



INVESTOR PRESENTATION

JUNE 2017

Safe Harbour

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OUR BOARD



Dr. Raghupati Singhania
Chairman & Managing Director

- **Dr. Raghupati Singhania**
- **Arvind Singh Mewar**
- **Bakul Jain**
- **Sunanda Singhania**
- **Kalpataru Tripathy**
- **Shreekant Somany**
- **Vimal Bhandari**
- **Dr. Wolfgang Holzbach**
- **Bharat Hari Singhania**
(Managing Director)
- **Anshuman Singhania**
(Whole-time Director)
- **Arun K. Bajoria**
(Director & President – International Operations)

MANAGEMENT TEAM



Arun K. Bajoria
Director & President –
International Operations



V.K. Misra
Technical Director



A.K. Kinra
Finance Director



Vikram Malhotra
Marketing Director



Dr. R. Mukhopadhyay
Director (R&D)



A.K. Makkar
Manufacturing
Director



Kumar Joshi
Executive Director – JK TORNEL



Anshuman Singhania
Whole-time Director



Sanjiv Saxena
VP- Corporate Accounts



Ashish Pandey
VP- Materials

Indian Tyre Industry - Overview

❖ Indian Tyre Industry – over ₹ 50000 Crs. (US \$ 8 Bn)

❖ Commercial Tyre segment (Truck/Bus & LCVs)

- About 75% (by value) of total tyre market

❖ Exports to over 100 countries

❖ Radialisation

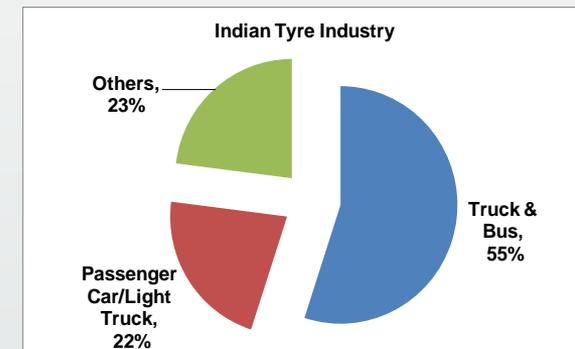
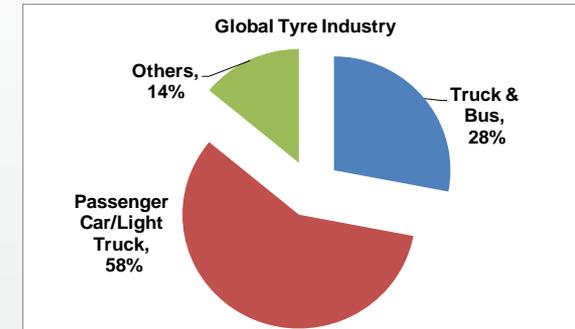
- Car tyres – over 98%
- Truck tyres – 46% (OEM - 68%)

For Jan-Mar'17 Qtr.

