

ANNUAL REPORT 2013 - 2014

*MAKING OUR MARK
ON THE GLOBE*



 **JKTYRE**
& INDUSTRIES LTD.

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Dear Fellow Shareholders,

The year gone by was indeed full of challenges. The slowdown in economic activity coupled with high interest rates and fuel prices had direct impact on the automotive industry. This, in turn, affected tyre demand. The Company met such challenging business environment head-on through several customer centric measures. In addition, concerted efforts resulted in exports registering a growth of 23%. These measures helped in improving Company's operations and profitability.

The long term outlook for domestic tyre industry remains positive. Expected higher economic growth would result in increased demand for cars and transportation in general, along with better connectivity, which will result in higher demand for tyres in the coming years. Your Company is future-ready to meet this expected growth in the times ahead.

Your Company crossed a new milestone with export of ₹ 1,040 Crores during the year 2013-14. This has been achieved despite tough market conditions prevailing in the Middle East, Africa and South East Asian countries amidst strong political and economic turbulence.

It sells tyres in over 100 countries across six continents and it is rewarding that brand 'JK Tyre' enjoys a premium status in a number of these markets.

JK Tornel, Mexico has also performed very well and continues to add value to your Company's overall growth strategy and profitability.

As a responsible corporate citizen, JK Tyre has always believed in the philosophy of development of society at large and particularly the communities in and around its various manufacturing locations. Since its inception, the focus has been specially in the areas of Health, Education including Adult Literacy, development of social infrastructure and promoting sports. JK Tyre has actively embraced green initiatives not only in its surroundings but also its products and processes.

I take this opportunity to acknowledge whole hearted support of all stakeholders and our committed teams in our growth endeavours.

With your continued support, dear shareholders, I am confident that JK Tyre will move from strength to strength in the times ahead.

Best regards,

Raghupati Singhania
Chairman & Managing Director

AUDITORS
Lodha & Co.
Chartered Accountants

REGISTERED OFFICE
Jaykaygram,
PO - Tyre Factory,
Kankroli - 313 342
(Rajasthan)

ADMINISTRATIVE OFFICE
3, Bahadur Shah Zafar Marg,
New Delhi - 110 002

VICE PRESIDENT (LEGAL) & COMPANY
SECRETARY
Pawan Kumar Rustagi
CIN: L67120RJ1951PLC045966



Board of Directors: Sitting (L to R) Bakul Jain, Vimal Bhandari, Bharat Hari Singhania, Dr. Raghupati Singhania, Arvind Singh Mewar, Om Prakash Khaitan, Dr. Wolfgang Holzbach
Standing (L to R) Kalpataru Tripathy, Arun K. Bajoria, Vikrampati Singhania, Swaroop Chand Sethi



BOARD OF DIRECTORS

Dr. Raghupati Singhania
Chairman & Managing Director

Arvind Singh Mewar

Om Prakash Khaitan

Kalpataru Tripathy

Dr. Wolfgang Holzbach

Swaroop Chand Sethi
Whole-time Director

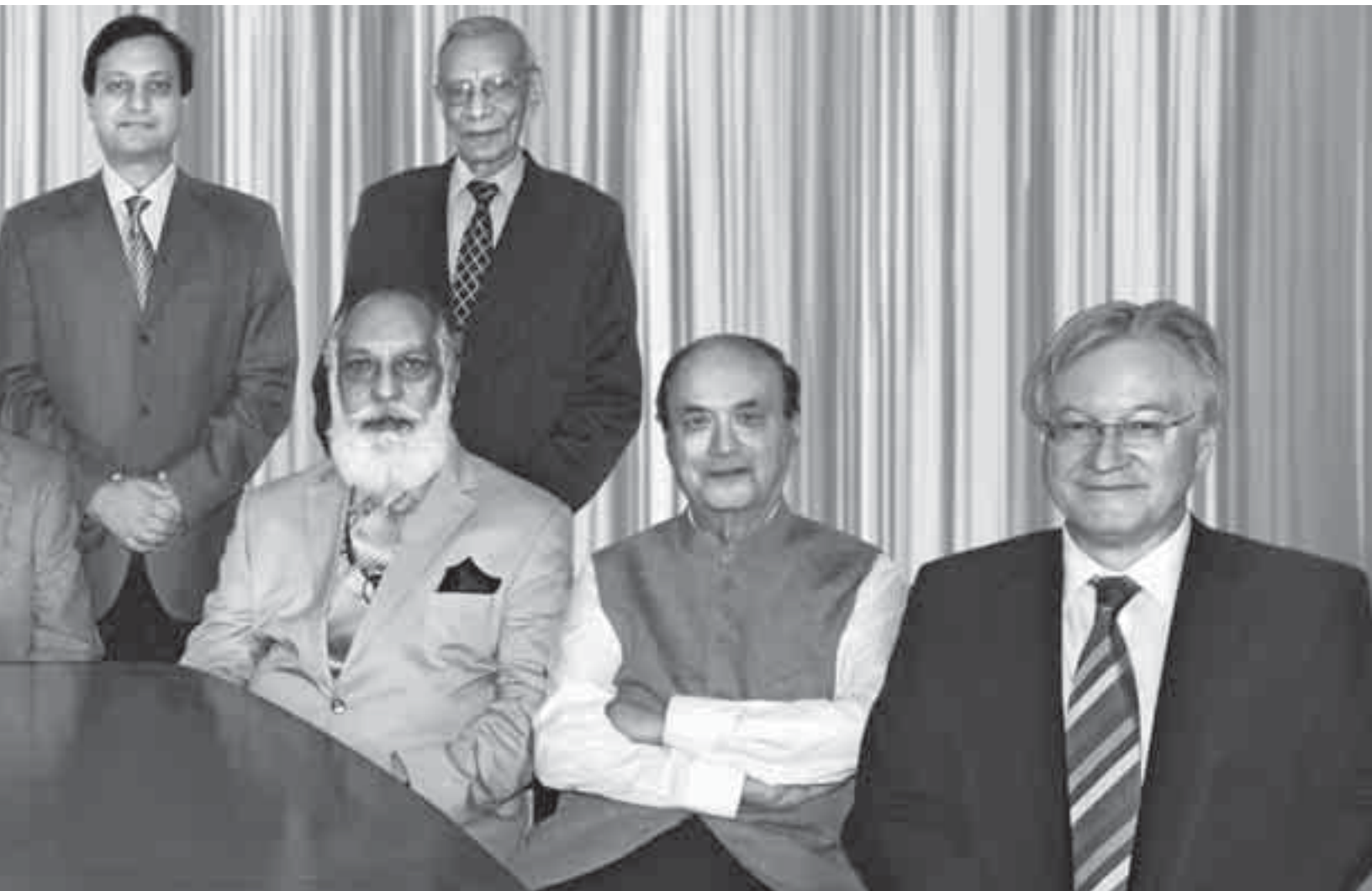
Bharat Hari Singhania
Managing Director

Bakul Jain

Vimal Bhandari

Vikrampati Singhania
Dy. Managing Director

Arun K. Bajoria
President & Director



Visit us at www.jktyre.com

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present the Annual Report of your Company, along with Audited Accounts for the financial year ended 31st March, 2014.

OPERATIONS

Your Company along with its wholly-owned subsidiary JK Tormel, Mexico achieved a consolidated turnover of ₹ 8,279 Crores, Operating Profit of ₹ 890 Crores and Profit Before Tax of ₹ 374 Crores, higher by 42% over the previous year.

On a standalone basis, the Company achieved a turnover of ₹ 6,577 Crores. Operating Profit for the year was ₹ 672 Crores, an increase of 34% over the previous year, and Profit Before Tax at ₹ 195 Crores.

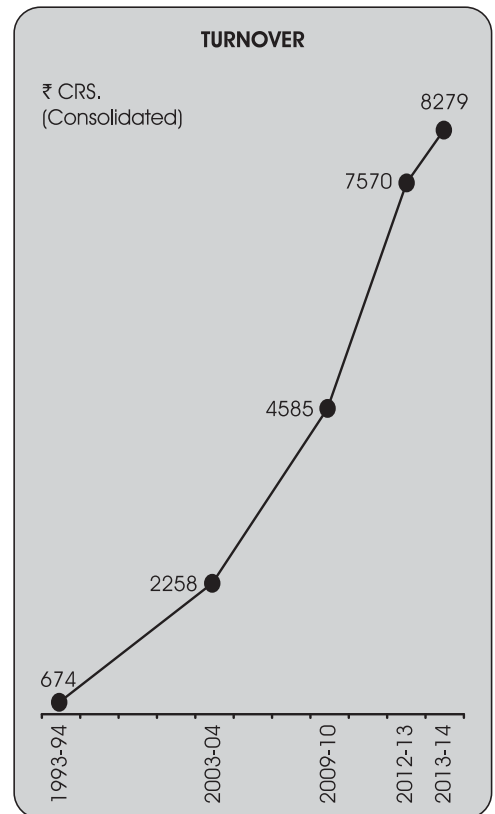
The economy was in a recessionary trend throughout the year with the average GDP growth clocking 4.5%. Manufacturing sector was worst affected which resulted in a negative growth. Subdued economic activity coupled with high rate of interest and high fuel prices adversely affected the automobile sector. Commercial vehicle manufacturers had to resort to heavy production cuts.

For the first time in the last 10 years the Passenger Car sales experienced a decline this year. In fact, even the reduction in excise duty for vehicles in both passenger and commercial segments failed to boost sales or add any comfort to the situation.

As a result of these factors which impacted the automobile industry, the demand for tyres remained sluggish both in commercial as well as passenger segments. The only breather, however, was a significant growth in demand of 23% in the Farm tyres segment.

The Company met the challenging economic environment by deploying multi-pronged measures. JK Tyre renewed its thrust on higher penetration in the replacement market and adding new OEMs. The Company widened its network of customer touch points, such as, 'JK Tyre Steel Wheels' and 'JK Tyre Truck

Wheels', which enabled it to strengthen its customer service. Several new products offering higher value added features, were launched in both Commercial as well as Passenger tyre categories, which have received excellent consumer feedback.



Concerted efforts were made in the export markets, resulting in the Company being able to widen its global footprint, in addition to increasing volumes in the existing markets. As a consequence, JK Tyre's exports clocked an all-time high of ₹ 1,040 Crores, registering an impressive growth of 23%.

