

October 25, 2010

**CARE REVISES THE LT RATING AND REAFFIRMS THE ST RATING ASSIGNED TO
VARIOUS BANK FACILITIES/INSTRUMENTS OF
J.K. TYRE AND INDUSTRIES LTD**

Ratings Assigned

Facilities	Amount (Rs. cr)	Ratings¹	Remarks
Long-term Bank Facilities	1,603.32 (enhanced from Rs.1,003.29 cr)	'CARE A' (Single A)	Revised from CARE A-
Short-term Bank Facilities	585.00	'PR1' (PR One)	Reaffirmed
Long-term/Short-term Bank Facilities	250.00	'CARE A'/PR1' (Single A/PR One)	Assigned
Zero-coupon Non-convertible Debentures	12.40	'CARE A' (Single A)	Revised from CARE A-
Commercial Paper (CP)/Short-term Debt (STD)	75.00 (enhanced from Rs.50 cr)	'PR1' (PR One)	Reaffirmed
Total Facilities	2,525.72		

Rating Rationale

The revision in long-term rating factors in the improvement in financial risk profile of JKTI emanating from improved profitability as well as coverage indicators during FY10. The ratings also factor in stable demand outlook for tyre in the medium term backed by strong growth registered in the automobile sector. The ratings continue to derive strength from the long experience of the promoters, the established presence of the company in the domestic as well as export market, reputed brand name, wide marketing & distribution network and technical collaboration with Continental AG.

The ratings are, however, constrained by JKTI's exposure to raw material price fluctuations, relatively higher gearing levels, project implementation risks pertaining to the ongoing projects and the inherent cyclical risks associated with the automobile industry. Going forward, the ability of the company to sustain growth in profitability in light of volatile input price scenario and completion of the ongoing projects within time and cost estimates shall be the key rating sensitivities.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Company Profile

JKTI is the flagship company of the JK Group (Eastern Zone) headed by Mr Hari Shankar Singhania as its Chairman. The company has manufacturing facilities at Kankroli, Rajasthan; Banmore, Madhya Pradesh and Mysore, Karnataka with an installed capacity of 91.47 lakh tyres as on March 31, 2010. JKTI manufactures the entire range of both radial as well as bias (cross-ply) tyres for trucks, buses, Light Commercial Vehicles (LCVs), utility vehicles, cars, jeeps and tractors.

During FY10, total operating of JKTI stood at Rs.3,692 cr with PBILDT and PAT of Rs.425 cr and Rs.163 cr respectively. PBILDT and PAT margin improved to 11.52% and 4.43% during FY10 vis-à-vis 6.46% and 0.39% respectively in FY09.

As per the provisional results for Q1FY11, JKTI reported total operating income of Rs.1,168 cr (y-o-y growth of 30%) with PBILDT and PAT margin of 6.26% and 1.67% respectively.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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