Domestic - 47%

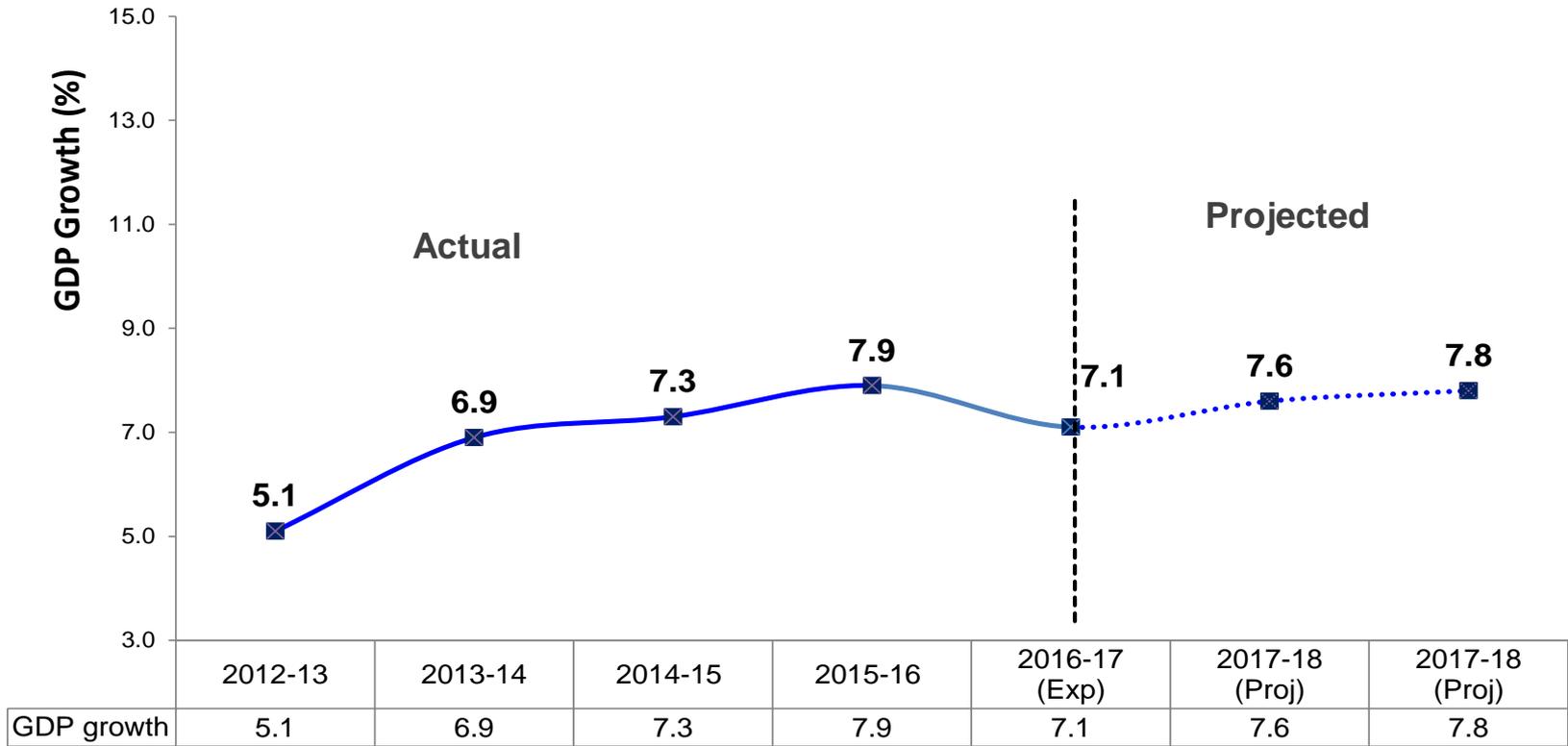
OEM - 74%

Revenue Segmentation



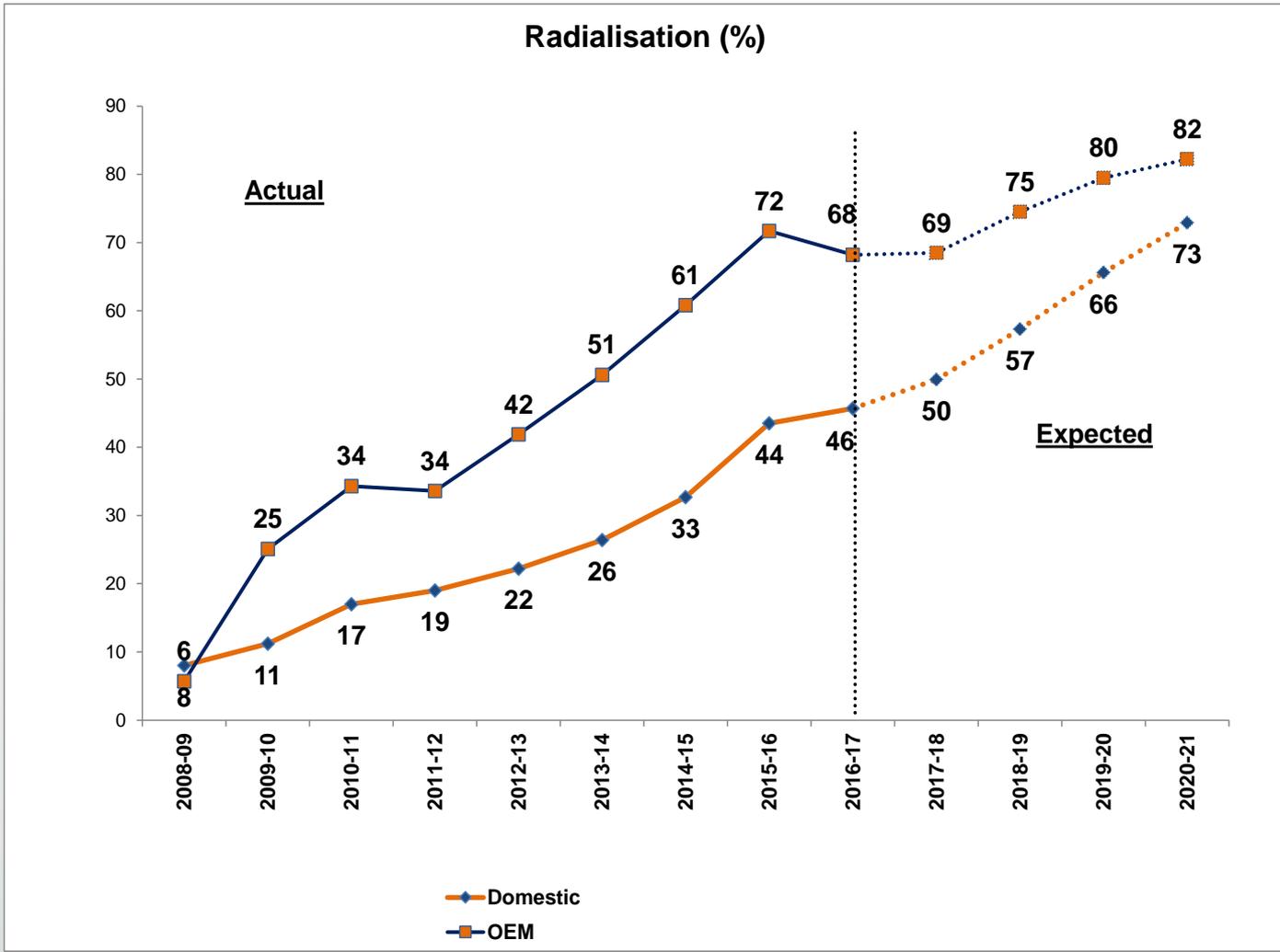
❖ 3 / 4 top Indian players dominate the market

India – GDP Growth



Decline in GDP due to demonetization but India growth story to continue

Truck & Bus Radialisation In India



Radialisation will be driven by :

- Cost - Benefit Ratio
- Road Development
- Overload Control
- User Education
- Retreading Infrastructure

For Jan-Mar'17 Qtr.

Domestic - 47%

OEM - 74%

...Radialisation Will Drive Indian Tyre Industry Growth...

JK Tyre - Overview

- ❖ Pioneer of Radial Technology in India
- ❖ **India's No. 1 Truck/Bus Radial (TBR) manufacturer**, Market Share -30% approx.

- ❖ Global Brands



- ❖ Ranked 24th largest tyre manufacturing company
- ❖ **12 Manufacturing Plants**
- ❖ **Total Capacity – 33 Mn. Tyres p.a.**
- ❖ Large Talent pool of about **15000 employees**
- ❖ **1st in Asia to receive ISO 50001 certification for energy management, and 2nd in the world**
- ❖ **1st company in India to commission India's biggest & foremost research centre - HASETRI**

Consolidated Growth

(Five –year CAGR)

Revenue	2%	10% up for FY17 over FY16
EBITDA	29%	
Gross Block	19%	

Manufacturing excellence with world class consistent quality

JK Tyre become first tyre company in India to have verified Carbon Footprint as per IS -14064