These measures were supplemented by continuous cost compression initiatives, optimisation of resources and attaining better operating efficiencies. Correction in high raw material prices also helped in Company's improved operations.

As the macro-economic fundamentals of the Indian economy remain intact with several infrastructure projects gradually picking-up, it can be expected, that the economy would certainly show an upward curve. The outlook remains positive as the improving scenario promises a better demand for tyres in the coming years.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 5 per Equity Share of ₹ 10 each (i.e. 50%) on the Equity Share Capital of ₹ 41.06 Crores. The Dividend



outgo will be ₹ 24.02 Crores (inclusive of dividend tax of ₹ 3.49 Crores).

APPROPRIATIONS

The amount available for appropriation, including surplus from previous year is ₹ 201.93 Crores. The Directors propose this to be appropriated as under:

	(₹ Crores)
General Reserve	75.00
Dividend	20.53
Corporate Dividend Tax	3.49
Surplus carried to Balance Sheet	102.91
	<u>201.93</u>

ISSUE OF WARRANTS

With a view to augment its net worth, the Company made Preferential Issue of 43,03,350 Warrants to the Promoter Group, aggregating to ₹ 49.49 Crores based on a price prescribed under relevant SEBI regulations in that regard.

An amount of ₹ 12.37 Crores being 25% of the total consideration of the issue value, was received and accordingly allotment of warrants was completed on 16th December, 2013. Each Warrant is convertible into one Equity Share of the Company as per the terms of the issue.

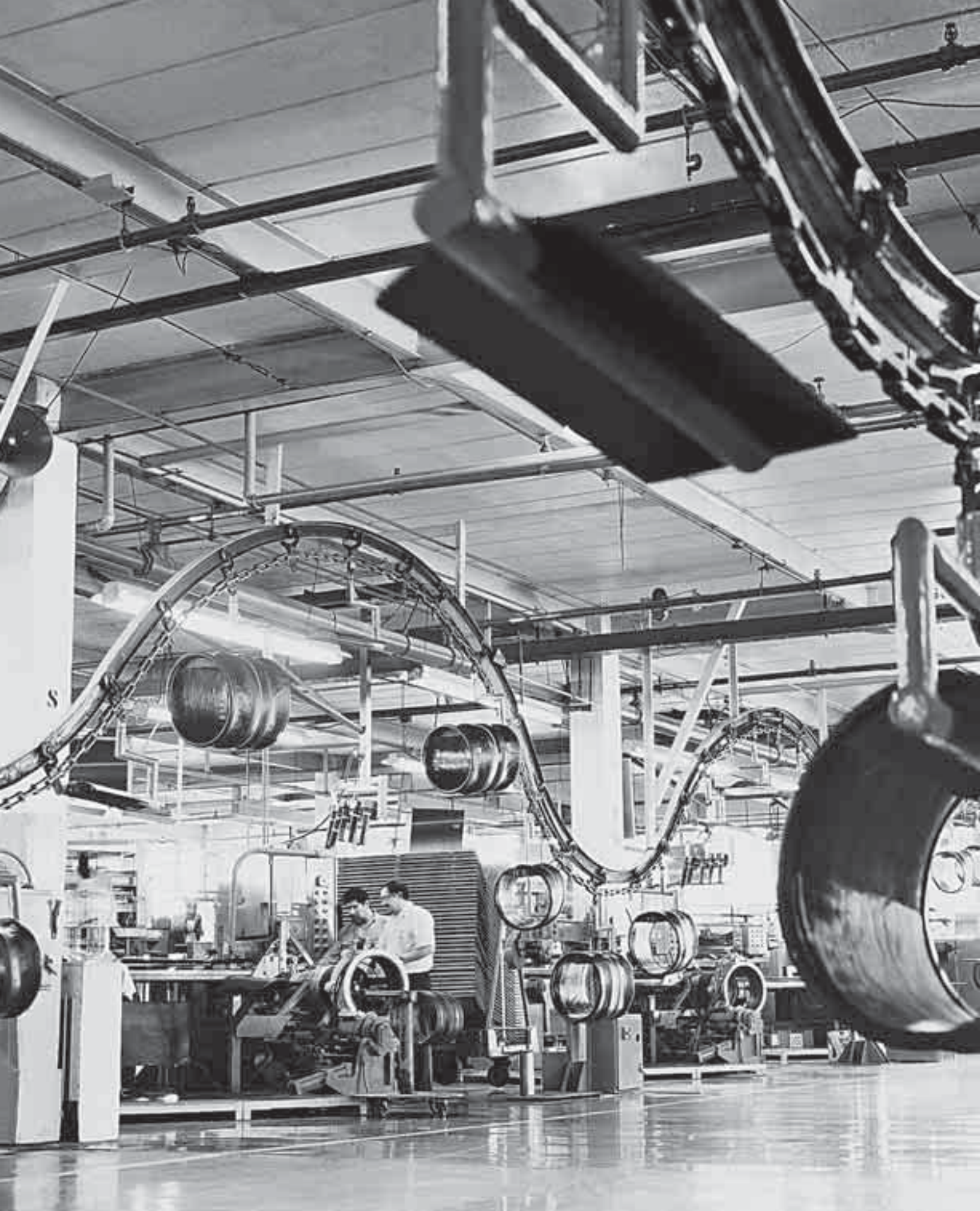
JK TYRE RACES AHEAD

JK Tyre continued its growth journey undeterred by the economic slowdown.

- Consolidated turnover including JK Tormel, Mexico at ₹ 8,279 Crores – up by 9%.
- Consolidated Profit (PBT) at ₹ 374 Crores – up by 42%.
- Total exports (India and Mexico) - ₹ 1,605 Crores – up by 20%.
- Maintained its No.1 position, in Truck/Bus Radial with a market share of 34%.
- Introduced new value added products – 7 in Commercial category and 3 for Passenger Cars – received excellent customer acceptance.
- In another first, JK Tyre partnered with Tata Motors to host the first ever Truck Racing event in India. All racing trucks were exclusively fitted with specially made JK Racing tyres, which performed extremely well, as also acknowledged by the International drivers.
- JK Tyre National Karting Championship completed 10 years.



Lakshmipat Singhania - IIM, Lucknow 'National Leadership Awards' – Hon'ble Vice President of India Shri Hamid Ansari with distinguished winners





EXPORTS - Scaling new heights

Anticipating slower growth in domestic market due to apparent sluggish trends in the economy, the Company as a strategy had re-inforced its effort of exploring newer markets beyond the Indian boundaries and scaling up its sales in the existing export markets right at the beginning of the financial year.

It gives the Directors great pleasure to report, that the Company achieved exports worth ₹ 1,040 Crores during the year 2013-14, recording an increase of 23% over the previous year. This was achieved despite tough market conditions prevailing in Middle-East, Africa and South-East Asian markets.

JK Tyre continues to enjoy a premium-brand status in various international markets including Americas and Australia. In fact, your Company tyres are now running on the roads of 100 countries across six continents, offering a wide range of high quality products.

JK TORNEL

JK Tornel continues to perform well and has recorded a turnover of ₹ 1,735 Crores for the 15 months period (January 2013 to March 2014) despite a slowdown in US and South American markets. It improved its profitability further with the highest ever PBT of ₹ 179 Crores for the period. The plants at Mexico, manufactured 'JK Tyre' and 'Vikrant' branded tyres apart from its range of 'Tornel' brand tyres.

JK Tornel expansion project to enhance PCR capacity is progressing as per schedule. The Company will have a significant increase in production from next year.

EXPANSION PROJECTS – FUTURE READY

Notwithstanding the current slowdown in the auto industry, the medium and long-term prospects are promising. It is expected that commercial and passenger vehicle industry will grow at 7-8% and 11-12% respectively in the next 4-5 years time.

Truck/Bus Radials will continue to grow due to new generation vehicles being fitted with Radials and expected boost to investment in overall infrastructure growth. These factors will lead to higher radialisation in commercial segment at a faster pace. It is expected

that from the present levels of 27% radialisation, it will grow to nearly 69% by 2017-18. In addition, there is a huge opportunity for export of Truck/Bus Radials as well as Passenger Line Radials in the global markets.

In order to capture these opportunities, the Company has undertaken an expansion of Truck/Bus Radials and Passenger Line Radials capacities. This ₹ 1,430 Crores project is expected to be commissioned by 2015-16.

In addition, Company's ongoing expansion to enhance SCV, Farm and Passenger Line Radial capacities has been commissioned and benefit of higher production is expected in the year ahead.

CUSTOMER FIRST

JK Tyre has resolved to continuously give better products keeping the evolving customer needs at the centre of every activity it plans or undertakes. In this endeavor, your Company has been undertaking measures to offer several value added services to its esteemed customers. In Truck/Bus segment, there have been a number of initiatives like 'JK Tyre Truck Wheels', 'JK Tyre Care Centers' and 'Fleet Management'.

'JK Tyre Truck Wheel' Centers are located at major transport hubs across the country. These centers provide exclusive services like Wheel Alignment, Wheel Balancing and Nitrogen Inflation.

READY TO TAKE ON THE WORLD

- Pioneered PCR & TBR Technology in India
- Widespread distribution network
- TBR-India leadership, world now in focus
- Winning mantra – commitment to excellence



Fleet Management programmes provides exclusive services to the key fleet accounts. These include Tyre Care & Maintenance Support, Data Management, Driver Training and 'Heal the Wheel' service camps. During the year, the Fleet Management service was further widened by increasing its reach.

In the Passenger Car Segment, JK Tyre has a unique Tyre breakdown assistance service called 'Fix-a-Tyre' in Delhi, NCR and Chennai. JK Tyre has been operating a chain of one stop retail & tyre care outlets called 'JK Tyre Steel Wheels'. 120 such retail outlets around the country are in operation and generate a significant portion of PCR sales. These outlets also provide services like Wheel Alignment, Wheel Balancing, Automatic Tyre Change and Nitrogen Inflation, besides selling a wide range of JK Tyre Passenger Car Tyres.

