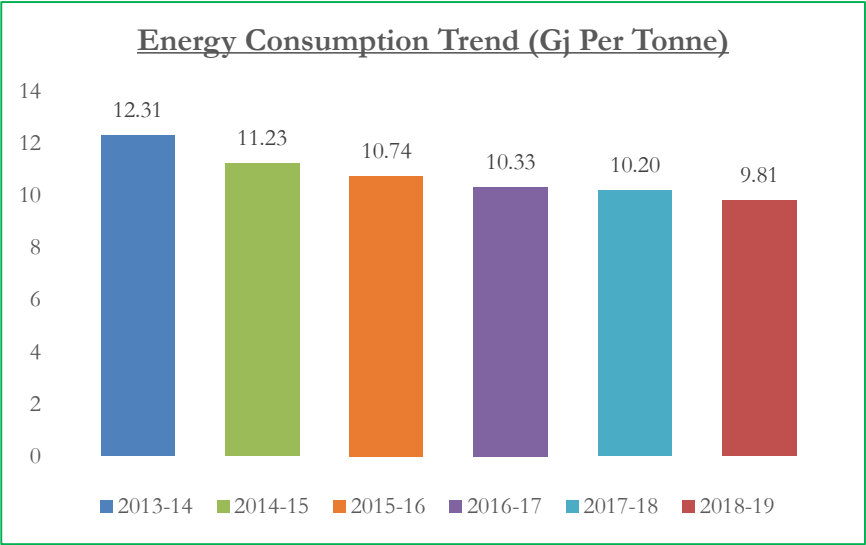


Vikram Malhotra
Marketing Director



K. H. Prasad
VP – CAVENDISH

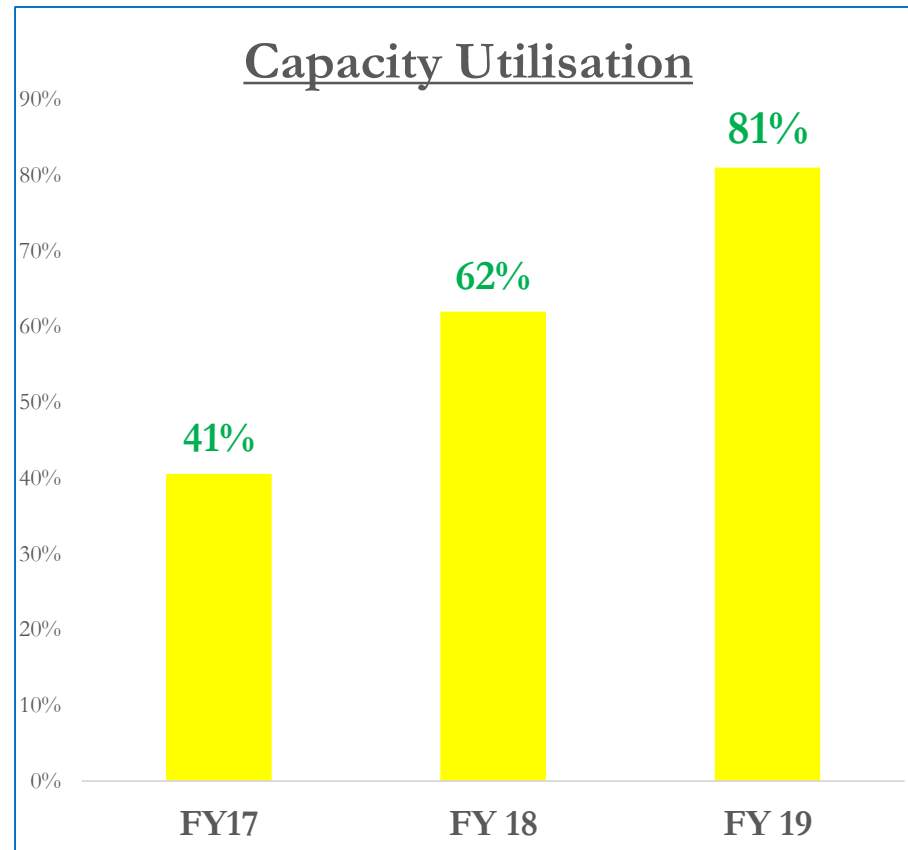
Sustainability Initiatives - improving operational efficiencies..