JK TYRE –Outperforms Industry

On basis of Volume

Figures in %

2016-17

Industry

JK Tyre*



A. Growth →

7

8



B. Truck Radialisation →

46

55



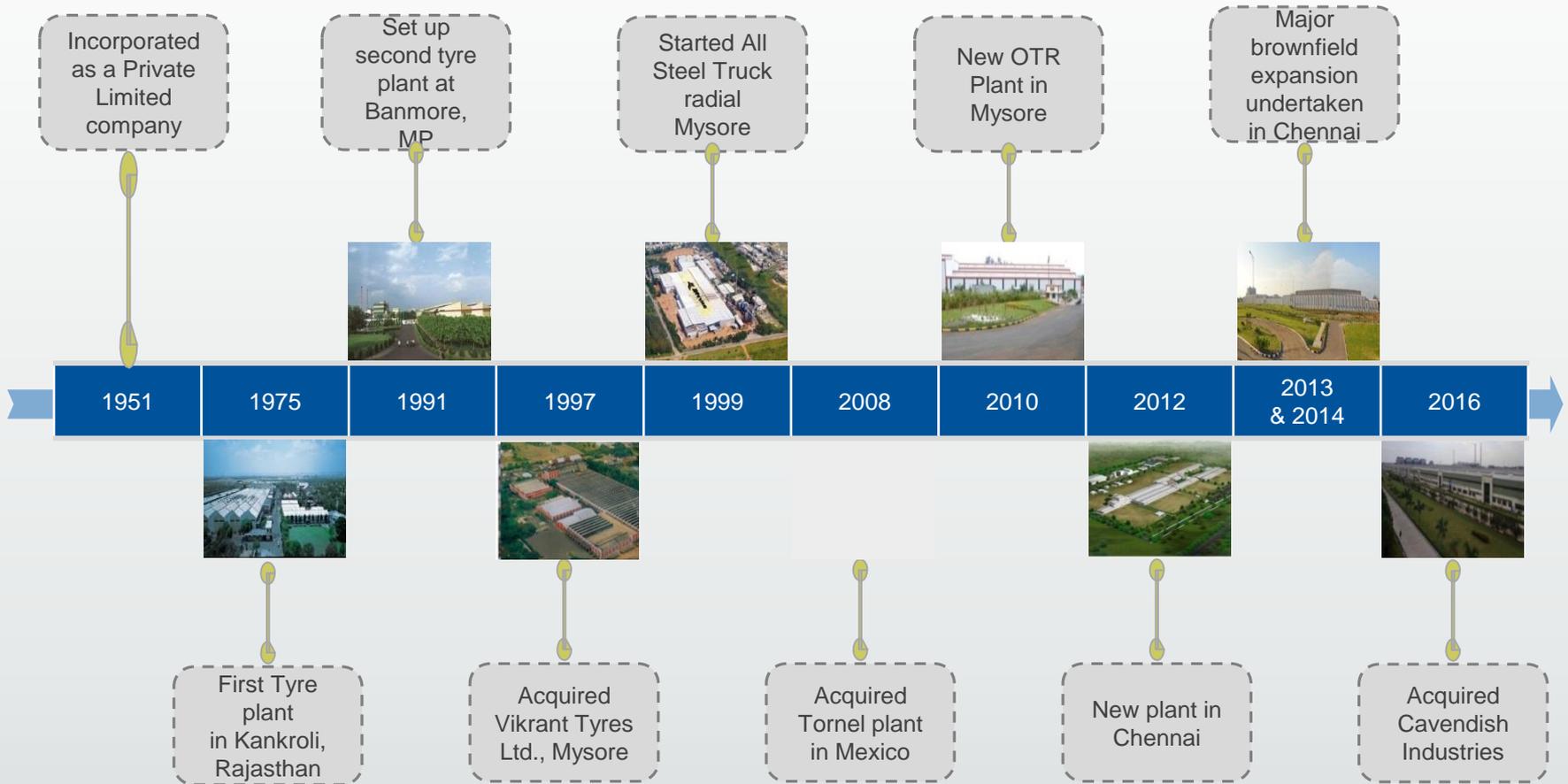
C. Truck Bus Radial Growth

8

17

[(*) – Including CIL]

JK Tyre – The Growth Journey



JK TYRE – Radial Leaders of India

❖ Leadership - No.1 position in Truck/Bus Radials

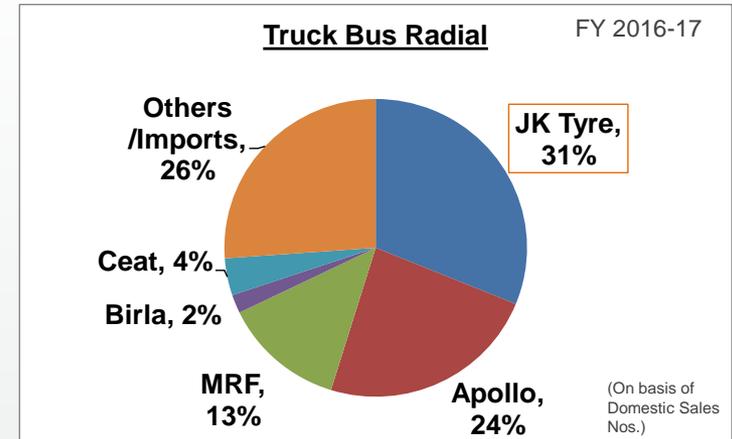
❖ About 13 million JK Tyre TBRs on the roads

❖ Truck Radialisation catching up Fast
Jan'17-Mar'17 Qtr- 47%

❖ OEMs driving Radialisation in Truck & Bus
Jan'17-Mar'17 Qtr- 74%

❖ JK Tyre's Major Shift in Sales from Bias to Radial
(On Basis of Total sales Value)

❖ JK Tyre -Major shift in Truck Tyre mix
(On Basis of Domestic Sales Value)



(%)

Particulars	13-14	14-15	15-16	16-17
Total (Domestic)	26	33	44	46
OEM	51	61	72	68

(%)

Particulars	13-14	14-15	15-16	16-17
Bias	54	48	42	39
Radial	46	52	58	61

(%)

