

JK TYRE & INDUSTRIES LIMITED

FUNDAMENTAL REPORT – 07.05.2018



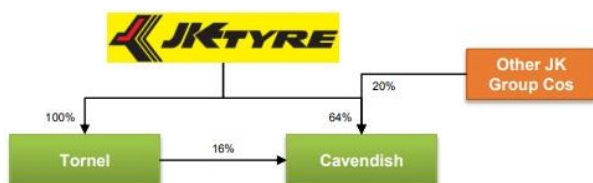
About the company

JK Tyre & Industries (JKTL) is the flagship company of the JK organization which is headquartered at New Delhi. Group has other varied business interest in segments such as paper, cement, dairy, risk management and insurance broking. It is one amongst India's leading tyre brands (pioneer in truck radials) and among the 25 largest tyre companies in the world. The company is the market leader in truck/bus radial tyre. Company has nine manufacturing facilities in India strategically located at Karnataka, Madhya Pradesh, Rajasthan, Tamil Nadu and Uttarakhand in India and facilities in Mexico.

JK organisation



Internal Shareholding Structure of the company



Market Data

BSE Code	530007
NSE Code	JKTYRE
Bloomberg	JKI IN
Closing price as on 07.05.2018 (Rs.)	NSE:152.20 BSE: 152.80
Industry Name	Tyre & Tube
Face Value	Rs 2
52 week H/L (NSE) (Rs.)	193.00 / 128.10
30 Day Avg Volume(NSE)	10,32,122
EPS	16.55
P/E	7.95
Div Yield (%)	1.53
CMP / BV	1.52
Mkt. Cap (Rs.Cr)	3,465.71

Fiscal year ended

Particulars	March 15	March 16	March 17
Total revenue (Rs.cr)	7383.71	6898.23	7689.37
PAT (Rs.cr)	329.66	463.80	375.40
Share Capital (Rs.Cr)	45.36	45.36	45.36
EPS unadj (Rs.)	14.54	20.45	16.55
P/E (x)	7.22	4.13	7.95
P/BV (x)	1.7	1.1	1.52
ROE (%)	23.53	26.53	19.11

Shareholding pattern

Category	Dec-17	Sep-17	Jun-17
Promoter	52.48	52.48	52.34
Public	47.52	47.52	47.66
Others	--	--	--
Total	100.00	100.00	100.00

Market share in Truck and Bus Radial (TBR) & Light Commercial Vehicle including SUV (Bias + Radial)

Company enjoys higher market share of 31% in both TBR & LCV segment including SUV (Bias + Radial) for FY17. Other players in TRB segment such as Apollo tyres, MRF constitute 24% & 13% respectively. All other players in the segment put together constitute 32%. Other players in LCV segment including SUV (Bias + Radial) segment such as Apollo tyre, MRF, ceat tyre constitute 26%, 27% and 14% respectively. All other players in the segment put together constitute 2%. Company faces growing competition in TRB segment from other unlisted MNC's like Bridgestone, Michelin, Continental and Yokohama and all other players put together in this segment constitute 28%. Another major factor influencing the company's competitiveness is cheaper Chinese imports.

Improvement in road infrastructure and governments new road laying target to drive higher sales of CVs

National highway construction is at an all-time high of 9,829km in 2017-18, indicating average road construction has risen over the years. Under 'Bharatmala' project government is aiming to achieve 40km/day road construction target. On course with such improved activity, possibility persist in higher commercial vehicle sales and improvement in replacement market.

Raw material Components

Major raw material used by the company and industry is natural rubber. Prices of natural rubber during previous quarter have seen a decline. Natural rubber constitutes more than one-third of raw material cost. Any increase in price of natural rubber will impact margins of the company. Crude by product is the other key raw material continuant. Increasing crude prices can impact profitability going forward.

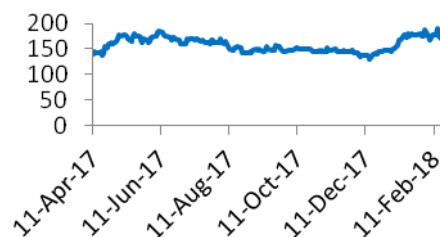
On a strong distribution network

JK Tyre has more than 4000 dealers and 200 distribution network spread across the globe. These include mass merchandise partners such as Walmart, Coppel. Company tries to capture market share in two wheeler segment with brand BLAZE.