JK TREADS

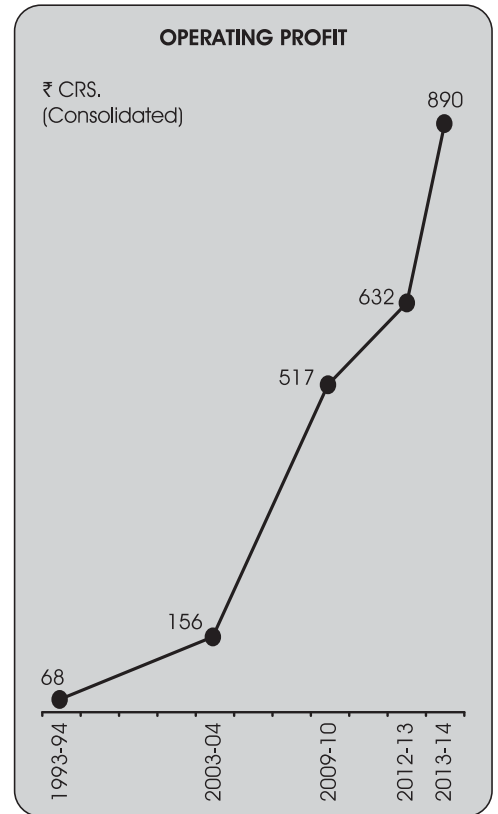
The Company's retread business under the brand "JK Treads" has grown. It offers retreading solutions through a chain of franchise retreaders across the country. This initiative has been appreciated particularly by the Truck/Bus Radial customers, which help them derive maximum life and optimum value from high performing JK Radials.

R&D AND TECHNOLOGY

Technology leadership is at the core of all R&D activities of the Company. Multi-disciplinary teams of scientists and technologist through a synergetic blend of knowledge, experience and hard work are actively engaged in maintaining Company's technological leadership.

JK Tyre Tech Center and other in-house R&D Centers are extensively engaged in technology development and upgradation in the areas of material, new as well as future ready products and processes. The use of high end tools and predictive technologies in association with, "Hari Shankar Singhania Elastomer and Tyre Research Institute" (HASETRI) and "RPS Center of Excellence for Tyres and Vehicle Mechanics", located at IIT Madras, leads your Company towards innovation and creativity, the driving force behind the technology growth.

Your Company has set up a "Satellite Product Design & Development Centre" at JK Tonal, Mexico, manned by highly skilled Development Engineers, so that customer expectations for both OEMs and Replacement segments in NAFTA Region and in the South American markets, are well understood and met in the ever growing competition.



MOTORSPORTS

During the year, your Company initiated many path-breaking motorsports events. JK Tyre introduced 'JK Racing India Series' which featured BMW engine powered FIA homologated FB02 Formula Cars and provided a lifetime opportunity to twelve of India's best racing drivers below 18 years of age to live their dream.

For the first time in the history of Indian Motorsport, your Company hosted a round of National Rally Championship and JK Tyre Racing, together at the same time and venue. The entire motorsport fraternity converged to witness history in the making. The last two rounds of the JK Tyre Racing Championship were hosted at world class Buddh International Circuit.

The second year of JK Tyre Himalayan Drive Car Rally, run under the aegis of Government of Sikkim and West Bengal, attained newer heights in terms of participation and media coverage.



In another first, JK Tyre partnered with Tata Motors to host the first ever Truck Racing event in India. All the participating racing trucks were fitted with JK Truck Radial Racing tyres which were specially made for this application.

AWARDS

Your Company received several coveted awards for its pioneering efforts during the year. To mention a few - Golden Peacock Award for HR Excellence – 2013, Greentech CSR Award 2014, 14th Annual Greentech Environment Award 2013 “Gold” Category in Rubber Sector, Manufacturing Excellence Award - Best in Class operational Excellence Award by CMO Asia & Stars of the Industry (World Brand Congress) & several others.

DIRECTORS

Shri Swaroop Chand Sethi retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

Shri Bakul Jain and Shri Kalpataru Tripathy retire by rotation at the ensuing AGM and being eligible they are proposed to be appointed as Independent Directors of the Company, each for a term of five consecutive years commencing from the date of ensuing AGM. Shri Arvind Singh Mewar, Shri O.P. Khaitan, Shri Vimal Bhandari and Dr. Wolfgang Holzbach whose period of office is liable to determination by retirement of

Directors by rotation are also proposed to be appointed as Independent Directors of the Company, each for a term of five consecutive years commencing from the date of ensuing AGM. The Company has also received declarations from the said Directors about their independence pursuant to Section 149 of the Companies Act, 2013.

CONSERVATION OF ENERGY ETC.

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this Report and forms part of it.

SUBSIDIARY COMPANIES

The particulars required under the provisions of the Companies Act, 1956 in respect of the subsidiary companies are appended.

The statement pursuant to Section 212 of the Companies Act, 1956 read with General Circular No. 51/12/2007-CL-III dated 8th February, 2011 of the Ministry of Corporate Affairs, containing the details of the Company's subsidiaries is attached.

In terms of the said Circular dated 8th February, 2011 and the Company having satisfied the conditions stipulated therein, copies of the Balance Sheet, Profit & Loss Account, Reports of the Board and the Auditors of all the subsidiary companies have not been attached



Dr. Raghupati Singhania, Arun K. Bajoria, V.K. Misra and Kumar Joshi at the inauguration of the JK Tornel Satellite Tech Center, Mexico

 **Goodyear**





to the Balance Sheet of the Company. However, the annual accounts of the subsidiary companies and the related detailed information will be made available to the members of the Company and of the subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies are also available for inspection by any member at the Head Office of the Company and that of the subsidiary companies concerned.

AUDITORS

M/s Lodha & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment. The observations of the Auditors in their report on Accounts read with the relevant notes are self explanatory.

COST AUDIT

The Cost Audit for the financial year ended 31st March 2013 was conducted by M/s R.J. Goel & Co., Cost Accountants, Delhi and as required Cost Audit Report was duly filed with Ministry of Corporate Affairs, Government of India. The Audit of the cost accounts of the Company for the financial year ended 31st March 2014 is being conducted by the said firm and the Report will also be filed.

PARTICULARS OF EMPLOYEES

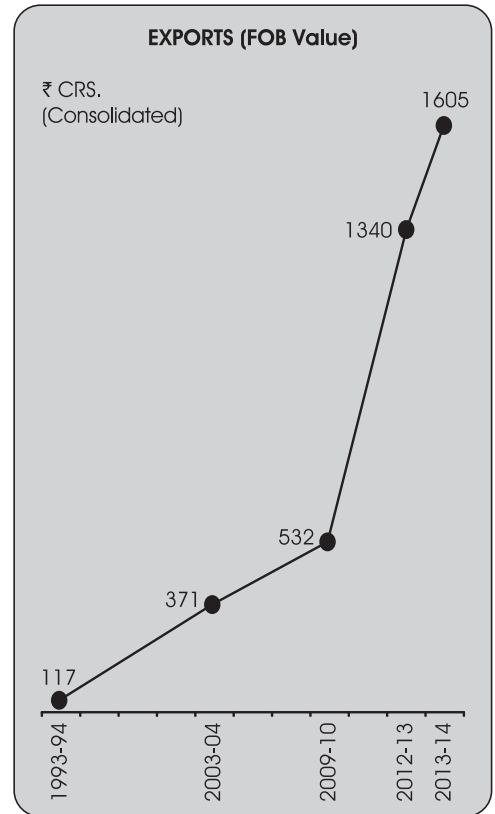
Information in accordance with the provisions of Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended regarding employees is annexed to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the members of the Company and others entitled thereto, excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has been one of the foremost proponents of inclusive growth and since inception, has been continuing to undertake projects for overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, rural development, etc.

Pursuant to the provisions of the Companies Act, 2013 and Rules thereto, a Corporate Social Responsibility (CSR) Committee of the Board has been constituted to monitor CSR related activities in terms of the said provisions and Rules, comprising of Dr. Raghupati Singhania

(Chairman of the Committee), Shri Arvind Singh Mewar and Shri Arun K. Bajoria, as members.

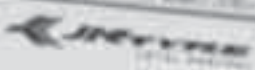


CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the highest standards of corporate governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of



JK Tyre Truck Wheels centre


जे.के. टायर के सौजन्य से संचालित
परिवर्तन परियोजना
आपका हार्दिक सन्तुष्ट करता है





Corporate Governance are made a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act 1956, your Directors state that:-

- i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued support and co-operation received from various State Governments including those of Rajasthan, Madhya Pradesh, Karnataka, Tamil Nadu and the Governments of India and Mexico. The Directors also thank banks, shareholders, suppliers, dealers and in particular the valued customers for their trust and patronage.

Your Directors record their appreciation for the dedication and hard work put in by 'Team-JK Tyre', which has enabled the Company to continue to march ahead in these challenging times.

On behalf of the Board of Directors

The 28th May 2014
New Delhi

Dr. Raghupati Singhania
Chairman & Managing Director



Dr. Raghupati Singhania presenting a trophy to a Channel Partner



Arun K. Bajoria presenting trophy to the winning team of the JK Tyre-Maruti Suzuki Cricket Match



Arun K. Bajoria receiving 'Aaj Tak Care Award' from Shri Sachin Pilot, Hon'ble Minister of Corporate Affairs, Govt. of India

ANNEXURE TO DIRECTORS' REPORT

A. ENERGY CONSERVATION

Your Company continues to maintain its focus on sustainability through a systematic energy conservation program in all its manufacturing facilities. Innovative energy saving methods like heat recovery from hot water condensate systems, high technology variable frequency drive (VFD) and AFBC (Atmospheric Fluidized Bed Boilers) are deployed in the plants. Energy efficient lighting system, optimum use of sunlight for day lighting with use of light pipes, energy efficient motors, use of closed loop water cooling system for electrical control panels, Power factor improvement techniques, water harvesting and recycling are integral to our energy conservation program.

B. TECHNOLOGY ABSORPTION

a) Research & Development

i) Areas of R&D activities

Maintaining continued edge in technology through innovation and creativity in R&D has been the focused area at JK Tyre.

In an environment where innovation and creativity is encouraged, we have trained highly skilled team of Scientists, Technologists and Engineers who are constantly engaged to develop cutting edge technologies.