Particulars	13-14	14-15	15-16	16-17
Bias	56	51	42	39
Radial	44	49	58	61

Key Competitive Strengths

Highest TBR Market Share

Extensive Distribution Network

Strong OEM Presence

Strong presence across globe



Manufacturing Excellence

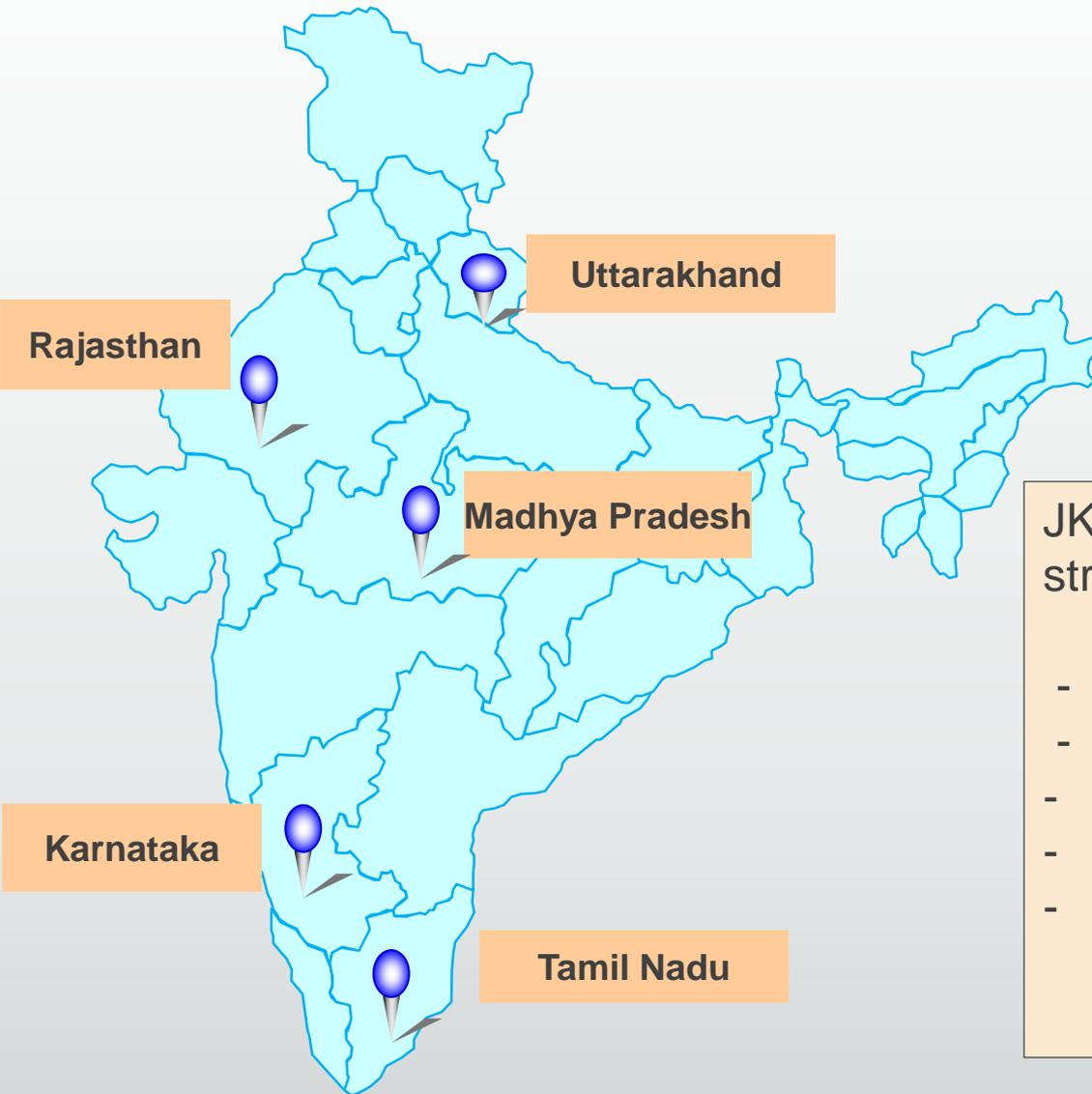
Continuous Innovation

R& D Focus

Cost Competitive



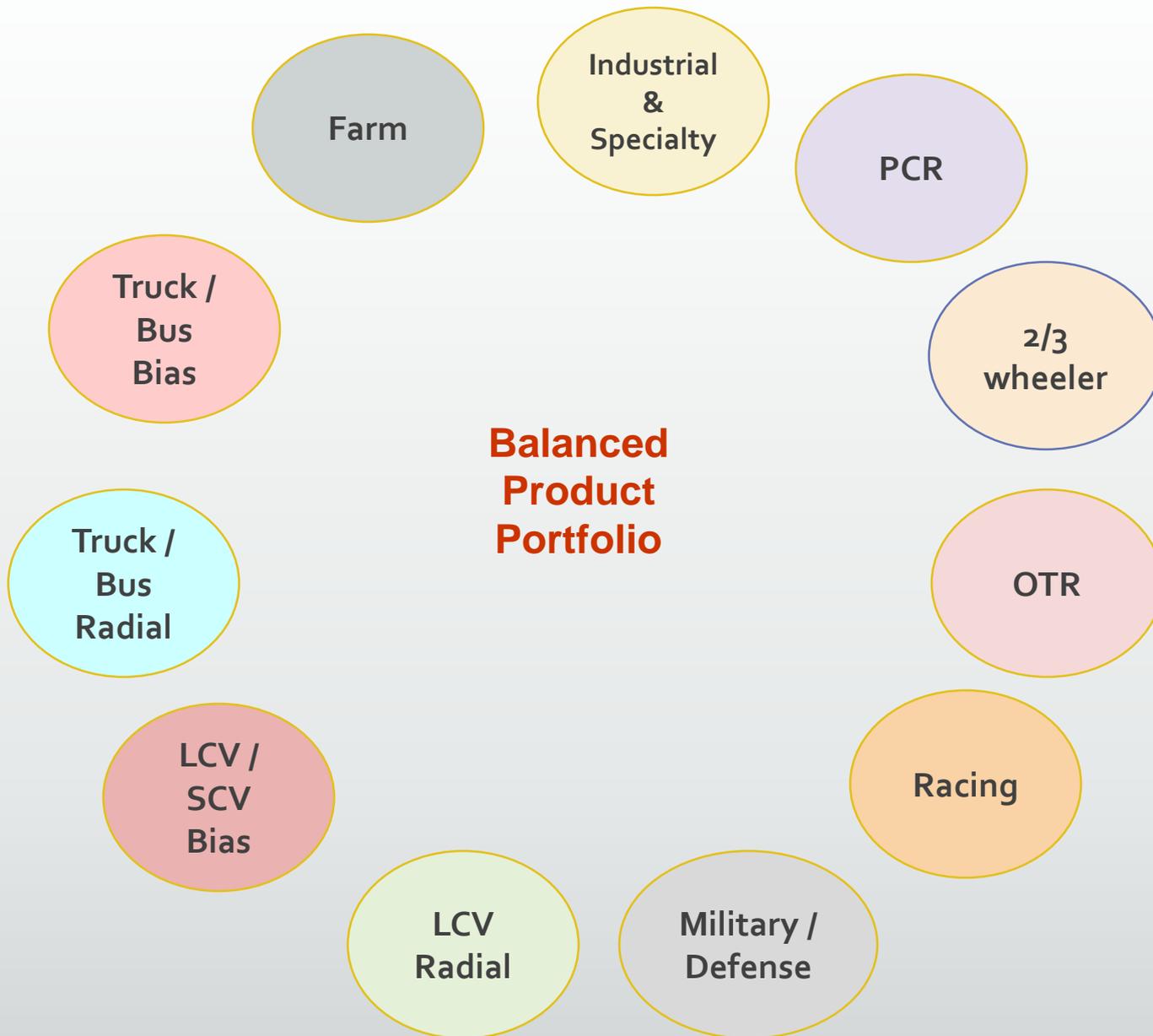
Strategic Manufacturing Locations - India



JK Tyre has 9 modern plants in India - strategically located at:

- Kankroli, Rajasthan -1
- Banmore, Madhya Pradesh -1
- Mysore, Karnataka -3
- Chennai, Tamil Nadu -1
- Laksar (Haridwar), Uttarakhand. - 3

JK Tyre – Wide Product Range



JK Tyre produces India's Largest OTR Tyre



Size : 40.00-57 VEM 045

Weight : 3700 Kg

Height : 12 feet

JK Tyre – Distribution and Service Network

141 JK Tyre Selling Points

4000 Dealers across India
– 1000 exclusive



30 JK Tyre Truck Wheels

Fully equipped Truck Tyre service centre
For enhancing customer experience by offering Total Tyre Solution



230 JK Tyre Steel Wheels

Exclusive Passenger Car Tyre Retailing



11 Xpress Wheels

for Small Towns & Semi Urban Markets



Also caters to 2/3 wheeler

Over 1000

Fleet Management
Direct Partnership with Fleet Owners



- As on 31.3.17

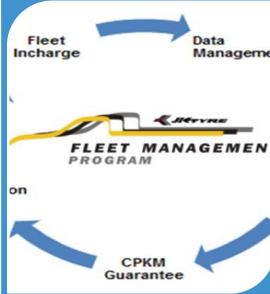
JK Tyre - Total Solution : For Fleet acquisition



Expert
Products



Truck Wheels
Expert
Tyre Care



Fleet
Management
Expert
services



CRM
Expert
Relationship



Retread
Expert Total
Life



Expert
Associations

Total Solution

JK Tyre - Key Partners to Leading OEMs...