Rubber price movement



Stock price movement



Financials

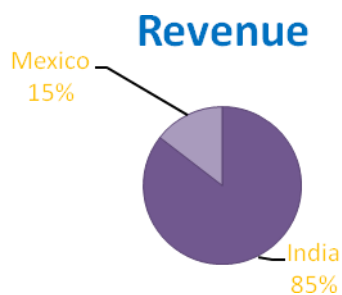
Peer Comparison

Company Name	CMP Rs.	P/E	Market Cap Rs.Cr.	Div Yld %	CMP / BV
MRF	75,721.50	29.39	32,105.92	0.08	3.33
Balkrishna Inds	1,250.05	35.38	24,165.62	0.33	5.90
Apollo Tyres	286.45	23.34	16,386.37	0.91	2.11
CEAT	1,506.65	23.90	6,094.41	0.70	2.30
JK Tyre & Industries	152.20	10.87	3,427.15	1.65	1.83

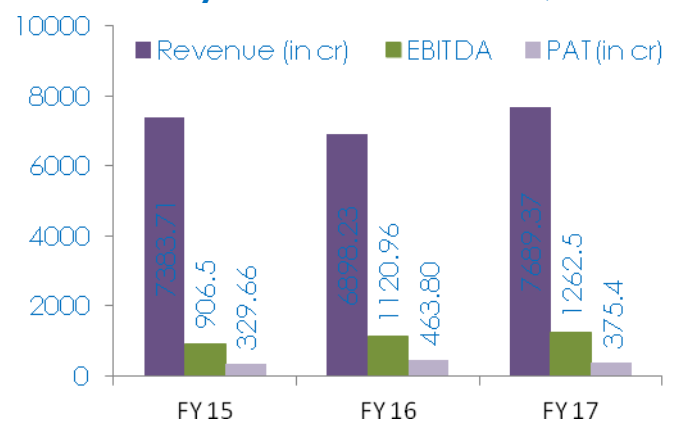
Annual Results

Particulars	March 13	March 14	March 15	March 16	March 17
Total revenue (Rs.cr)	6985.23	7651.76	7383.71	6898.23	7689.37
PAT (Rs.cr)	203.30	263.02	329.66	463.80	375.40
Share Capital (Rs.Cr)	41.06	41.06	45.36	45.36	45.36
EPS unadj (Rs.)	48.92	63.21	14.54	20.45	16.55
P/E (x)	2.05	2.79	7.22	4.13	7.95
P/BV (x)	0.47	0.68	1.7	1.1	1.52
ROE (%)	22.99	24.37	23.53	26.53	19.11

Geography wise revenue Break-up (fy 17)



Performance snapshot of JK Tyre & Industries Ltd.,



Balance Sheet (Consolidated)

(Rs. Cr)	Mar-2017	Mar-2016	Mar-2015
Shareholders' Equity	45.36	45.36	45.36
Reserves	1,919.42	1,703.12	1,355.65
Total Debt	5,654.65	2,909.51	2,974.78
Current Liabilities	3,220.2	2,774.57	2,560.66
Net Block	5,788.3	3,753.05	2,701.3
Capital Work in Progress	325.52	105.72	830.32
Long Term Investments	79.29	154.78	140.26
Current Assets	4,646.52	3,419.01	3,264.57
Total Assets	10,839.63	7,432.56	6,936.45
Long Term Debt to Equity (Net Worth)	2.88	1.66	2.12

Profit & Loss Account (Consolidated)

(Rs. Cr)	Mar-2017	Mar-2016	Mar-2015
Revenue	7,689.37	6,953.12	7,383.71
Operating Expenses	6,595.95	5,859.38	6,499.86
Operating Profit	1,093.42	1,093.74	883.85
Operating Margin	14.22%	15.73%	11.97%
Other Income	173.5	16.7	16.88
Interest	440.36	245.37	257.41
Depreciation	291.32	196.11	157.77
Profit Before Tax	535.24	668.96	485.55
Income Tax	155.42	215.68	161.66
Net Profit	375.4	463.8	329.66
Earnings per	16.55	20.45	14.54
Return on Equity	19.11%	26.53%	23.53%

Cash Flow (Consolidated)

(Rs. Cr)	Mar-2017	Mar-2016	Mar-2015	Mar-2014	Mar-2013	Mar-2012	Mar-2011	Mar-2010
Cash from Operating Activity	105.69	903.0	734.15	654.81	-15.47	361.88	7.97	564.87
Cash from Investing Activity	-807.38	-511.28	-805.7	-223.54	-201.11	-611.53	-291.44	-175.32
Cash from Financing Activity	829.95	-422.38	-1.22	-335.19	251.75	239.53	306.95	-349.9
Net Cash Flow	128.26	-30.66	-72.77	96.08	35.17	-10.12	23.48	39.65

Financial performance snapshot

Net sales of the company stood at Rs. 7689.37 Crores in FY17, a growth of 10.5% as compared to Rs. 6953.12 Crores in FY16. The operating expenses of the company increased by 12.57% YoY to Rs. 6595.95 Crores from Rs. 5859.38 Crores during the year. The company's EBITDA grew by 12.62% YoY to Rs. 1262.5 Crores in FY17 from Rs. 1120.96 Crores in FY16. Net profit decreased by 19.05% to Rs. 375.40 Crores in FY17 from Rs. 463.80 Crores in FY16.



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