JK Tyre is among the top four energy efficient tyre companies in the world.

Significant production ramp-up since takeover

Particulars	FY17	FY18	FY19
Installed Capacity			
- MT	133964	133964	147760
- MT(per day)	383	383	422
Production			
- MT	54376	83058	119030
- MT(per day)	155	237	342
Utilisation %	41%	62%	81%



JK Tyre acquired CIL in April'16 in a closed state, Production ramp up from July'16

TBR Capacity Expansion

- Brand new 4 nos. packed Tyre Building Machines – an integral part of purchase consideration at the time of acquisition – Recently commissioned.
- Capacity expansion from 7.40 Lac Tyres p.a. to 13.85 Lac Tyres p.a.
- The project was completed for ₹275 crore. Similar Brownfield/Greenfield expansion project would cost more than ₹800-900 crore).

Proposed Expansion Project of ₹675 crore

- Capacity Expansion – TBR from 13.85 to 20.57 Lac/Nos. @ Cost of ₹590 crore
 - Tractor Rear from 0.20 to 0.95 Lac/Nos. @ Cost of ₹85 crore

(Similar Brownfield expansion would cost ₹900~1000 crore)
- Funding through a mix of debt & equity. Term loan already tied-up.
- Estimated additional Revenue - ₹1000 crore per annum.

Financial Overview: Consolidated

S.No.	Particulars	FY19	FY18	₹/Cr
				y-o-y growth
1	Net Sales & Other Income	10,452	8,418	24%
2	PBIDT	1,196	883	35%
3	<i>% to Net Sales & OI</i>	<i>11.4</i>	<i>10.5</i>	
4	PBDT	675	418	62%
5	PBT (after exceptional items)	270	107	153%
6	Net Profit	176	63	180%

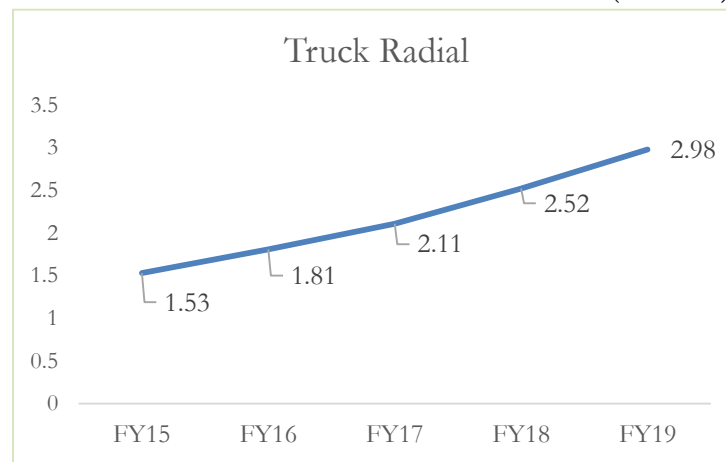
Sales Growth in FY19 - Domestic Market vis –a-vis Industry over Previous Year

Particulars	JK Tyre (%)	Industry(%)
Total Truck	12	9
LCV	22	14
Tractor Rear	44	1
PCR	16	7
2/3 Wheelers	38	5
Truck Radialisation	61	53