Car



India/Mexico



JK Tornel, Mexico



Truck



JK Tornel, Mexico - LTR



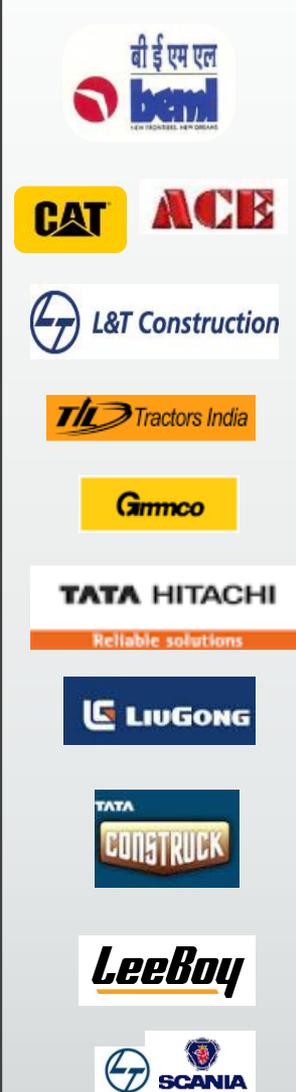
Tractor



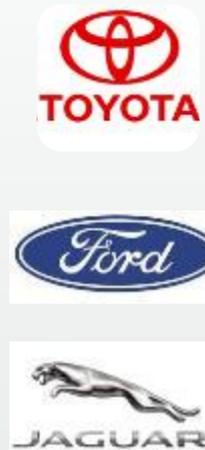
India/Mexico



OTR



Partnerships in Offing

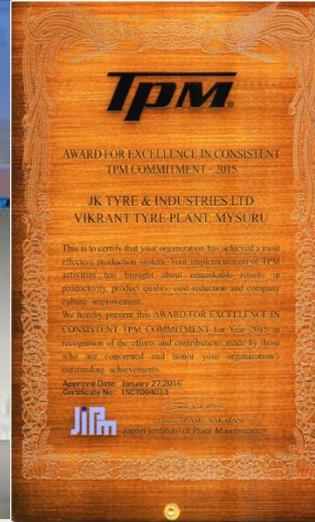


KOMATSU

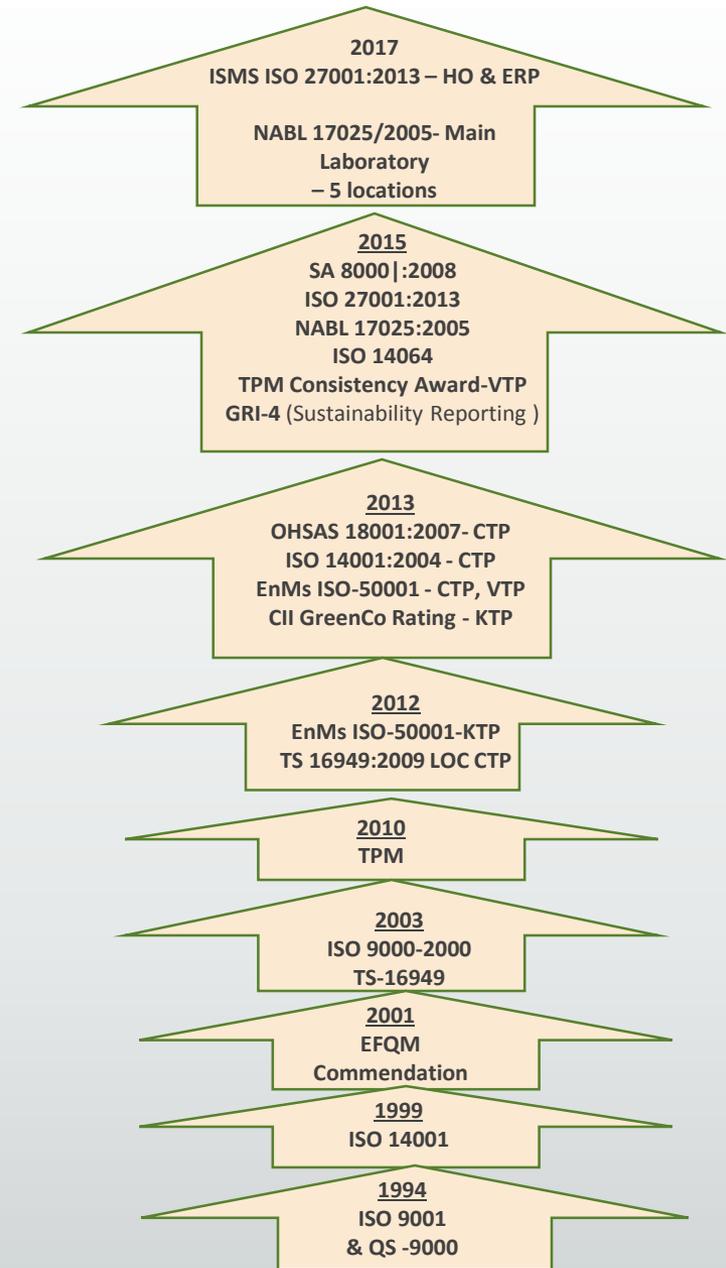


AJAX FIORI
MAKES CONCRETE SENSE

JK Tyre – Quality Excellence Journey



TPM Consistency Award 2015” by Japan Institute of Plant Management (JIPM) – JK Tyre & Industries Limited, Vikrant Tyre Plant, Mysuru.



The legend of Racing in India

JK Tyre acquired Formula BMW Series

- ❖ Rechristened “JK Racing Asia Series” (JKRAS)
- ❖ Created history in Indian Motorsport
- ❖ First Indian company to acquire an FIA (Fédération Internationale de l'Automobile) accredited series



JK Tornel, Mexico – a Strategic Acquisition

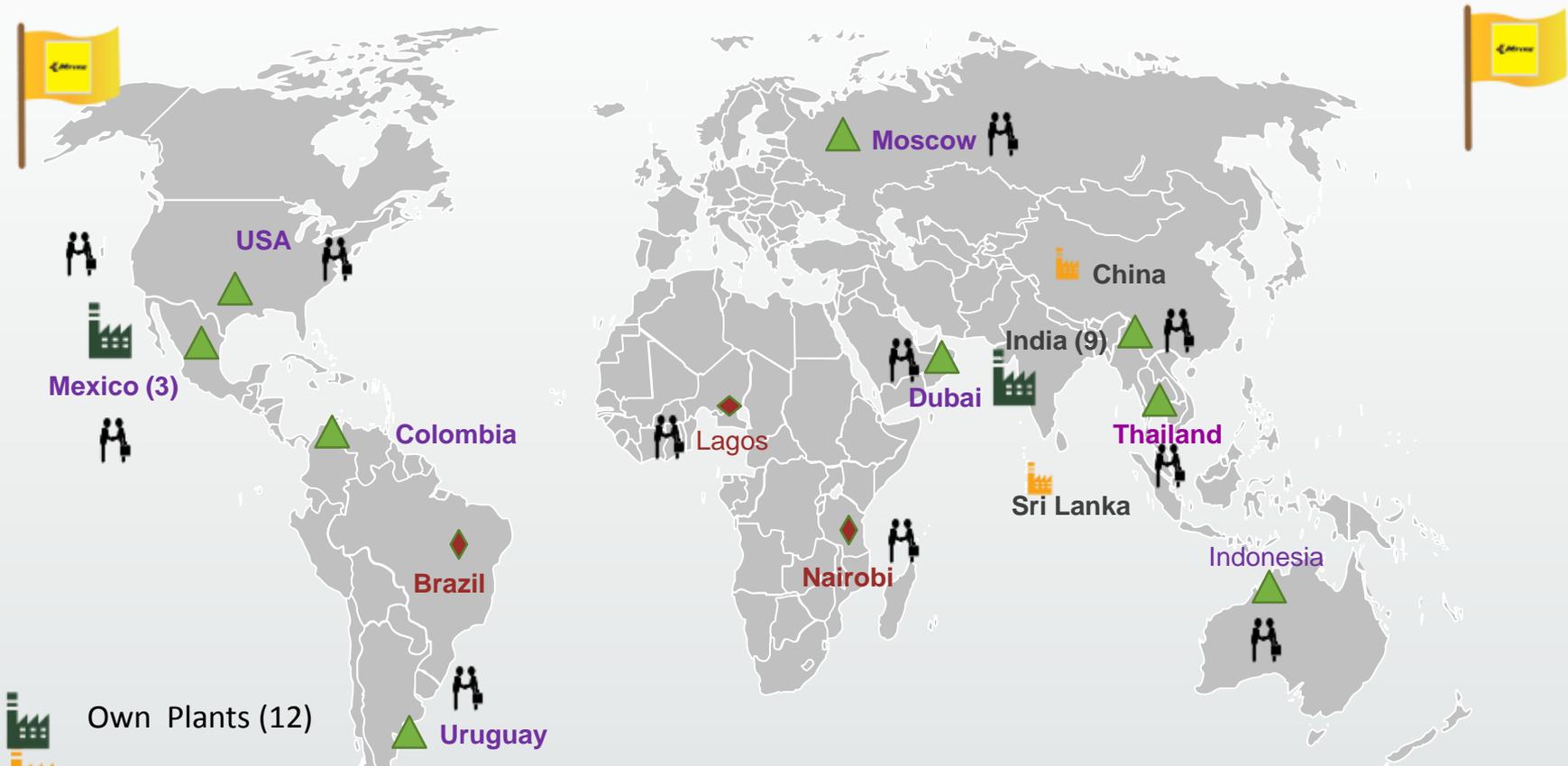


- ❖ Low cost acquisition of additional capacity
- ❖ Free access to NAFTA & other trade blocks
- ❖ Enlarge JK Tyre's global footprint
- ❖ North America and emerging Latin America markets