Through these initiatives JK Tyre over a period has reaped rich dividends by maintaining technology leadership. Our Truck Radials today enjoy No.1 status in India. Similarly in the case of Passenger Radial, new products have been developed for high performance and many of our products are OEM fitment to global new generation vehicles. Our focused R&D efforts towards Green initiative led us to developing the lowest rolling resistance tyres which are preferred by many OEMs.

ii) Expenditure on R&D

The expenditure on R&D during the year was ₹ 29.94 Crores, which was 0.46% of the turnover.

b) Technology, Absorption and Innovation

i) Efforts towards Technology Absorption, Adaptation and Innovation

The focused strategy by the Company of Technology Self Reliance (TSR) has enabled Company to clearly define road map and milestones for technology development to meet future challenges head on.

In this direction continuous improvement in products and processes through advanced research in crucial area of tyre technology are being carried out in JK Tyre Tech Center, in-house R&D Centers, JK Tyre promoted HASETRI and RPS Center of Excellence at IIT Madras.

The latest addition of 'Satellite Tech Centre' at Mexico will support our already strong participation in the competitive markets like Americas.

In addition, through continuous upgradation and modernization of plants, evaluation and testing techniques, skill development of people, JK Tyre continues to maintain its Technology leadership in India.

ii) Benefits derived as a result of above efforts are:

During the year, your Company launched 67 new products across several categories developed by our in-house Tech Centre/R&D Centre some of which are benchmark products in the market.

The Company has thus derived immense benefits as a result of the above efforts in the areas of better market penetration, acquiring new OE approvals, enhancing market share and profitability through product performance improvement, improved product reliability, optimization of material, new product development, uses and cost optimization. These efforts will continue and will greatly benefit in the growth of the Company in the times ahead.

C. EXPORT, FOREIGN EXCHANGE EARNINGS AND OUTGO

	₹ Crores	
	2013-14	2012-13
Foreign Exchange Earnings	1,057.99	864.78
Foreign Exchange Outgo	1,748.80	1,688.24



PARTICULARS OF CONSERVATION OF ENERGY

I. Power & Fuel Consumption

	2013-14	2012-13
1. Electricity		
a) Purchased:		
Unit (Kwh in lacs)	2,074.89	1,790.83
Total Amount (₹ in Crores)	122.51	100.79
Rate / Unit (₹)	5.90	5.63
b) Own Generation:		
Fuel Oils		
Unit (Kwh in lacs)	4.40	3.82
Unit / Ltr. of Fuel Oil (Kwh)	2.47	2.63
Cost / Unit (₹)	22.11	16.16
c) Turbo Generator:		
Thru Coal		
Unit (Kwh in lacs)	352.16	405.64
Unit / MT of Coal	837.44	780.30
Cost / Unit (₹)	6.31	6.88
2. Coal		
Quantity (MT)	196410	196007
Total Amount (₹ in Crores)	96.26	100.07
Average Rate (₹/MT)	4901	5105
3. Furnace Oil		
Quantity (KL)	1101	1579
Total Amount (₹ in Crores)	4.52	6.20
Average Rate (₹/Ltr.)	41.09	39.26
4. Nitrogen Gas		
Quantity (Lac M3)	4.96	0.52
Total Amount (₹ in Crores)	0.57	0.06
Average Rate (₹/M3)	11.51	11.50
II. Consumption per unit of production:		
Electricity (Kwh/MT)	941	930
Coal/Furnace Oil	0.61	0.59



Arun K. Bajoria presenting the Indian car of the year award to Mr. J.H. Shin, Sr. Director and Mr. Rakesh Srivastava, Sr. VP Sales and Marketing, Hyundai Motor India Ltd.



Mr. Siddharth Lal, MD & CEO, Eicher Motor Ltd. receiving the Indian Motorcycle of the Year Award from Arun K. Bajoria



Arun K. Bajoria receiving 'Golden Peacock HR Excellence Award' conferred on the Vikrant Tyre Plant, Mysore, during the London Global Convention 2013

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT

The Indian Economy, this year, faced multiple challenges both in the domestic as well as global markets. High inflation, slack investments and operational bottlenecks impacted the economy round the year.

As per Centre for Monitoring Indian Economy (CMIE) data, during the fiscal 2013-14 projects worth ₹ 6.2 trillion were shelved. Industrial output shrunk and the mining sector also registered a sharp decline. The overall sluggish performance was reflected in the sub 4.5% GDP growth.

On the external front, the rupee depreciated considerably touching ₹ 68 to a dollar at one point of time. The widening Current Account Deficit which was hurting the economy was brought somewhat under control with Government intervention.

However, despite the odds witnessed during the year, India's growth in the coming years is expected to be relatively stronger compared to other emerging markets. The economic outlook for 2014-15 as well as subsequent years, is expected to be better, with growth estimates pegged at over 6%.

AUTOMOTIVE INDUSTRY

Resonating with the sluggish economic situation, the automotive sector in 2013-14 witnessed a drop of 4% in the overall four-wheeler vehicle sales. The commercial segment suffered the most with Heavy Commercial Vehicles (HCV) sales dropping by 21%, and the Light Commercial Vehicles (LCV) by 3% decline in sales. The steepest fall was witnessed in the Small Commercial Vehicles (SCV), which was a fast growing segment - a whopping decline of 30%. In view of the subdued demand during the year, many vehicle manufacturers had to resort to significant cuts in their production.

Despite the efforts of car manufacturers to incentivize sales, this fast growing segment witnessed a de-growth of over 4%, after many years. The frequent increases in diesel prices led to a decline in diesel vehicle demand. This was primarily due to significant reduction in the gap in the overall cost of owning a petrol and a diesel car and Multi Utility Vehicle (MUV). The MUV segment witnessed a marginal growth of 1%.

The rather delayed stimulus of an excise duty cut on vehicles did not yield any significant relief even in the short-term. However, some manufacturers could buck the trend largely on account of new product launches, like compact Sports Utility Vehicles (SUV) and Cars. The Tractor segment, however, registered a sales growth of 17%.



After great success in Delhi NCR Region, India's First 24X7 On-Road Tyre Assistance Service was launched in Chennai



INDIAN TYRE INDUSTRY

The macroeconomic environment in the year gone by was just not conducive for a high growth in the industry. In fact sustaining the top line growth was a challenge in the four wheeler tyre segment. Production had to be adjusted to address reduced OEM off take, high inventory levels and lower secondary sales in the aftermarket in all categories of tyres with the exception of the Farm tyres.

The demand, in the largest segment by value i.e. the truck/bus tyres, dropped by about 10%. With Radialisation reaching a level of 26% & further expected to grow to 35% in the coming year, the truck bias tyre demand de-grew faster and dropped by 15%.

The light and small commercial tyre segments also saw decline of about 11% in sales. The demand in the fast growing passenger car radial segment as well, dropped by about 3%. However riding on the increase in agricultural production there was a robust growth in tractor tyre demand by over 20%.

With increased availability and slackened demand, the competitive intensity in the market increased, especially in TBR and PCR segments. The cushioning factor indeed was the stable raw material prices as well as the positive impact of the weakened rupee on export earnings.

JK TYRE – INDIA OPERATIONS

JK Tyre took several measures to address the challenges thrown up by a sluggish market and volatile business scenario. Deft management coupled with strategic business interventions enabled the topline as well as bottomline to grow.

Across market geographies and OEM accounts, value enhancement, achievement of market-share objectives, channel expansion, and product innovations were the key areas of the organizational focus.

BRAND 'JK TYRE'

In addition to the ongoing efforts to enhance the Brand equity of 'JK Tyre', many new Brand Building initiatives were undertaken during the year.



JK Tyre at Automechanica, Dubai, UAE



JK Tyre at International Auto Parts Exhibition (INAPA), Indonesia

GLOBAL PRESENCE

- Present in 100+ countries
- Strong brand equity across Americas, Australia, the Middle East
- 6 marketing hubs - India, Mexico, USA, Brazil, UAE and Uruguay
- Extensive reach; 125+ distributors across 100+ countries
- Strong customer base, bonding over 25+ years







JK Tyre was consistently visible in both the print and electronic media throughout the year. The integrated multimedia brand campaign 'The Farther You Go, The Closer You Come' was well received by the market. The rapidly evolving digital media including web, was leveraged for increasing the brand awareness and visibility. At the ground level, outdoor-media campaigns were significantly increased across major target markets. Once again, JK Tyre was selected a "Super Brand".

Category-wise business overview & initiatives are outlined below:

TRUCK/BUS SEGMENT

Bias

In the domestic market despite an overall degrowth, the JK Tyre market share in Truck/Bus Bias segment improved and will continue to remain an area of prime focus. Company's product offerings cater to customer needs across load segments. Premium offering like Jet Xtra Load in 18 PR construction was introduced in emerging sizes like 11.00-20 and Jet Trak 39 Extra in 8.25-20.

Truck/Bus Radials - No. 1 with 34% share

The growth in this segment has generated high interest of both Global as well as domestic Tyre majors. Rapid capacity expansion and market presence is intensifying the competition further.

JK Tyre, which continues to be the leader in Truck/Bus Radials, is the prime mover of this category in India and is maintaining its No.1 position with a market share of 34%. It today has the widest range of tyres suitable for all applications. The range was further augmented by an array of technologically superior products like JETSTEEL JDE, JETSTEEL JDL, JETSTEEL JDC3, JETWAY JUC3 & JUH3+. Tubeless tyres in this segment are becoming increasingly popular. JETSTEEL JDH 3 was introduced to meet this growing demand.

The highly successful customer care Programme - Fleet Management & CRM initiatives for channel partners continued to be industry benchmarks. Customer Engagement platforms like Fleet Meets and Customer factory visits facilitated high levels of interaction and knowledge sharing about products, processes and after sales services.

The "JK Tyre Truck Wheels" network was further expanded during the year. Equipped with alignment, balancing, automated tyre changing & nitrogen air inflators, these are one-stop Service Centers for Truck/Bus tyres. Expert tyre care for Commercial Vehicles is provided at these centres enabling superior tyre life and reduced cost per kilometer. As an ongoing effort, the Driver Training and Repair Retread programmes were held across the country, in a drive to educate customers on Truck Radial Tyre Usage.

LCV/SCV TYRES

In the LCV segment premium products like Jet extra and Jet R miles were introduced, which enjoy high consumer preference. The new tyre in this segment, 155 D 12 Jumbo Magic, has already attained a market leadership in a short time since its introduction. Extensive ground level promotions were conducted to connect with consumers and JK Tyre's market share in SCV segment nearly doubled to over 30% during the year. Radialisation in this segment is catching up fast and the Company already has several product offerings in this range of tyres.