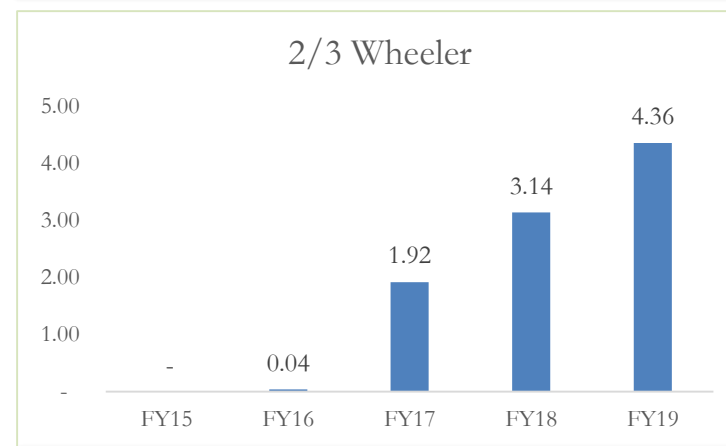
Business Highlights: Consolidated

- ✓ Highest ever sales in FY19 at Rs.10,452 crore.
- ✓ JK Tyre with 32% share in TBR market benefitted the most post imposition of Anti-Dumping Duty on TBR.
- ✓ Highest share in industry at 30% in Commercial Vehicle tyres segment (HCV+LCV+SCV).
- ✓ TBR Capacity Utilisation in JK Tyre & CIL > 90% in FY19. CIL TBR capacity being expanded to 20.57 Lac tyres p.a.
- ✓ Big jump in 2/3 wheeler tyre sales in FY19, registered a growth of 38%. Entry into OEMs - Bajaj, Hero and many more in the offing.
- ✓ Major labour restructuring successfully completed at JK Tornel.

(Mn Nos)



TBR sold in FY 19: 2.98 Mn



2/3 W sold in FY19: 4.36 Mn

Key Focus Areas

❖ Improvement in NSR through Product and Market Mix Optimization

- Higher Sales of TBR Premium products
- Higher Sales of PCR Tyres in > 15 inch category
- Higher Sales of Light Truck Radial Tyres.
- Introduction of higher value added products.
- Increasing volume through innovative channels viz., Retread, Mobility solutions,

❖ Increased Volumes to Optimize Capacity Utilization leading to better efficiencies

❖ Capacity Addition at CIL under implementation

- TBR capacity expansion from 13.85 lac to 20.57 lac tyres p.a. Estimated project cost of ₹590 crore.
- Tractor rear expansion from 0.20 lac tyres to 0.95 lac tyres p.a. Estimated project cost of ₹85 crore.

❖ Continuous focus on cost reductions in materials, energy and logistics etc.

Key Drivers

- Easing of liquidity expected in current FY will result in substantial increase in demand for automobiles.
- Expected boost in commercial vehicle segment due to BS VI pre-buying.
- Policy measures for road sector- substantial fund allocation on projects like – NHDP, Bharatmala, PMGSY etc.
- Government thrust on agriculture and rural development to drive tractor sales
- Government thrust on infrastructure (roads, railways & irrigation) spending will generate increased demand for tyres.
- Vehicle scrappage policy will lead to increase in demand vehicles.

- Increasing number of international auto brands now manufactured in India
- Taxi Aggregators viz., Uber, Ola driving the demand
- Requirement of vehicles for last mile connectivity.
- Rising disposable income has increased the propensity to purchase personal vehicles.
- Younger demographics a key factor propelling growth amongst the smaller segments
- MUV & 2/3 wheeler sales increasing at faster pace due to increasing rural income

Growth Strategy Going Forward



Acquisition History : Tornel & Cavendish



Acquisition Overview

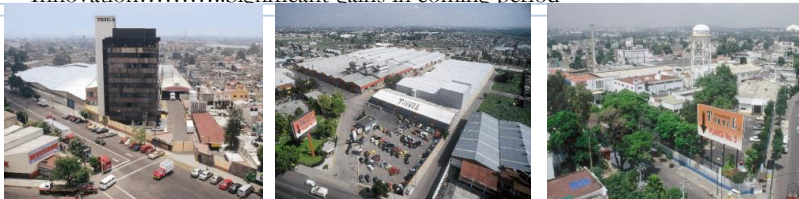
- Acquired in 2008, well established tyre company in Mexico
- **3 tyre manufacturing plants** in Mexico (Azcapotzalco, Tultitlan and Hidalgo) with a combined annual **capacity of 7.9 mn tyres**
- Wide product range of Passenger Car Radial, Truck Bias, Light Truck Radial, Farm Tyres And Industrial Tyres

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



Thank you