JK Tornel - Mexico

<ul style="list-style-type: none"> ❖ <u>Capacity :</u> 8.0 Mn Tyres p.a. ❖ <u>No of Plants :</u> 3 plants in Mexico (Azcapotzalco, Tultitlan &Hidalgo) 	<ul style="list-style-type: none"> ❖ <u>Product range</u> <ul style="list-style-type: none"> • Passenger Car Radial • Truck Radial (outsourced) • Light Truck Radial • Truck Bias • Light Truck Bias • Farm Tyres • Industrial Tyres 	<ul style="list-style-type: none"> ❖ <u>Significantly improved operation in last 9 years through :</u> <ul style="list-style-type: none"> • Tornel awarded ‘Outstanding Quality Award winner’ by Chrysler • Enhanced capacity utilisation (40% to 70%) • Improved Plant efficiencies • Enhanced market share across all products • Awarded “ Superbrand”, 2015 															
<ul style="list-style-type: none"> ❖ <u>Present Market Share:</u> <ul style="list-style-type: none"> • Truck Bias : 91% • LCV Bias : 84% • Passenger Line Radials : 9% • LTR : 6% 	<ul style="list-style-type: none"> ❖ <u>Entered OEM Ist time</u> <ul style="list-style-type: none"> • Chrysler • Nissan – Car/Light Truck Radial (LTR) • John Deere – Farm • Case New Holland (CNH) 	<table border="1"> <thead> <tr> <th>Financials (Apr'16-Mar'17) Audited</th> <th>Mn Pesos</th> <th>₹/Crs.</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>3497</td> <td>1218</td> </tr> <tr> <td>EBITDA</td> <td>394</td> <td>114</td> </tr> <tr> <td>PBT</td> <td>129</td> <td>44</td> </tr> <tr> <td>PAT</td> <td>67</td> <td>22</td> </tr> </tbody> </table>	Financials (Apr'16-Mar'17) Audited	Mn Pesos	₹/Crs.	Sales	3497	1218	EBITDA	394	114	PBT	129	44	PAT	67	22
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EBITDA	394	114															
PBT	129	44															
PAT	67	22															

JK Tyre : Global Footprint



-  Own Plants (12)
-  Outsourcing (2)
-  Marketing Hub

-  Existing – 9 (India, Mexico, Dubai, Uruguay, Colombia, US.A, Indonesia, Thailand, Moscow)
-  Planned – 3 (Nairobi, Brazil, Lagos)

- Presence in 105 countries across the globe

	2016-17	USD Mn	₹ Crs.
- From India		97	633
- Global		145	937

Capacity

12 Tyre Plants

❖ India -9

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

❖ Mexico -3

- Azcapotzalco
 - Tultitlan
 - Hidalgo
- } In Mexico City

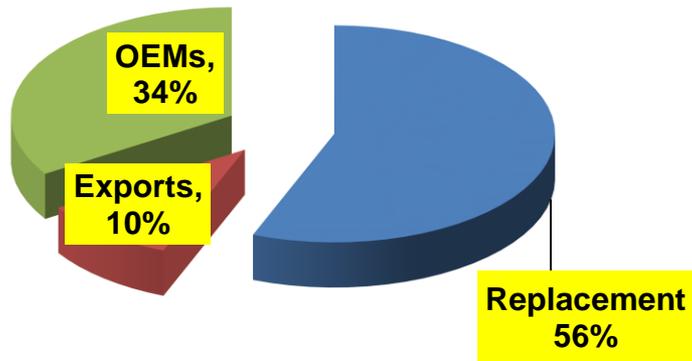
Combined Facility

Lac Nos. p.a.						
S.No.	Particulars	JKTIL	CIL	Total - India	Tornel, Mexico	Total - India & Mexico
1	Truck Bias	18.11	7.00	25.11	3.01	28.12
2	Truck Radial	22.65	11.99	34.64		34.64
	Total Truck	40.76	18.99	59.75	3.01	62.76
3	Passenger Line Radial	98.85		98.85	52.00	150.85
4	2/3 Wheeler		63.02	63.02		63.02
5	Others (LCV,Car, Farm -Bias & OTR)	22.27	7.48	29.75	24.85	54.60
6	Total	161.88	89.49	251.37	79.86	331.23
7	Tons per day (TPD)	1054	470	1524	300	1824
	<i>% TPD to Total</i>	58	26	84	16	100

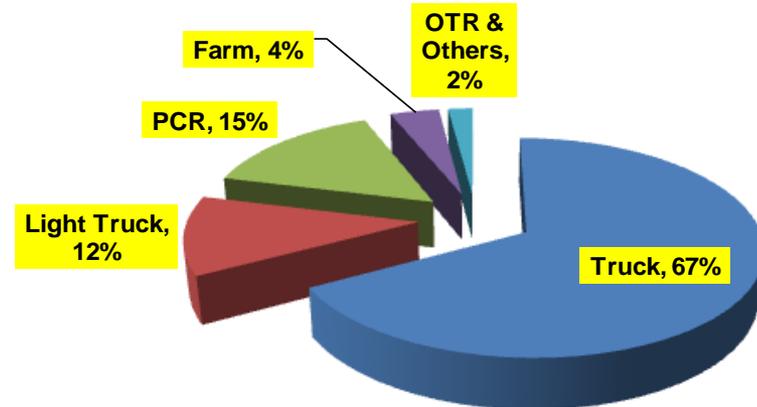
JK Tyre - Revenue Segmentation

By Market

Apr'16- Mar'17 (Value)



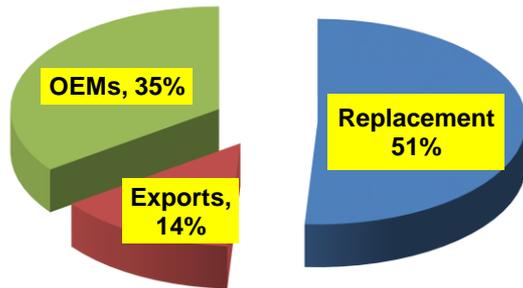
By Product Line



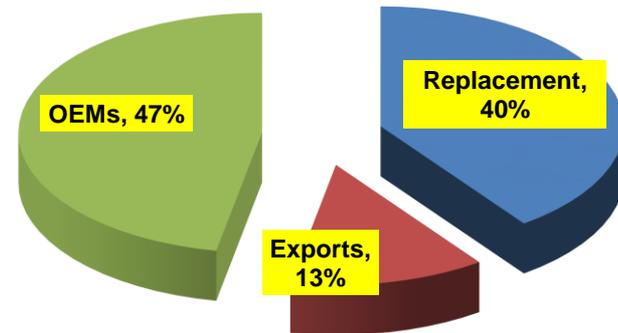
JK Tyre - Current Customer Mix

(Apr'16 – Mar'17) (Nos.)