PASSENGER CAR RADIALS

Extensive customer care programmes and Brand push, helped JK Tyre increase its market share in this segment. "Fix-a-Tyre" - the foot print of India's first and only unique 24x7 on road tyre assistance service was extended to Chennai. Tyre Care activity branded as "Monsoon Protection Drive" was conducted during the monsoon season, in 35 cities at almost 200 High Traffic Indian Oil Petrol Pumps. Several new "JK Tyre Steel Wheels" with new look retail were opened during the year taking the total number of Steel wheels to 120.

To meet the growing customer demand, 'UX-1' an ultra high performance range of PCRs was introduced which is well received in the market. The UX-1 has been accorded the 'Auto Bild Golden Steering Wheel Award 2013'. Additionally, new tyres, Ultima Neo and Ultima Sport were also launched and are selling well in the market.

FARM TYRES

Many new sizes have been developed and introduced in the premium 'Sona 1' range, which received good response both by OEMs as well as replacement market.

Project 'Kisan Mitra' was initiated, under which, farmer counseling was conducted. More than 20,000 farmers across 12 states availed of this initiative. Award winning nationwide participation in over 15 Kisan Melas, facilitated reaching out to markets, customer interaction and product demonstration.

OFF THE ROAD TYRES (OTRs)

It is a matter of pride that Caterpillar has chosen JK Tyre OTRs in size '24.00-35 48 PR VEM 045 E4 TL', as OE fitment for large/ultra large 60 Ton Rear Dump Trucks. In addition, seven new sizes were introduced for both domestic as well as export markets.

OEM & INSTITUTIONAL BUSINESS

JK Tyre continues to partner India's leading Automotive Majors and several prestigious car launches have rolled out on JK Tyre, including the popular Maruti Celerio. Commercial supplies commenced to Honda Motors for their highly successful Brio & Amaze Cars.

In the commercial segment, '8.25 R 20 JDH and JUH 3', Company's newly introduced high performance Truck Radial tyres with value added features, have been approved by Daimler Benz, Volvo Eicher and Tata Motors after a rigorous OEM approval procedure.

In the defence sector a speciality tyre '355/90-20 18 PR' for the sand cum highway application was developed and supplied to Vehicle Factory, Jabalpur, for fitment on Defence trucks.

It is also a matter of pride that the Self Certification facility for JK tyre has been further renewed. JK Tyre's Banmore Plant, was recently ranked No.1 Vendor in the Tyre Category by Maruti Suzuki India Ltd.

SERVE TO SUCCEED – CUSTOMER FIRST INITIATIVES

JK Tyre considers the trade channel members as partners in progress. Ten new products, with value added features were introduced in a 'Future Ready' nationwide launch, in presence of all channel partners. A unique customer-reach initiative, called the "e-connect", was launched this year. This system provides realtime connect between channel partners and the Company which ensures speed, transparency and accountability.

The Technical Service team, with the objective of guiding end users on proper tyre usage and safety, conducted wide range pre-sales and post-sales programmes, at various locations including Defence Service camps and Defence manufacturing establishments. These initiatives have been well appreciated by the customers, as they provide direct connect between JK Tyre and them.

At JK Tyre, after Sales Service is indeed a Brand differentiator.

RETREAD BUSINESS

In a continuing endeavour to provide customers with complete tyre solutions and reduce operating cost on account of tyres, pre-cured tread rubber for Truck and Light Commercial Vehicles is marketed under the brand "JK Treads" through a rapidly expanding franchise network. In the year ahead the number of franchises will be further expanded.

INTERNATIONAL OPERATIONS

As a strategy, efforts were focused on the export markets, which has resulted in growth of 27% in Exports. Total International sales also recorded new heights during 2013-14. Aggressive marketing efforts including participation in Exhibitions like SEMA Show Las Vegas, Automechanika Dubai & Indonesia Exhibition, South American and Middle East distributor meets etc., have enhanced the prestige of Brand JK Tyre far and wide in International markets.

MOTORSPORT

It is a matter of joy to see that JK Tyre's pioneering efforts to promote motorsports over the years, is resulting in high spectatorship across all age groups for the sport.

In 2013, JK Tyre initiated several path-breaking events. The '16th JK Tyre Racing Championship' was held in Coimbatore and the world class Buddh International Circuit, Greater Noida. Apart from running the 'JK Tyre-Volkswagen Polo R Cup' & 'Formula 4 Category', this year for the first time, JK Tyre introduced the 'JK Racing India Series' which featured the BMW engine powered FIA homologated FB02 Formula cars and gave a lifetime opportunity to twelve of India's best racing drivers below 18 years of age to live their dream.



In another first in the history of Indian Motorsport, a round of 'National Rally Championship' and a round of 'JK Tyre Racing' were held together on the same date, same time and same venue in Coimbatore. A large motorsport fraternity converged at the Kari Motor Speedway to witness history in the making.

The last two rounds of the 'JK Tyre Racing Championship' were hosted at the world class Buddh International Circuit and it was overwhelming to see a packed grand stand with over 20,000 motorsport fans from across NCR in each event. To add to the excitement 10 of world's best lady race drivers - the "Lotus girls" participated in the final round of the championship.

The 'JK Tyre National Karting Championship' completed 10 years of its exciting journey and the grand finale for 2013 was held in a brand new karting circuit built in National Capital Region.

In a continuing effort to promote the sport, JK Tyre strategically widened the footprint in the North-East, and apart from organizing the annual 'Hornbill Rally' of Nagaland, a foray was made into Arunachal Pradesh by organizing the 'JK Tyre Arunachal Festival of Speed' under the patronage of Government of Arunachal Pradesh. For the second year, the 'JK Tyre Himalayan Drive Car Rally' run under the aegis of Governments of Sikkim and West Bengal, attained newer heights in terms of participation and media coverage.

Another path breaking initiative this year was partnering of JK Tyre with Tata Motors to host the first ever Truck Racing event in India. All participating racing trucks were fitted with 'JK Jet Racing' tyres of size 315/80 R 22.5 which were especially made for this application. It is commendable to note that the tyres were developed in a record time of 45 days and were well appreciated by all the international drivers. The event day was packed with exciting races and wholesome entertainment making it a landmark event in domestic racing.

REWARDING EXCELLENCE

Your Company recognizes excellence in the automotive industry. For the ninth year in succession, JK Tyre hosted the most prestigious awards the Indian Car of the Year 2014 (ICOTY) and



Commercial vehicle exhibition, Chennai



Service Camp for Defence Personnel at Tezpur, Assam



JK Tyre at Kisan Mela, Gorakhpur, UP

the Indian Motorcycle of the Year 2014 (IMOTY) which aims to recognise high class innovations in the four and two wheeler segments. The esteemed jury of ICOTY & IMOTY consists of editors of India's leading Automotive Journals. The awards were given away in a glittering ceremony in Delhi.

FINANCIAL PERFORMANCE OF THE COMPANY

Particulars	₹ Crores)	
	2013-14	2012-13
Sales & Other Income	6,576.54	6,015.21
Operating Profit (PBIDT)	671.65	500.41
Interest	248.30	206.53
Profit Before Tax (PBT)	195.05	150.31
Provision for Tax/(Credit)	60.37	44.77
Net Profit	134.68	105.54

During the year, the Company crossed another milestone by achieving sales of over ₹ 6,500 Crores. The profit of the Company has grown through achieving all round efficiencies and various cost reduction measures aided by correction in high raw material cost to some extent.

HUMAN RESOURCE DEVELOPMENT - Managing Talents

The Company is committed to creating a conducive environment that is focused on people and their capabilities enabling them to deliver superior performance.

Your Company firmly believes that talented and engaged employees are the critical differentiators and provide the competitive advantage for sustaining and growing the business in the intensified spiral of global competition. As such, JK Tyre has focused on getting the top talent for business and continues its focus on high performance, talent retention, talent development and customer first, as the corner stones of HR strategies.

The Human Resource Development encompasses several initiatives such as competency based development centres, well designed managements development programmes, a robust performance management & reward system and training & development throughout the year. Employee

engagement surveys are conducted periodically and follow-up action is taken so as to maximise the employee engagement.

During the year industrial relations across the plants remained cordial.

JK TORNEL, MEXICO

The subsidiary Company in Mexico has performed well, yet again in 2013. Sale during the year was almost ₹ 1,403 Crores with a healthy profit after tax. Despite sluggish commercial tyre market in Mexico, JK Tornel has achieved higher market share in the replacement market. The sale to OEMs, started two years ago, is progressing well. Tyres specially developed for Nissan, USA are fitted on the New York City Nissan taxis, which is a significant achievement and has enhanced the brand image of JK Tyre. Furthermore, JK Tyre Truck radials were introduced in the Mexican market and the sale is picking up well. Expansion project of Passenger Car Radial capacity is also progressing as per schedule.

OPPORTUNITIES

As is widely known, the economic slow down in 2013-14, affected various sectors, and automobile sector in particular, witnessed reduction in demand. However, the fundamentals of the Indian economy remained strong. The temporary skew in the economy should not be a deterrent for the numerous opportunities that are expected to arise in the automobile sector.

With huge network of roads already existing, expected revival of mining activities and expected reduction in inflation leading to lowering of interest rates thereby, are likely to provide a boost to economic growth and huge export opportunities. The automobile as well as tyre industry is well poised to leverage these opportunities in the short term as well as in the long term. The increased level of radialisation in truck segment is an opportunity for tyre industry and it has attracted interest of all major MNC companies who have already set-up their manufacturing facilities in India. International auto majors are either present in India or are on the anvil of entry into India. Huge investments have been committed by both automobile and tyre companies and the industry is well prepared to take benefit of this opportunity in growing segments like Truck Radials, Passenger Radials, SCV and Farm.



Your Company is future ready, to participate in these opportunities, for which it has already committed investments. These opportunities shall be leveraged through its strong brand image, product offerings of the highest quality, Research and Development, wide distribution channel and above all skilled human resource. These competencies of JK Tyre have helped in leveraging the growth in India as well as almost 100 overseas markets.

The JK Tyre Business Strategy is also based on realistic optimism and remains committed to profitable and sustainable growth.