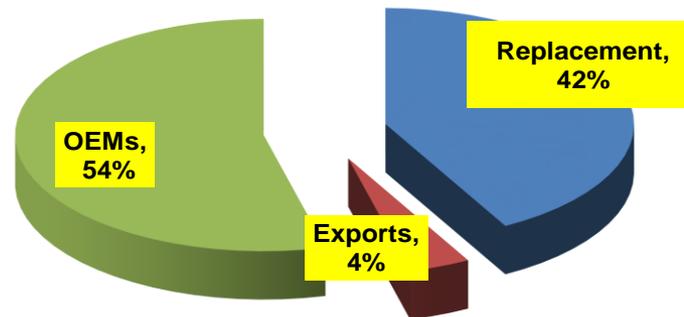
Truck & Bus Tyres



Truck Radial Tyres



Passenger Car Tyres



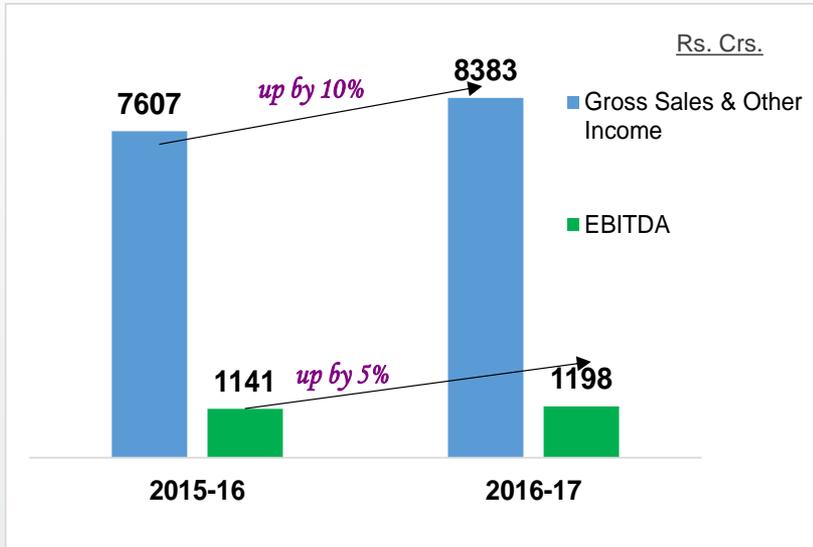
Highlights

FY 2016-17



Key Achievements 2016-17

❖ 10% Increase in Turnover for FY 17 (Consolidated)



❖ Domestic Sales growth (In nos.) (FY17 over FY16)

- ✓ PCR – 7.4%
- ✓ TBR* – 17.4%

❖ Consolidated Gross Sales of Rs. 2356 crs. in Q4FY17 **Growth ~ 23%** (yoy)

❖ Consolidate Gross Sales of Rs. 1000 crs.+ in Mar'17

❖ Exports (consolidated) to over 100 countries

- ✓ 2016-17 – Rs. 937 crs **Growth ~ 11%**
- ✓ 2015-16 – Rs. 847 crs.

[(*) – Including CIL]

Key Achievements 2016-17

❖ Operating efficiencies achieved:

Particulars	Unit	FY17	FY16
Energy Costs	Rs./MT	8434	8588
Water Consumption	Ltrs/Ton	2.8	3.5
Manpower Productivity	Mandays/Ton	9.5	10.1

✓ *Among the top 4 energy efficient tyre companies in the world and most water efficient across all tyre companies*

Energy Cost Savings – Rs. 4.2 crs p.a.

Optimization of Storage Space & Logistics cost savings - Rs. 7 crs. p.a

✓ 3 MW Rooftop Solar Project completed at CTP

Biggest Grid synchronised Roof top Solar installation in Tamil Nadu



❖ 21% of Energy requirement being met through Renewable Sources (Target : 37% for FY18)

- ❖ JK Tyre & Industries acquired Cavendish Industries ..effective 13th April, 2016, at an EV of Rs. 2170 crs.
- ❖ CIL acquisition gives **JK Tyre strategic entry into 2/3 Wheeler Category**
- ❖ Product line : TBB tyres, TBR tyres, 2-3W tyres, Tractor tyres, Tubes &Flaps
 - Truck Bias: 7 Lacs
- ❖ Capacity – **89 lacTyres p.a.** →
 - Truck Radial: 12 Lacs
 - Non-Truck Bias: 7 Lacs
 - 2/3 Wheeler : 63 Lacs
- ❖ Laksar plant is an excise benefit zone -excise exemption of 10 years (upto 2020)



Entry in Fast growing 2/3 wheeler segment

- ❖ Completed Acquisition of Cavendish Industries Ltd. (CIL)
 - **Operations of CIL Turned Around in 1st Year itself**
- ❖ Launched a premium 2/3 Wheeler tyre '**BLAZE**' – well received & volume increasing month by month