RISKS AND CONCERNS

The demand for tyres is dependent upon many external factors like economic growth and infrastructure development in the country. The entire automobile sector is linked to these economic activities. Any slow down in these activities can affect the tyre demand adversely. Similarly, Government policies for economy in general and tyre industry in particular can also impact the demand for tyres as well as profitability.

Tyre industry is under going a phase of fast radialisation in truck and bus segment. In this backdrop, most of the tyre companies including MNCs are setting up manufacturing facilities in India with huge investments. With coming of the new capacities in operation, radialisation in this segment is expected to be fast. However, OEMs may continue to resort to production cuts owing to spilling over of economic slow down. Persistent tightening of monetary policy pursued by Reserve Bank of India to curtail inflation is also likely to impact off-take of commercial vehicles. Certain regulatory issues concerning mining are yet to be resolved, which again impacts growth of commercial vehicles. These factors may adversely affect the pace of radialisation as well as growth.

Off-take of passenger cars also suffered severely due to continued economic slow down and tightening of monetary policy, forcing passenger car manufacturers to resort to production cuts. Demand of farm tyres is dependent largely on the condition of monsoon and accordingly it is difficult to predict demand of this segment.

Your Company has increased its exports as a strategy. It also imports key raw material and other inputs. International commodity prices and volatile currency rates affect



Dr. Raghupati Singhania with Brand Ambassadors Armaan Ebrahim & Aditya Patel at the Grand Finale of the JK Tyre-National Karting Championship 2013



Dr. Raghupati Singhania with Hon'ble Governor of Nagaland Sh. Ashwani Kumar along with the winners of JK Tyre Hornbill rally of Nagaland 2013



Dr. Raghupati Singhania with Mr. Ravindra Pisharody, Executive Director and Mr. R. Ramakrishnan, Sr. V.P. Tata Motors at India's first T1 Prima Truck Racing Event





pricing of tyres and inputs. Similarly, custom duty changes in other countries and any adverse development in international affairs can also impact demand for tyres as well as cost of manufacturing of tyres in India.

All these factors are extraneous in nature and pose challenges which are beyond the control of your Company and could lead to lowering of profitability.

BUSINESS OUTLOOK

Last year, the economic performance of India was marred with slow economic growth, high inflation, volatile currency, etc. The policy logjams continued throughout the year under review. The automobile sector was adversely affected except farm segment. Tyre industry which is directly linked to the automotive sector was also impacted. However, with Government announcing reduction in excise duty on automobiles, expected revival of infrastructure projects, especially mining and expected measures likely to be taken post election by the new Government to bring down inflation, should put the economy back on track. Automobile, as well as Tyre Industry is keenly looking forward to the more conducive environment which should augur more growth. Infact, both automobile and tyre industry have committed huge investments of over ₹ 40,000 Crores in next 3-4 years and is optimistic of the revival of economic activity and its consequent positive outcome. Therefore, demand for tyres is expected to rise in the coming years.

INTERNAL CONTROL SYSTEMS

The Company has, since inception, laid down systems of internal control which are commensurate with the size and nature of business. Adequate and effective checks are in place to ensure that financial data is accurate and reliable. The internal control systems also ensure that the assets and interest of the Company are well protected. The internal audit is carried out throughout the year based on a systematic plan covering all functions and aspects of the business. The internal audit reports are reviewed by the Senior Management and are placed before the Audit Committee of the Board of Directors alongwith actions taken. The Audit Committee undertakes a detailed review of the audit observations and actions, in order to ensure that the internal audit system is effectively functioning. The recommended actions by audit are monitored and improvements are implemented which are regularly reviewed by Senior Management.

The IT systems of the Company are based on a robust ERP system ensuring seamless connectivity of Plants, Sales Offices and Head Office facilitating faster and most reliable processing of transactions as well as generating reports for faster decision making.

The Company also has a strong Budgetary Control system and Management Reporting system which serve as the backbone of the monitoring system of operations to ensure that business results are achieved and continuous improvement projects are undertaken.

CAUTIONARY STATEMENT

“Management Discussion and Analysis Report” contains forward looking statements, which may be identified by the use of words in that direction, or connoting the same. All statements that address expectations or projections about the future, including but not limited to, statement about your Company’s strategy for growth, product development, market position, expenditures and financial results are forward looking statements.

Your Company’s actual results, performance or achievements could thus differ materially from those projected in such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

COMMITMENT TO INNOVATION

- World-class R&D setup
- State-of-the-art computing facility to stimulate innovation
- JV with IIT madras ‘Centre of Excellence’
- Competency in predictive technology, advanced mechanics, vehicle dynamics
- Committed Team - JK Tyre, India and JK Tornel, Mexico



CORPORATE SOCIAL RESPONSIBILITY

More than a hundred years ago the Founder of J.K. Organisation Lala Kamlapat Singhania had asserted his faith in universal good: To quote **“I believe that industry, apart from serving society by creating wealth, should also promote and take an active part in the mental, physical and social uplift of man and society at large.”**

JK Tyre continues this legacy through a well-structured Corporate Social Responsibility Programme benefitting the society at large.

UTTARAKHAND DISASTER RELIEF

During the year 2013, a natural calamity struck Uttarakhand and devastated the entire region. In the face of this calamity, two urgent necessities emerged - the reconstruction of villages and townships that were swept away and the medical care of the affected population. With a very swift response the Company and employees rose to the occasion by contributing financially and deputing people resources and relief material to the affected areas.

JK Tyre through JK Lakshmi Pat Singhania Foundation (JKLSF), contributed to the running of the Mobile Medical Unit in Guptkashi. This mobile unit continues to cover over 20 villages. About 1,700 people have

availed medical care of which nearly 1,000 are women. JK Tyre has funded reconstruction of a school which has now been named **“Hari Shankar Singhania Saraswati Shishu Mandir”** in memory of late Chairman. In addition, the Government efforts have been supplemented by distribution of relief material and substantial financial contribution to the Chief Minister’s Relief Fund for facilitating rehabilitation of the devastated state.

HEALTH CARE

JK Tyre has been taking special initiatives to provide health care to the citizens in the vicinity of its plants.

The Company regularly organizes Free Medical Camps including distribution of medicines, eye check-up & operations camp and blood donation camps at various locations.

The “Parivartan Programme” is focused on Reproductive & Child Health and general curative services to the needy community in the vicinity of our Kankroli Tyre Plant. Since its inception in 2004, the programme has covered over 60 villages and has benefitted over 2 lac patients.

The project started in partnership with the Population Foundation of India (PFI), is now being exclusively run and financed by JK Tyre and the coverage has been extended to larger areas / more villages. During the year, 341 clinics for the purpose were organised. The



JK Tyre Public Park



success of this programme is evident from the fact that all deliveries have been in clinics under medical supervision and none at home. As a result of this programme, the Maternal Mortality Rate (MMR) and Infant Mortality Rate (IMR) has decreased considerably in the areas of operation.

To address rapidly escalating eye diseases in the Mewar Region, particularly in Rajsamand District, expert eye care has been provided. Eye Care has also been extended at Banmore in association with the "Khare Dham Ashram" during the year and about 400 eye operations were successfully conducted. In addition, free medical check-up camps were organized in the villages in the vicinity of all our plants in various States.

JK Tyre actively participates in the HIV/ AIDS awareness and prevention programme. Clinics along major highways are run by JK Tyre with the help of NGOs. Over 1.80 lacs people have benefitted from this programme. JK Tyre continues to fund two "JEEVAN KIRAN" clinics at Transport Nagar, Jaipur and Shahpura on NH-8. These clinics have registered footfall of over 20,000 people. In collaboration with TCI Foundation, JK Tyre has opened five new "KHUSHI CLINICS" at Raipur, Vashi, Bhiwandi, Gurgaon and Ludhiana during the later part of the year. These clinics have registered footfall of over 5,000 people.

JK Tyre has also undertaken prevention of AIDS programme, in collaboration with the International Labour Organization (ILO). Under this programme, general awareness & counseling sessions are regularly conducted for our employees as also truck drivers and loaders, who visit our plants. Besides 9,000 employees over 5,000 truck drivers/ loaders have been covered under such programmes. The awareness sessions are conducted by Master Trainers and Peer Educators who have been trained for this purpose.

Clean drinking water and sanitation are basic necessities of good health. With the noble intent of making drinking water available to the villagers in the vicinity of our Chennai plant, water bodies have been de-silted and cleaned. Kankroli Tyre Plant has installed water huts for drinking water availability in the surrounding villages. Banmore Tyre Plant has been distributing potable drinking water in rural areas through four distribution centers.



Adult Literacy Programme



Soil testing by Agronomist during 'Kisan Mitra' campaign



LakshmiPat Singhania School, Jaykaygram

ACCOLADES

CSR

1. Excellence in CSR for 'Manufacturing Today Award 2013' by ITP Publishing Group Mumbai
2. Annual Greentech CSR Award to JK Tyre Plant, Banmore
3. Greentech CSR award in recognition of 'Project Parivartan Services' at JK Tyre Plant, Kankroli

QUALITY

1. Gold award for Quality Circle in GCCQC 2013 by Quality Circle Forum of India
2. National level distinguished award by National Convention of QCFI 2013
3. 'Supplier Quality Forum Award' by RENAULT NISSAN
4. Manufacturing Excellence Award for Reducing Cost and High Quality Standard by World Brand Congress

HR

1. 'The National Award for Excellence in Talent Management' by Delhi Management Association (DMA)
2. 'Greentech HR Award' for Excellence in Training by Greentech Foundation, New Delhi

3. 'Greentech HR Award' in recognition of strong commitment to HR practices and excellence achieved
4. 'Golden Peacock Award' for HR Excellence for adopting best HR Practices & innovative strategies in business at the Global Convention, London, UK

ENVIRONMENT

1. 'Aaj Tak Care Award 2013' for Environment, Energy Efficient, Water Harvesting, Recycling and Conservation
2. JK Tyre is the first Indian tyre manufacturer to receive 'Greenco Bronze Rating' by Greenco Rating System
3. "Greentech Environment 'Gold' Award" in Rubber Sector

PRODUCT & MARKETING

1. The high performance UX1 is conferred with Auto Bild India's: 'Golden Steering Award'

SAFETY

1. 'Silver Greentech Safety Award 2013', for excellence in safety in Rubber Sector





In the National Capital Region of Delhi, many economically deprived citizens have availed of high end medical care at JK Tyre co-promoted super specialty hospital "Pushpawati Singhanian Research Institute for Liver, Renal & Digestive Diseases"(PSRI Hospital).

EDUCATION

JK Tyre believes that quality of life improves with literacy and accordingly supports the Adult Literacy Programme. This programme is focused on promoting literacy to the communities who live in the vicinity of our various Plant locations. Since inception it has benefited 23,000 people through 161 Adult Literacy Centers. It is rewarding that more than 6,000 women benefited from this effort and 600 of them passed the basic literacy evaluation test conducted by Human Resource Ministry, Government of India, and were awarded certificates. At Mysore the Adult literacy programme has been extended at 7 villages and the Central Prison of Mysore. The inmates of central prison have benefitted and the quality of their life has significantly improved with this initiative.

JK Tyre supports education from the primary to the higher level. The Lakshmipat Singhanian Senior Secondary School at Jaykaygram, Rajasthan, and JK Lakshmipat University at Jaipur, Rajasthan demonstrate the commitment of JK Tyre to the cause of education.

The Company has adopted a government school at Noorabad, in Madhya Pradesh, and Jyotiba Phule Govt. SC/ST Girls Hostel at Kankroli, Rajasthan. The infrastructure and facilities have been upgraded at both these locations. The Company continues to support Ekal Vidyalayas in 11 remote villages of Rajasthan wherein more than 500 students are studying.

Three ITIs have been adopted under Public Private Partnership (PPP) scheme which are located at Nathdwara, Rajasthan; Maddur, Karnataka and Sabalgarh, Madhya Pradesh. In addition our Mysore unit has adopted a local ITI as "Centre of Excellence". In addition, career counseling sessions were held for 660 students at Mysore.

ENVIRONMENT

All plants have maintained highest level of efficiency



JK Lakshmipat University, Jaipur

in conserving resources specially energy and water. As a responsible green citizen, JK Tyre has been planting trees in and around the plants. Over 6.5 lac trees have been planted and nurtured, so as to enhance the ecological balance. Green Islands are being maintained at various traffic circles, public roads, gardens etc. Free emission test camps for vehicles and workshops in association with Pollution Control Board / RTO are regularly conducted.

PROMOTING SPORT

JK Tyre has supported many locally popular sports events in various plant locations like Wrestling competition, State Volley Ball championship, Kabaddi championship etc. Leader of Motorsports in the country, JK Tyre, has made significant investment in promoting motorsport and bringing it closer to the common man. Programme for identifying and encouraging young talent has been instituted and as a result a number of Young Talents have blossomed. JK Tyre promotes Go-Karting and helps young talent by making it affordable. This encourages them to develop flair for Motorsports. JK Tyre also continues to support a Karting Track for the Indian Army at Udhampur as Infrastructure is vital to development of sport.

"Go from village to village, do good to humanity and to the world at large"

And the journey goes on

– Swami Vivekananda

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:

- Commitment to excellence and customer satisfaction
- Maximising long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders'

value and commitment to high standard of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre.

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of Eleven Directors, of which five are Executive Directors and six are Non-Executive Directors(NED), all being Independent Directors(IND). Five Board Meetings were held during the twelve months period from 1st April 2013 to 31st March 2014 i.e., two on 27th May 2013, one each on 14th August 2013, 24th October 2013 and on 11th February 2014. Attendance and other details are as given below:

Name of the Director	Category	Number of Board Meetings Attended	Whether last AGM attended	No. of other Directorships and Committee Memberships/Chairmanships		
				Directorships §	Committee Memberships **	Committee Chairmanships **
Dr. Raghupati Singhania, Chairman & Managing Director	Executive	5	Yes	7	2	1
Shri Arvind Singh Mewar	IND	5	Yes	-	-	-
Shri Bakul Jain	IND	4	Yes	2	1	-
Shri Kalpataru Tripathy	IND	5	Yes	-	-	-
Shri O.P. Khaitan	IND	5	Yes	8	4	3
Shri Vimal Bhandari	IND	3	Yes	7	2	3
Dr. Wolfgang Holzbach	IND	3	No	-	-	-
Shri Bharat Hari Singhania, Managing Director	Executive	5	Yes	4	1	-
Shri Vikrampati Singhania, Dy. Managing Director	Executive	5	Yes	2	1	-
Shri S.C. Sethi, Whole-time Director	Executive	4	Yes	5	2	4
Shri Arun K. Bajoria, President & Director	Executive	5	Yes	-	-	-

§ As per Section 275 read with Section 278 of the Companies Act 1956.

** Only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and steps taken by the Company to rectify instances of non-compliances, if any.

The Company has a Code of Conduct for Management Cadre Staff (including Executive Directors). In terms of the provisions of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company and the same is available on the website of the Company (www.jktyre.com). All the Board Members and Senior Management Personnel have affirmed compliance with the said Code. This Report contains a declaration to this effect signed by Dr. Raghupati Singhania, Chairman & Managing Director.

3. AUDIT COMMITTEE:

The Company has an Audit Committee of Directors since 1986. As on 31st March 2014, the 'Terms of Reference' of the Committee and also the composition were in conformity with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

The 'Terms of Reference' of the Committee have since been revised by the Board of Directors at its Meeting held on 28th May 2014, in accordance with the provisions of Section 177 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement.

The Committee consists of four Directors, out of which three are Non-executive Independent Directors and one is Executive Director. The composition of the Committee is in conformity with the provisions of the Companies Act, 2013 and also the revised Listing Agreement.



Four meetings of the audit committee were held during the financial year ended 31st March 2014.

Dates of the meetings and the number of the Members attended are:

Date of the Meeting	Number of Members attended
27th May 2013	4
14th August 2013	4
24th October 2013	2
11th February 2014	4

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri O.P. Khaitan	Chairman	4
Shri A.S. Mewar	Member	4
Shri Bakul Jain	Member	3
Shri S.C. Sethi	Member	3

All the Committee Meetings were attended by the Head of Finance Function, the Head of Internal Audit and the Company Secretary. The Statutory Auditor of the Company also regularly attends the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

4. STAKEHOLDERS RELATIONSHIP COMMITTEE:

As at 31st March 2014, the Company had a Shareholders/Investors Grievance Committee consisting of four Directors out of which two are Non-executive Independent Directors and two are Executive Directors. The composition of the Committee was in conformity with Clause 49 of the Listing Agreement.

The Board of Directors at its meeting held on 28th May, 2014 has rechristened the Committee as 'Stakeholders Relationship Committee' and the 'Terms of Reference' of the Committee have also been revised in accordance with the provisions of Section 178 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement. The composition of the Committee is in conformity with the provisions of the Companies Act, 2013 and also the revised Listing Agreement.

Dates of the meetings and the number of the Members attended are:

Date of the Meeting	Number of Members attended
27th May 2013	4
14th August 2013	4
24th October 2013	2
11th February 2014	4

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri Bakul Jain	Chairman	3
Shri O.P. Khaitan	Member	4
Shri Vikrampati Singhania	Member	4
Shri S.C. Sethi	Member	3

Shri PK Rustagi, Vice President (Legal) & Company Secretary is the Compliance Officer. During the financial year ended 31st March 2014, the Company received four complaints from the investors and the same have since been resolved to the satisfaction of shareholders. Also, there are no complaints pending in respect of previous period.

The Board has delegated the power of share transfer to a Committee of Directors and the share transfer formalities are attended as required. All valid requests for transfer of shares in physical form were processed in time and there were no pending transfers of shares. During the financial year ended 31st March 2014, 21 Meetings of this Committee were held.

5. NOMINATION AND REMUNERATION COMMITTEE:

As at 31st March 2014, the Company had a Remuneration Committee comprising of Shri O.P. Khaitan (Chairman of the Committee), Shri Arvind Singh Mewar and Shri Vimal Bhandari, all being Non-executive Independent Directors to consider, determine and recommend remuneration of the Executive Directors to the Board. During the financial year ended 31st March 2014, two meetings of the Committee were held on 14th August 2013 and 11th February 2014 and were attended by all the Members mentioned above.

The Board of Directors at its meeting held on 28th May, 2014 has rechristened the Committee as 'Nomination and Remuneration Committee' and the 'Terms of Reference' of the Committee have also been revised in accordance with the provisions of Section 178 of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement with the Stock Exchanges. The composition of the Committee is in conformity with the provisions of the Companies Act, 2013 and also the Listing Agreement.

6. REMUNERATION PAID TO DIRECTORS:

(i) Executive Directors: The remuneration comprising of salary, perquisites and contribution to Provident Fund and Superannuation Fund for the financial year ended 31st March 2014 to the following Executive Directors is as follows: Dr. Raghupati Singhania, Chairman & Managing Director ₹ 349.14 Lacs plus ₹ 425.00 Lacs payable as Commission; Shri Bharat Hari Singhania, Managing Director ₹ 27.74 Lacs plus ₹ 425.00 Lacs payable as Commission; Shri Vikrampati Singhania, Dy. Managing Director ₹ 159.89 Lacs plus ₹ 300.00 Lacs payable as Commission; Shri S.C. Sethi, Whole-time Director ₹ 138.21 Lacs plus ₹ 35.00 Lacs payable as Commission and Shri Arun K. Bajoria, President & Director ₹ 251.29 Lacs plus ₹ 65.00 Lacs payable as Commission.

The Company does not have any Stock Option Scheme. In the case of Whole-time Director and President & Director, notice period is six months. Severance Fees for the Chairman & Managing Director, Managing Director and Dy. Managing Director is remuneration for the unexpired residue of respective terms or for three years, whichever is shorter.

(ii) Non-executive Directors: The Company has paid sitting fees aggregating to ₹ 7.25 Lacs to all Non-executive Directors for attending the meetings of the Board and/or Committees thereof. In addition to sitting fees, commission payable to each Non-executive Director is ₹ 9.00 Lacs aggregating to ₹ 54.00 Lacs.

Non-executive Directors did not have any other material pecuniary relationship or transaction vis-a-vis the Company during the year except as stated above.