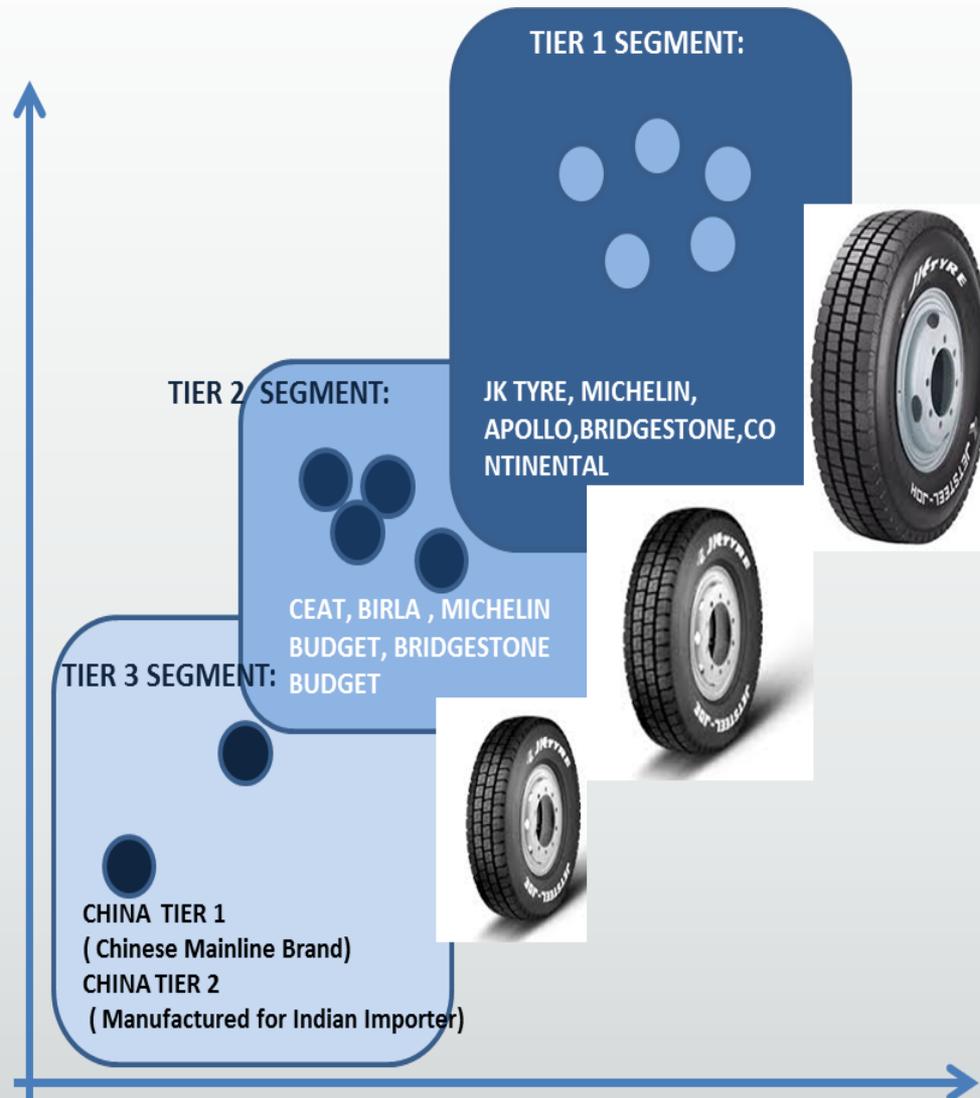


The only company in India to have three tier Brand strategy



- ❖ A Strategic Move to synchronize with Market Requirement to have Three Different Brand Portfolio at different Price Points.
- ❖ Technology evolved to Develop products to meet the Challenging Requirements.

JK Tyre Product Basket : Tyre for every price point



Key Achievements 2016-17 (Cont.)

- ❖ **131 New Products** for domestic & International markets (OE and Replacement)
 - TBR – 25
 - PCR: India -47, Mexico – 27
- ❖ **28 New Products** for 2/3 wheeler for Indian Market

New Products Launched	
40	2011-12
62	2012-13
65	2013-14
63	2014-15
121	2015-16
159	2016-17



- ❖ In August 2016, rolled out **10 millionth TBR** at Mysuru plant,
...unparalleled feat by any Indian Tyre Co.

Key Achievements 2016-17 (Cont.)

❖ Launched New Format in FY 2016-17

- ✓ Xpress Wheels - for Small Towns & Semi Urban Markets (11)
- ✓ JK Tyre Retread Centre Franchisees (12)



❖ Response to demonetization -Going Cashless –

Tied up with **Paytm** for PCR tyre , selling through online



❖ IT ERP System shifted to **SAP HANA**

- In memory database for faster processing



Key Achievements 2016-17 (Cont.)

❖ Dr. Raghupati Singhanian, CMD, conferred with:

- ✓ Industry Leadership Award by Indo-American Chamber of Commerce
- ✓ 'Distinguished Fellow of IOD for 2016' by The Institute of Directors (IOD), India
- ✓ Listed in the list of – 100 Top CEOs of the Country by Business Today Magazine



❖ JK Tyre

- ✓ Awarded '**Superbrand 2016-17**'...First & Only Tyre Superbrand in India having selected 6 times in row, since 2004
- ✓ **Most Trusted Brand 2017** by Reader's Digest
- ✓ Selected Amongst **India's fastest growing Companies** by Business World



Technology : All solutions under one roof

State of the Art R&D

- ❖ All facilities under one roof
- ❖ HASETRI : Elastomer & Tyre Research & Development
- ❖ Tech Center : Product Design, Project Management, Benchmarking and Key Account Management
- ❖ Central Test Centre – Enhanced with new high end test capabilities



‘Raghupati Singhanian Center of Excellence’



Raghupati Singhanian Centre of Excellence for Tyre and Vehicle Mechanics

“A Joint Venture R&D Center” at IIT Madras, Chennai
One of the India’s biggest Academia – Industry partnership for Advanced Research

Transforming JK Tyre Supply Chain (2016-17)

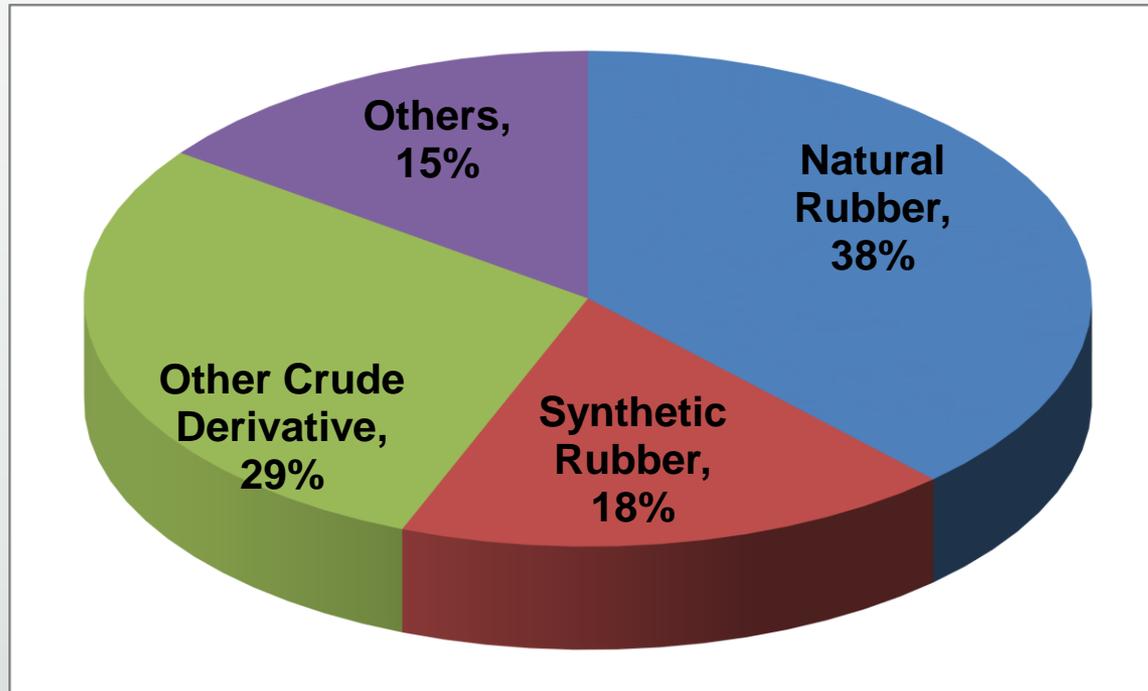
- ❖ Increase in **product availability** across all selling locations (from 72% to 95%)
- ❖ **15 MODEL warehouses created** (best warehouse practices being followed)
- ❖ Savings in Logistics cost (Rs 7 crores)
- ❖ IT enabling entire supply
 - **increased efficiencies & reduced redundancies**
- ❖ Use of SAP in
 - OE just-in-time warehouses
 - export order management
 - fulfillment process
 - **reduced lead times & end to end visibility**
- ❖ Reduction in export port stock & overall FG Inventory
- ❖ Significant improvement in internal/external customer experience by streamlining various processes



NETWORK OPTIMIZATION in logistics/warehousing with new GST regime

Key Raw materials

Raw Material Composition (by value) – 2016-17



Corporate Social Responsibility



❖ **Livelihood enhancement:** Skill building trainings, Self Help Groups, agricultural improvement & livestock development.

❖ **Education:** Adult literacy programs in remote villages & Mysuru prison, Adoption of ITI's and schools, road safety awareness & LakshmiPat Singhania school in Jaykaygram



❖ **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 & farm ponds, field bunding and plantation