The number of Equity Shares of ₹ 10 each (i.e Shares) held by the Non-executive Directors as on 31st March 2014 are: Shri Arvind Singh Mewar - Nil Shares, Shri Bakul Jain - 1,200 Shares, Shri O.P. Khaitan - 2,736 Shares, Shri Kalpataru Tripathy - Nil Shares, Shri Vimal Bhandari - Nil Shares and Dr. Wolfgang Holzbach - Nil Shares. None of the Non-executive Directors holds any convertible instruments issued by the Company.

7. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGM) of the Company were :

Financial Year	Location	Date	Time
2010-2011	Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata - 700 020	29.07.2011	11.00 A.M.
2011-2012	Same as above	30.07.2012	11.00 A.M.
2012-2013	Same as above	14.08.2013	11.00 A.M.

Details of the Special Resolution(SR) passed: Two SRs were passed at the each AGM held in the year 2011, Year 2012 and Year 2013. One SR was passed at the Extra-ordinary General Meeting of the Company held on 3rd December 2013.

One Special Resolution was passed by way of Postal Ballot during the financial year ended 31st March 2014. The Company extended e-voting facility through Central Depository Services (India) Ltd.(CDSL), as an alternate for its Members to enable them to cast their vote electronically instead of dispatching physical postal ballot forms. Shri Manish Gupta, Company Secretary in whole-time practice was appointed as Scrutinizer for conducting the postal ballot/e-voting process. After receiving the Scrutinizer's Report, it was announced that the Special Resolution was passed with requisite majority on 14th March 2014, for shifting of the registered office of the Company from the State of West Bengal to the State of Rajasthan. The voting pattern on the said resolution is as under:

- % of total valid votes cast in favour of the Resolution: 99.99%
- % of total valid votes cast against the Resolution: 0.01%

8. (i) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large:

None. Suitable disclosure as required by Accounting Standard(AS-18) – Related Party Transactions has been made in the Annual Report.

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There were no cases of non-compliance of any matter related to capital markets during the last three years.

(iii) The Company has strengthened its risk management system and has further laid down procedures to inform Board Members about risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

9. MEANS OF COMMUNICATION:

Quarterly, half-yearly and annual results are published in leading English Newspapers and also in a Bengali language Newspaper(published from Kolkata). The said results are promptly furnished to the Stock Exchanges for display on their respective websites and are also displayed on the Company's website - 'www.jktyre.com'.

Management Discussion and Analysis forms part of the Annual Report.

10. GENERAL SHAREHOLDERS' INFORMATION:

(i) Registered Office 7, Council House Street, Kolkata-700 001(as on 28.5.2014). Phone No: 033-22486181

(ii) Annual General Meeting (AGM)

(a) Date, Time & Venue Thursday, 25th September, 2014 at the Registered Office of the Company at 3.0 p.m.

b) As required under Clause 49(IV)(G)(i), a brief resume and other particulars of Directors seeking appointment or re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.

(iii) Financial Calendar (tentative)

Financial Reporting

- 1st Quarter ending June 30, 2014
 - 2nd Quarter ending September 30, 2014
 - 3rd Quarter ending December 31, 2014
 - Annual and 4th Quarter ending March 31, 2015
 - Annual General Meeting for the financial year 2014-15
- } Within 45 days of the end of the quarter
- } Within 60 days of the end of the 4th quarter
- Between July and September, 2015

(iv) Dividend Payment Date During October 2014

(v) Date of Book Closure 17th Sept. to 25th Sept., 2014

(vi) Listing on Stock Exchanges

The Equity Shares of the Company are listed on BSE Ltd. and National Stock Exchange of India Ltd. (NSE). The annual listing fee for the financial year 2014-15 has been paid to both the aforesaid Stock Exchanges.

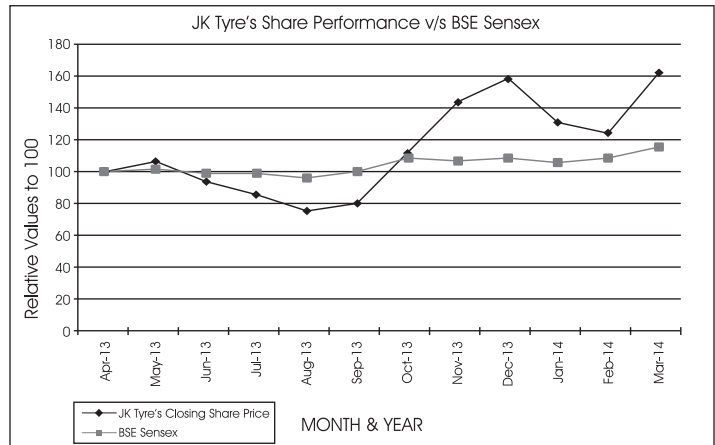
(vii) Security Code for Company's Equity Shares on Stock Exchanges and ISIN

BSE – 530007
NSE – JKTYRE
ISIN – INE573A01034.

(viii) Stock Market Price Data

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April-2013	120.00	96.20	119.80	96.10
May-2013	125.95	108.35	126.50	108.05
June-2013	120.00	101.50	118.90	102.00
July-2013	118.40	93.55	114.00	93.25
August-2013	103.95	80.05	104.00	80.55
September-2013	94.85	83.50	95.00	83.60
October-2013	127.00	89.15	126.95	89.00
November-2013	165.35	120.50	165.25	120.50
December-2013	177.95	147.95	178.05	147.80
January-2014	182.40	138.30	182.35	138.25
February-2014	152.40	133.50	152.40	133.60
March-2014	185.00	136.00	184.80	136.00

JK Tyre & Industries Ltd's (JK Tyre's) Share Performance v/s BSE Sensex (April 2013 – March 2014)



(ix) Distribution of Shareholding (as on 31.3.2014):

No. of Equity Shares Held	No. of Shares		Shareholders	
	Total	% of Total	Number	% of Total
1-250	1732531	4.22	27544	85.27
251-500	896271	2.18	2332	7.22
501-1000	905750	2.21	1144	3.54
1001-5000	2148894	5.23	946	2.93
5001-10000	1008272	2.46	134	0.42
10001 & above	34367628	83.70	201	0.62
Total	41059346	100.00	32301	100.00



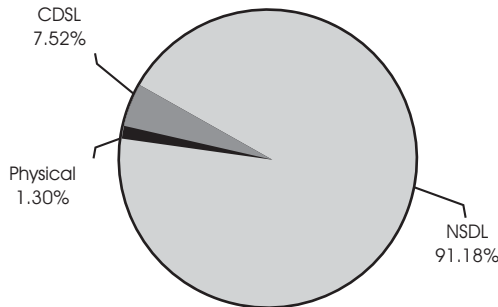
(x) Share Transfer System

The transfer/transmission of shares in physical form is normally processed and completed within a period of 15 days from the date of receipt thereof. In case of shares in electronic form, the transfers are processed by National Securities Depository Limited(NSDL)/ Central Depository Services (India) Limited(CDSL) through the respective Depository Participants.

(xi) Dematerialisation of Shares and liquidity

Trading in the Equity Shares of the Company is permitted only in dematerialised form. Shareholders may dematerialise their holdings with any one of the Depositories – namely, NSDL and CDSL. The Equity Shares of the Company are actively traded on BSE and NSE. In respect of shares held in demat form, all the requests for nomination, change of address and rematerialisation etc. are to be made only to the Depository Participant with whom the shareholders have opened their Demat Account.

Shares held in Demat Form with NSDL & CDSL and in Physical Form as on 31st March 2014



As on 31st March 2014, 98.70% of the Equity Shares are held in dematerialized form.

(xii) Outstanding GDRs/ADRs/Warrants/ Options or any Convertible instruments, conversion date and likely impact on equity The Company has allotted 43,03,350 Warrants to the Promoter Group on 16th December 2013 on preferential basis, each Warrant is convertible into one equity share of the Company as per terms of issue, on or before the expiry of eighteen months from the date of allotment.

(xiii) Plant Locations

- (a) Jaykaygram, Rajasthan
- (b) Banmore, Madhya Pradesh
- (c) Mysore Plant I , Karnataka
- (d) Mysore Plant II, Karnataka
- (e) Mysore Plant III, Karnataka
- (f) Chennai Plant, Tamil Nadu

(xiv) Address for Correspondence for Share Transfer and Related Matters

1. Vice President (Legal) & Company Secretary

JK Tyre & Industries Ltd.
 Secretarial Department
 Gulab Bhawan
 6A, Bahadur Shah Zafar Marg,
 New Delhi -110 002.
 Phone No.: 91-11-30179260
 Fax No. : 91-11-23322059
 Email: investorjkyre@jkmil.com
 Website : www.jktyre.com

2. Registrar & Share Transfer Agent

Alankit Assignments Ltd.
 1E/13, Jhandewalan Extension,
 New Delhi-110 055 (India)
 Phone No. :91-11-42541234
 Fax No :91-11-23552001
 Contact Person: Shri J.K. Singla
 Email: rta@alankit.com
 Website: www.alankit.com

(xv) Bankers:

- | | |
|----------------------|--------------------------------|
| Bank of India | State Bank of Bikaner & Jaipur |
| Corporation Bank | State Bank of India |
| IDBI Bank Ltd. | The Federal Bank Ltd. |
| Indian Bank | UCO Bank |
| Punjab National Bank | |

(xvi) Information in terms of Clause 5A of the Listing Agreement: As on 31st March 2013, the Company had 74,469 Equity Shares, issued in physical form, which remained unclaimed by 1,518 Equity Shareholders. During the year, the Company received 4 requests for despatch of share certificates for 305 Equity Shares which have since been despatched. Accordingly, as on 31st March 2014, the Company has 74,164 Equity Shares, issued in physical form, which remained unclaimed by 1,514 Equity Shareholders.

The "Unclaimed Suspense Account" is held by the Company purely on behalf of the allottees and the Shares held in such Suspense Account shall not be transferred except to the allottees as and when they approach the Company.

11. DECLARATION:

It is hereby declared that all the members of the Board and the Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of JK Tyre & Industries Ltd." during the Financial Year ended 31st March 2014.

Dr. Raghupati Singhania
Chairman & Managing Director

12. AUDITOR'S COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE:

To
The Members of JK Tyre & Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by JK Tyre & Industries Ltd. for the financial year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For LODHA & CO.
Chartered Accountants

Saurabh Chhajer
Partner

Place: New Delhi
Dated: 28th May, 2014

Firm Registration No.:301051E
Membership No.403325